hebridean housing partnership

Making our house your home

BOARD AGENDA – 20 MARCH 2019

ITEM		AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
1		**Attendance & Apologies**	Noting	Chair	3	5.30pm - 5.35pm
2		**Declaration of Interest**	Noting	Chair	-	
3		**Minutes**			-	
	3.1	Minute of Meeting 13 February 2019 (Item 23 – P&C Handout)	Approval	Chair	5	
	3.2	Action Sheet	Noting	Chief Executive	10	
4		**Date of Next Meeting 22 May 2019**	Approval	Chair	-	
5		**Health & Safety**	Approval	Director of Operations	-	

ITEM		AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
6		**Items For Decision**				5.35pm - 6.15pm
	6.1	Business Plan	Approval	Chief Executive	12	
	6.2	Annual Financing Strategy	Approval	Director of F&CS	132	
	6.3	Budgets 2019/20	Approval	Director of F&CS	150	
	6.4	Fraud Checklist	Approval	Director of F&CS	159	
	6.5	Investment Programme 2018/19 – 2023/24 Update	Approval	Director of Operations	167	
	6.6	Community Grant Requests	Approval	Director of Operations	174	

ITEM		AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
7		**Policies for Approval**				6.15pm - 6.30pm
	7.1	Allocations Policy	Approval	Director of Operations	188	
	7.2	Development Policies	Approval	Chief Executive	226	
	7.3	Expenses Policies (Members Expenses Policy & Staff Expenses Policy)	Approval	Director of F&CS	254	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
7.4	Rent Arrears Policy	Approval	Director of Operations	288	
7.5	Vulnerable Consumers Policy	Approval	Director of Operations	304	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
8	**Monitoring & Update Reports**				6.30pm - 6.45pm
8.1	Performance Monitoring Report	Noting	Chief Executive	315	
8.2	Development Monitoring Report	Noting	Director of Operations	317	
8.3	Board Development Plan Progress Report	Noting	Chief Executive	330	
8.4	Funders Valuation 2019/20	Noting	Director of F&CS	333	
8.5	Management Report to 31 January 2019	Noting	Director of F&CS	337	
8.6	Planned Maintenance Programme 2019/20	Noting	Director of Operations	359	
8.7	Hebrides Energy/Our Power	Noting	Director of Operations	363	

MEETING GOES INTO PRIVATE SESSION

Board Meetings 2018/19

Board Members	Notes	30-Aug-18	21-Nov-18	13-Feb-19	06-Mar-19					
Norman Macleod										
Mairi Bremner										
Calum Mackay				Special Leave	Special Leave					
Alasdair Mackenzie										
Iain Macmillan										
John Mitchell	5									
Roddy Mackay										
John Mackay	3									
Dolene Smith										
Fiona Macleod										
David Blaney	1									
Alexander Gardner	2									
Roddy Nicolson	4									

1 - Appointed as a Community Member on 30 August 2018
2 - Appointed as a Tenant Member on 30 August 2018
3 - Resigned as a Board Member on 22 January 2019
4 - Appointed as a Co-opted Member on 13 February 2019
5 - Resigned as a Board Member on 6 March 2019

Member present at meeting

Member not present at meeting

Cancellation of travel due to weather/ technical problems

Member not required to be present at meeting

Special Leave

Board Training 2018/19

Board Members	Notes	Lobbying Training 28-Jun-18	Homeless Training 07-Nov-18	Tenant Satisfaction 07-Nov-18	Finance Training 21-Nov-18	Equalities Training 25-Feb-19		
Mairi Bremner								
Alasdair Mackenzie								
Calum Mackay						Special Leave		
Iain Macmillan								
Roddy Mackay								
Norman Macleod								
John Mitchell	5							
John Mackay	3							
Dolene Smith								
Alex Gardner	2							
David Blaney	1							
Fiona Macleod								
Roddy Nicolson	4							

1 - Appointed as a Community Member on 30 August May 2018
2 - Appointed as a Tenant Member on 30 August May 2018
3 - Resigned as a Board Member on 22 January 2019
4 - Appointed as a Co-opted Member on 13 February 2019
5 - Resigned as a Board Member on 6 March 2019

Member present at meeting

Member not present at meeting

Cancellation of travel due to weather/ technical problems

Member not required to be present at meeting

Special Leave

Agenda Item 3.1

HEBRIDEAN HOUSING PARTNERSHIP

Board

<u>Minutes of Meeting held in HHP Board Room, Creed Court on Wednesday, 13 February 2019 @ 5.30pm</u>

ATTENDANCE & APOLOGIES	
1	**<u>Attendance & Apologies</u>** <u>Present</u> Norman Macleod Mairi Bremner Alexander Gardner Dolene Smith Fiona Macleod David Blaney Iain Macmillan <u>Apologies</u> Roddy Mackay John G Mitchell Calum Mackay Alasdair Mackenzie <u>Staff & Consultants In Attendance</u> Dena Macleod (Chief Executive) John Maciver (Director of Operations) Donald Macleod (Director of Finance & Corporate Services) Angus Macneil (Assets & Contract Manager) Peter O'Donnell (Investment Manager) Gary Macleod (Service Development Manager) Donalda Mackinnon (Area Manager -Lewis) Katia Pettleloot (Finance & Business Services Manager) Angus Smith (Corporate Resources Manager) Rona Morrison (Customer Services Assistant) James Morrison (Financial Accountant) Kenneth Mackay (Corporate Resources Officer) Isabel Macmillan (Debt Management Officer) Jane Ballantyne (TPAS Officer) Jonathan Fairgrieve (Admin Assistant) Iona France (Governance Admin Officer – Minute Taker) The Chair advised that Councillor John Mackay had resigned from the Board due to a conflict of interest as Chair of the Comhairle's Planning Board. Councillor John Mitchell had advised he would be taking a period of leave from the Board, due ill health.
1b	Due to the Leave of Absence granted to Mr Calum Mackay, Vice Chair, the Chair called for nominations for the position of Vice Chair. Mairi Bremner nominated Mr Iain Macmillan and Norman Macleod seconded the nomination. **Mr Macmillan was appointed Vice Chair.**
Add Item	Mr Roddy Nicolson indicated he was interested in joining HHP's Board. Mr Nicolson had worked for Western Isles Citizen's Advice Service for more than 35 years and had considerable knowledge to draw upon. **The Board appointed Mr Roddy Nicolson as a Co-optee with immediate effect.**
PRELIMINARY PROCEDURAL MATTERS	
2	**<u>Declaration of Interest</u>** There were no Declarations of Interest.
3	**<u>Minute of Board Meeting 20 November 2018</u>** **The Minute of the Board meeting of 20 November 2018 was submitted and approved as a true and accurate record of the proceedings of the meeting.**
4	**<u>Action Sheet</u>** The Chief Executive advised that the Freedom of Information Act will apply to Registered Social Landlords from 11 November 2019. The Director of Operations advised that the Housing Association Electricity Supply Company, Our Power, of which which HHP was a member, had ceased to trade. Our Power were also the partner for Hebrides Energy. Utilita had been appointed by Ofgem to take over customers of Our Power. The Director of Operations confirmed further information would be provided to tenants who were customers of Our Power and Hebrides Energy, once it was available. **The Action Sheet was noted.**

5	**Date of Next Meeting** The date of the next scheduled Board meeting will be 20 March 2019. There was a possibility an additional Board Meeting would be required on 6 March 2019 to enable the Goathill project to progress.
6	**Health & Safety** The Director of Operations advised of 3 incidents. a) There had been an accident at the Sealladh A' Chliseim site involving a Calmax employee. This incident would be covered in more detail at Item 21 on the Agenda. b) The Director of Operations further advised of two separate fires in HHP properties. In one of the incidents the tenant had sustained an injury and in the other the tenant escaped unharmed. Work is ongoing to bring the properties back up to standard. Mairi Bremner asked if an article could be placed in the next Homeward advising tenants the importance of completing the registration card which is included when purchasing any new appliance as this enables the manufacturer to contact the purchaser immediately if any recall of the appliance is necessary.
	Rona Morrison, Customer Services Assistant, was presented with the Chartered Institute of Housing Level 2 Certificate in Housing Practice by the Chair. The Chair congratulated Rona on her achievement and encouraged other staff members to follow Rona's example in achieving similar awards.
ITEMS FOR APPROVAL	
7	**Draft Business Plan 2019/20 – 2023/24** The Consultation Document for the draft Business Plan 2019/20 – 2023/24 was presented to the Board for review and approval. The Chief Executive advised that at the Business Planning Days in October and December 2018 the Strategic Objectives were reviewed. There had been quite a bit of discussion around the overlap between some of the objectives and it was proposed to reduce the Strategic Goals from 7 to 4 Strategic Goals which would focus on Tenants, Housing, Staff and Partners. This should make it easier to manage and monitor the actions required to achieve the objectives. Fiona Macleod suggested Strategic Goal 2 should reflect the delivery of the Strategic Housing Investment Plan (SHIP) was in partnership with CNES. Iain Macmillan agreed with this point and further suggested Strategic Goal 4 should also include reference to working in partnership with CNES to deliver the Local Housing Strategy. The Chief Executive further proposed the Risk Appetite would be agreed at the Board Meeting on 6 March 2019 to enable Members time to consider the risk and how they link to the Strategic Goals. **The Board:** **a) approved the consultation document for the Business Plan 2019/20 – 2023/24 including the revised Strategic Objectives subject to amendments to Strategic Goals 2 and 4; and** **b) agreed the risk appetite would be agreed at the 6 March 2019 meeting.**
8	**Budgets 2019/20** The proposed 2019/20 Budgets, including charges for rents, garages and services, were presented for consideration and approval. The Director of Finance & Corporate Services advised a consultation exercise on the proposed rent increase for 2019/20 ended on the 31 January 2019. Two options were given to tenants: • RPI Only Increase (3.2%); or • RPI + 0.5% (3.7%). The overwhelming outcome from the consultation was 89% of respondents voted for the RPI Only option. There were 61 responses to the consultation and the Director of Finance & Corporate Services thanked the Tenant Participation Officer for promoting the consultation to tenants. The Director of Finance & Corporate Services advised the proposed budgets were for noting and detailed budgets would come to the 20 March 2019 for approval. **The Board:** **a) approved the increase of house rents for 2019/20 at 3.2% (RPI Only) an increase of £2.47 per week bringing the average weekly rent to £79.59;** **b) approved an increase of 3.2% for garage rents and garage site rents for 2019/20 in line with the house rent increase;** **c) approved an increase of 3.2% for all other services and charges for 2019/20; and** **d) noted the detailed budgets will be submitted for approval on 20 March 2019 subject to the required funding being in place.**

9	**Investment Programme 2019/20 – 2023/24** The report sought approval for an amended 2019/20 – 2023/24 Investment Programme and provided an update on the procurement of the 2019/2020 Investment Programme. The Assets and Contracts Manager advised the programme had been amended to include replacing additional heating systems in Year 1 and the latter years of the Programme to ensure compliance with the Scottish Housing Quality Standard (SHQS) the requirements of the Energy Efficiency Standard for Social Housing (EESSH) by 2020. The Investment Manager advised Air Source Heat Pumps are continuing to alleviate fuel poverty and the older, more expensive ones in Uist & Barra are programmed to be replaced in the new Investment Programme. Since the report was written, and following the Grenfell review, Scottish Government, have advised of a new standard for smoke detectors for residential properties, including new build, which would require implementation by 2021. Scottish Government had estimated a cost of £200 per property, which would include additional smoke detectors, a heat detector in every kitchen and a carbon monoxide detector where appropriate. The additional detectors would all require to be interlinked. A revised Investment Programme will come to the Board Meeting on 20 March 2019. **The Board:** **a) approved the amended Investment Programme 2019/20-2023/24; and** **b) noted the update on the Investment Framework procurement and tendering of the 2019/20 Investment Programme.**
10	**Rapid Rehousing Transition Plan** The Comhairle's draft Rapid Rehousing Transition Plan, which is designed to reduce rough sleeping and end homelessness, was presented to the Board and approval was sought for delegation to the Director of Operations, in consultation with the Housing Management Working Group, to respond. Fiona Macleod stated that reducing homelessness was one of the most challenging agendas facing the community and whilst everyone having a home was what we should aspire to, there were many challenges to achieving this. Mrs Macleod asked how the Outer Hebrides Community Planning Partnership (OHCPP) was working with other agencies to address these challenges. It was suggested, if possible, this should be on the next OHCPP Agenda and Iain Macmillan agreed, if he was briefed, he would take it to the next OHCPP Executive Meeting. **The Board delegated authority to the Director of Operations, in consultation with the Housing Management Working Group, to respond to the Comhairle's draft Rapid Rehousing Transition Plan.**
POLICIES	
11	**Health & Safety Policy** The updated Health & Safety Policy and the Safety Testing and Risk Assessment Programme were presented for review and approval. The Chief Executive confirmed only minor changes had been made to the Policy. The Chief Executive further advised refresher Health & Safety Training would be arranged for Board Members. **The Board reviewed and approved:** **a) the revised Health & Safety Policy; and** **b) the Safety Testing and Risk Assessment Programme.**
12	**Gas Safety Management Policy** The updated Gas Safety Management Policy was presented for review and approval. The Investment Manager confirmed only minor changes had been made to the Policy including an update to the Void Procedure section of the Policy to reduce any potential risk to tenant safety. **The Board approved the updated Gas Safety Management Policy**
13	**Estate Management Policy** The updated Estate Management Policy was presented for review and approval. The Area Manager (Lewis) advised the Policy had been updated in line with the Housing (Scotland) Act 2014. The areas of change which affect the Estate Management Policy are Subletting, Assignation, Joint Tenancies and Anti-Social Behaviour. These changes relating to Subletting, Assignation and Joint Tenancies become effective in November 2019. The changes to Anti-Social Behaviour provisions become effective from 1 May 2019 and removes the need for reasonableness. **The Board approved the revised Estate Management Policy.**

14	**<u>Procurement Policy</u>** The updated Procurement Policy was presented for review and approval. The Corporate Resources Manager advised the Policy had some minor updates, primarily in relation to underlying legislation and procurement thresholds. There have been no changes to the Scottish or EU thresholds this year. **The Board:** **a) approved the revised Procurement Policy; and** **b) noted the Procurement Plan for 2019.**
15	**<u>Procurement Strategy</u>** The updated Procurement Strategy 2018-2020 and performance measurement framework were presented to the Board for approval. The Corporate Resources Manager advised there were only minor changes to the strategy this year. However, the data for measurement 12 is not available from Public Contracts Scotland. It was proposed therefore to remove this measurement. The current contracts and community benefits registers were presented for noting. **The Board:** **a) approved HHP's updated Procurement Strategy 2018-2020 and performance measurement framework;** **b) noted the procurement performance for 2018; and** **c) noted the Contracts & Community Benefit Registers.**
PERFORMANCE MONITORING REPORTS	
16	**<u>Performance Monitoring Report</u>** A summary report of performance on Budgets, Investment, Development and Treasury up to 31 December 2018 was presented for review. The Chief Executive advised this report provided a high level overview of all the monitoring reports to enable Board Members to see at a glance how we are performing. The detailed monitoring reports were included at Items 24-28 on the Agenda to ensure Board Members receive sufficient information to enable scrutiny to be undertaken. The Chief Executive highlighted the slippage of around £270K on the Development Programme and this will be discussed in detail at Item 17 on the Agenda. The Chief Executive advised that in respect of Item 25, a change to the service provided to Western Isles Foyer, with HHP taking over the landlord role, was being explored and delegation was sought for the Chief Executive, in discussion with the Executive Team, to conclude that work. **The Board:** **a) noted the overall performance to 31 December 2018; and** **b) delegated authority to the Chief Executive, in discussion with the Executive Team, to conclude the review of the change of service provided to Western Isles Foyer.**

MEETING GOES INTO PRIVATE SESSION

NOTING REPORTS	
24	**<u>Board Development Plan Progress Report</u>** The report provided the progress of the 2018 Board Development following the Board Skills Exercise that was carried out during September and October 2018 and the Board Development Session held on 17 December 2018. **The Board noted the progress of the 2019 Development Plan at Appendix 1.**
25	**<u>Business Plan Monitoring Report</u>** The report provided an update on the Business Plan Action Plan agreed in March 2018. **The Board note the progress in the Business Plan Objectives Monitoring Report.**
26	**<u>Management Report to 31 December 2018</u>** The report provided the management information to 31 December 2018. **The Board noted the management information at 31 December 2018.**

27	**<u>Quarterly Treasury Report to 31 December 2018</u>** The report informed the Board of the Treasury Management activities of the third quarter of 2018/19. **The Board noted:** **a) the quarterly report on the Analysis of Investment and Borrowing;** **b) the outstanding loans at 31 December 2018 of £4.91 million; and** **c) the cash balance at 31 December 2018 of £8.81 million.**
28	**<u>Investment Programme 2018/19 Monitoring Report</u>** The report provided an update on the 2018/19 Investment Programme. **The Board noted the 2018/19 Investment Programme progress and financial update.**

Chairperson Mr Norman M Macleod

SIGNED ………………………………………………………

DATE ………………………………………………………

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Agenda Item 3.2

Board Action Sheet

Action Point	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
	13 Feb 19 (4)	Tenants to be updated on Hebrides Energy/Our Power as more information is available.		Director of Operations	Report on Agenda.
	13 Feb 19 (5)	Board Meeting to be arranged for 6 March 2019.		Chief Executive	Board Meeting held. Minute on the Agenda.
	13 Feb 19 (6)	Article to be placed in next edition of Homeward newsletter advising tenants of the importance of registering appliances in case of manufacturer's recall.		Director of Operations	Planned for Spring Newsletter.
	13 Feb 19 (7)	Draft Business Plan to go out to Consultation subject to Strategic Goals 2 and 4 being updated. Risk Appetite to be agreed at Board Meeting on 6 March 2019		Chief Executive	Business Plan on the Agenda.
	13 Feb 19 (8)	Rent and service charge increases to be progressed. Detailed Budgets to 20 March Board Meeting		Director of Finance & Corporate Services	Rent Increase letters issued. Budgets being presented to March 2019 Board.
	13 Feb 19 (9)	Revised Investment Programme to 20 March Board Meeting to include new requirements for smoke detectors.		Director of Operations	Report on Agenda.
	13 Feb 19 (10)	Response to the Comhairle's Rapid Rehousing Transition Plan to be drafted in consultation with Housing Management Work Group		Director of Operations	To be discussed at Housing Management Work Group on 4 March 2019.
	13 Feb 19 (11)	Refresher Health & Safety Training for Board Members to be arranged.		Director of Finance & Corporate Services	Quotes being obtained.
	13 Feb 19 (16)	Review of change of service provided to Foyer to be concluded.		Chief Executive	Report prepared and meeting held with Foyer. Verbal update at Board meeting

Action Point	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
	20 Nov 18 (4)	Meeting of the Subsidiary to be held prior to 31 March 2019	31 March 2019	Director of Finance & Corporate Services	To be arranged around the March Board Meeting.
	20 Nov 18 (8)	Investment Programme to be tendered subject to work not being committed until budgets are agreed in February 2019	31 March 2019	Assets & Contracts Manager	Tender documents being prepared with consultancy support. This is the first tendering under new framework.
	20 Nov 18 (11)	Allocations Policy to go out for consultation		Director of Operations	Consultation completed. Report to Board in March 2019.
	29 Aug 18 (16)	Business Plan Monitoring Report to be reviewed following Business Planning Day.		Chief Executive	Will be done after 1 April 2019.
	27 June 18 (16)	Review Financial Regulations following conclusion of Pay & Grading Review.	28 February 2019	Director of Finance & Corporate Services	Pending conclusion of Pay & Grading exercise.
	27 June 18 (18)	Report to Investment Working Group on continuous Investment Programme with no break at year end.	September 2019	Director of Operations	Planned for future meeting.
	23 May 2018 (12)	Provide figures showing how much has been spent on Fuel Poverty.	November 2018	Investment Manager	Reported in February 2019 Bulletin.
	23 May 2018 (15)	Full review of Development Policies.	March 2019	Development Manager	Report to Board March 2019.

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ITEM NO 6.1

BUSINESS PLAN 2019/20 TO 2023/24

Board 20 March 2019

Report by Chief Executive

Purpose of Report

1.1 To enable the Board to review and approve the Business Plan for the five year period from 2019/20 to 2023/24.

Summary

2.1 The five year Business Plan 2019/20 to 2023/24 at Appendix 1 takes account of consultation events over the past six months, decisions taken at the Board meeting on 6 March 2019 and responses to the consultation process which ran from 21 February 2019 to 13 March 2019.

2.2 A Risk Appetite Statement for 2019/20 has been prepared and included as an appendix in the Business Plan.

2.3 The Business Plan includes an updated five year Development Plan which takes into account the Comhairle's SHIP and LHS. Once approved, the Business Plan will be submitted to our Funder for approval.

2.4 In November 2018 the Outer Hebrides Community Planning Partnership (OHCPP) approved a revised Partnership Agreement which is at Appendix 3. As a Local Partner we are asked to sign the Partnership Agreement which runs form 2018-2027.

Competence

3.1 The financial, legal or other constraints to the recommendations in this report are contained in paragraphs 5.1 - 8.1.

Recommendations

4.1 **It is recommended that the Board:**

a) approve the Business Plan 2019/20 to 2023/24 including the 30 year cash flow projection at Appendix 1; and

b) authorise the Chief Executive to sign the OHCPP Partnership Agreement at Appendix 3.

APPENDIX 1	Business Plan 2019/20 to 2023/24	
APPENDIX 2	Consultation Responses	
APPENDIX 3	OHCPP Partnership Agreement 2018-2027	
Background Papers	None	
Writer of Report	Dena Macleod	Tel: 0300 123 0773

Competence

Financial

5.1 The 5 year Business Plan is supported by 30 year financial projections, 5 year projections and the detailed annual budget for 2019/20.

5.2 The detailed annual budget for 2019/20 will be agreed at this meeting.

5.3 The Development Plan reflects the requirements of the Comhairle's Strategic Housing Investment Plan (SHIP) which includes 25% over commitment to allow for slippage. The 30 Year financial projections do not include all of the units in the Development Plan. Funding for development will be obtained as it is required. This will ensure we remain compliant with our current funding arrangements whilst allowing the time to explore affordable funding options for an increased development programme.

5.4 Our current funding facility is for £15m. We can borrow up to 91% of the value of our stock. This means based on 2018 valuation we can borrow up to £30.28m. To deliver the full requirements of the SHIP our existing borrowing facility would need to be increased significantly. Due to the uncertainty of sites beyond 2020/21 it would not be prudent to increase our facility until clarity on their sites is obtained.

Legal

6.1 There are no specific legal implications to the report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users	1.2
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.1, 2.2
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.1
5	The RSL conducts its affairs with honesty and integrity	5.2, 5.3

Risk

8.1 At the Business Planning session on 17 December 2018 sensitivity analysis was performed using the BRIXX model and this was further tested at the Finance Working Group on 14 March February 2019. The overall level of risk has increased for the Partnership for the coming years due to the uncertainty created by BREXIT, the material increase in the development programme and the continued decline in the population of the Outer Hebrides.

8.2 The Business Plan update includes the outcomes of the risk analysis undertaken by the Board and the Risk Register has been updated to reflect any change in risk.

Report Details

9.1 The new Business Plan covering 2019/20 to 2023/24 has now been prepared and is at Appendix 1. The Plan includes the Risk Appetite which was approved at the Board meeting on 6 March 2019 and takes on board, where appropriate and as far as possible the consultation comments received.

9.2 A consultation period on the four Strategic Goals ran from 21 February 2019 to 13 March 2019. Four responses were received, from Police Scotland, TPAS, a member of staff and the Comhairle. A copy of the responses is at Appendix 2.

9.3 Supporting the Business Plan are 30 Year Financial Projections and these were considered in detail by the Finance Working Group on Thursday 14 March 2019. The projections show that the impact on rental income factors such as voids and bad debts continue to present the greatest risk. They also provide for a significant number of new build units up to 2020/21 in line with Scottish Government Resource Planning Assumptions (RPA).

9.4 The 5 Year Development Plan has been updated to take account of the slippage incurred during 2018/19 and the Comhairle's latest SHIP.

9.5 The 5 Year Investment Plan was approved by the Board in February 2019. It has been amended to take account of the new fire safety requirements announced by the Government in February 2019.

9.6 The key deliverables of the Plan are:

- 292 kitchens;
- 248 Bathrooms;
- 721 heating systems;
- £1.2m per annum on response repairs and cyclical maintenance;
- 274 new homes for rent;
- 50 new extra care homes;
- 3 new trainee posts within HHP and apprenticeship opportunities with our contractors;
- Continued support for tenant participation through a dedicated officer;
- Working in partnership with key partner agencies;
- Taking over the landlord responsibilities for Foyer tenancies; and
- Creating resilience in the staffing and board structure.

9.7 The monitoring arrangements for the delivery of the Business Plan have changed from previous years. A report will be presented on a quarterly basis to the Board showing progress on Measures of Success and Actions for each of the Strategic Goals.

9.8 The Plan will be reviewed each year in October/November and updated to take account of material changes. A full review will be undertaken in Year 4 of the Plan. However, depending on the outcome of BREXIT we may need to have a full review next year.

9.9 The OHCPP revised their Partnership Agreement in November 2018 and as a Local Partner we are being asked to sign up to the Agreement. A copy of the Agreement is at Appendix 3.

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MAKING OUR HOUSE Your Home

Our Plans

For your homes and housing service

2019/20 to 23/24

CONTENTS PAGE

Foreword

Over the past 13 years we have had the opportunity to make a significant difference to the lives of many people in the Outer Hebrides through the provision of affordable homes for rent and share equity ownership. Our towns and communities throughout the islands are in a better position because in 2006 tenants, the Comhairle and the Scottish Government decided to try something different to secure the future of good quality social housing in the Outer Hebrides. It could have failed, but it didn't because of the solid foundations prepared prior to and since transfer.

What has been achieved to date is just the start.... we still have improvements and changes to make to our service in the coming years to ensure we have a housing service that meets the needs of our current and future tenants. The speed of innovation along with the changing standards for houses is challenging the traditional way of planning for the future. When we look at planning for future investment in our homes over the next 30 years, we no longer just look at windows, kitchens and bathrooms; we need to look at emerging technologies designed to provide better efficiency for heating systems, fire safety and electric cars. Today we are using technology that we thought was impossible 20 years ago. There is a cost to retrofitting homes with newer technologies so in this plan we will be investing more time into developing our Asset Management Strategy to take account, as far as possible of new technologies. Whatever we do, it will be because it brings a benefit to the tenant or we are required to do so by the law.

Another significant challenge for everyone living in the Outer Hebrides is the changing demographics; those happening now and those forecast for the future. Our population is living longer, creating more demand for homes where extra care can be provided. In the lifetime of this plan we should see the completion of a new Care Home and 50 Extra Care units in Stornoway.

> *"I wouldn't change anything about where I live. I consider myself very fortunate to live where I do"*
>
> *Tenant*

This plan covers the next five years 2019/20 to 2023/24 and details our Vision, Core Value, Strategic Goals and a Delivery Plan. The plan comes out of discussions with our tenants, customers, partners and Board Members in meetings, away days, surveys and questionnaires as well as in everyday conversations with tenants about what they would like to see us do now, and in the future.

The past few years have been challenging and turbulent for everyone with the level of uncertainty around our future in Europe creating a mixture of increased costs and stagnation of plans. Whatever happens, we are committed to working with all our partners so we can keep rents affordable, reduce fuel poverty, maintain and improve the quality of our homes and their surrounding areas and create opportunities to sustain and increase our population.

One of the exciting aspects of housing is building new houses. The Scottish Government's commitment to delivering 35,000 new affordable homes for rent by 31 March 2021 has provided an opportunity and a challenge. One of the key strands of the Comhailre's LHS is to support the revitalization of remote rural communities through the provision of affordable housing. We have put significant additional resources in place to play our part in delivering the LHS and we are hopeful that the effort and commitment expended during the past 18 months will come to fruition when we see new homes built and occupied throughout our island communities.

It is rewarding seeing discussions, ideas, delay and frustrations eventually come together with a completed house being handed over to a happy tenant. But handing over the keys of a house to a new tenant is just the beginning. We will work together to ensure every tenant, irrespective of whether their home is a new house or not, is happy with the property and the service they receive from us and not just on the day they get their keys but for as long as the house is their home.

Dena Macleod Chief Executive

Logos of organisations we are working in partnership with-CPP

Section 1

Executive Summary

Section 1-Executive Summary

1.1 Our vision is "Making our House Your Home" and we plan to make this happen by delivering on our four strategic goals over the period covered by this Business Plan 2019/20 to 2023/24. The Plan is underpinned by 30 year financial projections which are updated annually and submitted to our Funder and the Scottish Housing Regulator.

1.2 This Plan highlights our Strategic Goals, Delivery Plan and key performance targets. The resources we require to deliver our goals are identified in Section 6 and our approach to setting our risk appetite and managing our key risks are in Section 7.

1.3 We have been operating as a Registered Social Landlord since 12 September 2006 following a whole stock transfer of the housing stock from Comhairle Nan Eilean Siar.

1.4 Our promise at Transfer was to build 250 houses by 31 March 2016. By March 2019 we will have built 391 (+ 2019 build) with a 50 in progress. As the key delivery partner of the Comhairle's Local Housing Strategy for affordable housing we have put resources in place to enable the delivery a further 214 units over the next 2 years.

1.5 In preparing this plan we have consulted with our stakeholders. We held a Business Planning day on 31 October 2018 in Stornoway and a number of consultation events throughout the islands. An opportunity was given to provide feedback using a questionnaire and around 5% of our tenants responded.

Who we are

1.6 As a result of the consultation events we have consolidated our seven objectives into four Strategic Goals. This provides a clearer delivery focus for our tenants, our properties, our people and our partners:

1. Placing tenants at the centre of everything we do
2. Investing in an environmentally sustainable way in tenants' homes
3. Being a good employer that attracts and retains high quality staff
4. Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides

1.7 The Board have set the Risk Appetite, updated the Risk Register, reviewed and stress tested the Plan going forward using the BRIXX model and prepared a delivery plan.

1.8 A new organisational structure will be in place from 1 April 2019, creating further opportunities for trainees and providing more resilience. We will follow this up with a workforce plan in 2019/20.

Where we are

1.9 We carried out a review on the delivery of the objectives in our previous plan and overall we have achieved what we set out to deliver. The exception is new build. The numbers of new build homes we were able to complete by 31 March 2019 was considerably less than planned. We encountered numerous and varied difficulties to do with title, build cost and planning which contributed to the shortfall. Unfortunately we did not have a vast land bank so a good proportion of our resources were spent carrying out feasibility studies so during 2019/20 we expect to see163 units on the ground.

1.10 The delivery of this plan is dependent not only on the work of our Board and staff but also the contribution of our partners. It is more important than ever that partners work together and we are committed to continuing to develop our relationships with all of our partners for the benefit of our communities as a whole.

1.11 Along with the uncertainty of BREXIT the biggest challenge we are facing is the declining population and changing demographics. The Comhairle's LHS focuses on assisting population retention and the regeneration of our rural areas by increasing our housing supply. We will continue to work with the Comhairle, land owners, community land owners and the crofting communities to respond to the challenge of de-population by providing affordable homes in line with the Comhairle's Strategic Housing Investment Plan (SHIP). Below is a summary of the challenges we are facing

- Forecast decline of 13% in the population of the Outer Hebrides;
- Delivery of the Comhairle's SHIP by 31 March 2021
- Delivering on the requirements of Rapid Re-housing
- Affordability issues exacerbated by fuel poverty
- Full roll out of Universal Credit
- Changes in building regulations and safety standards incurred additional costs;
- Ending of HMRC development agreement meaning that VAT will not longer be reclaimable on investment works on properties transferred from the Comhairle;
- Continued pressure on the responsive repairs and cyclical maintenance budgets
- Changes in leglislation e.g. extension of Freedom of information
- Impact of climate change

Where we want to be

1.12 As a key organisation in the Outer Hebrides we want to have a positive impact on our communities and we believe the best way to achieve this is to look after our tenants and our properties within the resources available to us and to make sure the service can be delivered over the long term.

1.13 We will ensure our rents remain affordable and our homes meet the standards set by the Scottish Government. We will continue to explore the most efficient way of delivering services and work with the Comhairle as they develop the idea of Community Hubs throughout the islands.

1.14 We plan to build on our past achievements, improve our service delivery by listening to and learning from feedback.

1.15 Our houses met the Scottish Housing Quality Standard with a number of exceptions and abeyances. We are well on our way to deliver the new Energy Efficiency Standard for Social Housing (EESSH) although there will still be exceptions and abeyances which mainly relate to work at flatted properties where we have been unable to obtain consent from all the owners to complete the work necessary.

How we plan to get there

1.16 We have a funding facility of £15 million in place with RBS which should enable the delivery of the housing service, new build programme of around 214 houses, investment of £3 to £5 million per annum.

1.17 We will support the local economy by investing a total of £20m over the five years through our investment programme.

1.18 A review of the activities of our subsidiary HHP Community Housing Ltd will be undertaken to ensure we are not missing opportunities which could benefit our tenants

1.19 The Board remain committed to a strategy of growth but are fully aware of the significant challenges we face as an organisation, and a community with population retention/growth.

1.20 Good governance is foundational to our short and long term success. We will encourage increased tenant membership, revisit the make up of our Board and identify individuals who have complimentary skills to those of our current Board members with a view to them become co-optees.

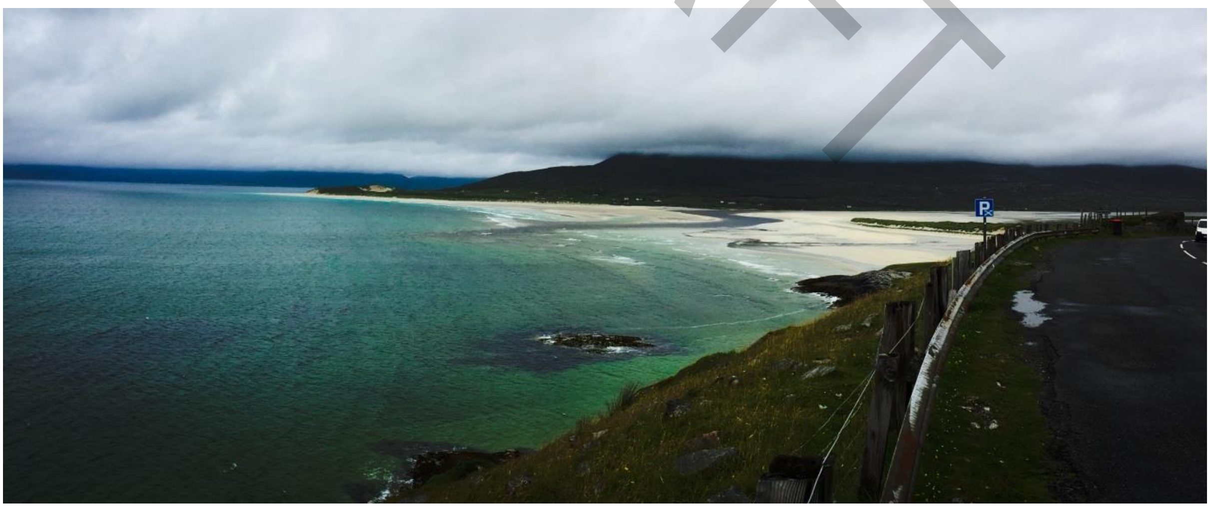
Risk

1.21 The Risk Appetite is reviewed and set on an annual basis by the Board. We are committed to being proactive in efforts to contain and minimize the risks faced in all areas of operation. We recognise that risk management is a matter of balancing our appetite for risk with our ability to manage risk. Overall responsibility for risk management lies with the Board supported by the Executive Team.

1.22 The Risk Appetite is reviewed and set on an annual basis by the Board together with a full review of the Risk Register. New performance measures, KRI's (Key Risk Indicators) and KCI (Key Control Indicators) will be developed during 2019/20 to improve our ability to manage risk and identify performance gaps.

Section 2

Who we are



Section 2-Who we are

Vision

To provide good quality and affordable homes and to secure consistently excellent housing services throughout the Outer Hebrides

2.1 Our structures have been set up to enable us to deliver our vision. We are a Scottish Housing Association registered with the Scottish Housing Regulator as a social landlord. We are registered under the Co-operative and Communities Benefits Societies Act 2014. We are a charity registered with OSCR and we are governed by a voluntary Board.

2.2 Our principal activity is the provision of affordable social rented housing throughout the Outer Hebrides. As a Registered Social Landlord (RSL) we are monitored by the Scottish Housing Regulator. As we are the main RSL in the Outer Hebrides the Regulator has categorised us as having systemic importance and we have medium engagement with the Regulator.

2.3 Our vision has remained fairly consistent over the years since we were first set up in 2006. Each year the Board review our Vision making sure it is still suitable and achievable.

2.4 We deliver services throughout the chain of islands that make up the Outer Hebrides. We have 2199 homes on 12 islands, some are connected by causeways and others by ferry. The island chain is over 130 miles long and has 15 inhabited islands.

2.5 Our FTE staff of 42.5 operate from two different offices, our main office in Stornoway (Lewis) and our area office based in Balivanich (Benbecula).

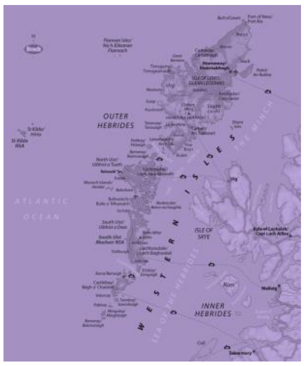
2.6 With an annual turnover of £9 million we are a key employer and economic contributor in the Outer Hebrides.

A Brief History

Hebridean Housing Partnership (HHP) became a Registered Social Landlord in September 2006 when Comhairle Nan Eilean transferred its housing stock of over 1700 houses following a positive ballot of tenants. On 1 April 2007, 5 locally based Housing Associations with a housing stock of 300 units merged with HHP. The stock figure at 31 March 2016 was 2225.

HHP is a charitable not for profit Housing Association governed by a Board of volunteers. The registered Head Office is at Creed Court, Gleann Seileach Business Park, Willowglen Road, Stornoway and there is an area office at Winfield Way, Balivanich.

The principal activity of HHP is the provision of affordable social rented housing throughout the Outer Hebrides. HHP is monitored by the Scottish Housing Regulator and is categorized as medium engagement due to its systemic importance in the Outer Hebrides.



This maps shows where our homes are situated throughout the islands and the table below shows the break down by island.

Islands	Assets
Isle of Barra	82
Isle of Benbecula	105
Isle of Bernera	16
Isle of Berneray	18
Isle of Eriskay	9
Isle of Grimsay	2
Isle of Harris	129
Isle of Lewis	1590
Isle of North Uist	89
Isle of Scalpay	13
Isle of South Uist	141
Isle of Vatersay	5
12	**2199**

Values

2.7 Our core value as a business is ***Integrity.*** Our organisation is made up of individuals who either serve on the Board or are employees. For us to be a business of integrity we must hold each other accountable to this value.

"We honour commitments made to our tenants and build trust. Our decision making processes are open and transparent. We will do the right thing."

2.8 Our supporting values are:

- Customer Focus
  - ✓ We will focus on positive outcomes for our customers
  - ✓ Customers views will inform the provision and development of our services
- Equal Opportunities
  - ✓ We will strive to ensure there is no discrimination evident in the way we deliver services
  - ✓ All customers will be treated with respect
  - ✓ We shall treat people the way we like to be treated
- Quality of Service-Excellence
  - ✓ We shall seek to "do it right" at the first time of asking
- Sustainability
  - ✓ We aim to promote sustainable communities where people want to live now and in the future
- Supporting staff
  - ✓ We provide a challenging, supportive and rewarding work environment

Strategic Goals

2.9 We have four strategic goals

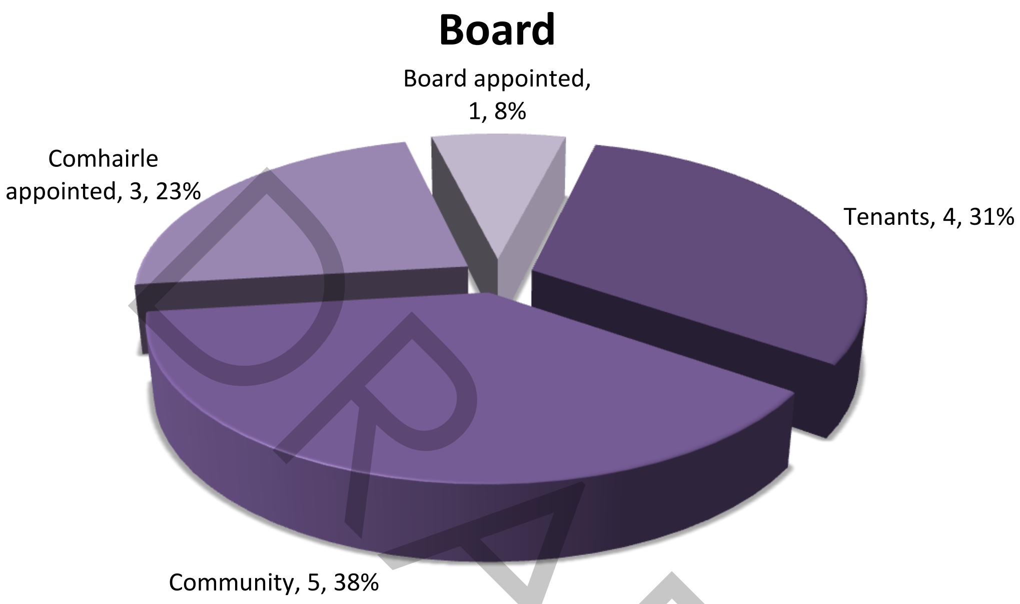
1. Placing tenants at the centre of everything we do
2. Investing in an environmentally sustainable way in tenants' homes
3. Being a good employer that attracts and retains high quality staff
4. Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides

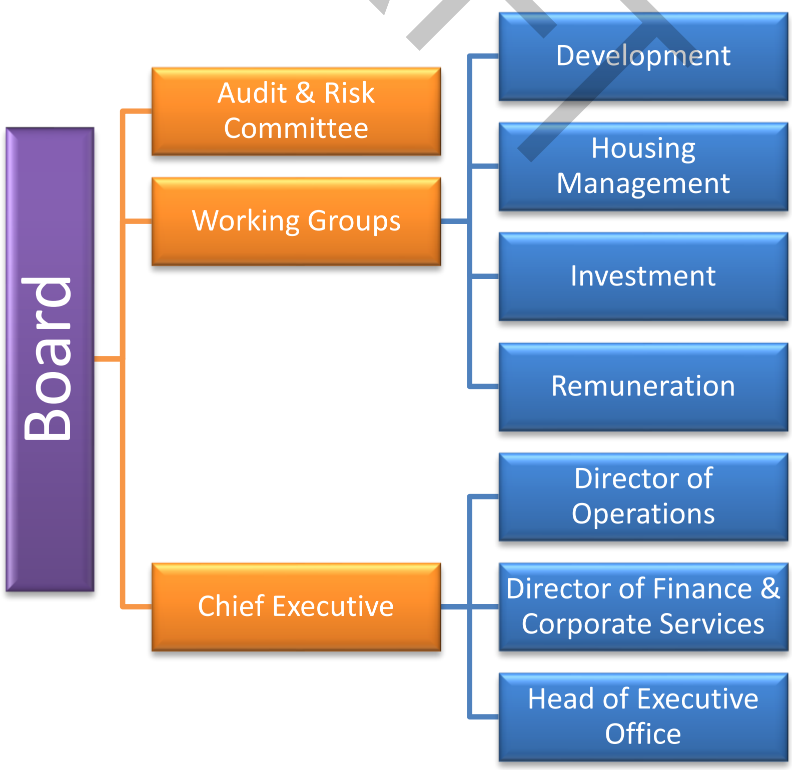
Governing Body

2.10 Our Governing Body is made up of community representatives. Board Members (other than 3 nominations from the Comhairle) are elected at the Annual General Meeting.

2.11 The Board is made up of a maximum of 15 members including a Board appointed Member and two co-optees. The current categories of membership are – Tenant, Community and Comhairle.

2.12 To address any skills gaps the Board can also co-opt additional members to the Board, Committees or Working Groups.





2.13 The Board is supported by an Audit & Risk Committee and five Workgroups, Finance, Remuneration, Development, Investment and Housing Management.

2.14 During September 2018 to March 2019 there was turnover in our Board members due to illness. These vacancies have now been filled but we remain alert to how fragile circumstances can quickly bring changes to our Governance structure. The minimum number of Board members required to continue operating is seven and our quorum is four. A succession plan is being prepared to mitigate this risk for the future. Currently we are back up to full strength and have no vacancies on the Board.

2.15 In May 2017 the Board took the decision to amend the structure to allow more tenants and community representatives on the Board. In the early years, following stock transfer it was essential for the Comhairle to have nomination rights to the Board. The Board were of the view that having fulfilled the vast majority of its stock transfer promises the time was right to change the structure of the Board. The decision was delayed for 2 years and will be put to members during 2019.

2.16 The current Tenant Participation Strategy identifies getting tenants involved at every level of decision making as critically important. The Board are keen to encourage more tenants to come forward and stand for election and will continue to work with our Tenant Participation Officer to identify potential Tenant Board Members.

2.17 The Board is responsible for the strategic direction of the Partnership and has placed particular emphasis on delivering the Comhairle's SHIP, rent affordability, our role in the sustainability of the future in the islands, listening to customers and service delivery.

2.18 A Board Development Plan is in place and a succession plan is being developed.

Working with Key Partners

2.19 We believe our work is about much more than bricks and mortar and we will continue to work with partners and stakeholders to improve communities and people's quality of life across the Outer Hebrides.

2.20 The Outer Hebrides as a whole is at a critical juncture and the Board recognises the part we have to play in contributing to the solutions for the population and demographic problem. We are a member of the Outer Hebrides Community Planning Partnership (OHCPP) and we contribute to the Local Outcomes Improvement Plan (LOIP) Priority Groups, Governance Groups and other working groups. We will seek to maximise our contribution to the LOIP and Locality Plans to work creatively and collaboratively with partners for the benefit of our community as a whole.

2.21 We recognise the role of the Comhairle as the Strategic Housing Authority and will continue to support the development and implementation of Local Housing Strategies to deliver key housing priorities particularly at a time when the Scottish Government are providing substantially increased resources to deliver new affordable homes for rent.

2.22 We will continue to seek other external funding to benefit tenants through supporting community projects and will seek creative ways to support communities and economic regeneration. A policy has been developed which outlines clearly the financial assistance which we can give to community groups.

2.23 We will work through our subsidiary to develop a wider role and explore funding sources which will enable us to deliver more for our tenants and the wider communities.

2.24 There are hidden pockets of poverty and deprivation in the Outer Hebrides. Problems include growing isolation of older people, addiction, alcoholism (especially among middle-aged men), lack of literacy skills and unemployment. We will continue to work through a range of partnerships to address problems of vulnerable individuals and families. Partners include the Older Peoples Planning Partnership, the Alcohol and Addiction Forum, the Community Safety Partnership, the Child Protection Committee, the Poverty Action Group and the Domestic Abuse Forum. During 2019/20 an Anti-Poverty Strategy will be developed for the Partnership.

2.25 The Western Isles Health Board (WIHB) and the Integrated Joint Board (IJB) are key players locally. Our Chief Executive is now a member of the Integrated Joint Board. We are committed to making a contribution to enable people to remain in their own homes by ensuring that homes are suitable and that appropriate support is available when required. The most significant demographic trends in the islands

Key Partners & Stakeholders

Our key partners are:

- Tenants current & future
- The Comhairle
- Scottish Government
- Outer Hebrides Community Planning Partnership
- Community Landlords
- Highlands & Islands Enterprise
- Police Scotland
- Scottish Fire and Rescue Service
- Western Isles Health Board
- Integrated Joint Board
- The Western Isles Foyer

Our key stakeholders are:

- Staff
- Lender
- Scottish Housing Regulator
- Scottish Government
- Contractors & Developers

are the increasing proportion of older people combined with the rapidly decreasing numbers of children and young people. These trends present challenges in terms of estimating the numbers and types of housing required in the future. Effective strategic planning across all partners is necessary. On an operational level we will continue to build on the close working relationship with the Occupational Therapy Service and the Mental Health Team to maximise the impact that the available resources deliver for tenants.

2.26 We are members of the Homelessness Task Force which is led by the Comhairle and the Stornoway Vision Group.

2.27 There is also active participation in membership forums; including the Scottish Federation of Housing Associations, RIHAF, the Highlands and Islands Liaison Group, Welfare Reform (Highland and Islands) and the Chartered Institute of Housing.

Tenants and Households Wishing To Become Tenants

2.28 Our key stakeholders are our tenants and future tenants. The provision of landlord services which are of the highest quality and at affordable levels will ensure our long term future.

2.29 We welcome participation from our tenants through tenants groups and through membership of HHP. Membership is open to all members of the community who are over 16 years of age and meet the criteria for membership. Currently there are 122 members most of whom are community representatives.

Lender

2.30 To deliver our investment programme and finance the new build programme we are reliant on external funding. Our funder is the Royal Bank of Scotland (RBS) and we currently have a lending facility in place with them which will fund the delivery of the Business Plan over the next 30 years.

2.31 Communicating effectively with our Lender and providing them with relevant and timely information is important. RBS has been a supportive partner in providing the borrowing facility to deliver the Board's strategic goals.

Staff

2.32 The services we deliver will only ever be as good as those who deliver them on our behalf. Appropriate reward, good communication and regular appraisal meetings between staff and those who manage them is essential for the wellbeing of HHP. The current staffing structure is at Appendix 1. We are committed to providing excellent training and development opportunities for staff to prepare individuals for more responsibility and career enhancement.

2.33 In February 2018 the Board agreed to carry out a Pay and Grading review to be implemented by April 2019. As part of the process a review of the organisational structure was carried out to ensure it was fit for purpose to deliver the Board's objectives for the coming 4 to 5 years. To strengthen our Governance and provide resilience, a new Executive office has been added to the structure.

2.34 The new pay scales and pay model are in the process of being negotiated with the Union and it is hoped that a new collective agreement will be signed off during April/May 2019.

2.35 Building on the success of the Modern Apprentice post in 2017 and planning for the future, the new structure includes three trainee posts.

The Comhairle

2.36 The Comhairle is dependent on us to deliver significant elements of its Local Housing Strategy (LHS). Our relationship with the Comhairle is fundamental in identification of key aims and the delivery of affordable housing services throughout the communities of the Outer Hebrides. The Comhairle have created a new Board Investment Delivery Board made up of three Comhairle Members and three HHP members to oversee the delivery of the LHS. We are committed to working with the current Comhairle and discussions are underway to strengthen the approach taken to strategic planning and how the LHS and SHIP is delivered.

2.37 We are working closely with the Comhairle to deliver care provision to serve the community for the next generation. A joint project to develop a 52 bed care home which will be owned by the Comhairle and a 50 bed Housing with Extra Care provision owned by us achieved planning permission in December. Negotiations are now underway with contractors. The development on the site which we own at Goathill is a key strategic priority and forms a major part of the SHIP for 2019-2021.

2.38 There are significant challenges in delivering the SHIP and our development programme and this partnership working is key to this. In particular there are challenges around affordability and cost pressures coupled with difficulty in accessing land. The Development Plan is at Appendix 2.

Scottish Government

2.39 Our Executive Team work in a positive and proactive way with Scottish Government officials. The Scottish Government has a vested interest in what we do due to the level of investment made on an annual basis in social rented housing in the Outer Hebrides. The main contact we have is with the Scottish Government's More Homes Division Highland, Islands and Moray, based in Inverness. The tripartite relationship comprising Scottish Government, the Comhairle and HHP has been very positive and will be critical in taking forward our development programme 2019/20 – 2024/25 and delivering the Comhairle's SHIP.

2.40 The Scottish Government have committed to building 50,000 homes by 31 March 2021 of which 35,000 are to be for affordable rent. This substantial increase from the funding available in previous years is unlikely to be repeated in the future. The Scottish Government have made it clear the funds will be directed to where there is a clear demonstrable demand for new units. Our Development Plan demonstrates how we can contribute to the delivery of the Government's target.

2.41 During 2018 the First Minister made a commitment to end rough sleeping and homelessness taking on board the majority of recommendations from the Homelessness and Rough Sleeping Action Group (HARSAG). We will be working with the Comhairle to deliver their Rapid Re-housing Action Plan over the life time of this plan.

2.42 The publication of the consultation paper "Housing Beyond 2021" by the Scottish Government has provided a valuable opportunity to feed back to the Government the aspects of the current programme which have proved challenging in a remote, rural and island context. We look forward to further opportunities to input into the development of this strategy.

Regulator

2.43 HHP, because of its 'systemic importance' in the Outer Hebrides, is categorised as 'medium engagement' by the Scottish Housing Regulator (SHR) in the 2018 Regulation Plan. Given the level of public money invested by us on an annual basis it is important that the Regulator has assurance the business is well managed and achieves value for money. We meet with our Regulation Manager twice a year. The Regulator undertakes a review of the risks and challenges facing the business and progress against the Business Plan. We provide financial and other information as required and in June each year we submit our 30 year and 5 year financial projections. A meeting takes place at quarter two of each financial year to discuss and review the financial projections and matters highlighted in the Regulation Plan for the financial year. Rent affordability, improved performance on 4 ARC indicators and new build were the key areas identified by the Regulator in the Regulation Plan for 2018/19.

2.44 We submit Annual Returns on the Charter (ARC) to the SHR annually in May. As required by Scottish Government we report to tenants on the standards and outcomes set out in the Scottish Social Housing Charter. The Charter has seven sections covering equalities; housing quality and maintenance; neighbourhood and community; access to housing and support; getting good value from rents and service charges; and other customers.

2.45 In February 2019 the SHR published a new Regulatory Framework which will be effective from 1 April 2019. The new Framework introduces a requirement for each RSL to produce an "Assurance Statement" by October each year. Our first Assurance Statement is due by October 2019. There have been some amendments to the regulatory standards and also to the requirement for obtaining consents. The framework re-affirms the Regulator's position on statutory and advisory guidance. We will comply with statutory guidance and endeavor to comply with advisory guidance unless there is a practical reason which prevents us from doing so.

Western Isles Foyer

2.46 We are working closely with the Foyer to support some of our most vulnerable young people. We intend to enter into a formal partnership with them whereby we will provide all the landlord services. This will allow the Foyer to concentrate on their core purpose of supporting the young people and will enable them to develop a stronger operating model.

Contractors and Developers

2.47 Along with improving and maintaining our existing homes, we build new homes. The local construction sector has delivered services to our tenants of high quality. The relationships we have with contractors and developers are very important to ensure the quality of build is maintained at an affordable cost. We seek to ensure that where possible investment is channeled in such a way that the local economy and in particular the local workforce benefits. The new build projects, which have primarily been delivered by local contractors, have been well received by our communities across the Outer Hebrides.

2.48 Our contractors are a key point of contact with our tenants both in reactive and in our investment and maintenance works. We are working closely with them to ensure when works are carried out, the customer experience is as good as it can be. Our tenants are also involved in this process and scrutiny work is being carried out by tenants on reactive repairs and re-letting standards and processes. In addition to this we continue to test customer experiences with all work through point of service surveys and through our major satisfaction surveys. These show high levels of satisfaction with our services.

Highlands & Islands Enterprise

2.49 As a business which makes a significant impact on the local economy in the Outer Hebrides, particularly in sustaining jobs both directly and in the construction sector and related supply chain, we are supported by Highlands and Islands Enterprise Area Team. The involvement of HIE's Area Manager in working with our Executive Team to identify staff training and development opportunities has been a very positive relationship. HIE have provided excellent networking opportunities for businesses and organisations in the community.

Outer Hebrides Community Planning Partnership

2.50 As a Board and Executive Team we recognise the value that interaction with other agencies brings particularly in delivering better value for our communities through the delivery of services which are joined up. Key to engagement with partners is the work of the Outer Hebrides Community Planning Partnership (OHCPP) which has made significant progress in joining up services across the Outer Hebrides.

2.51 We are committed to making a significant contribution to the relevant Outcome Groups which form the basis of the structure of the Partnership. Members of our staff participate in the three Priority Groups, Sustainable Population, Sustainable Economy and Improving Quality of Life. Our Chief Executive is a member of the OHCPP and as well as attending the meetings endeavors to participate in the community engagement events which are held round the CPP meetings.

2.52 In November 2018 the OHCPP approved the OHCPP Partnership Agreement 2018-2027 which takes into consideration the changes to community planning and obligations on partners arising form the Community Empowerment (Scotland) Act 2015.

2.53 We also work closely with Police Scotland and the Scottish Fire & Rescue Service to develop preventative measures for the benefit of our tenants. Both services have highlighted their need to have access to housing to attract staff and our latest Allocations Policy has taken this into consideration.

Section 3

Where we are

Section 3-Where we are

Strategic Analysis

Introduction

3.1 One of the most used phrases during the past two years is "*we are living in uncertain days*". The uncertainty over BREXIT has affected almost all businesses including ours and impacted on our ability to deliver on our previous Business Plan 2015/16 to 2019/20. How BREXIT itself will impact on our ability to deliver excellent housing services in the Outer Hebrides in the coming years remains to be seen.

3.2 At a more local level the biggest challenge facing the Outer Hebrides is turning around the decline and the demographic in the population. Measures are being put in place by the CPP but we will have to wait to see how successful they will be. In the meantime the school rolls are declining and the elderly population increasing. The changing demographics are impacting on the skill base available locally.

The Outer Hebrides is expected to lose 14% of its population by 2039…the Comhairle's workforce has reduced by 16% since 2009

3.3 As we plan ahead we have taken into account these uncertainties as best we can, and we have looked back to see how well we delivered on our commitments in the 2015/16 to 2019/20 Business Plan. A summary of our performance is shown on the following page at Table 1.

3.4 The actions due to be completed in 2019/20 have been reviewed and where appropriate incorporated into this plan.

3.5 Overall we have delivered on the commitments made however we know there is room for improvement on nearly every area of service with the exception of gas servicing where our aim will be to maintain the current standard of service.

Current Arrears as a % of Gross Rent down from 8.82% in 2015/16 to 3.15% in 2017/18

Tenants satisfaction with Allocations

"I found staff friendly and welcoming. I was treated with respect and give reassurance"

Tenant Satisfaction with Investment works

"10 out of 10- very happy with the service and my heating"

"10 out of 10-happy with my new windows and doors. I couldn't recommend anything to make improvements. Satisfied overall"

"10 out of 10-I am happy with my new heating system its 100% better than other heating and I have no complaints. The workers did a fantastic job, were tidy and quick"

TABLE 1: HOW WE DELIVERED

Obj Ref	What we promised	What we delivered
1	To provide opportunities for tenants to engage in service review and design	• Repairs scrutiny group • Consultations events on allocations and rents throughout islands • Lettable standard group
	Build partnership to improve the life outcomes of tenants and residents	• Created opportunities for people to engage • Working with the Comhairle on Care project at Goathill • Working with Tascas Uist • Community Grants funds introduced • Working in Partnership with Hebrides Energy
2	New Rent structure	• Postponed to 2020
	Carry out a study on affordability	• Done as part of the Stock Condition Survey • Arrears levels and trends are closely monitored to identify any potential affordability issues
	Deliver Value for money by carrying out benchmarking and exploring opportunities with partners for savings	• Procurement strategy delivered savings • VFM survey with SHN
	Deliver new build programme more cost effectively	• Tendered both development services and feasibility works • Appointed Development Manager • Explored different ways of delivering new build • More ownership by staff of new build programme through specification review (Cost of new build units continues to rise)
	Improve feedback process for tenants on investment programmes	• Feedack forms in place for all investment works and tenant sign off for all works to demonstrate they are happy with all the work • Negative feedback dealt with by Clerk of Works • Feedback in tenant satisfaction positive
3	Be prepared for the introduction of Universal Credit by improving our systems	• Employed additional staff in Lewis and Uist • Achieved DWP Trusted Partner status • Processes and systems were changed and delivered on time • Attendance at Welfare Reform meetings in Inverness and meeting with local DWP • Regular training for staff
	Carry out Tenant Satisfaction Survey	Last survey completed in 2018 showed an increased in overall levels of satisfaction
	Deliver affordable warmth strategy and work with partners to address fuel poverty	• Fuel Poverty report issued • RHI being claimed on all heat pump installations • Energy advice given through TEAS and

Obj Ref	What we promised	What we delivered
		HHP. Tenant conferences focused on energy advice • HHP is a member of Hebrides Energy • Staff trained on energy advice through partnership with energy Action Scotland • Work with Outer Hebrides Energy Forum • Room in roof, loft and cavity insulation works being fully funded through ECO • Energy monitoring system in place • Partnerships in place with SSE and Citrus and local agencies
	Engage with CNES and other CPP partners to identify housing requirements for future population demographic projection	• Participated in the revision of the Comhairle's LHS • Membership of OHCPP
	Prepare action plan for EESSH	• EPC's issued after every heating replacement and insulation works. • Heating and insulation works identified in 2019/20 and 2020/21 to meet EESSH standard
4	Implement plan for Self Assessment	• Achieved Level 2 Award Quality Scotland Committed to Excellence
	Develop peer reviews against top performing quartile RSL's	• Partially done. To be carried forward into 2020
	Remove duplication in admin process to improve efficiency	• Repair processes automated with contractor • Repair service and investment processes revised • Accounts payable processes consolidated
5	Improve core service performance indicators	• Improved across the board (detail in Appendix 4)
	Improve customer access to information & services	• Web site redesign • Use of social media twitter and Instagram • Increased number of newsletters • Developed suite of information leaflets • Text messaging for tenants
	Achieve Committed to Excellence accreditation	• Achieved Level 2 Award Quality Scotland Committed to Excellence
	Carry out a review on repairs service	• Completed and new contract to be procured
	Improve services to factored properties	• Information availability improved
	Develop and implement Value for Money strategy	• Value for money survey with SHN completed • Benchmarking proving difficult • Measure still to be developed
	Publicise quality standards for customers	• Suite of Leaflets developed
	Review activities for Subsidiary	C/f into 2020

Obj Ref	What we promised	What we delivered
	Undertake review of the impact of LIFT properties in the Stornoway area	• Initial review completed to gauge demand • Further work to be undertaken in 2019/20
	Undertake review of demand/need for 3+ bedroom houses in some rural areas	• Done on an annual basis through the allocations report
	Provide temporary accommodation to CNES	• Done and reviewed on an annual basis
	Review arrangement with Foyer in relation to leased properties	• Review is completed and due for implementation in 2019/20
6	Staff survey	• Undertaken in 2015
	Pay & Grading review	• Underway due to be implemented 1 April 2019 • Became a living wage employer
	Review opportunities to participate in Modern Apprentice Scheme	• Implemented in 2017
	Review appraisal system	• Completed and to be developed further in 2019/20 • New HR system implemented which includes appraisal system
7	Support local suppliers and contractors	HHP Implemented a Procurement Strategy – with one of its primary aims being the development of a strong local supplier base. • 87% of HHP spend is being tendered • 84% of Tenders have local tenderers; and • 75% of HHP spend is with local suppliers
	Obtain a commitment from contractors to recruit and retain apprentices	• Done – 70 apprenticeship provided by contractors
	Support CNES/CPP Strategy of making Stornoway a University Town	• Project is still ongoing

Operating Environment

Current Trends

3.6 The Comhairle's Local Housing Strategy (LHS) for 2017 to 2022 was approved in November 2017 and has four priorities:

- Housing Quality
- Housing Supply
- Homelessness
- Independent living

The specific focus of the LHS is two fold:

- *To assist population retention and the regeneration and sustainability of our rural areas by increasing housing supply and introducing new housing options*
- *To help address the significant potential impact of our population profile on demand for health and social care services to ensure the availability of appropriate housing and related services to maximise care at home and independent living*

3.7 We are committed to playing our part in delivering the LHS and contributing to the pursuit of the priorities. For example we are investing heavily in our own housing stock to improve quality and in particular to address and alleviate fuel poverty. Many of our tenants have been assisted to remain in their own homes through the provision of aids and adaptations which we have been able to deliver as a result of our success in obtaining very significant Scottish Government grant funding. Over £1m has been spent in this way in tenants homes since 2015/16. We have continued to support the Comhairle in discharging their responsibilities to homeless persons both through the provision of permanent and temporary accommodation.

Future Trends

3.8 The Comhairle submitted their Rapid Re-Housing Plan to the Scottish Government in December 2018. We are members of the Homelessness Task force and will work with the Comhairle to deliver within our available resources the Scottish Government's requirements. A robust approach to prevention and the availability of support are key issues of Rapid Re-Housing and as to how we can support them with this. The location and supply of vacant properties are obviously major factors in the speed at which applicant can be housed.

3.9 There are two significant pieces of work being undertaken by the Comhairle in relation to the Islands. The Deal for the Islands and the Islands Bill both of which will bring opportunities to the islands.

3.10 The Islands (Scotland) Bill, which contains four key provisions:

- ✓ National Islands Plan
- ✓ Island Proofing
- ✓ Representation of Island Communities
- ✓ Development in the Scottish Marine Areas

3.11 An announcement on the Deal for the Islands is expected in Spring 2019.

Business Planning

3.12 A Business Planning Day with stakeholders and partners was held in Stornoway on 31 October 2018. The key themes of the meeting, which was attended by Board Members, Staff and stakeholders were:

- Working more cohesively with the Community Planning Partnership to address the population and demographic crisis;
- Fuel poverty and rent affordability
- Broadening our approach to house designs to include how they impact on the overall health of our tenants;
- Challenges of delivering on the enhanced New Build programme;
- Climate change and the green agenda-what are we doing?
- Working with the FOYER to review the current model particularly in relation to the landlord role;

3.13 A couple of polls were run using SLIDO and there was a consistency in the responses- the key issue facing all services is depopulation and the changing demographics resulting in an aging population.

3.14 A number of consultation events were held throughout the islands in Castlebay, Lochboisdale, Balivanich, Tarbert, Stornoway and Barvas. A total of 19 tenants (0.8%) attended the events. The themes raised by tenants were:

- Consistency of service levels throughout the islands-response times should be the same no matter where a tenant stays;
- Planned maintenance-the exterior of homes should receive similar attention as the internals;
- Heating systems-do more to help tenants when a new system is installed;
- Communications-review the language used and the timings of letters
- Areas for service improvement to be considered were the office opening hours and access to rent accounts to report and track progress on repairs

3.15 Some tenants who could not attend the consultation meetings opted to complete a questionnaire. 108 questionnaires were returned (5%). Across all the islands it was great to see there was an almost unanimous response to the question ‘what do you like about where you live?’

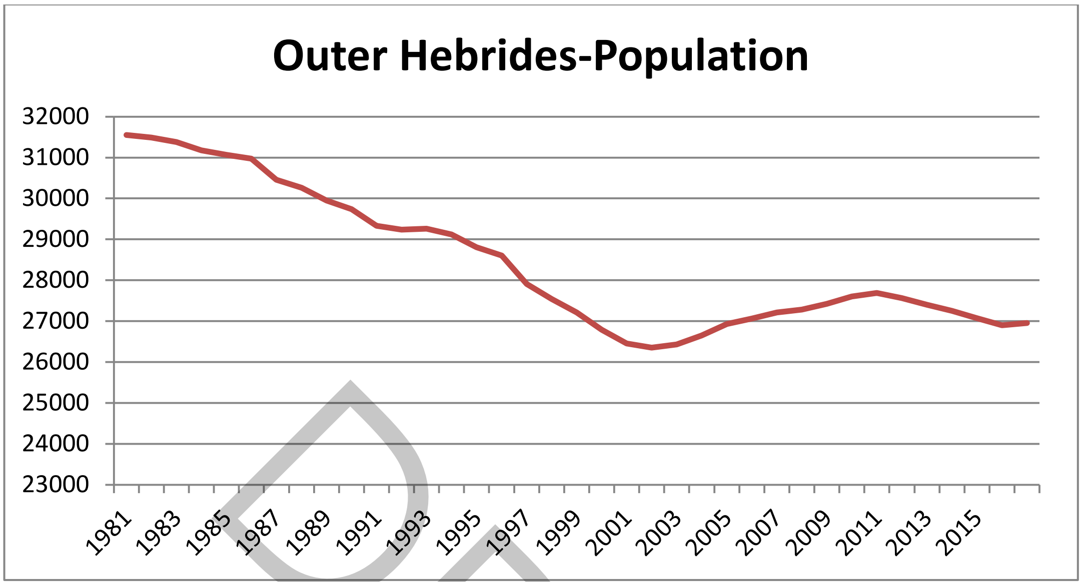
3.16 Tenants in Harris and the Uists expressed concern about young people leaving the islands due to a lack of housing and employment opportunities.

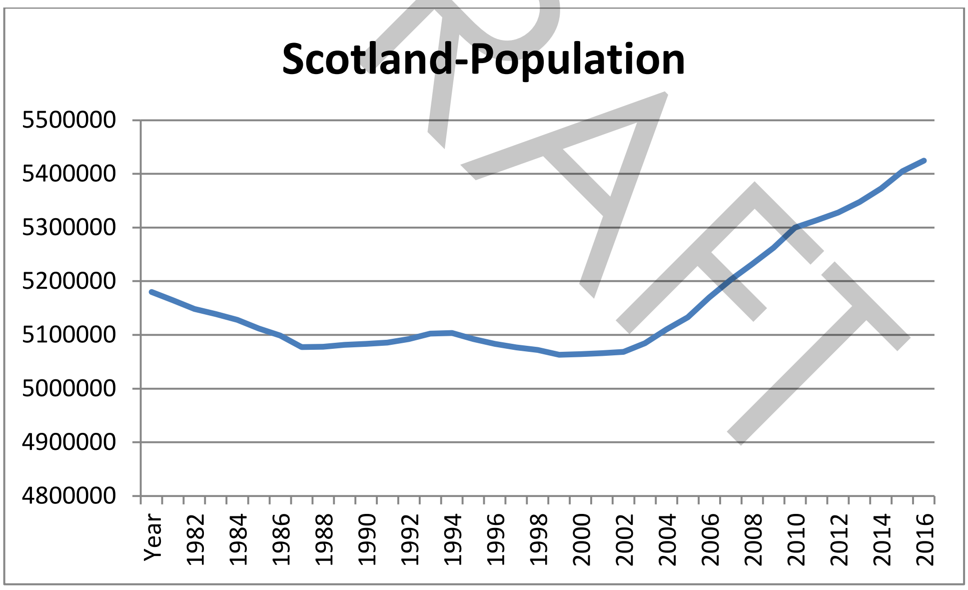
3.17 Following the meeting the Board developed four strategic goals and further consultation took place during February and March 2019. The response to the consultation was positive.

Key Issues

Population

3.18 The issue with population is two fold, we have a declining population and our population is getting older. The needs are changing and the supply chain to meet these needs is reducing.





3.19 The trend for the islands is the opposite to what Scotland as a whole is experiencing in relation to numbers however it is estimated that by 2030 there will be over 600,000 people aged 75 or over in Scotland.

3.20 In May 2018 a meeting to consider housing and aging issues was held with practitioners from Scotland, England and Wales. Headline recommendations in the publication "*Housing and Ageing: Linking strategy to future delivery for Scotland, Wales and England 2030*" are outlined in Table 2 on the next page.

Table 2: Key Findings

- *We must act now if we are going to meet the housing needs of future generations by 2030*
- *Place housing at the heart of service integration*
- *Invest in early intervention and prevention in home and community*
- *Build new suitable housing such as intergenerational and lifetime homes to be adaptable, flexible, inclusive and affordable for all tenures*
- *The biggest challenge in rural areas is not anticipating future needs but having enough people of working age to provide the necessary services*

Climate Change

3.21 We are very aware of the wider challenges presented by climate change and will play our part in addressing this. This will include continuing to invest in renewable technologies and insulation to minimise the heating requirements in tenants homes. We will consider the threats posed by sea level rises to our housing stock as we review our Asset Management Strategy.

New Build

3.22 We wish to provide quality places in our new build developments and have developed a suite of house designs which we believe deliver this. We work closely with the Comhairle and the Planning Department to ensure that developments and their environment are as attractive as possible and will meet the needs and aspirations of tenants and owners. However we also recognise that there are tensions in this when faced with pressures on costs.

3.23 We continue to review innovation in design of houses and places and to learn from this where appropriate in the Outer Hebrides. In particular the demographic trends present issues which all housing providers need to be aware off and plan for. We also work locally with Health and Care services on opportunities for innovation and where technology can 'future proof' homes.

3.24 The local construction sector has shrunk in recent years and the number of apprenticeships has decreased. The presents a concern particularly in the medium to long term and we continue to discuss this with local partners and agencies.

Affordability

3.25 The affordability of rents is a high priority for our Board. This is a particular concern in the Outer Hebrides where wages are generally low and where pressures on household budgets are high. This becomes even more pronounced the further you travel from Stornoway. We continue to survey tenants on their views on rent levels and affordability and we benchmark these against other rural landlords. We also monitor arrears levels and trends closely along with the impact of Universal Credit on our tenants. Arrangements are in place with local advice agencies to provide support to our tenants. These include Citizens Advice Bureau and the Energy Advice Service at Tighean Innse Gall.

Quality of Houses

3.26 The quality of tenant's homes and the environment is a fundamental priority. Our investment plan details how homes will be maintained and improved over the next thirty years. The progress being made is evidenced through our stock condition surveys and through the stock valuation exercise. We will continue to comply with the SHQS and will strive to ensure homes achieve the EESH standard by 2020. We use high quality materials in the work that we do and believe that the initial investment delivers savings in the long term and enhances tenant's experience of their homes. In addition we continue to review new initiatives and innovations and to learn from the experience of others when taking decisions on investment. In particular we are very aware of the extent of fuel poverty amongst our tenants and have made substantial progress in addressing this through the installation of renewable heating systems and additional insulation and through other initiatives such as the provision of LED lighting. Nevertheless fuel poverty remains a significant challenge.

SWOT Analysis

3.27 The results of our SWOT analysis are at Table 3 below. There are actions in our Delivery Plan which will address the areas of weaknesses and threats which are within our control.

TABLE 3

STRENGTHS	WEAKNESSES
❖ Quality of housing stock ❖ Valuation of housing stock ❖ Staff ❖ Reputation for Innovation ❖ Long term planning enabling solid financial strength ❖ Strong performance in operations ❖ Tenant satisfaction levels with service ❖ Work with Fuel Poverty groups (Highlands & Islands) and local	❖ Culture-making sure everyone is on board and inappropriate and unhealthy cultures are not allowed to flourish ❖ Inter island transport links ❖ Overstretched voluntary sector for Governance
PPORTUNITIES	**THREATS**
❖ Funding for new build ❖ Procurement of new repairs contract ❖ Flexible working ❖ IT and broadband -5G ❖ To be part of the solution to the population problem facing the Islands ❖ Islands Deal	❖ Population demographic and impact on demand, workforce etc ❖ Budgetary challenges being placed on our public sector bodies, Comhairle and WIHB ❖ Distractions that don't add value to the organisation-wasting time ❖ Impact of Universal credit on tenants and cashflow ❖ Perceptions that we don't deliver the same service throughout the islands ❖ Rising costs ❖ BREXIT ❖ Organisations/communities not working together

Section 4

Where we want to be

Section 4-Where we want to be

Strategic Goals

4.1 To deliver our vision over the next five years we have set four Strategic Goals.

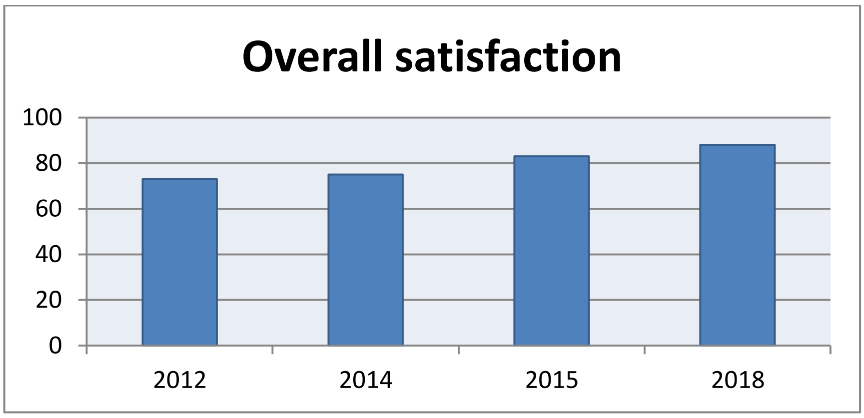
1-Placing tenants at the centre of everything we do

4.2 Our vision can only be delivered if we place tenants at the centre of everything we do. We want to ensure tenants, irrespective of where their home is, feel they are getting a first class service from us. It also means we will listen to what tenants are telling us is important to them. We will use our website, our tenants groups, social media accounts and letters to provide feedback on suggestions and proposals from tenants. In December 2018 tenants were asked to complete a short survey which has been used to inform this new plan and adjustments have been made to Investment Plans to take account of the views being expressed by tenants. We will not always be in a position to take suggestions and implement them right away but we aim to always let tenants know what has happened to their suggestion.

4.3 We have been a member of Tenant Participation Advisory Service (TPAS) since 2006. In 2015 we funded a half time Participation Officer post who is employed by TPAS, the position was initially for a two year period and this was renewed in 2017 for a further two years. The high level aims of the post are to:

- ✓ encourage engagement with tenants
- ✓ build relationships with existing tenants groups
- ✓ develop and deliver a tenant participation strategy

4.4 There have been four major tenant satisfaction surveys carried out in accordance with the Scottish Housing Regulator's guidance. The most recent in 2018 with the overall satisfaction improving by 5% to 88%.



4.5 We surveyed 824 (39%) tenants mainly on a face to face basis. The results showed an improvement in all the measures prescribed by the SHR from the previous survey. This was very pleasing and continues the long term positive trend in tenant satisfaction. We are continuing to work to further improve on these results and will carry out a further survey in 2021.

4.6 Ensuring that rents are affordable and are at a level that tenants are able and willing to pay is a key priority for the business. Moving to prevention rather than response in as many areas as we can to reduce cost and provide an overall better experience for customers.

2-Investing in an environmentally sustainable way in tenants' homes

4.7 A Stock Condition Survey was completed in 2018 which reported that the housing stock was in good condition with a minimal requirement for 'catch –up repairs'. This gives confidence that our approach to investment is effective and we will continue to develop that approach. We have a 30 year investment plan for our housing stock. This seeks to ensure that houses continue to meet the SHQS in the long term and that they comply with the EEESH standard from 2020 and beyond. All major components will be renewed as they reach their end of life.

4.8 Meeting energy efficiency targets in off gas areas continues to be a challenge which is partly due to the SAP calculation methodology. Addressing fuel poverty is a key part of our investment plan with a heavy emphasis on works such as the installation of renewable heating systems and on the provision of high efficiency gas boilers. The fabric of houses continues to be maintained through investment and planned maintenance programmes and opportunities to improve the thermal efficiency of buildings continue to be pursued. These include replacement of cavity wall insulation and the fitting of external and internal insulation.

4.9 We will continue to review the use of materials and other opportunities to reduce life cycle costs and to improve ease of use for tenants where appropriate.

4.10 Our asset management strategy 2016-21 sets out our plans for the housing stock and this is closely linked will the business plan and the wider strategic environment. We will continue to review our housing stock and to identify any areas or groups of houses where further assessment is required as to their long term viability. This will form the basis for considering options for such stock.

4.11 The Asset Management Strategy will also consider the inter-relationship between new build and the existing stock in each area and whether the new build programme provides an opportunity to replace stock which has a limited future life span or where demand is a serious concern.

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Investment Works	£ 4,673,829	£ 3,796,169	£ 3,528,357	£ 3,701,117	£ 3,919,561	£19,619,033

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Bathrooms	94	30	20	53	51	248
Showers	94	30	20	53	51	248
Kitchens	62	26	85	74	45	292
Heating	218	205	129	68	101	721
Roofing	-	-	-	6	27	33
Roughcast	-	-	-	25	26	51
Windows	17	32	48	101	60	258
Fire Doors	245	-	-	-	-	245
Grand Total	**£ 730**	**£ 323**	**£ 302**	**£ 380**	**£ 361**	**£ 2,096**

3-Being a good employer that attracts and retains high quality staff

> *"Good hockey players skate to where the puck is while great hockey players skate to where the puck is going to be"*
> *Wayne Gretzky*

4.12 According to Barbara Mitchell and Cornelia Gamlem, what is true of great hockey players is also true for great organisations "*you have to know where you are headed to be successful, and when it comes to your people it's called workforce planning*". The accomplishment of our vision is dependent on how we invest in our assets and equally in our staff. We want to make sure we have the right people with the right skills, abilities and attitude to achieve our goals.

4.13 A new organisational structure will be in place from 1 April 2019 which should provide resilience as well as opportunities for staff. To further strengthen our resilience a workforce plan will be prepared during 2019/20. The plan will look at the immediate needs and also succession planning for key roles.

4.14 A competency framework has been introduced for all posts. This aims to bring consistency to how jobs are carried out.

4.15 The structure includes a new team called "The Executive Office" and one of their responsibilities will be the training and development of staff and Board Members. The team will have a dedicated part time Training Officer, demonstrating our commitment to improving the training and development of our staff.

4.16 There are three trainee posts in the structure which will provide an opportunity for new skills and approaches; in turn it will provide our managers the chance to develop their skill set by becoming a mentor and trainer.

4.17 Most workforces now are multi-generational with Generation X, Y and Z each with different expectations and approaches to learning. One of the expectations of the younger generation is to have flexible working. We will look explore what flexible options we can offer to staff. We will ensure our approach to training and workforce planning takes account of their expectations.

4.18 In 2019 we introduced an on-line HR system which allows employees to access their own records, record one to one meetings, make suggestions via the community board, manage their leave and link their "deliverables" to the our strategic goals.

4.19 A staff survey will be undertaken within a year of implementing the new structure and our aim is to see the satisfaction levels rise from the previous survey carried out in 2015.

4.20 We will develop new performance measures around retention, training and achievement of goals and implement a consistent way of marking staff achievements.

4.21 We will continue with our very successful team building days on an annual basis.

4.22 The staff social committee which has been in place for a number of years and been responsible for fundraising for local charities each year, will continue. Since the committee was started they have been responsible every year for £1,000 of donations to local charities. This demonstrates not only the generosity of staff but their commitment to making a positive impact on our communities.

4-Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides

4.23 The amount of grant funding the Scottish Government have made available to the Comhairle for the delivery of new affordable homes for rent is at the highest level since we came into existence. The funding provides an opportunity to build new homes throughout the Islands as well as bring a significant economic benefit through the provision of work for contractors.

4.24 Over the next five years through our Repairs, Investment and Development programmes we will be making a significant contribution to the local economy, supporting jobs, local suppliers and communities.

4.25 We anticipate spending a total of £69 m over the life time of this plan providing a level of certainty for local contractors enabling them in turn to provide apprenticeship opportunities for young people allowing them to live in the Outer Hebrides whilst gaining valuable skills for the future.

4.26 The Comhairle have been meeting with communities throughout the islands to discuss the potential of Community Hubs and buildings which provide shared spaces for a variety of public services. As part of the OHCPP we have been involved in discussions and will assess any opportunities which will allow us to deliver services as close to the customer as possible within available resources.

4.27 As the demographic continue to change with an older population we will work closely with they IJB to ensure the requirements of the Comhairle and Western Isles Health Board are taken into consideration when we are building new houses and improving our current housing stock.

4.28 The reduction in public services which are being delivered locally is of concern as it directly affects our tenants. There remains a tension between building new houses in rural areas where public services are being withdrawn and the financial risk currently sits with us.

Section 5

How we plan to get there

Section 5-How we plan to get there

Delivery Plan

5.1 The Strategic Goals will be achieved through our Delivery Plan which is at Appendix 5.

5.2 The Plan will be monitored by Executive Team on a monthly basis using the new HR system and progress on the measures of success will be reported to Board on a quarterly basis.

KPI's & Performance

5.5 The Key Performance Targets for the plan are:

Routine response repairs completed on time	*95%*
First time fix on repairs	*100%*
Tenant satisfaction on repairs	*95%*
Overall tenant satisfaction with service	*88% rising to 90% by 2023/24*
Total current arrears as % of gross debit	*<2%*
Rent loss due to voids as % of gross debit	*<0.8%*

STRATEGIC GOAL 1

Placing tenants at the centre of everything we do

TENANTS

How we will deliver this goal:

We will

- Keep rents affordable by carrying out affordability checks on an annual basis
- Deliver our Value for Money Strategy
- Complete & implement a revised rent structure
- Engage with our customers to ensure we are delivering services that they value
- Profile our customers needs to ensure we align our services to maximise benefit uptake
- Support the Western Isles Housing Association Communities Forum, RTO's and informal tenants groups
- Provide feedback to tenants on suggested service improvements
- Further develop Tenants Scrutiny as part of our service improvement agenda
- Continue to provide dedicated Tenant Participation support and resource
- Ensure tenants maximise their opportunities to access digital services
- Develop a digital transformation strategy
- Help and support tenants who may be isolated or vulnerable by going the extra mile to solve problems
- Benchmark our services with other housing associations

How we measure success

1. % of satisfaction with our overall services > 90%
2. Maintain all our homes ensuring they meet or exceed the SHQS
3. Respond to complaints 100% within SPSO targets
4. Level of current arrears at 2% of Gross Rent Debit
5. Voids at <1% of Gross Rent Debit
6. Provide options for a rent guarantee period
7. 88% of tenants satisfied with opportunities to participate in decision making

STRATEGIC GOAL 2

Investing in an environmentally sustainable way in tenants' homes

How we will deliver this goal:

We will

- Develop an Environmental Strategy
- Deliver our Asset Management Strategy including a review of the viability of all housing stock
- Deliver annual investment programmes by February each year
- Ensure our delivery of Energy efficiency in Scottish Social Housing (EESSH) is carried out in a tenant centered way and prioritises for the tenant the fuel poverty they are facing
- In partnership with the Comhairle, deliver new build homes in line with their SHIP
- Deliver 50 extra care units by 2021
- Remain committed to reducing the levels of fuel poverty for tenants wherever possible

How we measure success

8. Deliver 216 new build units by 2021
9. Deliver 50 extra care units in Stornoway by 2021
10. Reduce % of tenants in Fuel Poverty to under 25% by 2023 (subject to fuel prices)
11. 100% properties achieving EESSH by 2020
12. 100% of stock assessed in terms of long term viability

STRATEGIC GOAL 3

Being a good employer that attracts and retains high quality staff

How we will deliver this goal:

We will

- Support and motivate all staff to ensure a healthy atmosphere where there is trust, openness and leadership
- Provide opportunities for staff to gain qualifications relevant to their role
- Offer shadowing, coaching opportunities to all staff
- Ensure team building events are delivered on an annual basis
- Hold 'round table' discussion sessions with managers to encourage learning and development
- Develop the use of appraisals on our on line HR system
- We will recognise high achievement and excellent performance
- Deliver annual training plan

How we measure success

13. Flexible working policy in place by 2020
14. Staff survey in 2020 showing positive feedback
15. 10% of staff pursuing and obtaining qualifications
16. 100% of Vacancies filled on first attempt
17. Sustain a minimum level of 65% of HHP staff with a service length greater than 3 years
18. % of staff turnover at less than 10%

STRATEGIC GOAL 4

Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides

How we will deliver this goal:

We will:

- Work with the Comhairle to deliver its Local Housing Strategy 2017-2022 in relation to the delivery of new affordable homes
- Work with the Comhairle and other partners to develop and deliver new approaches to Homelessness
- Make our neighbourhoods greener and cleaner by working with community groups to improve common areas
- We will support local people to become empowered and take responsibility for delivering community initiative and work with others to deliver new initiatives
- Work with local partners to identify and reduce social isolation and develop measure to identify isolation
- Identify opportunities to generate income or social value particularly in relation to supporting fragile communities and the OHCPP's population retention/growth agenda
- Support the Community Planning Partnership to deliver its aims
- Work closely with local voluntary sector to improve the delivery of joined up services

How we measure success

19. New arrangement in place for the delivery of accommodation for the Foyer by 1 April 2019
20. Population Forecasts decline + demographics
21. Increased demand for housing in rural areas
22. Community Benefit measures delivered across our communities and on all contracts
23. 95% of tenants satisfied with management of the area they live in

Section 6

Financial Plans

Section 6-Financial Plans

6.1 This section details how the business plan goals will be financed. Good business planning is essential in ensuring we have the means to achieve our goals and continue to provide the expected level of service to our tenants.

6.2 We prepare long term 30 year financial plans which are supported by five year and one year plans. The 30 year plans are prepared once the Board have agreed the Partnership's long term strategy. The main assumptions are in relation to the Board expenditure plans for Property, Management Costs and Financings costs.

6.3 Expenditure plans are summarised below:

	Year 1	Year 2	Year 3	Year 4	Year 5		
Period: 01 April 2019 - 31 March 2048	2019/20	2020/21	2021/22	2022/23	2023/24	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Repairs	2,290	2,170	2,260	2,450	2,580	11,750	101,510
Investment	4,810	3,920	3,640	3,810	4,030	20,210	177,930
OT Adapts	120	120	120	120	120	600	3,600
New Build	16,130	16,570	3,710	0	0	36,410	44,370
Property Costs	23,350	22,780	9,730	6,380	6,730	68,970	327,410
Management Costs	2,680	2,690	2,800	2,880	2,970	14,020	116,240
Interest	460	610	740	840	830	3,480	9,600
Repayment of Loans	(500)	(350)	-	-	-	-850	-21,140
Finance Costs	-40	260	740	840	830	2,630	-11,540
Total costs	25,990	25,730	13,270	10,100	10,530	85,620	432,110

6.4 The Expenditure plans are funded by:

a) Rental Income streams
b) Government Grants for new build and Aids & Adaptations
c) Borrowing from our funder

Period: 01 April 2019 - 31 March 2048	2019/20	2020/21	2021/22	2022/23	2023/24	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Rents	9,380	9,380	10,030	10,790	11,330	50,910	470,490
Other Income	130	130	130	130	130	650	3,790
New Build Grants	11,830	11,830	8,520	0	0	32,180	20,360
Borrowing	5,000	5,000	4,900	0	0	14,900	9,900
Total Income	26,340	26,340	23,580	10,920	11,460	98,640	504,540

6.5 The key drivers in the assumptions are the number of properties managed, inflation and interest rates. It is vital to know the impact on the plans if there are changes to any of key drivers. The Board regularly undertakes sensitivity analysis which is then used to inform our Risk Appetite.

Key Assumptions

Properties Managed

6.6 Properties managed will fluctuate dependent on the level of new build, Right to Buy and demand. The following assumptions have been used:

Period: 01 April 2019 - 31 March 2048	2019/20	2020/21	2021/22	2022/23	2023/24	5 Year Total	30 year Total
	Units	Units	Units	Units	Units	Units	Units
Opening Stock	2,171	2,242	2,328	2,432	2,432	2,171	2,171
Sales/RTB	-	-	-	-	-	-	-
New Build	71	86	104	-	-	261	261
Closing Stock	2,242	2,328	2,432	2,432	2,432	2,432	2,432

Inflation

6.7 Inflation assumptions are

Period: 01 April 2019 - 31 March 2048	2019/20	2020/21	2021/22	2022/23	2023/24	Notes
Inflation	3.20%	2.50%	2.50%	2.50%	2.50%	2.5% to Year 30
Rent Increase	3.20%	3.50%	3.50%	3.50%	3.50%	Inflation +1% to Year 7, RPI Only Year 8-30
Management	0.01	0.50%	0.50%	0.50%	0.50%	0.5% to year 6
Repairs	0.00	0.25%	0.25%	0.25%	0.25%	0.25% to Year 30
Major repairs	0.01	0.50%	0.50%	0.50%	0.50%	0.5% to Year 6

Voids and Bad Debts

6.8 The impact of changes in Voids & Bad Debts was tested when the Finance Working Group met on the 14 March 2019. The 30 year business plan models both Voids & Bad Debts at 2% of rental income. This is higher than what we see in reality but with the introduction of universal credit and forecasted trends on depopulation this continues to be a focus area in our business planning.

Interest Rates

6.9 The first 3 years of the business plan has interest (LIBOR) set at 3%. Years 4 & 5 are set at 4% and Years 6 & 7 at 5%. Thereafter, the Interest rates assumptions have been set at 5.85% from year 8 to then end of the 30 year plan and the margins used reflect the revised funding agreement put in place in September 2015.

Management Costs

6.10 Management costs have increased in 2019/20 driven by an anticipated increase in our housing insurance premiums and as a result of the impact that the recent pay and grading / benchmarking exercise will have on salaries. The 30 year business plan sets employee costs at £720 per unit with overhead costs set at 12.5% of turnover reducing to 10% by 2026.

Value for Money

6.11 We recognise the need to have an affordable rent structure and to provide value for money across all services being delivered. Rent affordability was surveyed in 2018/19 through the stock condition survey and rents for 2019/20 were kept at an RPI only increase. Our Board have also committed to have a revised rent structure implementation plan in place in 2020. In addition, there is a requirement to continue to invest in IT systems to develop a service fit for all stakeholders whilst at the same time delivering value for money.

Funding

6.12 The existing funding agreement gives us access to borrowing of £15 million.

	Arranged £000's	**Drawn £000's**	**Notes**
Facility A	5,000	3,500	Available to 2041 subject to agreed repayment profile
Facility B	5,000	1,409	
Facility C	5,000	-	10 Years for New build expires in
TOTAL	**15,000**	**4,909**	
Loans Outstanding			
Fixed	3,500	71.3%	
Variable	1,409	28.7%	

6.13 The agreement will allow us to deliver the business plan objectives assuming there are no major changes to any of the key drivers which affect our ability to comply with the financial covenants in the funding agreement.

Sensitivity Analysis

6.14 The assumptions in the business plan have been "stress tested" for a number of factors which are summarised below:

		Peak Debt £000's	Year	Repayment
	BASE POSITION	20,424.90	2026	2036
1	Interest Rates			
	+1%	20,424.90	2026	2036
	+0.5%	20,424.90	2026	2036
	-0.5%	20,424.90	2026	2036
2	Inflation			
	1%	20,424.90	2026	2036
	1.5%	20,424.90	2026	2036
	2%	20,424.90	2026	2036
3	Rent Increases			
	RPI	20,424.90	2026	2037
	RPI+0.5%	20,424.90	2026	2036
	RPI - 0.5%	33,851.30	2049	Doesn't Repay
4	Bad debts			
	5% year 3 onwards	20,611.90	2022	Doesn't repay
	10% Year 3 onwards	81,895.70	2049	Doesn't repay

6.15 It can be clearly be seen that the 30 year plan is most sensitive to a change in income as demonstrated by changes to the rent increase, voids and bad debts. There is a clear indication that if rent increases are kept to RPI only for the 30 years then this would result in a significant decrease in forecasted cash balances and expenditure would need to be reduced accordingly. The results of the stress testing mean the Board will be able to respond early to any major changes which should reduce the overall risk to the Partnership.

6.16 The Board will also ensure that any changes to policies are tested against the 30 year plans to reduce the long term risk.

Financial Reports

6.17 The 30 year financial plans are prepared using a financial modelling program and the following financial reports are available in the Appendices

Appendix 5 Debt Outstanding

Appendix 6 10-30 Year Cashflow

Appendix 7 -Stress Testing

Future Challenges

6.18 There are a number of key pressure points over the coming years where decisions will need to be taken early:

- Changes in Building Standards both on new build and current cost
- Change Building Standards which may be applied to existing housing stock
- End of HMRC development agreement where VAT will no longer be able to be claimed on investment works
- End of RTB and the repayment to the Government of the Retained Right to Buy receipts
- Impact on the cash flow of Universal Credit
- Cost of responsive repairs
- Changes in technology
- Affordability
- Weakening demand in some peripheral areas (e.g. South Uist, South Lochs, Bernera) and the general changes in the population

Conclusion on Financial Plans

6.19 We are in a strong financial position at present due to a combination of good governance by the Board Members matched with officers pursuing the most cost effective means of delivering promises to tenants without compromising on quality. Arrear levels remain low although it is anticipated that as the full rollout of universal credit takes hold, this is likely to increase.

6.20 The environment in which we operate is likely to become increasingly challenging as construction costs increase above inflation and Brexit uncertainty continues.

Section 7

Managing Risks

Section 7- Managing Risks

7.1 We are committed to being proactive in efforts to contain and minimize the risks faced in all areas of operation. We recognise that risk management is a matter of balancing our appetite for risk with our ability to manage risk. Overall responsibility for risk management lies with the Board supported by the Executive Team.

7.2 The FRC Code of Governance 2018 outlines a Board's responsibility for Risk Management "*The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term objectives*".

7.3 Key risks to the business are identified and scored with controls put in place. The Risk Register is reviewed on a monthly basis and presented to the Audit & Risk Committee. Each year as part of the Business Plan update the Board carry out a full review of the Risk Register. The Risk Register is at Appendix 8.

7.4 The Risk Appetite was reviewed and aligned to the revised Strategic Goals in March 2019. We will always consider the "value to our customer" when setting the Risk Appetite. Taking into consideration the "value to our customer" we have prepared the Risk Appetite Statement for 2019/20 a summary of which is shown in the table below and the full statement is at Appendix 9.

Strategic Goal		***Risk Level***				
		No Appetite	***Low***	***Cautious***	***Open***	***Hungry***
1-Placing tenants at the centre of everything we do	Rent affordability					
	Funding					
	Reputation					
2-Investing in an environmentally sustainable way in tenants' homes	New Build programme					
	Investment Programme					
3-Being a good employer that attracts and retains high quality staff	Succession Planning					
	Flexible working					
4-Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides	Work with CPP on population retention					
	Care agenda					

7.5 The Board has a clear commitment to embedding risk management into the decision making process. New performance measures, KRI's (Key Risk Indicators) and KCI (Key Control Indicators) will be developed during 2019/20 to improve our ability to manage risk and identify performance gaps.

7.6 Peter Drucker once said "*Culture eats strategy for breakfast*". We recognise the value of designing a culture which encourages staff to operate within the risk appetite set by the Board. Our core value of integrity underpins our approach to risk management. The Board and Executive Team will lead by example and we will ensure that behaviour which undermines integrity will not be allowed to flourish.

7.7 Board reports requiring a decision; contain a section to demonstrate relevant risks have been taken into consideration. All areas where risk has been identified will be scored in the Risk Register.

7.8 Risk management is about making sure opportunities are not missed as much as it is about minimizing threats.

7.9 The highest scoring gross risks currently are:

a) Changing population demographics

The Islands and rural Scotland are facing an increasing and more pressing problem with the change in population demographics. This has been highlighted in para 1.1 and 3.2 of the plan. There is very little one organisation can do on its own to transform the current projections from one of reduction to growth, this is something that can only change by all the key players placing it high on their agenda and taking action now. The steps the Board have taken to ensure we can play a part in the solution is to amend the Allocation Policy to allow for Key worker status, our new build programme, encouraging contractors to have apprentices and adding three trainee posts to our own structure.

b) Contractor Capacity

The increased new build programme together with a number of large community developments has put pressure on an already fragile contractor market. The reduced competitive market is resulting in an increase in prices and delays in site starts. Risk is being mitigated by exploring alternatives for new builds and revisiting our own house design.

c) BREXIT considerations

The risks associated with BREXIT have been assessed by using a self assessment tool developed by Highland and Islands Enterprise. Measures have been put in place to deal with the risks associated with BREXIT, as far as they are known. The most significant known risk is on the supply chain for components.

d) IT Systems not being fit for purpose

Organisations are becoming more and more dependent on IT systems to deliver their services. The speed at which systems are developing mean they need to be updated more frequently adding additional costs to service delivery without necessarily delivering commensurate efficiencies. We are mitigating this risk through our IT strategy and future proofing our systems as far as possible

7.10 Other significant risks include the joint project with the Comhairle to deliver a new care home and 50 extra care housing units, the rising costs of new build particularly in the remoter rural areas, the changes to cost of legislative changes, affordability for tenants, recruitment and retention of governing body members, impact of social media and climate change.

7.11 We use a financial modelling tool called BRIXX to facilitate financial modelling and assist with ongoing forecasting to ensure significant changes in financial assumptions can be factored in and managed as early as possible. The model is used to assess any major new projects or other significant changes.

7.12 30 year Business Planning assumptions are tested every year. They are 'stress tested' to ensure steps can be taken to mitigate risk. The key areas tested annually are:

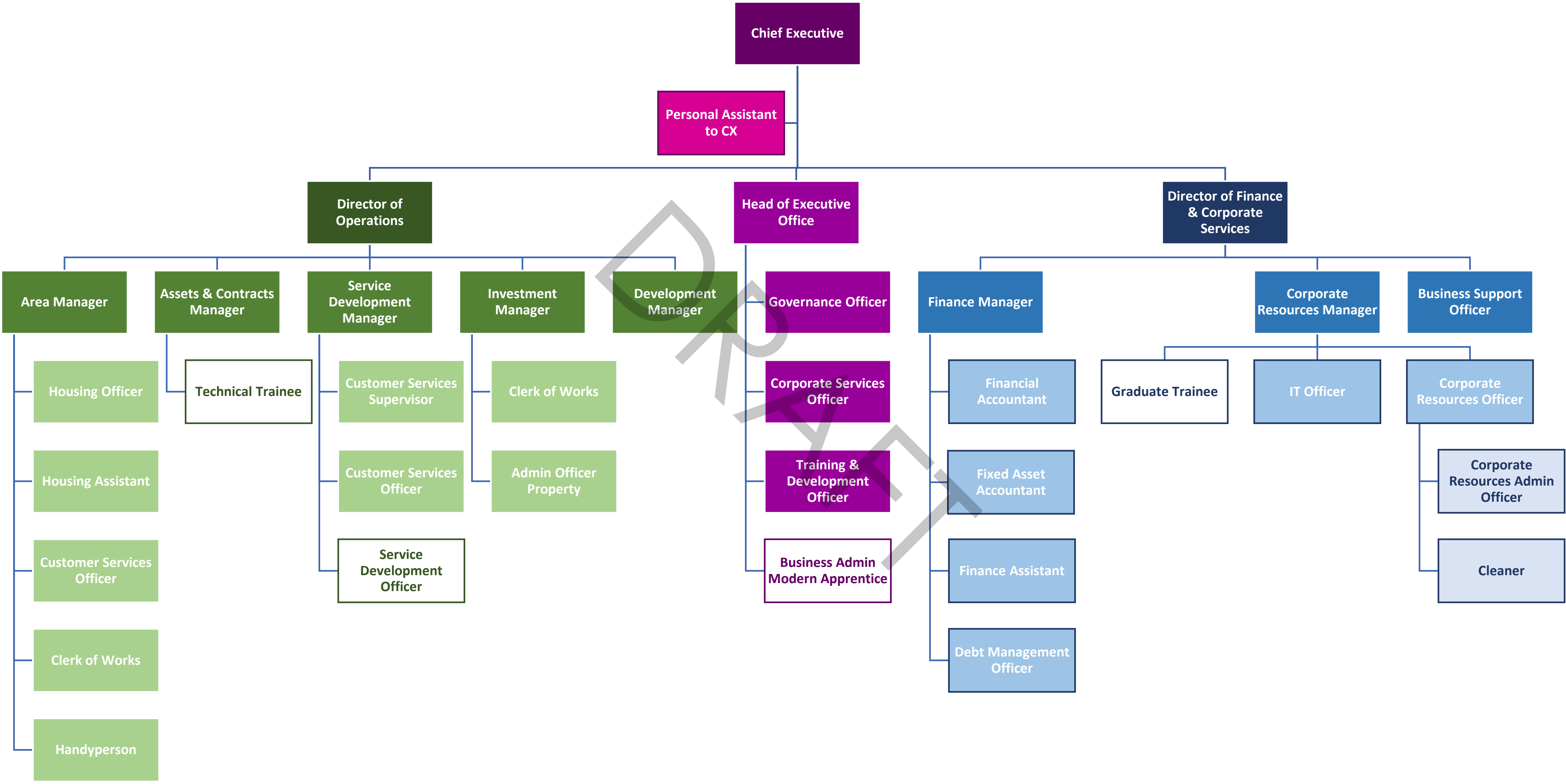
- Interest rates;
- Inflation;
- Management costs;
- Rent increases-impact on affordability; and
- Impact of VAT increases

7.13 Reports to the Board considering new initiatives and/or changes to our policies will identify any associated risks and actions to be taken to mitigate these risks, including the impact of not taking any action.

APPENDICES

Appendix 1:	Organisational Structure
Appendix 2:	Development Plan
Appendix 3:	Delivery Plan
Appendix 4:	Key Performance Indicators
Appendix 5	Debt Outstanding
Appendix 6:	10 – 30 Year Cashflows
Appendix 7:	Stress Testing
Appendix 8:	Risk Register
Appendix 9:	Risk Appetite

APPENDIX 1



Chief Executive
Personal Assistant to CX
Director of Operations
Head of Executive Office
Director of Finance & Corporate Services
Area Manager
Assets & Contracts Manager
Service Development Manager
Investment Manager
Development Manager
Governance Officer
Finance Manager
Corporate Resources Manager
Business Support Officer
Housing Officer
Housing Assistant
Customer Services Officer
Clerk of Works
Handyperson
Technical Trainee
Customer Services Supervisor
Customer Services Officer
Service Development Officer
Clerk of Works
Admin Officer Property
Corporate Services Officer
Training & Development Officer
Business Admin Modern Apprentice
Financial Accountant
Fixed Asset Accountant
Finance Assistant
Debt Management Officer
Graduate Trainee
IT Officer
Corporate Resources Officer
Corporate Resources Admin Officer
Cleaner
DRAFT

Five Year Development Plan 2019/20 to 2023/24

Version 6
Review Date: March 2020
Approved by HHP Board: Next meeting

Contents

FIVE YEAR DEVELOPMENT PLAN

INTRODUCTION

1.1 The Board prepares a development plan covering a five year period which corresponds with the time frame used by the Comhairle for the Strategic Housing Investment Plan (SHIP). The Development Plan provides a framework for the Partnership's development activities over a five year period and reflects the requirements of the Local Housing Strategy (LHS) 2017 to 2022 for affordable rented houses.

1.2 The Partnership's strategic goals are:

i. *Placing tenants at the centre of everything we do;*

ii. *Investing in an environmentally sustainable way in tenants' homes;*

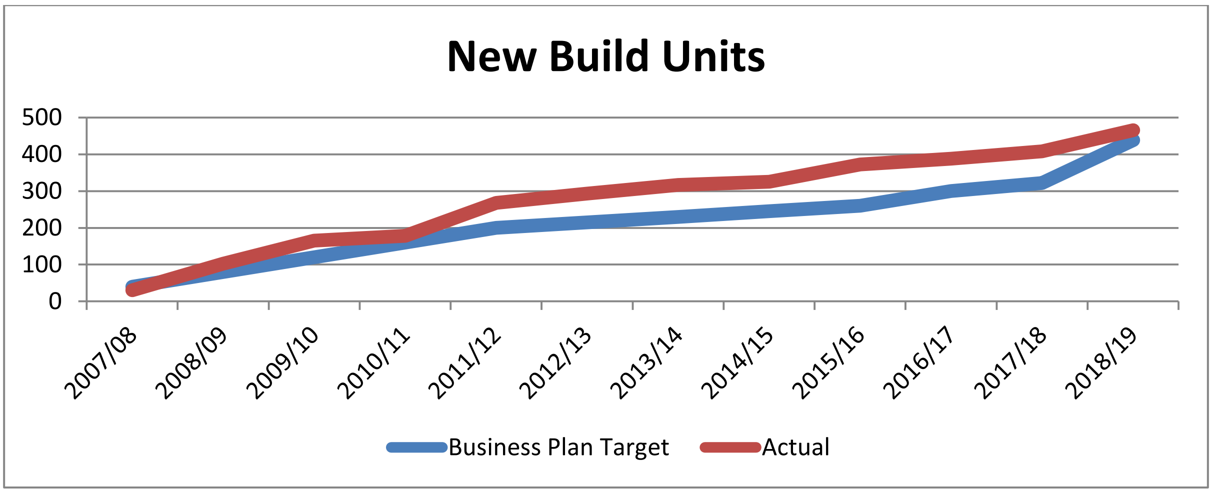
iii. *Being a good employer that attracts and retains high quality staff;*

iv. *Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides;*

The Development plan will contribute to the Partnership's ability to achieve its goals.

1.3 The Comhairle's SHIP was updated for the period 2019/20 to 2023/24 and submitted to Scottish Government in October 2018 and feedback was provided in March 2019. This feedback noted the challenges that the increased resources made available to the islands present.

1.4 To date the number of new build sites delivered has exceeded the target set in the Business Plan as shown in the table below. However, there has been significant slippage in the 2018/19 programme due to a number of factors. The primary cause has been high costs leading to delays in achieving a site start. However issues around land supply has also been a major factor which is compounded by the issues surrounding crofting tenure.



1.5 The Scottish Government have committed to building 50,000 homes over a period of 5 years of which 35,000 are to be for affordable rent. This substantial increase in funding is unlikely to be repeated in the future and we are working with the Comhairle to enable them to be in the best position to utilise the funds allocated by the Scottish Government. The Scottish Government have made it clear the funds will be directed to where there is a clear demonstrable demand for new units. The plan demonstrates how the Partnership can contribute to the delivery of the Government's target.

1.6 Population projections in October 2016 state "that the projected population decline in the Western Isles is 'more severe' than previously thought with a 13% decline forecast over the next 20 years". Action is required by all partners to combat this. Development is seen as being vital to stimulating the local economy. We have a significant role to play and must balance security and affordability for current customers with the flexibility required to enable new developments to support the local economy.

1.7 The Comhairle, Integrated Joint Board and HHP are working in partnership to progress the re-provisioning of the care homes in Stornoway and to develop additional care capacity. Planning permission has been granted for a 52 bed care home, 50 housing with extra care flats and 74 general needs houses on the Partnership site at Goathill Farm. Negotiations with contractors following procurement exercises are ongoing at the time of writing.

1.8 The changing demographics and the continued pressure on the services for the elderly bring urgency to finding a solution. This 'once in a generation project' presents a great opportunity to provide an innovative solution that provides a high quality housing and care provision for our elderly and vulnerable people.

1.9 The future provision of care in rural Lewis is being discussed through the residential care partnership. We are working with partners to examine options and costs. This development plan recognises the aspiration to deliver a housing with care model in a rural area and will be refined as this work progresses.

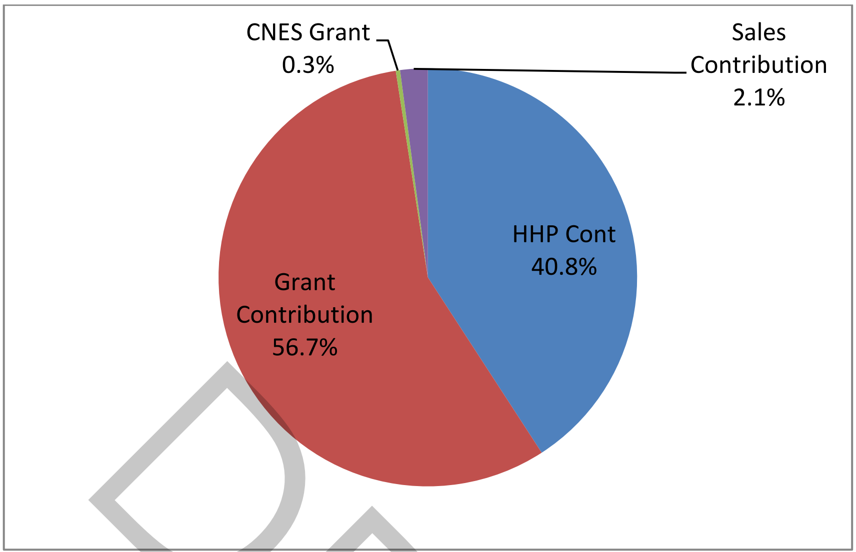
1.10 Significant engagement has taken place with the Community Land Trusts and other community organisations. The majority of the Trusts have indicated that they would like to see affordable housing developed in their areas. We are committed to working with communities and partners to provide housing in rural areas in support of the Comhairle's aspiration to see 55% of new housing delivered outwith the Stornoway Housing Market Area.

1.11 Work is ongoing to identify and progress sites and a large number of sites have been examined through desktop feasibility studies. These have then been progressed to full feasibility where appropriate.

1.12 Integrated Strategic plans between the partners are vital to provide a coherent strategy for addressing issues and co-ordinating activity. We continue to work closely with the Comhairle who through the LHS are responsible for setting clear priorities and direction.

SUMMARY

2.1 The plan provides for the delivery of 492 units at a cost of £85.7M funded by Government grants, Shared Equity Sales and HHP finance. The grant funding and the potential number of sites in the plan is higher than the RPA to allow for slippage.



2.2 Included within the 492 units are 66 housing with extra care units and 26 for shared equity (not including the potential shared equity properties at Goathill)

2.3 Our ability to deliver the SHIP is dependent on a number of factors

- Finance – both cost and availability of funding
- Demand for new homes both rented and for shared equity purchase
- Availability of land

2.4 The plan is flexible to allow for us to respond to a variety of external pressures, including the requirement to meet obligations to meet new standards for current housing stock and the ability to participate in projects which are contributing to the wider strategic role, sustainability of the communities etc.

2.5 Plans have been fully developed for the Goathill project and planning permission was achieved in December 2018. The project was tendered at the end of 2018 with an aspiration for achieving a site start early in 2019/20. This project forms the major part of the SHIP and our Development plan

2.6 The Partnership and Comhairle are working with community land trusts and others to pursue options for delivering affordable homes within their locality. The Comhairle have set out priority sites for development in the Stornoway and rural areas and HHP are now taking the acquisitions forward where possible.

2.7 We are also encouraging local contractors to bring forward proposals for new developments.

2.8 The provision of supported accommodation to assist the delivery of the objectives in the Strategic Health Plan in relation to Alcohol & Drug Addiction and Mental health is also being examined along with the relevant agencies.

2.9 The Development Plan is more than a summary of project names and the number of units. Clarity on who we are building for, and where we are building is critical for enabling priorities to be agreed. The establishment of a clear strategic direction and priorities within the LHS and the Comhairles wider strategy is essential to addressing these issues. We will also examine the need for a re-provisioning programme for areas where we have long term empty properties and where demand is weak.

DETAIL

3.1 The Resource Planning Assumptions (RPA's) issued by the Scottish Government are as follows:

Year	RPA £m
2019/20	£8.520
2020/21	£9.092
2021/22	£5.000
2022/23	£5.000
2023/24	£5.000
Total	**£32.612**

3.2 As noted project slippage has been a problem due to a number of factors and the following measures have been taken to reduce the impact of slippage:

a) The plan has more units shown than there is currently funding for;

b) Provision has been made for land banking.

c) A review is being finalised of the overall process to improve the administration and timescales;

d) Feasibility work has been procured until 2021.

e) Long term plans have been updated and discussions are underway with our Funder to create a level of flexibility on the timing of developments to have a more responsive plan.

3.3 Our waiting list information and demand continues to be monitored. This will inform any requirement for re-provisioning of housing stock to deliver the Comhairle's overall housing strategy.

WHAT IS DRIVING THE CHANGE?

4.1 The updated SHIP shows an increased requirement for affordable housing up to 2023/24 with a total 492 units included.

4.2 The funding requirements to deliver this programme will be kept under review. There will be a requirement for additional borrowing and appropriate facilities will be put in place as and when funding is required.

4.3 Appendix 1 shows the proposed Development Plan to deliver the SHIP. The number of units planned is significantly ahead of demand based on the Scottish Government needs assessment tool. This is an important factor to be kept under review throughout the period of the plan but reflects the significantly increased RPA awarded to the Outer Hebrides. The SHIP also takes account of the Comhairle's Care Home re-provisioning initiative which accounts for 66 of the new units in the plan.

4.4 Our own assessment of the number of new units required over period of the development plan is around 150 units. This is based on the decrease in current waiting lists and forecasts for demographic change over the next 20 years. However, there is work underway by the Community Planning Partnership to put measures in place to address the decline of the population and hopefully change the demographic trends. The current resources available for housing development provide an opportunity to effect change. A number of options have been examined in preparing the development plan:

1) Number of units as per SHIP
2) Number of units as per SHIP with a higher level of grant on the units for extra care housing
3) Number of units based on HHP's waiting list
4) Shared Equity developments being front funded by Comhairle

ASSUMPTIONS

5.1 The key planning assumptions used in the Development Plan are unit costs, grant contribution, timing and location of projects.

Unit Costs

5.2 Unit costs are estimated based on costs for current project and reflect the higher costs for development in the rural areas. The costs are uprated each year for RPI.

5.3 The unit costs include all costs e.g. land, construction, consultants fees, planning.

Grant contribution

5.4 The Partnership will fund 35% of the project up to a maximum of £56,170 a unit from 19/20 fiscal year (increased by RPI each year). The remainder of the project will be funded by Grant. The Comhairle and Scottish Government will determine the proportion of the grant to be funded by Government and the remainder will come from Comhairle Grant. The level of grant which the Comhairle will be in a position to contribute is likely to be very limited due to the cost pressures and savings local authorities are required to achieve over the coming years.

5.5 The Scottish Government Grant assumptions for projects are £94,000 per unit for social rent and £105,000 per unit for housing with extra care.

5.6 The only exception to the contribution level of the Partnership will be when the Board, having examined the project in detail, are of the view that the project is necessary and that there is no detrimental impact on the long term financial health of the Partnership.

5.7 The funding for Shared Equity properties comes from Government Grant, sale proceeds from buyers and in rare instances a top up grant from the Comhairle. The Partnership do not put any funding towards Shared Equity developments other than to front fund the work until the houses have been sold.

5.8 The estimates for the sales proceeds on Shared Equity developments are based on current valuations prepared by external valuers.

Timing and location of Projects

5.9 Timing of projects is dependent on acquiring land, capacity of construction industry, obtaining planning permission and waiting list in various areas. The SHIP provides details of the financial year in which the Comhairle wish to see each development or area progressed.

5.10 Priorities and the locations of all developments are agreed by the Comhairle before they are included in the Development plan. The Comhairle have identified 2 large Stornoway sites as priorities. These are Melbost West and Blackwater. The Blackwater site is subject of a masterplanning exercise. Both sites are being progressed to acquisition. If acquisition is successful, the sites will provide long-term housing supply in the Stornoway area.

5.11 Once a project is on site it will take around 10 months to complete a 12 unit development this is dependent on there being no issues with the provision of utility services.

OPTION APPRAISAL

6.1 Our long term financial plans are extremely sensitive to changes in rent increases and voids so each new development will be assessed to ensure the units will be viable in the long term (30 years) and produce a positive value to the business. Sustainability of demand and rent affordability will be taken into account. The risks of building additional units which may not be required in the future and end up as long term voids will also be kept under review.

PREPARING FOR THE FUTURE

Land

7.1 Land is vital to the delivery of the Development Plan and it is essential land is purchased well ahead of when the development is required. There are a small number of sites in HHP ownership and following feasibility work six are currently being progressed to development. Our only large land holding was at Goathill Farm. This is now being progressed and includes the Care Home and Extra Care Housing Project.

7.2 We are actively looking for land which can be acquired for development and which will be informed by the local Development Plan. This land search is also based on strategic guidance from the Comhairle on where land should be acquired and development pursued.

7.3 Provision has been made to land bank for future years and the assumption is this will be 100% funded by Government Grant.

7.4 A masterplanning exercise is currently underway for a site at Blackwater, Isle of Lewis and purchase of the site at Melbost West is being pursued with the intention to landbank for a development in the near future.

Feasibility Studies

7.5 We have made significant resources available to carry out strategic feasibility studies in partnership with the Comhairle. If a project goes ahead the feasibility costs will be included in the overall cost of the development.

Infrastructure & Master planning

7.6 The Scottish Government have recognised the critical nature of infrastructure to developments and they have made a fund available for Registered Social Landlords (RSL's) to support infrastructure works. This fund supported the development of the Goathill Farm Masterplan.

Delivery

7.7 There are joint working arrangements in place with the Comhairle to establish and agree priorities and to engage with community landowners and other community bodies.

7.8 An event was held for contractors in Uist to discuss development opportunities in their area, particularly as there were a number of smaller gap sites being investigated.

7.9 Consultation events have also been held with the major contractors in Lewis and they have been encouraged to actively pursue development opportunities.

7.10 An Investment Delivery Board (IDB) was formed by the Comhairle of which we are a member. The IDB remit includes overseeing the delivery of the Goathill project and the Comhairle's Strategic Housing Investment Plan.

APPENDICES

Appendix		
1	Proposed Development Plan	
2	Current Projects	
3	Proposed Projects	
4	Land bank	

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
RPA	Resources Planning Assumptions
SHIP	Strategic Housing Investment Plan
LHS	Local Housing Strategy
All references to the masculine gender in this plan shall read as equally applicable to the feminine gender	

APPENDIX 1-Proposed Development Plan

Fiscal Year	Rent/Shared Equity	Units	Stornoway	Stornoway HWEC	Rural Lewis	Rural Lewis HWEC	Harris	Uist	Barra	RURAL TBD
2019/20	RENT	73	16	-	26	-	8	23	-	-
	Shared Equity	21	13	-	4	-	4	-	-	-
2020/21	RENT	183	71	50	18	-	22	16	6	-
	Shared Equity	0	-	-	-	-	-	-	-	-
2021/22	RENT	80	52	-	10	-	8	4	6	-
	Shared Equity	0	-	-	-	-	-	-	-	-
2022/23	RENT	66	40	-	-	-	10	12	-	4
	Shared Equity	0	-	-	-	-	-	-	-	-
2023/24	RENT	69	35	-	6	16	-	6	6	-
	Shared Equity	0	-	-	-	-	-	-	-	-
TOTAL		492	227	50	64	16	52	61	18	4

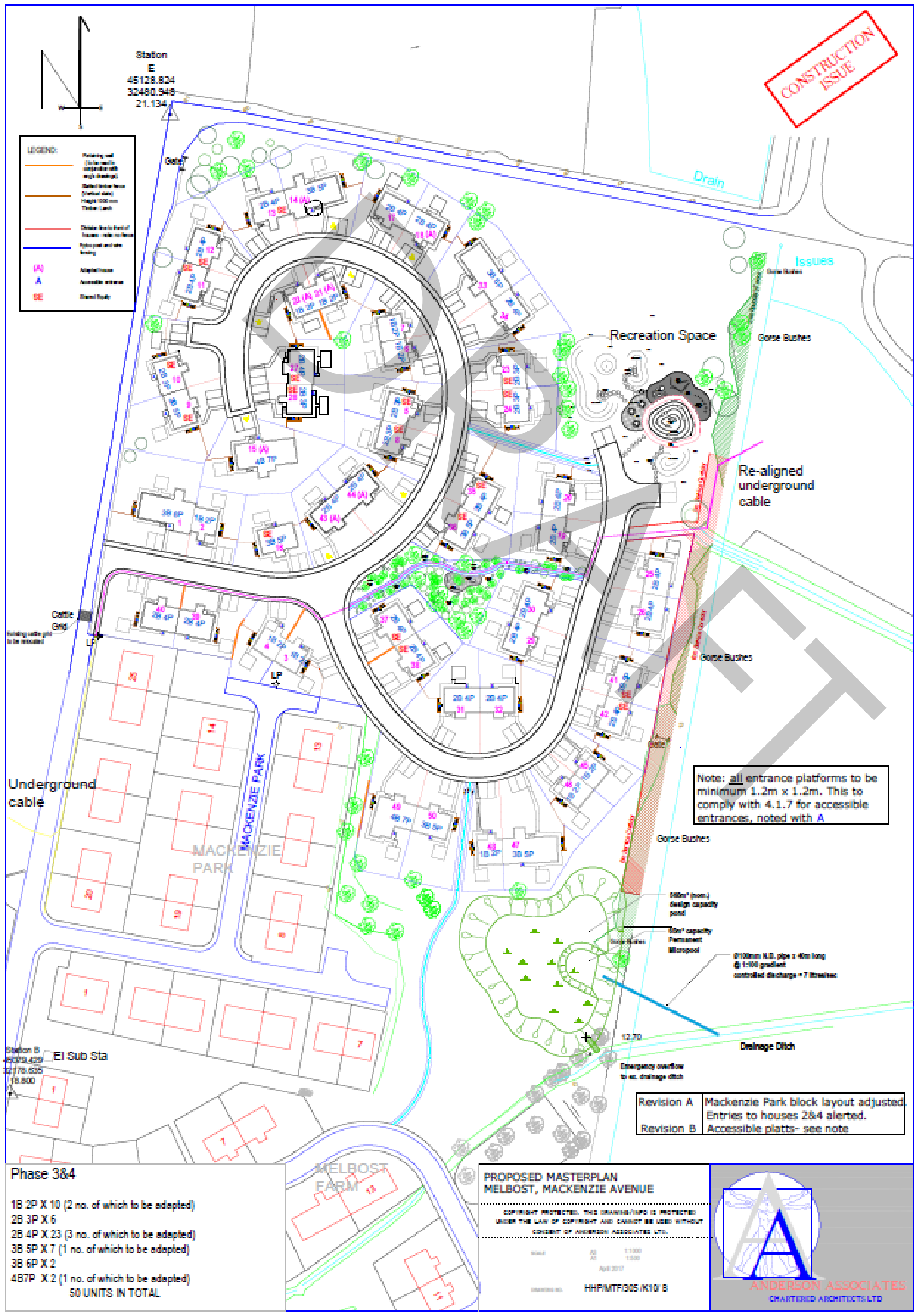
It should be noted that not all of the sites identified above will progress following a more detailed technical and financial feasibility.

APPENDIX 2- Current Projects

2017/18 Mackenzie Avenue

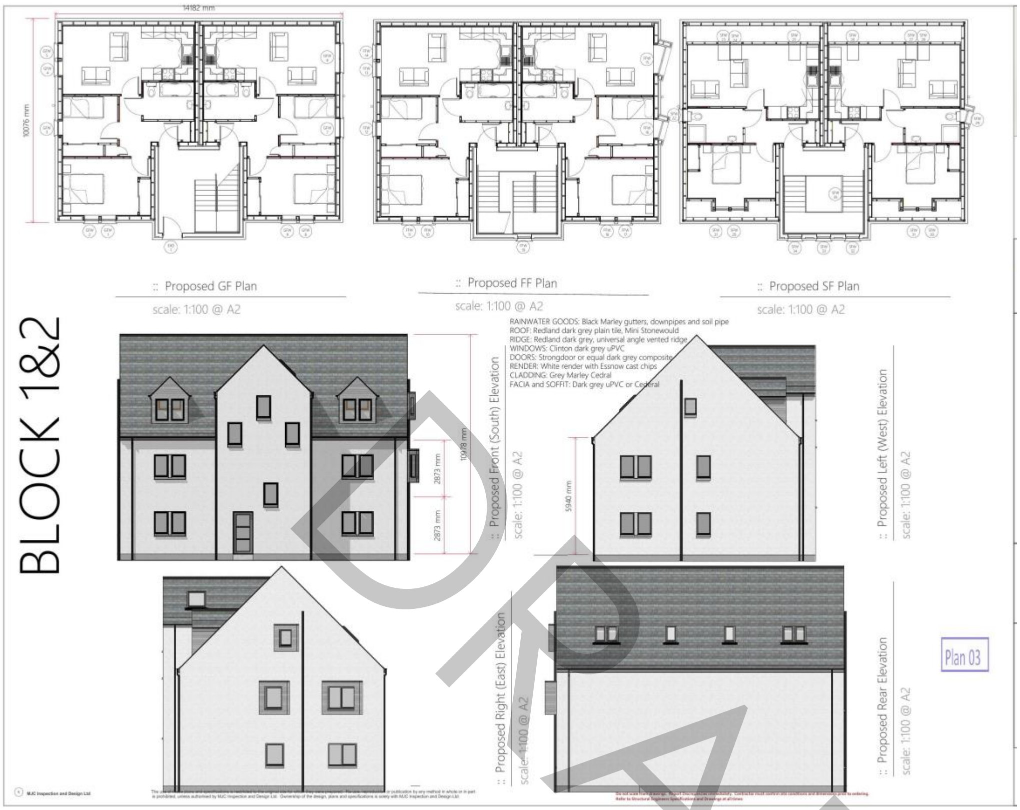
This development is the final stage of the Melbost Farm land. There will be a total of 50 new homes with a mix of tenure, Rent (32) and Shared Equity (18). A recent handover of properties leaves Rent (15) and Shared Equity (13) for completion in September 2019. The Masterplan for the site is below.

Site start late March 2017 estimated completion Sept 2019.



2018/19 Langley Apartments, Stag Road, Stornoway

12 x 1 and 2 bed flats due for completion in April 2019. The properties are on the site of the former Stag Bakery.



APPENDIX 3-Potential Projects / Awaiting Site Start

2018/19 Tarbert Police Station

8 x 2 bed flats on the site of the former Police Station Tarbert due for completion in 2019/20.

2018/19 Horgabost

2 x 2 bed & 2 x 3 bed homes due for completion in 2019/20. The properties are adjacent to existing HHP properties at Pairc Neisabost.

Development Name	Number of Units
Cnoc a Runaire, Tolsta	4 x 3 bed
An Glib, Point	2 x 3 bed
Edgemoor Square, Ness	2 x 3 bed
Breasclete	2 x 1 bed 2 x 2 bed 2 x 3 bed **LIFT** 2 x 2 bed 2 x 3 bed
Low Flyer, Balivanich	2 x 1 bed 4 x 2 bed 4 x 3 bed
Torlum	2 x 2 bed
Garrynamonie	4 x 3 bed
Winfield Close	1 x 3 bed
Goathill Housing	74 Units
Housing with Extra Care, Goathill	50 Units

APPENDIX 4-Land Bank

Owned

Goathill Farm

Potential-being investigated/progressed to acquisition

Scott Road (Currently in Comhairle ownership)

Melbost West

Blackwater

	Measure of Success	Link to Strategic Goal	2019/20	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
1	% of satisfaction with our overall services >90%	1	✓	90%	✓			88%	Service Development Manager
2	Maintain all our homes ensuring they meet or exceed the SHQS	1	✓	✓	✓	✓	✓		Investment Manager
3	Respond to complaints 100% within SPSO targets	1	100%	100%	100%	100%	100%		Director of Operations
4	Level of current arrears at 2% of gross rent debit	1	2%	2%	2%	2%	2%	1.7%	Director of Operations
5	Voids at <1% of gross rent debit	1	1%	1%	1%	1%	1%	1.7%	Director of Operations
6	Provide options for a rent guarantee period alongside revised rent structure	1	✓	✓	✓	✓	✓	Current Rent Structure	Director of Finance & Corporate Services
7	88% of tenants satisfied with opportunities to participate in decision making	1	✓	88%	✓	✓	✓		Service Development Manager
8	Deliver 214 new build homes by 2021 (214 includes HWEC)	2	78	136 (Includes HWEC)				Development Plan	Development Manager
9	Deliver 50 extra care units in Stornoway by 2021	2	✓	50					Director of Operations
10	Reduce % of tenants in fuel poverty to under 25% by 2023	2	✓	✓	✓	Less than 25%			Investment Manager
11	100% of properties achieving EESSH by 2020	2	✓	✓					Investment Manager
12	100% of stock assessed in term of long term viability	2	✓	100%	✓	✓	✓		Investment Manager

	Measure of Success	Link to Strategic Goal	2019/20	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
13	Flexible working policy in place by 2020	3		✓					Chief Executive
14	Staff survey in 2020 showing positive feedback	3		✓				Information from previous survey	Chief Executive
15	10% of staff pursuing and obtaining qualifications	3	5%	6%	7%	8%	✓	Kirstin to provide	Training & Development Officer
16	100% of vacancies filled on first attempt	3	95%	100%	✓	✓	✓	100% in 2018/19	Head of Executive Office
17	Sustain a minimum of 65% of HHP staff with a service length greater than 3 years	3	55%	60%	✓	✓	✓	68%	Chief Executive
18	% of staff turnover at less than 10%	3	✓	✓	✓	✓	✓	4% for 2018/19 (excluding temporary staff)	Chief Executive
19	New arrangement in place for delivery of accommodation for the Foyer by 1 April 2019	4	✓					N/A	Director of Operations
20	Population forecast decline and demographics	4	✓	✓	✓	✓	✓	Population at 2007 – 26,950	Chief Executive
21	Increased demand for affordable housing	4	✓	✓	✓	✓	✓	590 at 31 March 2018	Director of Operations
22	Community benefit measures delivered across our communities and on all our contracts	4	✓	✓	✓	✓	✓	All contractors currently provide	Director of Operations
23	95% of tenants satisfied with management of the area they live in	4	✓	95%	✓	✓	✓	92%	Service Development Manager

	Actions	Link to Strategic Goal	2019/20	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
1	Carry out affordability checks	1				Stock Conditio n Survey	✓	Carried out as part of stock condition survey %	Director of Operations
2	Value for Money Strategy	1	Revise	Deliver	✓	✓	✓	Review and update of current strategy	Director of Finance & Corporate Services
3	New Rent Structure	1	✓	✓				Current rent structure	Director of Operations
4	Profile our customers needs	1	✓	✓	✓	✓	✓	20% complete	Service Development Manager
5	Support Western Isles Housing Association Communities Forum	1	✓	✓	✓	✓	✓	£3 provided by grant plus staff time	Service Development Manager
6	Develop tenants scrutiny	1	✓	✓	✓	✓	✓	Two groups in place	Area Managers
7	Provide dedicated tenant participation support	1	✓	✓	✓	✓	✓	Half time post in place since	Director of Operations
8	Ensure tenants maximise their opportunities to access digital services	1	✓	✓				Information from Tenants Survey	Area Managers
9	Develop a digital transformation strategy	1	✓	✓				IT Strategy	Corporate Resources Manager
10	Develop an Anti-Poverty Strategy	1	✓					None in place	Director of Operations
11	Benchmark our services with other Housing Associations	1	✓	✓	✓	✓		High level desk top	Head of Executive Office
12	Develop an Environmental Strategy	2	✓	✓				None in place	Investment Manager
13	Update Asset Management Strategy	2	✓	✓	✓	✓	✓	N/A	Assets & Contract Manager

	Actions	Link to Strategic Goal	2019/20	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
14	Annual Investment Programmes by February each year	2		✓				Delivered by March	Investment Manager
15	Offer shadowing and coaching opportunities to all staff	3		✓				Informal arrangements in place	Training & Development Officer
16	Team building events	3	✓	✓	✓	✓	✓	2 held	Chief Executive
17	Round table discussion with Managers	3	✓	✓	✓	✓	✓	New not in place before	Chief Executive
18	Develop use of on line system in particular appraisals	3	✓	✓	✓	✓	✓	New system introduced in January 2019	Head of Executive Office
19	Deliver annual Training Plan	3	✓	✓	✓	✓	✓	Kirstin to provide % of training plan completed each year	Training & Development Officer
20	Work with community groups to improve common areas	4	✓					John to provide	Area Managers
21	Identify opportunities to generate income	4	✓	✓	✓	✓	✓	Not previously measured	Finance Manager
22	Support OHCPP to deliver its aims	4	✓	✓	✓	✓	✓	Attendance at all OHCPP meetings + membership of Priority groups	Chief Executive
23	Work closely with voluntary sector	4	✓	✓	✓	✓	✓		Chief Executive
24	Work with CNES to deliver LHS	4	✓	✓	✓	✓	✓	IDB	Chief Executive
25	Key Risk Indicators and Key Control Indicators will be developed during 2019	1	✓	✓	✓	✓	✓		Head of Executive Office

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KEY PERFORMANCE INDICATORS TARGETS

KEY PERFORMANCE INDICATOR	2016/17 (Target)	2016/17 (Outcomes)	2017/18 (Target)	2017/18 (Outcomes)	2018/19 (Target)	2019/20 (Target)	2020/21 (Target)	2021/22 (Target)	2022/23 Target)	2023/24 (Target)
Emergency (4 hour) response repairs completed on target (FES)	95%	88.4%	95%	88.6%	95%	95%	95%	95%	95%	95%
Urgent (24 hour) response repairs completed on target (FES)	95%	96%	95%	95.4%	95%	95%	95%	95%	95%	95%
Routine response repairs completed on target (FES)	95%	97%	95%	97.8%	95%	95%	95%	95%	95%	95%
% of jobs offered an appointment (internal non-emergency jobs)	100%	88%	100%	100%	100%	100%	100%	100%	100%	100%
% of jobs appointment kept (ARC)	100%	99.8%	100%	98.4%	100%	100%	100%	100%	100%	100%
First time fix % (ARC)	95%	87.1%	95%	90.3%	95%	95%	95%	95%	95%	95%
Tenant satisfaction with repairs service (regular surveys) monthly performance report	93%	97%	95%	95%	95%	95%	95%	95%	95%	95%
Overall satisfaction with HHP's services- Bi-annual surveys (T.S.S)	88%	83%	90%	88%	88%	88%	90%	90%	90%	90%
Number of properties completed as % of planned investment programme on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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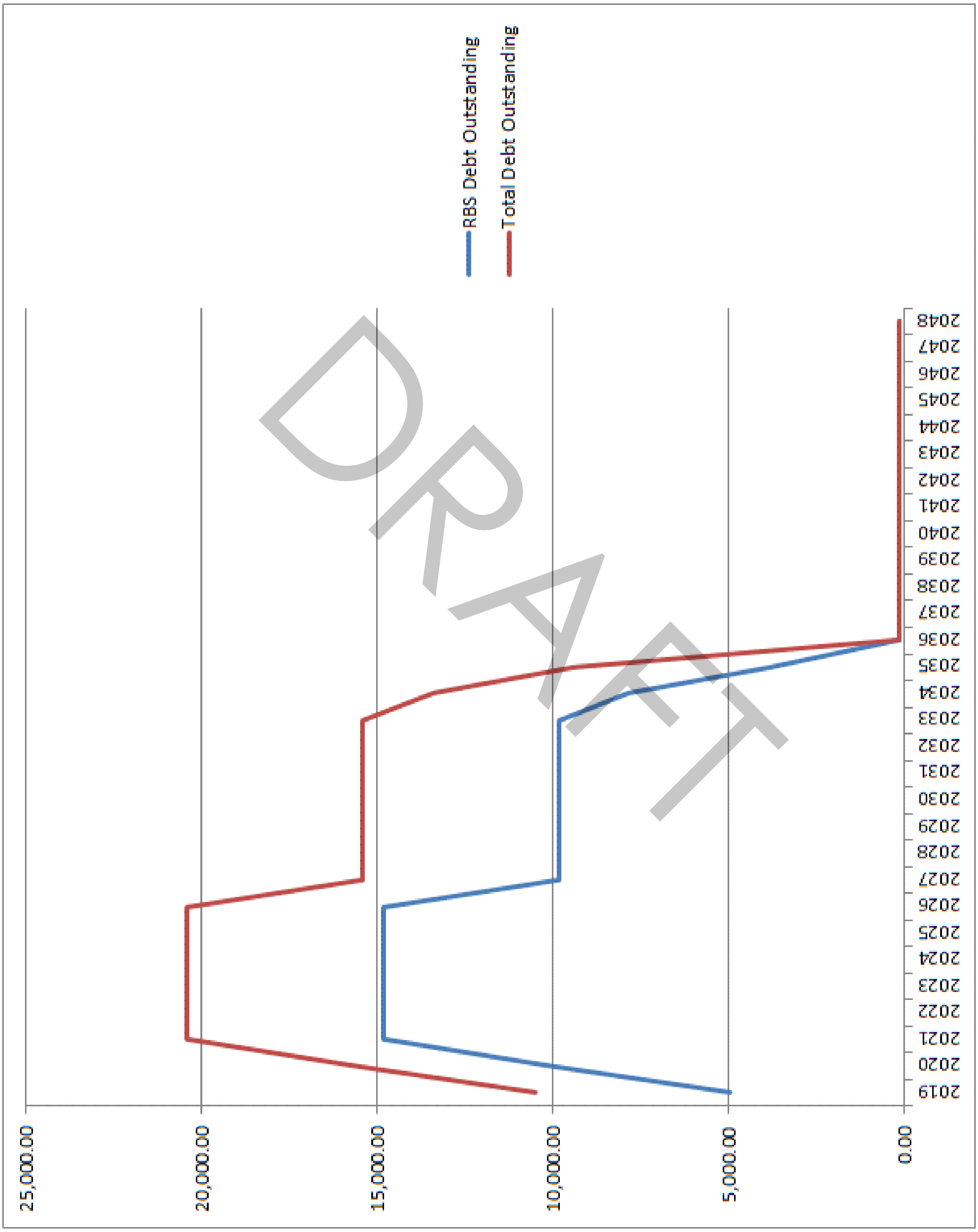
KEY PERFORMANCE INDICATOR	2016/17 (Target)	2016/17 (Outcomes)	2017/18 (Target)	2017/18 (Outcomes)	2018/19 (Target)	2019/20 (Target)	2020/21 (Target)	2021/22 (Target)	2022/23 Target)	2023/24 (Target)
Scottish Housing Quality Standard Compliance (excluding exemptions and abeyances)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Annual Gas Service Inspection % compliant (ARC)	100%	100%	100%	99.8%	100%	100%	100%	100%	100%	100%
Total current arrears as % of gross debit (ARC/SHBVN)	<2.1%	1.83%	<2.1%	1.7%	<2.0%	<2.0%	<2.0%	<2.0%	<2.0%	<2.0%
Total current and former tenant arrears as a % of gross debit (ARC)	<4%	3.32%	<4%	3.15%	<4%	<4%	<4%	<4%	<4%	<4%
Rent loss due to voids as % of gross debit (funders valuation/ ARC)	<0.8%	0.85%	<0.8%	1.17%	<0.8%	<0.8%	<0.8%	<0.8%	<0.8%	<0.8%
% of anti social behaviour cases resolves in the year within local timescales	85%	71%	88%	69.4%	88%	88%	90%	90%	90%	90%

APPENDIX 5-DEBT OUTSTANDING



CASH FLOW FORECAST | 2019/20 30 year plan

Period: 01 April 2018 - 31 March 2049	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
OPERATING ACTIVITIES											
Cash Received From Customers	11,879.40	9,814.70	10,667.70	11,198.90	11,733.90	11,842.70	12,372.30	12,678.10	13,162.20	13,167.10	13,637.60
Cash Paid To Suppliers	-7,630.80	-5,399.70	-5,685.00	-6,068.20	-6,297.00	-6,478.70	-6,702.40	-6,876.20	-7,091.90	-7,231.10	-7,406.70
Cash Paid To Employees											
Net Cash From Operating Activities	4,248.60	4,415.00	4,982.70	5,130.70	5,436.90	5,364.10	5,669.90	5,801.90	6,070.30	5,936.00	6,230.90
Returns On Investments & Servicing Of Finance											
Interest Collected	32.8	24.6	10.4	6.1	11.5	18.8	29.9	43.6	30.1	40.3	49.5
Interest Charges	-973.8	-967.4	-730.9	-829.8	-829.8	-928.8	-603.8	-645.4	-645.4	-645.4	-645.4
Net Cash From Investment Returns & Finance Servicin	-941.1	-942.8	-720.4	-823.7	-818.3	-909.9	-573.8	-601.7	-615.3	-605.1	-595.9
Provisions for tax											
INVESTING ACTIVITIES											
Acquisition And Construction Of Properties											
Developments	-16,125.30	-16,565.20	-3,706.00								-329.7
Component Accounting	-4,373.60	-3,484.00	-3,106.50	-3,268.30	-3,380.20	-2,785.20	-2,395.50	-2,449.60	-3,573.10	-3,132.30	-3,679.40
Acquisition And Construction Of Properties Total	-20,498.90	-20,049.20	-6,812.50	-3,268.30	-3,380.20	-2,785.20	-2,395.50	-2,449.60	-3,573.10	-3,132.30	-4,009.10
Purchase Of Other Fixed Assets											
Grants											
Developments	11,833.20	8,524.20									
Sales Of Properties				13	13	13	13	13			
Sales Of Other Fixed Assets											
Other (Purchases) Sales											
Net Cash From Investment Activities	-8,665.60	-11,525.00	-6,812.50	-3,255.30	-3,367.20	-2,772.20	-2,382.50	-2,436.60	-3,573.10	-3,132.30	-4,009.10
Net Cash Before Financing	-5,358.10	-8,052.80	-2,550.30	1,051.80	1,251.40	1,682.00	2,713.50	2,763.60	1,881.90	2,198.60	1,626.00
FINANCING											
Equity Drawdown											
Loan Draw downs	5,000.00	4,895.70									
Capital Repayments								-5,000.00			
Loan Working Capital Movements											
Working Capital Loan Drawdown											
Working Capital Loan Repayment											
Net Cash From Financing	5,000.00	4,895.70						-5,000.00			
BALANCE BROUGHT FORWARD	6,680.20	6,322.10	3,165.00	614.7	1,666.40	2,917.80	4,599.80	7,313.30	5,076.90	6,958.80	9,157.40
INCOME LESS PAYMENTS	-358.1	-3,157.20	-2,550.30	1,051.80	1,251.40	1,682.00	2,713.50	-2,236.40	1,881.90	2,198.60	1,626.00
CLOSING BANK POSITION	6,322.10	3,165.00	614.7	1,666.40	2,917.80	4,599.80	7,313.30	5,076.90	6,958.80	9,157.40	10,783.40

APPENDIX 6- 30 YEAR CASHFLOW

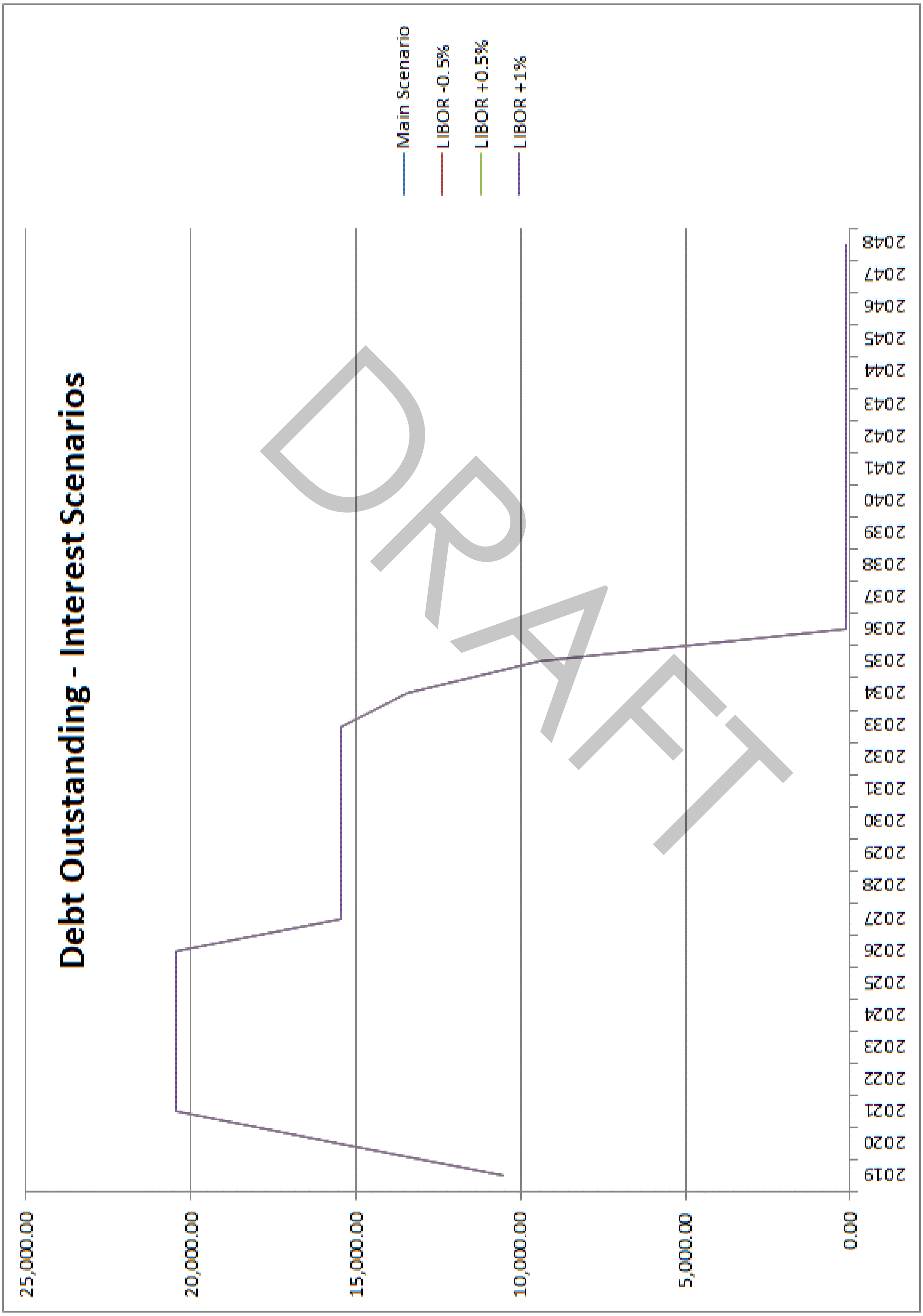
CASH FLOW FORECAST | 2019/20 30 year plan

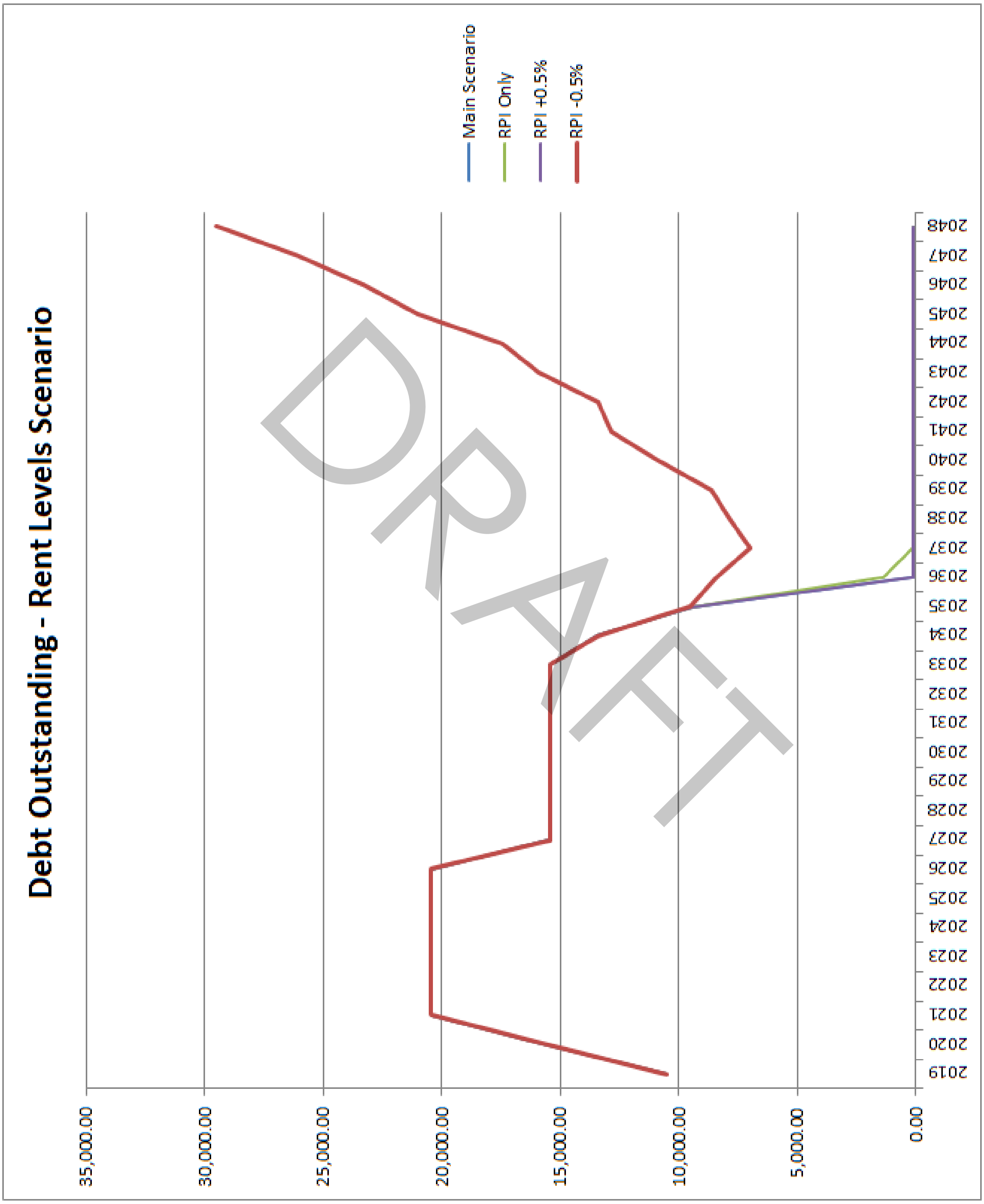
Period: 01 April 2018 - 31 March 2049	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
OPERATING ACTIVITIES													
Cash Received From Customers	13,975.50	14,516.10	14,521.60	15,040.90	15,413.90	16,010.60	16,016.70	16,589.90	17,001.60	17,660.20	17,666.90	18,299.70	18,754.10
Cash Paid To Suppliers	-7,586.70	-7,774.70	-8,077.50	-8,154.20	-8,353.00	-8,560.60	-8,765.60	-8,678.90	-8,447.70	-8,641.90	-8,848.60	-9,064.90	-9,399.10
Cash Paid To Employees													
Net Cash From Operating Activities	6,388.90	6,741.40	6,444.10	6,886.70	7,060.90	7,450.00	7,251.10	7,911.00	8,553.90	9,018.40	8,818.40	9,234.80	9,355.00
Returns On Investments & Servicing Of Finance													
Interest Collected	60.3	72.7	78.9	78.8	74.2	68	46.7	60.1	67.5	68.7	73.5	82.5	91.1
Interest Charges	-646.4	-646.4	-646.4	-587	-408	-147.6	4						
Net Cash From Investment Returns & Finance Servicin	-586.1	-573.7	-567.4	-508.2	-333.8	-79.6	50.6	60.1	67.5	68.7	73.5	82.5	91.1
Provisions for tax													
INVESTING ACTIVITIES													
Acquisition And Construction Of Properties													
Developments	-69.6	-61.7			-735	-140.1	-124.2			-1,604.20	-755.5	-377.6	-81
Component Accounting	-3,216.10	-3,530.70	-6,278.40	-4,086.70	-3,573.60	-4,426.30	-3,581.60	-6,639.60	-6,964.70	-7,134.60	-7,325.00	-6,546.00	-8,720.00
Acquisition And Construction Of Properties Total	-3,285.70	-3,592.40	-6,278.40	-4,086.70	-4,308.60	-4,566.30	-3,705.70	-6,639.60	-6,964.70	-8,738.70	-8,080.50	-6,923.60	-8,801.00
Purchase Of Other Fixed Assets													
Grants													
Developments													
Sales Of Properties													
Sales Of Other Fixed Assets													
Other (Purchases) Sales													
Net Cash From Investment Activities	-3,285.70	-3,592.40	-6,278.40	-4,086.70	-4,308.60	-4,566.30	-3,705.70	-6,639.60	-6,964.70	-8,738.70	-8,080.50	-6,923.60	-8,801.00
Net Cash Before Financing	2,517.10	2,575.30	-401.7	2,291.80	2,418.60	2,804.00	3,595.90	1,331.40	1,656.80	348.3	811.4	2,393.60	645.1
FINANCING													
Equity Drawdown													
Loan Draw downs													
Capital Repayments				-2,000.00	-4,000.00	-9,291.30							
Loan Working Capital Movements													
Working Capital Loan Drawdown													
Working Capital Loan Repayment													
Net Cash From Financing				-2,000.00	-4,000.00	-9,291.30							
BALANCE BROUGHT FORWARD	10,783.40	13,300.50	15,875.70	15,474.10	15,765.90	14,184.40	7,697.10	11,293.00	12,624.40	14,281.20	14,629.50	15,440.90	17,834.50
INCOME LESS PAYMENTS	2,517.10	2,575.30	-401.7	291.8	-1,581.40	-6,487.40	3,595.90	1,331.40	1,656.80	348.3	811.4	2,393.60	645.1
CLOSING BANK POSITION	13,300.50	15,875.70	15,474.10	15,765.90	14,184.40	7,697.10	11,293.00	12,624.40	14,281.20	14,629.50	15,440.90	17,834.50	18,479.60

CASH FLOW FORECAST | 2019/20 30 year plan

Period: 01 April 2018 - 31 March 2049	2044	2045	2046	2047	2048	2049	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
OPERATING ACTIVITIES							
Cash Received From Customers	19,481.10	19,488.50	20,186.90	20,688.60	21,491.10	21,414.10	479,894.40
Cash Paid To Suppliers	-9,576.40	-9,806.10	-10,107.00	-10,229.30	-10,207.00	-10,273.90	-253,612.80
Cash Paid To Employees							
Net Cash From Operating Activities	9,904.80	9,682.40	10,079.90	10,459.30	11,284.00	11,140.20	226,281.50
Returns On Investments & Servicing Of Finance							
Interest Collected	96.9	95.9	105.6	115.1	125.4	133.8	1,928.70
Interest Charges							-12,536.90
Net Cash From Investment Returns & Finance Servicin	96.9	95.9	105.6	115.1	125.4	133.8	-10,608.20
Provisions for tax							
INVESTING ACTIVITIES							
Acquisition And Construction Of Properties							
Developments		-2,716.60	-517.7	-459			-51,245.60
Component Accounting	-8,142.60	-6,972.50	-7,937.00	-8,114.70	-9,509.90	-9,860.90	-162,080.30
Acquisition And Construction Of Properties Total	-8,142.60	-9,689.20	-8,454.80	-8,573.70	-9,509.90	-9,860.90	-213,325.90
Purchase Of Other Fixed Assets							
Grants							
Developments							25,324.50
Sales Of Properties							65
Sales Of Other Fixed Assets							
Other (Purchases) Sales							
Net Cash From Investment Activities	-8,142.60	-9,689.20	-8,454.80	-8,573.70	-9,509.90	-9,860.90	-187,936.40
Net Cash Before Financing	1,859.00	89.2	1,730.80	2,000.70	1,899.50	1,413.10	27,736.90
FINANCING							
Equity Drawdown							
Loan Draw downs							9,895.70
Capital Repayments							-20,291.30
Loan Working Capital Movements							
Working Capital Loan Drawdown							
Working Capital Loan Repayment							
Net Cash From Financing							-10,395.70
BALANCE BROUGHT FORWARD	18,479.60	20,338.60	20,427.80	22,158.60	24,159.20	26,058.70	10,130.50
INCOME LESS PAYMENTS	1,859.00	89.2	1,730.80	2,000.70	1,899.50	1,413.10	17,341.30
CLOSING BANK POSITION	20,338.60	20,427.80	22,158.60	24,159.20	26,058.70	27,471.80	27,471.80

APPENDIX 7-STRESS TESTING




Debt Outstanding - Rent Levels Scenario
Main Scenario
RPI Only
RPI +0.5%
RPI -0.5%
35,000.00
30,000.00
25,000.00
20,000.00
15,000.00
10,000.00
5,000.00
0.00
2019
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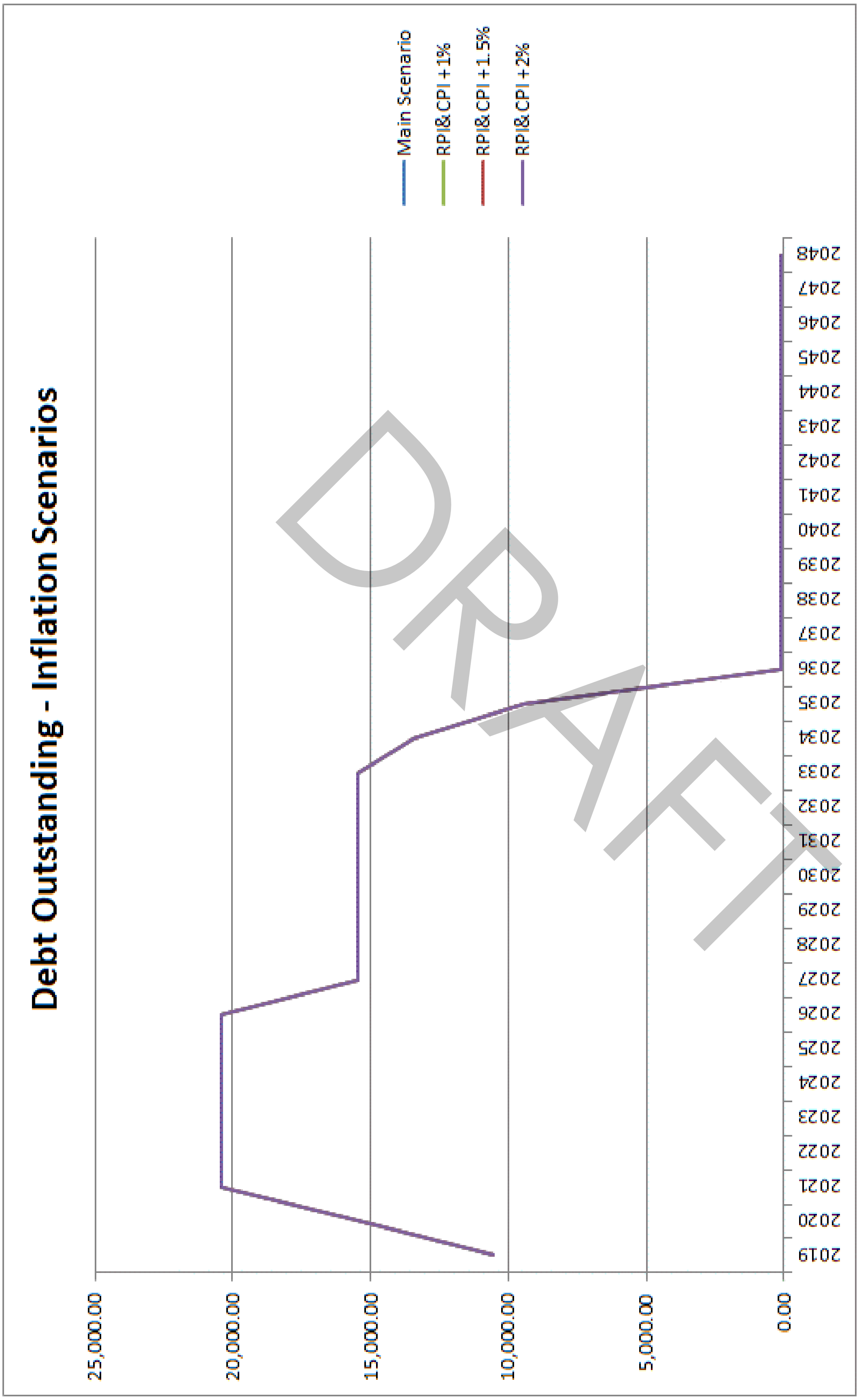
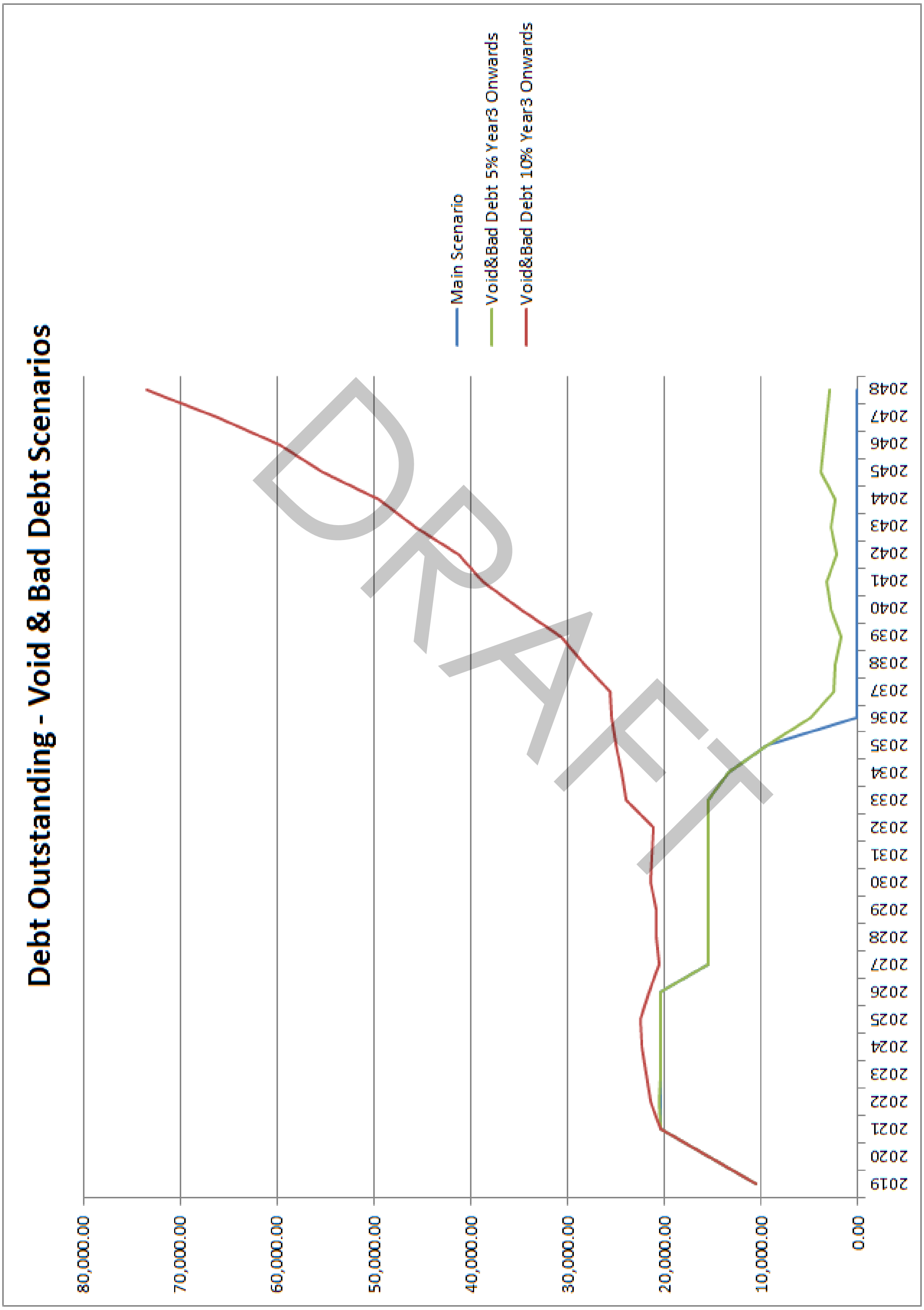
APPENDIX 7-STRESS TESTING




Debt Outstanding - Void & Bad Debt Scenarios
Main Scenario
Void&Bad Debt 5% Year3 Onwards
Void&Bad Debt 10% Year3 Onwards
80,000.00
70,000.00
60,000.00
50,000.00
40,000.00
30,000.00
20,000.00
10,000.00
0.00
2019
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RISK REGISTER

No	Priority	Risk	Grs L'hd (1–5)	Grs Imp (1-5)	Grs Risk Totl	Managed by (key systems / processes):	Net L'hd (1–5)	Net Imp (1-5)	Net Risk Totl	Summary/Action Required	Type	Link to Strategical
1	1	Changing demographics and reducing population	5	4	20	Contribution to Local Housing Strategy. Contribution at CPP / Asset Management Strategy	5	4	20	Housing to be included on agenda at CPP. Note: it is estimated that the population of Scotland will rise to 5.69 million by 2041 and the number of people aged 65 and over will increase by 59%. Housing Strategy co-ordinated with others via CPP.	Strategic	4, 2 & 1
2	1	Not having a competitive contractor market	5	4	20	Consider using contractor designs for builds / Utilise Procurement Frameworks	5	4	20	Explore alternative options for new builds.	Strategic	2, 2 & 4
3	1	BREXIT Considerations	5	4	20	Brexit action plan - HIE	5	3	15		Strategic	1, 2, 3 & 4
4	2	I.T systems not being fit for purpose. Ability to keep up to date with changes in technology	4	3	12	I.T Strategy Survey of tenants to assess access & needs.	4	3	12	I.T Strategy	Operational	1
5	2	Governance - recruitment and retention of Board Members	5	4	20	Change rules in place for recruiting Board Members.	3	4	12		Strategic	1,2,3 & 4

RISK REGISTER

No	Priority	Risk	Grs L'hd (1–5)	Grs Imp (1-5)	Grs Risk Totl	Managed by (key systems / processes):	Net L'hd (1–5)	Net Imp (1-5)	Net Risk Totl	Summary/Action Required	Type	Link to Strategical
6	2	Climate Change	4	3	12	Asset management Strategy. Environmental Policy to be developed.	4	3	12	Replacement of inefficient heating systems. Maximise insulation in homes.	Strategic	2
7	2	Impact of poor Inter Island Transport link on service delivery	4	3	12	Repairs Framework Review for providing service to Southern Isles	4	3	12		Operational/Strategic	1 & 4
8	3	Cost of Legislative Changes and impact of service delivery	5	3	15	Asset Management Strategy. Stock Condition Database	5	2	10		Operational	1, 2 & 3
9	3	Income - loss of cash to HHP a) Rental Income b) Voids	4	3	12	Interaction with Housing Officers and tenants. Partnership with DWP. Re-provisioning of stock on long term voids. Annual review of supply\demand and trends	3	3	9		Financial	1
10	3	Business Continuity Plan not sufficiently robust	3	5	15	Testing of key aspects of the plan on an annual basis	3	3	9		Operational	3

RISK REGISTER

No	Priority	Risk	Grs L'hd (1–5)	Grs Imp (1-5)	Grs Risk Totl	Managed by (key systems / processes):	Net L'hd (1–5)	Net Imp (1-5)	Net Risk Totl	Summary/Action Required	Type	Link to Strategical
11	4	Cost of borrowing or increases valuation reduces	3	3	9	Continual cash flow forecasting. Current facility 1/3 fixed rate.	3	2	8		Financial	1 & 4
12	4	Affordability for Tenants a) Local Economy b) Rent c) Fuel Poverty	3	2	6	Survey on affordability. Benchmark rent levels. Removing storage heating systems from properties. Participating in the HEEHAW Group. Monitor arrears levels and trends.	3	2	6		Operational	1 & 2
13	4	Impact of Social Media a) reputation b) resources Negative Stakeholder Relations	3	3	9	Communications Consultant. Tenant Participation Officer	2	2	4		Operational	1,3 & 4

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2019/20 Risk Appetite Statement

Contents

Risk Appetite Statement

Risk Appetite

1.1 Risk Appetite can be defined as "*the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives*". The Risk Appetite sets a clear strategic direction and sets tolerances around controls.

1.2 Each year the Board agrees the level of risk appetite. Good practice states that once the Risk Appetite has been agreed the Board should prepare a Risk Appetite statement which is communicated to all employees.

1.3 On 13 February 2019 the Board agreed four strategic goals to be achieved over the next five years. At the meeting it was agreed the Risk Appetite for 2019 would be aligned to the new strategic goals.

Strategic Goals

1-Placing tenants at the centre of everything we do
2-Investing in an environmentally sustainable way in tenants' homes
3-Being a good employer that attracts and retains high quality staff
4-Working with partners to contribute to the well being of communities throughout the Outer Hebrides

1.4 The Board met on 6th March 2019 and set the Risk Appetite to be formally adopted at the Board meeting on 20 March 2019. In setting the Risk Appetite the Board took account the revised risk register, the impact on services delivery of BREXIT, digital age and changing population demographics.

1.5 The Board agreed to use the definitions below for setting the Risk Appetite:

	RISK LEVEL	DEFINITION
1	No appetite	Avoid all risk in this area at all
2	Low	Activities will only be taken where they have a low degree of inherent risk
3	Cautious	Willing to accept/tolerate where we have identified scope to achieve significant reward
4	Open	Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable degree of reward and value for money
5	Hungry	Eager to be innovative and choose activities that focus on maximizing opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a greater inherent risk

1.6 A summary of the risk appetite for each are is shown in the Table below with more detail provided on the following pages

Strategic Goal		Risk Level				
		No Appetite	Low	Cautious	Open	Hungry
1-Placing tenants at the centre of everything we do	Rent affordability					
	Funding					
	Reputation					
2-Investing in an environmentally sustainable way in tenants' homes	New Build programme					
	Investment Programme					
3-Being a good employer that attracts and retains high quality staff	Succession Planning					
	Flexible working					
4-Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides	Work with CPP on population retention					
	Care agenda					

Strategic Goal 1-Placing Tenants at the Centre

RENT AFFORDABILITY

The risk that rent levels assumed in the long term business plan are not affordable for tenants jeopardizing the organisation's ability to deliver planned investment and New Build Programme.

Our appetite for Rent Affordability is LOW

We will exercise prudent stewardship over its financial resources in fulfilment of its vision. The Partnership will maintain strong internal controls and ensure compliance with applicable regulatory and accounting standards. We will assume rent increases of no more than RPI +1% over the life of the 30 Year Business Plan, with scope to increase the assumptions in the plan where investment opportunities deliver savings to tenants. We will develop measures for affordability for use in the 30 Year Business Plan. We aim to maintain its long term financial viability and its overall financial strength.

FUNDING

We aim to deliver our strategic objectives by maintaining our long term financial viability and our overall financial strength and will put funding arrangements in place to minimize the risk of damaging our financial viability.

Our appetite for Funding is CAUTIOUS

We adopt a cautious approach to funding. We will ensure any borrowing is affordable, sustainable and that prudent consideration will be given to the management of interest rate risk and refinancing risk. The Partnership will have an open approach towards the source and type of finance required to deliver its strategic objectives whilst meeting its financial covenants.

We will be open to a modest degree of risk. It will ensure that priority is given to security and liquidity when investing funds before seeking to optimise yield. The use of different investment instruments and diversification of high quality credit providers as set out in the Treasury Management Policy, enables us to control the nature and extent of the different risks. The Board are happy to borrow in accordance with our existing funding agreement ensuring we continue to have 115% cover on borrowings and that borrowing is sustainable over the 30 Year Business Plan.

REPUTATION

We aim to deliver our strategic objectives by maintaining a reputation as a organisation that delivers on its promises and demonstrates its core value in every area of service delivery.

Our appetite for Reputation is LOW

We adopt a low risk approach to our reputation and will ensure the way we conduct ourselves whilst delivering our service throughout the islands does not damage our reputation.

Where there is negative reports in the media we will take immediate action to correct

a) mis-informaiton

b)a failure of service delivery

We will actively promote positive news stories about the organisation.

Strategic Goal 2-Investing in properties

NEW BUILD

We aim to provide affordable and warm homes in places where people want to live.

The Partnership's appetite for New Build is OPEN

As the only delivery agent for the Comhairle's social housing programme the risk of getting the programme wrong is significant. We will aim to manage its risk in relation to development of new build by:

1) Identifying areas to build new homes that provide opportunities to live and work;
2) Working in partnership with HIE to maximise these opportunities;
3) Exploring alternative ways to build new homes with smaller local contractors in the rural areas;
4) Exploring alternative construction methods;
5) Future proofing our house designs e.g. Broad band, electric cars, smart homes (Always on); and
6) Collate housing demand surveys.

INVESTMENT

We aim to invest in our housing stock to ensure all homes meet the SHSQ and EESSH. We will encourage innovation and are prepared to accept a cautious approach to risk in the delivery of the Investment Plan.

The Partnership's appetite for Investment is CAUTIOUS

We are prepared to take risks on innovation and new technologies where these help to reduce fuel poverty and quality of life for tenants. Particular emphasis will be placed on the use of technologies which offer significant improvements in the life cycle costs and long term sustainability of homes.

There is a willingness to replace investment which contributes to the wider sustainability agenda e.g. e-car provision.

There is a willingness to examine new materials and to look at alternatives to plastic in particular.

We will involve customers in exploring new ideas and technologies.

Strategic Goal 3- Being a good employer

To deliver our Strategic Goals it is essential we are a good employer that not only attracts but retains high quality staff, a robust succession plan will mitigate the risk of having long periods where there are skill gaps.

The Partnership's appetite for succession planning is LOW but our appetite for flexible working is OPEN

We will limit our exposure to operating with skills gaps which may impact on governance, financial viability or performance through our succession plan. The succession plan will be directly linked to our training plan.

The trend in work environments is to move away from the traditional 9 to 5, Monday to Friday contracts to flexible contracts which bring benefits to staff without impacting on the quality of service delivery. To ensure we do not lose good quality staff who may be looking for flexible working, we will develop and implement a Flexible working policy

Strategic Goal 4- Working with partners

We aim to work with our partners to contribute to the wellbeing of our communities throughout the Outer Hebrides.

Our appetite for working with CPP on population retention is HIGH and on the Care Agenda is OPEN

The Outer Hebrides is at a critical juncture where it has never been more important for all organisations, public and private to work together to ensure the long term future of key services on the islands. Changing demographics and reducing population impact every organisation in the Outer Hebrides including HHP. We are committed to working with our partners on initiatives to stem population decline and changing demographics as far as we are able to within our Rules and Regulatory requirements

HHP DRAFT BUSINESS PLAN CONSULTATION

13 MARCH 2019

No.	QUESTION	RESPONSE
1	Our 4 Strategic Goals are: 1.Placing Tenants at the centre of everything we do; 2.Investing in an environmentally sustainable way in tenants' homes; 3.Being a good employer that attracts and retains high quality staff; and 4.Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides. What are your views on our goals?	We believe the revised strategic goals to be comprehensive. It is essential, however, that the development of Affordable Housing is given greater prominence, particularly in Strategic Goal 4. An unprecedented level of funding has been made available by the Scottish Government and it is essential that the potential arising from that is reflected in the Business Plan. The increased local and national imperative around the building of new affordable homes should be reflected more strongly in the Business Plan
2	What are your views on the proposed measures for success of: "Placing Tenants at the centre of everything we do?" Is there anything missing?	The deliverables appear positive. We are pleased to see "Keeping rents affordable" having prominence as it is likely to be the greatest measure for tenants themselves when they consider their own financial circumstances. A revised rent structure, is welcome, but we would suggest that an end date is added. The second last bullet "Help and support tenants who may be isolated or vulnerable by going the extra mile to solve problems" is commendable, but perhaps remove the phrase "going the extra mile" as this does not explain how HHP will deliver this goal. In terms of the measures of success, where the measure is quantifiable, we would suggest including a baseline from which the measure will be taken.
3	What are your views on the proposed measures for success of: "Investing in an environmentally sustainable way in tenants' homes?"	The deliverables appear positive. Bullets 5 and 6 should be reworded. As they stand, they give no indication as to how these deliverables invest in an environmentally sustainable way in tenants' homes. It is a

	Is there anything missing?	statement of what is being done, rather than an explanation of how the goal will be delivered. You could perhaps consider, for example, "In partnership with the Comhairle, deliver new build homes in line with the Strategic Housing Investment Plan (SHIP), which comply with the EESSH." Again, a baseline for the measures would be useful.
4	What are your views on the proposed measures for success of: "Being a good employer that attracts and retains high quality staff?" Is there anything missing?	The deliverables appear positive. Add a bullet point about supporting the development of apprenticeships through the Affordable Housing Programme. Again, a baseline for the measures would be useful.
5	What are your views on the proposed measures for success of: "Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides?" Is there anything missing?	The deliverables appear positive. Given the political prominence of Affordable Housing at both local and national level, a new action should be added to show HHP's commitment to the delivery of new homes. We would recommend wording as follows: "Work in partnership with the Comhairle and Scottish Government to deliver new affordable homes throughout the islands as outlined in the SHIP." Re Bullet 2, some examples would assist with the reader's understanding of how the goal will be delivered, and how HHP will support - will it be financial? staff members lending expertise? Bullet 3 – Reword to say "Work with local partners to identify and reduce social isolation" as other partners may already have measures in place to identify social isolation. Bullet 5 – add the phrase, 'particularly in relation to supporting fragile communities and the population retention / growth agenda'. Bullet 7 –add 'particularly in relation to the delivery of new affordable homes and in support of the Homeless Service' With RRTP due to take place in the near future,

		it will be essential to have an action relating to Homelessness. We would recommend wording as follows: 'Work with the Comhairle and other partners to develop and deliver new approaches to Homelessness, in line with national guidance'. Again, a baseline for the measures would be useful.
6	Please let us know anything else you would like the Board to take into consideration as they finalise Business Plan?	We are highly disappointed that Affordable Housing does not feature prominently in the draft Business Plan, given the unprecedented financial opportunity and the political priority that new affordable housing is presently afforded at both the national and local level. Equally it is essential to make reference to the developing Rapid Rehousing Transition Plan agenda, as this will have a potentially significant impact on HHP. As mentioned, for all measures of success, there ought to be a baseline for reference.

NAME	Comhairle nan Eilean Siar		
ADDRESS	Sandwick Road Stornoway		
ARE YOU	RESPONDING AS AN HHP TENANT?	Y	N ✓
	RESPONDING ON BEHALF OF AN RTO? IF YES, PLEASE GIVE DETAILS	Y	N ✓
DATE	13 March 2019		

OUTER HEBRIDES COMMUNITY PLANNING PARTNERSHIP

Partnership Agreement 2018 – 2027

1. **Introduction**

1.1 This agreement is made between:

Statutory Partners

- Comhairle Nan Eilean Siar
- Lews Castle College
- Police Scotland
- NHS Western Isles
- Highlands and Islands Enterprise
- Historic Environment Scotland
- Cùram is Slainte nan Eilean Siar (Western Isles Integration Joint Board)
- University of the Highlands and Islands
- The Scottish Environment Protection Agency
- The Scottish Fire and Rescue Service
- Scottish Natural Heritage
- The Scottish Sports Council
- The Skills Development Scotland Company Limited
- HiTRANS
- Visit Scotland

Local Partners

- Third Sector Interface Western Isles
- Hebridean Housing Partnership
- Bord na Gaidhlig
- Uist Association of Community Councils
- Lewis Association of Community Councils
- MSYPs
- Community Land Scotland

referred to as “the partners”. It sets out the basis upon which we will collaborate to develop, agree and achieve the objectives of Community Planning in the Outer Hebrides. The agreement applies to any future partners who join the Outer Hebrides Community Planning Partnership, hereinafter referred to as “the Partnership”.

1.2 Community Planning ensures people and communities are genuinely engaged in the decisions made on public services which affect them; allied to a commitment from organisations to work together, not separately, in providing better public services.

1.3 The Community Empowerment (Scotland) Act 2015 (hereinafter referred to as "the Act") 2015 places a duty on the statutory partners listed above to carry out planning for the Outer Hebrides to improve the achievement of outcomes resulting from, or contributed to by, the provision of services delivered by or on behalf of the statutory partners. The Act also imposes additional duties to facilitate community planning and to take reasonable steps to ensure that the Partnership carries out its functions under the Act efficiently and effectively. These partners are Comhairle nan Eilean Siar, NHS Western Isles, Highlands and Islands Enterprise, Police Scotland and the Scottish Fire and Rescue Service (hereinafter referred to as "partners with additional duties"). The Act also provides that each statutory partner must co-operate with the other partners in carrying out community planning and must, in relation to a Community Planning Partnership, contribute such funds, staff and other resources as the Community Planning Partnership considers appropriate with a view to improving or contributing to an improvement in the achievement of the Local Outcomes agreed by the partnership and for the purpose of securing the participation of community bodies in community planning. In this regard the Community Planning Partnership has agreed that the local partners be represented on the Partnership Board.

2. <u>Local Outcomes Improvement Plan / locality plans</u>

2.1 As partners we agreed a common vision for the future of Outer Hebrides, namely:

"The vision for the OHCPP is to promote and realise the full potential of the Outer Hebrides as a prosperous, well-educated and healthy community enjoying a good quality of life, fully realising the benefits of our natural environment and cultural values".

We agree to pursue that vision through the following themes whilst recognising that these themes are interdependent:

1 The Outer Hebrides retains and attracts people to ensure a sustainable population;
2 The Outer Hebrides has sustainable economic growth and all our people have access to appropriate employment opportunities;
3 The Outer Hebrides offer attractive opportunities that improve the quality of life, wellbeing and health for all our people

We have approved an action plan in respect of each of these priority areas and appointed a Priority Group with responsibility for implementation of the Action Plan and regular reporting to the OHCPP Board

2.2 A Locality Plan has been agreed for North Uist and Benbecula. Implementation of its Action Plan is supported by a Locality Group which has at least 50% community representation. It is intended to produce a Locality Plan for areas within Stornoway following a community capacity building exercise to ensure that interventions are focused where the greatest improvement to outcomes is required.

2.3 All work undertaken to progress these themes will be supported by six guiding principles:

Inclusion – We will ensure that our actions improve all Outer Hebrides citizens' ability to access our services and will take account of all factors that create a barrier to this. We will do all that we can to ensure equal opportunities and will meet all national requirements on these.

Accountability – We will make ourselves answerable to the communities and people of Outer Hebrides and keep them informed of, and seek their views on, what we are doing.

Partnership – We will work together with our partners and the people of Outer Hebrides to achieve our vision and will encourage communities to recognise their important role in sharing in community planning work.

Evidence-based – We will ensure that our actions are based on clear evidence and information and are derived from what the community needs.

Sustainability – We will work to ensure that our actions meet the needs of the current generation without compromising the ability of future generations to meet their own needs.

Efficiency – We will aim to remove any wasteful overlaps and make the best use of our key resources to deliver our strategic priorities.

The partnership has agreed that Community Planning will provide a framework for the work it delivers in Outer Hebrides. As such all partners will ensure that any related activity, developed either by an individual organisation or in partnership, will contribute to delivering agreed outcomes for the Outer Hebrides and be based on the agreed six principles.

3. Standing Orders

3.1 Responsibilities of the Chairs of CPP Groups

The Community Planning Partnership is chaired by a representative of one of the five partners with additional duties. Election of the Chair will take place at the second Partnership Board meeting in 2019, 2021, 2023, 2025 and 2027.

A representative from a different partner with additional duties will be Vice Chair of the Board for the same term as the Chair.

The Executive Group is chaired by the Chair of the Community Planning Partnership.

Community Planning Priority Groups elect their own Chair and may elect to change the Chair of their groups.

All Chairs within the partnership will:

- convene and chair meetings
- guide and draw discussion to a conclusion, agreeing actions where appropriate
- ensure appropriate representation is provided from partners
- ensure the roles of groups and individuals in the partnership are fulfilled

3.2 General Conduct of Meetings

Conduct should correspond to the six guiding principles as set out in 2.3. Representatives should work in an *inclusive* manner, be *accountable* to the communities of Outer Hebrides, work in *partnership*, take *evidence-based* action, and work in *sustainable* and *efficient* ways.

3.3 Notice of Meetings of the Partnership

At least five calendar days before a meeting:
(i) an agenda and papers for the meeting, including time and place, will be posted on the Outer Hebrides Community Planning website; and
(ii) copies of papers may also be sent to Partnership members if requested

3.4 Quorum

A quorum is the minimum number of members of a group necessary to conduct the business of that group. The quorum of the Partnership, Executive and Priority Groups shall be a third of its members.

3.5 Substitutes

All Partnership and Executive members agree to provide details of a named substitute who can substitute at meetings when required. The same applies to Priority Group members where possible. The substitute must be fully briefed.

3.6 Subsidiarity

Following a principle of maximum delegation, decisions will be taken at the most appropriate level as detailed in the Scheme of Delegation (Appendix 1).

3.7 Voting

Whilst it is anticipated that the Partnership will achieve consensus on matters before it, in the event of a vote being necessary each partner organisation will be entitled to exercise one vote. In the event of a tie the Chair will have a casting vote. In the event of a vote being necessary at the Executive or Priority Groups, each partner organisation will be entitled to exercise one vote. In the event of a tie the Chair will have a casting vote.

3.8 Admission to Meetings

Meetings of the Partnership only are open to the public, except to the extent that the public are excluded during consideration of an item which contains confidential information.

3.9 Tenure

Partnership, Executive and Priority Group members will generally represent their organisation for the duration agreed by their organisation.

3.10 Expenses

Community Council and young people's representatives attending meetings of partnership groups or on behalf of the partnership shall be entitled to reimbursement of reasonable travel expenses. Video conferencing will be used by partners where appropriate to minimise costs.

3.11 **Complaints Processes**

When complaints arise regarding individual partners, then individual partners' complaints processes will be followed. However, for complaints relating to partnership-funded services/initiatives only, the complaints process of the Comhairle, as partner providing advice and administrative support, will be followed.

4. Financial Management

4.1 The Comhairle provides administrative support to the partnership and administers a limited budget to support Partnership Board meetings.

4.2 There may be funding streams made available by the Scottish Government and to be managed by the partnership. In most cases these are administered by a partner organisation and the funding is thereby governed by the financial rules of that partner organisation. The Partnership has responsibility for monitoring of these budgets.

4.3 In order to show evidence of good governance of the Partnership's finances, quarterly financial monitoring reports will be a standing item on Community Planning Partnership agendas.

5. Approval of Strategies and Plans

5.1 The principal responsibility of the Partnership is to approve the Local Outcomes Improvement Plan and Locality Plans and monitor their implementation.

5.2 The Partnership may be consulted on partnership strategies and/or plans or those of individual partners, or may receive them for information only and will deal with these on a case by case basis. It is anticipated that all such strategies and/or plans will be consistent with the Local Outcomes Improvement Plan and Locality Plans.

6. Responsibilities of each Community Planning Partner Organisation

6.1 Each partner agrees to undertake the following:

- Ensure appropriate representation at Partnership and Executive Group meetings, and Priority Groups and other partnership groups where appropriate and applicable.
- Support or lead work to deliver the agreed outcomes for the Outer Hebrides.
- Ensure structures are in place between all partners to facilitate the sharing of information and resources to support the delivery of community planning activities.
- Ensure their organisation has mechanisms in place to allow effective communication and information sharing on community planning between its members, departments or services as appropriate. These mechanisms will include regular reports to a senior management team or grouping, distribution of community planning information and updates to members of staff as and when required.
- Ensure any agreed community planning budget requirements are included as part of their annual budget planning process.

7. **Individual Responsibilities of Community Planning Partner Representatives**

7.1 **Community Planning Partnership representative**:

Each partner will appoint a representative or representatives in accordance with the membership list in Appendix 2 to the Agreement with appropriate authority to contribute to and seek to implement decisions made by the Partnership. This will be a chair or manager of chief executive status or their senior nominee.

Where any Partner has more than one representative detailed in the said appendix that Partner will have one vote only to be exercised by a named representative of that Partner.

Partner representatives agree to attend each Partnership meeting; if this is not possible, a named substitute should deputise.

Partnership members will have the authority to provide both strategic and resource commitment from their organisations as necessary.

Partnership members will be responsible for promoting the appropriate integration of community planning into the work of their own organisation or grouping.

Partnership members will ensure that effective communications are in place to keep senior representatives or managers within their organisation or grouping informed of and involved in community planning.

7.2 **Community Planning Executive Group representative**:

Executive Group members, both jointly and individually, will work to identify opportunities for community planning in the Outer Hebrides.

Each representative will actively contribute to work to deliver the outcomes in the Local Outcomes Improvement Plan and any agreed Locality Plan and to identify and seek to provide appropriate resources within their organisation to enable this to happen.

Partner representatives agree to attend each Executive Group meeting; if this is not possible, a named substitute should deputise.

Each representative agrees to ensure their organisation's Partnership member and other appropriate staff or members are kept informed of community planning developments and any implications for their organisation.

7.3 **Community Planning Priority Group representative**:

Each community planning priority group representative agrees to contribute actively to develop and progress the objectives of the Priority Group. In doing so the representative will identify and seek to provide appropriate resources in their organisation to enable this to happen.

Each representative agrees to ensure their Partnership and Executive members are kept informed of relevant developments and implications for their organisation.

8. Terms of Reference for CPP Groups

8.1 Community Planning Partnership

The Partnership provides the strategic direction for the partnership. The purpose of the Partnership is to:

- be responsible for progress of community planning in the Outer Hebrides at strategic and local level
- review, agree and implement the Single Outcome Agreement for the Outer Hebrides
- be responsible for reporting to the Scottish Government
- be responsible for funding that is allocated to the partnership
- be responsible for performance monitoring and evaluation of community planning in the Outer Hebrides
- delegate action/decision to other groups in the partnership as appropriate

The Partnership will meet no less than four times per year.

8.2 Community Planning Executive Group

The Executive Group implements and coordinates community planning across the Outer Hebrides. The purpose of the Executive Group is to:

- support operational delivery of community planning at the Outer Hebrides level
- progress work towards agreed priorities and outcomes
- draft the annual report on community planning
- deal with and respond to issues that require a broader focus than appropriate at community planning outcome groups and issue-specific task and finish groups
- ensure that work is carried out in accordance with the six guiding principles of community planning, the National Standards for Community Engagement and Valuing Young People
- quality assurance of all reports to be submitted to the Board.

The Executive Group is accountable to the Partnership. It will meet no less than four times per year.

8.3 Priority Groups

The purpose of Priority Groups is to:

- Implement action plans approved by the Partnership required to take forward the actions identified in the Local Outcome Improvement Plan or Locality Plan with a view to achieving the statutory purpose to improve outcomes in the Outer Hebrides or a community or community of interest within the Outer Hebrides.
- monitor progress towards meeting the one year, five year and ten year outcomes and indications identified within the Local Outcomes Improvement Plan and any approved Locality Plan.
- In accordance with the agreed performance management monitoring arrangements to report to the Partnership on progress every six months. These reports will inform the annual reviews of the Local Outcomes Improvement Plan and any Locality Plan to Scottish Government. The reports will include a note of achievements and challenges and recommendations for any review required of outcomes or targets.

- Oversee the implementation of any specific area of work that the Partnership has allocated or may allocate to the Priority Groups

Each Priority Group will meet at least quarterly to review regularly the above tasks. The Outcome Groups will also review the group membership to ensure that there is appropriate representation from such strategic level officers and partnership groups as are required to implement the action plans.

8.4 To support its work the Partnership established the following Governance Groups each chaired by one of the Partners with additional duties:

- Prevention and Inequalities (Chair, Police Scotland);
- Community Engagement and Locality Planning (Chair, NHS Western Isles);
- Performance Management and Improvement (Chair, Scottish Fire and Rescue Service); and
- Resource and Financial Management (Chair, HIE).

These four aspects of governance are prescribed by the Act and are key to support the work of the Partnership. The additional work to inform the Local Outcome Improvement Plan and Locality Plans having been completed the Partnership has determined that it is appropriate for this governance to be taken forward by the Chairs of each of these groups – who are all members of the Executive Group – taking a governance lead for each of these areas within the Executive Group.

The following Groups also report directly or indirectly to the Partnership Board:

- Chief Officers Group for Public Protection;
- Community Justice Partnership;
- Children’s and Young Peoples Planning Partnership. The Early Years Collaborative also reports through the Children and Young Peoples Planning Partnership in the first instance.

Working Groups in relation to Data Sharing, Refugee Resettlement and Autism Strategy also report to the Partnership through the Executive Group in the first instance.

The diagram at Appendix 3 outlines the reporting relationships.

8.5 **Short Life Partnership Groups**

The Partnership may establish short life partnership groups to:

- Address identified issues requiring a multi-agency response;
- Contribute towards the delivery of the agreed Local Outcomes for the Outer Hebrides.

9. **Amendments to Partnership Agreement**

9.1 As partners in the Outer Hebrides Community Planning Partnership, we agree to the roles and responsibilities as outlined in this agreement. Any change will require prior agreement of the Partnership.

10. **Acceptance**

10.1 The entering of this Agreement does not constitute a legal partnership amongst the partners. The partners through signature accept and agree to be bound by the principles set out in this Agreement. Each partner will receive a copy of the fully signed Agreement.

11. **Signatories**

Statutory Partners

………………………………………………………………Date…………
Comhairle nan Eilean Siar

………………………………………………………………Date…………
Lews Castle College, Representative

………………………………………………………………Date…………
Police Scotland, Representative

……………………………………………………………….Date…………
NHS Western Isles, Representative

……………………………………………………………….Date…………
Highlands and Islands Enterprise, Representative

……………………………………………………………….Date…………
Historic Environment Scotland, Representative

………………………………………………………………Date…………
Cùram is Slainte nan Eilean Siar, Representative
(Western Isles Integration Joint Board)

……………………………………………………………….Date…………
University of the Highlands and Islands, Representative

……………………………………………………………….Date…………
The Scottish Environment Protection Agency, Representative

………………………………………………………………Date…………
The Scottish Fire and Rescue Service, Representative

………………………………………………………………..Date…………
Scottish Natural Heritage, Representative

……………………………………………………………Date…………
The Scottish Sports Council, Representative

…………………………………………………………..Date…………
The Skills Development Scotland Company Limited, Representative

……………………………………………………………Date…………
HiTrans, Representative

……………………………………………………………Date…………
Visit Scotland, Representative

Local Partners

……………………………………………………………Date…………
Third Sector Interface, Representative

……………………………………………………………Date…………
Hebridean Housing Partnership, Representative

……………………………………………………………Date…………
Bòrd na Gàidhlig, Representative

……………………………………………………………Date…………
Uist Association of Community Councils, Representative

……………………………………………………………Date…………
Lewis Association of Community Councils, Representative

……………………………………………………………Date…………
MSYPs, Representative

……………………………………………………………Date…………
Community Land Scotland, Representative

APPENDIX 1

SCHEME OF DELEGATION

Introduction

This Scheme of Delegation clarifies which decisions are remitted to the Community Planning Partnership, Executive Group, or Priority Groups in the Outer Hebrides. It also shows a summary of powers delegated to individual postholders and adheres to the commitment of subsidiarity in 3.6.

The Community Planning Partnership retains the right to vary, add to, recall or restrict any delegation in the future.

Community Planning Partnership

The following matters are reserved for decision by the Community Planning Partnership and are consequently excluded from delegation to Executive Group, or Priority Groups:-

1. Approval of the Local Outcomes Improvement Plan and Locality Plans.

2. Membership of the Community Planning Partnership.

3. Community Planning Partnership budget arrangements.

4. Decisions regarding funding exceeding £10,000 where such funding has been allocated to the Partnership. .

5. Approval of the Annual Review of the Local Outcomes Improvement Plan and Locality Plan and other specific documents as the Board may decide.

6. Endorsement of strategies and initiatives related to Community Planning.

7. Approval of changes in the structure, distribution of functions and responsibilities (not including sub-groups and working groups) of the partnership.

8. Approval for the review and amendment of the Partnership Agreement.

9. Resolution of any conflict that may arise on any matter between the groups within the partnership.

10. Appointment of the Chair of the Partnership.

11. A decision on any matter (which would otherwise have been delegated), following a division in another group, where one third or more members of that group present make such a request at the time the decision of that group is reached.

    This provision shall not apply following:

    - Where this would deny the partnership from making a decision or observations within a statutory timescale

Community Planning Executive Group

The following matters are delegated to the Executive for decision:-

1. Decisions regarding funding of a value up to and including £10,000 where such funding has been allocated to the partnership.

2. Any other matters not reserved to Partnership level and that cannot be dealt with at Priority Group level.

Priority Groups

1. The establishment of such arrangements including the formation of Sub-Committee-groups as the Priority Group shall deem necessary to fulfil its obligation to implement the relevant Action Plan.

Powers Delegated to Individual Postholders

The powers listed below are those specifically delegated by the Partnership to officers to enhance the efficient operation of the partnership. Powers granted directly to appropriate officers are not covered exhaustively by this list.

The undernoted powers relate only to matters not specifically reserved to members of other groups in terms of the Scheme of Delegation.

Any reference herein to an officer’s authority to incur expenditure should be read in conjunction with Comhairle nan Eilean Siar’s Financial Regulations and subject to available budgetary provision.

1. Appointment of Community Planning Partnerships Unit posts (Chief Executive, CnES)

2. Coordinating papers for Partnership and Executive Group meetings (Chief Executive, CnES)

Table of Delegation in Relation to Financial Matters

The following table shows the delegation of approval of projects or obligations where funding has been allocated to the Partnership.

Value	Group Responsible
Decisions of value exceeding £10,000	Community Planning Partnership
Decisions of value up to and including £10,000	Community Planning Executive Group

APPENDIX 2

COMMUNITY PLANNING PARTNERS

	Schedule 1 Named Agency	**Current Representation**
1	Local Authority	Chief Executive + 6 Councillors
2	The board of management of a regional college designated by order under section 7A of the Further Education (Scotland) Act 2005 which is situated in the area of the local authority	one representative
3	The chief constable of the Police service of Scotland	one representative
4	The Health Board constituted under section 2(1)(a) of the National Health Service (Scotland) Act 1978 whose area includes, or is the same as, the area of the local authority	Chair, Chief Executive and one other representative
5	Highlands and Islands Enterprise where the area within which, or in relation to which, its exercises functions in accordance with section 21(1) of the Enterprise an New Towns (Scotland) Act 1990 includes the whole or part if the area of the local authority	Area Manager and one other representative
6	Historic Environment Scotland	Chosen to participate through Priority Groups
7	Any integration joint board established by virtue of section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014 to which functions of the local authority and the Health Board are delegated	Chair and Chief Officer, IJB
8	A National Park authority, established by virtue of a designation order under section 6 of the National Parks (Scotland) Act 2000, for a Park whose area includes the whole or part of the area of the local authority	N/A to area
9	A regional strategic body specified in schedule 2A to the Further and Higher Education (Scotland) Act 2005 which is situated in the area of the local authority	One representative
10	Scottish Enterprise	N/A
11	The Scottish Environment Protection Agency	Chosen to participate through Priority Groups
12	The Scottish Fire and Rescue Service	One representative
13	Scottish Natural Heritage	One representative

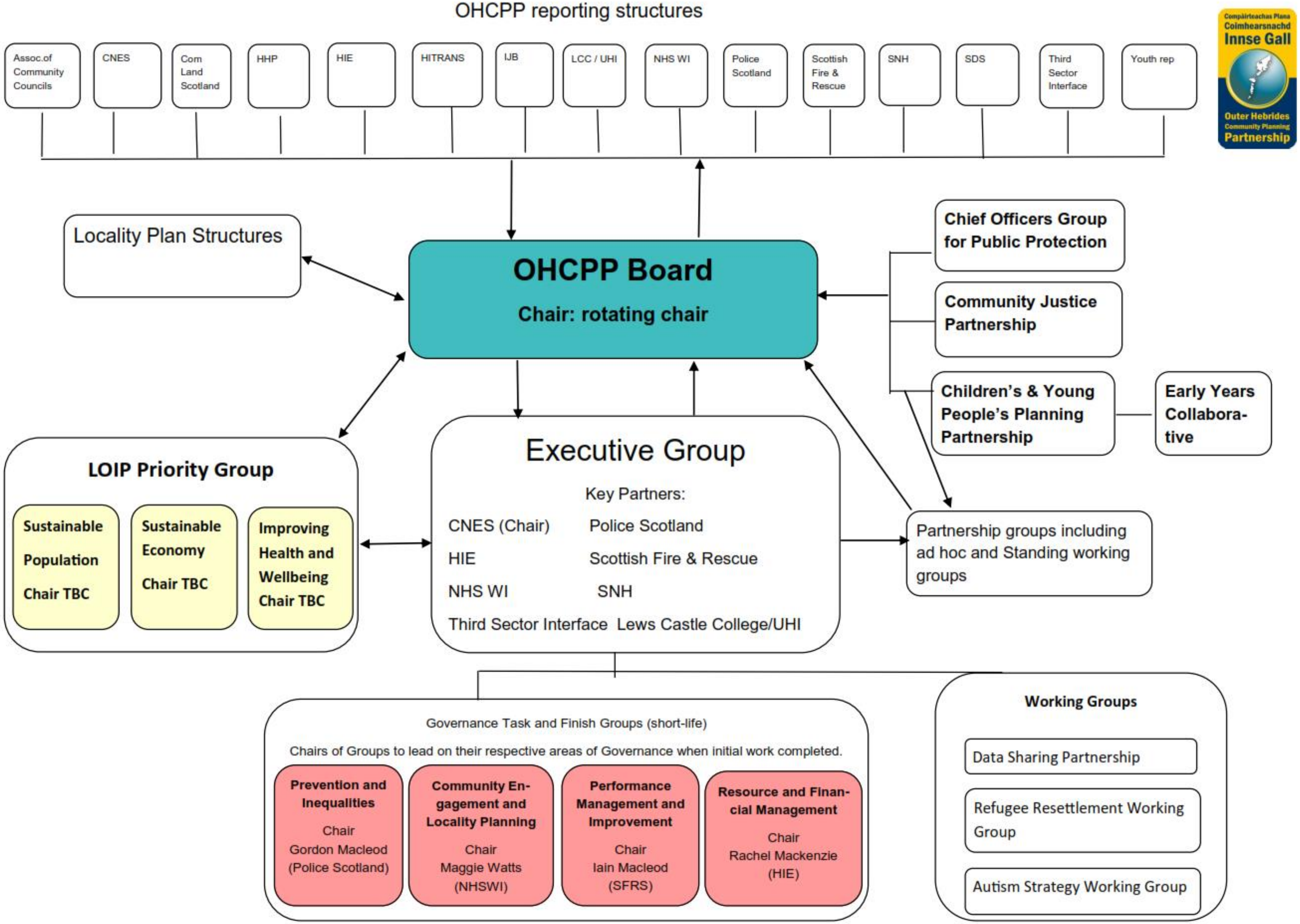
14	The Scottish Sports Council	Chosen to participate through Priority Groups
15	The Skills Development Scotland Co. Limited	Chosen to participate through Priority Groups
16	A Regional Transport Partnership established by virtue of section 1(1)(b) of the Transport (Scotland) Act 2005 whose region includes, or is the same as, the area of the local authority	One representative
17	Visit Scotland	One representative

Local Partners

18	Third Sector Interface	Two representatives
19	Bòrd na Gàidhlig	One representative
20	Hebridean Housing Partnership	One representative
21	Community Land Scotland	One representative
22	Uist Association of Community Councils	One representative
23	Lewis Association of Community Councils	One representative
24	MSYPs	Two representatives

APPENDIX 3

OHCPP reporting structures



hebridean housing partnership

Making our house your home

ITEM NO 6.2

ANNUAL FINANCING STRATEGY 2019/20

Board 20 March 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To inform the Board that there is no requirement for additional borrowing during 2019/20 based on the budgets for 2019/20 which are before the Board for approval at this meeting.

1.2 £5m will be drawn down from the existing borrowing facility to meet working capital requirements as shown in the cashflow statement at Appendix 1.

Summary

2.1 The Treasury Management Policy requires a Financing Strategy to be prepared and approved by the Board on an annual basis. The 2019/20 Annual Financing Strategy is at Appendix 1.

Competence

3.1 There are no financial, legal or other constraints to any recommendations in this report being implemented.

Recommendations

4.1 **It is recommended that the Board approve the Annual Financing Strategy at Appendix 1.**

APPENDIX 1	2019/20 Annual Financing Strategy	
Background Papers:	None	
Writer of Report:	Donald MacLeod	Tel: 0300 123 0773

hebridean housing partnership

Annual Financing Strategy 2019/20

Effective Date: March 2019
Review Date: March 2020
Approved by HHP Board: March 2019

TABLE OF CONTENTS

ANNUAL FINANCING STRATEGY

INTRODUCTION

1.1 Treasury Management is about managing cash flow, borrowings and cash investments to support our finances for the benefit of our tenants.

1.2 The Treasury Management service is therefore an important part of the overall financial management of the Partnership's affairs.

1.3 Treasury Management activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA). We adopted the Code of Practice on Treasury Management on April 2006 and amendments on 1 February 2012. Further amendments to the code of practice were published in early 2018 and will be adopted with any new requirements being put into place accordingly.

1.4 The Director of Finance & Corporate Services has delegated powers to effect the arrangements for borrowing and lending of money as required by the Partnership in accordance with the Partnership's borrowing and lending policies and the CIPFA Treasury Management in Housing Partnerships: A Code of Practice.

1.5 We are required to update our 30 year Cashflow forecasts for submission to Funders and The Scottish Housing Regulator on annual basis.

REGULATORY FRAMEWORK

2.1 As a Registered Social Landlord the Partnership must comply with the Scottish Housing Regulatory Standards of Governance and Financial Management. Standard 3 is applicable to this Strategy and is noted below:

> *The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.*
>
> *3.1 The RSL has effective financial and treasury management controls and procedures to achieve the right balance between costs and outcomes. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times;*
> *3.2 The governing body fully understands the implications of the treasury management strategy is adopts, ensures this is in the best interests of the RSL and that it understands the associated risks.;*
> *3.3 The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of the risks to the delivery of plans;*
> *3.4 The governing body ensures financial forecasts are based on appropriate and reasonable assumptions and information, including information about what tenants can afford to pay and feedback from consultation with tenants on rent increases;*
> *3.5 The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them;*
> *3.6 The governing body ensures that employee salaries, benefits and its pension offerings are at a level that is sufficient to ensure the appropriate quality of staff to run the organisation successfully, but which is affordable and not more than necessary for this purpose;*
> *3.7 The governing body ensures the RSL provides accurate and timely statutory and regulatory financial returns to the Scottish Housing Regulator. The governing body assures itself that it has evidence the data is accurate before signing it off.*

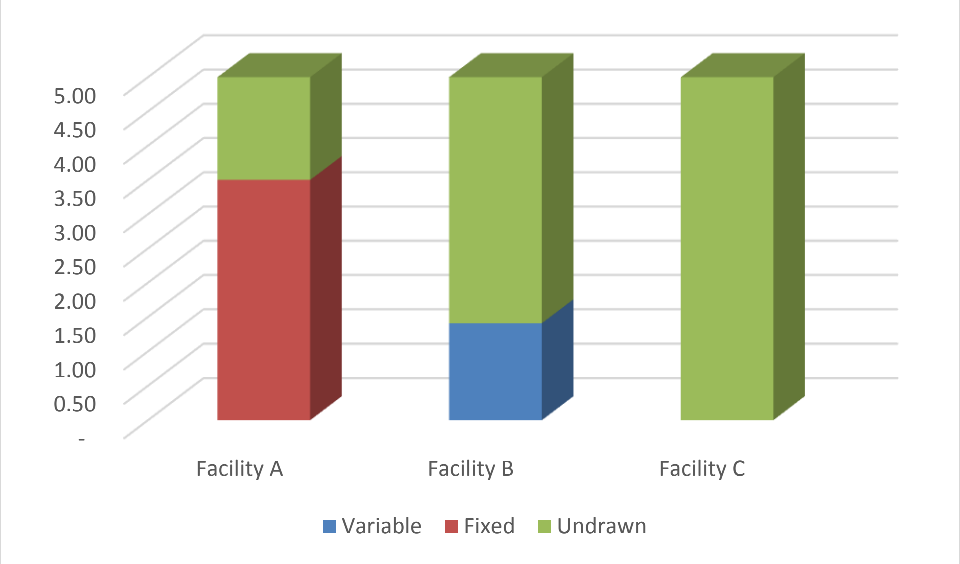
SUMMARY

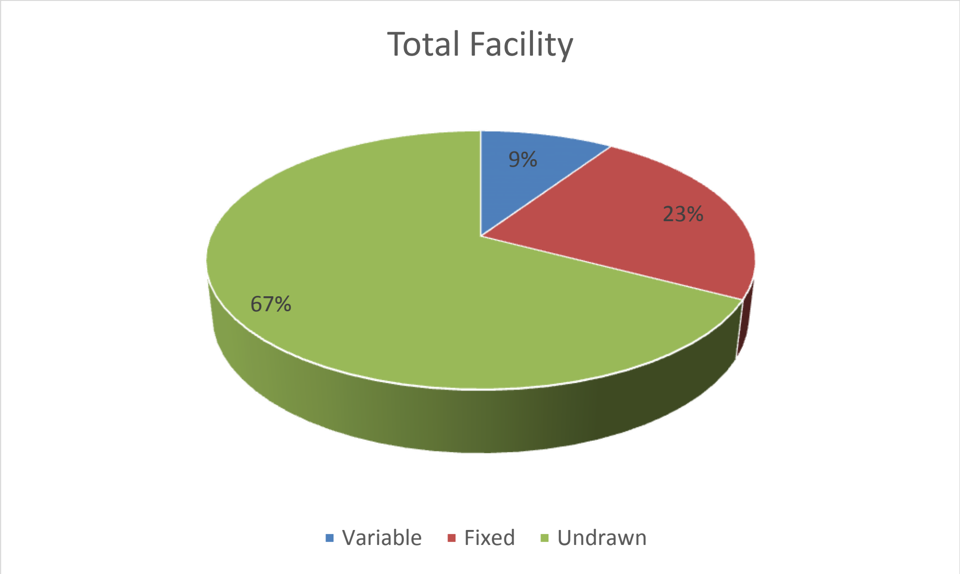
3.1 The 30 year cash flow forecasts will be submitted to our Funders and the Scottish Housing Regulator following the March 2019 board meeting. The forecasts have been updated to take account of forecast out-turns for 31 March 2019, the rent increase for 2019/20 and the revised Development Programme.

3.2 The forecast cash balances at the end of March 2019 are £6.7M, taking into account slippage on investment and development spend which will now be incurred in 2019/20.

3.3 The overdraft facility for the year is £250,000 and is available for the whole year.

3.4 The total facility available is £15 million comprising of three £5 million facilities of which £4.91m is drawn as shown in the graphs below:





3.5 Non Utilisation fees are due on the proportion of the facility which remains undrawn. The fixed rates, margin and non utilisation fees currently applicable to the facility are shown in the table below:

	Period	Rate
Fixed	Expires 17 April 2027	5.23% + margin
Variable	Renewed at 31 March 2016	0.68846% + margin
Non Utilisation fees	Facility A	0.15%
	Facility B	0.40%
	Facility C	0.60%

3.6 Our interest rate hedging will be reviewed during the coming year making reference to the projected drawdown/utilisation profile of the debt and the Partnership's Business Plan. Advice will be sought from the Partnership's external treasury advisors and a recommendation brought to Board prior to the implementation of any new interest rate hedging. At this point in time no further interest rate hedging is recommended due to the uncertainty over the drawdown profile of the remaining credit facilities.

3.7 Facilities A and B are committed revolving credit facilities (i.e. can be drawn, repaid and redrawn throughout the life of the facility) and Facility C is a committed term loan. In terms of availability, the Facility will be available for drawing in line with the current availability set out in the facility (i.e. through to the year of peak debt). It is assumed that Facility A and Facility B will be drawn to £3.5m and £1.6m respectively and the balance will be available for drawing through to peak debt. Facility C will be available for drawing to support the additional new build expenditure as included within the Lender Approved Business Plan.

3.8 Two financial covenants remain in place:

- An Annual Cash Flow Deficit covenant: which applies in years where Net Operating Cash Flow is negative (i.e. a deficit) and is subject to a 10% tolerance; and

- Net Operating Cash Flow Covenant: which applies in any year where the Net Operating Cash Flow is positive (i.e. a surplus). This interest cover covenant is based on the ratio of Net Operating Cash Flow to Total Interest Paid and a 10% tolerance is applied

3.9 Annual business plan approval remains in place which means that the covenant thresholds will be reset on an annual basis in negotiation with the Bank.

CURRENT PORTFOLIO POSITION

4.1 The tables below show our treasury portfolio position at 31 December 2018. Cash balances are projected to be around £6.7M at 31 March 2019.

Borrowings

4.2

Borrowings		Mar-18	Jun-18	Sep-18	Dec-18	Average
		£000's	£000's	£000's	£000's	£000's
Facilities arranged		15,000	15,000	15,000	15,000	15,000
Loans outstanding		4,946	4,946	4,909	4,909	4,927
Variable/Fixed analysis-amounts						
	Variable amount	1,446	1,446	1,409	1,409	1,427
	Fixed amount	3,500	3,500	3,500	3,500	3,500
	Other Hedging	-	-	-	-	-
		4,946	4,946	4,909	4,909	4,927
Variable/Fixed analysis-Percentages						
Variable		29.23%	29.23%	28.70%	28.70%	28.97%
Fixed		70.77%	70.77%	71.30%	71.30%	71.03%
Other Hedging Products						
		100%	100%	100%	100%	100%
Lenders amounts						
	Core Facility (RBS)	4,946	4,946	4,909	4,909	4,933
	Other Borrowings	-	-	-	-	-
		4,946	4,946	4,909	4,909	4,927

Note: the interest rates stated in the above table represent the total interest rate payable under the facility inclusive of the applicable loan margin (i.e. variable amount rate of 0.82% to 1.938% equals 3month floating LIBOR plus loan margin and the fixed amount rates 5.53% equal the applicable fixed rate plus loan margin).

Cash Holdings

		Mar-18	Jun-18	Sep-18	Dec-18	Average
Cash Holdings			£000's	£000's	£000's	£000's
Invested at:						
	Royal Bank	£ 7,469.45	£ 6,805.67	£ 7,052.36	£ 5,867.86	£6,798.83
	CWS	£ 0.49	£ 0.46	£ 0.46	£ 0.46	£ 0.47
	BOS	£ 690.25	£ 704.51	£ 715.63	£ 725.36	£ 708.93
	Santander	£ 2,109.43	£ 2,111.48	£ 2,213.59	£ 2,216.69	£2,162.80
Total		£ 10,269.62	£ 9,622.11	£ 9,982.03	£ 8,810.36	£9,671.03

FORECASTS

5.1 Forecasts have been prepared for the period to 31 March 2048 and are the basis of discussion and negotiations with our funder. A detailed cash flow forecast for 2019/20 is at Appendix A together with 30 year forecasts.

5.2 The Covenants required by funding facility are at Appendix B. Forecasts indicate that Covenants levels for 2018/19 will be met. In accordance with the facility, the Covenants applicable for 2019/20 will be reset within the annual business plan approval process. Annual business pan approval is being retained as a condition of the increased and restated RBS facility.

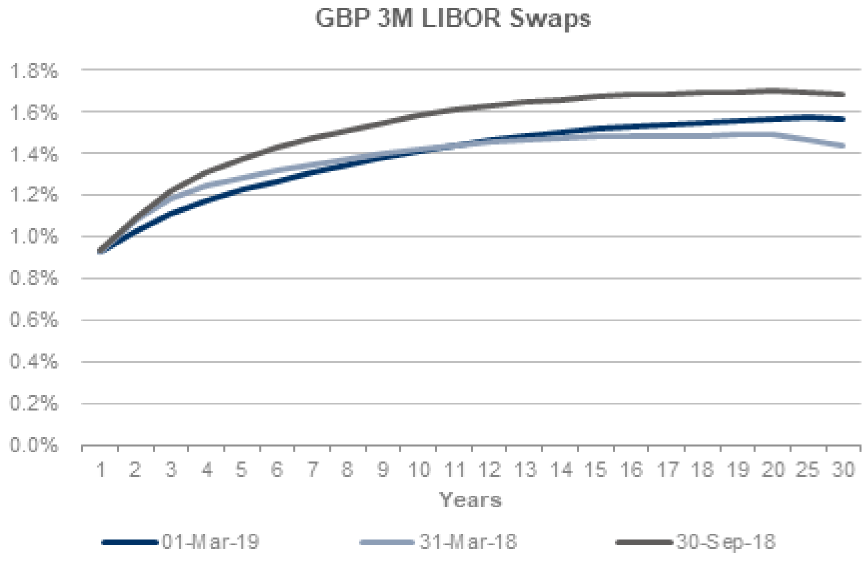
Interest Rates

5.3 The Board will be aware that this is a problematic time in which to forecast key treasury assumptions, notably interest rates, due to the current period of political uncertainty and risk. At present, risk would appear to centre on the short term (shocks) which could filter through to rates and inflation within a 12-18 month period.

5.4 RSLs should incorporate short term interest rate assumptions within their plan (typically over the first 5 years). These are based on a "step up" profile before reaching the ongoing interest rate assumption. Regulators expect RSLs to adopt interest rate sensitivities in stress-testing their business plans.

5.5 For some time now RSLs have benefited from low interest rates. However, 3 month LIBOR, benchmark lending rate, has increased to just over 0.90%. In August 2018, the Bank Base Rate increased by 0.25% to 0.75%, the first increase since November 2017.

5.6 Market uncertainty, notably the binary nature of Brexit and disappointing economic data in recent quarters, has depressed the forward interest rate curve. Policy makers seem reluctant to act in the face of this intense and short term uncertainty. Market expectations of the next Base Rate increase have moved out to the period between August and November 2019. The following Chart shows the forward UK LIBOR (Interest Rate) curve at 31 March 2018, 30 September 2018 and 1 March 2019:



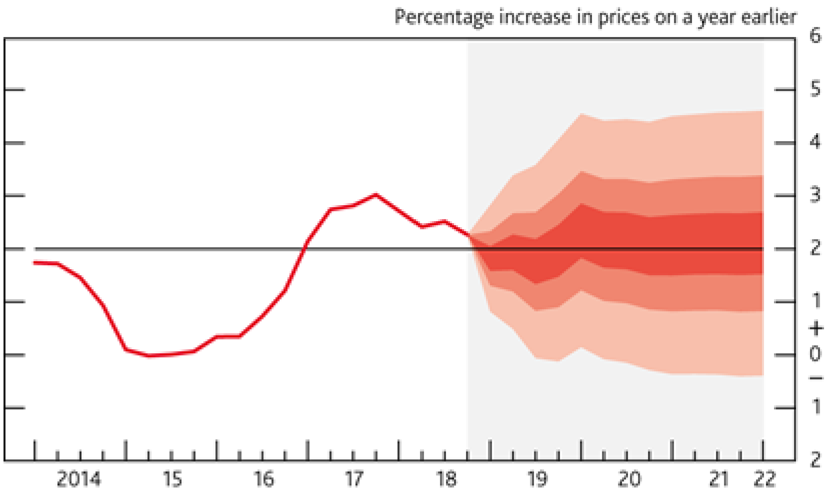
5.7 As at the end of February 2019, the 5 year swap rate stood at 1.22% (lower than the 1.31% comparable figure in last year's report).

5.8 We are protected, to an extent, from the risk of interest rate rises due to the fixed rate loan which runs to 2027 and covers £3.5m of the drawn debt of £4.91m. However the drawn debt is forecast to increase significantly over the life of plan with peak of debt of £20.4m (inclusive of retained RTB receipts of £5.583M) forecast in FY2026. That is a relatively short timeframe and the Management and Board will continue to monitor the projected drawdown profile, projected interest rates and HHP's ratio of fixed:floating debt to manage interest rate risk.

INFLATION

6.1 UK GDP has slowed, reflecting weakening global growth and the intensification of Brexit uncertainties as we approach the scheduled exit date. The Bank of England assumptions still assume a smooth withdrawal of the UK from the EU. In January 2019, CPI and RPI set at 1.8% and 2.5% respectively. This represents a decrease-trend from last year's report. CPI stood at 3% in January 2018 and remained above 2.3% until November 2018.

6.2 The following chart sets out the Bank of England's Prospects for inflation (source Bank of England Inflation Report February 2019). The mid-point of the chart is the Bank's 2% target and the darker shading represents the most likely path for CPI.



6.3 The Bank's view is that, in the near term, inflation is expected to fall slightly below its 2% target, largely reflecting the fall in oil prices since November. As that effect unwinds, CPI inflation is projected to rise above 2%, and remains a little above the target for the rest of the forecast period.

6.4 It is difficult to assess the outlook for inflation over the coming year. Exchange rate volatility surrounding Brexit will be a key driver here. If there is a favourable deal and accompanied currency appreciation, it may not be good for exporters but it will put downward pressure on CPI. On the other hand, sterling sell offs and movement towards parity with the dollar or euro could very quickly drive the headline rate back up towards that 3% level.

6.5 The impact of either move would probably be a one off rather than a sustained appreciation/depreciation, but any large change would still have a lingering effect as it works its way through the annual inflation cycle, just as we saw post the referendum.

6.6 Housing Association business plans are particularly sensitive to inflation (rent, cost information and long term debt assumptions) and this is an area where regulators expect to see RSL's challenge and updated their business planning assumptions and apply sensitivities to test the ability of the plan to withstand changes in inflation.

APPROVED INVESTMENT ORGANISATIONS

7.1 The credit rating and list of approved counterparties, currently approved for investment are set out below. The ratings are based on Standard & Poors long term ratings as stated at February 2019:

	Counterparty	Current Rating
1	Lloyds Bank plc*	A+
2	Royal Bank of Scotland Bank plc	BBB-
3	Santander UK plc	A

7.2 Lloyds Bank plc credit rating has improved from A to A+ during the past year. As highlighted in previous years' reports, the parent company groups of certain counterparties carry lower ratings than the Bank counterparties. The Board will confirm which financial counterparty HHP is dealing with. For example Lloyds Banking Group Plc (Parent:BBB+) although Bank of Scotland plc is rated A+. Santander UK plc remains A rated.

7.3 The Royal Bank of Scotland Group Plc (BBB-). RBS would not meet HHP's counterparty credit criteria in the absence of UK government support. During the year UK Financial Investments (the UK Govt Body which holds the shares in RBS) sold a 7.7% stake, reducing its holding in RBS from 70.1% to 62.4%.

7.4 Therefore whilst RBS continues to qualify as an approved counterparty (as benefiting from significant UK government support although rated lower than "A" rating criteria permitted under the TMP) this position should be kept under review should the Government seeks to reduce its stake below a controlling position.

7.5 We continue to benefit from significant cash balances (£6.7m forecast at 31 March 2019. It is therefore critical that we continue to monitor counterparty risk (including diversification risk) to protect our liquid assets which are required to fund future cash flows in the business plan.

APPENDIX 1 – 2019/2020 CASHFLOWS

Monthly Cash Flow Forecast

Version 1

Year Ended 31-Mar-20	30-Apr-19 Month 1	31-May-19 Month 2	30-Jun-19 Month 3	31-Jul-19 Month 4	31-Aug-19 Month 5	30-Sep-19 Month 6	31-Oct-19 Month 7	30-Nov-19 Month 8	31-Dec-19 Month 9	31-Jan-20 Month 10	28-Feb-20 Month 11	31-Mar-20 Month 12	Total
Cash on Hand at beginning of month	1,386,999	870,799	1,452,389	996,414	2,003,519	730,901	922,697	543,400	1,296,286	427,064	394,514	710,044	3,916,139
Cash Receipts													
Rent	770,350	770,350	770,350	770,350	770,350	770,350	770,350	770,350	770,350	770,350	770,350	770,350	9,244,200
Sale of Assets						1,100,800		646,400					1,747,200
Grant Income	1,296,678	1,566,086	1,854,326	1,406,798	1,109,114	898,639	822,510	674,950	606,250	606,250	606,250	606,250	12,054,100
Bank Interest			7,800			7,800			7,800			8,000	31,400
Other income	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,800	44,500
Loan/Other cash injection	-	-	-	-	-	-	-	-	-	-	1,000,000	4,000,000	5,000,000
Total	**2,070,728**	**2,340,136**	**2,636,176**	**2,180,848**	**1,883,164**	**2,781,289**	**1,596,560**	**2,095,400**	**1,388,100**	**1,380,300**	**2,380,300**	**5,388,400**	**28,121,400**
Total Cash Available	3,457,727	3,210,935	4,088,565	3,177,262	3,886,683	3,512,190	2,519,257	2,638,800	2,684,386	1,807,364	2,774,814	6,098,444	
Cash Paid Out													
Payroll	173,860	173,860	173,860	173,860	173,860	173,860	173,860	173,860	173,860	173,860	173,860	173,860	2,086,320
Management Costs	48,920	48,920	48,920	48,920	48,920	48,920	48,920	48,920	48,920	48,920	48,920	48,920	587,040
Repairs	93,010	171,790	147,160	162,180	152,310	166,770	166,480	180,430	188,760	182,270	256,010	424,130	2,291,300
Investment	172,160	286,490	331,590	357,570	420,280	393,220	403,350	368,240	348,530	286,290	864,470	698,810	4,931,000
Development	2,095,978	2,074,486	2,272,546	2,428,213	2,357,413	1,688,648	1,180,248	1,068,064	879,177	718,510	718,510	718,510	18,200,300
Total	**2,583,928**	**2,755,546**	**2,974,076**	**3,170,743**	**3,152,783**	**2,471,418**	**1,972,858**	**1,839,514**	**1,639,247**	**1,409,850**	**2,061,770**	**2,064,230**	**28,095,960**
Cash Paid Out (Non P & L)													
Loan Interest			115,075			115,075			115,075			115,075	460,300
RTB Receipts Repayable									500,000				500,000
Refunds	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Total	**3,000**	**3,000**	**118,075**	**3,000**	**3,000**	**118,075**	**3,000**	**3,000**	**618,075**	**3,000**	**3,000**	**118,075**	**996,300**
Total Cash Paid out	2,586,928	2,758,546	3,092,151	3,173,743	3,155,783	2,589,493	1,975,858	1,842,514	2,257,322	1,412,850	2,064,770	2,182,305	
Cash Position at End of Month	870,799	1,452,389	996,414	2,003,519	730,901	922,697	543,400	1,296,286	427,064	394,514	710,044	3,916,139	-
Deposit Acct At end of Month	5,304,960	4,304,960	4,304,960	2,304,960	2,304,960	2,304,960	2,304,960	1,804,960	1,804,960	1,804,960	1,804,960	1,804,960	
Total Funds Available	6,175,759	5,757,349	5,301,374	4,308,479	3,035,861	3,227,657	2,848,360	3,101,246	2,232,024	2,199,474	2,515,004	5,721,099	

APPENDIX 2 – FINANCIAL COVENANTS

There is one covenant required under the Finance facility with the Royal bank

Interest Cover Ratio SCHEDULE 5

FINANCIAL COVENANT LEVELS A

Annual Cash flow Deficit

Period Ending	Ratio
31 March 2019	6,408,700
31 March 2020	3,468,900
31 March 2021	8,772,700
31 March 2033	492,000

PART B

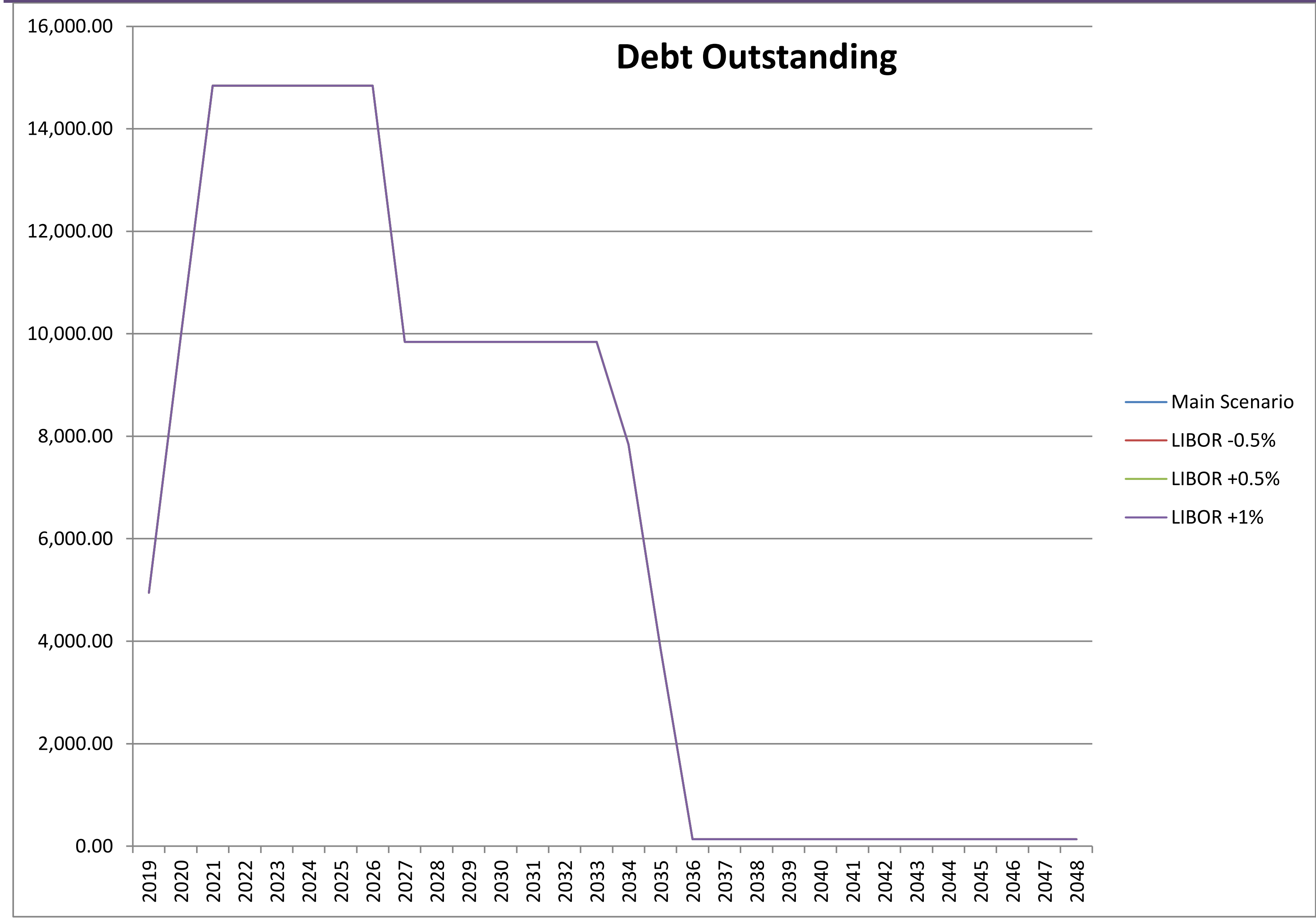
Net Operating Cash Flow Covenant

Period Ending	Ratio
31 March 2022	1.37
31 March 2023	0.25
31 March 2024	2.30
31 March 2025	2.21
31 March 2026	5.10
31 March 2027	4.86
31 March 2028	3.41
31 March 2029	3.52

Period Ending	Ratio
31 March 2030	2.90
31 March 2031	4.06
31 March 2032	4.31
31 March 2034	3.64
31 March 2035	6.15
31 March 2036	13.27
31 March 2037	0.00
31 March 2038	0.00
31 March 2039	0.00
31 March 2040	0.00
31 March 2041	0.00
31 March 2042	0.00

Note - the above covenants are subject to a 10% tolerance as outlined in Clause 20.5 of the 2015 Finance Agreement.

APPENDIX 3 – IMPACT OF INTEREST RATE CHANGE ON DEBT PROFILE



STRATEGY CHANGE HISTORY

Version	Change Applied	Date	By
1.0	Updated for new 30 year budget outlook & Interest/Inflation updates	11.03.19	Donald Macleod

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members

All references to the masculine gender in this policy shall read as equally applicable to the feminine gender

hebridean housing partnership

Making our house your home

ITEM NO 6.3

BUDGETS 2019/20

Board 20 March 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present for consideration and approval the proposed 2019/20 vbudgets.

Summary

2.1 The budgets at Appendix 1 have been prepared taking into account the cash planning limits for 2019/20 as detailed at Appendix 2.

2.2 The 30 year cash flows have been updated as part of the Business Planning process and will be submitted to the Funder for approval in March 2019.

2.3 The 30 year cash flows are included in the Business Plan Board Agenda Item 6.1.

2.5 Management costs have increased from last year due to the outcome of the Pay & Grading review and the anticipated increase in our housing stock insurance premiums.

Competence

3.1 The financial and legal implications are detailed in paragraphs 5.1 to 6.3 of this report.

Recommendations

4.1 **It is recommended that the Board approve the 2019/20 budgets at Appendix 1.**

APPENDIX 1	Budgets for 2019/20	
APPENDIX 2	2019/20 Cash Planning Limits	
Background Papers:	None	
Writer of Report:	Donald MacLeod	Tel: 0300 123 0773

Competence

Financial

5.1 The report considers the resources the Partnership requires for 2019/20 in line with Year 2 of the 30 Year Business Plan approved by the Board in March 2018 and updated in January for RPI.

5.2 The budget has been set in accordance with current accounting standards.

5.3 The budget is fully funded by existing borrowing facilities. Further borrowing may be required in future years but this will be covered in the Business Plan Board Agenda Item 6.1.

Legal

6.1 The Partnership's Rule 69 states that:

> *"The Partnership must keep proper books of account to cover its income, expenditure, spending, assets and liabilities in line with sections 75 and 76 of the Co-operative and Community Benefit Societies Act 2014. It must also set up and maintain a suitable system for controlling its books of accounts, its cash and its receipts and invoices".*

6.2 The Board has ultimate responsibility for the Partnership's finances and in accordance with the Financial Regulations the Board has the responsibility to approve the annual budgets.

6.3 Material changes in the assumptions used in the 2019/20 budgets from those approved in the 30 Year Business Plan will require the approval of our Funder. The updated Business Plan which takes account of the 2019/20 budgets will be submitted to the Funder for approval in March 2019 with approval expected by the end of April 2019.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.1, 2.2 & 2.4
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.1

Risk

8.1 The setting of realistic budgets with robust assumptions reduces the risk of financial loss and failure as highlighted in the Risk Register.

8.2 The preparation and approval of updated 30 Year cash flows ensures compliance with the Funders requirements.

8.3 Increasing development costs continue to drive up the build cost per unit. Any shortfall between the unit cost and Scottish Government grant contributions will need to be met through HHP private finance or CNES grant. Each project will be appraised by the Director of Finance and Corporate Services before it is progressed to tender stage. Increases in our private finance contribution beyond budget will need to be agreed by the Development Working Group (dependent on delegation levels) or Board.

Report Details

9.1 Budgets are set each year which identify the income available to the Partnership and the funds required to deliver:

a) the promises made to tenants as part of the Stock Transfer;

b) the objectives of the current approved Business Plan;

c) Regulatory requirements; and

d) Scottish Government requirements in relation to the standard of the housing stock.

9.2 Budgets are set in the context of the 30 Year Business Plan making amendments as required to ensure the Partnership is still in a position to repay the funds borrowed.

9.3 A strategy and timetable for completing the 2019/20 budgets was approved by the Board in November 2018.

9.4 The following material variations can be witnessed when comparing the 2019/20 budget to prior year. Explanations can be found below:

BUDGET AREA		COMMENTS
Supervision & Management	Salaries & Wages	2019/20 increase (£289K)to reflect outcome of Pay & Grading Exercise which also provides for the new posts being in place for the full year.
	IT & Telecoms	£34K decrease as a result of the changes applied to the new datacentre arrangement.
	Legal Fees	£21K reduction to bring in line with current spend levels.
	Insurance	£21K increase due to anticipated increase on Housing Stock premiums.
Repairs & Management	Insurance Repairs	£20K reduction in 2019/20 budget to reflect current spend levels
	Handymen	Painterwork budget set at 2018/19 Initial budget level. This has driven a £28K reduction compared to 2018/19 revised budget.
	Unadopted Infrastructure	£66K decrease due to continued delay in the adoption of septic tank infrastructure in the Uists. Any additional spend requirements to be met from reserves.

APPENDIX 1: 2019/20 BUDGETS

	2018/19 INITIAL BUDGET £	2018/19 REVISED BUDGET £	2018/19 ACTUAL JANUARY £	2019/20 INITIAL BUDGET £	Change £	Change %
Income & Expenditure						
Dwelling Rent (Net)	8,519,360	8,582,940	7,351,676	9,039,389	456,449	5%
Non Dwelling Rent (Net)	13,630	13,630	13,019	13,223	(407)	(3%)
Right to Buy Sales	0	8,742	8,742	0	(8,742)	(100%)
Grant Funding	120,000	413,000	480,702	120,000	(293,000)	(71%)
Other Income	44,450	49,450	44,724	44,450	(5,000)	(10%)
Interest Income	5,000	20,000	15,960	21,300	1,300	7%
Total Income	**8,702,440**	**9,087,762**	**7,914,823**	**9,238,362**	**150,600**	**2%**
Supervision & Management	2,230,743	2,345,570	1,796,972	2,660,928	315,358	13%
Response Repairs	1,372,065	1,481,358	1,179,231	1,468,733	(12,625)	(1%)
Planned Maintenance	717,224	749,724	418,476	718,894	(30,830)	(4%)
Estate Works	171,320	172,820	124,527	103,700	(69,120)	(40%)
Total Operating Expenditure	**4,491,352**	**4,749,472**	**3,519,206**	**4,952,255**	**202,783**	**4%**
Operating Surplus/(Deficit)	**4,211,088**	**4,338,290**	**4,395,617**	**4,286,107**	**52,183**	**1%**
Grant Amortisation	**(1,200,000)**	**(1,200,000)**	**(1,054,884)**	**(1,230,000)**	**30,000**	**(3%)**
Interest & Depreciation	**3,159,050**	**3,069,782**	**2,561,073**	**3,249,900**	**(180,118)**	**(6%)**
Surplus/(Deficit)	**2,252,038**	**2,468,508**	**2,889,428**	**2,266,207**	**(202,301)**	**(8%)**
Capital Investment						
Housing Investment Programme	4,368,170	4,476,014	2,846,757	4,930,562	454,548	10%
Non-Housing Investment Programme	76,035	285,096	200,223	58,600	(226,496)	(79%)
Development Programme	3,779,100	2,206,219	1,312,611	4,340,691	2,134,472	97%
LIFT	536,946	(12,389)	472,638	327,701	340,090	(2745%)
Total Capital Programme	**8,760,251**	**6,954,940**	**4,832,229**	**9,657,554**	**2,702,614**	**39%**

APPENDIX 1: 2019/20 BUDGETS

	2018/19 INITIAL BUDGET £	2018/19 REVISED BUDGET £	2018/19 ACTUAL JANUARY £	2019/20 INITIAL BUDGET £	Change £	Change %
SUPERVISION & MANAGEMENT						
Salaries & Wages	1,222,670	1,234,170	1,022,830	1,446,833	212,663	17%
National Insurance	121,770	121,770	94,137	158,236	36,466	30%
Pension Costs	220,250	220,250	183,764	260,575	40,325	18%
Total Salaries & Wages	**1,564,690**	**1,576,190**	**1,300,730**	**1,865,644**	**289,454**	**18%**
Other Employee Costs	48,760	54,650	37,663	50,618	(4,032)	(7%)
Travel & Subsistence	33,700	33,700	12,615	33,700	0	0%
Total Employee Costs	**1,647,150**	**1,664,540**	**1,351,008**	**1,949,962**	**285,422**	**17%**
Supplies & Services						
Total Premises Costs	47,900	47,900	31,161	51,400	3,500	7%
Total IT & Telecoms	221,450	207,315	155,660	173,940	(33,375)	(16%)
Service Level Agreements	44,250	44,250	34,994	44,250	0	0%
Total Supplies & Services	**313,600**	**299,465**	**221,815**	**269,590**	**(29,875)**	**(10%)**
Admin Costs						
Total Postage & Printing	40,560	42,360	32,183	45,680	3,320	8%
Total Admin & Furniture	3,000	2,800	560	2,800	0	0%
Training	50,250	43,445	28,673	43,445	0	0%
Total Community Support	30,140	27,140	16,251	27,140	0	0%
Total Misc Supplies	9,250	9,550	2,379	9,550	0	0%
Total Recruitment	6,000	6,000	260	6,000	0	0%
Total Administrative Costs	**139,200**	**131,295**	**80,306**	**134,615**	**3,320**	**3%**
Corporate Expenses						
External & Internal Audit	30,360	30,360	24,900	30,360	0	0%
Corporate Legal Fees	40,000	90,700	2,255	80,000	(10,700)	(12%)
Legal Compensation	6,000	6,000	4,593	6,000	0	0%
Other Legal Fees	36,000	36,000	20,490	26,000	(10,000)	(28%)
External Consultants	216,400	270,722	135,533	270,722	(0)	(0%)
Total Legal and Audit Fees	**331,760**	**436,782**	**187,771**	**415,082**	**(21,700)**	**(5%)**
Total Insurance	238,600	238,600	195,769	259,975	21,375	9%
Total Affliation Fees & Grants	49,620	51,775	31,743	51,775	0	0%
Total Governance	35,850	35,850	9,164	35,850	0	0%
Total Bank Charges	9,500	27,950	5,060	27,950	0	0%
Total Public Relations	19,080	16,080	1,640	16,080	0	0%
Total Corporate Expenses	**684,410**	**807,037**	**431,148**	**806,712**	**(325)**	**(0%)**
VAT Recovery on Partial Exemption	**(10,500)**	**(12,500)**	**(16,156)**	**(12,500)**	**0**	**0%**
Recharges						
Total Fees	**(543,117)**	**(544,267)**	**(271,148)**	**(487,451)**	**56,816**	**(10%)**
TOTAL SUPERVISION & MGT COSTS	**2,230,743**	**2,345,570**	**1,796,972**	**2,660,928**	**315,358**	**13%**

APPENDIX 1: 2019/20 BUDGETS

	2018/19 INITIAL BUDGET £	2018/19 REVISED BUDGET £	2018/19 ACTUAL JANUARY £	2019/20 INITIAL BUDGET £	Change £	Change %
REPAIRS & MAINTENANCE						
General Repairs						
Total Responsive Repairs	800,000	935,325	747,038	935,325	0	0%
Total Void Repairs	264,000	264,000	205,655	264,000	0	0%
Handymen	124,960	91,385	78,476	95,523	4,138	5%
Total General Repairs	**1,188,960**	**1,290,710**	**1,031,169**	**1,294,848**	**4,138**	**0%**
Specific Items						
Redecoration (Tenants)	46,530	50,030	52,375	46,530	(3,500)	(7%)
Council Tax-empty properties	19,800	19,800	5,967	19,800	0	0%
Minor Aids and Adaptations	500	543	543	500	(43)	(8%)
Right to Repair/compensation	10,195	4,195	3,870	7,695	3,500	83%
Total Specific Items	**77,025**	**74,568**	**62,755**	**74,525**	**(43)**	**(0%)**
Recoverable Expenditure						
Total Rechargeable Repairs	38,200	38,200	31,911	38,200	0	0%
Total Insurance Repairs	37,500	47,500	18,730	27,500	(20,000)	(42%)
Total Factored Properties	2,530	2,530	17,332	5,810	3,280	130%
Total Recoverable Expenditure	**78,230**	**88,230**	**67,973**	**71,510**	**(16,720)**	**(19%)**
Non Dwelling Repairs						
Communal Lighting	26,650	26,650	17,333	26,650	0	0%
Shops Repairs	1,200	1,200	0	1,200	0	0%
Total Non Dwelling Repairs	**27,850**	**27,850**	**17,333**	**27,850**	0	0%
Cyclical Maintenance						
Painterwork	514,200	541,700	280,489	514,200	(27,500)	(5%)
Gas Servicing	60,000	60,000	33,205	60,000	0	0%
SF Servicing	1,900	1,900	0	1,900	0	0%
Smoke Detector Servicing	4,745	4,745	341	4,745	0	0%
Other Servicing and Maintenanc	79,429	81,929	60,772	78,679	(3,250)	(4%)
Estate Management	14,320	16,820	9,878	16,820	0	0%
Gutter Cleaning	32,400	32,400	31,903	32,400	0	0%
Septic Tank Maintenance						0%
Door Entry Systems	2,080	2,080	1,888	2,000	(80)	(4%)
Dunberisay Heating	8,150	8,150	0	8,150	0	0%
Total Cyclical Maintenance	**717,224**	**749,724**	**418,476**	**718,894**	**(30,830)**	**(4%)**
Estate Works						
Garage Repair	3,110	4,610	0	4,610	0	0%
Grounds Maintenance	55,520	55,520	47,261	52,500	(3,020)	(5%)
Paths	350	350	0	350	0	0%
Unadopted Infrastructure	112,340	112,340	77,266	46,240	(66,100)	(59%)
Total Estate Works	**171,320**	**172,820**	**124,527**	**103,700**	**(69,120)**	**(40%)**
Total Repairs & Maintenance	**2,260,609**	**2,403,902**	**1,722,234**	**2,291,327**	**(112,575)**	**(5%)**

APPENDIX 1: 2019/20 BUDGETS

	2018/19 INITIAL BUDGET £	2018/19 REVISED BUDGET £	2018/19 ACTUAL JANUARY £	2019/20 INITIAL BUDGET £	Change £	Change %
HOUSING INVESTMENT						
VAT Scheme						
Roofs	*112,140*	*11,081*	*1,782*	0	(11,081)	(100%)
Chimey						
	112,140	11,081	1,782	0	11,081	100%
Internals						
Kitchens	*229,924*	*246,805*	*151,760*	306,774	59,969	24%
Bathrooms	*198,450*	*110,552*	*109,242*	334,508	223,956	203%
Heating	*1,575,598*	*1,359,731*	*969,174*	1,735,903	376,172	28%
Rewiring	*62,040*	*81,919*	*14,464*	250,522	168,603	206%
Insulation	*143,637*	*335,614*	*303,747*	176,000	(159,614)	(48%)
Fire doors	0	0	0	245,000	0	0%
Total Internals	**2,209,649**	**2,134,621**	**1,548,386**	**3,048,707**	**669,086**	**31%**
Windows	*69,900*	*344,475*	*59,684*	109,368	(235,107)	(68%)
Externals						
Roughcast	*192,000*	*341,490*	*192,029*	0	(341,490)	(100%)
Fencing	*220,980*	*174,510*	*163,163*	220,236	45,726	26%
Unallocated	*1,136,331*	*35,432*	*(1,935)*	186,437	151,005	426%
Total Externals	**1,549,311**	**551,432**	**353,257**	**406,673**	**(144,759)**	**(26%)**
Total VAT Investment	**3,941,000**	**3,041,609**	**1,963,110**	**3,564,748**	523,139	17%
Non VAT Scheme						
OT Adaptations	*120,000*	*413,000*	*247,760*	120,000	(293,000)	(71%)
Internals						
Showers	*119,700*	*65,012*	*64,854*	23,429	(41,583)	(64%)
Heating	*156,000*	*694,140*	*386,141*	56,911	(637,229)	(92%)
Windows	*0*	*5,940*	*0*	0	(5,940)	(100%)
	275,700	765,092	450,994	80,340	684,752	89%
Externals						
Garage Doors	0	3,080	0	0	3,080	100%
Total Non VAT Investment	**395,700**	**1,181,172**	**698,754**	**200,340**	**(980,832)**	**(83%)**
5 RSL investment						
Internals						
Kitchens	*27,050*	*27,450*	*(101)*	0	(27,450)	0%
Bathrooms	0	3,800	706	201,890	198,090	5213%
Heating	0	62,896	37,248	963,583	900,687	1432%
Insulation	*4,420*	*0*	*0*	0	0	0%
Total Internals	**31,470**	**94,146**	**37,852**	**1,165,474**	**1,071,328**	**1138%**
Windows	0	148,450	133,713	0	(148,450)	(100%)
Externals						
Fencing	0	0	19	0	0	0%
Smoke Detectors	0	10,212	13,309	0	(10,212)	(100%)
Unallocated					0	0%
Total Externals	**0**	**10,212**	**13,328**	**0**	**(10,212)**	**(100%)**
Total 5 RSL investment	**31,470**	**252,808**	**184,893**	**1,165,474**	**912,666**	**361%**
Total Investment Programme	**4,368,170**	**4,475,589**	**2,846,757**	**4,930,562**	**454,973**	**10%**

APPENDIX 1: 2019/20 BUDGETS

	2018/19 INITIAL BUDGET £	2018/19 REVISED BUDGET £	2018/19 ACTUAL JANUARY £	2019/20 INITIAL BUDGET £	Change £	Change %
DEVELOPMENT						
Scheme Cost						
Melbost Phase 3 Stage 2	30,600	1,679	1,679	0	(1,679)	(100%)
Melbost Phase 3 Stage 3	322,700	229,686	234,189	207,566	(22,120)	(10%)
Melbost Phase 4 Stage 1	1,402,400	1,000,556	894,805	899,456	(101,100)	(10%)
Cameron Terrace	1,256,700	1,250,712	1,060,641	37,939	(1,212,773)	(97%)
Back Care Unit	0	198,269	152,808	2,246	(196,023)	(99%)
Tom Na Ba	329,300	315,202	288,076	0	(315,202)	(100%)
Stag Road	1,183,600	892,085	692,496	52,856	(839,229)	(94%)
Goathill HWEC	645,000	646,702	33,411	4,269,000	3,622,298	560%
Goathill	0	0	0	3,006,000	3,006,000	0%
Breasclete	0	22,067	38,562	842,633	820,566	3719%
Scotland Street	910,400	0	0	0	0	0%
Horgabost	0	90,000	0	0	(90,000)	(100%)
Old Police Station Tarbert	1,125,700	11,677	11,677	1,287,200	1,275,523	10923%
Corran Ciosmul	1,359,400	1,333,932	1,127,328	64,100	(1,269,832)	(95%)
Balivanich	0	37,832	37,832	1,624,500	1,586,668	4194%
Cnoc A Runaire	0	11,846	0	725,870	714,024	6028%
An Glib	0	11,846	0	360,342	348,496	2942%
South Dell	0	0	0	1,122,600	1,122,600	0%
Edgemoor Square	0	11,846	0	343,200	331,354	2797%
Torlum	0	15,010	0	345,700	330,690	2203%
Garynamonie	0	15,010	0	673,100	658,090	4384%
Winfield Close	0	15,010	0	212,416	197,406	1315%
Lewis Landbank	3,805,000	0	0	100,000	100,000	0%
Landbank Melbost West	0	643,290	0	0	(643,290)	(100%)
Landbank Black Water	0	377,190	0	0	(377,190)	(100%)
Feasibility Studies	100,000	130,000	39,948	20,000	(110,000)	(85%)
Total Scheme Cost	**12,470,800**	**7,261,447**	**4,613,454**	**16,196,724**	**8,935,277**	**123%**
GRANTS						
Barvas	0	0	0	0	0	0%
Habost	0	0	0	0	0	0%
Melbost Phase 3 Stage 2	0	0	0	0	0	0%
Melbost Phase 3 Stage 3	(190,400)	(177,289)	(156,417)	0	177,289	(100%)
Melbost Phase 4 Stage 1	(830,800)	(656,040)	(677,806)	0	656,040	(100%)
Cameron Terrace	(717,300)	(769,623)	(769,623)	0	769,623	(100%)
Back Care Unit	0	(90,552)	(90,552)	0	90,552	(100%)
Tom Na Ba	(145,200)	(144,227)	(144,227)	0	144,227	(100%)
Stag Road	(715,700)	(451,985)	(451,985)	0	451,985	(100%)
Goathill HWEC	(644,800)	(644,800)	0	(4,269,000)	(3,624,200)	562%
Goathill	0	0	0	(3,006,000)	(3,006,000)	0%
Breasclete	0	0	0	(537,833)	(537,833)	0%
Scotland Street	(587,000)	0	0	0	0	0%
Horgabost	0	(90,000)	0	0	90,000	(100%)
Old Police Station Tarbert	(711,400)	(94,676)	(94,676)	0	94,676	(100%)
Tarbert Central	0	0	0	(699,200)	(699,200)	0%
Corran Ciosmul	(842,800)	(915,557)	(915,557)	0	915,557	(100%)
Balivanich	0	0	0	(1,039,300)	(1,039,300)	0%
Cnoc A Runaire	0	0	0	(420,000)	(420,000)	0%
An Glib	0	0	0	(210,000)	(210,000)	0%
South Dell	0	0	0	(630,000)	(630,000)	0%
Edgemoor Square	0	0	0	(210,000)	(210,000)	0%
Torlum	0	0	0	(209,800)	(209,800)	0%
Garynamonie	0	0	0	(420,000)	(420,000)	0%
Winfield Close	0	0	0	(104,900)	(104,900)	0%
Lewis Landbank	(3,306,300)	0	0	(100,000)	(100,000)	0%
Landbank HAG Melbost West	0	(643,290)	0	0	643,290	(100%)
Landbank HAG Blackwater	0	(377,190)	0	0	377,190	(100%)
Total Grants	**(8,691,700)**	**(5,055,229)**	**(3,300,843)**	**(11,856,033)**	**(6,800,804)**	**135%**
PRIVATE FINANCE						
Melbost Phase 3 Stage 2	30,600	1,679	1,679	0	(1,679)	(100%)
Melbost Phase 3 Stage 3	132,300	52,397	77,772	207,566	155,169	296%
Melbost Phase 4 Stage 1	571,600	344,516	217,000	899,456	554,940	161%
Cameron Terrace	539,400	481,089	291,018	37,939	(443,150)	(92%)
Back Care Unit	0	107,717	62,256	2,246	(105,471)	(98%)
Tom Na Ba	184,100	170,975	143,849	0	(170,975)	(100%)
Stag Road	467,900	440,100	240,511	52,856	(387,244)	(88%)
Goathill HWEC	200	1,902	33,411	0	(1,902)	(100%)
Breasclete	0	22,067	38,562	304,800		
Old Police Station Tarbert	414,300	(82,999)	(82,999)	1,287,200	1,370,199	(1651%)
Tarbert Central	0	0	0	(699,200)	(699,200)	0%
Corran Ciosmul	516,600	418,375	211,771	64,100	(354,275)	(85%)
Balivanich	0	37,832	37,832	585,200	547,368	1447%
Cnoc A Runaire	0	11,846	0	305,870	294,024	2482%
An Glib	0	11,846	0	150,342	138,496	1169%
South Dell	0	0	0	492,600	492,600	0%
Edgemoor Square	0	11,846	0	133,200	121,354	1024%
Torlum	0	15,010	0	135,900	120,890	805%
Garynamonie	0	15,010	0	253,100	238,090	1586%
Winfield Close	0	15,010	0	107,516	92,506	616%
Lewis Landbank	498,700	0	0	0	0	0%
Feasibility Studies	100,000	130,000	39,948	20,000	(110,000)	(85%)
	3,779,100	**2,206,219**	**1,312,611**	**4,340,691**	**1,851,739**	**84%**
LIFT						
Melbost Phase 3 Stage 2	35,600	700	700		(700)	(100%)
Melbost Phase 3 Stage 3	(38,389)	(208,756)	117,692	149,612	358,368	(172%)
Melbost Phase 4 Stage 1	0	179,172	354,247	178,089	(1,083)	(1%)
Horgabost	0	0	0	0	0	0%
Breasclete	539,735	16,496	0	0	(16,496)	(100%)
	536,946	**(12,388)**	**472,638**	**327,701**	**340,089**	**(2745%)**
TOTAL PRIVATE FINANCE	**4,316,046**	**2,193,831**	**1,785,249**	**4,668,392**	**2,191,828**	**100%**

APPENDIX 2: 2019/20 CASH PLANNING LIMITS

CASH PLANNING LIMITS			
	BRIXX	**Budget**	**Diff**
	£000's	**£000's**	**£000's**
Income	9,281,200	9,288,662	(7,462)
Expenditure			
Supervision & Management	2,678,600	2,660,928	17,672
Repairs	1,467,900	1,468,733	(833)
Planned	715,300	718,894	(3,594)
Estate Works	103,700	103,700	-
Voids	191,600	191,600	-
Bad Debts	190,400	190,400	-
Interest	473,800	473,800	-
Investment	4,991,800	4,989,162	2,638
Aids & Adapts	120,000	120,000	-
Development Private Finance	3,964,300	3,964,300	-
Total Expenditure	14,897,400	14,881,517	15,883
Net	***(5,616,200)***	***(5,592,855)***	***(23,345)***

DATE: ***18 March 2019***

hebridean housing partnership

Making our house your home

BRD ITEM NO 6.4

A&R ITEM NO 5.4

FRAUD CHECKLIST

Audit & Risk 20 March 2019
Board 20 March 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present for consideration and approval the Annual Fraud Checklist.

Summary

2.1 A Fraud Policy was approved in March 2017 and is due for review every 4 years.

2.2 The Fraud Policy requires a Fraud Checklist to be prepared and presented to the Audit and Risk Committee and Board annually.

Competence

3.1 The financial, legal and other implications are detailed in paragraphs 5.1 – 8.1 of this report.

Recommendations

4.1 **It is recommended that the:**

a) Audit & Risk Committee review the internal controls, risk evaluation and corporate governance implications of the checklist and recommend approval to the Board; and

b) Board review and approve the Fraud Checklist at Appendix 1.

APPENDIX 1	Fraud Checklist	
Background Papers	None	
Writer of Report	Donald Macleod	Tel: 0300 123 0773

Competence

Financial

5.1 The implementation and operation of a robust internal control system is critical to the prevention and detection of fraud. The Partnership has employed Internal Auditors to ensure regular checks are carried out on the Internal Control system in place. Internal Auditors report to the Audit and Risk Committee areas of weakness and recommend action to address those weaknesses.

5.2 Any loss arising from fraud will be reported to the Audit and Risk Committee and the Board and reported where appropriate in the financial statements.

Legal

6.1 The Partnership has Financial Regulations in place. All members of staff are issued with a copy which they sign for to indicate they understand their role in complying with the Regulations. Breaches of the Financial Regulations are taken seriously and are reported to the Audit and Risk Committee.

6.2 The Board has ultimate responsibility for the Partnership's finances and has delegated the responsibility of reporting any actual or potential breaches of the law or maladministration to the Director of Finance & Corporate Services.

6.3 As a registered charity the Board has a legal duty to protect the funds and other property of the Partnership ensuring the funds are applied for its intended beneficiaries.

6.4 In February 2016 the Scottish Housing Regulator issued an Advice Note on Incidents of Fraud in RSL's. The Partnership's Fraud Policy will ensure compliance with the Advice Note.

6.5 The Partnership is required to comply with the general law in relation to the prevention of fraud, money laundering and terrorist financing.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

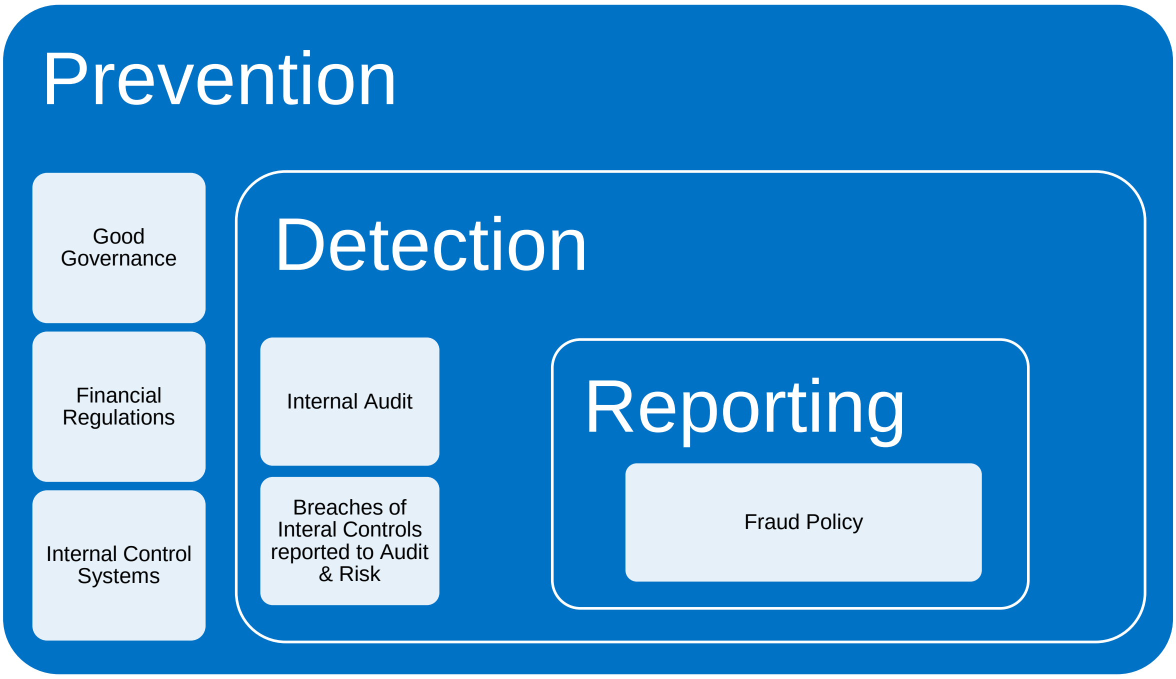
Standard		Sections
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.3
5	The RSL conducts its affairs with honesty and integrity.	5.6

Risk

8.1 Fraud flourishes where the observance of an internal control environment is weak and not managed. The observance of the Financial Regulations, the Fraud Checklist at Appendix 1, and the Partnership's policies and procedures at all levels within the organisation should mitigate the risk of fraud.

Report Details

9.1 The Partnership must ensure there are policies and procedures in place to prevent, detect and response to fraud. A summary of the approach is shown below:



hhp | hebridean housing partnership

Fraud Checklist

Effective Date: 20 March 2019
Review Date: March 2020
Approved by HHP Board: 20 March 2019

FRAUD CHECKLIST

Ref		Check	Intial
	Personnel Procedures		
1	Stated qualifications and experience of new employees are verified	✓	DM
2	Any apparent gaps in the employment record of new employees are investigated	✓	DM
3	References are taken up for all employees	✓	DM
4	Any points raised in employee references are followed up	✓	DM
5	All employment contracts and other service contracts provide for immediate suspension on the suspicion of fraud	✓	DM
6	All employees are required to take at least two consecutive weeks holiday each year with no access during that period to any of the company systems	✓	DM
7	Regular late working by employees is monitored and investigated	✓	DM
8	Fraud awareness is included in the staff induction programme	✓	DM
9	Ongoing fraud awareness training is incorporated into staff development programmes	✓	DM
	Awareness		
10	All Board Members are aware of their collective responsibility for the prevention and detection of fraud	✓	DM
11	The Board and Executive Team encourage a business culture that is open and honest and lead by example	✓	DM
12	Partnership has a clear policy on fraud which is widely publicized amongst employees and drawn to the attention of suppliers and customers	✓	DM
13	Partnership has a whistle-blowing policy which is reviewed regularly	✓	DM
	Risk Assessment & Control		
14	The Board assesses the likelihood of fraud arising in each area principal are of the business and puts controls in place where gaps are identified • Cash handling • Payments • Tendering • Contractors and suppliers	✓	DM

Ref		Check	Intial
	• Reporting information		
15	The Board demonstrates the importance they place on observing internal controls by dealing swiftly and appropriately with breaches of those controls and communicating this to employees	✓	DM
16	Procedures will ensure that as far as practicable, the following aspects of each business transaction are segregated: • Initiation; • Authorization; • Execution; • Custody of related assets; and • Recording in the accounting records	✓	DM
17	Procedures are reviewed and updated to take account of technological developments and the potential impact on the business of cybercrime and related fraud issues	✓	DM
18	Employees are aware that amendments to procedures must be approved before they are implemented	✓	DM
19	Staff and managers are aware of the issues relating to Money Laundering and the risk of the Partnership becoming inadvertently involved	✓	DM
	Monitoring		
20	Appropriate performance indicators have been identified for each aspect of the business and are reported regularly to the Board	✓	DM
21	All material variations and unusual trends are thoroughly investigated and explanations corroborated	✓	DM
22	Regular control visits are made to all business locations Balivanich office, Handyman's stores in Tarbert, Balivanich and Castlebay	✓	DM
23	All unusual transactions are investigated	✓	DM
	Action & Reporting		
24	Executive Team collate information on actual and suspected fraud and report to the Audit & Risk Committee	✓	DM
25	A policy on seeking recovery of funds from fraud will be developed	✓	DM
26	Procedures will be put in place to deal with any related publicity issues	✓	DM

CHECKLIST CHANGE HISTORY

Version	Change Applied	Date	By
2.0	Prepared to accompany Fraud Policy v2.0	16 March 2016	Dena Macleod
3.0	Updated to Corporate Standard	01 March 2018	Donald Macleod

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

hebridean housing partnership

Making our house your home

ITEM NO 6.5

INVESTMENT PROGRAMME 2018/19 – 2023/24 UPDATE

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To seek approval for an amended 2019/20 – 2023/24 Investment Programme.

Summary

5 Year Programme

2.1 The 5 Year Investment Programme for 2019/20 –2023/24 was approved on 13 February 2019.

2.2 A framework contract has been procured to deliver the 2019/20 – 2023/24 programme.

2.3 The works for the 2018/19 approved programme are being delivered through the existing Investment Framework. The report provides information on progress of works and a financial update is provided at Appendix 1.

Competence

3.1 The financial, legal or other constraints to the recommendations in this report are contained in paragraph 5.1 – 8.3.

Recommendations

4.1 **It is recommended that the Board:**

a) note the 2018/19 Investment Programme progress and financial update at Appendix 1; and

b) approve the amended Investment Programme 2019/20-2023/24 at Appendix 2.

APPENDIX 1:	Financial Update 2018/19 Programme	
APPENDIX 2:	Updated 5 Year Investment Programme 2019/20 – 2023/24	
Background Papers:	Risk Register	
Writer of Report:	Angus MacNeil	Tel: 0300 123 0773

Jackie Macleod 11-Mar-2019

Competence

Financial - 2018/19 Programme

5.1 The Board approved an Investment Programme for 2015 - 2019 in November 2014 subject to annual budget approval.

5.2 The Investment Budget for the 2018/19 Investment Programme is approved at £4.368m. Appendix 1 provides information on the financial position.

5.3 The Updated Programme for the 2019/20 – 2023/24 at Appendix 2 is within the cash planning limits of £20.2m for the same period. £594k of this Cash Planning Limit will be allocated to meet the enhanced maintenance regime on electrical testing.

5.4 The VAT shelter currently permits VAT recovery in all first time replacement on transfer stock, excluding showers. The extent of the continuation of the VAT Shelter is modelled in the 30 year Financial Plans being presented to the Board in March.

Legal

6.1 The decision to approve or amend Strategy, Business Plan and budgets including virements to or from a budget head in excess of £50k is reserved to the Board.

6.2 Financial Regulations require that actual forecast and progress on the Investment Programme be reported to each routine meeting of the Board.

6.3 Scottish Government has set a legal requirement for Social Housing Landlords to bring their stock up to the EESSH by April 2020.

6.4 Scottish Government has introduced a legal requirement for additional heat and smoke detectors to be installed in homes by February 2021.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users	1.1
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness	3.1, 3.3 & 3.4
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose	4.1, 4.2, 4.3 & 4.4 (c)

Risk

8.1 There are risks highlighted in the Risk Register which are relevant to Investment including specifically the failure of a major contractor.

8.2 There are further risks highlighted in the Risk Register in regards to the health of the local economy particularly the capacity of contractor to deliver programmes.

8.3 Scottish Government expects landlords to comply with EESSH. Failure to meet the standard would be a significant issue.

8.4 There is a risk in installing infrared heating prior to it being fully assessed through the EESSH and SAP Frameworks. It may be that these systems will not ultimately be assessed positively. This issue has been discussed with Scottish Government and the Regulator. However, these are viewed positively by the majority of tenants where they have been installed and this continues to be monitored.

Report Details

2018/19 Investment Programme

9.1 Progress on the 2018/19 Investment Programme is shown below:

Lot Ref	Works	Area	Status
Lot 1	Windows	Lewis and Harris	In progress
Lot 1b	Doors	Lewis and Harris	On site. 40% complete. Works delayed. Contractor placing additional labour on works to recover programme
Lot 2	Gas Heating	Lewis and Harris	Complete
Lot 2A	Heating – Cearns Ph. 1	Lewis and Harris	On site and on programme. 89% complete
Lot 2B	Heating – Cearns Ph. 2	Lewis and Harris	On site and on programme. 91% complete
Lot 2C	Heating – Rural Lewis Ph1	Lewis and Harris	On site and on programme. 91% complete
Lot 3	Bathrooms	Lewis and Harris	Complete.
Lot 4	Kitchens	Lewis and Harris	On site and on programme. 83% complete
Lot 6	Roughcast	Lewis and Harris	Complete
Lot 7	Electrical	Lewis and Harris	On site and on programme.
Lot 8	Windows	Uists and Barra	On site and on programme. 45% complete
Lot 9	Heating Uist and Barra	Uists and Barra	On site and on programme. 76% complete
Lot 12	Roughcast/ Roofing	Uists and Barra	On site. 20% complete. Works due to complete end April 2019. Roofing works start date delayed until April 2019.
Lot 15	Environmentals	Lewis and Harris	Complete
Lot 16	Environmentals	Uists and Barra	To commence on site (Caol Orghasaidh – 2 properties only)

5 Year Programme 2019/20 - 2023/24

10.1 The Updated 5 Year Investment Programme for 2019/20 – 2023/24 at Appendix 2 is set within current cash planning limits.

10.2 Subsequent to the previous programme being developed new legislation was introduced by the Scottish Government on fire and smoke alarms.

10.3 The new standard requires:

- One smoke alarm installed in the room most frequently used for general daytime living purposes;
- One smoke alarm in every circulation space on each storey, such as hallways and landings;
- One heat alarm installed in every kitchen;
- All alarms should be ceiling mounted and interlinked. There is also a requirement for carbon monoxide detectors to be fitted where there is a carbon-fuelled

appliance (such as gas boilers; gas fires; solid fuel open fires and stoves) or a flue; and

- All properties will require to be upgraded by February 2021.

10.4 Works to meet the new standard have been included in years 1 and 2 of the 5 year programme. This has had an impact on the previously approved programme. The estimated cost to meet the new standard is £720k.

10.5 There will still be a number of exemptions, where it is not possible to meet SHQS or EESSH due to technical reasons or disproportionate costs. In addition, there are abeyances, where work cannot be carried out due to tenant refusals or owners refusing to meet shared costs of works to communal areas.

10.6 The 5 year programme has also been re-profiled to allow for the following:

- 5 yearly Electrical Installation Condition Reports on HHP properties;
- Annual Fire door inspections;
- Emergency lighting upgrades; and
- Legionella checks at voids.

APPENDIX 1

FINANCIAL UPDATE

31st January 2019

Line	Heading	CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £	to 31-Jan-19 £	Spend to 31-Jan-19 £	Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-19 £
1	Roofs	112,140	5,577	5,577	1,782	3,795	68%	3,795	68%		5,577
2	Insulation	148,057	335,614	313,403	303,747	9,656	3%	31,867	9%		335,614
3	Total Roofs	260,197	341,191	318,980	305,529	13,451	4%	35,662	10%	-	341,191
4	Kitchen	256,974	295,417	161,060	151,659	9,401	6%	143,758	49%		295,417
5	Bathrooms	198,450	110,530	114,248	109,242	5,006	4%	1,288	1%	-	110,530
6	OT Aids & Adaptations	120,000	413,000	250,000	247,760	2,240	1%	165,240	40%	(153,000)	260,000
7	Showers	119,700	71,049	71,392	65,559	5,833	8%	5,490	8%	-	71,049
8	Heating	1,731,598	2,107,868	1,706,142	1,392,562	313,580	18%	715,306	34%		2,107,868
9	Rewiring	-	14,872	14,862	14,464	398	3%	408	3%	-	14,872
10	Smoke/C02 Detectors	62,040	53,639	13,309	13,309	-	0%	40,330	75%	-	53,639
11	Total Internals	2,488,762	3,066,375	2,331,013	1,994,556	336,457	14%	1,071,819	35%	(153,000)	2,913,375
12	Windows	69,900	503,955	245,141	193,397	51,744	21%	310,558	62%		503,955
13	Roughcast house & wall	192,000	341,490	194,090	192,029	2,061	1%	149,461	44%	(75,000)	266,490
15	Footpaths/Drying Areas		-			-				-	-
14	Fencing	220,980	192,243	169,193	163,181	6,012	4%	29,062	15%	-	192,243
19	Externals	412,980	536,813	363,283	355,211	8,072	2%	181,602	34%	(75,000)	461,813
20	**Total Investment excl. Unallocated Exp/Efficiency Saving**	3,231,839	4,448,334	3,258,417	2,848,693	409,724	13%	1,599,641	36%	(228,000)	4,220,335
21	Unallocated Expenditure	1,136,331	32,410	-	(1,935)	1,935		34,345	106%		32,410
22	Efficiency Savings	-	-	-	-	-		-			-
23	**Total Investment**	4,368,170	4,477,664	3,258,417	2,846,758	411,660	13%	1,633,986	36%	(228,000)	4,249,664

Sum of Total	**Column Labels**					
Work Types	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Grand Total**
VAT Recover	**£ 3,215,644**	**£ 2,415,660**	**£ 2,119,536**	**£ 2,825,773**	**£ 1,976,728**	**£ 12,553,342**
Bathroom & Shower	£ 292,289	£ 99,768	£ 68,108	£ 205,741	£ 182,112	£ 848,018
Kitchen	£ 134,795	£ 123,751	£ 331,424	£ 309,433	£ 107,323	£ 1,006,725
Heating	£ 1,529,489	£ 1,177,682	£ 385,406	£ 203,693		£ 3,296,270
Roofing (Gutters and downpipes)				£ 82,761	£ 381,365	£ 464,126
Roughcast				£ 221,406	£ 282,946	£ 504,351
Windows	£ 109,368	£ 158,108	£ 323,806	£ 653,605	£ 381,977	£ 1,626,864
Fire Doors	£ 252,595					£ 252,595
Environmentals	£ 98,726	£ 198,304		£ 285,403	£ 327,056	£ 909,489
Gas Heating	£ 208,135	£ 273,018	£ 108,221	£ 135,568		£ 724,941
Insulation	£ 181,456	£ 135,135	£ 121,081	£ 88,562		£ 526,235
Smoke detectors	£ 279,917	£ 249,895				£ 529,811
Electrical Works - rewire	£ 128,875		£ 781,491	£ 639,602	£ 313,950	£ 1,863,918
VAT Non Recoverable	**£ 1,307,370**	**£ 741,716**	**£ 826,982**	**£ 205,963**	**£ 411,225**	**£ 3,493,256**
Bathroom & Shower	£ 236,553	£ 72,213	£ 49,297	£ 133,773	£ 131,815	£ 623,651
Kitchen	£ 184,064		£ 99,427			£ 283,492
Heating	£ 113,822			£ 61,108		£ 174,930
Heating 2nd time	£ 762,610	£ 669,503	£ 624,147			£ 2,056,261
Environmentals					£ 75,151	£ 75,151
Gas Heating	£ 10,321		£ 54,110	£ 11,082	£ 204,260	£ 279,772
VAT Non Recoverable - RSL	**£ 150,815**	**£ 638,793**	**£ 581,838**	**£ 669,381**	**£ 1,531,608**	**£ 3,572,435**
Kitchen				£ 71,868	£ 147,186	£ 219,054
Heating		£ 451,647	£ 581,838	£ 504,140	£ 1,298,421	£ 2,836,047
Heating 2nd time	£ 56,911					£ 56,911
Windows		£ 63,243		£ 93,372	£ 50,930	£ 207,546
Environmentals					£ 35,070	£ 35,070
Smoke detectors	£ 93,903	£ 123,902				£ 217,806
Grand Total	**£ 4,673,829**	**£ 3,796,169**	**£ 3,528,357**	**£ 3,701,117**	**£ 3,919,561**	**£ 19,619,033**

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ITEM NO 6.6

COMMUNITY GRANT REQUESTS

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To consider funding applications from the Community Grant Fund for two community projects, one based in Stornoway and one in Daliburgh, South Uist

Summary

2.1 The HHP Community Grant Fund was approved by the Board in June 2017.

2.2 Funding is available to support small scale community projects that will improve the quality of life for residents and make a real difference to the neighbourhoods which HHP serve.

2.3 The Community Grant Fund seeks to support activity by local groups that improve lives and environment in their area.

2.4 The Fund is open to charities, tenant and residents' groups and voluntary organisations. There must be a benefit to HHP tenants residing within the area for the project being proposed.

Competence

3.1 The financial, legal or other constraints to the recommendations in this report are contained in paragraphs 5.1 - 8.1.

Recommendations

4.1 **It is recommended that the Board consider whether to fund the following proposals:**

a) Singing Circle in Stornoway at Appendix 1; and

b) Community Garden at Casimir Place, Daliburgh at Appendix 2.

APPENDIX 1	Singing Circle Stornoway	
APPENDIX 2	Casimir Place Community Garden	
Background Papers	None	
Writer of Report	Jane Ballantyne	Tel: 0300 123 0773

Competence

Financial

5.1 Funding, if approved would be met from existing budgets. The Western Isles Housing Association Communities Forum committee will be responsible for accounting and managing the Community Grant Funding for these two projects.

Legal

6.1 There are no specific legal implications to the report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
2	The RSL is open about and accountable for what is does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.	2.2 & 2.4

Risk

8.1 Tenant Participation is a statutory responsibility. There is an expectation from the Regulator that Registered Social Landlords engage effectively with tenants.

Report Details

Background

9.1 The Board agreed to establish a Community Grant Fund in June 2017.

9.2 Tenants have commented that they want participation and engagement processes to be informal, with more focus on action and less on formalities and paperwork. Both of these projects emerged from the Tenants Participation Advisory Service (TPAS) and the Tenants Forum working alongside, supporting and engaging with tenants and residents. They provide an opportunity to reach out and include the wider community.

9.3 Both projects have the potential to reduce social isolation, build connections and friendships. In addition, the Casimir Place Community Garden Project will help to make the neighbourhood greener and cleaner and actively engage people in improving their local environment. This is important in an area that has over recent years had a high turnover of tenancies.

APPLICATION FORM

Name of Project - Singing Circle

Name of Group/Charity – Westerns Isles Housing Association Communities Forum

Do you have public liability insurance? No

CONTACT DETAILS

Name
Dolina Morrison, Western Isles Housing Association Communities Forum/Cearns Community Association.

Alasdair Mackenzie, Chair Western Isles Housing Association Communities Forum.

Address: C/o Jane Ballantyne, 6 Inaclete Road

Telephone No: 01851 700811 & 0748789 242

Email: jane.ballantyne@tpasscotland.org.uk

ABOUT YOUR PROJECT

Please provide an outline of your project. What are you going to do, where and who will be involved. Have you consulted your local community? When do you plan to carry out the project and timescales? How will this make a difference to HHP tenants and residents and the communities in which they live?

Singing is well known to improve our sense of happiness and wellbeing. People feel more positive after actively singing. Group singing helps forge social bonds and does so quickly. This is particularly valuable in today's alienating world with the increased use of social media

The inspiration for the singing circle originated from a music session at the National TPAS conference. Tenants from the Western Isles attended this workshop in 2017 and enjoyed it so much went back for another go in 2018.

The session was called 'Forget Me Notes' and focussed primarily on people experiencing Alzheimer's.

We experienced first-hand the impact and benefits of singing. And left with a keen interest in setting up something similar that would appeal to all ages, be inclusive and offer a new approach to tenant/resident and community engagement in the Outer Hebrides. We realised this is a great way to engage people but also provide other benefits. There was agreement with the tenants and residents to set up something similar in the Outer Hebrides

The TP worker and the Forum put out some feelers to test interest in 2017.

In 2018, following the TPAS conference the Forum and the Cearns Community Association agreed to work together to make this happen. Jane Ballantyne and a representative from the Cearns CA met with Máiri Morrison to discuss our ideas and vision for a singing group. The proposal was discussed with the Forum and John Maciver. In principle agreement given to proceed pending the application to the HHP community fund.

Start dates, costs and venue were agreed and finalised. The group would commence at the beginning of February acknowledging that this time of year, post Xmas and the long wintry dark evenings can be challenging for people. We also looked at various venues and selected the Newton Ward Community Association building because it is located in an area with several HHP properties. This would enable us to target the local tenants..

The general aim of the singing group was to think about people who enjoy singing/music; No auditions, no questions asked, no obligation, and just pure enjoyment! Singing with others has been proven to stimulate good feelings and help with anxiety, depression, mood swings, general woes & more. We opened it up for people to come anonymously, say nothing, sing nothing, no need to be able to read music etc. Knowing that hearing others singing can help light a fire inside

We initially planned 8 sessions possibly culminating in a performance. The group was named singing circle so as to encourage interest, attendance and not put people off with formality.

The aims of the singing circle:

- Meeting people
- Spending time in a non-demanding way
- Getting people out of the house
- Reduce social isolation
- Increase social closeness with others. Evidence suggests that our social connections can play a vital role in maintaining our health.
- Expand social group
- Sense of increased community and belonging

Song is a very powerful therapy – the benefits of singing and music are well known. Music making exercises the brain as well as other parts of the body and it is particularly good for improving breathing, posture and muscle tension. Listening to and taking part in singing has proven to be good for pain relief. The satisfaction of performing together is likely to be associated with activation of the brains reward system including the dopamine pathway which keeps coming back for more. And according to research singing in groups can help people recover from mental illness making them feel valued and increase their confidence.

Publicity

The singing circle is advertised widely to all members of the community and staff at HHP via social media, email and leafletting the local neighbourhoods. The circle will take time to establish and will grow and evolve over time. The most effective publicity will be via word of mouth.

Currently there are between 10 and 12 members. A mixture of different ages, tenants and residents.

The group's future plans are to apply for further funding to continue the sessions and or explore self-funding options. The group will be making contact with the various health and social care support groups to invite members to a singing circle open session to engage and recruit members.

There is also a plan to establish a broader network of singing circles across the Outer Hebrides using digital technology

Máiri Morrison is a well renowned and accomplished Clàrsach player & Gaelic singer. As a performer, teacher & composer she is passionate about her roots in traditional music. She attended the City of Edinburgh Music School during her high school years where she studied Clàrsach, Gaelic Singing, Concert Harp, Piano, Recorder, and Fiddle & Composition.

She then went on to study Concert Harp on the Classical music degree at the Royal Northern College of Music in Manchester. During her 4 years there she also trained as a Secondary Music Teacher. Màiri has taught classroom music, Piano & Harp in various schools throughout England.

In 2006 Màiri was the winner of the folk harp competition at the inaugural Welsh International Harp Festival, winning a Camac Stivell lever harp. She was the 2010 recipient of the Clàrsach Society's Young Composer award and won a premiere performance at the Edinburgh International Harp Festival in 2011 where she performed her solo piece 'Prayer'. She also competed at the Lorient Interceltique Festival in 2011 where she came 3rd in the Camac Harp Trophy.

Màiri released her debut solo album Ceòl is Òrain (Music & Song) in 2011 on her own label (MCM Records) which features her Clàrsach and Gaelic singing in 12 tracks. 'Prayer' is the final track of the album and was the inspiration for the production of the CD.

PROJECT COSTS

Please provide details of the total cost of the activity, even if you are not requesting the full amount. Please tell us the amount you are requesting form the HHP community fund. If applicable please tell us how you are intending to raise the remaining balance and from where?

Description and cost

We are requesting the total amount £640 for this project. This is broken down as follows:

Singing leader (Mairi Morrison) £ 50.00 per session X 8
Venue costs - £160.00
Refreshments (provided by the Forum)

CONFLICT OF INTEREST DECLARATION

Are you or is anyone else involved in this application, or in your group, a member of HHP or have close relatives who are members of HHP? **No**

SIGNATURES (two person to sign, one should be the contact person named in section 2 and the other involved with the project)

D. Morrison

APPLICATION FORM

Name of Project Casimir Community Garden – Duileag Ur – New Leaf

Name of Group/Charity – If you are a charity please provide your charity number.

Do you have public liability insurance? No

CONTACT DETAILS

Name: Ursina Hack Maclellan

Address: 14 Leonard Place, Daligburgh, South Uist

Telephone No: 01878 700355

Email: libertalia111@gmail.com

C/o Jane Ballantyne,

ABOUT YOUR PROJECT

Please see attached proposal. This includes project costs.

PROJECT COSTS

CONFLICT OF INTEREST DECLARATION

Are you or is anyone else involved in this application, or in your group, a member of HHP or have close relatives who are members of HHP? No

SIGNATURES (two person to sign, one should be the contact person named in section 2 and the other involved with the project)

CAISMIR PLACE, DALIGBURGH, SOUTH UIST

Community Garden - Duileag ùr' - New Leaf,

Background

There are 6 X 1 bedroomed bungalows. There are also other properties on the scheme/estate. There has been many change of tenancies in the past few years. Many of the tenants and previous tenants have complained about issues of damp and mould in their properties.

Tenants past and present have suggested that the land in front of the gardens could be landscaped to improve the area. This land belongs to HHP and has become very overgrown with trees and shrubs, blocking the light from the properties and the view. The area is also very moist. There is an area that is particularly wet. The roadside dyke at the front of this area is very overgrown and requires clearing.

Alex Murray Construction Ltd has agreed to provide community benefit to assist with some of the ground works. His representative will assess the works required for drainage, access and removal of tree stumps.

In term of the area surrounding the properties, work has been undertaken with direction from the housing officer; to cut the grass at the back of the properties to enable the tenants to access the washing lines, fences have been repaired and painted. Also the housing officer is addressing the dog fouling situation.

Some of the trees in the garden have already been cut and the household rubbish cleared. This has made a considerable difference, allowing more light and access to the garden.

A Caismir Community Garden Group has been formed and are working on plans for the community garden. Viv Hacrow from the Woodland Trust has visited the area and advised the group on trees and shrubs to be cut and removed and trees for planting in the future garden.

Introduction

The aspiration for this area is to create a calm, relaxing space with native trees and plants that will thrive. This will include a space to grow food, a couple of benches for people to sit, chat and relax. A shed to allow people to store tools, a pagoda or similar for shelter and an oven.

This project provides an opportunity to bring tenants and residents together from this area for a common shared purpose. This provide an opportunity for the different areas to come together and share space, experience and skills. Utilising this space as planned aims to support the development and sustainment of the local community and has the potential to reduce isolation and increase health and wellbeing.

A key part of this project is working alongside volunteer and community groups to utilise and share skills, resources and experiences, for example Cothrom, Western Isles Volunteer Centre, Staff community days, Community benefit, Storras, Western Isles Care for the Environment.

We have had some initial discussions with the care home to consider working together on their gardening schemes. They have a polytunnel and small indoor garden area that they want to develop.

The vision is to develop a trail of inspiration by making and keeping connections with community garden and growing projects in South Uist.

Focus on natural native plants and permaculture approaches – raised beds to deal with and natural ways of improving the ground do using everything that comes from the garden will go back into the garden,

Proposed Plans for the Community Garden Space

Community Garden Proposal:

Please find attached outline plan for the community garden. The green circles are the remaining trees, orange circle represent new planting of trees and bushes, the brown areas represent raised beds, blue denotes pond, natural walkway and a building for storeage and shelter.

- Several rowans planted by the roadside -these will be retained
- Coppice the alders as these have become very large over a rolling two year programme
- Remove small alders and replace for example with native willows and few hazel, hawthorn downy birch, dog rose and crab apple.
- Restrict the brambles but leave some as they are good for wildlife restrict to roadside edge by regular cutting
- Install gates at either end
- Planting smaller trees at some point, dog rose, cherry and also apple and plum as the ground is so good.
- Install a gate at either end,
- install a couple of benches
- Make natural walkways
- Building

Timeline - *The following provides an outline of the tasks and timing required to develop this space*

2019

Jan - Feb

- Group meeting and planning days

Feb - March

- Cut trees
- Clearing and tidying days
- Cut brambles and restrict to one area as they will grow quickly
- Check drainage, clear existing drain.

- Tree planting (Tree pack provided by the Woodland Trust) planting a small number of small trees & shrubs, more like a hedge, which would be good for wildlife (hawthorn, dog rose, crab apple etc)
- Meet Iain Don (Alex Murray to discuss groundworks) - Jane

March - June

- Install gates and access – Alex Murray
- Clear dyke – Alex Murray
- Draining the area – either out to the roadside ditch, or into a pond/wetland area within the fence which could be planted with wetland flowers

- Prepare a boardwalk between the gates
- Assess fencing and take action to repair– HHP
- Clear away small trees, coppice some large trees.
- Start working on pond
- Start working on foundation for building

July – October

- Install benches (to be made) Cothrom has said these can be made at their workshop. Volunteers could come and make benches at Cothrom using recycled materials.
- Complete pond
- Open day

Oct -Nov

- Plant bulbs
- Work on walkways
- Work on structure

2020

- Develop herb and sensory area
- Complete walkways and structure
- Open days and enjoy the space
- Explore ideas for workshops and events.

Funding & Resources

In addition to the request for funds from the HHP community fund, the group are exploring the following funding options:

- Councillor Funds
- Crowd funding
- Community Council
- Cal Mac
- Tesco Bag
- Co-op community fund
- Storras
- SNH

Community Garden Contacts -

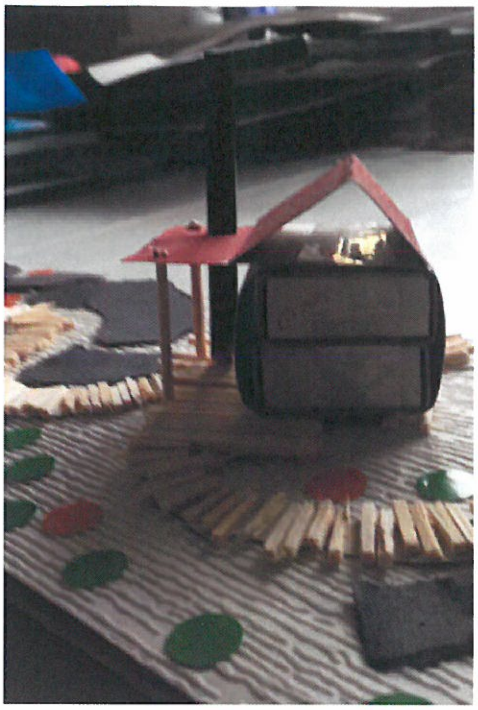
- Lochboisdale Amenities Trust – Graham 01878 700845
- The Hebridean Ark tree nursery is at Horshader Trust in Shawbost, Lewis – the contact there is David Murdo MacKay, email davidm@horshader.com
- Church of Scotland – Ishbael Macdonald 710331 (Garden space available John Daniel Peterana – Energee 07748436575 – Hostel In Uist
- Community Council
- Local councillor
- Storras in terms of gardening people and landscaping
- The Woodland Trust (Viv)
- Volunteer centre

- HHP partners & contractors
- Quarry heavy equipment
- Roddy (gardening)
- Cothrom (gardening and horticulture) Initial discussion with Agnes St Peters, 01878 700910
- Employment
- Volunteers
- Community pay back
- New music school
- Tagshe

Budget Outline & Funding

The initial £500.00 requested from HHP is primarily for set up costs; tools and materials. The community gardeners will use local resources to develop the garden.

Items	**2019**	**2020**	**2021**
Hospitality	£50.00	£50.00	£50.00
Travel	£50.00	£100.00	£100.00
Tools	£200.00	£100.00	£100.00
Ground work	£0 (This work will be provided by AM through the community benefit scheme)	£200.00	£100.00
Materials	£100.00	£100.00	£100.00
Trees and Plants	£100.00	£100.00	£100.00
Total	**£500.00**	**£650.00**	**£550.00**



Shed, store and shelter

The above demonstrates the natural boardwalk, Green dots are current trees, orange dots new planting trees and bushes. The brown areas are the raised beds and the blue is the pond using the natural dip in the land which harbours water.

hebridean housing partnership

Making our house your home

ITEM NO 7.1

ALLOCATIONS POLICY

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To provide Board Members with a copy of the proposed Allocations Policy for approval.

Summary

2.1 The Housing (Scotland) Act 2014 was laid before the Scottish Parliament on 15 May 2018 and came in to force on 24 June 2018.

2.2 We have consulted with tenants, applicants, partner agencies and stakeholders to get their views on all the changes in the Act which affect the Allocations Policy and the policy generally.

2.3 The Housing Management Working Group have considered the Allocations Policy consultation responses and a proposed Allocations Policy is at Appendix 1.

2.4 Details of the consultation responses are at Appendix 2.

Competence

3.1 The financial, legal or other constraints are detailed at paragraph 5.1 - 6.1.

Recommendations

4.1 **It is recommended that the Board approve the Allocations Policy at Appendix 1.**

APPENDIX 1:	Allocations Policy	
APPENDIX 2:	Allocations Policy Consultation Responses	
Background Papers:	None	
Writer of Report:	Donalda MacKinnon	Tel: 0300 123 0773

Competence

Financial

5.1 There are no financial consequences as a result of the proposed changes in this report.

Legal

6.1 When managing housing lists and allocating houses, a Registered Social Landlord is required to comply with legislation as set out in the Housing (Scotland) Act 1987 as amended by Sections 9 and 10 of the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2014. The Allocations policy should also comply with the homelessness rules set out in Part II of the 1987 Act (as amended by the 2001 Act and the Homelessness etc. (Scotland) Act 2003).

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	1.1 & 1.6
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.2
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.3
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.3

Risk

8.1 There are risks associated with the failure to allocate properties in line with legislative requirements. The Allocations Policy aims to ensure that properties are allocated in a transparent manner and on an equitable basis.

Report Details

9.1 Several amendments have been made to the policy as detailed below:

Adapted Housing

10.1 The Housing (Scotland) 2014 gives landlords the option to apply to the Court to recover an adapted property if it is not being occupied by someone who needs the adaptations.

10.2 The Housing Management Working Group (HMWG) agreed that this provision would be adopted but would only be used in exceptional circumstances and would require Board approval. They acknowledged that this was a sensitive issue.

10.3 Exceptional circumstances would be where the property was required for a household:

- Who are unable to occupy their current property due to its unsuitability and where it cannot reasonably be adapted;
- Where a household member is ready to leave hospital but are unable to do so until suitable accommodation is available and are bedblocking;
- Were a family member has to live separately from their family

These are examples and each case would be looked at individually.

10.4 If an adapted property was required and the current tenant does not require the adaptation, a pack of incentives could be made available, including assistance with removal costs to encourage the tenant in moving to an alternative property.

10.5 The recovery of adapted properties has been added to section 16 of the Allocations Policy.

Property Ownership

11.1 Section 5 of the 2014 Act allows ownership of property to be taken into account when allocating properties. The HMWG agreed to adopt this provision.

11.2 Section 24 of the Allocations Policy now states that owners of property will not normally be allowed housing. However, property ownership will not be taken into account in the following circumstances:

- The owner cannot secure entry to the property for example due to severe structural faults or where there are squatters living in the property;
- Where it is probable that occupying the property will lead to abuse from someone currently living in or was living in the property;
- Where occupation may endanger the health of the occupant and there are no reasonable steps that can be taken by the applicant to prevent that danger

Medical Points

12.1 Points are awarded to applicants based on medical certificates provided by GP's when current housing conditions are detrimental to an applicant's health.

12.2 The majority of points awarded by the medical assessor are in the intermediate category. The HMWG agreed to increase the Intermediate point category to 15 and the medium points to 20. This would give applicants with medical conditions an improved chance of being housed sooner.

Ex-service Personnel

13.1 The HMWG requested that time period during which applicants are given priority after leaving the armed forces be increased to 12 months. This has been noted in section 14 of the Allocations Policy.

Key Worker Status

14.1 The HMWG discussed the declining population and the effect is having on the Islands in the future.

14.2 It is recommended that, to assist with this, applicants who are taking up employment in the Outer Hebrides will be prioritised for housing where local recruitment is unlikely and where there is an impact on businesses or on the wellbeing of residents.

14.3 Applicants will only be eligible for key workers points in cases where their current permanent accommodation is beyond a reasonable travel to work distance e.g. they currently live on a different Island or live on mainland UK.

Homelessness and Rough Sleeping

15.1 The Scottish Government set up the Homelessness and Rough Sleeping Action Group (HARSAG) in October 2017 to recommend short or longer term solutions to end homelessness and rough sleeping, and to transform the use of temporary accommodation in Scotland.

15.2 It is anticipated that if the plans are implemented successfully the volume of temporary accommodation and length of stay will be significantly reduced across Scotland over the next 5 years.

15.3 When implemented this will affect the Allocations Policy which will be further reviewed at that time.

hhp hebridean housing partnership

Allocations Policy

Effective Date: March 2019
Review Date: March 2021
Approved by HHP Board: March 2021

TABLE OF CONTENTS

ALLOCATIONS POLICY

INTRODUCTION

1.1 This Allocation Policy sets out the rules that Hebridean Housing Partnership will follow when allocating empty houses. The process of allocation involves selecting applicants from the Housing List, making a formal offer of a house and entering into a contract with the applicant by signing a tenancy agreement.

1.2 This Policy has been reviewed by a working group, comprising Board Members, staff, and tenants and has been developed to take account of Scottish Government Guidance to ensure that we allocate our properties to applicants who have the highest priority in terms of housing need.

AIMS

2.1 The Allocation Policy has been designed to meet the following aims:

a) Ensure accountability, openness, consistency and responsiveness throughout the allocation process;

b) Maximise access and choice available to applicants to ensure we offer people accommodation that meets their needs;

c) Promote social inclusion and contribute to the sustainability of balanced communities throughout the Western Isles;

d) Meet all legislative and good practice requirements;

e) Set and meet high standards for the delivery of all services; and

f) Monitor performance and satisfy the equal opportunities agenda.

GENERAL PRINCPLES

3.1 This policy takes account of guidelines and best practice advice issued by the Scottish Government, the Chartered Institute of Housing, the Scottish Housing Regulator and the Scottish Federation of Housing Associations. It also aims to be compliant with all relevant legislation and the requirements of various regulators and monitors.

3.2 We have a firm commitment to equal opportunities in the allocation of housing. We will take no account of race, ethnic origin, religion, disability, gender, sexual orientation, marital status or age, providing that the eligibility for certain property types is satisfied.

3.3 All information provided to us will be treated as confidential and will be dealt with in compliance with the General Data Protection Regulation (GDPR) and other appropriate statutory requirements.

3.4 We will provide information to all service users and potential service users in a straightforward and appropriate manner.

3.5 All practicable efforts will be made to assist applicants who have literacy or communication problems.

3.6 An accessible and fair appeals mechanism will be provided for all aspects of the operation of the Allocations Policy. If an applicant is not satisfied with any decision concerning their application a complaint should be submitted, as detailed in our Complaints Policy, and as outlined in Section 32 of this policy.

3.7 We will manage and allocate its properties in consideration of the principles of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 which protects a person's rights to live in the family home.

OBJECTIVES

4.1 Our Allocations Policy seeks to:

a) make the best use of the housing stock taking into account the needs and aspirations of individuals and local communities;

b) be open, fair and accessible;

c) prioritise those applicants in housing need;

d) optimise the level of void properties to balance financial loss against flexibility in meeting need;

e) provide high quality outcomes for service users;

f) recognise and address the needs of people with special needs;

g) work in co-operation with CNES to respond to the accommodation and service needs of homeless persons; and

h) encourage participation by having processes in place to involve tenants, applicants, Board Members and staff involved in the development and implementation of the Allocation Policy and related procedures.

APPLICATION TO HOUSING LIST

5.1 We will accept Housing Applications from all applicants, subject to being aged 16 or over. The right to be admitted to the housing list is not the same as the right to be allocated a house.

5.2 Applications for housing must be made on our official application form. These forms are available at our offices in Stornoway and in Balivanich and can be downloaded from our website. Copies of the Application Form are also available from the Comhairle's Area Offices.

5.3 We have two Housing Lists. These are known as the Waiting List and the Homeless List. The Homeless List includes only those applicants who have been assessed by Comhairle nan Eilean Siar as being homeless, in priority need and unintentionally homeless. Applicants placed on the Waiting List include all other applicants, including current tenants of Hebridean Housing Partnership.

5.4 The ratio of allocations to be made to each category of applicant will be determined annually by the Board of Hebridean Housing Partnership.

5.5 We will operate a Mutual Exchange Scheme to enable its tenants to move to different parts of the islands by exchanging houses. We will also enable tenants to move to any other social landlord in the United Kingdom through exchange schemes.

5.6 Existing tenants of ours can apply for permission to exchange tenancies with other local authority or Housing Association tenants. Such requests will be considered under the terms of the Housing (Scotland) Act 2001 and permission to exchange will not be unreasonably withheld.

PROPERTY SIZE ENTITLEMENT

6.1 We will aim to make best use of its available housing stock. To make the most efficient use of stock, applicants will normally be included on the Housing List for a property size appropriate to their household's needs, including any medical or support circumstances. An applicant may choose to apply for a property which is larger than their household size entitlement but such an allocation would only be made in situations of low demand, where there is no appropriate matching applicant for the property.

6.2 Applicants should be cautioned that accepting a property which is larger than their household size entitlement may have financial consequences in terms of the introduction of 'bedroom tax' in April 2013. Applicants are also advised that the property size entitlement, as shown below, differs from the Welfare Reform criteria in relation to the ages of children sharing a double bedroom.

6.3 In most circumstances the following property sizes are considered appropriate for the household's needs:

Household Size	**Apartment**
Single Person	2 or 3 apt
Couple with no children*	2 or 3 apt
Couple or single person with 1 child	3 or 4 apt
Couple or single person with 2 children of the same sex under the age of 10	3 or 4 apt
Couple or single person with 2 children of opposite sex until the elder is aged 7	3 or 4 apt
Couple or single person with 2 children of the same sex over the age of 10	4 apt
Couple or single person with 2 children of opposite sex over the age of 10	4 apt
Couple or single person with 3 children	4 apt
Couple or single person with 4 children or more	5 apt (or larger if available)
**If a couple with no children indicate they would accept a 2 apt house they would be placed on the waiting list for a 2 apt house.*	

ASSESSMENT AND PRIOTISATION OF APPLICATIONS

7.1 On receipt of a completed application form, we will assess each person's eligibility under UK immigration rules and will prioritise the application according to the conditions set out in this policy.

7.2 We will establish a framework to verify applications, including seeking evidence to corroborate the applicant's age and identity. To comply with this framework each applicant will be required to submit evidence confirming their identity and address, together with evidence which substantiates their National Insurance Number.

7.3 Applicants who have previously held a tenancy with a local authority or Housing Association will be required to provide a satisfactory tenancy reference. We will not take up a reference which relates to a tenancy that was relinquished three or more years prior to the date of the housing application.

7.4 Applications for housing can be made jointly between members of a household. Where a joint application is made, a joint tenancy will be offered. Application from married, co-habiting, and civil partnerships will be assessed as joint applicants.

7.5 Our aim is to allocate all accommodation on a fair and equitable basis for people in housing need. An applicant's position on the Waiting List will be determined by the number of points awarded to the application, on the basis of their current circumstances. Applicants on the Priority Homeless List will be placed in order by the date of homelessness determination.

7.6 Housing needs will be assessed and prioritised using a points system. Points will be awarded for different housing needs as identified at Appendix A. Points will be awarded for more than one housing need where appropriate. Points are mutually exclusive within any one category. Where more than one criterion applies within a category the highest points applicable will be awarded

7.7 Houses will be allocated on the basis of housing need and offers of housing will therefore generally be made to the applicant for the area, type, and size of house concerned who has the highest need assessed by points at the time a vacancy occurs.

7.8 In the event that applicants have equal points then the allocation of a property would be made to reflect the date order of registration on the Housing List.

FALSE OR MISLEADING INFORMATION

8.1 Applicants, who give false or misleading information that materially affects either the priority awarded to their application or a subsequent allocation awarded to them, will have their application suspended. They will be advised of the reasons in writing and of their right to appeal. Where a tenancy has already been allocated and the misleading information has materially affected the decision to make the allocation, we may take the necessary legal steps to end the tenancy.

REASONABLE PREFERENCE

9.1 The Housing (Scotland) Act 2001 requires landlords to give priority to applicants in the 'Reasonable Preference' categories: These are applicants who:

- are homeless or threatened with homelessness;
- are living in houses which do not meet the tolerable standard;
- are living in overcrowded houses;
- have large families; or
- are living under unsatisfactory housing conditions.
- Are living in houses which are under occupied

9.2 Reasonable Preference does not mean that landlords must allocate a house to people in the reasonable preference groups regardless of its suitability. The allocation should be likely to lead to a sustainable, successful tenancy and make best use of the stock.

9.3 We will use its points system to give 'Reasonable Preference' to such applicants. In addition, we will operate a separate waiting list for applicants who are assessed as being Homeless by Comhairle nan Eilean Siar and where they wish HHP to provide permanent accommodation.

HOMELESSNESS (APPENDIX A TABLE 1)

10.1 We are committed to assisting the Comhairle in fulfilling its statutory duty to rehouse households assessed as statutorily homeless. A referral will not be refused without good reason.

10.2 We have entered into a Service Level Agreement with CNES in respect of how the operational aspects of the homeless service will be delivered. This agreement includes performance standards and details the responsibilities of each party to seek to prevent and resolve homelessness.

10.3 The agreement describes how appeals will be dealt with over issues of homelessness.

10.4 We will, in carrying out all functions associated with homeless persons, reflect the objectives of the local housing strategy of CNES.

10.5 It is our aim to create sustainable tenancies through its letting process and seeks to ensure that there are adequate measures in place to support new tenancies including those which are created through the Service Level Agreement with CNES.

10.6 Where there is doubt about the applicant's ability to sustain a tenancy, and the level of support needed is not available, we may choose to withhold an offer until the landlord is confident that an adequate support package is in place to reduce the risk of the tenancy failing. Provision is made for this in the Bypassing Applicants Section of this policy.

10.7 If an applicant has been assessed as unintentionally homeless, a reasonable offer will be interpreted as one which meets the applicant's housing needs, taking into account the general availability of housing in the area, the advice provided in the Scottish Executive's Code of Guidance on Homelessness, and the terms of the Service Level Contract with Comhairle nan Eilean Siar.

10.8 Homeless applicants will be treated in exactly the same way as housing and transfer applicants.

TOLERABLE STANDARD (APPENDIX A TABLE 2)

11.1 In relation to those applicants who occupy houses which do not meet the tolerable standard, this standard is defined by section 86 of the 1987 Act as amended by section 102 of the 2001 Act and section 11 of the 2006 Act.

11.2 The following definitions will apply to the Condition of Dwelling category at Appendix A:

Seriously Sub-Standard	Structurally unstable No piped water supply No sink with hot and cold water No bath/shower and wash hand basin No WC
Severe Disrepair	Rising or penetrating damp Ineffective drainage Unsatisfactory provision for lighting or heating
Lacking Amenities	Unsatisfactory cooking facilities Electrical Installations do not comply requirements Absent or inadequate insulation Unsatisfactory access to outbuildings

OVERCROWDED HOUSES (APPENDIX A TABLE 3)

12.1 Part VII of the 1987 Act defines overcrowding. When the number of people sleeping in the house contravenes the room standard or the space standard, a house is overcrowded.

12.2 The following definition of overcrowding also helps to ensure that we award priority to Large Families, as required by the legislation in connection with reasonable preference:

a) One room in a dwelling should be available for sole or shared use as a living-room when the applicant's family comprises 2 or more persons.

b) A double bedroom is considered sufficient for:

- Couple living together;
- 2 persons of the same sex under the age of 10; or
  2 persons of opposite sex until the elder is 7.

c) If the applicant has sublet any part of the accommodation such room or rooms are included in the assessment of overcrowding.

d) If the applicant occupies shared accommodation and this causes hardship through overcrowding to the occupants, such room or rooms which are occupied by the applicant but needed by the occupants will be included in the assessment of overcrowding.

e) One parent family: If no separate bedroom is available 10 points should be awarded for shortage for parent, plus whatever is required for his/her family.

f) Couple: Where only a single bedroom is available for a couple 10 additional points will be awarded.

Occasional Overcrowding as a Result of Access to Children

Where an additional bedroom is required because of frequent and regular access visits by a child under 16 years the access arrangements can be considered in the determination of the appropriate size of property offered to the applicant.

Note: Proof of access arrangements may be required (e.g. solicitors letter, court judgement etc). However more informal arrangements will be considered for an additional bedroom.

MEDICAL FACTORS (APPENDIX A TABLE 4)

13.1 We will award reasonable preference to applicants that currently occupy unsatisfactory housing conditions under the Medical Factors pointing category.

13.2 We will use the following definitions to award Medical Priority:

Urgent	Applicant has a serious, long term condition and their current accommodation poses a major danger to their health and this can be removed or significantly alleviated by re-housing. This priority will be considered for applicants in the most urgent medical need including those with severe mobility or extreme medical conditions. It will also be awarded where the need for re-housing results from residential, institutional or hospital care.

High	This will be awarded to applicants whose ill health is significantly affected by their current accommodation and whose condition is likely to be improved by suitable accommodation. The danger to health is less immediate, but there is still a significant health related housing need. There will need to be clear evidence that alternative housing will significantly improve the health needs of the applicant.
Medium	Where a medical condition is affected by the accommodation and where there would be a clear improvement in the medical condition or quality of life of the applicant by re-housing.
Intermediate	Where there is a housing need to move home to give or gain support or where minor improvement in quality of life can be achieved by a change of accommodation.

EX-SERVICE PERSONNEL (APPENDIX A TABLE 5)

14.1 Ex-service personnel and their families can face particular housing challenges as they leave the Armed Forces. The Scottish Government is committed to helping ex-service people and has encouraged landlords to consider their needs and to respond appropriately.

14.2 We will give applications from ex-service personnel fair and sympathetic consideration and will ensure these are not disadvantaged, compared with other applicants.

14.3 Priority will be awarded to ex-service personnel who have left the Armed Forces within the past 12 months, or expect to leave within six months of submitting a Housing Application Form. This applies to service personnel who leave under honorable discharge or medical discharge and who have completed at least three years' service.

SOCIAL FACTORS (APPENDIX A TABLE 6)

Harassment and Abuse

15.1 Reasonable enquiries will be made where an applicant wishes to move because of, for example, harassment, abuse, domestic or other violence. These enquiries will at all times be made in a sensitive and appropriate way. No unnecessary delays will apply in the processing of the application in the case of applicants seeking housing as a result of harassment or domestic abuse nor in subsequent offer of housing.

15.2 We recognise that some applicants are subjected to different types of abuse and harassment and that people have a right to live a life that is free from such treatment.

15.3 We acknowledge that there are many different types of harassment and that there are different causes and remedies for each type. Some typical types of abuse include the following, although the assessment process is not limited to these:

- domestic abuse;
- racial harassment;
- religious or sectarian harassment;
- homophobic harassment;
- harassment of disabled people; and
- harassment of those with learning disabilities.

15.4 The award of Social Factor points is determined by the Allocations Officer based on reports from the Social Work Department, Police, or other agencies.

<u>Social Inclusion</u>

15.5 Our aim is to promote Social Inclusion through the allocation of its housing stock and to prioritise those applicants who may be disadvantaged in terms of ethnic background, educational ability, physical disability or other social reasons.

15.6 In order to promote the wellbeing of vulnerable and socially excluded people, priority under health or social criteria may be awarded when a letter of support is provided by the appropriate agency. We will use the following definitions for the award of Social Factor points:

Urgent	Danger of harassment or domestic violence House with stairs where applicant is unable to access facilities
High	Waiting list applicant that needs adapted property
Medium	Needs bigger house due to custody of children Excessive steps or stairs, needing ground floor accommodation Current property is aggravating mental or physical health To give support or receive support from family member
Intermediate	Needs to move due to neighbour dispute/antisocial behaviour Family with young children living in upper floor flat.

15.7 Priority will also be awarded to applicants who are leaving institutional or therapeutic care. Examples include:

- Young people who have been looked after by Social Work Department;
- People leaving long term hospital care;
- Patients who are ready to leave hospital and are 'bed blocking';
- People leaving residential or nursing care;
- People leaving prison or probation hostels; and
- People leaving supported accommodation.

15.8 In order to achieve an appropriate balance between our responsibilities under the terms of the Management of Offenders etc (Scotland) Act and also its responsibility to protect community safety, a Bypassing of Applicants Section has been incorporated into this policy.

We acknowledge that, while properties will always be let in line with this Allocation Policy, the landlord should aim to create a tenancy which is both suitable and sustainable and that there may be some exceptional circumstances in which the most appropriate allocation may not be to the applicant at the top of the Housing List.

15.9 The Bypassing of Applicants Section will help us address issues such as the following:

- Avoiding potential lifestyle clashes;
- Keeping a good mix of household type and avoiding over concentration of any specific category of tenant in an area; and
- Where there are circumstances known to us which would make a specific allocation inappropriate.

This is not an exhaustive list.

15.11 The above criteria will not prevent us giving reasonable preference to the categories of households as set out at 20(1) of the Housing (Scotland) Act 1987 (as amended); and we will also continue to aim to meet the duty to provide permanent accommodation to homeless people under section 31(2) Housing (Scotland) Act 1987 (as amended) or Section 5 of the Housing (Scotland) Act 2001.

<u>Community Safety Statement</u>

15.12 *"HHP will in the process of allocating its houses take account of issues associated with Community Safety. In allocating properties to specific categories of applicants (e.g. registered sex offenders, discharged prisoners who have committed particularly serious offences, including drug dealers, people with a record of violence or serious anti-social behaviour) HHP will collaborate with appropriate agencies to ensure Community Safety is protected. HHP will follow best practice and relevant guidance in this respect and will formalise operational protocol with partner agencies such as Social Work, Education and Police. Any decision regarding allocation of houses taken solely on Community Safety grounds (i.e. out-with the normal operation of the Allocation Policy) must be approved by the Director of Operations."*

Housing Violent Applicants and Sex Offenders

15.13 In terms of the Management of Offenders etc (Scotland) Act 2005 it is our legal duty to co-operate with the Responsible Authorities (Police, Health Service, Scottish Prison Service and Comhairle nan Eilean Siar) in the assessment and management of risk posed by violent applicants and sex offenders who are living or who may come to live in our houses. This duty is reciprocal.

15.14 The Responsible Authorities will put in place joint arrangements for assessing, monitoring and managing risk posed by sex offenders. These arrangements are known as Multi Agency Public Protection Arrangements (MAPPA) and emphasise information sharing and public safety. We will co-operate fully with MAPPA in its role as housing provider.

15.15 We are committed to working within the Scottish Government's National Accommodation Strategy for Sex Offenders (NASSO). NASSO aims to improve public safety by providing a clear and consistent framework for housing sex offenders by ensuring proper resources and procedures are in place to manage risk.

15.16 Where community safety considerations require special arrangements to be made to house a sex offender, their victim or someone at risk, pointing will be awarded in line with the Exceptional Circumstances section of the Allocation Policy.

ADAPTED HOUSING (APPENDIX A TABLE 7)

16.1 Where properties are designed or adapted for special needs, priority consideration will be given to applications where the applicant or a household member has a mobility or medical requirement and would benefit from the type of adaptation available.

16.2 We recognise the changing needs of its tenants. Where a specially adapted property is no longer required by a family, then priority and assistance can be given to relocate the family to another general needs property and to allocate the adapted house to a family with matching needs. The pointing table at Appendix A makes provision for prioritising these applicants.

16.3 Where we have carried out alterations or adaptations to a property, based on the current tenant's medical needs, the tenant of that property will not be eligible to apply for a transfer to another property, unless an Occupational Therapist can verify that the property no longer suits that individual's physical needs or that the property to which the applicant is moving is assessed as suitable and will not require further significant adaptations.

16.4 The Housing (Scotland) 2014 gives landlords the option to apply to the Court to recover an adapted property if it is not being occupied by anyone who needs the adaptations.

16.5 We may seek to encourage tenants in such properties to move where the property is required for the household which requires its adaptations. This will always be handled with great sensitivity and would seek to provide assistance and support to move.

16.6 We would only take recovery action in exceptional circumstances and this would require Board approval. Exceptional circumstances would be where the property was required for a household:

- Who are unable to occupy their current property due to its unsuitability and where it cannot reasonably be adapted;
- Where a household member is ready to leave hospital but are unable to do so until suitable accommodation is available and are bedblocking; or
- Were a family member has to live separately from their family.

These are examples and each case would be looked at individually.

UNDER OCCUPATION (APPENDIX A TABLE 8)

17.1 We will encourage tenants who under occupy their homes to move to a more suitable size of property and will provide priority to those applicants under the Under-Occupation pointing category of this policy.

LACK OF SECURE TENANCY (APPENDIX A TABLE 9)

18.1 Priority will be awarded to applicants who are living in insecure accommodation.

The definition of insecure accommodation includes people who:

a) are tenants but do not have a tenancy agreement;

b) are an established household and currently share facilities with another household;

c) live in tied accommodation;

d) occupy a caravan;

e) have a short assured tenancy;

f) suffer financial hardship due to high rents; or

g) have been issued with a legal notice to leave the property.

TRAVEL TO WORK DIFFICULTIES (APPENDIX A TABLE 10)

19.1 Where an applicant requests accommodation in order that travel to work difficulties can be addressed, additional pointing may be awarded, subject to verification by the employer. This priority will be awarded to applicants who need to be near their place of employment where distance, transport arrangements or financial difficulties prevent ease of access.

TIME ON LIST (APPENDIX A TABLE 11)

20.1 All applicants for housing will be asked annually in writing whether or not they wish to remain on the Housing List. On the anniversary of the Housing Application Form being received, additional pointing will be awarded for each complete year on the Housing List, up to a maximum entitlement of five years.

SHELTERED HOUSING

21.1 Sheltered housing vacancies will be allocated on consideration of the points awarded for each applicant together with an assessment of needs. The assessment will be carried out jointly with Social Work or other appropriate agency.

SUPPORTED ACCOMMODATION

22.1 Supported accommodation vacancies will be allocated on consideration of the points awarded for each applicant together with an assessment of needs. The assessment will be carried out jointly with the appropriate agency.

22.2 We will actively work with the Local Authority and support providers to ensure that appropriate support arrangements are put in place before a tenancy starts.

22.3 We recognise its Care in the Community role and will allocate properties to client groups with particular needs in liaison with appropriate external agencies.

22.4 We will work with other agencies to assess and meet the housing needs of vulnerable people. Properties will be leased directly to other agencies to enable them to deliver support and other services to vulnerable clients.

22.5 We also recognise the requirement for move-on accommodation from supported housing and will establish work with other agencies to identify appropriate properties to meet this need.

22.6 We will work with NHS Western Isles to resolve the problems associated with 'bed blocking', where a patient is ready to return to the community but does not have access to suitable accommodation. Applicants who fall into this category will be awarded additional pointing under Medical Factors, to ensure their application is addressed on an urgent basis.

KEY WORKER STATUS

23.1 Priority will be given to those with key worker status. Key worker status is defined as where

1. Local recruitment has not been possible for a post or where local recruitment is not likely in view of the skills required

2. And where failure to recruit will have a serious impact on the local economy or individual business or where failure to recruit will have a detrimental impact on health and wellbeing of local business.

23.2 We will enter into agreements with local employers to provide access to housing as quickly as possible after recruitment. This commitment can then be provided as part of the recruitment process.

23.3 The property location, type and size will be agreed with the employer and successful job applicant taking into account individual circumstances, the nature of the post and the availability of housing.

PROPERTY OWNERSHIP

24.1 Section 5 of the 2014 Act allows ownership of property to be taken into account when allocating properties. The HMWG agreed to adopt this provision.

24.2 Section 24 of the Allocations Policy now states that owners of property will not normally be allowed housing. However, property ownership cannot be taken into account in the following circumstances:

- The owner cannot secure entry to the property for example due to severe structural faults or where there are squatters living in the property;
- Where it is probable that occupying the property will lead to abuse from someone currently living or was living in the property;
- where occupation may endanger the health of the occupant and there are no reasonable steps that can be taken by the applicant to prevent that danger

FACTORS NOT TO BE TAKEN INTO CONSIDERATION

25.1 The following factors will not be taken into consideration in allocating housing:

a) The Housing (Scotland) Act 2001 specifies that, in allocating houses, the landlord shall not take account of whether an applicant is resident in their area if the applicant:

i) is employed, or has been offered employment, in the area;

ii) wishes to move into the area and they are satisfied that his purpose in doing so is to seek employment;

iii) wishes to move into the area to be near a relative or carer;

iv) has special social or medical reasons for requiring to be housed within the area;

v) is subject to conduct amounting to harassment, or

vi) runs the risk of domestic violence.

25.2 Applicants who satisfy the above conditions will be prioritised in terms of our assessment process. Applicants who do not satisfy the above criteria will be accepted onto the Housing List but will only be housed where there is no demand for a property.

b) Tenancy related debts:

i) for which the applicant has no legal responsibility;

ii) which no longer exist as full payment has been made;

iii) where the amount outstanding is less than one month's rent (net of Housing Benefit Credit); or

iv) where a repayment arrangement has been made and agreed with the landlord, in accordance with which payments have been made for at least 3 months and payments are continuing.

c) Non tenancy debts;

d) Personal references;

e) Income of the applicant or his/her family;

f) Ability to pay; and

g) Property ownership or the value of property owned.

THE ALLOCATION PROCESS

26.1 Vacant properties will be allocated using a computerised matching process. Allocations will normally be made to the applicants with the highest number of points for particular vacancies:

a) where the applicant has an indicated preference for housing in the lettings area and where the property size, location and house type meet the applicant's requirements;

b) where the applicant has a need to reside in that lettings area by virtue of current residence, employment, medical, support or other reasons;

c) where Provided this meets the need of community safety; and

d) does not compromise on individual safety.

26.2 Applicants will be contacted by phone, text, or e-mail to ascertain their interest in a particular vacancy. Prospective tenants will be offered the opportunity to view the property prior to accepting the tenancy. Informal contact will be followed by a written offer of accommodation.

26.3 Where an offer matches all the criteria specified in the application form it will be treated as a formal offer, provided the applicant's choices remain unchanged at the date of offer.

26.4 If an applicant for housing refuses two reasonable offers of accommodation within one year, their application will be suspended for 12 months. An offer will be considered reasonable if it meets the applicant's choices and needs. Individual circumstances will be taken into consideration before suspension decisions are implemented.

26.5 The Performance Standards make it clear that landlords should maximise choice for applicants when allocating housing. We will gather detailed and accurate information from each applicant, allowing them to be specific about the location and type of housing they would consider most appropriate.

26.6 To enable applicants to make informed and realistic choices about their housing options, we will provide information on stock availability and turnover in their area of choice.

26.7 Maximising choice for the applicant aims to reduce the number of abortive offers and refusals which contribute to increased void periods and rent loss.

26.8 If it is found that an applicant has purposely changed address or acted otherwise to worsen his/her housing circumstances to increase the award of points, the application will be assessed as if such a change has not been made. In such cases, this decision will be reviewed every 6 months by the Allocations Officer.

TENANCY AGREEMENT

27.1 We will, in most cases offer, a Scottish Secure Tenancy to applicants being housed. A Scottish Secure Tenancy grants tenants a number of rights including Security of Tenure, Entitlement to a Joint Tenancy, Right of Succession and the Right to Sub-let, Assign or Exchange their tenancy.

27.2 The Short Scottish Secure Tenancy will be employed in statutorily appropriate situations as provided by the Housing (Scotland) Act 2001 and in line with any procedural guidelines agreed by the Board. Use of the Short Scottish Secure Tenancy is currently restricted to the following circumstances:

- lets to people evicted for anti-social behaviour within a period of 3 years;
- lets to people who are the subject of an ASBO granted after 30 September 2002;
- temporary lets to people moving into the area to take up employment;
- temporary lets pending development affecting the house;
- temporary lets to Homeless people;
- temporary lets to people requiring housing support services; and
- lets in houses leased by the landlord from another body, where the lease prevents subletting under a secure tenancy.

27.3 In the event of housing properties being let by us for non-housing use appropriate commercial leases will be used with rental levels agreed by the Board. Decisions as to whether to offer properties for non-housing use will be made by the Board.

ALLOCATION TO STAFF AND BOARD MEMBER

28.1 Board Members, staff and their close relatives will only be allocated a Partnership property under the following conditions:

a) the allocation is permitted by Schedule 7 of the Housing (Scotland) Act 2001 or any subsequent legislation; and

b) the allocation complies with Scottish Housing Regulator guidance.

28.2 A "Board Member" is a member of our main Board of Management and includes co-opted members, including those co-opted directly on to subcommittees. A "close relative" is a direct relative by blood or marriage including step-relatives and a person's spouse/partner, parent, grandparent, child, grandchild, sister or brother.

28.3 A "member of staff" is defined as an employee of ours or a directly associated company.

28.4 A recommendation to allocate a house to a Board Member, or a member of staff who has been a Board Member or a member of staff within the previous 12 months or a close relative of either will be reported to the Board for decision before being recorded in a Register in compliance with Schedule 7 of the Housing (Scotland) Act 2001. This is consistent with our Disclosure of Interest Policy.

SUSPENSIONS

29.1 A suspension happens when someone has been accepted onto a Housing List but is told that they will not be eligible for an allocation until:

a) a certain period has elapsed;

b) their conduct has changed; or

c) a change in circumstances has occurred.

29.2 We will keep the use of suspensions to a minimum and in line with legal requirements and good practice guidelines.

29.3 We may in special circumstances decide not to suspend an application where the assessed needs of the household outweigh any other concerns.

29.4 We may suspend applicants from the Housing Register on the following grounds:

a) breach of tenancy conditions;

b) arrears of rent or other tenancy debt;

c) history of anti-social behaviour; or

d) violent or threatening behaviour towards staff.

Breach of Tenancy Conditions

29.5 Where a Housing List applicant is or has been a tenant of a local authority or a housing association within the previous 3 years, a tenancy reference will be requested. Where the applicant is a current tenant and the reference is unsatisfactory, the application shall be suspended. Where a suspension is made, this can be lifted at any time if the applicant provides evidence that issues have been addressed. An updated tenancy reference from the landlord will have to be provided.

Arrears of Rent or Other Tenancy Debt

29.6 Where applicants have arrears of rent, service charges or rechargeable repairs, which they incurred as tenants they will be suspended from the Housing Register unless:

a) the debt has been repaid in full;

b) the debt is more than 5 years old;

c) the debt as less than or equal to one twelfth of their annual rent; or

d) a satisfactory arrangement has been made to repay the debt and that an arrangement has been kept to for at least 3 months and is continuing to be met.

History of Anti-Social Behaviour

29.7 An applicant shall be suspended from the Housing Register where:

a) the applicant has been evicted for anti-social behaviour in the last 3 years;

b) the applicant has had an ASBO granted against them in the last 3 years relating to their conduct in a previous home;

c) the applicant has been evicted for causing substantial damage to the landlord's property within the last 3 years; or

d) where a relevant authority has taken successful legal action on the grounds of conduct in a previous home within the last 3 years, and where there is a reason to believe that the behaviour will recur.

Violent and Threatening Behaviour

29.8 We operate a zero tolerance approach towards violence or threatening behaviour against staff. Evidence of this behaviour by any applicant or member of the applicant's family will result in immediate suspension for 12 months.

29.9 Decisions on suspensions will be made by the Allocations Officer or their Line Manager.

29.10 After an application is suspended the applicant will be given the following information:

- why the application is suspended;
- an explanation as to what suspension means;
- how long the suspension will last; and
- what they have to do to have the suspension removed.

29.11 A suspended applicant will have the right to appeal using our Complaints Procedure which will be enclosed with the letter advising the applicant of their suspension.

BYPASSING APPLICANTS FOR OFFERS OF HOUSING

30.1 We will normally offer the tenancy of a vacant property to the applicant with the highest number of points and who has a need for that particular size and type of house. There may be some situations where applicants will be bypassed for an offer of housing and these are detailed below:

- there is evidence that the allocation would place the community, or an individual at risk;
- enquiries into the household's circumstances provide clear evidence that a particular allocation is unsuitable or inappropriate;
- an applicant is subject to immigration control and is not entitled to be offered a tenancy;
- an applicant has an unsatisfactory tenancy reference in terms of rent arrears, condition of property or anti-social behaviour;
- the property is too large for the household;
- the property is too small for the household;
- the property has special features which are not required by the applicant;

- the applicant or a family member has a condition which makes the property unsuitable;
- the applicant requires support and assistance to sustain a tenancy and the support is not available or in place;
- the applicant is in supported accommodation and is not ready to move to independent living;
- the applicant's circumstances have changed and information is awaited or required to enable their application to be re-assessed; or
- any quota for that applicant group has been reached.

30.2 Applicants have a right to appeal against suspension decisions, as specified in Section 32 of this Policy.

ANNUAL REVIEW

31.1 All applicants for housing will be asked annually in writing whether or not they wish to remain on the Housing List. If there is no response to this request within a reasonable time the application will be cancelled. The applicant will be notified of the decision in writing.

31.2 Every applicant must inform us in writing of any change in circumstances immediately the change occurs.

31.3 All reasonable effort will be made to contact applicants.

INFORMATION AND ADVICE

32.1 We will provide applicants with appropriate and good quality information and advice regarding their housing application. We will provide a specific leaflet on the Allocations Policy which will be reviewed after each review of the Allocation Policy. Other means of communication with applicants such as use of the internet will be investigated and developed.

32.2 We will treat all applicants for housing with courtesy, sensitivity and in complete confidence. Applicants can request an interview with a member of staff to discuss their housing application. Applicants will have the right to have a relative, friend or adviser present at any interview. Interviews will be held in private interview rooms and all information will be treated in complete confidence.

32.3 Applicants will have the right of access to personal files under the General Data Protection Regulation (GDPR). Applicants wishing to exercise this right can do so by contacting the local HHP office. Reasonable notice of such a request is necessary.

32.4 Applicants will be told their position on the housing list following assessment or review.

PERFORMANCE & MONITORING

33.1 To ensure compliance with equal opportunities, we will compile monitoring information at the point of application and each allocation, to include ethnic origin, gender and any disability of applicants. The information gathered will be recorded and kept separately and will be used for monitoring purposes only, and in accordance with Data Protection requirements.

33.2 Performance monitoring and review is a useful tool in ensuring that the objectives of our Allocation Policy are met. We will ensure that performance information is used to identify barriers and gaps in the Allocation Policy and practice. Monitoring and review is therefore an integral part of the allocation process and will be accorded appropriate resources.

33.3 Monitoring information will be collated and reported to the Board annually and to the Scottish Housing Regulator as required.

33.4 Written reports on various aspects of allocations will be made to the Board. The frequency and format of such reports will be determined by the Board.

33.5 Performance reports will include:

a) time taken to re-let properties;

b) rent lost as a result of properties being vacant;

c) the ratio of allocations made from the Housing List and Transfer list;

d) numbers housed from the Housing, Transfer and Homeless Lists; and

e) time to add applications to the register.

APPEALS AND COMPLAINTS PROCEDURE

34.1 If an applicant is not satisfied with the way in which any decision concerning their application has been reached or the way the application has been handled a complaint should be submitted as detailed in our Complaints Policy.

34.2 The complaint will be investigated and the outcome advised within 20 working days. If the complaint is complex and there is a delay in reaching a conclusion within the 20 working days the reason for the delay will be given within 20 working days and a revised date of determination of the complaint given.

34.3 The final response will be communicated in the most appropriate manner for the service user and any verbal communication followed up in writing.

34.4 If the complaint is not resolved to the satisfaction of the applicant an Appeal should be submitted in writing to the Partnership's Chief Executive who, within five working days of receipt, will acknowledge receipt. The Chief Executive will then issue a response to the appeal within 20 working days.

REVIEW OF POLICY

35.1 This policy statement is being reviewed by the Board of Hebridean Housing Partnership on 28 November 2012.

35.2 We reserve the right to change or amend this policy after review and subject to further approval by the Board, and to re-assess the status and priority of applicants in accordance with such policy revisions.

35.3 We will consult with tenants in accordance with the provision in the Housing (Scotland) Act 2001. It will also consult with applicants where practicable.

35.4 Consistent with the terms of the Business Plan, the Policy will be reviewed thereafter at intervals not exceeding three years.

APPENDIX A

POINTS TABLES

1. Homelessness

Unintentionally Homeless - Where an applicant is determined by Comhairle nan Eilean Siar as being unintentionally homeless, or threatened with homelessness within two months, (as defined in Part 7 of the Housing (Scotland) Act 2001) the applicant will be added to HHP's Homeless List

2. Condition of Dwelling

Points will be awarded if the property is in poor condition as assessed by HHP.	
Seriously Sub-Standard	25 Points
Severe Disrepair	20 Points
Lacking Standard Amenities	15 Points
Maximum Points Available	25 Points

3. Overcrowding

Points will be awarded for each additional bedroom required to meet HHP's eligibility criteria for adequate sized housing:		
Shortage of bedrooms		
Waiting List	- Per single bedroom - Per double bedroom	5 Points 10 Points
Transfer List	- Per single bedroom - Per double bedroom	10 Points 20 Points

4. Medical Factors

Points are awarded based on medical certificates provided by GP's when current housing conditions are detrimental to the applicant's health.	
Intermediate	15 Points
Medium	20 Points
High	30 Points
Urgent	50 Points
Maximum Points Available	50 Points

5. Service Personnel

Points will be awarded to ex-service personnel who have left the Armed Forces under honourable discharge or medical discharge and who have completed at least three years service.	
Ex – service applicant	20 Points

6. Social Factors

Social points are determined by the Allocations Officer after receiving a report from the Social Work Department or other relevant agencies. Points are awarded on receipt of report	
Intermediate	10 Points
Medium	15 Points
High	20 Points
Urgent	25 Points

Priority under the Social Factors category will also be awarded to applicants who are leaving institutional or therapeutic care as follows:	
a) Young people who have been looked after by Social Work Department b) People leaving long term hospital care c) Patients who are ready to leave hospital and are 'bed blocking' d) People leaving residential or nursing care	15 Points
e) People leaving prison or probation hostels f) People leaving supported accommodation	10 Points

7. Adapted Housing

Transfer Applicant	Where applicant is seeking to vacate an adapted house, and tenant no longer requires use of adaptation	30 Points
	Seeking move to a suitable, adapted property, to avoid necessary adaptations to existing home	20 Points

8. Under Occupation

If an applicant is under occupying a house and wishes to move to a smaller house		
Under Occupation of Bedrooms		
Waiting List	- Per bedroom	5 Points
Transfer List	- Per bedroom	10 Points
For pointing purposes a 3-apartment dwelling is regarded as a suitable dwelling for a single person or a couple		
Maximum Points Available	30 Points	

9. Lack of Secure Tenancy

Points will be awarded to applicants who are living in insecure accommodation.
The definition of insecure accommodation includes people who:

a) do not have a tenancy agreement
b) share facilities with another household
c) live in tied accommodation
d) occupy caravans
e) have short assured tenancies
f) suffer financial hardship due to paying high rents
g) are determined as having insecure occupancy rights by the Allocations Officer

(only one of the above categories will be applied)

Maximum Points Available	10 Points

10.Travel to Work Difficulties

Points are awarded where there are factors that affect the applicant's ability to sustain employment. Points will be given to those who need to be near their place of employment where distance, transport arrangements or financial difficulties prevent ease of access, subject to verification by the employer.

Travel to Work Difficulties	5 Points
Maximum Points Available	5 Points

11. Time on List

For each complete year	5 Points
Maximum Points Available	25 Points

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
5.0	Clarification of Exceptional Circumstances	10 September 2009	Tony Pendle
6.1	Priority Homeless List introduced; Incorporation of Staff Guidance Note; Emphasis of Social Inclusion written into Policy; Prioritisation of Ex-Service Personnel clarified; Section on "Bypassing of Applicants for Offer of Housing" incorporated into Policy.	28 November 2012	John Alick MacQuarrie
7.0	Changes to homelessness legislation incorporated – abolition of Priority Need; Local connection clarified; Ex-Service Personnel policy clarified; Clarification of insecure accommodation; Clarification of time on list points.	27 November 2013	John Alick MacQuarrie
7.1	Data Protection wording updated	7 May 2018	Angela Smith
8.0	Changes to legislation following implementation of Housing (Scotland) Act 2014: Reasonable Preference; Recovery of adapted properties; Property ownership; Extension of time period for Ex-Service Personnel. Key worker status added. Amendments to intermediate and medium medical points awarded.	20 March 2019	Donalda MacKinnon

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
Allocations Officer	Staff member
Close Relative	A direct relative by blood or marriage including step-relatives and a person's spouse/partner, parent, grandparent, child, grandchild, sister or brother.
Housing Register	Waiting list
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

ALLOCATIONS POLICY CONSULTATION RESPONSES

APPENDIX 2

Question 1	Yes	No	Don't Know	Comments	Summary
Reasonable Preference - Do you think there are other caterogies of housing need which should be given priority?	7	10	3	* People looking to move for employment * People working in important jobs * People moving to be near relatives in need of care & supported accommodation * Meet local demand, individuals and families who currently have family living in the area * Consideration for those who have been born and raised on the island for at least 14 years since birth. Consideration for those who have lived on the island for over a set period number of years (eg 7). Consideration for young families wishing to return to the island and can prove close island immediate connections.	There is a divided opinion on this. The last comment detailed is not legal and should not be taken into consideration. Views from the working group on this.
Question 2	**Yes**	**No**	**Don't Know**	**Comments**	**Summary**
Adapted Housing Recovery - Do you agree with this proposal?	17	1	2	* Seems reasonable. I am aware that there is a marked shortage of housing especially housing that has suitable facilities/adaptations for disabled people. *Some of your proposal *The tenant cannot leave his house until he restores every thing as it was *I don't agree with a lot of your policies *we agree with this proposal. It would be important to have appropriate incentives in place, for example, an adequate decorating and floor covering allowance. Any proposal to repossess should always be sensitively and sympathetically handled.	Clear majority in agreement. A decision was previously made by the working group on the approach to recover adapted properties in exceptional circumstances and Board approval would be required. Points table see category 7.
Question 3	**Yes**	**No**	**Don't Know**	**Comments**	**Summary**
Property Ownership - Do you think the ownership of property should be taken into account when deciding on an applicants priority?	14	4	2	*No, unless clearly the applicant does not require a property and may be using the system for their own financial gain fraudulently *Yes. However where Applicants are moving to the Islands to take up employment in much needed health and social care positions is it reasonable to allow a level of flexibility or consideration of a trial period. Would it be unreasonable that those Applicants taking up a permanent position must not leave that position within a two year time period and must make the Islands their permanent home? *People that look after there home should be given priority as should people with ill health *Yes, particularly given current waiting list pressures. *Yes if they own locally	The general response to property ownership is this should be taken in to account.

Question 4	Yes	No	Don't Know	Comments	Summary
If so, do you think the exceptions above are the right ones or should there be others?	9	6	5	* There should be others *I think the exceptions detailed are correct *They are correct *Think these are the right ones. Don't think others *Yes, others - perhaps animal mess or access - should be more available, regularlys *No - local people should be given first choice *We agree with the exceptions listed. *If they own property away off island * If an applicant owns a property in disrepair/uninhabitable, then they must be given an option as to what they intend to do with it. Either sell it to get a HHP house or no HHP house. It is unfair to see tenants own property (in disrepair) when other private individuals potentially could buy it and repair it to a standard that would provide adequate housing for someone else rather than let another derelict house fall to the ground.	Althought the majority were in agreement with property being taken into consideration there was a mixed response on whether the correct categories are in place. Views from the working group required.
Question 5	**Yes**	**No**	**Don't Know**	**Comments**	**Summary**
Should single households be given an increased chance of being allocated housing by giving them access to a 2 Bedroom property in all areas?	17	2	1	*Only if thee is a significant shortage of single household properties available *if there are houses available *Provided there are no other demands in that area. Is it worth considering that two bedroom houses are provided to mainly to single Applicants who may have health/social needs that may occasionally require a Carer to provide support particularly overnight? *Depending on individual circumstances *As there are not sufficient 1 bedroom properties I would say yes, because at present single person applicants are at a disadvantage *You can allocate a 2 bedroom housing for 1 tenant only in the case of the urgency of his settlement and not having a 1 bedroom housing. *Yes, definitely think it is a great idea, I'm single household would help me a lot *Yes - they should the way my medical problems are developing. I'm going to need a carer to stay at night at some point *Yes, particularly due to the proposed move towards 'Rapid Rehousing' for homeless households. This may free up more 3 bedroom properties for larger families if households are willing to downsize. *Yes and you should stop building 1 bedroom homes *Yes. Single people should be given an option. There may be some who are content with one bedroom, however, there are others hopeful of meeting someone or starting a family.	The majority of responses show that they are in agreement with single applicants being allocated a 2 bedroom property. Discussion with working group

Question 6	Yes	No	Don't Know	Comments	Summary
Prioritising Applicants - Should applicants be prioritised for housing if moving to the area for work purposes in areas such as Health or Social Care etc?	11	6	3	* No. If moving for work is a reason it should be for all types of employment not just for health or social care etc. *Yes, definitely, I agree with this a lot and I'm affected by this, this would help me a lot *Any applicant that is doing any important work should be considered but not to the exclusion of others *Yes, if applicants are moving to the area to take up a key post where it has been difficult to recruit locally. It would be useful to consider reintroducing a 'Key Worker' Scheme. It would be important to define the key worker criteria but it would be useful to cover a wider range of jobs than was historically included, such as Care Workers, for example. *Yes but all workers contribute to the economy of the island and all should be classed as key workers *No. Should be fair across the board. There are many local people in jobs that have to stay with parents/family but are in key positions. They should not be discriminated against for already living on the island with family.	The responses are even however there is a small number in favour of prioritising those wanting to move to the area for work purposes. Should we be prioritising regardless of work? Working group discussion?
Question 7	**Yes**	**No**	**Don't Know**	**Comments**	**Summary**
Prioritising Applicants - Should people with no local connection be allowed greater access to housing to assist with our population decline?	10	8	2	* No. Not when there is already insufficient housing available locally. *I think people who have lived in the area for several years should have priority *Re population decline - yes *Yes dependant on availability of housing and demand by locals *Yes, to give housing to not local people *Yes I think so especially on a case by case basis if work starting key areas but local or connection people should get priority *Definitely not. Too much of this has been going on since 1975 when the Stornoway town council became the WIIC *Yes, but in rural areas only, due to the high demand for housing in Stornoway and other centres. *Yes but priority should always be local people	50/50 split - discussion with working group

Question 8	Yes	No	Don't Know	Comments	Summary
Prioritising Applicants - If you answered yes to question 7 what criteria if any should be taken into account?	10		10	*A) Have an appreciation for Island Culture and the unique environment of the Islands. A wish to learn about these and sustain them. B)Have skills and abilities that would contribute to the Islands Communities and Environment. Particularly the natural environment. C) Have family or friends who wish to move as well. D) No history of anti-social behaviour over the previous two years. *I think incomers should integrate into our Island ways and customs *Surplus of housing stock. Demand for housing by local residents. Suitability of available housing stock *If a person works here and he does not have his own housing *Local connections employment/offers of employment reasons for moving employment in key sectors, key workers *Higher priority given to those who are offered employment in Health & Social Care *Applicants who would add social and economic value to the area. *People who already have family on the island and have been born there	50/50 split - discussion with working group
Question 9	**Yes**	**No**	**Don't Know**	**Comments**	**Summary**
Medical Priority Points - Do you think this approach and these definitions are correct?	16	1	3	*Not Sure. Do not know enough about Housing etc. *Some are certainly correct *Yes I think this approach fine and definitions seam clear *No. Attending to sorting out the properties you lease out would help *Yes, we feel that this approach and the proposed definitions are correct. *The approach is correct. Medical is a concern and ensuring adequate housing is important. Not sure of the pointing system as it seems really high but assume evidence for this would come from a Doctor.	Clear majority agreeing with the current approach. Should intermediate be changed to 15 and Medium to 20 as the majority are put into the imtermediate category - discusion with working group

Other Comments
I think the approach on the consultation is good. I think it is very thorough and I think that time on the waiting list should be considered and given a weighting.
As a former soldier who has served in both Iraq and Afghanistan and have suffered mental health illnesses as a result I am not entitled to points due to the time period 'SINCE' I completed my service. I strongly feel that any former services member should be better cared for.
I applied to HHP years ago and have had offers of housing on North/South Uist. I still feel the need to keep my application active and up to date. I have asked from time to time on the availability of all houses not just on Uist i.e. Lewis/Harris etc. - no reply - I'm 67 do not use internet but this seems to be the way forward i.e "bidding" for properties which i'm sure you are aware, which I feel uncomfortable with. I have a daughter and 2 grandchildren and 1 bedroom would be awkward to say the least for them to visit me. The Hebrides is a special place, keept it this way.
As an applicant myself I would be happy if one would climb up the waiting list as places get allocated and not be pushed down continually by priorities
The house that I have is so bad with dampness that I have had to replace furniture. In this day and age that is scandalous even going back to biblical times it states that houses like that should be raised to the ground.
My wife was offered employment in the Health & Social Care sector on Barra in September. After due consideration she had to decline this offer as there was too much uncertainty as to obtaining any sort of tenancy. No one could give any reassurances.

The introduction of Rapid Rehousing Transition Plans will have a significant impact on the Allocations Policy and therefore the Policy may require an update in the near future. 1. Homelessness Remove the 'Potentially Homeless' and 'Non-priority Homeless' narrative as these categories no longer exist.

Reword as suggested:
"Actually and unintentionally Homeless - Where an applicant is determined by Comhairle nan Eilean Siar as being actually and unintentionally homeless (as defined in Part 7 of the Housing (Scotland) Act 2001) and the Homelessness etc (Scotland) Act 2003 the applicant will be added to HHP's Priority Homeless List."

5. Ex Service Personnel
We would recommend an increase in points allocation to between 30-50 points due to the particular housing challenges for this category.

6. Social Factors
Reword "Social Work Department" to "Education, Skills and Children's Services" and ""Health & Social Care" Departments.

10. Travel to Work Difficulties
We would consider that this allocation should be increased to 10 points.

Local feedback is important during a allocation process. Priority should be given to medical, and young people already resident on the islands. If they cannot get access to housing, they'll leave!! And the population will decline further! Its achieving a balance.
We need to retain young people and they are entitled to their independence and housing. Equally, land is an issue and once a good allocation policy is in place which shows a priority for applicants born and raised on the islands, crofter's would be happier to release land. Homelessness – they should have no option as to where they get to live. If a house becomes available, suitable to their requirement (eg 3 bedrooms), they should have to be made to accept it. The islands are not huge places to get from one part to the other.

hebridean housing partnership

Making our house your home

ITEM NO 7.2

DEVELOPMENT POLICIES

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To consider and approve the replacement of existing development policies with the Development Policy and Development Risk Policy.

Summary

2.1 In May 2018 the Board was provided with a review schedule for existing HHP development policies.

2.2 We have now removed the need for numerous individual policies by creating a single Development Policy.

2.3 CDM and Development Consultation are two additional areas of development now covered in the new Development Policy.

2.4 The Development Risk Policy remains as a separate policy.

2.5 Lochalsh & Skye Housing Association (LSHA) led a review of Development Policies as agreed at a Highlands and Islands Liaison Group meeting in February 2018. They have since shared their updated policies to allow participating members of the group to streamline their own process and share group knowledge and experience.

Competence

3.1 The financial, legal and other constraints are detailed at paragraphs 5.1 - 8.2.

Recommendations

4.1 **It is recommended that the Board approve:**

a) the Development Policy at Appendix 1; and

b) the Development Risk Policy at Appendix 2 .

APPENDIX 1:	Development Policy	
APPENDIX 2:	Development Risk Policy	
Writer of Report:	Katrina Rowlands	Tel: 0300 123 0773

Competence

Financial

5.1 There is no cost involved in implementing the revisions to these policies.

Legal

6.1 The approval and amendment of policies is a matter reserved to the Board.

6.2 The policies have been reviewed in line with current legislation and guidance.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.2 & 2.3
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.2 & 3.3

Risk

8.1 Development is inherently risky. It is vital that the relevant policies are in place to reduce risk to the organisation.

8.2 The Development Risk Policy at Appendix 2 sets out the approach that will be taken by HHP to the assessment and management of risk associated with its development programme. It will be used to identify the risks associated with undertaking development work, to minimise the association's exposure to risk and to take steps to avoid potentially damaging consequences.

Report Details

9.1 In May 2018 the Board was provided with a review schedule for existing HHP development policies. These Policies have now been reviewed and are attached at Appendices 1-2 for approval with the exceptions as listed below.

Development Policy	**Comments**
Delegated Authority Schedule	Covered by Standing Orders
The Development Strategy Statement	Five Year Development Plan
Site Assessment Checklist	Covered in part in Five Year Development Plan and in full in development operational procedures.

Development Policy

10.1 The existing policies have all been combined in to one overarching policy which covers various areas of development activity.

10.2 Within the Defects section of the policy we have added an additional requirement to monitor contractor performance and resident satisfaction.

10.3 CDM is a new addition to the policy. This section sets out our approach to meeting our obligations as a client under the terms of the Construction (Design and Management) Regulations 2015.

10.4 Development Consultation is a new addition to the policy. This section will be used to guide our activities in seeking views of partners and others in the planning of its development projects.

10.5 There are no other material changes to the contents of this policy.

Development Risk Policy

11.1 There are no material changes to this policy. Risk is assessed with reference to the Partnership's Risk Management Policy & Strategy.

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Development Policy

Effective Date: March 2019
Review Date: March 2022
Approved by HHP Board: 20 March 2019

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DEVELOPMENT POLICY

INTRODUCTION

1.1 Hebridean Housing Partnership (HHP) has agreed a Five Year Development Plan that identifies the strategic objectives that underpin its development activities.

1.2 This policy sets out the policy approach we will take at various stages of development activity. It combines previous individual policies.

1.3 The Development Risk Policy remains as a separate policy.

AIMS

2.1 We seek to ensure, through the adoption of this policy that:

- Our development programme contributes positively to us achieving our strategic objectives
- We comply with all relevant legislation and regulatory guidance
- Our development sites are well managed and safe for all those involved in them

FIVE YEAR DEVELOPMENT PLAN

3.1 The Board prepares a Development Plan covering a five year period which corresponds with the time frame used by the Comhairle for the Strategic Housing Investment Plan (SHIP). The Development Plan provides a framework for our development activities over a five year period and reflects the requirements of the Local Housing Strategy (LHS) for affordable rented houses.

3.2 The SHIP has a 25% over commitment to allow for slippage. The Five Year Development Plan will identify our strategy for identifying the sites that will progress each year.

LANDBANKING

4.1 Landbanking is defined as the acquisition of a site for future housing development where detailed proposals have yet to be developed and approved.

4.2 By landbanking we can:

- Take a longer term approach to meeting our strategic objectives;
- Identify potential sites for future development to provide continuity for our development programme;
- Respond positively to initiatives by landowners and developers, where their objectives accord with ours; and
- Respond positively to funding opportunities

4.3 We will only acquire sites (or parts of sites) for landbanking where we are satisfied that:

- The site has the potential to be developed to meet our objectives and identified priorities of the Local Housing Strategy (LHS);

- The price is reasonable, based on known site conditions (site investigations undertaken as deemed necessary), and does not exceed the valuation received from an independent valuer; and
- We are not putting our assets at risk as a result of the acquisition.

4.4 We will always seek funding for the acquisition of a site for landbanking.

4.5 We will always seek to minimise pre-acquisition costs but this will not be at the expense of a comprehensive and thorough feasibility study of the site and its potential for development. We will seek to recover all eligible costs as part of the overall scheme costs.

4.6 If the feasibility study identifies a doubt over provision of services, utilities or access or if there is a likelihood of unfavourable ground conditions or unacceptable risk of flooding, we are unlikely to proceed.

4.7 We recognise that sites may be offered by landowners, who wish to have some influence over the types of housing provided on the site. We will seek to accommodate reasonable conditions that are imposed at the time the offer is made which are consistent with our objectives and charitable status. If a seller proposes conditions that are unacceptable, whether they have the potential to contradict our objectives and charitable status or adversely affect valuation of the site and our ability to develop, or do not reflect the housing needs identified in the area, we will not proceed with the acquisition.

4.8 Where we acquire a site and landbank it, we will normally identify a proposed development timeframe within a year unless otherwise agreed with the Scottish Government and the Comhairle. A landbanked opportunity will not adversely affect existing plans that have been agreed previously.

CONSULTATION

5.1 We will seek through our development activity to meet the needs of our present and future customers. We will work together with the Local Authority to help establish what these needs are and what and where we build a consensus in support of what we are planning to do.

5.2 We operate in an environment where we must work with others to achieve shared objectives. This ensures that we build complementary projects – that needs are being met across the affordable housing programme and duplication of effort is avoided. The mechanisms for doing this are:

- Work in partnership with other local organisations to ensure we are working together to meet the needs of our communities through identifying and agreeing development opportunities;
- Participation in the preparation of the Local Housing Strategy and Strategic Housing Investment Plan;
- Working within the Planning framework which requires community consultation for larger developments;
- Engage with Community landowners to identify suitable land for development;
- Engage with NHS Western Isles to ensure that specialist properties are provided; and
- Attend resident and Community Council meetings as appropriate.

By taking this approach we maximise the use of collective mechanisms for consultation and sharing plans and ideas.

5.3 We will extend the scope of our consultation to the local community where to do so will assist in building support for the proposed development. This is particularly important where there is known sensitivity associated with the project, for example:

- The scale of development;
- Building in a rural setting;
- Where we want to spread information regarding the tenure types on a site; or
- The support needs of an intended client group, where community understanding of the nature and purpose of the project is important to its success

5.4 We welcome views and will seek, where feasible, to make modifications to the proposals, as long as we are still meeting the overall objectives of the project.

5.5 We will also consult internally to ensure that our development activity is informed by staff. This is to ensure that the end product is in keeping with the wishes and expectations of all sections of the organisation.

CDM

6.1 Under the terms of the Construction (Design and Management) Regulations 2015, HHP has the status of Client. This makes HHP a "duty holder" in terms of the Regulations. We will seek to fulfil our responsibilities as a client effectively and properly.

6.2 We take our health and safety responsibilities very seriously and seek to ensure that our development activities do not present any undue risk to our own or other employees or to members of the public. We will apply our health and safety policy consistently and robustly.

6.3 We aim to:

- Fulfil our responsibilities as Client under the terms of the CDM Regulations 2015 from design to demolition;
- Integrate health and safety into the management of construction projects;
- Ensure that development sites are well managed and safe for all those involved with them; and
- To encourage liaison and communication between parties, ensure thorough planning and management of projects from conception to completion, and managing the risks by applying the general principles of prevention.

6.4 We anticipate that all of our developments will be "notifiable projects" in terms of the Regulations, as they will be on site for more than 30 days. Consequently, we must appoint suitably competent persons to each of the different positions within project teams.

6.5 We will apply our Procurement Strategy and Procurement Policy to ensure that those appointed to these roles are suitably qualified and sufficiently competent to carry out their duties under the Regulations.

6.6 We will appoint the Principal Designer as soon as possible after the initial design work has begun. The terms of the appointment (which will always be in writing) will make specific reference to the provisions of the CDM Regulations 2015. The Director of Operations is responsible for advising on the appropriate point at which such an appointment should be made.

6.7 The selection and appointment of a contractor will be undertaken in accordance with our Procurement Policy and will be dependant on the contractor accepting the duties associated with the role of Principal Contractor as set out in the CDM Regulations 2015. We will ensure the requirements of Regulation 5(2) are observed when appointing the Principal Contractor (this requires the principal contractor to be appointed as soon as practicable after the client knows enough about the proposed development). The contract will make specific reference to the duties imposed on the Principal Contractor under the terms of the CDM Regulations 2015.

6.8 We will inform everyone involved with the project of their duties to report anything likely to cause danger to health or safety and will establish and publicise the arrangements for such reports to be made. We will also ensure that everyone associated with the construction project is aware of their duty to co-operate with everyone on the site and any adjacent site.

6.9 We, as Client, will take advice from the Principal Designer to satisfy itself that appropriate arrangements are in place for the effective management of the construction project.

6.10 The Development Manager will ensure that the Health and Safety File is handed over to us by the Principal Designer within 7 days of handover. The Director of Operations will be responsible for ensuring that the file is made available for inspection and is kept up to date.

HANDOVER

7.1 Once a development, or an agreed phase, of a development has reached practical completion the properties will be handed over from the contractor to HHP.

7.2 We seek to ensure that:

- Buildings we procure are completed to an agreed high standard;
- Buildings are substantially defect free at the point of handover;
- Houses are occupied as soon as possible after handover;
- Occupants are satisfied with their new homes; and
- Rental and other income is maximised.

7.3 We aim to ensure that properties are let as soon as possible after handover. The target time for occupation is within 7 days after practical completion. Handover procedures are in place to ensure that staff have ample time to begin the process of allocating the properties to those on our Housing List before the anticipated completion date.

7.4 We will not accept handover of a scheme, or part of a scheme, on or the day before a public holiday.

7.5 Where the handover of a scheme, or part of a scheme, is delayed beyond the agreed date as a result of the contractor’s actions and no variation has been agreed with us, we may apply the provisions of the contract relating to liquidated and ascertained damaged to mitigate losses.

7.6 Prior to handover we will ensure the property has been inspected as per 8.4 & 8.5 below.

7.7 Prior to the Certificate of Practical Completion being issued we will ensure that insurance is in place for the properties.

7.8 The Development Agent will confirm to the Development Manager that the Certificate of Practical Completion has been issued, and arrange handover of keys to us.

7.9 We require Life Cycle Costs for all materials utilised within their developments to be provided by the Contractor at Practical Completion for each project. The information is to be provided in a pro forma manner for upload onto the our Planned Maintenance system and submitted to HHP by the Contractor.

7.10 The Health and Safety file must contain information necessary for future construction, maintenance, refurbishment or demolition to be carried out safely and is retained by the client or any future owner of the property. This should include installed service diagrams for mechanical, plumbing and electrical equipment and services both internally and externally (including the locations of all floor hatches internally). Information on external access to heights shall be provided with engineers information on hardstandings and loading capacity/limits for mechanical equipment.

7.11 We will arrange appropriate security and property inspections, as agreed with our insurance provider, for any unoccupied properties following handover.

DEFECTS

8.1 The handling of defects must be informed by the terms of individual scheme contracts. All contracts will make the provision for the contractor to be liable for defects arising within the 12 months following practical completion and for an appropriate retention to secure the completion of defect repairs.

8.2 We seek to ensure that:

- Effective liaison takes place between housing management and development staff to enable houses to be occupied as soon after handover as possible;
- Properties are completed to a high standard by contractors and are handed over in a "ready to occupy" condition;
- When identified, defects are remedied quickly and to a high standard, with minimum inconvenience to occupants;
- An effective system of monitoring is implemented to ensure that all defects are accurately recorded and are remedied within the period covered by the contractor's liability and to the required standard; and
- Information collected in the course of implementing this policy is used to monitor contractor's performance, resident satisfaction and our quality of service.

8.3 Wherever possible, in design and build contracts we will ensure that the builder provides an appropriate industry recognised warranty, such as NHBC.

Properties built for shared ownership or shared equity must always have such a warranty or equivalent.

8.4 We will closely supervise each development on site to ensure that contractors deliver high standards and that defects identified after handover are kept to a minimum. We will attend snagging/quality check inspections and practical completion and defects inspections to ensure that properties meet the requirements of potential occupiers.

8.5 Where we have determined that, where a property records an unacceptable number of snags or a serious snag during pre-handover check, the inspection should be suspended and re-arranged for another date to enable remedial works to be done by the contractor.

8.6 Defects that are identified after completion will be reported and dealt with in accordance with our Repairs and Maintenance Policy. The contractor will be notified of the requirements as part of the scheme contract conditions.

8.7 Where a contractor fails to deal with a defect in the required timescale, we will through the Contract Administrator put the contractor on notice and arrange for the necessary work to be carried out and the cost deducted from the retention. In making such arrangements, our priority will be to ensure minimum inconvenience and disruption to occupiers.

8.8 Not more than eleven months after completion, HHP and the Development Agent will undertake a comprehensive inspection of the scheme to identify all outstanding defects, instruct the contractor to carry out the necessary repairs and ensure that they are completed satisfactorily, within the period of the contractor's liability. Reference will be made to occupiers who have reported defects during the liability period to ensure that all have been satisfactorily addressed. Representatives of both the development and housing management teams will participate in these inspections.

8.9 At the end of the defects liability period, the retention sum that is due to be released to the contractor will be calculated as part of a comprehensive accounting of the scheme.

8.10 The Director of Operations must be satisfied that all defects have been repaired satisfactorily and that a Certificate of Making Good Defects has been issued by the Contract Administrator before the retention is paid to the contractor.

8.11 We will always consider the pursuit of contractors for latent defects associated with any scheme. In doing so, appropriate legal and technical advice will be obtained. Where appropriate, we will utilise insurance cover to make good any loss.

DISPUTE RESOLUTION

9.1 All contracts that we enter into for the provision of development services will be in a form agreed by either the recognised professional body, in the case of consultants, or the accepted industry standards (e.g. SBCC), in the case of contractors. All contracts will contain provisions relating to the resolution of disputes. Where we have adopted a partnering approach, the partnering agreement will describe the process to be followed for the resolution of disputes.

9.2 All contractors and consultants engaged by us must demonstrate, as a condition of their appointment, that they have valid, adequate and appropriate insurance in place to cover their liabilities in respect of the project.

9.3 We prefer to adopt a collaborative approach to our relationship with contractors and consultants. We prefer to try to resolve disputes by negotiation and will always seek to do this in the first instance.

9.4 Where a satisfactory resolution cannot be achieved between parties, then the mediation or adjudication process will be explored with, HHP taking formal action or litigation to enforce contractual responsibilities only as a last resort.

9.5 The grounds of the dispute between HHP and a contractor or consultant must be agreed with the Director of Operations before being intimated to the other party. In initiating a complaint using the provisions of the contract, we will take account of appropriate legal and technical advice.

9.6 Where it is not possible to agree a negotiated resolution or it has not been possible to reach agreement on a mediation or adjudication process, We will take professional advice to inform its decision about the appropriate route to be followed. The options which we are likely to consider are arbitration and court action. All decisions will be taken in the best interests of HHP. A decision on whether to pursue arbitration or court action must be consistent with the terms of the contract, be taken by HHP Board and be informed by appropriate professional advice.

9.7 In February 2019, the Scottish Housing Regulator published regulatory guidance on "notifiable events". Depending on the nature and scale of any dispute, it may constitute a notifiable event, particularly if it may result in serious financial loss or reputational damage to HHP.

9.8 We will treat all disputes as commercially sensitive and confidential during the resolution process and will respect the terms of any agreement relating to ongoing confidentiality.

MONITORING AND REVIEW OF POLICY

10.1 The operation of this policy will be monitored by the Development Manager and Director of Operations.

10.2 This policy will be reviewed every 3 years.

Version	Change Applied	Date	By
1.00		March 2019	Katrina Rowlands

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
UKAS	United Kingdom Accreditation Service
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

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Development Risk Policy

Effective Date: March 2019
Review Date: March 2022
Approved by HHP Board: 20 March 2019

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DEVELOPMENT RISK POLICY

INTRODUCTION

1.1 This policy sets out the approach that will be taken to the assessment and management of risk associated with our development programme. It will be used to identify the risks associated with undertaking development work, to minimise our exposure to risk and to take steps to avoid potentially damaging consequences.

1.2 This policy has been prepared with reference to the **Risk Management Policy & Strategy** and in particular the Scottish Housing Regulator's (SHR) Regulatory Standards and the Business Planning Recommended Planning (BPRP) which state

- **Regulatory Standard 3:** The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
- **Regulatory Standard 4:** The governing body bases its decision on good quality information and advice and identifies and mitigates risk to the organisation's purpose.
- **Guidance Note 4.3:** The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.

1.3 The overall approach taken by us to risk management is set out in our Risk Management Policy.

AIMS

2.1 We undertake development activity in fulfilment of a set of strategic objectives as set out in our 5 Year Development Plan. In so doing we are undertaking major investment activity, with significant short and long term consequences. While it brings substantial benefits to the organisation and our customers and communities, development activity is inherently risky, and we must take steps to put in place systems for identifying, analysing and controlling these risks.

2.2 The objectives of this policy are as follows:

- To identify the sources of risk associated with development activity.
- To identify for each risk the likelihood of its occurrence and the severity of its impact.
- To identify a course of action to manage development risk, through a combination of:
  a) Risk avoidance
  b) Risk reduction
  c) Risk sharing
  d) Risk transfer
  e) Holding the risk and making contingency provision
- To make arrangements for monitoring and evaluating the risk management process

2.3 Risk in relation to development can be broken down into two categories: development period risk and long term risk.

DEVELOPMENT PERIOD RISK

3.1 The development activity carries risks to associations which relate to the period leading up to and during the construction work itself. Sources of risk during the development period can be identified as follows:

- The choice of procurement route, of design team and of contractor
- Abortive costs during feasibility stage
- Site characteristics
- Cost overruns
- Vandalism, fire etc. during the development period
- Health and Safety
- Contractor liquidation
- Rent loss between handover and first letting
- Developing and marketing houses for sale

3.2 Risk management at pre-contract and contract stages will be the responsibility of the Director of Operations, but will be conducted through the Design Team responsible for the development or developments in question.

<u>Procurement</u>

3.3 The choice of contractors and consultants to work with the Partnership represents a significant area of uncertainty, as the success of any project will depend on the ability of the partners to provide value for money. Robust procurement procedures can give significant risk protection to the Partnership.

3.4 Our overall approach to development procurement is set out in our **Procurement Strategy** and **Procurement Policy**, which seeks to ensure that all procurement on behalf of the Association is compliant with the requirements of the Procurement Reform (Scotland) Act 2014 and associated regulations. Where procurement is regulated under the terms of the 2014 Act, we will ensure that all necessary procedures – as required by our policy and legislation are followed. Un-regulated procurement will also be undertaken in accordance with the Association's Procurement Policy. All procurement (both regulated and un-regulated) will be competitive and open, with all opportunities always being advertised.

3.5 Each procurement route comes with its own degree of risks. In determining our overall approach to procurement, we will assess the costs and benefits and associated risks of the alternative routes.

3.6 In selecting consultants to form part of the design team, we will have regard to their previous work and to their capacity to take on the proposed work. Our selection process will seek to ensure that we are not exposed to risk through the selection of inexperienced and untried consultants. We will ensure that all our consultants are appropriately qualified and covered by Professional Indemnity Insurance.

3.7 In selecting our contractors, we will, where appropriate, use value-based selection procedures, in which quality is assessed alongside cost. We will always seek to build a long term relationship with contractors and seek to develop a partnership approach, in order to ensure a sharing of objectives and perspectives. We will ensure that all our contractors are covered by appropriate public liability and Contractors All Risks Insurance. All contractors will be subject to a financial check and will be required to provide satisfactory accounts covering the three most recent full accounting years.

3.8 In accordance with the requirements of CDM Regulations, we will always assess the skills, knowledge, experience and organisational capacity of potential consultants and contractors as being central to our evaluation of proposals during the procurement process.

Abortive Costs Incurred During Feasibility Stage

3.9 It is often necessary to incur expenditure before a scheme is certain to proceed, for example on survey and exploratory work, valuation advice, making enquiries about the site history, and in some cases undertaking feasibility studies. The risk of such abortive work will be influenced by the funding climate, and the Council's plans as the strategic housing authority.

3.10 While recognosing that some level of work 'at risk' will be necessary, we will seek to minimise such potenatially abortive costs, by:

- Limiting such work to sites which have been identified as priorities by the Council or funding partners.
- Researching thoroughly the planning status of the sites and engaging at an early stage with the planning authority and local communities.
- Using long term relationships with our consultants to obtain best value for money on fees.
- Setting limits to the expenditure which can be incurred at the pre-contract stage of the project, as determined by those elements which are essential to assess feasibility and secure funding. The acceptable limit will be determined on a scheme by scheme basis, depending on its scale and nature. This limit will be agreed at the outset and cannot be exceeded without the authorisation of the Board.

Site Characteristics

3.11 To avoid the risk of unforeseen costs associated with securing, servicing and building on a particular site, there will be an early and thorough investigation of any potential problems associated with the site itself, its ownership and planning conditions, in order to be satisfied that development is feasible and affordable option. Priority will always be given to sites which are consistent with our **Five Year Development Plan**, in terms of location and size, although where opportunities are identified to develop sites which do not meet the specification, we will assess the potential benefits and decide accordingly. We will collect information on the site, as methodically and comprehensively as possible, prior to acquisition, since at this point there is an effective commitment to continue.

3.12 The procedures adopted will depend in part on how the site comes to be considered for development (different considerations will apply where a site is offered to the Partnership, for example by a developer, landowner or by the local authority); but whatever the source, we will assess the practicality of developing the site from a number of different perspectives, including the legal and financial features of the site, its physical characteristics, planning considerations and other housing stock and its suitability in locational terms for its intended client group. This assessment will be undertaken in accordance with our ***Site Assessment Checklist***.

3.13 Investigation of the site to establish its suitability for development may not eliminate development risk, but can substantially reduce it.

Cost Overruns

3.14 Subsidy levels are set at the tender acceptance stage so any cost overruns which occur during the construction stage pose a risk to the Partnership. However, because of the difficulty in anticipating and predicting all costs associated with construction, particularly ground works, there is always a possibility of unforseen cost overruns. In the event of these occuring, we will seek additional grant, in line with Affordable Housing Supply Subsidy procedures.

3.15 This is reduced in Design & Build contracts which transfer the cost control risk to the contractor.

3.16 Under a traditional contract the Partnership will minimise the risk by using a fixed price contract. This does not remove the risk entirely but it limits the circumstances where contractors can charge additional sums.

3.17 In both types of contract, transferring the risk to the contractor is likely to increase the tender sum but in return the Partnership has greater certainty about costs.

3.18 The terms of appointment will specify the duties and responsibilities of the project consultants and will ensure that all members of the design team exercise control over the contract so as to prevent cost variations. It is the responsibility of the design team and usually principally the QS for monitoring and controlling costs and for preventing unnecessry cost overruns. All consultants will be required to have adequate Professional Indemnity Insurance in place and will be held accountable for any failure to manage project costs.

Vandalism, Fire Etc. During the Development Period

3.19 The risk of damage during the development period, as a result of fire, theft, flood or vandalism is a very real one. This may result in, if no provision is made, financial losses, damage to the reputation of the Partnership and potentially personal injury.

3.20 For new build projects, insurance of the site and the works during the development period is effectively the contractor's responsibility, (ie the risk is transferred to the contractor) and will be covered by the terms of the contract. We will however carefully check the terms of the contract to ensure that adequate insurance is in place for the project in question. In particular, we will make clear to the contractor our expectations relating to the location of the compound, site security and safety, having particular regard to the potential nuisance and disruption to the lives of those in neighbouring properties. We expect the Construction Phase Plan (CPP) to be specific about the arrangements to mitigate disruption to neighbours, in addition to the mandatory requirements under the terms of the CDM Regulations 2015. We expect the Principal Designer/Principal Contractor to monitor the implementation of and compliance with the terms of the CPP.

Health and Safety

3.21 Under health and safety legislation, housing associations have extensive and important responsibilities for health and safety during the construction phase of development. The duties on housing associations as construction clients are covered by the Construction (Design and Management) Regulations 2015 (CDM). These responsibilities cannot be delegated under contract, which means that ultimately the client is responsible for any accidents. The impact of any failure in this respect can be considerable, both in terms of financial damages and reputation.

3.22 We will ensure that the CDM Regulations are strictly complied with. The Partnership recognises that, as the client, ultimate responsibility for Health and Safety and CDM compliance remains with us.

Contractor Liquidation

3.23 The risk of main contractor failure is the most serious for us as the financial implications of re-tendering a partly completed project can be significant.

3.24 We will minimise this risk through careful scrutiny of contractors' finances prior to and after letting a contract and close monitoring of their performance for warning signs during the contract.

3.25 The prevailing economic climate means that risk of a contractor getting into financial difficulties is less remote than in the past; like many RSLs, the Partnership has direct experience of having to deal with such a situation. The seriousness of the consequences for the Partnership means that it is essential that the risk is covered by a policy and a set of procedures.

3.26 We will minimise the chance of an inappropriate choice of contractor, through careful procurement practices, which amongst other things seek to ensure the financial credentials of any contractor seeking to work with the Partnership. These measures are set out in our **Procurement Policy** and associated procedures.

3.27 We will ensure that the terms of the contract are applied in order to ensure that in the event of bankruptcy or liquidation, the contractor's employment is automatically terminated, while the contract itself stays in place, allowing the Partnership to facilitate the completion of the project.

3.28 We will use contract monitoring procedures to detect early signs of a contractor getting into financial difficulties.

3.29 We will ensure that there is adequate insurance in place at all stages of a development, including providing cover of a specified percentage of the contract sum should the builder be unable to perform or complete the contract. Partnership contracts will normally include provisions in respect of Liquidated and Ascertained Damages to ensure that, in the event of the contractor being unable to fulfil their contractual obligations, there will be no loss to the Partnership.

3.30 In the event of contractor liquidation or bankruptcy, we will take immediate steps to limit the damage to the Partnership and to ensure the speedy completion of the project.

Rent Loss Between Handover and First Letting

3.31 In order to minimise the danger of delays, resulting in loss of rent income between handover and first letting we will liaise closely with consultants and contractors as practical completion approaches to ensure that a high degree of certainty can be attached to proposed handover dates. We will ensure effective communication within our Development, Property and Housing Services teams to let properties within target.

3.32 We will ensure that the process of allocating houses is carried out with a view to tenancies commencing as soon as possible after handover. For Shared Equity and Shared Ownership properties, we will seek potential purchasers at least three months in advance of handover, to ensure sufficient time for the purchasers' loan applications to be processed.

3.33 Where any delay is due to a failure on the contractor's part, we will be in a position to levy liquidated and ascertained damages, in line with the terms of the contract. These damages represent a pre-contract assessment of the anticipated losses incurred by the Partnership as a result of delay or a contractor's failure to fulfil their responsibilities and are included as contractual terms.

Developing and Marketing Houses for Sale

3.34 Where the Partnership builds houses for Shared Equity or other forms of shared ownership, there is a risk that poor market research or inadequate marketing could lead to delays or difficulties in disposing of the houses, and the possibility of having to reduce the disposal price.

3.35 In order to minimise the risk, we will ensure that we develop low cost home ownership housing where there is a demonstrable demand. This analysis will form part of our **Five Year Development Plan**, and will draw on, amongst other things, the local authority's Local Housing Strategy, other housing market data and (where relevant) the knowledge of private developer partners. We will use this information to determine the type and size of housing to be developed.

3.36 At an early stage in the development process, we will publicise the forthcoming availability of houses for sale, through appropriate promotion and advertising, using local media, our own website and publicity to our own tenants and housing list applicants OR we will initiate the process of contacting potential purchasers on our housing list for such properties.

3.37 We will identify a member of staff or agency with responsibility for marketing and dealing with enquiries, and ensure that front-line staff are briefed to provide information.

3.38 As the development nears completion (not less than three months before), we will follow up all enquiries made, through the development of a full information pack (including prices, terms, service charges where applicable and information on responsibilities) and interviews with prospective purchasers where continued interest is expressed.

3.39 Where properties cannot be successfully marketed, the Partnership will, with reference to the SHIP, apply to the Scottish Government and the local authority to obtain their agreement to either:

- Convert the properties to social rent on a permanent basis or
- Convert the properties to Mid-Market Rent.

LONG TERM RISK

4.1 Long term risk can be defined as the risk associated with the long term viability of a development programme or project, in terms of the balance between the likely income and the long term costs to the Partnership. Key elements include:

- Development Programme Fluctuations
- Design errors or poor construction leading to building and / or component failure and / or increased long term maintenance costs
- The need to fund major repairs in excess of provisions made
- The housing support costs (where relevant) and the security of funding arrangements
- Shortfalls in anticipated rental income

Development Programme Fluctuations

4.2 The Partnership is at risk from major fluctuations in the volume of its development programme as its staffing and other resources may be underemployed at a time of low activity and stretched at a time of high activity. This could lead to additional staffing costs or other staff related problems such as stress and low morale.

4.3 We will reduce this risk by keeping staffing levels under review, and consider where appropriate, appointing on fixed term contacts and by working with the local authority and the Scottish Government to increase the level of certainty and long term planning.

4.4 We will aim for stability or sustainable growth in our development programme in order to allow for the best use of our development capacity. We will take a strategic approach to planning our development activity, and seek long term agreements, where possible with our consultants and contractors. We will seek multi-year funding agreements with our funders in order to secure certainty over the medium term. We will create and use a landbank in order to bring sites on stream on a planned basis in order to protect our programme.

4.5 We will seek a constructive relationship with the local authority and with other partners (such as Scottish Water) in order to ensure that our programme is not disrupted by unforeseen planning or infrastructure problems.

Building Failure

4.6 Defects can occur in any building at any stage of its life due to the premature failure of an element of the design, the materials used or poor workmanship. We will seek to minimise the likelihood of such latent defects arising through robust specification, careful selection of consultants, contractors, our in-house Clerk of Works and effective contract control.

4.7 A building defect or failure which is discovered after the expiry of the contractor's defect liability period may still be recovered from the designer or contractor, depending on the terms of the contract and whether liability can be demonstrated. In the event of such a failure we will engage the services of a consultant, if appropriate, to determine where the responsibility lies.

4.8 In the case of properties provided for Shared Equity or shared ownership, we will seek to use a warranty such as the National House Building Council (NHBC) or similar to provide protection against defects for the purchaser.

4.8 In the case of housing provided under a Design and Build or similar agreement, where consultants are employed directly by the developer, we may enter into a collateral warranty agreement, to enable us to take action in the event of latent design defects.

Asset Management Provision

4.10 We make provision for major component replacement through our 30 Year Financial Projections. All new build properties are allocated a repairs/planned maintenance rate per unit in line with current rates and inflation is applied in the model.

4.11 The adequacy or otherwise of the assumptions in the 30 Year Financial Projections are unlikely to be apparent for some time after construction, but any under provision is likely to have an adverse effect on the Partnership's financial position. We will minimise the likelihood of under provision by using high quality, sustainable materials and components, by ensuring that our **Asset Management Strategy** and programme protects the long term value of our assets, and by identifying the need for component replacement through regular checks, using repair records and satisfaction surveys. Life Cycle data should be provided by the contractor at handover as per our **Development Policy.**

4.12 In the event of major repairs being required for which there is inadequate provision, we will consider a range of options, including (but not necessarily confined to):

- Insurance Recovery Options
- Transfers from other provisions
- Use of reserves
- Refinancing
- Selective rent increases (subject to our **Rent Policy**)

always providing that such measures do not compromise our business or our commitments to our tenants.

Housing Support Costs

4.13 The development of certain kinds of housing (housing with communal facilities for older people or housing with specific design features for particular client groups) may depend on the availability of revenue funding to meet the costs of the support which its intended occupants will require. Shortfalls in the funding may necessitate the subsequent conversion of the house to mainstream use and in some cases may make the development non-viable in financial terms.

4.14 In order to minimise the risks associated with shortfalls in housing support income, we will give careful consideration to any development which will require housing support. We will only develop supported accommodation with special design features where there is an identified need for such housing, as evidenced by the local authority's Local Housing Strategy, the research undertaken or records held by our partner agencies (e.g. NHS Western Isles) or our own records. We will only develop accommodation with special design features where this is necessary for the occupation by the intended client group, preferring to make all our housing capable of being occupied for all people, whatever their needs.

4.15 Where housing support is a necessary and an integral feature of the housing, we will engage with the local authority and NHS Western Isles to ensure that that housing support costs will be met and only progress schemes where there is an assurance that such revenue funding support will be forthcoming in the short- to medium-term. There is no long term guarantee about the continued availability of such funding, however.

4.16 Where housing support is required we will consider a range of options for the delivery of the support, including the engagement through a management agreement or lease of a specialist support provider, thereby effectively sharing the risk with the support provider.

4.17 We recognise that if in spite of these measures if revenue support is discontinued it may be necessary to convert the specialised housing into mainstream use. We will and have always considered the likely costs and difficulties associated with this at the initial design stage.

Shortfalls in Rent Income

4.18 Shortfalls in rental income will undermine the projected long term viability of the development and may threaten the organisation's overall viability. They can arise for a variety of reasons, including a decline in the demand for the type of housing provided or the location which it is situated, resulting in lost income through houses not being occupied or high turnover.

4.19 We will seek to maximise the long term sustainability of the houses we provide through adopting a strategic approach to our development activity, as set out in our **Five Year Development Plan**. We will seek to assess the long term need for housing in our communities. We will work with the local authority and with our partners in the community to establish a sound evidence base for our decisions on where and what to develop.

4.20 On an ongoing basis, we will closely examine our records to establish any shifts in the pattern of demand (the Housing List and transfer requests, customer satisfaction surveys, turnover and voids) in order to detect any early indications of a decline in demand. Where there is consistent evidence of falling demand, we will examine the reasons and we will adopt housing management measures to seek to reverse the trend. In the event of a more pronounced decline or the failure of housing management measures, we will consider the long term future of the houses in question, and alternative options, including improvement, conversion or remodelling, in order to prevent the Partnership incurring escalating losses.

RISK REGISTER

5.1 The Partnership's Risk Register identifies risks accurately, assesses risks realistically and responds to risks effectively and appropriately.

5.2 As we are an active developing RSL, there is a greater range of risks which we need to be alert to in comparison to non-developing RSLs. Where Development Risks are identified and recorded in the Risk Register they will be assessed and monitored in accordance with the Risk Management Policy.

5.3 We assess risks depending on the likelihood of them materialising and the significance of their impact, if they do.

MONITORING AND REVIEW OF POLICY

6.1 This policy will be reviewed every 3 years.

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
2.00	No material changes	January 2019	Katrina Rowlands

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

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ITEM NO 7.3

EXPENSES POLICIES

Board 20 March 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present to the Board, the Members Expenses Policy and Staff Expenses Policy for consideration and approval.

Summary

2.1 The Members & Staff Expenses Policies were last updated in March 2018, and should be reviewed on an annual basis in compliance with the Policy Review Schedule.

2.2 There are no changes to the Members Expenses Policy.

2.3 The Staff Expenses Policy has been updated to include Standby payments.

Competence

3.1 The financial, legal or other constraints to any recommendations in this report are being contained in Paragraphs 5.1 - 8.1.

Recommendations

4.1 **It is recommended that the Board approve:**

a) the Members Expenses Policy at Appendix 1; and
b) the Staff Expenses Policy at Appendix 2.

APPENDIX 1	Members Expenses Policy v 11.0	
APPENDIX 2	Staff Expenses Policy v 8.0	
Background Papers	None	
Writer of Report	Katia Petteloot	Tel: 0300 123 0773

Competence

Financial

5.1 The financial implications arising directly out of consideration of this report will be met within existing budgets.

Legal

6.1 There are no legal implications arising directly out of consideration of this report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.1

Risk

8.1 The risk of not updating policies can lead to breaches in regulatory codes of governance and recommended practice, and leave the Partnership open to legal action.

Report Details

9.1 The Members & Staff Expenses Policies were last updated in March 2018, and should be reviewed on an annual basis as per the Policy Review Schedule.

9.2 The Staff Expenses Policy has been updated to include a provision for Standby payments.

9.3 The Staff Expenses Policy has been updated with the new rate for Benefit in Kind charge to tax in the event of failure to comply with the policy when using vans owned by HHP for private use.

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Member Expenses Policy

Effective Date: March 2019
Review Date: March 2020
Approved by HHP Board: 20 March 2019

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MEMBERS EXPENSES POLICY

INTRODUCTION

1.1 We will pay the cost and expenses wholly and necessarily incurred on its business by Board Members. This includes extended periods of travel as a result of weather delays.

1.2 It is recognised that Board Members will incur necessary expenses in the pursuit of their duties, and it has been determined that reasonable expenses will be reimbursed, subject to the conditions set out in this Policy.

AIMS

2.1 To enable Board Members to be properly reimbursed on a fair and equitable basis for expenses incurred in connection with the duties of HHP having regard to relevant guidance including:

a) SHR Regulatory Standards of Governance and Financial Management;

b) HHP Entitlements Payments & Benefits Policy;

c) HMRC published guidance on expenses and benefits.

SUBSISTENCE

3.1 For an overnight absence from a Members usual place of residence, We will book accommodation in advance, up to a maximum of the rates below. Under normal circumstances, the Partnership will reimburse expenses and pay subsistence up to the following maximum limits, shown in the tables below, inclusive of VAT where appropriate. Where accommodation and meals cannot be obtained for the standard rates, the actual costs will be reimbursed when the prior approval of a director has been obtained:

Hotel or Bed & Breakfast	£75 per night
Hotel rates - London	£85 per night
Hotel Rates – non UK	£85 per night

Breakfast rate	£10
Lunch Meal	£10
Evening meal	£25
Overnight Incidentals	£5 per night

3.2 To qualify for meal allowances, Board Members must be prevented by their official duties from taking their meal at home (or where they would normally take their meals), and thereby incur additional expenditure. This does not include attendance at Board, sub committee or any other meetings at the Association's offices where a meal is provided, or other circumstances where a suitable meal is provided or has been reimbursed.

3.3 Expenditure will require to be accompanied by appropriate receipts. Benchmark Scale Rate Payments are the maximum tax and NIC free amounts that could be paid by employers who choose to use this system and must be limited to 3 meal rates in one day or 24 hour period. (A meal is defined as a combination of food and drink and would take a normal dictionary meaning). Breakfast rate will only apply if the Board Member leaves home, to commence their journey, before 6.00 am and incurs a cost on breakfast taken away from home after the qualifying journey has started. Breakfast rate will not be paid if the cost of an overnight stay includes breakfast.

3.4 Accommodation or meals will not be reimbursed where these items are included in a training or conference fee, or if a meal provided by the Partnership is accepted.

CAR ALLOWANCE

4.1 Board Members using their own vehicles to attend meetings, including Board meetings, will be eligible to claim at the following rates:

Miles	Rate
Up to 10,000	45p
Over 10,000	25p
Mainland Rate	30p

4.2 Members may use their own vehicles to attend Partnership business on the mainland provided the lesser rate is used to claim for mainland mileage and the total amount claimed for the trip is not more than it would have been had only public transport been used.

4.3 It is the responsibility of the Board Member to ensure that their vehicle insurance policy includes a clause which:

a) permits the vehicle to be used in connection with the official business of the Partnership; and

b) indemnifies the Partnership against all third party claims, including those concerning passengers, arising out of the use of their vehicle on official business for the Partnership.

PUBLIC TRANSPORT

5.1 All Board Members will travel Second Class on Public Transport wherever possible.

5.2 All expenses must be evidenced by appropriate receipts or tickets.

5.3 All parking fees will be re-imbursed in respect of authorised business.

5.4 When travelling on the mainland, taxis should only be used where public transport is not available or where its use would lead to:

a) partnership business or a travel connection being missed; or

b) a wait in excess of 90 minutes for the start of a public transport journey not exceeding 10 miles; or

c) difficulties for disabled travellers.

CHILDMINDER OR CARERS ALLOWANCE

6.1 If in order to attend a Board Meeting or training event, a Board Member is required to use the services of a childminder or a carer for a dependent relative the cost will be reimbursed as follows:

a) Payments will be made for dependent children under 16 years of age and for adult dependants who are in receipt of Attendance Allowance;

b) No payment will be made if the childminder or carer is another member of the household. A maximum of eight hours will be paid except where a Board Member is required to be away from their home overnight.

c) Payment will be at a maximum of the National Minimum Wage per hour per child.

d) Receipts signed by the baby sitter or carer showing the date and the hours of service must accompany the claim for expenses (copy at Appendix 1).

LOSS OF EARNINGS

7.1 The Partnership may make payment of loss of earnings to a Board Member where:

a) the payment is made in respect of a routine meeting held within the Outer Hebrides; and

b) the loss of earnings are directly attributable to travel time; and

c) attendance by the member claiming loss of earnings was important; and

d) it was not possible to hold meetings at a time when loss of salary/annual leave would not result; and

e) the member certifies their loss by completing the appropriate Form (copy at Appendix 2); and

f) the loss of earnings will be broadly in line with jury level expenses (those currently in force are as detailed at Appendix 3). These rates are determined by HM Courts Service and are updated on a regular basis.

7.2 Loss of Earnings may not be claimed by a Board Member who is self-employed.

CLAIMING EXPENSES

8.1 Expenses shall be claimed at the end of every calendar month using the approved Claim Form as at Appendix 4.

8.2 The Claim Form must have all receipts attached and be signed by the Board Member.

8.3 The Claim Form will be checked and approved for payment by the Chief Executive.

8.4 Payment will be made within 10 working days of submission of an approved Claim Form.

8.5 Where Board Members would find difficulty in paying expenses, they may receive an advance on account from the Partnership, subject to submitting a signed claim form at least 10 days prior to when the monies are required.

8.6 Any potential tax liability arising from the payment of expenses will be the responsibility of the claimant.

APPROVED CONFERENCES

9.1 The following conferences are classed as approved:

a) Chartered Institute of Housing annual housing conference; Scotland;

b) Scottish Federation of Housing Associations annual conference;

c) Tenant Participation Advisory Service annual conference.

d) RIHAF annual conference

e) EVH annual conference

9.2 Attendance at any other conferences will require to be approved by the Board.

OTHER BENEFITS – AIR MILES, CREDIT CARD/LOYALTY POINTS, ETC

10.1 Air miles, petrol tokens, credit card/loyalty points etc. acquired by a member are not taxable if they were acquired in the same way as applies to any other member of the general public, for instance by buying goods or services on which such benefits are given.

10.2 Provided the vouchers, air miles or points belong to the member rather than us, they are not considered as being provided by reason of employment even if the goods or services giving rise to them happen to be purchased as part of the members business travel.

10.3 Compensation being provided by Airlines for delayed travel is payable to the passenger in accordance with European Union Regulation 261/2004.

MONITORING AND REVIEW OF POLICY

Review

11.1 This policy will be reviewed on an annual basis to ensure that the rates are reasonable and consistent with recommended practice.

11.2 Following the end of each financial year, in a format approved by the Board, a report will be presented to the Board detailing expenses paid to each Member of the Board and Area Committees. That report will be made available to the Board within three months of the financial year-end.

Breaches of Policy

11.3 If a Board Member knowingly breaches the conditions of this policy this may be grounds for removal from office in accordance with the Code of Governance for Board Members.

CHILDMINDER AND CARER CLAIM FORM

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CLAIM FOR CHILDMINDING OR CARER COSTS
BOARD MEMBER

Claimant's Details

Name	
Address	
Position	
Claim for Period Ending	

Childminder/Carer Details

Name	
Address	

Address if the child is minded at a different address	

Is the Childminder/Carer registered with the local Council	Yes		No	

If yes, please give the registration number	
If no, what is the Childminder/Carer's relationship to the Board Member	

Name of childor person being cared for	Date of Birth	Number of hours claiming for	Hourly rate	Total Claim

Certification

To be completed by the Childminder/Carer

I certify that I have claimed the above from the Board Member named above.

Signed		Date	

To be completed by the Board Member

I certify that I will pay the above amount to the Childminder/Carer named above.

Signed		Date	

APPENDIX 2

LOSS OF EARNINGS CLAIM FORM

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Claimant's Details

Name	
Address	
Position	
Claim for Period Ending	

Employer's Details

Name	
Address	

Time Absent from employment to attend Board Business (round up to nearest hour)	

Certification

To be completed by the Board member

I certify that I have not been paid for the hours detailed above.

Signed		Date	

To be completed by the Employer

I certify that the Board Member has not been paid for the hours detailed above.

Signed		Date	

Offical Business Stamp should be placed here or a note on the Business letterhead as evidence

Time	Amount
Up to and including 4 hours	£32.47 per day
More than 4 hours	£64.95 per day

Calculation of Travel Time

Meeting		Time due outward journey		Time due return journey	
Start	**Finish**	**From**	**To**	**From**	**To**
6.30pm	9pm	Time leaving employment to travel to meeting	5pm	9am	Time arriving back at employment
9.30am	12.30pm	Time leaving employment to travel to meeting	5pm	Time leaving meeting	Time arriving back at employment
9.30am	5pm	Time leaving employment to travel to meeting	5pm	9am	Time arriving back at employment
2pm (travelling the same day)	5pm	Time leaving work	5pm	9am	Time arriving back at employment
2pm (leaving the night before) 5pm		Time leaving work	5pm	9am	Time arriving back at employment

BOARD MEMBERS WILL BE EXPECTED TO TAKE THE MOST TIME EFFICIENT MEANS OF TRANSPORT WHEN CLAIMING THIS ALLOWANCE.

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CLAIM FORM FOR REFUND OF EXPENSES

CLAIMANT'S DETAILS

Name		
Address		
Car Reg No		
CLAIM FOR PERIOD ENDING		

SUMMARY OF EXPENSES

			General £	General p	Training £	Training p
Miles	Casual	miles @ p per mile				
Public Transport	Mainland					
	Island					
Subsistence	Mainland					
	Island					
Other Expenses	Telephone Rental	(Receipts attached)				
		(Receipts attached)				
TOTAL CLAIM						

DECLARATION

1. I declare that :-

a) the travelling expenses detailed above were actually incurred by me to enable me to perform approved duties of the Partnership;

b) The subsistence allowances detailed above are claimed in consequence of my duties for the Partnership which prevented me from sleeping at home or taking a meal at home or premises where I normally take a meal; and

c) All amounts claimed are in accordance with the rates and allowances determined by the Partnership

2. I declare that I am not in receipt of travelling and subsistence expenses from any other public body for items claimed on this form.

Signature of Claimant: ______________________ Date: ______________

CERTIFICATION

I have checked the above claim and hereby approve it for payment.

Director/Chairman ______________________ Date: ______________

START OF JOURNEY		JOURNEY ENDED		ROUTE AND DUTIES (including Starting point, places visited, point returned, purpose of journey and names of official passengers)	SUBSISTENCE DETAILS (including name and address of Hotel, Guest House)			MILEAGE DETAILS		PUBLIC TRANSPORT			OTHER EXPENSES		DETAILS OF OTHER EXPENSES
Date	Time	Date	Time			£	p	Basic	Passenger	Method	£	p	£	p	
					TOTALS										

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
3.1		17/09/03	Dena MacLeod
3.2	Update of format and amendments following comments from R&I	11/08/05	Dena MacLeod
3.3	Amendments made following Governance Workgroup comments of 16 August 2005	17/08/05	Dena MacLeod
3.4	Update for amendments omitted from Version 3.3	24/08/05	Dena MacLeod
4.0	To take account of Dispensation	14/11/08	Dena MacLeod
5.0	The following changes to the Policy were approved at the Board Meeting on 27/11/08 and will be effective from 1 January 2009: • An increase in the hotel and Bed & Breakfast allowance from £55 to £70; • An increase in the dinner allowance from £14 to £30; • Mainland mileage allowance increased from 25p to 30p per mile; and • A requirement that receipts be produced for all expenses that are claimed.	27/11/08	Dena MacLeod
6.0	The following changes are recommended to the Board Meeting at 25/11/10, to be effective from 1 January 2011: • Introduction of higher maximum hotel rates for London/overseas if required • An increase in the maximum	25/11/10	George Finnie

	expense claim for Hotel accommodation to £75 per night • Changes in the daily allowances for Breakfast (increase from £4.50 to £8) Lunch (increase from £6 to £12) and Dinner (decrease from £30 to £25) • Increase in Daily subsistence allowance to £30		
7.0	The following changes to the policy were recommended at the Board Meeting on 30/06/11 and will be effective from 1 April 2011 and 1 July 2011 respectively: • Milage rates be directly linked to the rates approved by HMRC; and • The mainland rate of 30p per mile will only come into force if claiming the standard 45p rate would result in the trip being more expensive than flying (A rough calculation should be carried out before the trip is taken and the appropriate rate agreed. The change in the ferry fares and in the rules for using the Air Discount card will mean that the 30p rate will probably seldom come into effect.)	01/07/11	Dena Macleod
8.0	The following changes to the policy were recommended at the Board Meeting on 27/11/13 and will be effective from 1 December 2013: • An update to the policy guidance reference; • Change to the method of booking and disbursing overnight accomodation; • An update to the subsistence scale rate payments; • Update to the wording for subsistence payments; • Removal of the Friends and	27/11/13	Stephen Nicol

	Family subsistence rate; • Insertion of Appendix 1 'HMRC Guidance'		
8.0	Policy reviewed and no material change required.	10/02/16	Stephen Nicol
9.0	The following changes to the policy were recommended at the Board Meeting on 16/03/17 and will be effective from 1st April: • Benchmark Scale Rates removed as replaced by EIM30200 'Exemption for amounts which would otherwise be deductible' • Subsistence Rates updated (Section 3.1)	16/03/17	Donald Macleod
10.0	Policy Updated to include: • Weather related delays • Employee Use of Air Miles / loyalty schemes, etc. • Compensation payable for delayed flights	01/03/18	Donald Macleod
11.0	Policy reviewed and no material change required.	04/03/19	Katia Petteloot

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
Close Relative and/or Member of the family	A person is a close relative or a member of the family if: a) he or she is the spouse of, or cohabits with, that person (whether of the same or different sexes), or b) he or she is that person's parent, grandparent, child, stepchild, grandchild, brother, sister.
Claim Form	Expenses Claim Form
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

If there is a conflict between this Policy and any statutory provision or regulation, the latter shall prevail.

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Staff Expenses & Allowances Policy

Effective Date: March 2019
Review Date: March 2020
Approved by HHP Board: 20 March 2019

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STAFF EXPENSES & ALLOWANCES POLICY

INTRODUCTION

1.1 We will pay the costs and expenses wholly and necessarily incurred on its business by its employees. This includes extended periods of travel as a result of weather delays.

1.2 Current guidance relating to Payments and Benefits paid by RSLs is given in the 'SHR Regulatory Standards of Governance and Financial Management' which is the reference document used for our policy on Control of Payments and Benefits.

1.3 The underlying aim of this Policy is to ensure compliance with regulatory guidance and with all standards set out by HMRC wherever possible.

AIMS

2.1 The aim of this policy is to enable our staff to be properly reimbursed on a fair and equitable basis for all expenses incurred in connection with their duties on our behalf.

SUBSISTENCE

3.1 Subsistence will be payable to employees who are prevented by their duties from taking a meal at their home, administrative centre or establishment where they normally take their meals, and thereby incur additional expenditure; an employee may be required by the manager to certify this. The allowances do not apply to staff that are required to make journeys on a regular basis as part of their employment with us.

3.2 The allowance shall not be paid where a suitable meal is provided for as part of an accommodation or course package where payment is made otherwise in accordance with any other provisions for personal expenses.

3.3 The maximum amounts which will be paid for subsistence are:

Meals	Type of Journey	Amount
Breakfast rate	Local/mainland	£10
Lunch Meal	Local/mainland	£10
Evening meal	Local/mainland	£25

A meal is defined as a combination of food and drink and would take a normal dictionary meaning. Breakfast rate will only apply if the Employee leaves home, to commence their journey, before 6.00 am and incurs a cost on breakfast taken away from home after the qualifying journey has started. Breakfast rate will not be paid if the cost of an overnight stay includes breakfast.

3.4 Subsistence rates should be reduced by the appropriate amount in respect of any meals provided free of charge by the Partnership or other body during the period to which the allowance relates.

3.5 For an overnight absence from an employee's usual place of residence we will book accommodation in advance, up to a maximum of the rates below. Where accommodation and meals cannot be obtained for the standard rates, the actual costs will be reimbursed when the prior approval of a director has been obtained:

Accommodation		Amount (inc Vat)
In Hotel or Guest House	Mainland/Inter island	£75
	London	£85
	Outside UK	£85
	Overnight Incidentals	£5

3.6 Expenditure will require to be accompanied by appropriate receipts.

CAR ALLOWANCE

4.1 Employees authorised by HHP to use their own car for official business shall receive allowances which will be paid at the HMRC approved rates which are currently:

Type	Annual mileage	Rate per mile
Casual	Up to 10,000	45p
	Over 10,000	25p
	Mainland Rate	30p

4.3 Permission must be given by a Director before a car is hired. Where permission is given and a car is hired, the cost of the petrol used should be claimed via appropriate receipts and not by way of a mileage allowance.

4.4 The allowance payable to an employee who chooses to travel by car rather than by public transport shall not exceed the amount of the allowance which would have been payable had public transport been used.

MOTORCYCLE ALLOWANCE

5.1 The allowance payable to an employee who uses a motorcycle when travelling on HHP's business shall be 24p per mile.

5.2 Employees shall only be entitled to use a motorcycle for business travel when it has been properly authorised in advance and where appropriate insurance is in place.

CYCLE ALLOWANCE

6.1 Employees who are authorised to use their bicycles for travel on official business are eligible to claim a bicycle mileage allowance.

6.2 The cycle mileage rate payable under the scheme will be £0.20 per mile.

6.3 Employees are required to make arrangements to ensure that they are adequately covered under their Household Insurance policy or other appropriate Bicycle Insurance arrangements. Evidence of these arrangements is required prior to authorisation being given.

6.4 Employees wishing to use their bicycle for official business travel must sign declarations form verifying that they will observe the appropriate safety conditions.

6.5 The Manager, taking accounts of the needs of the service, will determine where for operational reasons, it is practical to use a bicycle for official business travel.

PUBLIC TRANSPORT & PARKING

7.1 All employees will travel Second Class on Public Transport wherever possible.

7.2 All expenses must be evidenced by appropriate receipts or tickets.

7.3 All journeys must be authorised by a manager prior to being undertaken.

7.4 All parking fees will be re-imbursed in respect of authorised business.

7.5 When travelling on the mainland, taxis should only be used where public transport is not available or where its use would lead to:

a) Partnership business or a travel connection being missed; or

b) a wait in excess of 90 minutes for the start of a public transport journey not exceeding 10 miles; or

c) difficulties for disabled travellers.

FIRST AID ALLOWANCE

8.1 Employees who have a current approved First Aid Certificate and who are designated First Aid Officers, shall receive an annual allowance at a rate as determined by the announcements by the Scottish Joint Council for Local Government Employees. This allowance is currently set at a rate of £366 per annum (Scottish Joint Council Guidance) and is payable monthly along with the Employee's salary.

8.2 This does not apply to these employees who have, as a condition of employment, the need to hold such a certificate or who have to have a basic awareness of first aid.

MOBILE PHONES

9.1 From time to time, we may make a mobile phone available to certain employees where the circumstances of their role make that appropriate. In that case, we will pay for any service charges and all calls of a business nature.

9.2 Where we provide a mobile phone to an employee for use for general business purposes, the employee will be responsible for the cost of private calls which may be made on that phone. The employee will be invoiced for the cost of any such calls and will be expected to pay such invoice within 30 days.

PROFESSIONAL FEES

10.1 Where membership of a professional body or association is required by us for appointment to a particular post we will pay for the annual subscription. If the employee leaves during the year the appropriate amount of the Professional Fee must be repaid.

10.2 The qualifications recognised for the purposes of this section will be those determined from time to time by us and detailed in a list held by the Director of Finance & Corporate Services.

PRIVATE USE OF VANS OWNED BY HHP

11.1 Where a van is provided to our employee it is done on the basis that its use is intended for business and insignificant private use only. Insignificant private use means as an exception to normal business usage for short periods on exceptional and irregular instances. This distinction is made to ensure that HMRC do not view the provision of the van as a benefit in kind.

11.2 Specific review by HMRC as to what would be considered as private use would be dealt with on a case by case basis but it is important that any private use for a significant time or purpose is approved in advance by the employee's line manager. For the avoidance of doubt, ordinary commuting (as defined in clause 11.4 below) is deemed to be an appropriate private use.

11.3 Failure to comply with the above may mean that we will have to report the use of the van as a benefit in kind, which could also potentially result in an increased tax and NIC liability for the employee concerned. (Current, 2018-19, Benefit in Kind charge to tax of £3,350 if there is no payment for private use).

11.4 Provision of fuel for private use is classed as a benefit in kind by HMRC unless paid for by the employee. In order to ensure compliance with this, with effect from 1 January 2011 employees will require to make a payment of 10p per mile to reimburse HHP for all private use of these assets.

RE-SETTLEMENT ALLOWANCE

12.1 Re-settlement Allowances are payable for the following posts:

Chief Executive, Director of Finance & Corporate Services, Director of Operations

a) Where there has been difficulty in recruitment for particular posts out with these posts the appropriate Director should make the case for a re-settlement package to the Chief Executive. It will be delegated to the Chief Executive whether a re-settlement allowance should be payable;

b) Employees who have received a re-settlement allowance must sign an undertaking to remain in our employment for a period of 2 years from the date of appointment or repay the amount in full;

c) Employees shall pay the full expenses in the first instance. They should thereafter submit all receipts, tender documents and necessary information for approval by the Director. Completed Claim Forms with all the appropriate documentation should be forwarded to the

Director for authorisation before reimbursement, which should be within the normal time frame for re-imbursement of expenses;

d) The total allowance payable is subject to a limit of £5,000. Claims must be submitted within 2 years of taking up appointment; and

e) Any payment made to the employee's family/partner relating to relocation expenses must be declared on the claim form and a proportion may be deductible from the total claim payable by HHP; and

12.2 The categories for allowance payable are shown at Appendix 1.

OTHER PAYMENTS

13.1 Staff who are also tenants may be entitled to other payments relating directly to their tenancies if those payments would be made to any other tenant under a similar tenancy. Such payments should be recorded in the Employee Benefits & Payments register and include, inter alia:

a) Decoration allowance;

b) Disturbance allowance;

c) Compensation payment;

d) Home loss payment; and

e) Refund of rent.

CLAIMING OF EXPENSES & ALLOWANCES

14.1 All expenses and allowances must be claimed at the end of every calendar month using an approved Claim Form.

14.2 The Claim Form must have all appropriate receipts attached, be signed by the claimant and approved by the appropriate Director or his depute.

14.3 Payment will be included in the following monthly salary transfer.

14.4 The period allowances are paid shall be from 1 April to the following 31 March.

DRIVING LICENSE AND INSURANCE CHECKS

15.1 We reserves the right to inspect the driving licence of employees who require to drive Partnership vehicles.

15.2 It is a requirement that any employee using their own vehicle on our business will provide a copy of the following documents which will form part of a register to be held as a register within Personnel:

a) Driving licence;

b) Insurance policy confirming cover for business use; and

c) MOT certificate (where appropriate).

15.3 It is the responsibility of all employees to inform HHP of any changes in relation to the above.

OTHER BENEFITS – AIR MILES, CREDIT CARD/LOYALTY POINTS, ETC

16.1 Air miles, petrol tokens, credit card/loyalty points etc. acquired by an employee are not taxable if they were acquired in the same way as applies to any other member of the general public, for instance by buying goods or services on which such benefits are given.

16.2 Provided the vouchers, air miles or points belong to the employee rather than the employer, they are not considered as being provided by reason of their employment even if the goods or services giving rise to them happen to be purchased as part of the employee's business travel or using a credit card provided by the employer.

16.3 Compensation being provided by Airlines for delayed travel is payable to the passenger in accordance with European Union Regulation 261/2004.

STANDBY PAYMENTS

17.1 There will be some occasions, i.e. weather events, where in order to ensure a repairs service is provided staff will be required to be on standby.

17.2 The Partnership recognizes that standby may disrupt and inconvenience those who carry it out, and this policy provides details of the payments employees will receive and highlights the obligations placed on both management and operational staff in successfully operating such schemes.

17.3 The overriding principle of standby is employee Health & Safety.

17.4 Standby payment arrangements apply to all employees except Directors and the Chief Executive and covers the times when the office is closed.

17.5 The purpose of the Standby payment is to compensate the employee for the limitations on their activities which are substantial. Alternatively, it may be where the employee cannot use the time effectively for their own purposes.

17.6 A payment of £24.13 a day will be made to employees on standby. It does not apply to the situation where an employee is actually asked to work. Where an employee is asked to work they will be paid for their time as detailed below:

Day	Rate
Normal working day	Time
Christmas Eve	Double time
Christmas Day	Double time
Boxing Day	Double time
Hogmanay	Double time
New Year's Day	Double time
Day after New Year's Day	Double time

17.7 An employee will be on "Standby" duty if they have been assigned to be in a state of readiness to perform normal work when called upon.

MONITORING AND REVIEW OF POLICY

Review

17.1 This policy will be reviewed on an annual basis to ensure that the rates are reasonable and consistent with recommended practice.

Breaches

17.2 If a member of staff knowingly breaches the conditions of this policy this may be grounds for disciplinary proceedings.

APPENDIX 1

Conditions to re-settlement allowance

Removal

Employees must obtain at least 3 competitive written tenders. The allowance payable is based on the lowest of such tenders and will include actual expenses incurred inclusive of insurance, vat and storage charges. The employee may, however, select an alternative contractor and pay the difference in cost between this and the lowest tender.

Sale of former residence

Allowances payable will include the actual costs of agency fees, mortgage redemption fees and advertising costs associated with the sale of the former residence.

Breaking of tenancy agreement

Allowances will include the payment of actual costs involved in breaking of a tenancy agreement on former residence as a consequence of the employee taking up hhp's offer of employment.

Purchasing of property

Allowances will include the actual costs of legal fees, mortgage fees, survey fees (both successful and unsuccessful) and stamp duty associated with the purchase of the new residence.

Disturbance and/or settling in allowance

Allowances will include actual costs of incidental expenses connected with moving home (alteration or replacement of curtains, fixtures and fittings; relaying of floor coverings; conversion and installation of electrical appliances, etc). The claim payable will be subject to a limit of £1,000 (20% of total claim).

Lodging allowance

This allowance will be payable as a measure of temporary assistance to an employee who is unable to sell his/her former residence or arrange rental of that property and is therefore forced to maintain two residences.

Upon the employee signing an undertaking that they are not receiving any rental income on their former property and are actively trying to sell that property hhp shall grant the following:

For the first 8 weeks, reimbursement of reasonable rental costs, Thereafter, for a period not exceeding a further 31 weeks, an allowance of £96.74 per week, with that position to be reviewed at the end of the period by the Director of Finance & Corporate Services.

Completed claim forms should be submitted to the Director of Finance & Corporate Services for approval.

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
3.00	The following changes to the Policy were approved at the Board Meeting on 25/11/10 and will be effective from 1 January 2011: Removal of Essential Car User Scheme provisions; Removal of Comhairle Car Loan Scheme; Removal of Comhairle Car Leasing Scheme; Removal of Business Telephone Allowance; Increase in Mainland Car Mileage Allowance to 30p to standardise with Members Policy; Standardisation of Motorcycle Mileage Allowance to 24p per mile in line with HMRC guidelines; Reduction in Cycle Mileage Allowance to 20p in line with HMRC guidelines; Update of rates in relation to First Aid Allowance; Update of rates in relation to Standby Allowances; Inclusion of policy in relation to private use of HHP vans. Removal of Excess Travelling Allowance.	25/11/10	George Finnie
	The following change to the Policy was approved at the Board Meeting on 30/06/11: Inclusion of the following wording in the Staff and Members Expenses Policy, "Mileage will be paid at the HMRC approved rates which are currently.	30/06/11	Dena Macleod

5.1	The following change to the Policy was approved at the Board Meeting on 27/11/13: Update of the policy guidance reference. Update to subsistence scale rate payments. Update to the wording of Subsistence payments. Change to the method of booking and disbursing overnight accommodation. Removal of Basic Allowance. Update to the payment terms of First Aid Allowance to monthly in salary. Removal of the Standby Allowance. Inclusion of Van private use charge to tax rate. Insertion of Appendix 2.	27/11/13	Stephen Nicol
5.2	Syntax errors were corrected.	19/11/14	Stephen Nicol
5.3	Annual van charge updated for 2015/16 rate. Removal of reference to ordinary commuting from para 11.4.	18/11/15	Stephen Nicol
5.4	Re-settlement Allowance – Section Updated.	21/01/16	Angus Lamont
6.0	The following changes to the policy were recommended at the Board Meeting on 16/03/17 and will be effective from 1st April 2017: • Benchmark Scale Rates removed as replaced by EIM30200 'Exemption for amounts which would otherwise be deductible' • Subsistence Rates updated (Section 3.1) • First Aider Allowance Updated for last SJC guidance • Van benefit charge updated to reflect latest HMRC	16/03/17	Donald Macleod

	guidance		
7.0	Policy Updated to include: • Weather related delays • Employee Use of Air Miles / loyalty schemes, etc. • Compensation payable for delayed flights	01/03/18	Donald Macleod
8.0	Policy updated: • to include a provision for Standby Payments. • With new rate for Benefit in Kind charge to tax in the event of non-compliance with the policy when using vans owned by HHP for private use.	04/03/18	Katia Petteloot

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

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Claim Form	Expenses Claim Form
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

If there is a conflict between this Policy and any statutory provision or regulation, the latter shall prevail.

hebridean housing partnership

Making our house your home

ITEM NO 7.4

RENT ARREARS POLICY

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 This report seeks minor amendments to the Rent Arrears Policy following the periodic review.

Summary

2.1 The Rent Arrears Policy has been reviewed and has had minor wording changes to reflect the implementation of Universal Credit.

Competence

3.1 The financial, legal or other constraints are detailed at paragraph 5.1 - 6.1.

Recommendations

4.1 **It is recommended that the Board approve the Rent Arrears Policy at Appendix 1.**

APPENDIX 1:	Rent Arrears Policy	
Background Papers:	None	
Writer of Report:	Donalda MacKinnon	Tel: 0300 123 0773

Competence

Financial

5.1 There are no financial implications arising from this report. A robust Rent Arrears Policy is key in protecting business income.

Legal

6.1 There are no legal implications arising directly out of consideration of this report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	1.1 & 1.6
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.2
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.3
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.3

Risk

8.1 The risk of not updating policies can lead to breaches in regulatory codes of governance and recommended practice, and leave the Partnership open to legal action.

Report Details

9.1 The Rent Arrears Policy has been reviewed and only minor changes have been identified.

9.2 Key features of a robust arrears policy are a focus on early intervention and a strong but supportive approach to pursuance. These are encapsulated in the policy.

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Rent Arrears Policy

Effective Date: March 2019
Review Date: March 2022
Approved by HHP Board: 20 March 2019

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RENT ARREARS POLICY

INTRODUCTION

1.1 Rent is our main source of income. The effective collection of rent and the prevention and effective management of rent arrears is vital for us in order to maximise the financial resources available to maintain its housing stock, fund its ongoing investment programme, provide a full range of services to its tenants and other customers, and remain a going concern.

1.2 The payment of rent is a primary responsibility of every tenant and is a central obligation of the tenancy agreement. We expect all tenants to pay their rent on time in accordance with their tenancy agreement and rent debt will always be pursued.

1.3 Rent payment is a major issue for tenants and we have a responsibility to prevent tenants from accumulating rent arrears that may trap them in a cycle of poverty and/or lead to their eviction. It is important to focus on early action and intervention, however a supportive and understanding view will be taken of arrears problems in cases of proven financial hardship.

AIMS & OBJECTIVES

Aims

2.1 The aims of Hebridean Housing Partnership's Rent Arrears Policy are to:

a) Ensure that we have sufficient resources to function efficiently and effectively;

b) Ensure that tenants are not burdened with higher rents as a result of uncontrolled rent arrears;

c) Maximise rent collected;

d) Maximise uptake by tenants of Housing Benefit or Universal Credit and other welfare benefits to which they are entitled; and

e) Minimise the level of rent arrears in a sensitive but effective manner, and wherever possible enable tenants to maintain their tenancy and avoid eviction and/or homelessness.

Objectives

3.1 The specific objectives of the policy are:

a) To emphasise the importance of the payment of rent when a tenant first applies for housing, at sign up, and during new tenancy visits.

b) To regularly and effectively monitor levels of rent arrears and have early intervention mechanisms in place which identify potential rent arrears issues and prevent significant rent arrears arising.

c) To offer early, appropriate notification, support and guidance to tenants to reduce rent arrears.

d) To respond quickly to non-payment of rent and make contact with the tenant as soon as possible.

e) To adopt an approach to arrears management which is firm but also focuses on preventing homelessness and takes account of tenants' individual circumstances.

f) To take appropriate action in each case in accordance with the level of the rent arrears.

g) To promote joint working with Comhairle Nan Eilean Siar and other external agencies as appropriate.

EQUAL OPPORTUNITIES

4.1 This policy complies with our Equal Opportunities Policy. We are committed to a proactive role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting fair policies and procedures. The Equal Opportunities Policy should be seen as an integral component of our Rent Arrears Policy.

AFFORDABLE RENTS

5.1 We will not provide extra services without consultation with tenants where there will be an impact on their rent. We will aim to ensure that it meets the Scottish Social Housing Charter's rent and service charges outcome and standard in respect of rent and service charges.

5.2 This requires that rents and service charges are set in consultation with tenants and other customers so that a balance is struck between the levels of services provided, the cost of the service, and the affordability of rents. It also requires that tenants are given clear information on how rent and other money is spent.

5.3 We will send all tenants a rent statement at least twice each rent year. This will ensure that tenants understand that we monitor accounts and be aware of the status of their account.

METHODS OF RENT PAYMENT

6.1 We will offer tenants a range of payment methods and will keep these under review. These include:

- Direct Debit;
- Bank Standing Order;
- Rent Card Payments at 'Paypoint' Outlets;
- CNES Cash Desk;
- HHP Cash Desk;
- Online Payment;
- Housing Officer Home Visit (in exceptional circumstances); and

6.2 We will consider new methods of payment as these develop.

6.3 We will encourage tenants in receipt of Housing Benefit or Universal Credit housing element to opt for direct payment to landlord, and in appropriate circumstances will seek statutory deductions from DWP payments.

6.4 In accordance with our tenancy agreement, tenants are required to pay their rent and other charges in full one week in advance, unless an alternative arrangement which suits their particular circumstances is agreed in advance.

PERFORMANCE MONITORING

7.1 The Board will annually agree its target for current tenant rent arrears as a percentage of the net rent due in the financial year.

7.2 We will put in place systems to monitor that its targets are being met and consider action where appropriate.

7.3 We are committed to maximising rent collection performance.

7.4 We will benchmark against other organisations' rent collection performance.

7.5 We will provide staff with training to enable them to carry out their rent arrears control function effectively and sensitively.

7.6 We will develop a customer focused service and will seek to work in partnership with other organisations which can benefit its tenants, including Citizens Advice Service, CNES Housing Benefit Section and Department of Work & Pensions.

7.7 A report on Arrears Management Performance Indicators (statutory and local) will be made to each meeting of the Board.

7.8 The Board will review the Arrears Management Performance after each year end and amendments will be made as necessary to the Rent Arrears Policy and associated procedures after consultation with service users and other agencies.

PERFORMANCE INDICATORS

8.1 We will maintain systems to measure the Statutory Performance Indicators:

a) Current tenant rent arrears as a percentage of the annual nett rent receivable;

b) Number and percentage of tenants owing over £250 in rent arrears;

c) Number and percentage of tenants owing over 4 weeks rent; and

d) Number and percentage of tenants owing over £1000 in rent arrears.

8.2 We will maintain systems to measure Local Performance Indicators in relation to:

a) Number and percentage of tenants in rent arrears;

b) Amount and percentage of rent arrears due to Housing Benefit;

c) Amount and percentage of annual rent collected;

d) A banded analysis of arrears;

e) A geographic analysis of arrears; and

f) Number of tenants evicted due to rent arrears.

8.3 We will maintain systems to enable it to make ARC returns and this data shall be reported to the Board and in our Annual Report.

PREVENTION OF ARREARS

9.1 It is recognised that prevention is the best means of arrears control and we will take steps at the earliest possible stage to prevent arrears accruing and to promote a culture of payment.

9.2 The importance of communicating effectively with housing applicants and prospective new tenants is recognised as a key means of controlling and minimising rent arrears. Pre-tenancy advice, information and assistance will be provided as follows:

At The Point of Application

9.3 When a prospective tenant makes an application for housing, the applicant will be advised to retain all relevant financial information that may be required if an application for Housing Benefit or Universal Credit housing element is made. This advice will be repeated when an offer or provisional offer is made.

Sign Up Interview

9.4 At sign up the tenant will be informed as fully as is practical of all costs associated with the tenancy. It will be emphasized that the tenant is responsible for the payment of rent, even if Housing Benefit or Universal Credit is awarded. Rent payment methods will be discussed and agreed. Tenants will be encouraged to make payments by direct debit, but if this is not appropriate to their circumstances an alternative method of payment will be agreed. Housing Benefit or Universal Credit housing element entitlement will be considered and if it appears that the tenant may be entitled to Housing Benefit or Universal Credit housing element they will be given assistance to complete the necessary application form where appropriate and encouraged to select the direct payment to Landlord option.

New Tenancy Visit

9.5 New tenants will have their rent account monitored closely for early signs of difficulty and will receive a visit within six weeks of the start of the tenancy to emphasise the advice given at the sign up interview and to identify and resolve any early payment issues.

HOUSING BENEFIT

10.1 Universal Credit (UC) was implemented in the Western Isles in September 2018. UC is affecting relatively small numbers of tenants at present but this will increase when full migration takes place. The migration of those on legacy benefits is due to commence in 2020. This policy continues to refer to 'Housing Benefit' as not all tenants will be affected by UC.

10.2 Direct Housing Benefit payments account for a significant percentage of our income and the effective collection of Housing Benefit is key to minimising rent arrears and to our financial wellbeing.

10.3 We will continue to operate a Service Level Agreement with Comhairle Nan Eilean Siar to ensure that Housing Benefit entitlements are paid on time and that relevant information about claimants who are our tenants is provided.

10.4 We will take a proactive approach to Housing Benefit and UC cases at all times, and in appropriate circumstances will assist tenants affected by the 'Bedroom Tax' to claim Discretionary Housing Payment (DHP).

10.5 We will encourage the prompt reporting of change in household/income circumstances and will actively encourage tenants to return Housing Benefit review forms promptly. In the case of UC claimants we will ensure tenants report any changes through their online journal.

10.6 We will notify tenants as soon as possible after information is received that a Housing Benefit or UC claim has been suspended or cancelled, and will assist tenants as appropriate to have their claim reinstated.

10.7 We will seek to maintain a positive working relationship with Comhairle Nan Eilean Siar Housing Benefit staff in order to ensure the best possible service to tenants and to minimise rent arrears caused by suspension or cancellation of Housing Benefit.

10.8 Rent arrears that arise as a result of delayed Housing Benefit or UC payments shall be treated as technical arrears.

RENT ARREARS CONTROL AND RECOVERY

11.1 We will adopt a firm and sensitive approach to rent arrears recovery.

11.2 In order to identify rent arrears as they arise, we will establish and maintain a fully integrated Housing Management System which holds the records for rents and arrears case management, allocations, void management, estates, customer services and property management. The system automatically reflects all payments to rent accounts or changes in rent account balances. The system also indicates where there are 'technical arrears' due to expected payments for Housing Benefit, and incorporates our current Rent Arrears Policy and procedures.

11.3 A realistic and consistent approach to rent arrears recovery is essential and early intervention and identification of rent arrears is a key element in successful rent arrears recovery.

11.4 This policy shall be supplemented by detailed working procedures which will be used by staff in implementing the policy.

11.5 Rent arrears recovery will be based on a staged escalation process up to and including repossession.

11.6 Recovery actions will be based on a preventative approach that seeks to maximise tenants' entitlement to benefits as well as securing regular payments.

11.7 Staff will take account of the particular needs of vulnerable tenants and liaise with relevant external agencies to assist as appropriate.

11.8 Joint tenants will be made aware that they have joint and several responsibility for rent arrears repayment.

11.9 If tenants have outstanding debt to us then any payments due to them by us will first be paid to their rent account. Any balance outstanding after the rent account balance has been cleared being paid to the tenant. This shall also apply to former tenants' accounts if payment is due through the tenants' right to compensation scheme.

ARREARS CONTACTS

12.1 All contacts with tenants, whether by letter, email, phone, text message or in person will be conducted in private and the outcomes recorded in writing.

12.2 Where a tenant is known to be vulnerable, arrangements will be made for his advocate to be present at any meeting. If a tenant requires an interpreter or signer, arrangements will be made to have one present.

REPAYMENT ARRANGEMENTS

13.1 Before legal action is considered, every effort will be made to get a clear picture of the tenant's circumstances and the reason(s) for the arrears.

13.2 In cases where the tenant cannot clear the arrears in a single payment, an affordable payment plan to reduce the arrears in realistic and sustained instalments over a specific period of time will be set up. This will be based upon a detailed assessment of the tenants' ability to pay.

13.3 A written agreement will be made with the tenant where possible.

13.4 Once a tenant has agreed a repayment plan, the rent account will continue to be monitored. If payments continue to be missed recovery action will be escalated.

LEGAL ACTION

14.1 Legal action is the last stage in the arrears process and a decision to proceed with action to recover possession of the property and outstanding debt will only be taken when all other means of recovery of the rent arrears have been exhausted, or when the tenant has failed to engage or respond and rent arrears continue to increase or have not reduced.

14.2 Before commencing with legal action, we will ensure that all Pre-Action Requirements as set out under sections 14 and 14A of the Housing (Scotland) Act ("the 2001 Act") as amended by section 155 of the 2010 Act and Repossession Orders under section 16 of the 2001 Act as amended by Section 153 of the 2010 Act have been complied with.

14.3 Relevant departments of Comhairle Nan Eilean Siar and any appropriate support agency/provider will be informed of the legal action and encouraged to provide assistance to prevent the homelessness of the tenant and their household.

14.4 During all stages in the legal action process the rent account will be regularly monitored and attempts to make personal contact with the tenant and resolve the matter will be made.

14.5 Eviction will always be seen as a measure of last resort.

14.6 Other forms of action such as lowering repayment arrangements, Direct Payments from benefits and wage arrestment will be pursued before a decision to seek, obtain and implement a Decree of Ejection is made.

14.7 We will provide tenancy support to tenants who are at risk of losing their homes.

14.8 We will seek to recover legal expenses incurred when taking court action against tenants in rent arrears, unless the Director of Finance and Corporate

Resources determines that it is not cost effective to do so. A scale of charges will be introduced and subsequently reviewed annually, which reflects actual legal costs incurred in taking court action and staff costs specifically associated with the legal action.

NOTICE OF PROCEEDINGS OF RECOVERY OF POSSESSION AND DEGREE OF EJECTION

15.1 The Director of Operations will have day to day responsibility for rent arrears monitoring and recovery including the issue of Notice of Proceedings for Recovery of Possession.

15.2 It is delegated to the Director of Finance and Corporate Services to initiate Court Proceedings leading to Recovery of Possession of a tenancy at the Sheriff Court.

15.3 The Board will receive a report, at each meeting of the Board, of Notice of Proceedings for Recovery of Possession issued to tenants and Decrees of Ejection granted by the Sheriff Court.

15.4 We will take immediate action to implement a Decree of Ejection once granted.

15.5 Some tenants will seek to clear rent arrears after a Decree of Ejection has been granted. In such cases, if payment is made in full, the Decree of Ejection will not be implemented. In such circumstances arrears are expected to be paid in full. Any decision to accept less than full payment shall only be taken by the Director of Operations. If a decree is granted against a tenant for the second time, the assumption will be that the decree will be implemented regardless of an offer to pay. A decision not to implement a second decree will only be taken by the Director of Operations and would be based on an assessment of the tenant's circumstances, the implications of enforcement, and liaison with other appropriate agencies. If a decree is granted for the third time, it shall be implemented.

15.6 Comhairle Nan Eilean Siar's Social Work Department, Homelessness Section and other relevant agencies will be notified of cases where we are pursuing a Decree of Ejection.

CONFIDENTIALITY

16.1 Reports to the Board will be presented in a way that ensures that tenants' confidentiality is protected at all times.

BOARD MEMBERS IN ARREARS

17.1 The Board is responsible for determining our Rent Arrears Policy and receives reports on individual arrears cases.

17.2 It is important that there is no conflict of interest for Board Members in rent arrears matters. Board Members in rent arrears must declare an interest at any meeting where the matter being discussed involves rent arrears, as set out in our Code of Governance for Board Members.

FORMER TENANT ARREARS

18.1 We will pursue former tenant rent arrears, where it is recoverable and cost effective to do so, in accordance with its Recovery of Sundry Debts Policy.

COMPLAINTS PROCEDURE

19.1 Tenants who have a complaint about the way they have been dealt with in respect of rent arrears recovery may refer to our Complaints Policy, which is available at the Partnership's offices

MONITORING AND REVIEW OF POLICY

Policy Review

20.1 This policy will be subject to regular review. Such reviews will encompass the requirements of Section 54 of the Housing (Scotland) Act 2001 in relation to consultation. We will fulfil this obligation as a minimum. UC will ultimately replace Housing Benefit, and Housing Costs will become a component of UC.

20.2 The introduction of UC may have a negative impact on our ability to collect rent and may lead to an increase in levels of rent arrears.

Legislative & Regulatory Framework

21.1 Relevant legislation includes:

The Housing (Scotland) Act 2001

This establishes the regime of Scottish Secure Tenancies, the terms of such Tenancies and the arrangements for repossession of a tenancy.

The Housing (Scotland) Act 2010

This set out the terms of Pre-action Requirements under sections 14 and 14A of the Housing (Scotland) Act ("the 2001 Act") as amended by section 155 of the 2010 Act and Repossession Orders under section 16 of the 2001 Act as amended by Section 153 of the 2010 Act.

The General Data Protection Regulation (GDPR)

Sets standards for the gathering and sharing of personal information.

The Human Rights Act 1998

Has an effect on housing management functions, including Recovery of Possession Proceedings.

The Bankruptcy and Diligence (Scotland) Act 2007

Sets out the legal framework for recovery of debt, including rent arrears.

The Homelessness (Scotland) Act 2003

Requires HHP to advise the relevant local authority in statutory form when legal proceedings to raise proceedings are commenced.

The Social Housing Charter

The Charter requires that we manage all aspects of our business so that tenants, owners and other customers receive services that provide continually improving value for money for the rent and other charges that they pay.

21.2 The following Scottish Housing Regulator's Performance Standards are particularly relevant to this policy:

21.3 Performance Standard GS 3.1: Responsiveness to Service Users – 'We place people who use our services at the heart of our work. We treat people with respect and are responsive to their views and priorities.'

21.4 Performance Standard GS 3.1: Housing Information and Advice – 'We provide or procure effective information and advice, in line with the National Standards for housing information and advice services.'

21.5 Performance Standard AS1.8: Arrears: - 'We act to prevent arrears of rent and service charges building up. We recover any arrears fairly and effectively.'

21.6 Performance Standard AS4.4: Prevention of Homelessness:- 'We help prevent homelessness arising in the first place and its recurrence when it has occurred.'

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
3.0	Emphasise the key role that an effective arrears policy plays in the financial wellbeing of HHP; Reflect legislative changes since the last policy review; and Expand performance measures/indicators.	18 February 2015	Martin Flett
3.1	Wording updated for GDPR	9 March 2018	Angela Smith
3.2	Minor wording	20 March 2019	Donalda MacKinnon

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
ARC	Annual Return Charter
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

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ITEM NO 7.5

VULNERABLE CONSUMERS POLICY

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To supplement HHP's Rent Arrears and Recovery of Sundry Debt Policies in line with the Financial Conduct Authority (FCA) guidelines, to ensure that we are implementing best practice when dealing with vulnerable consumers.

Summary

2.1 A Vulnerable Consumers Policy is attached at Appendix 1, which complies with FCA guidelines.

Competence

3.1 The financial, legal or other constraints are detailed at paragraph 5.1 - 6.1.

Recommendations

4.1 **It is recommended that the Board review and approve the Vulnerable Consumers Policy at Appendix 1.**

APPENDIX 1:	Vulnerable Consumers Policy	
Background Papers:	None	
Writer of Report:	Donalda MacKinnon	Tel: 0300 123 0773

Competence

Financial

5.1 There are no financial implications to adopting best practice for vulnerable customers.

Legal

6.1 There are no legal implications arising out of consideration of this report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	1.1 & 1.6
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.2
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.3
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.3

Risk

8.1 There is no risk associated with this Policy.

Report Details

9.1 HHP holds a Financial Conduct Authority (FCA) licence and is required to have a Vulnerable Consumers Policy.

9.2 The aim of the policy is to ensure HHP deals fairly and effectively with vulnerable consumers and that a consistent approach is adopted by all areas of the business.

9.3 It also highlights risk factors for consumers of financial services.

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Vulnerable Consumers Policy

Effective Date: March 2019
Review Date: March 2022
Approved by HHP Board: 20 March 2019

TABLE OF CONTENTS

VULNERABLE CONSUMERS POLICY

INTRODUCTION

1.1 All organisations which hold a Financial Conduct Authority (FCA) licence are required to have a Vulnerable Consumers Policy. Typically such policies would be used by banks, building societies and insurance companies to regulate how they deal with vulnerable consumers, but it is equally important that organisations such as ourselves have policies in place which set out how we deal with various types of consumer vulnerability that we may encounter as a Registered Social Landlord (RSL).

AIMS

2.1 The aims of Hebridean Housing Partnership's Vulnerable Consumers Policy are to:

a) Ensure that we deal fairly and effectively with vulnerable consumers;

b) Ensure that a consistent approach to vulnerable customers is embedded across all operations;

c) Ensure that staff engaged in debt recovery have sufficient training and understanding to deal with vulnerable consumers effectively, including the skills to encourage disclosure from potentially vulnerable consumers;

d) To ensure that we work in cooperation with vulnerable customers and their carers/representatives while at all times being fully compliant with data protection requirements.

e) To encourage an organisation-wide commitment to tackling and 'doing the right thing' for vulnerable consumers.

f) To develop a culture where staff are encouraged to understand and empathise with vulnerability.

g) To place an emphasis on training all staff who deal directly with customers to know enough about vulnerability to pick up on warning signs and triggers and refer on appropriately.

h) To develop intelligent signposting. It will not be the role off our staff to be experts at dealing directly with all forms of vulnerability that they encounter, but if a vulnerability is identified the customer shall be referred to the right sort of expert help in the most practical way.

i) To develop and maintain contacts with partner agencies with a remit to assist dealing with the various vulnerabilities that we may encounter.

RISK FACTORS FOR CONSUMERS OF FINANCIAL SERVICES

3.1 The following risk factors are not exhaustive, but summarise the main vulnerability issues for consumers of financial services. When dealing with consumers, debt recovery staff will be mindful of these factors.

a) Low literacy, numeracy and financial capability skills;

b) Physical disability;

c) Severe or long term illness;

d) Mental health problems;

e) Low income;

f) Significant debt;

g) Caring responsibilities, including operating a power of attorney;

h) Being 'Older Old' – for example over 80, although this is a guideline and not an absolute. ('Older Old' consumers may have cognitive or dexterity impairment, sensory impairment such as hearing or sight, onset of ill health with little prospect of recovery, not being comfortable with new technology);

i) Being young – this is associated with less life experience and less appreciation of financial risk and obligation;

j) Change in circumstances – for example bereavement, job loss, divorce;

k) Lack of English language skills;

l) Non-standard requirements – for example armed forces personnel returning from abroad, ex-offenders, recent immigrants;

m) Alcohol and/or drug dependency; and

n) Untidy garden or house.

TRIGGERS TO ALERT STAFF TO VULNERABILITY ISSUES

4.1 Vulnerability triggers will broadly fall into three areas:

a) Change in payment behaviour. This may include:

   i) payments stopping suddenly;

   ii) late or missed payments;

   iii) part payment;

   iv) change in payment pattern; or

   v) cancellation of direct debit or standing order.

b) Conversational triggers, during interviews or phone calls. This may include:

   i) 'I can't pay';

   ii) 'I'm having trouble paying';

   iii) 'I can't read the statement you sent me'; or

   iv) 'I can't understand the letter you sent me'.

c) Physicals triggers. This may include:

   i) shortness of breath;

   ii) signs of agitation;

   iii) asking to repeat – a sign that the consumer may not be retaining information;

iv) signs of confusion – an indication that the consumer may not have understood the information;

v) mention or sight of medication;

vi) signs that the consumer may be under the influence of drink and/or drugs; or

vii) signs that the customer is unable to cope, including an untidy garden, untidy home, hoarding, non-reporting of repairs and not engaging in investment programme works.

VULNERABILITY DISCLOSURE AND DATA PROTECTION

5.1 The Information Commissioner's Office (ICO) has indicated that data protection should not act as a barrier to the recording of information, when this recording would lead to a fair outcome for the customer.

5.2 The ICO would only take action against an organisation where the recording of the information in question had been unfair and/or led to an unfair outcome for the customer.

5.3 When a third party (such as a relative or a carer) is involved in a customer's finances, we shall not disclose information about the customer's account.

5.4 However if a third party contacts us to let us know that one of our customers cannot manage their financial affairs for a while, we shall take a note of that information to assist us to behave appropriately when contacting the customer.

5.5 If a carer can supply evidence of their authority to act on our customer's behalf, a more detailed discussion can take place.

5.6 If no evidence of authority can be provided, we must avoid discussing any account details with the carer and explain why this isn't possible. However the carer should be reassured that their concerns can still be recorded as unverified observations on the customer's account.

5.7 The carer should be advised that their observations will need to be shared with the customer and colleagues. Carers will need to give their consent for this.

5.8 The carer's observations should be recorded, and staff should check why the customer is unable to speak to us directly on the issues raised by the carer.

GOOD PRACTICE

6.1 We will ensure good practice in the following areas:

a) Training – all staff who deal directly with customers shall be trained to know enough about vulnerability to pick up on warning signs or triggers and refer on appropriately;

b) Avoid rigidly scripted responses – encourage staff to be flexible enough to allow a conversation to develop if they sense that a customer may be experiencing difficulty;

c) 'Removing fear' – staff may feel awkward or scared of having conversations around issues such as mental health or other forms of illness, and dealing with customers who are or become distressed.

Therefore they may not feel able to encourage customers to disclose vulnerabilities. We will seek to remove as much of this fear or discomfort as possible via increased understanding, clear guidance on how to respond, and appropriate training;

d) Building trust and encouraging disclosure – the more we know about a customer's situation, the more we can help, either directly or by referral. We will develop clear procedures, develop staff with excellent communications skills, ensure good implementation of data protection requirements, and demonstrate to customers that disclosing leads to positive outcomes;

e) Develop and maintain excellent relationships with the advice sector and support agencies to ensure that we refer customers on to the right source of help;

f) Ensure that staff are encouraged to use judgement and a flexible approach. This may include advice on appropriate methods of payment, affordable repayment plans, offering assistance in dealing with Housing Benefit and DWP, giving assistance to carers to register a power of attorney, and stopping constant letters being sent to customers inappropriately;

g) Recording needs – having systems that enable and encourage staff to record customers' needs and any request for additional support (for example, home visits to collect rent);

h) Putting 'flags' on accounts to ensure that vulnerabilities are identified quickly when customers contact us so that they do not have to repeat over and over what may be difficult details;

i) Providing a range of accessibility options including hearing loops, information in audio, Easy Read, large print or Braille, and access to translation services; and

j) Specific steps to ensure that those who have difficulty in understanding are offered meetings in quiet areas, that they are accompanied when appropriate, and are given longer appointments if required.

MONITORING AND REVIEW OF POLICY

7.1 The policy will be reviewed regularly to take account of any legislative changes.

POLICY CHANGE HISTORY

Version	Change Applied	Date	By
1.0	N/A – new policy	18 February 2015	Martin Flett
1.1	No Changes Applied	20 March 2019	Donalda MacKinnon

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
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ARC	Annual Return Charter
FCA	Financial Conduct Authority
RSL	Registered Social Landlord
ICO	Information Commissioner's Office
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

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ITEM NO 8.1

PERFORMANCE MONITORING REPORT

Board 20 March 2019

Report by Chief Executive

Purpose of Report

1.1 To provide a summary of performance on Budgets, Investment, Development and Treasury up to 31 January 2019 and highlight any material variances.

Summary

2.1 Our Policies and Financial Regulations require regular monitoring reports to be presented to the Board. This report is to provide a high level overview of all these monitoring reports to enable Board Members to see at a glance how we are performing. The detailed monitoring reports are still prepared and are included as part of the Board papers to ensure Board Member receive sufficient information to enable scrutiny to be undertaken.

2.2 Appendix 1 shows a summary of performance, the main issue to draw to Board Members attention is the slippage of around £276K on the Development Programme and this will be discussed in detail at Item 9.4.

Competence

3.1 There are no financial, legal or other constraints to the recommendations of this report.

Recommendations

4.1 **It is recommended that the Board note the overall performance to 31 January 2019 outlined in Appendix 1 to the report.**

APPENDIX 1:	Performance to 31 January 2019	
Background Papers:	None	
Writer of Report:	Dena Macleod	Tel: 0300 123 0773

Appendix 1

Area	Performance		Ref Agenda Item
Management Report to 31 January 2019	Overall forecast on voids showing a potential saving of £42K up £20K since last month. There has been a reduction of £153K (37.7%) in the Aids and Adaptation budget due to fewer referrals being received. This leaves £11K to spend for the next two months. The pressure on the repairs & maintenance budget could result in an overspend of £21K (1.4% of approved budget)		8.5
Investment	There is currently slippage on heating contracts of £228K which is 5.0% of the total programme. £1.4m (31.3%) of the budget will be spent during February and March months with the largest part of that expenditure relating to heating. Contractors have assured us the work will be completed by 31 March 2019.	174 heating systems have been completed and 17 in progress	6.5
Development	Slippage of £940K in expenditure and £664K in grant income. The slippage is down to a variety of reasons which are outlined in the Development update.	29 units have been completed 56 units on the ground	9.4

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DEVELOPMENT MONITORING REPORT

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To advise the Board of progress with the Development Programme 2018-2021.

Summary

2.1 A summary of our current position with regards to our 5 year development plan and Scottish Government Grant is shown below.

	Current	Planned 2018/19 (5 year development plan)
Units approved	47*	23
Units on Site	56	121
Units Complete	29	96

*Approved to go to tender by Board/awaiting site start

Scottish Government Grant

	Western Isles	Scottish Government Local Programme Agreement
For year 2018/19 (RPA)	£8.046M	£6.8M
Developments on Site	£3.2M	£3.1M
Expected on Site 2018/19	£1.8M	£1.8M
Total Estimated Spend	£5.0M	£4.8M
RPA Slippage	£3.0M	£2.0M

2.2 There are currently 4 developments on site all due for completion during 2019. Appendix 1 provides further details on individual sites.

2.3 Seven developments are at various stages awaiting site start. Two have planning permission, two are currently being assessed by the planning department and three are due to have applications submitted within the next few weeks. A full detailed table is provided at Appendix 1.

2.4 The tender return for the Rural Lewis sites closed on 25 January 2019. The tenders have been scored and a cost savings exercise carried out by the preferred contractor. The Development Working Group have approved the developments subject to a review of the designs submitted by the contractor.

2.5 The Development Update at Appendix 1 provides a summary of spend for the 2018/19 programme.

2.6 The Development Update at Appendix 2 provides a breakdown for each development.

2.7 Our lawyers have been instructed to commence the purchase of land at Howmore, Isle of South Uist. Howmore has 4 units on the SHIP for 2020/21.

2.8 Acquisitions of the sites at Melbost West and Blackwater are progressing with our lawyers. Both sites have been submitted to the Scottish Government for Grant Approval.

Competence

3.1 The financial, legal and other constraints are detailed at paragraph 5.1 - 8.3.

Recommendations

4.1 **It is recommended that the Board:**

a) note the detailed update of developments at Appendix 1;
b) note the overview of the Development Programme at Appendix 2; and
c) note the feasibilities update at Appendix 3.

APPENDIX 1:	Developments Detailed Update	
APPENDIX 2:	Development Overview	
APPENDIX 3:	Feasibility Studies Update	
APPENDIX 4:	New build progress photographs	
Writer of Report:	Katrina Rowlands	Tel: 0300 123 0773

Competence

Financial

5.1 The agreed budget for Scottish Government Grant in 2018/19 is £6.8M. There is £3.1M committed with developments already on site and a further spend has been identified in sites with recently completed feasibility studies and returned tenders.

Legal

6.1 The Development Working Group has delegated authority until 31 March 2021, to approve private finance up to 40% of the cost, subject to approval from the Director of Finance & Corporate Services and funding being available through savings.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.2 & 2.3
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.2 & 3.3

Risk

8.1 Development is inherently risky. Feasibility work to ascertain the suitability and capacity of potential sites for development helps to reduce risk. Feasibility studies are jointly funded by HHP and the Comhairle and are primarily undertaken by Tighean Innse Gall (TIG). TIG was appointed following a procurement exercise. Additional resource has been put in place through Galson Trust.

8.2 Risk related to particular development is assessed as part of the feasibility study.

8.3 One of the most significant risks at present is the short timescale to acquire sites and to achieve site starts so as to maximize use of the resources made available to the Comhairle and the Outer Hebrides.

Report Details

Feasibility Studies

9.1 Details of recent feasibility studies are at Appendix 3.

9.2 Work is ongoing with the Comhairle to identify additional suitable sites to carry out further feasibility studies on.

Scott Road, Tarbert

9.3 The feasibility study at Scott Road Grazings, Tarbert continues and cost reports are awaited.

Site Acquisitions

10.1 The Masterplan exercise for Blackwater is currently underway. The site requires an acoustic assessment with regards to a nearby turbine. This work has been instructed and is expected to take 3-4 weeks.

10.2 The site at Melbost West is being progressed to acquisition with the aspiration to complete by the end of this financial year.

10.3 Our lawyers have been instructed to commence the purchase of land at Howmore, Isle of South Uist. Howmore has 4 units on the SHIP for 2020/21.

Developer Led Proposals

11.1 There have been limited proposals to date from developers.

11.2 The proposed developer led site at Sollas is no longer progressing as the land has been sold at higher than market value.

11.3 Scotland Street is a high cost proposal and additional funding opportunities are being sought.

11.4 A site in North Uist is currently under discussion with the developer.

New Build Updates

Appendix 1

Progress On Site

Development Name	Progress	Expected Handover
Mackenzie Avenue	There is an outstanding issue with regards to the site boundary. Progress has now been made with the owners and the matter is with our lawyers to be finalised. Handover for the remaining properties is on target for September 2019.	September 2019
Corran Cismaol, Barra	The contractor has advised that handover has been delayed due to bad weather causing ferry cancellations and tarring. The original completion was due 4 February 2019 and now expected 27 March 2019.	27 March 2019
Sealladh a' Chliseim, Lochs	The contractor has advised that there is a further delay with handover. This is due to the planning requirement that the pavement works on the main road must be fully complete prior to occupation of the properties. The contractor also has experienced delays with tarring due to Breedons' availability.	21 March 2019
Langley Apartments, Stag Road, Stornoway	The contractor advised there may be a delay of 2-3 weeks on the handover of this development due to adverse weather affecting external works and utility services failing to make connections or install meters on the dates previously agreed. The sewer connections and gas connections are complete. Tarring is due 7 March 2019.	Mid April 2019

New Build Updates

Appendix 1

Expected Site Starts 19/20 – Summary

Development(s)	Number of Units	Planning Status	Grant 19/20
Rural Uist	7	Planning submitted	£735,000
Rural Lewis	8	Planning to be submitted	£840,000
Breasclete	10	Planning approved with conditions – site start end March 2019	£917,000
Tarbert Police	8	Planning approved – site start 18 March 2019	£700,000
Low Flyer	10	Planning submitted	£1,040,000
Horgabost	4	Planning approved	£356,000
Goathill Housing	74	Planning approved	£2,831,000
Housing with Extra Care	50	Planning approved	£3,425,000
Total Units	**171**	**Total Grant in 2019/20**	**£10,844,000**

New Build Updates

Appendix 1

Developments Awaiting Site Start - Detailed

Development Name	Number of Units	Progress	Contractor
Breasclete	2 x 1 bed 2 x 2 bed 2 x 3 bed **LIFT** 2 x 2 bed 2 x 3 bed	A planning permission application was submitted on 23 November 2018. The determination target date was by 22 January 2019. A late consultation response from the Archaeology Service placed a requirement on the contractor to engage archaeology services and produce a full report. This led to a delay in planning permission being granted. The archaeology study found nothing therefore a conditioned planning approval is to be issued week commencing 4 March 2019 and a site start will be achieved before the end of March 2019.	Calmax
Tarbert Police Station	8 x 2 bed Flats	Site start has been delayed. Site start is now expected in March 2019, however the contractor has confirmed the contract will be carried out in 18 weeks rather than 35 weeks.	Douglas & Stewart
Low Flyer, Balivanich	2 x 1 bed 4 x 2 bed 4 x 3 bed	A planning permission application was submitted on 30 October 2018. There have been some objections from local residents and there are concerns regarding noise levels. The contractor is working with the planning department to resolve issues to allow planning permission to be granted. TIG are following up with the contractor for further updates on the planning application.	Douglas & Stewart
Horgabost	2 x 2 bed 2 x 3 bed	Planning permission has been granted for this development. West Harris Trust are progressing the decrofting of the site and this is still awaited from the Land Court. It is expected to be decrofted in March 2019.	OMAC
Torlum	2 x 2 bed	Planning application was submitted 5 March 2019.	Calmax
Garrynamonie	4 x 3 bed	Planning application was submitted 28 February 2019.	Calmax
Winfield Close	1 x 3 bed	Planning due to be submitted week commencing Monday 11 March 2019.	Calmax
Cnoc a Runaire, Tolsta	4 x 3 bed	Planning to be submitted once HHP carry out a review of contractor submitted designs.	Alex Murray
An Glib, Point	2 x 3 bed	Planning to be submitted once HHP carry out a review of contractor submitted designs.	Alex Murray
Edgemoor Square, Ness	2 x 3 bed	Planning to be submitted once HHP carry out a review of contractor submitted designs.	Alex Murray

Development Overview - January 2019 Appendix 2

			2018										2019												2020												2021		
Development	**Units***	**Split**	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Mackenzie Avenue	50	Urban																																					
Sealladh a' Chliseim	10	Rural													21st																								
Back Care Unit - complete	**3**	Urban																																					
Tom Na Ba - complete	**4**	Rural																																					
Langley Apartments (Stag)	12	Urban														17th																							
Tarbert Police Station	8	Rural	X																																				
Corran Cismaol	6	Rural													27th																								
Horgabost	4	Rural																																					
Balivanich Low Flyer	10	Rural																																					
Stonefield, Breasclete	10	Rural																																					
Garrynamonie	4	Rural																					16th																
Torlum	2	Rural																							3rd														
Winfield Close	1	Rural																							3rd														
Blackwater	80	Urban																																					
An Glib	2	Urban																																					
Cnoc A'Runaire, Tolsta	4	Rural																																					
Graham Park, Dell	14	Rural																																					
Edgemoor Square, Ness	2	Rural																																					
Arnol	20	Rural																																					
Vatersay		Rural																																					
Howmore	12	Rural																																					
Coastguard Site, Tarbert	19	Rural																																					
Melbost West	60	Urban																																					
Goathill Farm	126	Urban																																					
Loch Street, Barvas		Rural																																					

Code

- Feasibility
- Tendering
- Tender Award
- On site
- Completion
- Planning

Feasibilities

	Area	Site/Scheme	Feasibility	Time taken to complete Feasibility (Days)	Feasibility Status	Feasibility Cost per unit	Tender Cost per unit	Feasibility Recommendations	Site Ownership	Comments	Number of Potential Units	Current Committed/ Preferred Number	Status
Lewis													
1	Lewis	Blackwater	TIG	TBC	Complete	£155,407		Subject to HHP financial appraisal, the site is suitable for development and offers good value for money.	Crofting Tenure - Stornoway Trust/ J Maclennan		84	40	At Masterplan Stage
2	Lewis	An Glib	TIG	34	Complete	£148,800		Subject to HHP financial appraisal, the site is suitable for development and offers good value for money.	HHP	Gap Site	2	2	Awaiting Tender Evaluation
3	Lewis	Cnoc A'Runaire, Tolsta	TIG	31	Complete	£181,393		Subject to HHP financial appraisal, the site is suitable for development and offers good value for money.	HHP	2 x 3 bed units Possible issue with the shape of land. Would we need to purchase small additional area?	6	2	Awaiting Tender Evaluation
4	Lewis	Edgemoor Square, Ness	UOG	103	Complete	£134,500		Small but well positioned site in relation to services. No major barriers to development	HHP	HHP owned, room for additional units	2	2	Awaiting Tender Evaluation
5	Lewis	Stonefield, Breasclete site	TIG	TBC	Complete	£181,587	£144,574	Suitable for development. Negotiate re: infill Determine SSE costs	HHP	Initial feasibility for this site was carried out for 14 sites. Significant cost saving exercise completed including adoption of contractor house types.	14	10	Awarded
6	Lewis	Arnol – edge of settlement	UOG	105	Complete	£178,231		Large & well positioned site. Development costs reflect challenges around ground conditions and connections to existing electrical services.	Barvas Estate Trust	Proposed by Barvas Estate Trust	22	8	Feasibility Complete
7	Lewis	Graham Park, Dell	UOG	104	Complete	£171,657		Reasonable prospect for new housing but moderate investment in utility infrastructure is needed	HHP	HHP owned, room for additional units	7	2	Feasibility Complete
8	Lewis	Loch Street, Barvas	TIG	135	Complete	£192,393		It is felt that the construction cost £192,383.33 deem this site to be unsuitable for development		Site has moved - there are now 3 private plots. TIG suggest starting any development after the electrical pole due to the cost of moving it.	6	6	Feasibility Complete
9	Lewis	Melbost Farm West	TIG	105	Complete	£152,282		Subject to financial appraisal - suitable for development. Additional recommendations	Stornoway Trust	Tenant Farmer	170		Feasibility Complete
10	Lewis	Geilear Road, Bayble	Developer Led	N/A	N/A				Common Grazings	Common grazings, developer led proposal			Not HHP - developer led
11	Lewis	Melbost Junction	Developer Led	N/A	N/A								Not HHP - developer led
12	Lewis	South Dell	Developer Led	N/A	N/A	N/A			Common Grazings	Proposal from developer. Costs have been reviewed by QS.		6	Not HHP - developer led
13	Lewis	4 School Park	TIG		Commissioned				Private	0.2 hectares. Site about to go on open market. Contact from owners solicitors. Services are nearby			Proposed
14	Lewis	Brevig								Single adapted house with tenant in mind.	1	1	Proposed
15	Lewis	Keose Glebe								Proposed by Keose Glebe Estate Next to original Keose Glebe HHP scheme			Proposed
16	Lewis	Kintulavaig							HHP	HHP owned. Possible shared equity. Development previously aborted.	3		Proposed
17	Lewis	Scotland Street	N/A		Complete								Proposed - seeking additional funding
18	Lewis	2 Cross	UOG		Cancelled				Private	Site advertised incorrectly. Too small but may have additional land around it.	0	0	Ruled Out
19	Lewis	Balallan, Pairc Junction	TIG	72	Complete	£197,941		Construction costs deem this site to be unsuitable for development.	Soval Estate	HLA	4		Ruled Out
20	Lewis	Cairn Aonghais, Gravir	TIG	N/A	Cancelled					Next to existing HHP development. Proposed by Pairc Trust.	2	0	Ruled Out
21	Lewis	Callanish	TIG	N/A	Cancelled					Proposed by Carloway Estate Trust			Ruled Out
22	Lewis	Cnoc a Bhlair, Gravir	TIG	116	Complete	£196,100		Unsuitable for development		Next to existing HHP development. Proposed by Pairc Trust.	2	2	Ruled Out

Feasibilities

	Area	Site/Scheme	Feasibility	Time taken to complete Feasibility (Days)	Feasibility Status	Feasibility Cost per unit	Tender Cost per unit	Feasibility Recommendations	Site Ownership	Comments	Number of Potential Units	Current Committed/ Preferred Number	Status
23	Lewis	Cross	UOG	N/A	Cancelled				Private	No longer available. UOG made contact with owner	0	0	Ruled Out
24	Lewis	Gress site	TIG	TBC	Complete				Stornoway Trust	Feasibility work ongoing. Topography and access to site needs consideration.			Ruled Out
25	Lewis	Heathpark, Bernera	TIG	72	Complete	£187,375		High cost so recommended NOT to develop	HHP	HHP owned, room for additional units	1		Ruled Out
26	Lewis	Kirivick	TIG	N/A	Cancelled					Proposed by Carloway Estate Trust. Old Quarry			Ruled Out
27	Lewis	Lon Ban, Lemreway	TIG	126	Complete	£221,150		Based on the information available at the time of writing, it is felt that the high construction costs deem this site to be unsuitable for development.		Next to existing HHP development. Proposed by Pairc Trust. In Pairc Primary catchment	2	2	Ruled Out
28	Lewis	Shawbost – site behind Church	UOG	111	Complete	£215,716		Cost due to wastwater connections. Explore smaller site based on existing infrastructure?	Common Grazings	Has previously been in HLA, road costs were going to be high, re-visit. Common grazings.	20		Ruled Out
29	Lewis	Balivanich school	N/A	TBC	Complete				CnES?	Large area of land behind existing housing, possible issue with current tenants not wanting additional housing. Is it CnES owned?			Ruled Out
Harris													
30	Harris	Horgabost	N/A	TBC	Complete	£167,767	£178,230	Suitable for development	NHT	On SHIP. 4 units.	4	4	Awaiting Site Start
31	Harris	Police House Tarbert	N/A	TBC	Complete		£165,887		HHP	Possible 8 units. Tender price high.	8	8	Awaiting Site Start
32	Harris	Coastguard/Scott Road, Tarbert - additional area	TIG		Commissioned								Commissioned
33	Harris	Coastguard/Scott Road, Tarbert	TIG	TBC	Complete	£229,200			Atlantic Land & Property Ltd	High costs, mast needs to stay. Discussions ongoing with CnES/HIE/SG	19		Feasibility Complete
34	Harris	Bunavoneader											Proposed
35	Harris	Kyles Scalpay											Proposed
36	Harris	Seilebost	N/A						West Harris Trust	LDP site. Possibly package with Horgabost	2	2	Proposed
37	Harris	Near Harris House (Croft 4)	TIG		Complete	£178,125		Site is viable. Costs high but consider due to lack of available development sites.	Crofting Tenure - NHT	4 units Unlikely to be able to purchase the site	4	0	Ruled Out
38	Harris	Scalpay school	TIG	99	Complete			Not recommended to proceed	NHT	Feasibility study underway for the re-development	2	2	Ruled Out
Uist													
39	Uist	Balivanich Low Flyer	TIG		Complete	£149,390	£155,222	Suitable for development	CnES		10	10	Awarded
40	Uist	Howmore	TIG	58	Complete	£187,125		Consider for development although there are additional recommendations	HIE	**HIE**, opposite Beinn Mhor Cottages New septic tank required. Title plan to be amended	12		Feasibility Complete
41	Uist	Garrynamonie	TIG	64	Complete	£160,105	£158,278	Subject to HHP's financial appraisal. Recommended for development.	HHP	Expectation in community to develop. Storas say definite interest in Shared Equity – amongst their staff. Previous Feasibility carried out - being updated.	8	4	Preferred Contractor Status
42	Uist	Torlum	TIG	30	Complete	£174,450	£154,640	Subject to HHP's financial appraisal, the site is a suitable for development and should be considered for taking forward	HHP	Can take 2 units.	2	2	Preferred Contractor Status
43	Uist	Winfield Close	TIG	N/A	N/A		£181,250		HHP	Can take 1 unit	1	1	Preferred Contractor Status
44	Uist	Claddach Valley, Sollas								Land no longer available	8	8	Ruled Out
45	Uist	Eochar	TIG	125	Complete	£246,810		Ground remedial costs cause this site to be unsuitable.	Storas		4		Ruled Out

Feasibilities

	Area	Site/Scheme	Feasibility	Time taken to complete Feasibilty (Days)	Feasibility Status	Feasibility Cost per unit	Tender Cost per unit	Feasibility Recommendations	Site Ownership	Comments	Number of Potential Units	Current Committed/ Preferred Number	Status
Barra													
46	Barra	Vatersay	TIG	109	Complete	£199,964		Costs high but in keeping with Barra. Consider for development.	Private	Need Deed of Servitude or land purchase from SG. Road costs will be high. Previous nearby flooding issues.	14		Feasibility Complete

APPENDIX 4

New Build Progress

Sealladh a' Chliseim

Stag Road (Langley Apartments)

Mackenzie Avenue




Corran Cismaol, Barra


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ITEM NO 8.3

BOARD DEVLOPMENT PLAN PROGRESS REPORT

Board 20 March 2019

Report by Chief Executive

Purpose of Report

1.1 This Report provides progress report following the Board Skills Exercise that was carried out during September and October 2018 and the Board Development Session held on 17 December 2018.

Summary

2.1 In accordance with the Scottish Housing Regulator's *Regulatory Standards of Governance and Financial Management*, the Board needs to "assess annually the skills, knowledge, diversity and objectivity that it needs for its decision-making, what is contributed by continuing governing body members, and what gaps there are that need to be filled."

2.2 The outcome from the Skills Assessment, in addition to a further development session led by the Chair, was used to populate the 2019 Development Plan for the Board.

2.3 Delegation was given to the Chair and Chief Executive to finalise the 2019 Board Development Plan.

Competence

3.1 The financial, legal or other constraints arising from the recommendations to this report being implemented are detailed at 5.1 – 8.2.

Recommendations

4.1 **It is recommended that the Board note the progress of the 2019 Development Plan at Appendix 1.**

APPENDIX 1	2019 Board Development Plan	
Background Papers	Regulatory Standards of Governance and Financial Management	
Writer of Report	Iona France	Tel: 0300 123 0773

Competence

Financial

5.1 There will be a financial cost to the implementation of the Board Training Plan which will be borne from existing budgets. The allocation for Board Training for 2018/19 is £7,000 and it is anticipated that a similar amount will be made available for the coming financial year.

Legal

6.1 There is a regulatory requirement to carry out a skills assessment and provide ongoing training to Board Members in order to sustain their continued effectiveness.

6.2 Any training undertaken by Board Members will be in accordance with HHP's Training Strategy.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
6	The governing body and senior officers have the skills and knowledge they need to be effective.	6.1, 6.2, 6.3

Risk

8.1 Governance of the Partnership is critical to its long term viability. Carrying out skills assessments helps to ensure that the Board has the skills, knowledge and diversity it needs to provide capable leadership, control and constructive challenge to achieve the RSL's purpose, and helps to mitigate the risk of not delivering good tenant outcomes or manage the Partnership's affairs.

8.2 Recruitment of Governing Body Members is detailed at number 11 on the Risk Register.

BOARD DEVELOPMENT PLAN

ITEM	PRIORITY (1, 2, 3 etc., where 1 is the most urgent)	RESPONSIBILITY	TIMESCALE	PROGRESS
Training for board members to assist with independent challenge		Governance Officer	June 2019	Equalities training held on 25/02/19 Universal Credit training arranged for 21/03/19 H&S Training provisionally arranged for June 2019
Schools-raising awareness and trying to get engagement of young folk		Chief Executive	By June 2019	
Community Councils-provide regular reports on HHP activities within the area		Chief Executive	In Place By 1 April 2019	
Community Planning Partnership-try and co-ordinate meetings to improve visibility and strategic exchange		Chief Executive	30 June 2019	
Provision of up to date information on progress on the Development Programme including feasibility studies		Director of Operations	31 Jan 2019	Ongoing

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ITEM NO 8.4

FUNDERS VALUATION 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To inform the Board of the outcome of the Funders Valuation for 2019 prior to the report being submitted to the Funders.

Summary

2.1 The Funding Facility with the Royal Bank of Scotland (RBS) requires the Partnership to evidence that the "Value of the Charged Properties is not less than 110% of the amount of outstanding loans". The evidence is provided through an independent valuation which is submitted to the Bank on an annual basis.

2.2 The draft Valuation shows that the Partnership is in compliance with the minimum value requirement with Existing Use Value (EUV-SH) of stock at £38.182M (£4.877M increase on last year). This sets our potential borrowing threshold at £34.71M

Competence

3.1 The legal, financial or other constraints to any recommendations in this report being implemented are detailed in paragraphs 5.1 to 7.1.

Recommendations

4.1 It is recommended that the Board note the:

a) Draft Existing Use Value of £38.182M at 31 March 2019 at Appendix 1; and

b) Draft Summary Valuation Report for 2019 at Appendix 1.

APPENDIX1	Summary Valuation Report at 31 March 2019	
Background Papers	None	
Writer of Report	Donald Macleod	Tel: 0300 123 0773

Competence

Financial

5.1 Section 21 of the Funding Facility with RBS requires the Partnership to carry out a Funders Valuation each year. The conditions are:

i) The Borrower will procure that at all times the Value of the Charged Properties will not at any time be less than:

a) 110% based on the EUV-SH basis; or

b) 125% based on the MV-ST basis

of the Outstandings.

ii) The Lender will require and will obtain a valuation:

a) of the Charged Properties on or about each successive Anniversary (except each Anniversary in respect of which a Valuation is delivered by the Borrower to the Lender in accordance with sub-clause (b) below) addressed to the lender prepared by the Valuer on a "desktop" basis setting out in reasonable detail the Value of the Charged Properties;

b) incorporating an updated Stock Condition Survey of all or any of the Charged Properties on or about each successive fifth Anniversary (or such longer period as the Lender may agree) of the last Valuation;

c) of all or any of the Charged Properties within 90 days of a Valuation carried out in accordance with sub-clause 9b) above, if such Valuation confirms a minimum value ration in Clause 21.1 (*Minimum Value*) has been breached; and

d) At any time on the request of the Lender.

5.2 The cost of carrying out the Valuation is paid for by the Partnership and provision was made in the 2018/19 budget for this work.

Legal

6.1 There are no legal implications arising directly from consideration of this report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.1, 3.5
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	4.1

Risk

8.1 The risk of not complying with the requirement to provide an updated Valuation within the agreed timescale is that the Partnership might breach the conditions of Paragraph 20.1 of the Facility Agreement which could result in the condition of the Facility being amended unfavourably.

8.2 The risks of not providing the relevant financial information to the Regulator are that the Partnership could breach a condition of its registration which would have serious implications for the organisation and its customers.

Report Details

Background

9.1 The Facility agreed with RBS requires the Partnership to provide an independent Valuation to RBS on an annual basis. This is standard practice for the RSL sector.

9.2 The Valuations must be with RBS no later than 31 March each year.

9.3 The Valuation which is at Appendix 1 is draft and will be submitted to our funder by the end of March along with supporting asset details.

VALUATION SUMMARY

Client - Hebridean Housing Partnership (New Build Units)		2018 Valuation						2019 Valuation					
Scheme	**Date Built**	**No of Units**	**Yr 1 Rent**	**EUV-SH**	**EUV-SH / Unit**	**MVST**	**MVST/Unit**	**No of Units**	**Yr 1 Rent**	**EUV-SH**	**EUV-SH / Unit**	**MVST**	**MVST/Unit**
New Developments													
St Michaels Cottages, Castlebay, Isle of Barra	2010	4	£3,696	£109,000	£27,250	£141,000	£35,250	4	£3,815	£120,000	£30,000	£145,000	£36,250
Cialla, Eoligarry, Isle of Barra	2009	2	£3,922	£61,000	£30,500	£61,000	£30,500	2	£4,047	£65,000	£32,500	£65,000	£32,500
Corran Ciasmol, Horve, Isle of Barra	2018							6	£4,697	£290,000	£48,333	£310,000	£51,667
Winfield Place, Balivanich, Isle of Benbecula	2015	4	£4,405	£169,000	£42,250	£182,000	£45,500	4	£4,546	£180,000	£45,000	£185,000	£46,250
Taigh Sgoile, Rushgarry, Isle of Berneray	2009	4	£3,805	£115,000	£28,750	£136,000	£34,000	4	£3,927	£125,000	£31,250	£140,000	£35,000
Ceann An Ora, Bunavoneader, Isle of Harris	2011	8	£4,548	£312,000	£39,000	£382,000	£47,750	8	£4,694	£340,000	£42,500	£390,000	£48,750
Pairc Niseabost, Horgabost, Isle of Harris	2016	6	£5,088	£308,000	£51,333	£461,000	£76,833	6	£5,250	£330,000	£55,000	£475,000	£79,167
An Sithean, Back, Isle of Lewis	2009	6	£4,158	£193,000	£32,167	£244,000	£40,667	6	£4,291	£205,000	£34,167	£245,000	£40,833
Ionad Phoil, Back, Isle of Lewis	2018							3	£4,258	£45,000	£15,000	£45,000	£15,000
Cearnag a Sgoile, Lochs Street, Barvas, Isle of Lewis	2016	8	£4,625	£369,000	£46,125	£437,000	£54,625	8	£4,773	£390,000	£48,750	£445,000	£55,625
Slighe Nan Caimbeul, Habost, Ness, Isle of Lewis	2016	4	£4,406	£172,000	£43,000	£205,000	£51,250	4	£4,547	£180,000	£45,000	£210,000	£52,500
Kennedy View, Leurbost, Isle of Lewis	2014	8	£4,401	£345,000	£43,125	£404,000	£50,500	8	£4,542	£360,000	£45,000	£410,000	£51,250
Sealladh a' Chliseim, Lurbost, Isle of Lewis	2018							10	£4,944	£525,000	£52,500	£595,000	£59,500
Bennadrove Road/Maryhill, Marybank, Isle of Lewis	2007	4	£4,393	£142,000	£35,500	£191,000	£47,750	4	£4,533	£150,000	£37,500	£195,000	£48,750
Eitseal Way, Marybank, Isle of Lewis	2007	5	£3,859	£159,000	£31,800	£193,000	£38,600	5	£3,983	£160,000	£32,000	£195,000	£39,000
Bridge Cottages, Newmarket, Isle of Lewis	2011	18	£4,452	£723,000	£40,167	£874,000	£48,556	18	£4,595	£785,000	£43,611	£895,000	£49,722
Gleann Dubh, Newmarket, Isle of Lewis	2008	36	£4,088	£1,175,000	£32,639	£1,577,000	£43,806	36	£4,219	£1,200,000	£33,333	£1,585,000	£44,028
Milestone Cottages, Newmarket, Isle of Lewis	2007	4	£4,079	£129,000	£32,250	£169,000	£42,250	4	£4,209	£130,000	£32,500	£170,000	£42,500
Cnoc a Ruinaire, North Tolsta, Isle of Lewis	2012	4	£4,918	£185,000	£46,250	£238,000	£59,500	4	£5,076	£200,000	£50,000	£240,000	£60,000
Mackenzie Avenue, Sandwick, Isle of Lewis	2018							20	£4,799	£1,005,000	£50,250	£1,205,000	£60,250
MacKenzie Crescent, Sandwick, Isle of Lewis	2014-16	20	£4,591	£905,000	£45,250	£1,097,000	£54,850	20	£4,738	£965,000	£48,250	£1,120,000	£56,000
Mackenzie Lane, Sandwick, Isle of Lewis	2017	12	£4,502	£539,000	£44,917	£632,000	£52,667	12	£4,646	£570,000	£47,500	£650,000	£54,167
1-19 Mackenzie Park, Sandwick, Isle of Lewis	2012/13	19	£4,222	£714,000	£37,579	£970,000	£51,053	19	£4,357	£760,000	£40,000	£980,000	£51,579
Tom na Ba, South Galson, Isle of Lewis	2009	6	£3,818	£174,000	£29,000	£213,000	£35,500	6	£3,940	£185,000	£30,833	£215,000	£35,833
Tom na Ba, South Galson, Isle of Lewis	2018							4	£4,546	£185,000	£46,250	£190,000	£47,500
Church Street/Lamont Lane, Stornoway, Isle of Lewis	2009	8	£3,295	£182,000	£22,750	£251,000	£31,375	8	£3,401	£185,000	£23,125	£250,000	£31,250
Elizabeth Haldane Court, Church Street, Stornoway, Isle of Lewis	2007	22	£3,702	£595,000	£27,045	£823,000	£37,409	22	£3,820	£605,000	£27,500	£825,000	£37,500
Gibson Gardens, Stornoway, Isle of Lewis	2013	24	£4,580	£1,037,000	£43,208	£1,255,000	£52,292	24	£4,726	£1,105,000	£46,042	£1,285,000	£53,542
Langley Apartments, Stag Road, Stornoway								12	£4,422	£460,000	£38,333	£580,000	£48,333
Muirneag Court, Keith Street, Stornoway, Isle of Lewis	2007	5	£3,578	£132,000	£26,400	£180,000	£36,000	5	£3,692	£140,000	£28,000	£185,000	£37,000
Ardanmhor, Kenneth Street, Stornoway, Isle of Lewis	2011	6	£4,511	£252,000	£42,000	£294,000	£49,000	6	£4,656	£270,000	£45,000	£300,000	£50,000
Manor Drive Stornoway, Isle of Lewis	2011	30	£4,605	£1,271,000	£42,367	£1,697,000	£56,567	30	£4,752	£1,355,000	£45,167	£1,720,000	£57,333
Arras Cottages, Perceval Road, Stornoway, Isle of Lewis	2009	12	£4,053	£388,000	£32,333	£580,000	£48,333	12	£4,183	£405,000	£33,750	£585,000	£48,750
Leanna Ruadh, Timsgarry, Isle of Lewis	2015	4	£4,406	£170,000	£42,500	£182,000	£45,500	4	£4,547	£180,000	£45,000	£185,000	£46,250
Milkinghill Park, Tong, Isle of Lewis	2010	12	£4,211	£398,000	£33,167	£498,000	£41,500	12	£4,345	£430,000	£35,833	£510,000	£42,500
Gearraidh Ghuirm, Upper Coll, Isle of Lewis	2007	2	£3,922	£62,000	£31,000	£79,000	£39,500	2	£4,048	£65,000	£32,500	£80,000	£40,000
Gearraidh Ghuirm, Upper Coll Ph2, Isle of Lewis	2011	11	£4,684	£474,000	£43,091	£589,000	£53,545	11	£4,834	£515,000	£46,818	£605,000	£55,000
48 Upper Coll, Isle of Lewis	2009	3	£4,446	£102,000	£34,000	£152,000	£50,667	3	£4,589	£110,000	£36,667	£155,000	£51,667
Slighe Ruairidh Alasdair, Kirkibost, Isle of North Uist	2012	6	£4,752	£265,000	£44,167	£362,000	£60,333	6	£4,904	£285,000	£47,500	£365,000	£60,833
Beinn Mhor Cottages, Howmore, Isle of South Uist	2007	8	£4,295	£239,000	£29,875	£352,000	£44,000	8	£4,432	£245,000	£30,625	£355,000	£44,375
Calabhaigh, Lochboisdale, Isle of South Uist	2007	6	£3,858	£161,000	£26,833	£182,000	£30,333	6	£3,981	£165,000	£27,500	£185,000	£30,833
Sub Total		**341**		**£12,726,000**	**£37,320**	**£16,283,000**	**£47,751**	**396**		**£15,970,000**	**£40,328**	**£19,470,000**	**£49,167**
EX-Council Transfer Stock(Inc ROTS AND MTR)	Various	**1531**	**£4,044**	**£15,310,000**	**£10,000**	**£15,310,000**	**£10,000**	**1529**	**£4,173**	**£16,720,000**	**£10,935**	**£16,720,000**	**£10,935**
(2017 valuation excl 8 Cnoc Mor units)													
Ex-RSL Rental Stock	Various	**268**	**£4,370**	**£5,190,000**	**£19,366**	**£10,019,000**	**£37,384**	**268**	**£4,504**	**£5,450,000**	**£20,336**	**£10,330,000**	**£38,545**
(2017 valuation has10 Cialla units in Barra removed year 15)													
Ex RSL Shared Ownership Units		**3**		**£79,000**	**£26,333**	**£86,000**	**£28,667**	**3**		**£42,000**	**£14,000**	**£73,000**	**£24,333**
TOTAL		**2,143**		**33,305,000**	**15,541**	**41,698,000**	**19,458**	**2,196**		**£38,182,000**	**£17,387**	**£46,593,000**	**£21,217**

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ITEM NO 8.5

MANAGEMENT REPORT TO 31 JANUARY 2019

Board 20 March 2019

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present the Management Report for the month ended 31 January 2019 to the Board for review.

Summary

2.1 This is the Management Report to 31 January 2019 and the information is presented in compliance with regulations to provide Board Members with assurance that expenditure is within approved budgets and income collected is on target. A copy of the report is at Appendix 1.

2.2 Forecast out-turn for the year is in line with RBS approved Financial Covenant with no material variances to highlight at this stage.

2.3 Development continues to be challenging due to delays in getting projects on the ground. The forecasted out-turn has been amended to reflect slippage to date.

Competence

3.1 The financial, legal and other constraints to any recommendation in this report are contained in Paragraphs 5.1 - 8.1.

Recommendations

4.1 **It is recommended that the Board note the management information at 31 January 2019 as detailed in Appendix 1.**

APPENDIX 1:	Management Report to 31 January 2019	
Background Papers:	None	
Writer of Report:	Katia Petteloot	Tel: 0300 123 0773

Competence

Financial

5.1 The Board approved budgets for 2018/19 in February 2018 which projected a surplus for the year of £2,252,038. The forecasted out-turn is £2,619,124.

5.2 The higher forecast out-turn is mainly driven by the additional RHI funding of £232K for 2018/19. RSL Adaptations funding of £140K also contributes to the higher forecast out-turn.

5.3 Additional grant funding for Aids and Adaptations of £293K has reduced by £153K to reflect the expected lack of demand for the remainder of the year. This is offset by a decrease in Investment costs for Aids and Adaptations.

Legal

6.1 The following Partnership rules are applicable:

a) *Rule 69 - The Partnership must keep proper books of accounts to cover its income, expenditure transactions and its assets, liabilities and reserves in line with Part 7 of the Co-operative and Community Benefit Societies Act 2014. It must also set up and maintain a suitable system for controlling its books of accounts, its cash and its receipts and invoices.*

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	2.1, 2.2 & 2.4
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	3.1

Risk

8.1 The key risk is that HHP does not meet its Financial Covenants on an ongoing basis. The covenant for 2018/19 has been formally approved by our Funders. The covenant is forecast to be met in March 2019.

APPENDIX 1

Hebridean Housing Partnership

Registered Scottish Charity SCO 35767

Management Reports

To 31 January 2019

2018/19

Introduction

The Management Reports for 31 January 2019 are attached and if Board Members or Managers have any areas of concern or would like additional information they should contact the Finance Manager or the Director of Finance & Corporate Services.

The Management Reports are made up of three sections:

Section 1:High Level Summary

- Written by the Director of Finance & Corporate Services. This section shows in graphical format how HHP is performing in relation to the annual budget for 2018/19.

Section 2:Management Accounts

- Prepared by the Finance and Business Services Manager. Provides an Income & Expenditure Account, Balance Sheet and detailed operational budgets for the period. The Management Acounts include a more detailed commentary from Budget Managers on performance.

Section 3:Key Financial Performance Measures

- Prepared by the Finance and Business Services Manager including a review of Financial Covenants to provide the Board with assurance that the Covenant for 2018/19 will not be breached.

Section 1-High Level Summary

Commentary on Performance by Director of Finance & Corporate Services

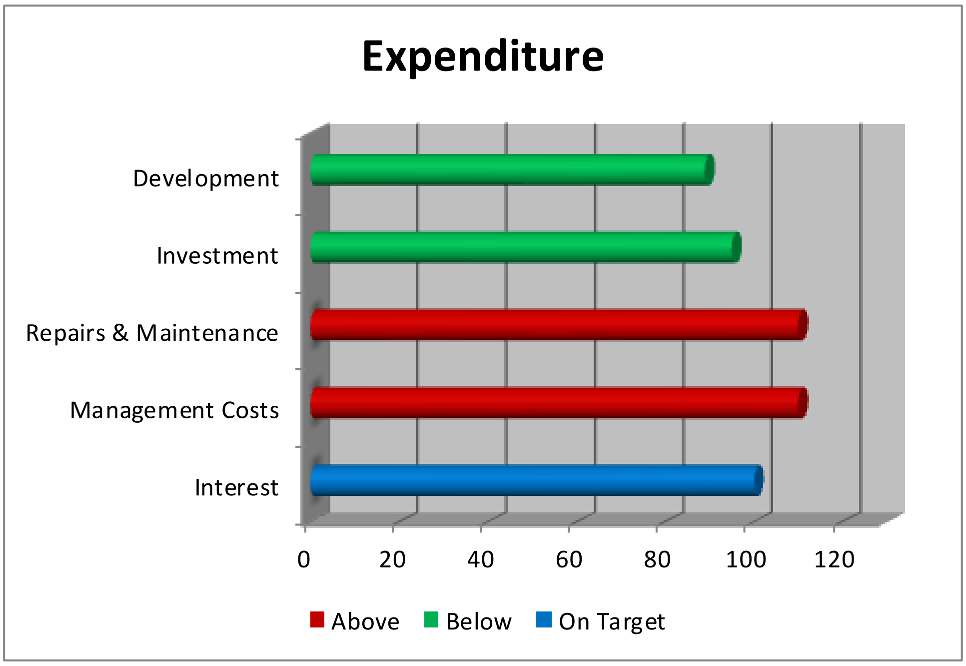
	£
Initial approved Surplus	2,252,038
Virements	209,295
Virement/Adjustment current period	295,323
Revised Surplus	2,756,656
Changes identified this financial year	
Changes to Income increases/(decreases)	(111,000)
Cost (increases)/decreases	(26,532)
Depreciation	-
Grant Amortisation	-
Forecast Surplus to 31 March 2019	2,619,124
Decrease in funds required to meet forecast out-turn	**137,532**

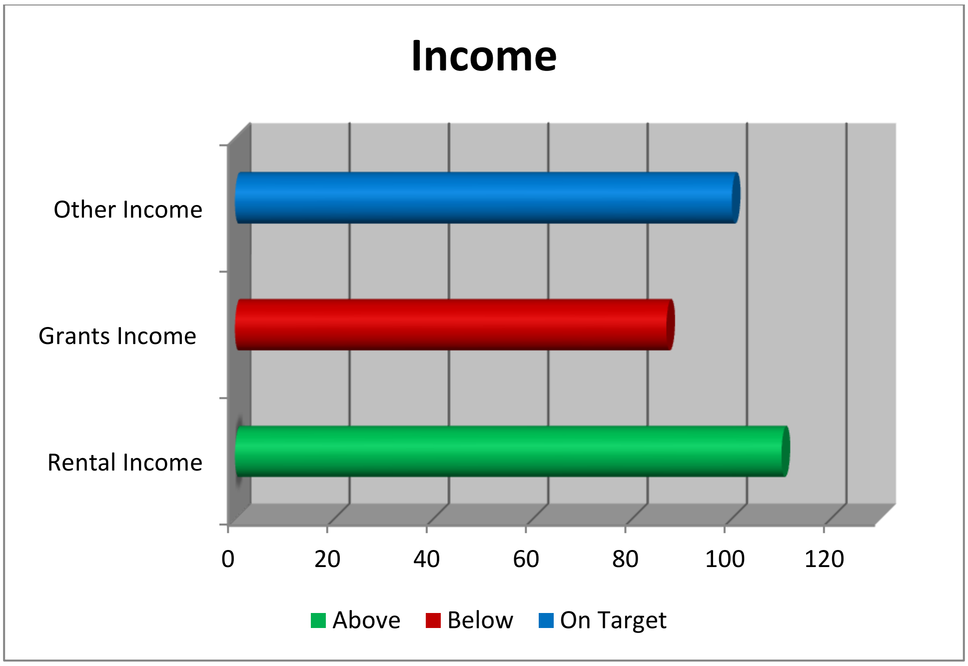
The forecast out-turn being higher than the initial approved budget is mainly due to additional RHI funding of £232K which is offset by additional costs reflected in the Investment programme and is captured in Capital Investment.

Initial expected additional funding for RSL Adaptations of £293K has now been reduced by £153K for 2018/19 to reflect the level of demand for adaptations in the last quarter of the Financial Year. This is offset by £153K cost reduction in Aid & Adaptations, reflected in the Investment programme and captured in Capital Investment.

Savings of £42K on void loss has been reflected in the forecast out-turn.

Due slippage in development, fees charged to capital is expected to come in at £30K below budget, which has been reflected in the forecast out-turn. This is partially offset by savings in Affiliation fees and Governance totalling £25K.





The financial covenant for 2018/19 has been approved by our Funders. The forecast shows that the financial covenant will be met for the year ended 31 March 2019.

Section 2 Management Accounts

Income & Expenditure Account

For the period ended 31 January 2019

Line		CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-19 £
1	Dwelling rents (net)	8,519,360	8,582,940	7,160,480	7,351,676	(191,196)	-3%	1,231,264	14.35%	42,000	8,624,940
2	Non Dwelling rents (net)	13,630	13,630	11,480	13,019	(1,539)	-13%	611	4.48%		13,630
3	Right to Buy Sales	-	8,742	8,742	8,742	-		-	0.00%		8,742
4	Grant Funding	120,000	645,000	537,500	480,702	56,798	11%	164,298	25.47%	(153,000)	492,000
5	Other Income	44,450	49,450	39,050	44,724	(5,674)	-15%	4,726	9.56%		49,450
6	**TOTAL INCOME**	8,697,440	9,299,762	7,757,252	7,898,863	(141,611)	-2%	1,400,899	15.06%	(111,000)	9,188,762
7	Supervision & Management	2,230,743	2,318,870	2,047,873	1,796,972	250,901	12%	521,898	22.51%	5,000	2,323,870
8	Response Repairs	1,372,065	1,481,358	1,172,998	1,179,229	(6,231)	-1%	302,129	20.40%	21,532	1,502,890
9	Estate Works	171,320	172,820	109,560	124,527	(14,967)	-14%	48,293	27.94%	-	172,820
10	Planned/Cyclical Maintenance	717,224	749,724	620,190	418,476	201,714	33%	331,248	44.18%	-	749,724
11	**Total Operating Expenditure**	4,491,352	4,722,772	3,950,621	3,519,204	431,416	11%	1,203,567	25.48%	26,532	4,749,304
12	Operating Surplus/(Deficit)	4,206,088	4,576,990	3,806,631	4,379,659	(573,028)	-15%	197,331	4.31%	(137,532)	4,439,458
13	Interest received	5,000	20,000	16,000	15,960	40	0%	4,040	20.20%		20,000
14	Interest paid	438,350	311,794	289,400	235,537	53,863	19%	76,257	24.46%		311,794
15	Surplus/(Deficit)	3,772,738	4,285,196	3,533,231	4,160,082	(626,851)	-18%	125,114	2.92%	(137,532)	4,147,664
16	Depreciation	2,720,700	2,757,988	2,323,323	2,325,536	(2,213)	0%	432,452	15.68%		2,757,988
17	Grant Amortisation	(1,200,000)	(1,229,448)	(1,024,540)	(1,054,884)	30,344		(174,564)	14.20%		(1,229,448)
18	Surplus/(Deficit)	2,252,038	2,756,656	2,234,448	2,889,430	(654,981)	-29%	(132,773)	-4.82%	(137,532)	2,619,124

	CAPITAL INVESTMENT										
19	Housing Investment Programme	4,368,170	4,477,664	3,234,417	2,846,758	387,660	12%	1,633,986	36%	(228,000)	4,249,664
20	Non Housing Investment	76,035	285,096	270,096	200,223	69,874	26%	84,874	30%	-	285,096
21	Development Programme	1,287,052	2,470,146	2,573,227	1,402,295	1,170,932	46%	1,067,851	43%	(276,000)	2,194,146
		5,731,257	7,232,906	6,077,740	4,449,275	1,628,466	27%	2,786,711	38.53%	(504,000)	6,728,906

Commentary on Performance

Income

The forecast out-turn is below the revised budget due to a £153K reduction in Aids and Adaptation Grant as OT referrals outlook for the year has decreased. This is offset by a reduction in costs which is reflected in the Investment programme and captured in Capital Investment. A saving on voids loss of £42K has been recognized in the revised Forecast Out-turn.

More detailed explanations of variances can be found on pages 8 to 14

Balance Sheet at 31 January 2019

		Notes	*31 January 2019* £	*31 March 2018* £
	Fixed Assets			
1	Tangible assets-social housing	1	74,783,111	*77,108,648*
2	Development & Investment Programme	2	4,449,275	
3	Tangible assets - property, plant and equipment		823,303	*823,303*
4	Landbank		691,166	*691,166*
5	Investments		3	*2*
			80,746,859	*78,623,119*
	Current Assets			
6	Stock		241,633	*241,633*
7	Trade and other debtors due within one year	3	527,267	*899,890*
8	Debtors due after more than one year		190,711	*190,111*
9	Short-term deposits		4,210,129	*4,062,896*
10	Cash at bank and in hand	4	3,888,155	*6,146,301*
11	Loan to subsiduary		16,307	16,307
			9,074,202	*11,557,138*
12	**Creditors: amounts falling due within one year**	5	(1,656,325)	*(2,501,253)*
	Net current assets		7,417,877	*9,055,885*
	Total assets less current liabilities		88,164,736	*87,679,004*
13	**Creditors:** amounts falling due after more than one year	6	(10,528,821)	*(11,877,636)*
14	Deferred capital grants	7	(42,980,085)	*(44,034,969)*
15	Pension Liability		(1,136,000)	*(1,136,000)*
16	**Net Assets**		**33,519,830**	***30,630,398***
	Capital and Reserves			
17	Share Capital		205	*203*
18	Revenue Reserve		33,519,625	*30,630,195*
			33,519,830	***30,630,398***

Commentary on Performance

Note 1	**Fixed Assets**	Fixed Assets are shown at gross cost and are reduced by the depreciation charge for the period.
Note 2	**Development & Investment**	The value of work in progress, net of Grant, on current properties and new developments More detailed information is available in the Performance Report.
Note 4	**Cash**	HHP currently hold RTB receipts of £0.887 million. £500K has been repaid to Scottish Government in December 2018.

Rental Income

For the period ended 31 January 2019

Line		CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-19 £
1	Dwelling Rent Gross	8,882,800	8,882,800	7,402,500	7,415,834	(13,334)	0%	1,466,966	16.51%		8,882,800
2	Non Dwelling Rent Gross	15,090	15,090	12,800	13,822	(1,022)	-8%	1,268	8.40%		15,090
3	Voids - Dwelling	(181,040)	(117,460)	(88,920)	(46,225)	(42,695)	48%	(71,235)	60.65%	42,000	(75,460)
4	Voids - Other	(1,460)	(1,460)	(1,320)	(803)	(517)	39%	(657)	45.00%		(1,460)
5	Bad Debts	(182,400)	(182,400)	(153,100)	(17,933)	(135,167)	88%	(164,467)	90.17%		(182,400)
6	TOTAL	8,532,990	8,596,570	7,171,960	7,364,695	(192,735)	-3%	1,231,875	14.33%	42,000	8,638,569

Commentary on Performance

Line 6 Total Income:

Bad Debts are 135K lower than budget and voids performance is better than forecast by £43K. This contributes to the net income for the year to date being above budget.

A saving of £42K on voids is recognised in the Forecast Out-Turn.

Supervision & Management Costs

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Jan-19 £	Actual Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET VARIANCE Revised Budget £	Revised Budget %	forecast out-turn Over/ (under) £	at 31-Mar-19 £
1	Salaries and Wages	1,221,930	1,244,930	1,042,800	1,022,647	20,153	2%	222,283	18%		1,244,930
2	National Insurance	121,770	121,770	102,000	94,136	7,864	8%	27,634	23%		121,770
3	Pension Costs	220,250	220,250	184,000	183,763	237	0%	36,487	17%		220,250
4	Other Employee Costs	49,500	55,390	48,570	37,846	10,724	22%	17,544	32%		55,390
5	Travel & Subsistence	33,700	33,700	28,380	12,615	15,765	56%	21,085	63%		33,700
6	EMPLOYEE COSTS	1,647,150	1,676,040	1,405,750	1,351,008	54,742	4%	325,032	19%	-	1,676,040
7	Premises Costs	47,900	47,900	41,310	31,161	10,149	25%	16,739	35%		47,900
8	IT & Telecoms	221,450	196,300	155,900	155,660	240	0%	40,640	21%		196,300
9	Area Offices	26,040	26,040	21,700	21,148	552	3%	4,892	19%		26,040
10	Payroll & Cashdesk	14,200	14,200	12,500	9,836	2,664	21%	4,364	31%		14,200
11	Property Management Fees	4,010	4,010	4,010	4,010	-	0%	-	0%		4,010
12	SUPPLIES & SERVICES	313,600	288,450	235,420	221,815	13,605	6%	66,635	23%	-	288,450
13	Postage, Printing & Stationery	40,560	42,360	36,700	32,183	4,517	12%	10,177	24%		42,360
14	Admin Furniture & Equipment	3,000	2,910	2,510	560	1,950	78%	2,350	81%		2,910
15	Training Courses	50,250	49,950	41,900	28,673	13,227	32%	21,277	43%		49,950
16	Community Support	30,140	27,140	24,640	16,251	8,389	34%	10,889	40%		27,140
17	Health & Safety	9,250	9,550	8,000	2,379	5,621	70%	7,171	75%		9,550
18	Recruitment Costs	6,000	6,000	5,000	260	4,740	95%	5,740	96%		6,000
19	ADMINISTRATION COSTS	139,200	137,910	118,750	80,306	38,444	32%	57,604	42%	-	137,910
20	Professional Fees	331,760	421,782	291,332	187,771	103,560	36%	234,010	55%		421,782
21	Insurance	238,600	238,600	199,300	195,769	3,531	2%	42,831	18%		238,600
22	Affliation Fees	44,620	46,775	42,725	26,743	15,982	37%	20,032	43%	(10,000)	36,775
23	Charitable Donations	5,000	5,000	5,000	5,000	-	0%	-	0%		5,000
24	Governance	39,850	39,850	35,680	9,164	26,516	74%	30,686	77%	(15,000)	24,850
25	Bank Charges	9,500	9,500	8,000	5,060	2,940	37%	4,440	47%		9,500
26	Public Relations/Marketing	15,080	15,080	12,550	1,640	10,910	87%	13,440	89%		15,080
27	CORPORATE EXPENSES	684,410	776,587	594,587	431,148	163,439	27%	345,439	44%	(25,000)	751,587
28	Fees charged to capital	(543,117)	(543,117)	(296,634)	(271,148)	(25,486)	9%	(271,969)	50%	30,000	(513,117)
29	VAT Received - Partial Exemption	(10,500)	(17,000)	(10,000)	(16,156)	6,156	-62%	(844)	5%		(17,000)
30	RECHARGES	(553,617)	(560,117)	(306,634)	(287,304)	(19,330)	6%	(272,813)	49%	30,000	(530,117)
31	TOTAL SUPERVISION AND MANAGEMENT COST	2,230,743	2,318,870	2,047,873	1,796,972	250,901	12%	521,898	23%	5,000	2,323,870

Commentary on performance

Line 6 Employee Costs

Year to date variance driven by vacant posts.

Line 20 Professional Fees

Both Legal Fees (£44K) and Consultants Fees (£59K) are running below budget.

Line 22 Affiliation Fees & Line 24 Governance

Savings of £10K in Affiation Fees and £15K in Members Travel & Subsistence have been recongised in the Forecast out-turn.

Line 28 Fees charged to capital

Due to slippage in development, fees charged to capital is expected to come in at £30K below budget, which has been reflected in the forecast out-turn.

Repairs & Maintenance

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-19 £
1	Responsive Repairs	800,000	935,325	730,865	747,038	(16,173)	-2%	188,287	20%		935,325
2	Void Repairs	264,000	264,000	176,000	205,655	(29,655)	-17%	58,345	22%	10,000	274,000
3	Handymen	124,960	91,385	76,635	78,476	(1,841)	-2%	12,909	14%		91,385
4	GENERAL REPAIRS	1,188,960	1,290,710	983,500	1,031,169	(47,669)	-5%	259,541	20%	10,000	1,300,710
5	Decoration Allowance	46,530	50,030	45,570	52,375	(6,805)	-15%	(2,345)	-5%	11,532	61,562
6	Council Tax empty properties	19,800	19,800	16,300	5,967	10,333	63%	13,833	70%		19,800
7	Minor Aids & Adaptations	500	543	543	543	0.48	0%	0.50	0%		543
8	Compensation	10,195	4,195	4,195	3,870	325	8%	325	8%		4,195
9	SPECIFIC ITEMS	77,025	74,568	66,608	62,755	3,853	6%	11,813	16%	11,532	86,100
10	Rechargeable Repairs	48,900	96,900	88,500	86,976	1,524	2%	9,924	10%		96,900
11	Rechargeable Repairs Recoverable	(10,700)	(58,700)	(30,000)	(37,732)	7,732	-26%	(20,968)	36%		(58,700)
12	Insurance Repairs	55,000	135,500	40,880	18,730	22,150	54%	116,770	86%		135,500
13	Insurance Claims Recoverable	(17,500)	(88,000)	-	-	-		(88,000)	100%		(88,000)
14	RECOVERABLE EXPENDITURE	75,700	85,700	99,380	67,973	31,407	32%	17,727	21%	-	85,700
15	Commercial Properties	1,200	1,200	1,000	-	1,000	100%	1,200	100%		1,200
16	Communal Lighting	29,180	29,180	22,510	17,332	5,178	23%	11,848	41%		29,180
17	NON DWELLING REPAIRS	30,380	30,380	23,510	17,332	6,178	26%	13,048	43%	-	30,380
18	Planned maintenance	514,200	541,700	447,890	280,489	167,401	37%	261,211	48%		541,700
19	Gas Servicing	60,000	60,000	50,000	33,205	16,795	34%	26,795	45%		60,000
20	Estate Management	14,320	19,320	15,960	9,878	6,082	38%	9,442	49%		19,320
21	Other Servicing (incl. heating)	85,374	85,374	71,170	60,772	10,398	15%	24,602	29%		85,374
22	Stair Lifts and Door Entry Systems	2,080	2,080	2,070	1,888	182	9%	192	9%		2,080
23	Gutter Cleaning	32,400	32,400	32,400	31,903	497	2%	497	2%		32,400
24	Sewage Pumps	700	700	700	341	359	51%	359	51%		700
25	Dun Berisay Heat	8,150	8,150	-	-	-		8,150	100%		8,150
26	CYCLICAL MAINTENANCE	717,224	749,724	620,190	418,476	201,714	33%	331,248	44%	-	749,724
27	TOTAL REPAIRS & MAINTENANCE	2,089,289	2,231,082	1,793,188	1,597,705	195,483	11%	633,377	28%	21,532	2,252,614

Commentary on performance

Line 2 Void Repairs

Forecast out-turn has been lifted by £10K which is funded by recognised savings in void loss.

Line 5 Decoration Allowance

Forecast out-turn has been lifted by £11.5K which is funded by recognised savings in void loss. Further costs are expected as a result of Investment works for heating and kitchens expected to be completed before the end of the Financial Year.

Line 12 & 13 Insurance Repairs/Insurance Claims Recoverable

The majority of the budget remaining is represented by the repairs required to the two fire damaged properties. The loss adjusters have approved the first claim and works should complete prior to year end.

The most recent fire is currently being processed by the loss adjusters and is anticipated to be approved. The work should commence prior to year end.

Line 18 Planned Maintenance:

This is still on track and expected to complete on budget.

Estate Works

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	BUDGET to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	BUDGET VARIANCE Budget to date %	BUDGET REMAINING Revised Budget £	BUDGET REMAINING Revised Budget %	FORECAST OUT-TURN Over/ (under) £	FORECAST OUT-TURN at 31-Mar-19 £
1	Garage Repairs	3,110	4,610	4,160	-	4,160	100%	4,610	100%		4,610
2	Unadopted Infrastructure	112,340	112,340	55,220	77,266	(22,046)	-40%	35,074	31%		112,340
3	Grounds Maintenance	55,520	55,520	49,830	47,261	2,569	5%	8,259	15%		55,520
4	Paths	350	350	350	-	350	100%	350	100%		350
5	TOTAL ESTATE WORKS	171,320	172,820	109,560	124,527	(14,967)	-14%	48,293	28%	-	172,820

Line 2 Unadopted Infrastructure:

Overspend to date is mainly due to £12K invoice for drainage works at Riverview and £15K to replace a burst pipe and reinstate groundworks at Dun Innes. Increased overspend YTD is due to budget phasing. It is anticipated that Unadopted Infrastructure costs will be within budget as per Forecast Out-turn.

Aids & Adaptations

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	BUDGET to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	BUDGET VARIANCE Budget to date %	BUDGET REMAINING Revised Budget £	BUDGET REMAINING Revised Budget %	FORECAST OUT-TURN Over/ (under) £	FORECAST OUT-TURN at 31-Mar-19 £
1	Minor Aids & Adapations	500	543	543	543	-		-			543
2	**Investment Programme**										
3	Aids & Adapations	120,000	413,000	250,000	247,760	2,240	1%	165,240	40%	(153,000)	260,000
4	**Grants**										
5	Received	(120,000)	(413,000)	(250,000)	(248,599)	(1,401)	1%	(164,401)	40%	153,000	(260,000)
6	TOTAL AIDS & ADAPTATIONS	500	543	543	(296)	838	0%	838	1%	-	543

Line 3 & 4 Aids & Adaptations and Grant:

The expected out-turn for Aids & Adaptations is £153K less than the revised budget. This reflects the current position where almost half of the budget remains uncommitted and only 6 referrals are pending.

Investment Expenditure

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £	to 31-Jan-19 £	Spend to 31-Jan-19 £	Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-19 £
1	Roofs	112,140	5,577	5,577	1,782	3,795	68%	3,795	68%		5,577
2	Insulation	148,057	335,614	313,403	303,747	9,656	3%	31,867	9%		335,614
3	Total Roofs	260,197	341,191	318,980	305,529	13,451	4%	35,662	10%	-	341,191
4	Kitchen	256,974	295,417	161,060	151,659	9,401	6%	143,758	49%		295,417
5	Bathrooms	198,450	110,530	114,248	109,242	5,006	4%	1,288	1%	-	110,530
6	OT Aids & Adaptations	120,000	413,000	250,000	247,760	2,240	1%	165,240	40%	(153,000)	260,000
7	Showers	119,700	71,049	71,392	65,559	5,833	8%	5,490	8%	-	71,049
8	Heating	1,731,598	2,107,868	1,706,142	1,392,562	313,580	18%	715,306	34%		2,107,868
9	Rewiring	-	14,872	14,862	14,464	398	3%	408	3%	-	14,872
10	Smoke/C02 Detectors	62,040	53,639	13,309	13,309	-	0%	40,330	75%	-	53,639
11	Total Internals	2,488,762	3,066,375	2,331,013	1,994,556	336,457	14%	1,071,819	35%	(153,000)	2,913,375
12	Windows	69,900	503,955	245,141	193,397	51,744	21%	310,558	62%		503,955
13	Roughcast house & wall	192,000	341,490	194,090	192,029	2,061	1%	149,461	44%	(75,000)	266,490
15	Footpaths/Drying Areas		-			-				-	-
14	Fencing	220,980	192,243	169,193	163,181	6,012	4%	29,062	15%	-	192,243
19	Externals	412,980	536,813	363,283	355,211	8,072	2%	181,602	34%	(75,000)	461,813
20	**Total Investment excl. Unallocated Exp/Efficiency Saving**	3,231,839	4,448,334	3,258,417	2,848,693	409,724	13%	1,599,641	36%	(228,000)	4,220,335
21	Unallocated Expenditure	1,136,331	32,410	-	(1,935)	1,935		34,345	106%		32,410
22	Efficiency Savings	-	-	-	-	-		-			-
23	**Total Investment**	4,368,170	4,477,664	3,258,417	2,846,758	411,660	13%	1,633,986	36%	(228,000)	4,249,664

Commentary on Performance

Line 6 OT Aid & Adaptations:

Forecast Out-turn amended to reflect the expected spend capability. This is fully grant funded and is offset with an associated reduction in grant funding. Overspend YTD due to phasing.

Line 8 Heating:

Contracts have been awarded, works are progressing and are expected to complete on time.

Line 13 Roughcast:

Roughcast work is not expected to be completed by the end of the Financial Year. Slippage of £75K due to materials issue and ability of contractor to complete prior to Year End is anticipated and has been reflected in the Forecast out-turn.

Non Housing Investment

For the period ended 31 January 2019

Line	Heading	CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £	to 31-Jan-19 £	Spend to 31-Jan-19 £	Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-19 £
1	**Total Uist Office**	3,500	3,628	3,628	3,628	-	-	-	-	-	3,628
2	Furniture & Fittings	6,100	13,472	13,472	-	13,472	100%	13,472	100%		13,472
3	Office equipment	3,050	3,050	3,050	1,980	1,070	35%	1,070	35%		3,050
4	IT equipment	63,385	264,946	249,946	194,615	55,332	22%	70,332	27%		264,946
5	**Total Stornoway Office**	**72,535**	**281,468**	**266,468**	196,595	**69,874**	26%	**84,874**	**30%**	-	**281,468**
6	**Total**	**76,035**	**285,096**	**270,096**	**200,223**	**69,874**	**26%**	**84,874**	**30%**	-	**285,096**

Development Expenditure

For the period ended 31 January 2019

Line		CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET Budget to 31-Jan-19 £	ACTUAL Spend to 31-Jan-19 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-19 £
1	New Build	7,434,190	6,239,288	5,836,877	4,248,629	1,588,249	27%	1,990,659	32%		6,239,288
2	Retentions	2,379	2,379	2,379	2,379	-	0%	-	0%		2,379
2	LIFT	861,576	602,512	629,420	604,752	24,669	4%	(2,240)	0%		602,512
3	Unallocated	1,960,480	1,960,480	-	-	-		1,960,480	100%	(940,000)	1,020,480
4	**Total Development Costs**	10,258,625	8,804,658	6,468,676	4,855,759	1,612,917	25%	3,948,899	45%	(940,000)	7,864,658
5	**Housing Association Grant**										
6	New Build	(4,150,073)	(4,034,749)	(3,342,750)	(3,237,781)	(104,969)	3%	(796,968)	20%		(4,034,749)
7	LIFT	(216,000)	(216,000)	(216,000)	(216,000)	-	0%	-	0%		(216,000)
											-
8	**Other Grants & Sales proceeds**										-
8	LIFT Sales	(336,700)	(399,600)	(336,700)	-	(336,700)		(399,600)	100%		(399,600)
9	Unallocated	(4,268,800)	(1,684,480)	-				(1,684,480)	100%	664,000	(1,020,480)
10	**Total Grants**	(8,971,573)	(6,334,829)	(3,895,450)	(3,453,781)	(441,669)	11%	(2,881,048)	45%	664,000	(5,670,829)
11	**Private Finance required**										
12	New Build	3,284,118	2,204,540	2,494,128	1,010,848	1,483,280	59%	1,193,691	54%	-	2,204,540
12	Retentions	2,379	2,379	2,379	2,379	-	0%	-	0%	-	2,379
13	LIFT	308,876	(13,089)	76,720	388,752	(312,031)	-407%	(401,840)	3070%	-	(13,089)
14	Development - Abortive Costs	-	316	-	316	(316)		-	0%		316
15	Unallocated	(2,308,320)	276,000	-	-	-		276,000	100%	(276,000)	-
16	**Private Finance required**	1,287,052	2,470,146	2,573,227	1,402,295	1,170,932	46%	1,067,851	43%	(276,000)	2,194,146

Commentary on Performance

Overall Spend to Date:

The underspend to date is driven by delays in getting projects on site and some projects not going ahead, in particular the re-tendering of Tarbert Police Station and delays in being able to accept tenders for Breasclete and Balivanich. There have also been delays due to kit delivery timescales at Stag Road, time delay request from contractor for Cleascro Road and delays due to bad weather for Corran Cismaol.

Planning for Balivanich was submitted late October but there are some outstanding issues that are to be addressed which will delay contractor from getting on site leading to an underspend.

Scotland street will not be progressing this year as additional funding is required.

Stag Road is due to complete on time.

Horgabost Phase 2 is being progressed to planning/building warrant stage and decrofting application has been lodged.

Tarbert Police Station has not commenced on site as planned. The forecast out-turn has been amended to reflect this and the fact that a start prior to the end of the Financial Year is now unlikely.

Breasclete requires an archealogical survey and this will impact on the contractor start date on site. The forecast out-turn has been amended to reflect this.

Section 3: Key Financial Performance Measures

Financial Covenants

For the period ended 31 January 2019

The revised facility agreement with our Funders has one Financial Covenant, Interest Cover. Where a deficit is projected in any financial year, the covenant is based on an absolute sum rather than a percentage, so the covenant for 2018/19 is a maximum cash flow deficit of £7,049,570. The financial covenant for 2018/19 has been approved by our Funders. The covenant is forecast to be met in March 2019.

	Interest Cover	
Covenants for 2018/19 Deficit		(£7,049,570)
Forecast to 31 January 2019		(£2,499,289)
Tolerance available		£4,550,281
Reduction in expenditure required to achieve covenant	£0	

Annual Cash flow Deficit

Line	Detail	Current Position	Forecast
	Income	**£**	**£**
1	Dwelling rents (net)	7,351,676	8,624,940
2	Non Dwelling rents (net)	13,019	13,630
3	Right to Buy Sales	47,000	-
4	Grant Funding	480,702	492,000
5	Other Income	44,724	49,450
6	Grant received for New Build	3,237,781	4,034,749
7	Sale of LIFT received	-	399,600
8	Grant on LIFT received	216,000	216,000
9	Insurance Receipts	-	88,000
10	**Total Income**	**11,390,902**	**13,918,369**
	Expenditure		
13	Supervision & Management	2,068,120	2,836,987
14	Response Repairs	1,179,229	1,502,890
15	Estate Works	124,527	172,820
16	Planned/Cyclical Maintenance	418,476	749,724
17	Investment Programme	2,575,610	3,736,547
18	Office Alterations and IT	200,223	285,096
19	LIFT Costs	604,752	602,512
20	Opening Balances		
21	Development Costs	4,248,629	6,239,288
22	**Total Expenditure**	**11,419,566**	**16,125,864**
23	***Net Operating Cashflow***	**- 28,663**	**(2,207,495)**
24	Interest Paid	235,537	311,794
25	Interest Collected	(15,960)	(20,000)
26	**Total Interest**	**219,577**	**291,794**
27	***Annual Cashflow Surplus/(Deficit)***	**- 248,241**	**(2,499,289)**
	Interest Ratio	-766%	-13%
	Covenant Requirement		
	Maximum Annual Cashflow deficit	(7,049,570)	(7,049,570)
	Tolerance	6,801,329	4,550,281
		-207%	-138%

Financial Ratios

For the period ended 31 January 2019

Key Ratios

	Current	Forecast	2017/18
Current Ratio	5.36	4.71	5.27
(Current Assets/Current Liabilities)			
Net Debt Per Unit			
Borrowing/ stock units	£2,259.09	£2,279.98	£2,287.79
Voids%	0.63%	1.34%	0.83%
Voids as % of Rental Income Due			
Bad Debts %	0.24%	2.05%	0.18%
Bad Debts written off as % of Rental Income Due			
Staff Cost/Turnover %	17.10%	18.02%	17.15%
Gross Surplus	55.45%	49.22%	53.41%
Operating Surplus/Turnover			
Net Surplus	36.58%	29.64%	36.19%
Net Surplus/Turnover			

Cash Flow Forecast 2018/19

The above cash flow shows the actual income received and the payments made for the period to January 2019 with projections for the remainder of the year.

Monthly Cash Flow Forecast

Year Ended 31-Mar-19	31-Jan-19 Month 10	28-Feb-19 Month 11	31-Mar-19 Month 12	Total
Cash on Hand at beginning of month	2,008,094	2,232,127	1,970,114	1,386,999
Cash Receipts				
Rent	652,551	881,532	689,969	8,745,962
Sale of Assets	336,700	-	-	405,900
Grant Income	45,826	162,523	2,011,493	6,276,241
Bank Interest	-	-	-	-
Insurance Claims	-	-	-	-
Other income	40,460	40,460	40,460	435,086
Transfer from Deposit	-	200,000	1,100,000	1,300,000
Total	1,075,536	1,284,514	3,841,922	17,163,189
Total Cash Available	3,083,631	3,516,642	5,812,036	
Cash Paid Out				
Payroll	133,209	136,705	136,705	1,639,426
Management Costs	86,763	74,195	74,195	1,005,820
Repairs	41,931	207,315	207,315	2,135,114
Investment	115,558	715,020	715,020	5,071,934
Development	412,072	412,966	3,198,410	8,873,175
Total	789,533	1,546,200	4,331,644	18,725,469
Cash Paid Out (Non P & L)				
Loan Interest	60,711	-	93,393	354,822
Loan Repayment	-	-	-	44,145
Deferred RTB Receipts				500,000
HAG Repayment	-	-	-	148,149
Refunds	1,260	327	-	18,028
Transfer to Deposit Account	-	-	-	100,000
Total	61,971	327	93,393	1,165,144
Total Cash Paid out	851,504	1,546,527	4,425,037	
Cash Position at End of Month	2,232,127	1,970,114	1,386,999	-
Deposit Acct At end of Month	6,304,960	6,304,960	5,304,960	
Total Funds Available	8,537,087	8,275,075	6,691,959	

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ITEM NO 8.6

PLANNED MAINTENANCE PROGRAMME 2019/20

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 To present an update on the 2019/20 Planned and Cyclical Maintenance Programme subject to final costings being within budgetary provision.

Summary

2.1 Planned Maintenance has two strands – Planned Preventative Maintenance and Cyclical Maintenance.

2.2 Planned Maintenance is based on a 5 year cycle where properties and their environment are inspected and work identified based on this inspection. Planned maintenance mainly consists of ensuring the fabric of properties is in good condition and that they are wind/watertight. It also addresses potential Health & Safety issues. It also seeks to ensure the environment and common areas are maintained.

2.3 Cyclical Maintenance is carried out on an annual basis to check and service systems such as heating systems, door entry systems, communal lighting and fire detection systems. There are some legislative requirements associated with works such as gas servicing. Gutter cleaning is carried out on a 2 year cycle.

2.4 The Stock Condition Survey undertaken in 2017/18 reported on the current repair condition of the housing stock as being in good condition with minimal requirement for catch up repairs.

2.5 The works for the 2019/20 programme are being delivered through the current Repairs and Maintenance Contract. The report provides information on the approach being taken to prioritise works.

Competence

3.1 The financial, legal and other constraints to the recommendations in this report are contained in paragraph 5.1 – 7.1.

Recommendations

4.1 **It is recommended that the Board note the report.**

Background Papers:	Risk Register	
Writer of Report:	Angus E MacNeil	Tel: 0300 123 0773

Competence

Financial

5.1 The annual budgets for the Planned and Cyclical Maintenance Programmes are being prepared and are subject to Board approval. The extent of works being carried out through planned and cyclical works will be governed by this budget.

5.2 Final costings are awaited from FES on the works identified. However, it is clear that these are significantly in excess of the budget figure. Works will therefore need to be prioritised as follows:

- statutory requirements;
- health & safety issues;
- fabric repairs; and
- environmental works.

Legal

6.1 The decision to approve or amend Strategy, Business Plan and budgets including virements to or from a budget head in excess of £50,000 is reserved to the Board.

6.2 There are legislative requirements controlling the frequency of some areas of Cyclical Maintenance. Gas servicing must be carried out annually, air source and ground source heating systems must be serviced annually to maintain the conditions of the Renewable Heating Initiative. Common areas must be maintained to ensure they are safe and secure and comply with fire safety requirements.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users	1.1
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness	3.1, 3.3 & 3.4

Risk

8.1 Scottish Government expects landlords to remain compliant with the Scottish Housing Quality Standard (SHQS). Private owners not participating in shared works to common areas will require exemption/abeyances where improvements cannot be undertaken.

8.2 There are further risks highlights in the Risk Register in regard to the health of the local economy particularly the capacity of contractors to deliver programmes.

Report Details

Stock Condition Survey 2017/18

9.1 The Stock Condition Report stated that the housing stock is currently in good condition with no major backlog repair programmes identified by the survey and no SHQS repair failures. This provides reassurance that the approach being taken to planned maintenance is proving effective.

Aims

9.2 The aims of the planned maintenance programme are as follows:

- To ensure compliance with statutory health and safety requirements;
- To minimise the amount of ad hoc repairs and reactive maintenance;
- To ensure that work is carried out effectively and efficiently and complies with recognized best practice; and
- To carry out as much work as possible on a planned and programmed basis rather than a reactive basis.

Planned Maintenance Inspection/Survey

9.3 An inspection of all properties in the year's cycle has been completed by the Clerk of Works. The information received from the surveys is being costed and will then be used to prioritise works and to determine the shape and make-up of the programme for that year.

9.4 The surveys identify all external repairs required or which may be required in the immediate future. This includes aesthetic works.

9.5 It is clear that the value of the works identified are significantly greater then the available budget. Works will therefore need to be prioritized as set out below.

Maintenance Priorities

9.6 Works are being prioritised on the following basis:

1. **Statutory and Regulatory Requirements**

   e.g heating servicing, fire system checks

2. **Health & Safety Issues**

   e.g communal lighting maintenance, addressing path and step trip hazards, door and window repairs

3. **Building Fabric Repairs**

   e.g roof and roughcast repairs, chimney repairs

4. **Environmental Works**

   e.g repair/and or painting of fencing, improvement to communal paths

5. **External Fabric Painting**

   e.g render painting of houses

9.7 It is important that we do not lose sight of the importance of maintaining the appearance of schemes. However, the most important aspect of any maintenance regime both from a tenant and business perspective must be to maintain the actual houses in the best possible condition. Investment in the environment is important but is secondary and the approach to planned maintenance must recognise this.

Communication

9.8 Letters are sent to tenants and, where appropriate, owner occupiers informing them that their properties will be included in the forthcoming survey and when the actual survey will commence.

9.9 Prior to work commencing letters are sent to each tenant and, where appropriate, each owner occupier informing them when work is due to start. Owners will be provided with information on the cost of work for which they are partly responsible and this will be discussed with them in advance.

Shared Ownership

9.10 Shared ownership remains problematic as the majority of private owners refuse to consent to the shared cost of works. This will mean the condition continuing to deteriorate unless addressed and will have an impact on the aesthetic appearance of the estate. Works can be enforced in emergency situations but these are limited and do not assist with the majority of planned works.

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ITEM NO 8.7

HEBRIDES ENERGY/OUR POWER

Board 20 March 2019

Report by Director of Operations

Purpose of Report

1.1 This report provides an update on Our Power and the implications for us following the decision taken by them on 25 January 2019 to cease trading.

Summary

2.1 Our Power was established by Scottish RSLs with the aim of providing lower cost energy to households and to social housing tenants in particular. A large number of Scottish and UK RSLs including HHP were members.

2.2 HHP had also entered into a void switching arrangement whereby the electricity supply in all empty houses was transferred to Our Power. Approximately 60 properties were transferred in this way.

2.3 Our Power was also the supply partner for Hebrides Energy under a 'white label' arrangement. We are also members of Hebrides Energy.

2.4 Utilita have been appointed by OFGEM as the new supplier to Our Power customers. Tariffs charged are broadly in line with SSE pricing. Standard tariff customers have been notified of a price increase from 1 April 2019. It is anticipated that many suppliers will increase prices from 1 April 2019.

2.5 The tariff for THTC customers has been held until 31 March and information is awaited on the longer term intention with this. Advice will be provided to HHP tenants as appropriate once further information is available from Utilita.

2.6 Appendix 1 provides a statement from Alistair Steele the Chair of Our Power on the achievements of the company. Its failure is a disappointment to the whole sector.

Competence

3.1 The financial, legal or other constraints are listed at paragraphs 5.1 - 6.1.

Recommendations

4.1 **It is recommended that the Board note the report.**

APPENDIX 1	Statement from Chair of Our Power	
Background Papers	None	
Writer of Report	John Maciver	Tel: 0300 123 0773

Competence

Financial

5.1 The membership fee of £2,587 paid to Our Power was not refundable. There are no other financial implications.

5.2 Tenants who were Our Power customers are being provided with information and advice based on the information available. They are being signposted to advice agencies where necessary. Further information will be provided to THTC customers once tariffs are known.

Legal

6.1 There are no legal implications from the report.

Regulatory Guidance

7.1 The relevant Regulatory Standards are:

Standard		Sections
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	
2	The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	
3	The RSL manages its resources to ensure its financial well-being and economic effectiveness.	
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	

Risk

8.1 The Risk Register identifies issues around tenant incomes and costs and particularly fuel poverty which impact on the ability to pay rent.

Appendix 1

Statement from Alistair Steel
Chair of Our Power

Despite the disappointment of the business failing, we believe Our Power brought a number of benefits and changed how housing providers can engage with the energy sector:

- We had a fair and competitive tariff structure which helped reduce the cost of energy for your tenants over the past 2 years. With the introduction of the price cap and wholesale market pressures the differential in tariffs is decreasing and we were preparing for a price increase in April to close to the price cap so any benefits from tariff saving were likely to be dissipated.

- The voids model was designed to improve members void processes to be more efficient and the voids portal was a sector leading innovation. By bringing over 70 housing providers together we, in effect, created a new market.

- Through our discussions with Utilita and other suppliers in recent weeks we know that other suppliers are now interested in developing a voids service. This will provide housing providers with more choice in the future. The voids will be a sales channels for other suppliers and housing providers should be able to ask for a fee for every void switched.

- The work on related meters increases consumer choices and brought real tariff benefits. The solution we developed has value to Utilita as a new route to market. Our understanding is that this service will be retained by Utilita.

- We introduced Warm Homes Discount from the start. Other larger providers will be able to offer this to a wider group and also offer investment through ECO contributions.

- We also installed smart meters from the start. We fully accept our success rate was patchy. Some members trained up staff to install smart meters and this should be a valuable resource which could be reinstated into any future voids service.

- We were starting to raise the debate on the future of energy, the impact on low income households and the role housing providers could play. The vision generally that is emerging is one of local networks where a home can generate, store (perhaps using electric vehicles) and consume energy. Our concern is that low income households in rental accommodation will lose out as markets change.

- We have grown many of our team from call centre agents to specialists in the energy supply sector and this has been hugely valuable to our void model. Thankfully this also means that staff should be able to build on this experience in their future roles in a sector short on supply of expertise.

We believe that the membership model was one of the strongest collaborative housing sector initiatives to address a poverty related issue and we truly thank you all for your support.