

BOARD AGENDA –23 MARCH 2022

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
1	Attendance & Apologies (Appointment to IDB)	Noting	Chair	3	5:30pm
2	Declaration of Interest	Noting	Chair	-	
3	Minutes				
3.1	Minute of Meeting 9 February 2022	Approval	Chair	5	
3.2	Action Sheet	Noting	Company Secretary	10	
4	Date of Next Meeting 25 May 2022	Approval	Chair	-	5:45pm
5	Health & Safety	Noting	Director of Operations	-	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
6	Items For Decision				
6.1	Business Plan	Approval	Chief Executive	12	5:45pm
6.2	Budgets 2022/23	Approval	Director of F&CS	129	
6.3	Management Report to 31 January 2022	Approval	Finance Manager	141	
6.4	Annual Financing Strategy	Approval	Director of F&CS	164	-
6.5	Fraud Checklist	Approval	Director of F&CS	176	6.15pm
6.6	Board Training Plan	Approval	Executive Office Manager	183	
6.7	SHR Loan Portfolio	Homologation	Director of F&CS	188	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
7	Policies & Strategies				
7.1	Estate Management Policy	Approval	Area Manager	207	6:15pm
7.2	Allocations Policy	Approval	Housing Officer (Allocations)	227	-
7.3	Expenses Policies (Staff & Members)	Approval	Director of F&CS	256	6.35pm
7.4	Development Policies	Approval	Development Manager	269	
7.5	Value for Money Strategy	Approval	Director of F&CS	293	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
8	Policies & Strategies Annual Update				
8.1	Workforce Strategy Annual Update	Approval	Chief Executive	303	6.35pm
8.2	Procurement Policy & Procurement Strategy Annual Update	Approval	Corporate Resources Manager	322	- 6.45pm

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
9	Noting Reports				
9.1	Development Monitoring Report	Noting	Development Manager	351	6.45pm

Board Meetings 2021/22

Board Members	Notes	26-Aug-21	17-Nov-21	09-Feb-22					
Iain Macmillan	1								
Calum Mackay	1								
Alexander Gardner	2								
Fiona Macleod									
Gordon Macleod									
Norman A Macdonald									
Roddy Mackay									
Roddy Nicolson									
John N Macleod									
Helen Mackenzie									

1 - Appointed as a Community Member on 26 August 2021

2 - Appointed as a Tenant Member on 26 August 2021



Member present at meeting



Member not present at meeting



Cancellation of travel due to weather



Unable to attend remote meeting due to technical difficulties



Member not required to be present at meeting

Leave

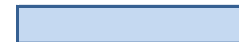
Special Leave Granted

Board Training and Conferences 2021/22

Board Members	Notes	Treasury Management Training				
		30-Nov-21				
Iain Macmillan	1					
Calum Mackay	1					
Alexander Gardner	2					
Fiona Macleod						
Gordon Macleod						
Norman A Macdonald						
Roddy Mackay						
Roddy Nicolson						
John N Macleod						
Helen Mackenzie						

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Cancellation of travel due to weather



Unable to attend remote training due to technical difficulties



Member not required to be present at training

Leave

Special Leave Granted



HEBRIDEAN HOUSING PARTNERSHIP

Board

Minutes of Meeting held remotely via Microsoft Teams on Wednesday, 9 February 2022 at 5.30pm

PRELIMINARY ITEM			
ATTENDANCE & APOLOGIES			
1	<u>Attendance & Apologies</u> <table><tr><td> <u>Present</u> Iain Macmillan (Chair) Calum Mackay (Vice-Chair) Roddy Nicolson Helen Mackenzie Alex Gardner Gordon Macleod <u>Apologies</u> Fiona Macleod Norman A Macdonald John N Macleod Roddy Mackay </td><td> <u>Staff & Consultation In Attendance</u> Dena Macleod (Chief Executive) Donald Macleod (Director of Finance & Corporate Services) John Maciver (Director of Operations) Katia Petteloot (Company Secretary) Jonathan Fairgrieve (Corporate Services Officer – Minute Taker) James Morrison (Finance Manager) Sawan Morrison (Development Manager) Peter O'Donnell (Investment Manager) Angus Smith (Corporate Resources Manager) Monika Fortagh (Debt Management Officer) Iona France (Governance Officer) Emma Macleod (People Development Officer) Fiona Robertson (Independent Consultant) </td></tr></table>	<u>Present</u> Iain Macmillan (Chair) Calum Mackay (Vice-Chair) Roddy Nicolson Helen Mackenzie Alex Gardner Gordon Macleod <u>Apologies</u> Fiona Macleod Norman A Macdonald John N Macleod Roddy Mackay	<u>Staff & Consultation In Attendance</u> Dena Macleod (Chief Executive) Donald Macleod (Director of Finance & Corporate Services) John Maciver (Director of Operations) Katia Petteloot (Company Secretary) Jonathan Fairgrieve (Corporate Services Officer – Minute Taker) James Morrison (Finance Manager) Sawan Morrison (Development Manager) Peter O'Donnell (Investment Manager) Angus Smith (Corporate Resources Manager) Monika Fortagh (Debt Management Officer) Iona France (Governance Officer) Emma Macleod (People Development Officer) Fiona Robertson (Independent Consultant)
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PRELIMINARY PROCEDURAL MATTERS			
2	<u>Declaration of Interest</u> Helen Mackenzie declared an interest at Item 9.2.		
3.1	<u>Minute of Board Meeting 17 November 2021</u> The minute of the Board meeting of 17 November 2021 was submitted and approved as a true and accurate record of the proceedings of the meeting subject to an amendment to the date at item 3.1.2.		
3.2	<u>Action Sheet</u> The Director of Finance & Corporate Services advised item 2 on the Action Sheet would be completed the week commencing 14 February 2022. The Action Sheet was noted.		
4	<u>Date of Next Meeting</u> The date of the next meeting will be 23 March 2022.		
5	<u>Health & Safety</u> Nothing to report.		
MEETING WENT INTO PRIVATE SESSION			

PUBLIC ITEMS FOR DECISION	
7.1	<u>Business Plan 2019/20 to 2023/34 (Year 4)</u> An updated Business Plan for the five year period 2019/20 to 2023/24 was presented for review and approval for consultation with the public and key partners. The Chief Executive advised the Plan had been updated following events over the past six months, and took into account the findings from the Board workshops. Helen Mackenzie queried why round table discussions between managers had not continued during the COVID-19 lockdown. The Chief Executive explained that managers were undertaking a leadership programme and once this had completed round table discussions would resume. The Board approved the Business Plan 2019/20 to 2023/24 (Year 4) including the 30 year cash flow projection for consultation with the public and our key partners.
7.2	<u>Budgets 2022/23</u> The Director of Finance & Corporate Services presented the proposed 2022/23 Budgets including charges for rents, garages and services. A consultation on the proposed rent increase was carried out from 10 December 2021 – 15 January 2022. Two options were given to tenants: • RPI minus 3.0% increase (3.0%); and • RPI minus 2.5% increase (3.5%). The survey was published on our website and across our social media platforms with 44 completed responses received. Of those responses 77% opted in favour of an increase of RPI minus 3.0%. However, since the consultation, the inflationary position had deteriorated with RPI rising to 7.5% in December 2021. The Director of Finance & Corporate Services advised members it would therefore be prudent to increase our rents by 3.5% to align with our original Business Plan assumption and take account of the current high levels of inflation. Members were advised our average rents were significantly less than the highest within our peer group and were asked to note the proposed rent increase was sub-inflationary which would put less financial pressure on tenants than an increase in line with inflation. Helen Mackenzie questioned whether garage rents and garage site rents should be increased in line with other services and charges. The Director of Finance & Corporate Services advised this would be looked at by the Finance Working Group when reviewing the 2023/24 rent increase. The Board: a) approved the increase of house rents for 2022/23 at RPI minus 2.5% (3.5%) with an average increase of £2.88 per week to £85.28 per week; b) approved garage rents and garage site rents for 2022/23 be increased by 3.5%; c) approved all other services and charges for 2022/23 be increased by 6% in line with RPI at October 2021; and d) noted that detailed budgets will be submitted to the Board for approval on 23 March 2022.
7.3	<u>Management Report to 31 December 2021</u> The Management Report to 31 December 2021 was presented for review and approval. The report confirmed our financial covenants would be met for the year ended 31 March 2022 with a headroom of £973K. Approval of virements were sought for: a) slippage in the Development Programme to reduce development costs by £587K and grant by £523K; and b) a forecast overspend on reactive repairs of £200K to be funded from savings in the Investment Programme. Calum Mackay questioned the increase in repairs spend. The Director of Operations advised the cost of materials were increasing as well as the number of homes for rent, all of which contributed to a higher spend. It was agreed a detailed report showing the cause of the increased expenditure on repairs be brought to the next Board Meeting. The Board: a) noted the Management Report to 31 December 2021; b) approved a virement to reduce cost by £197,721 and grant by £134,457 for the Blackwater development; c) approved a virement to reduce cost by £388,821 and grant by £388,821 for the Barra development; d) approved a virement of £200,000 in the Investment Programme to Reactive Maintenance; and e) agreed a detailed report showing the cause of the increased expenditure on repairs be brought to the next Board meeting.

7.4	<u>Development Monitoring Report</u> The Development Manager provided an update on the 5 Year Development Programme. Since the Board meeting on 17 November 2021, the handover of 4 homes at Ionad Mairi Bremner, 8 homes at Sinclair Avenue and 8 homes at James Place had taken place. Developments at both Low Flyer and Barvas were progressing on site with handover expected this financial year. The Barra development was due on site week beginning 14 February 2022. The land order resumption at Blackwater remained with the Land Court, awaiting conclusion. Work was progressing with the acquisition of land at Leverburgh for landbanking and with the Comhairle to identify areas of land for future development. Calum Mackay queried whether our waiting list figures justified the extent of our Development Plan and it was confirmed we use our waiting list figures when writing the Development Plan. The Board: a) approved Leanna Ruadh as the name for the 4 unit site at Crowlista as a continuation of the existing site; and b) noted the update on the Development Programme.
7.5	<u>Staff Training Plan 2022/23</u> The Executive Office Manager presented the Staff Training Plan for 2022/23 and updated the Board with progress on the 2021/22 Plan. The Plan was produced following the identification of training needs from a variety of sources including regulatory and legal requirements, staff appraisals and discussions with Managers The Board: a) approved the Staff Training Plan 2022/23; and b) noted the Completed Training 2021/22.
7.6	<u>Self-Assessment</u> The report detailed the options for Self-Assessment in line with our regulatory requirements. In 2017, the Board's preference was to pursue accreditation with the European Foundation for Quality Management (EFQM). Since then, the Scottish Housing Regulator (SHR) introduced the requirement to complete an Annual Assurance Statement confirming compliance with all regulatory standards of governance and financial management, strengthening our processes of Self-Assessment. We reviewed EFQM and Investors in People, as well as consulting with other Housing Associations. It was proposed we continue with internal self-assessment through our Annual Assurance Statement process and strengthen the process therein using sector specific toolkits. It was agreed regular reporting would be required to the Board on Self-Assessment progress using the SHN Toolkit. The Board agreed to use the Scottish Housing Network Self-Assessment Toolkit in place of external accreditation until March 2024.

POLICIES & STRATEGIES	
8.1	<u>Void Management Policy</u> The report sought approval from the Board to discontinue having a separate Void Management Policy by including its provisions with the Estate Management, Allocations and Repairs & Maintenance policies. The Board approved the Void Management Policy cease with immediate effect and its policy provisions be incorporated into the Estate Management, Repairs & Maintenance and Allocations policies.
8.2	<u>Gas Safety Management Policy</u> The Investment Manager presented the Gas Safety Management Policy to the Board for review and approval. Following a review of the policy, minimal changes were made to the policy. The Board approved the Gas Safety Management Policy.
8.3	<u>Health & Safety Policy</u> The Health & Safety Policy was presented for consideration and approval. Following a review of the policy, no significant changes were made to the policy. The Board approved the Health & Safety Policy.

MONITORING REPORTS	
9.1	<u>Quarterly Treasury Report</u> The Director of Finance & Corporate Services presented the Treasury Management activities for the third quarter of 2021/22 and confirmed our cash balances were £4.699M, driven by the drawdown of £5M. Our borrowing had increased to £10M at 31 December 2021. Forecasts indicate our Financial covenants for 2021/22 will be met. The Board noted the: a) quarterly treasury report on the Analysis of Investment and Borrowing; b) outstanding loans at 31 December 2021 of £10M; and c) cash balance at 31 December 2021 of £4.699M.
9.2	<u>Investment Programme Monitoring Report</u> Following the discussion of the item Helen Mackenzie declared a potential interest in this item. The Assets & Contracts Manager presented an update on the procurement and progress of the 2021/22 and 2022/23 Investment Programme. Members were advised the tenders for Lot 3A, 4 and 12 had been issued. Calum Mackay queried the slippage in the 2021/22 Programme. The Assets & Contracts Manager advised the slippage was primarily due to high tender prices and contractor capacity. Occupational Therapy (OT) referrals continued to be received with a number on a waiting. A virement of £30K from the Unallocated budget to the OT budget was being processed to enable works on referrals to continue. The Board noted the: a) progress on the Investment Programme; and b) update on the provision of Aids & Adaptations including the virement of £30K from the Unallocated budget to the Occupation Therapy budget.
9.3	<u>Board Skills Audit</u> Fiona Robertson, Independent Consultant, presented the findings of the independent Board Skills Audit carried out following the 2021 AGM. A Board Development Plan had been produced based on the Skills Matrix. Members were advised the overall conclusion of the audit was that the Board as a whole have a good understanding of the challenges faced and were able to reach a consensus following robust discussions. A Board Training Plan and Governance Action Plan, based on the findings of the report, will be presented to the Board in March 2022. The Board noted the findings of the Board Skills Audit 2021, including the Board Development Plan.
MEETING WENT INTO PRIVATE SESSION	

Chairperson Mr Iain Macmillan

SIGNED

DATE

Board Action Sheet

ACTION POINT	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/TIMESCALE	ACTION BY	PROGRESS
1	9 Feb 2022 (7.1)	Report to March Board on Business Plan consultation.	25 February 2022	Chief Executive	Consultation ended 24 February 2022. Report on Agenda.
2	17 Nov 2021 (6.1)	In Year return to February Board for homologation	9 February 2022 updated 18 February 2022	Director of Finance & Corporate Services	Completed
3	9 Feb 2022 (7.2)	Review garage rents.	2023/24	Director of Finance & Corporate Resources	
4	9 Feb 2022 (7.2)	Detailed budgets to be presented to March Board for approval.	23 March 2022	Director of Finance & Corporate Resources	Being presented to March Board.
5	9 Feb 2022 (7.3)	Information on the levels of repairs to be included in the next Repairs report brought to the Board in March.	23 March 2022	Director of Operations	Included in Bulletin report
6	9 Feb 2022 (7.5)	Present a Board Training Action Plan at March Board.	23 March 2022	Executive Office Manager	On March 2022 Agenda
7	17 Nov 2021 (1)	Encourager of the Year Shields to be donated to the local Secondary Schools on behalf of Norman Macleod's family	10 December 2021	Chief Executive	Shields purchased and awaiting to hear back from Education Dept with details of an handover date.
8	19 May 2021 (7.3)	Communications to be accessible and easy to understand for all our customers	25 May 2022	Executive Office Manager	Review of letters and newsletter is underway. To be captured with the review of the Communications Policy.
9	19 May 2021 (8.1)	KPI targets to be reviewed as part of the Business Plan review	31 January 2022	Chief Executive	Considered as part of the overall review

ACTION POINT	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
10	17 Mar 2021 (6.4)	Development at Crowlista to be progressed	June 2021	Development Manager	Resumption awaited and development can then progress.
11	20 May 2020 (8.3)	Arrange for a Board Member to attend staff meeting.	Once Office activities return to normal	Company Secretary	

BUSINESS PLAN 2022 UPDATE

Board 23 March 2022

Report by Chief Executive

Purpose of Report

- 1.1 To review and approve the 2022 update of our five year Business Plan (2019/20 to 2023/24) at Appendix 1.

Summary

- 2.1 The draft Business Plan was issued for consultation on 10 February 2022 and we received one response from the Comhairle which is at Appendix 2.
- 2.2 The Chief Executive Foreword and Par 1.6 have been updated for the impact of the war in Ukraine noting in particular the need to make significant change to our plans at short notice.
- 2.3 The Director of Finance & Corporate Services has updated Section 6 to take account of the rent increase. Minor amendments have been made to correct the date for the completion of the Local Housing Strategy (paragraph 3.5) and to confirm our commitment to working with the Comhairle on developing a Prevention of Homelessness Strategy (paragraph 3.8).
- 2.4 Performance on the Delivery Plan will continue to be reported to the Board on a quarterly basis.

Competence

- 3.1 The financial, legal or other constraints to the recommendations in this report are contained in paragraphs 5.1 - 8.2.

Recommendations

- 4.1 **It is recommended that the Board approve the Business Plan (2019/20 to 2023/24) Year 4 at Appendix 1.**

APPENDIX 1 Business Plan Year 4 (2019/20 to 2023/24)

APPENDIX 2 Consultation Responses

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 2022/23.
- 5.2 The Development Plan reflects the requirements of the Comhairle's Strategic Housing Investment Plan (SHIP) up to March 2025. The Barra HWEC has been moved back to 2026/27 and has been provided for in our 30 year financial projections
- 5.3 Our current funding facility is for £25M. We can borrow up to 91% of the value of our stock.

Legal

- 6.1 There are no specific legal implications to the report.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which will result in a breach of current standards.
- 7.2 This report provides assurance of evidence 1, 7 and 8 in relation to our Annual Assurance Statement.

Risk

- 8.1 At the Business Planning/Risk Appetite session on 1 December 2021 sensitivity analysis was performed using the BRIXX model and this was also tested at the Finance Working Group on 30 November 2021. The overall level of risk has increased for the Partnership for the coming years due to the material increase in the Development Programme, the continued decline in the population of the Outer Hebrides and the substantial increase in costs right across the board.
- 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.
- 8.3 There is the risk the war in Ukraine could seriously impact our ability to deliver on our promises within the timescales agreed.



MAKING
OUR HOUSE

Your Home

2022 Update

Our Plans

For your homes and
Housing service
2019/20 to 23/24



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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Foreword

On the 18 March 2020 the Board met to approve the 2020 update of our five-year Business Plan then five days later, on the evening of 23 March 2020, the Government issued an instruction for all citizens to stay at home putting in place a 'Lockdown' for three weeks to try to minimise the impact on the population of the virus COVID-19. It is now March 2022, almost two years since the original lockdown, and we are still living with some restrictions in an effort to keep people safe. We followed the Scottish Government's Route Map ensuring we would deliver our services in a safe manner. We are hopeful we will be back to full service during 2022.

The impact of lockdown on our plans has been assessed and incorporated within this revised Plan. However what we are unable to assess is the impact of the war in Ukraine on the cost of energy, the increase in living and construction costs. We cannot comprehend what the people in Ukraine are going through and we recognise how swiftly their lives were turned upside down in a matter of days so the plans we have made may well be subject to significant change.

During 2021 we put a new funding facility in place to ensure we are in a position to meet the new standards for housing whilst keeping our rents affordable and working with the Comhairle to build new homes throughout the Islands.

In some ways it seems like only yesterday HHP came into existence but on 12 September 2021 we celebrated our fifteen year anniversary and one of the things we did to mark it was to place a shield in our 4 main secondary schools in memory of our former Chairperson, Norman M Macleod who sadly passed away in July 2021. 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. During lockdown we have been learning many lessons on how to improve our services, these lessons focus on the benefit of tenant engagement, embracing the benefits of digital transformation, reviewing how we provide services in our more remote locations and exploring the options for increased participation through the use of video conferencing facilities such as Microsoft Teams.

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 are looking 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 we will be investing more time 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 will see the completion of a new Care Home and 50 Extra Care units in Stornoway.

This Plan covers the five years 2019/20 to 2023/24 and details our Vision, Core Value, Strategic Goals and a Delivery Plan. The Plan came 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. This is our Year 4 update, revised for the impact of COVID-19 and our new funding agreement of £25 Million.

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

Tenant

The past year has brought one challenge after another with rising costs, supply and skill shortages and a reduced transport service. Two of our biggest challenges remain, population and climate change. 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 have continued in their commitment to delivering new affordable homes by pledging to see 100,000 new affordable homes built by 31 March 2032. The Government has increased the grant funding for the Outer Hebrides for the next four years and we will work with the Comhairle and other partners to deliver the type and tenure of homes needed in a rural Island community. One of the key strands of the Comhairle's Local Housing Strategy (LHS) is to support the revitalisation 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 will come to fruition when we see new homes built and occupied throughout our island communities. Another key aspect of our partnership with the Comhairle is with the Homeless Service and we are currently working with the Homeless Service to see how we can meet their requirements for Rapid Re-housing whilst also delivering on the LHS – it continues to be a challenge!

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

Section 1

Executive Summary

Kinloch, Isle of Lewis



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. This is our Year 4 update. 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 2022 we hope to have built 605. As the key delivery partner of the Comhairle's LHS for affordable housing we have put resources in place to enable the delivery of a further 163 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. This is our revised Year 4 update and following a Business Planning day with Board Members and Managers a consultation document was prepared and the responses have been taken into account in this update. Lessons learned during the period of lockdown have been incorporated into the plan.
- 1.6 The outbreak of war in Ukraine has reminded us all how swiftly our lives can change within the matter of days. Whilst we are sheltered from the immediate danger of the war at present we are experiencing the impact through cost increases in energy and construction. The plans may need to change significantly in the short to medium term to absorb the impact and our hopes remain for Ukraine that a resolution to the conflict will be reached very soon.



Who we are

- 1.7 We have four Strategic Goals which provide 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

- 1.8 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.
- 1.9 A new organisational structure has been in place from 1 April 2019, creating further opportunities for trainees and providing more resilience. A staff Satisfaction Survey was completed during 2020 and showing an overall improvement of 20% from the 2015 survey.
- 1.10 A Succession Plan and a Workforce Strategy were prepared during 2019/20 and are updated annually.

Where we are

- 1.11 We reviewed progress on our Delivery Plan targets for 2021/22 and overall we have delivered on our targets. The areas where we are below are overall satisfaction, number of new builds and response to complaints. There will be delays in achieving some of our targets during 2021/22 due to the time lost during lockdown. Measures are in place to ensure these areas are back on target for 2022/23.
- 1.12 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 remain committed to continuing to develop our relationships with all of our partners for the benefit of our communities as a whole.
- 1.13 Along with COVID-19, the uncertainty of BREXIT, the two biggest challenges we are facing are the declining population with changing demographics and climate change. 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). However, in order to protect the long term viability of the whole service, sustainable demand must be demonstrated before making significant investment in areas of significantly declining populations. Below is a summary of the challenges we are facing:
- Forecast decline of 13% in the population of the Outer Hebrides
 - Costs arising from COVID-19 and BREXIT
 - 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 no longer be reclaimable on investment works on properties transferred from the Comhairle
 - Continued pressure on the responsive repairs and cyclical maintenance budgets
 - Changes in legislation
 - Impact of climate change

Where we want to be

- 1.14 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.

- 1.15 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.
- 1.16 We plan to build on our past achievements, implement the lessons we learned during lockdown, improve our service delivery by listening to and learning from feedback.
- 1.17 Our houses meet the Scottish Housing Quality Standard (SHQS) with a number of exceptions and abeyances. We are well on our way to deliver the new Energy Efficiency Standard for Social Housing (EESHS) 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

- 1.18 We have a funding facility of £25M in place with RBS which should enable the delivery of the Strategic Goals in this Plan.
- 1.19 We are supporting the local economy by investing over £70.8M in the next four years through our new build and investment programmes.
- 1.20 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.
- 1.21 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.
- 1.22 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 complementary skills to those of our current Board Members with a view to them become co-optees.

Risk

- 1.23 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 minimise 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.
- 1.24 The Board also reviews the Risk Register on an annual basis. New performance measures, KRI's (Key Risk Indicators) and KCI's (Key Control Indicators) will continue to be developed during 2022/23 to improve our ability to manage risk and identify performance gaps.

Section 2

Who We Are



Niseaboist, Isle of Harris

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. By the 31 March 2022 we anticipate having 2295 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 full time equivalent (FTE) staff of 44.5 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 around £10.1M we are a key employer and economic contributor in the Outer Hebrides.

A Brief History

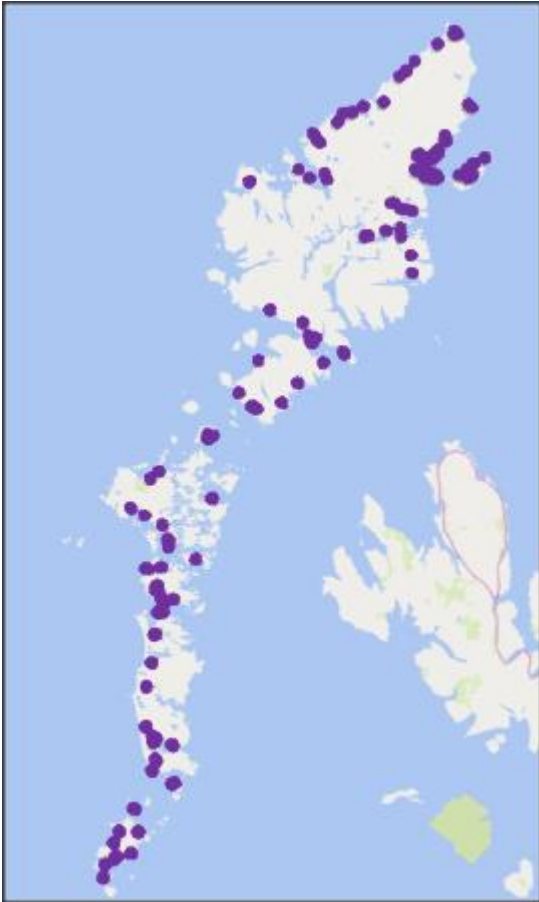
Hebridean Housing Partnership (HHP) became a Registered Social Landlord in September 2006 when Comhairle Nan Eilean Siar transferred its housing stock of over 1700 houses following a positive ballot of tenants. On 1 April 2007, 5 locally based Housing Associations with a housing stock of 300 units merged 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 categorised 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 shows the break down by island.



Islands	HHP Homes
Isle of Barra	82
Isle of Benbecula	108
Isle of Bernera	16
Isle of Berneray	18
Isle of Eriskay	9
Isle of Grimsay	2
Isle of Harris	129
Isle of Lewis	1668
Isle of North Uist	89
Isle of Scalpay	13
Isle of South Uist	138
Isle of Vatersay	5
12	2277

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 will be honest, fair, dependable and trustworthy in all our working relationships. We will do the right thing no matter who is watching."

- 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

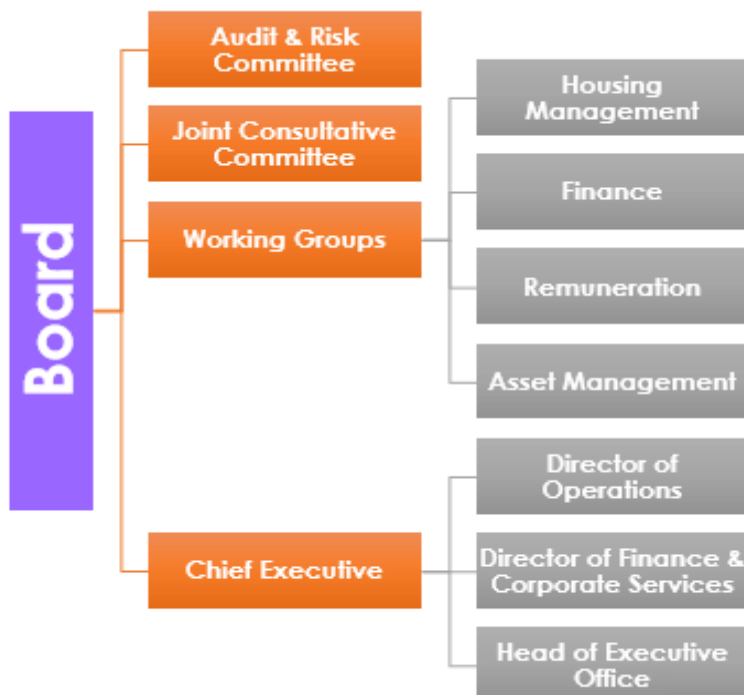
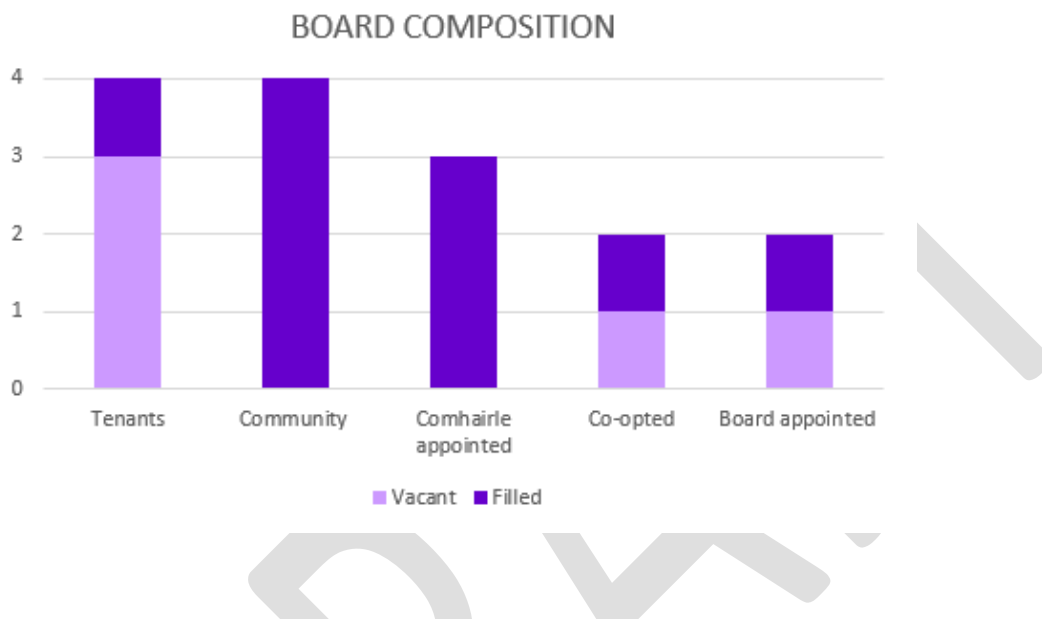
Strategic Goals

- 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 and Board Appointed Members) are elected at the Annual General Meeting.
- 2.11 The Board is made up of a maximum of 15 members including up to two Board appointed Members and two co-optees. The current categories of membership are – Tenant and Community.
- 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, a Joint Consultative Committee and four Workgroups: Finance, Remuneration, Asset Management and Housing Management.
- 2.14 We remain alert to how fragile circumstances can quickly bring changes to our Governance structure and are in the process of identifying suitable co-optees. 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 have three tenant vacancies on the Board.
- 2.15 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.
- 2.16 During lockdown Board meetings were held very successfully on line through the use of Microsoft Teams and as restrictions ease, we will continue with hybrid meetings. We are hopeful this will facilitate tenant and community members to stand for election as 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 Skills Audit was completed in December 2021 and a final report will be presented to the Board in February 2022. A Board Development Plan will be implemented and a Succession Plan is being developed with focus on bringing new members on board with:
- Building development and design experience
 - Knowledge and experience in financial management
 - Experience of community development and engagement

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 peoples' 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 participate in 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 and support a range of partnerships to address problems of vulnerable individuals and families. Partners include the Alcohol and Addiction Forum, the Community Justice Partnership, the Child Protection Committee, the Community Planning Partnership Anti-Poverty Action Group and the Domestic Abuse Forum. On 8 October 2019 the Outer Hebrides Anti-Poverty Strategy 2019-2024 was launched by the Comhairle, CPP, NHS Western Isles and a number of other partners including HHP.

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

- 2.25 The Western Isles Health Board (WIHB) and the Integrated Joint Board (IJB) are key players locally. Our Chief Executive is a member of the IJB. 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 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. We have completed a Housing Needs and Demand Assessment during 2021. This indicated a small amount of need for housing in addition to that already evidenced by our waiting lists. However, based on current trends our development programme is likely to substantially meet the housing needs identified. On an operational level we will continue to strengthen 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, Rural & Islands Housing Association Forum, 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 tenant's 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 61 members, half of whom are tenant members.

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 have a £25M borrowing facility which will fund the delivery of this Business Plan.
- 2.31 Communicating effectively with our Funder 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 During 2019 a new Pay and Grading Scheme was implemented along with a new organisational structure fit for purpose to deliver the Board's goals for the duration of the Plan. To strengthen our Governance and provide resilience, a new Executive Office has been added to the structure. The team have been in place since August 2019 and are making a significant positive contribution to the organisation.
- 2.34 The Collective Agreement was signed off with Unison in 2019 and cost of living awards are currently agreed on an annual basis.
- 2.35 Building on the success of the Modern Apprentice post in 2017 and planning for the future, our structure includes three trainee posts. We filled the Modern Apprentice post in 2020 and hope to fill the remaining two posts within the next two years.
- 2.36 A staff satisfaction survey was carried out during January 2020 and the results show an overall improvement of 20% since the 2015 survey. There is still room for improvement and the agreed Action Plan developed with staff is being implemented. We plan to carry out another survey in 2022.
- 2.37 Two further wellbeing surveys were carried out in June and December 2020 on impact of homeworking and effects of COVID-19 restrictions on staff in order to address any staff welfare issues. A short staff welfare survey is planned for February 2022.

The Comhairle

- 2.38 The Comhairle is dependent on us to deliver significant elements of its LHS. Our relationship with the Comhairle is fundamental to the delivery of affordable housing services throughout the communities of the Outer Hebrides. The Comhairle have created a new Investment Delivery Board (IDB) made up of three Comhairle Members and three HHP Members to oversee the delivery investment including the LHS. We remain committed to working with the Comhairle to strengthen the approach taken to strategic planning and how we contribute to the delivery of the LHS and SHIP.
- 2.39 We are working closely with the Comhairle to deliver care provision to serve the community for the next generation. Construction started in July 2019 on a major 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 which will be owned by us. 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. It is expected that residents will move in during the Summer of 2022. 74 affordable homes are also being developed on the site with 50 having been completed by January 2022 and the remainder expect to complete by September 2022.
- 2.40 There are significant challenges in delivering the SHIP and our Development Programme and partnership working is key to this. In particular there are challenges around affordability and cost pressures which have been exacerbated by pressures on supply chain due to COVID-19 and Brexit. Demand and difficulty in accessing suitable land continues to be a challenge. The Five Year Development Plan is at Appendix 2.

Scottish Government

- 2.41 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 Plan and delivering the Comhairle's SHIP. In July 2021 five year Resource Planning Assumptions (RPA) were issued with £43.302M allocated to the Outer Hebrides which is a substantial increase from our previous forecasts.
- 2.42 The Scottish Government committed to building 50,000 homes by 31 March 2021 of which 35,000 were to be for affordable rent. COVID-19 restrictions hampered the delivery of this target but the Scottish Government have set further targets in their Strategic Plan for Housing to 2040 to deliver 100,000 affordable homes by 2031/32. Government funding has assisted greatly in enabling our development at Goathill to progress and the Government's More Homes Division have been extremely supportive of the project since inception. Our Development Plan demonstrates how we will contribute to the delivery of the Scottish Government's target.
- 2.43 Scottish Government has committed to end rough sleeping and homelessness. We are working to assist and support the Comhairle in the delivery of their Rapid Re-housing Transition Plan.
- 2.44 Housing to 2040 is an ambitious plan to improve the quality and standard of all housing in Scotland whilst keeping it affordable. It includes targets for the number of new homes to be built, sustainable communities, zero emissions and a new housing bill is expected in the next few years. The challenge for us will be to continue balancing the cost of meeting required standards whilst keeping our rents affordable and not exacerbating fuel poverty for our tenants.

Regulator

- 2.45 HHP is classed as a systemically important landlord by the Scottish Housing Regulator (SHR) and our regulatory status for 2021/22 is "Compliant". 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 annually. 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.
- 2.46 We submit the Annual Return on the Charter (ARC) to the SHR every 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 tenant satisfaction; customer/landlord relationship; housing quality and maintenance; neighbourhood and community; access to housing and support; getting good value from rents and service charges; and other customers.

- 2.47 We submit an Assurance Statement annually in October to confirm we comply with SHR's Regulatory Framework. The framework re-affirms the Regulator's position on statutory and advisory guidance. We will comply with statutory guidance and endeavour to comply with advisory guidance unless there is a practical reason which prevents us from doing so.

Western Isles Foyer

- 2.48 We continue to work in partnership with the Foyer to support some of our most vulnerable young people. We provide all the landlord services and the Foyer concentrate on their core role of supporting the young people to transition to independent living.

Contractors and Developers

- 2.49 The relationships we have with contractors and developers are very important as we try to ensure quality of build at an affordable cost. We seek to ensure that where possible investment is channelled in such a way that the local economy and in particular the local workforce benefits. Along with improving and maintaining our existing homes, we build new homes. The local construction sector has delivered new build and services to our tenants of high quality. The new build projects, which have been delivered through local contractors, have been well received by our tenants and communities across the Outer Hebrides. This focus on quality by our contractors has been recognised with O'Mac Construction, who are delivering our houses at Sinclair Avenue development, receiving a Premier Excellence Award: Quality Recognition Award in August 2021. Lady Matheson Court which was developed by Lewis Builders was shortlisted as a finalist in the prestigious Royal Town Planning Institute's (RTPI) Planning in Excellence Awards in the Planning for Heritage and Culture category.
- 2.50 Our contractors are a key point of contact with our tenants both in reactive repairs and in our investment and maintenance works. We work closely with them to ensure that the customer experience is as good as it can be. Our tenants are also involved in this process and scrutiny work has been carried out by tenants on reactive repairs and re-letting standards and processes. We will refresh this work on a regular basis as part of our aspiration to continually improve on what we do. 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 91% of tenants stating they were happy with the repair service provided in our 2021 survey.

Highlands & Islands Enterprise

- 2.51 As a business which makes a significant impact on the local economy in the Outer Hebrides, particularly in sustaining jobs both directly, in the construction sector and related supply chain, we are supported by Highlands and Islands Enterprise (HIE) 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 provide excellent networking opportunities for businesses and organisations in the community.

Outer Hebrides Community Planning Partnership

- 2.52 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). There had been significant progress in joining up services across the Outer Hebrides but this has been stalled due to the time devoted to managing the impact of COVID-19 by partner agencies.
- 2.53 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 endeavours to participate in the community engagement events which are held round the OHCPP meetings.
- 2.54 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 from the Community Empowerment (Scotland) Act 2015.
- 2.55 We also work closely with Police Scotland and the Scottish Fire & Rescue Service to develop preventative measures for the benefit of our tenants.
- 2.56 There has been an increase in enquiries from employers, primarily public agencies, seeking accommodation for employees under our Allocations Policy provisions on key workers and we have supported these where possible. This demand is likely to increase as employers experience increasing difficulty in on-island recruitment. We have also been approached by private sector employers who are seeking to lease properties from us which they will in turn lease to their employees. This latter scenario will require a policy change and will be considered by our Board during 2022.

Care for People – Emergency Planning Group

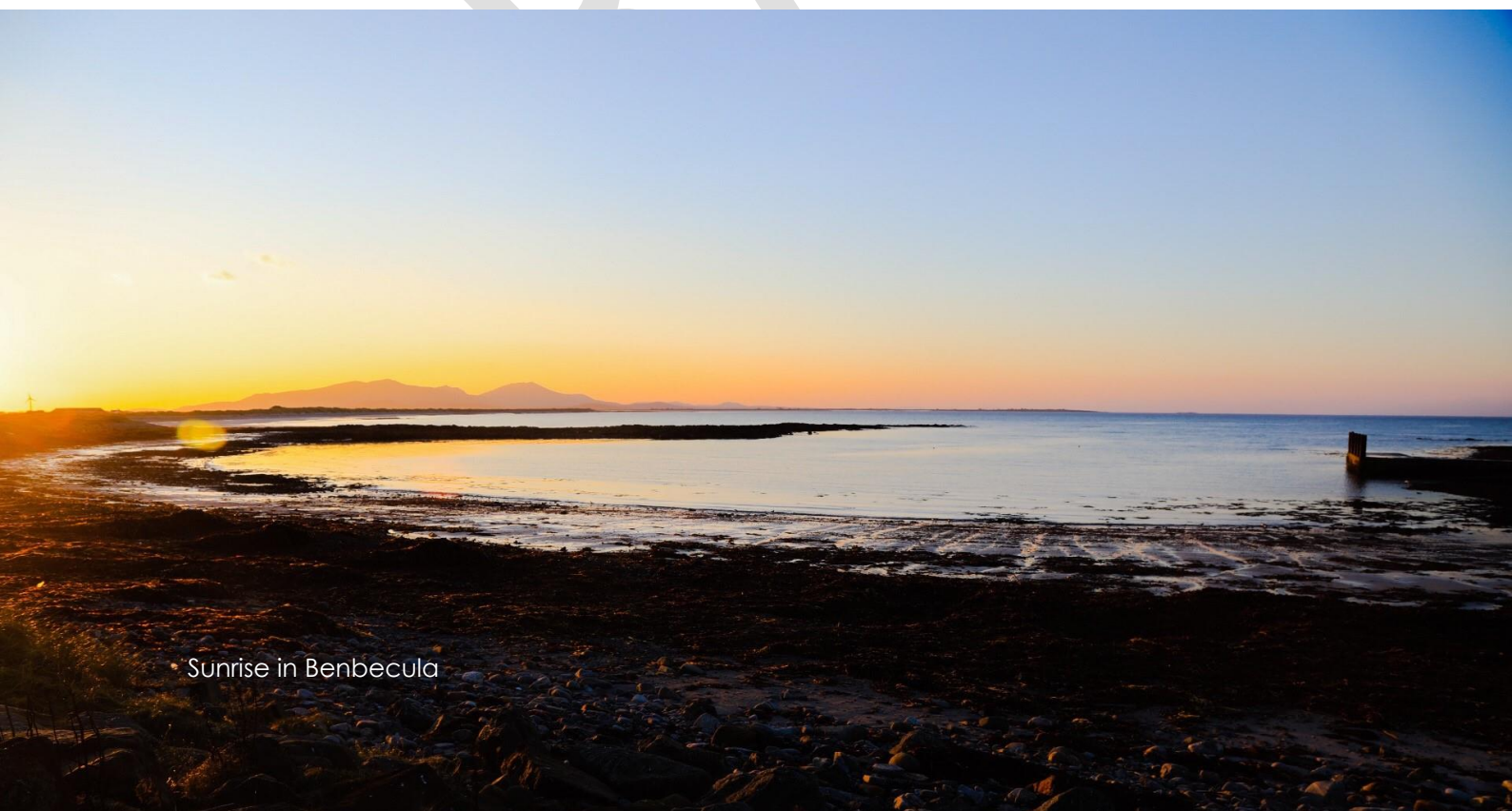
- 2.57 We have continued to work with partners on this group as the COVID-19 crisis has eased to support our tenants and the most vulnerable in our community. Our Housing Officers and Handypersons have continued to deliver food parcels where necessary and to signpost households to the foodbanks. In addition, our Housing Officers and wider staff teams have continued to reach out to, and support tenants. This has included sourcing fuel vouchers for those struggling with debt and the ability to heat their homes. We have also obtained digital devices from SCVO to help those who are digitally excluded to get on line and have supported tenants with this. The advice and reassurance as well as emotional support provided by our teams is greatly valued by our tenants.

It's been great having a device for the children to use especially through home schooling

Delighted to be able to access the internet let alone on a new device that I would not have been able to afford

Section 3

Where we are



• Sunrise in Benbecula

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”. First we had the uncertainty over BREXIT which impacted our ability to complete our Year 1 Delivery Plan then we had COVID-19. Whilst we can plan for what we would like to achieve our ability to be confident on delivery timescales has been shaken. The combination of COVID-19 and BREXIT resulted in material shortages and price increases severely impacting on our ability to deliver within timescales. We are currently reviewing the long term impact on our vision to deliver excellent housing services in the Outer Hebrides.
- 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 OHCPP 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.
- 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 to 31 December 2021. A summary of our performance is shown on the following page at Table 1.
- 3.4 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.

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



Current Arrears as a % of Gross Rent down from 3.46% in 2018/19 to 3.23% in 2020/21

Tenant Satisfaction with Investment works

Tenants' satisfaction with Allocations

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

"10 out of 10 – the workmen were all very courteous, polite and concerned how I was as they progress with the work"

"10 out of 10 - happy with the installation of the new windows.... they did a fantastic job with minimum disruption"

"8 out of 10 – the workmanship throughout was excellent ... Thank you for the good work done"

TABLE 1: HOW WE DELIVERED IN 2021/22

Goal 1: Placing tenants at the centre of everything we do

Ref	What we promised	What we delivered to 31 Dec 21
Measures of success		
1.1	% of satisfaction with our overall services >90% by March 2021	➤ 86% of tenants satisfied with our overall services
1.2	Maintain all our homes ensuring they meet or exceed SHQS	➤ 100% (Excluding abeyances & exemptions)
1.3	Respond to complaints 100% within SPSO targets	➤ 92%
1.4	Level of current arrears at 2% of gross rent debit	➤ 2.47%
1.5	Voids at <1% of gross rent debit	➤ 0.70%
1.6	Provide options for rent guarantee period	➤ Current rent structure
1.7	88% of tenants satisfied with opportunities to participate in decision making	➤ 85%
Actions		
1.2	Revise our Value for Money Strategy by 2020/21	➤ This is going to our Board in March 2022
1.4	Profile our customers needs	➤ All tenants canvassed as part of our COVID-19 response – 70% responded ➤ Data being updated on an ongoing basis and issues/vulnerabilities recorded
1.5	Support Western Isles Housing Association Communities Forum	➤ Funding awarded to support training and attendance at TPAS Conference ➤ Runner up at annual TPAS awards 2019 for good practice
1.6	Develop tenants scrutiny	➤ Groups consulted on new Tenant Participation Strategy ➤ Training for Board Members on tenant scrutiny scheduled for 2022
1.7	Provide dedicated tenant participation support	➤ Provision for part time officer with TPAS contract in place till May 2023
1.8	Ensure tenants maximise their opportunities to access digital services	➤ New tenants section added to our website ➤ Electronic version of 7 most common tenant forms available on website ➤ 70+ devices delivered to digitally excluded tenants through Connecting Scotland scheme ➤ Online tenant portal in development
1.9	Develop a Digital Transformation Strategy	➤ Strategy launched in March 2021 ➤ Digital champions in place and training provided in partnership with SCVO ➤ Digital Transformation Manager in place ➤ New Housing Management System selected which will deliver tenant portal, contractor portal and a staff mobile app during 2022

Ref	What we promised	What we delivered to 31 Dec 21
1.10	Develop an Anti-Poverty Strategy	➤ Signature to Outer Hebrides Anti-Poverty Strategy 2019-2024
1.11	Benchmark our services with other Housing Associations	➤ SHN review showed improvement in performance overall

Goal 2: Investing in an environmentally sustainable way in tenants' homes

Ref	What we promised	What we delivered to 31 Dec 21
Measures of success		
2.8	Deliver 78 new homes	➤ 58 new homes built with 112 units on site
2.12	100% of stock assessed in terms of long term viability	➤ 98% assessed. Remaining 2% applies to garages currently under review
Actions		
2.12	Develop an Environmental Strategy	➤ Strategy drafted and going out to consultation in 2022
2.13	Update Asset Management Strategy	➤ Strategy to Board in March 2022 ➤ New Asset Management tool in use
2.14	Annual investment programmes complete by February	➤ 52.7% spent at 31 December 2021. 84% completion forecast to end February 2022

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

Ref	What we promised	What we delivered to 31 Dec 21
Measures of success		
3.13	Flexible Working Policy in place by 2020	➤ Implemented in June 2020
3.14	Staff survey showing positive feedback	➤ Staff Welfare survey was carried out in December 2020, next survey will be carried out in February 2022
3.15	7% of staff pursuing and obtaining qualifications	➤ 10%
3.16	100% of vacancies filled on first attempt	➤ 76%
3.17	Sustain a minimum of 60% of HHP staff with a service length of greater than 3 years	➤ 81%
3.18	% of staff turnover at less than 10%	➤ 13%
Actions		
3.16	Team building events	➤ During lockdown virtual events were held in addition to the virtual End of Year event in December 2021
3.17	Round table discussions with Managers	➤ Monthly meetings were in place prior to lockdown
3.18	Develop use of on-line system in particular appraisals	➤ 1-2-1's and annual appraisals recorded on Breathe HR system
3.19	Deliver annual Training Plan	➤ 71% of 2021/22 Training Plan has been complete or in progress

Goal 4: Working with our partners

Ref	What we promised	What we delivered to 31 Dec 21
Measures of success		
4.21	Increased demand for affordable housing	➤ An increase of 59 in waiting list figures since 31 March 2021
4.22	Community benefit measures delivered across our communities and on all our contracts	➤ Community benefit framework incorporated in new Repairs and Maintenance Contract ➤ All contractors during 2021/22 have delivered community benefit (details available in our community benefit register)
4.23	95% of tenants satisfied with management of the area they live in	➤ 81% based on 592 tenant satisfaction surveys, 541 of which answered that particular question
4.24	Carry out a Housing Needs Assessment	➤ Completed and reported to the Board in November 2021
Actions		
4.20	Work with community groups to improve common areas	➤ Support to Parkend Group to build safer link to community hall ➤ Support to Cearns Community Group to build poly carbonated tunnels ➤ Encouraging groups to recommence works which had stopped following lockdowns ➤ Opportunities for community engagement being sought and progressed where possible
4.21	Identify opportunities to generate income	➤ Funding sourced to enable fuel vouchers to be provided to tenants in need. Further opportunities will be pursued
4.22	Support OHCPP to deliver its aims	➤ Active member of OHCPP ➤ Meetings attended and Partnership Agreement signed ➤ Involved in a variety of OHCPP Working Groups
4.23	Work closely with voluntary sector	➤ Through Connecting Scotland 40 Chromebooks and 34 ipads have been distributed with a further 20 devices allocated to tenants
4.24	Work with CNES to deliver LHS	➤ New build on target: homelessness targets presenting challenges
4.25	Key Risk Indicators and Key Control Indicators developed	➤ Initial suite of indicators developed

Operating Environment

Current Trends

3.5 The Comhairle's LHS for 2017 to 2022 was approved in November 2017 and has four priorities:

- Housing Quality
- Housing Supply
- Homelessness
- Independent living

The LHS will be reviewed and updated during 2022/23.

3.6 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.

3.7 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 £750K has been spent in this way in tenant's homes between 2018 and 2021.

3.8 We have continued to support the Comhairle in discharging their responsibilities to homeless persons both through the provision of permanent and temporary accommodation. We have undertaken to increase the numbers of 2 apartment properties allocated to homeless applicants and we will review this on an annual basis. In expectation that the Prevention of Homelessness duties will place responsibilities on RSL's we are committed to working with the Comhairle to develop and implement a Homeless Prevention Strategy.

Future Trends

3.9 We are members of the Outer Hebrides Homelessness Task Force and work with the Comhairle to deliver, within our available resources, on the Scottish Government's aspirations to eradicate homelessness. A robust approach to prevention of homelessness and the provision of suitable support are key aspects of the Rapid Re-Housing agenda and we continue to engage with the Comhairle on this. In addition the location and supply of vacant properties is a determining factor and a constraint in the speed at which applicants can be housed and is an important strategic issue to be considered as the LHS is reviewed in 2022.

3.10 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.

The specific focus of the LHS is twofold:

- 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

- 3.11 The Islands (Scotland) Bill, which contains four key provisions:
- ✓ National Islands Plan
 - ✓ Island Proofing
 - ✓ Representation of Island Communities
 - ✓ Development in the Scottish Marine Areas
- 3.12 An announcement on the Deal for the Islands of £100M was made during July 2020.
- 3.13 In January 2022 Crown Estate Scotland announced that 3 offshore wind farm leases would be located around the Outer Hebrides. We hope this will bring positive benefits to the population of the Islands.
- 3.14 There has been a very significant increase in energy costs during 2021 with a large number of providers ceasing to trade. There is now effectively no competitive market with all suppliers pricing at the price cap. In addition predictions are that the price gap will increase very significantly in April 2022 when it is reviewed and this is further compounded by inflation running at very high levels. These issues are a particular concern in the Islands where energy usage is already higher than the national average due to factors such as climate. Consequently, our tenants will come under increasing financial pressure with consequences for welfare, wellbeing and their ability to pay rent and manage within limited budgets.
- 3.15 Our partners in Health and Social Care are experiencing difficulty in recruitment and this is expected to increase significantly when the new care provision at Goathill is completed. We are discussing the role that housing provision could play in assisting with recruitment and our Board have agreed to prioritise key workers where local recruitment has not been possible. We will do all that we reasonably can to ensure that care provision is maintained to our most elderly and vulnerable residents which may include the provision of temporary or permanent accommodation for care staff.

Business Planning

- 3.16 A Business Planning Day with stakeholders and partners was held in Stornoway on 31 October 2018. A number of consultation events were also held throughout the Islands with tenants and the feedback resulted in the Board developing four Strategic Goals
- 3.17 The Business Plan was reviewed and updated in 2020 and January 2022 to take account of tenant and staff views on
- Climate change - what can we do as a business to reduce our carbon footprint?
 - Investment priorities for our properties
 - Digital transformation – what services would you like to see available on line first?
 - Tenant engagement - views on a Tenants Panel and Youth Board and also how can we encourage more tenants to become Board Members
 - Population challenge - what should we be doing to grow our population and prevent further decline in population?
- 3.18 We consulted tenants along with the rent consultation and whilst the response was low there was a consistency in views on digital transformation and climate change.
-

- 3.19 On 3 July 2020 we held a special Board Meeting to assess the impact of COVID-19 on our Business Plan, and it was agreed to review our funding facility. A new funding facility which provides resilience to enable us to deliver our goals is now in place.
- 3.20 During April – June 2021 a series of Business Planning Workshops were held with both Board Members and staff in attendance. The themes of the Workshops and desired outcomes are detailed below.

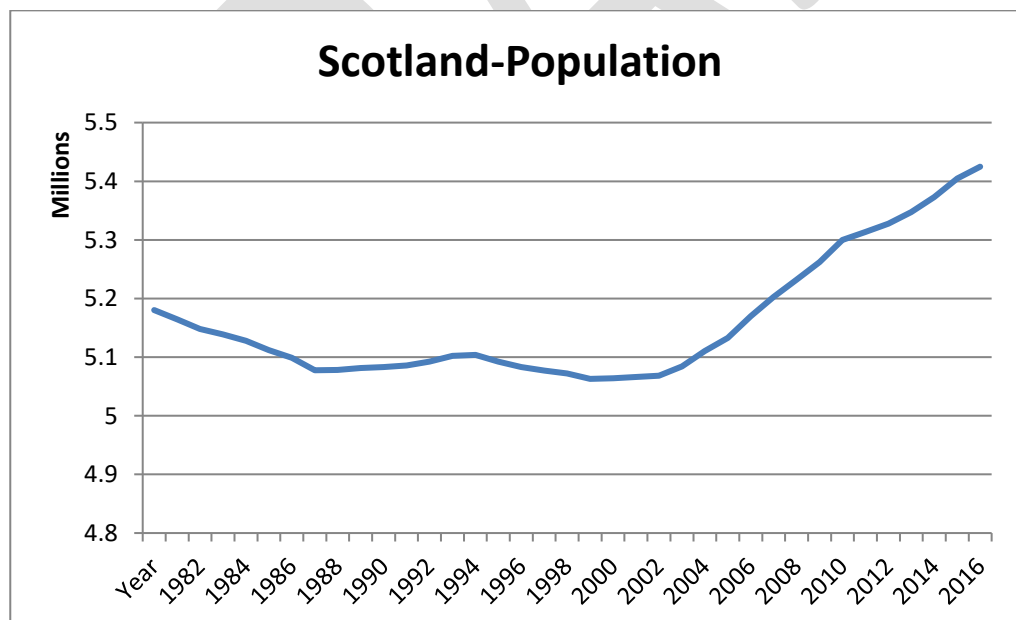
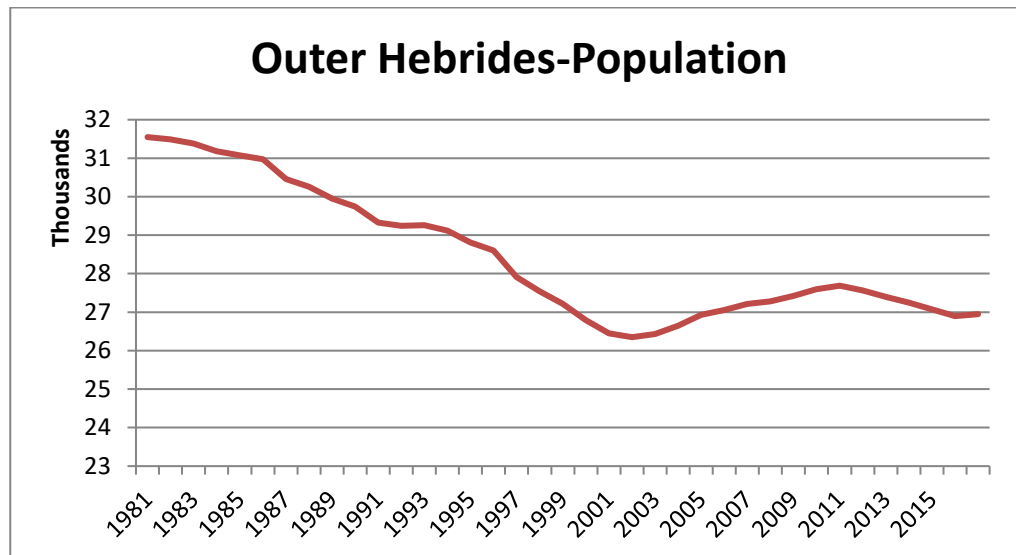
Workshop	Desired Outcome
Demand & Population	Clear understanding of how the changing demographics are impacting on demand and what the implications are for the business over the next 5, 10, 15 years.
Homelessness	To review homelessness trends and allocations.
Customer Experience	To have a clear understanding of the experience that all customers have when interacting with HHP. To create an agreed standard that our customers should expect from us at each point of contact and how we measure it.
Climate Change	To understand how climate change shapes the organisation in everything we do To set aims and objectives in relation to climate change that are sustainable through: • Community • Environment • Economy • Organisation
Affordability	Knowing when our weekly rent becomes unaffordable for our tenants and the implications. Having an understanding of how costs behave in relation to rent?
New Build	To have a view on aspirations in terms of continuing to develop beyond current commitments. To have a view on priorities if development continues in terms of the competing demands and associated risks.

The outcomes of the Workshops have been taken into account in the preparation of the Business Plan.

Key Issues

Population

- 3.21 The issue with population is twofold, 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.



- 3.22 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. The proportion of the population who are of pensionable age is projected to increase, reaching 22.9% by mid-2043. The proportion who are working age is projected to decrease. ([Projected Population of Scotland \(2018-based\)](https://www.nrscotland.gov.uk/publications/projected-population-of-scotland-2018-based) ([nrscotland.gov.uk](https://www.nrscotland.gov.uk)))

- 3.23 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

- 3.24 We are very aware of the wider challenges presented by climate change and want to play our part in addressing this. Excluding COVID-19, climate change has been identified as the highest risk in our Risk Register. We will continue to invest in renewable technologies and insulation to minimise the heating requirements in tenants' homes. The threats posed by rises in sea level to our housing stock is an issue that we are investigating further and will be an important consideration in any future development planning.
- 3.25 The Community Planning Partnership established a Climate Emergency Working Group in 2020 and we are members of the Group. We have also set up a small Climate Change Working Group who are responsible for co-ordinating any actions coming from the CPP Working Group and developing indicators so we can measure, manage and report on our carbon footprint and the steps we are taking to reduce it. A draft Environmental Strategy has been prepared and will be issued for consultation during 2022.
- 3.26 In 2019 we invested in an electric car which is being used by officers who are visiting tenants. This has reduced our overall use of petrol in the delivery of our service.

New Build

- 3.27 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.
- 3.28 We continue to review innovation in design of houses and places and to learn from this. This is of particular importance in view of the demographic trends both locally and nationally and presents issues which all housing providers need to be aware of and plan for. We are working locally with Health and Care services on opportunities for innovation and to explore where technology can 'future proof' homes.

- 3.29 The local construction sector has shrunk in recent years and the number of apprenticeships has decreased. This presents a concern particularly in the medium to long term and we continue to discuss this with local partners and agencies.
- 3.30 The Scottish Government are reviewing the potential for improving efficiency and effectiveness of development procurement through Scotland Excel. This could involve a requirement for developing RSLs being members of Scotland Excel. We continue to discuss this with colleagues at More Homes Division and to highlight specific Island and rural issues which require to be taken into account as this review is carried out.

Affordability

- 3.31 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 plan to carry out a sample Household Survey in 2022 in conjunction with our Stock Condition Survey to assess tenants views on rent affordability and also the challenges presented by the rapidly increasing fuel prices. 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

- 3.32 The quality of tenants' homes and their environment is a fundamental priority. Our Investment Plan details how homes will be maintained and improved over the next 30 years.
- 3.33 The progress being made is evidenced through our Stock Condition Surveys and through the stock valuation exercise where homes are reported as being in good condition with minimal disrepair identified. The next programmed survey will be carried out in 2022.
- 3.34 We will continue to comply with the SHQS and will strive to ensure homes achieve the EESSH 2 Standard by 2032. We use good quality materials in the work we do and believe the initial investment delivers savings in the long term and enhances tenant's experience of their homes. In addition, we seek to learn from the experience of others when taking decisions on investment and to explore new approaches or initiatives. We will also work toward improved sustainability and net zero in construction contracts and projects.
- 3.35 The extent of fuel poverty amongst our tenants is a continuing challenge and one we are working to address. We have made substantial progress in reducing this through the installation of renewable heating systems, additional insulation and other initiatives such as the provision of LED lighting. Nevertheless fuel poverty is a concern. This also manifests itself for some tenants in difficulties with mould and condensation. Part of the solution is through the provision of controllable and affordable heating systems. We are therefore aspiring to replace all storage heating systems within our housing stock by 2024. We have brought forward the planned replacement of 50 heating systems which has been enabled by the Scottish Government LCITP (Low Carbon Infrastructure Transition Programme) grant programme.

- 3.36 The air tightness now being achieved in new build properties means we will be installing mechanical ventilation in the future to protect the fabric of the building and the comfort level for our tenants.
- 3.37 Fire suppression systems are now being installed in line with new Building Standards on new development projects.

SWOT Analysis

- 3.38 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 ❖ New repairs contract commenced 1 April 2020 ❖ Working towards net zero	❖ Culture-making sure everyone is on board and inappropriate and unhealthy cultures are not allowed to flourish ❖ Getting strong engagement from tenants ❖ Inter-island transport links ❖ Overstretched voluntary sector for Governance
OPPORTUNITIES	THREATS
❖ Funding for new build ❖ Flexible working ❖ IT and broadband - 5G ❖ To be part of the solution to the population problem facing the Islands ❖ Islands Deal ❖ To participate in funding for Active Walkways ❖ Mid-market rent to support employers ❖ Digital Transformation Strategy ❖ Engagement with young people - Youth Board? ❖ Build on welfare calls made during COVID-19 lockdown ❖ Explore a working holiday scheme to attract new skilled people to the Islands	❖ 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 ❖ Material shortages ❖ Organisations/communities not working together ❖ Pressures on supply chains as COVID-19 eases and demand increases

Lessons Learned

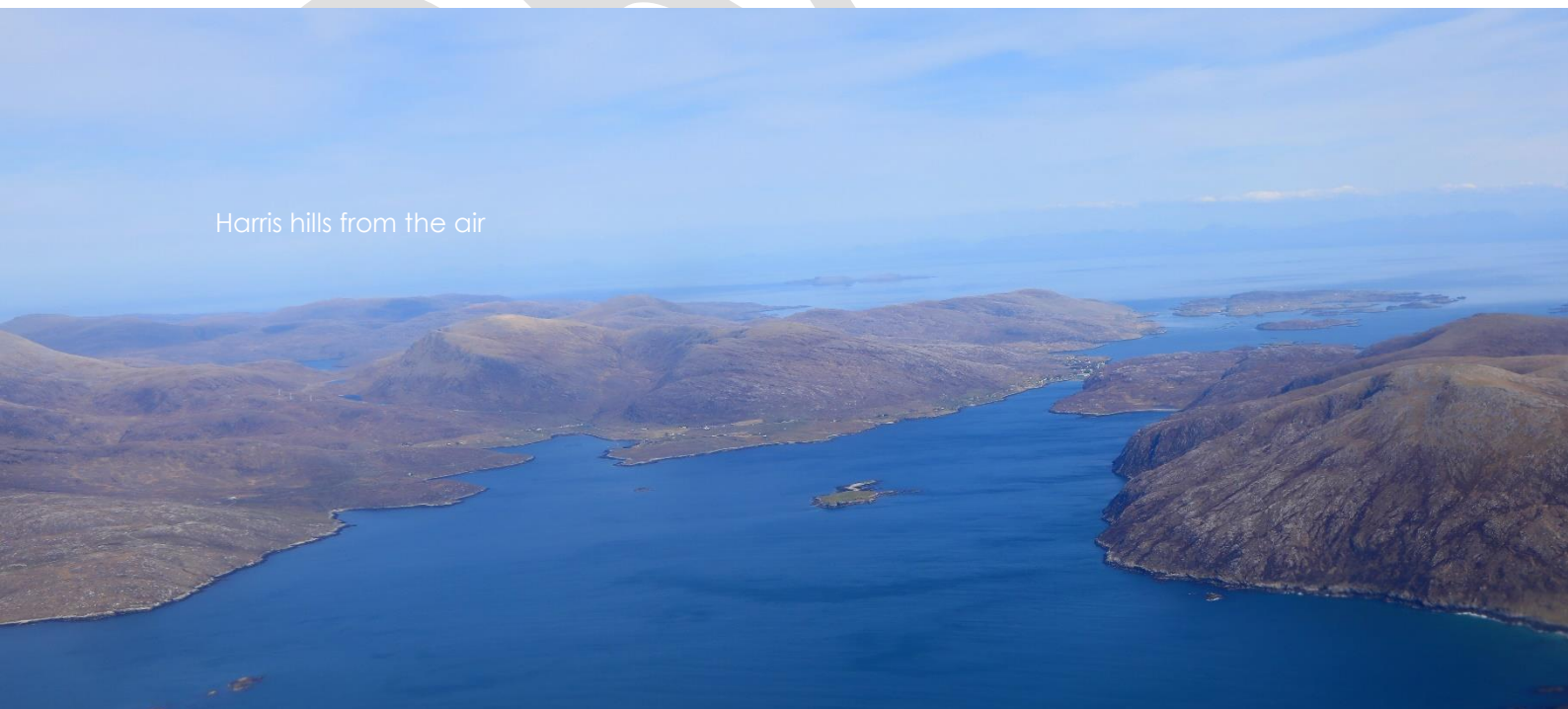
- 3.39 The Government announcement of lockdown resulted in moving our entire service delivery from our offices to our homes. We implemented our Business Continuity Plan and the majority of staff were in a position to continue working from their homes. The period of lockdown highlighted opportunities for us to improve how we work and engage with our tenants. Staff were asked to highlight the key lessons learned and the changes required and they are detailed in the following paragraphs.

Ref	Area	Proposed Action	
1	Tenant Engagement	Build on the positive impact of direct reaching out to tenants during lockdown. Ensure engagement is not only when someone has a problem.	
2	Self-Service for Tenants	Digital Transformation Strategy	Provision of a portal to enable tenants to access our services.
3	Electronic Filing System		Move more files and processes to a digital medium. House files for example need to be digitized as a matter of urgency.
4	Hardware		Need to review our hardware policies to ensure staff have the equipment needed to do their job in the office or outwith. Also need to have some “buffer stock” 2 or 3 machines which can be used if we have to rotate machines due to failure whilst they are repaired through warranty
5	Phones & Mobile Working		We have been on a VOIP telephony system since September 2020. This has greatly reduced costs, and increased flexibility during our period of hybrid working. Its use and operation will be reviewed in September 2022. In early 2021 we moved to new mobile handsets, which have a greater data allowance. This has enabled staff to work off line at a reduced cost. A refresh of our staff laptops will begin rollout from March 2022.
6	Flexible Working	Flexible Working Policy to be reviewed in 2022.	
7	Service Delivery	Innovation - Review of how we deliver services in all the Islands particularly Harris and Uist. We need to continue to explore innovative ways of working.	
8	Board Members	Being able to access Board meetings remotely should broaden the chances of people who live outside of Stornoway being able to participate. Use technology to encourage tenant involvement throughout the Islands.	
9	Staff Surveys	More regular, shorter maybe make use of pulse surveys.	

Section 4

Where we want to be

Harris hills from the air



Section 4 - Where We Want To Be

Strategic Goals

4.1 To deliver our vision over the life of the Plan 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.



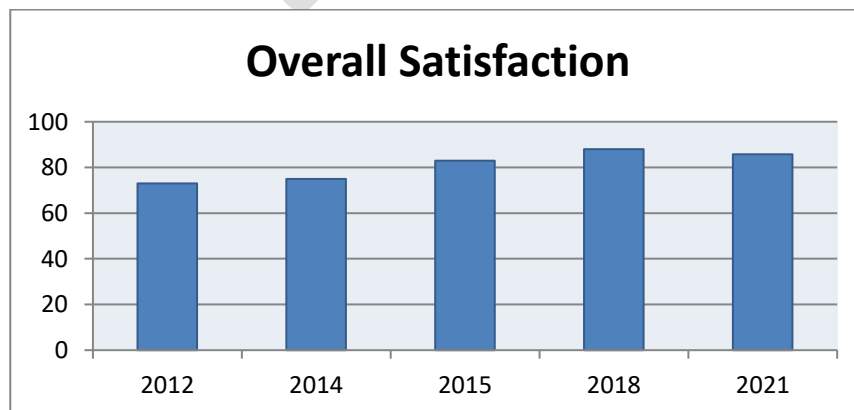
4.3 We will use our website, tenant's groups, social media accounts and letters to provide feedback on suggestions and proposals from tenants. In December 2021 tenants were asked to complete a short survey which has been used to inform this new Plan and adjustments have been made to Investment Plans 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.

4.4 We have been a member of Tenant Participation Advisory Service (TPAS) since 2006. We are contracted with TPAS for the provision of a Tenant Participation Development Services until May 2023. This service seeks to:

- ✓ build tenants ability to participate and create opportunities for them to do so including becoming Board Members;
- ✓ encourage engagement with tenants;
- ✓ build relationships with existing tenants groups; and
- ✓ develop and deliver a tenant participation strategy

4.5 There have been five major Tenant Satisfaction Surveys carried out in accordance with the Scottish Housing Regulator's guidance. The most recent in 2021 with the overall satisfaction dropping slightly from 88% to 85.7%. The drop in satisfaction is disappointing but not surprising due to the operating environment at the time of the survey.



- 4.6 We surveyed 572 (24.5%) tenants, the survey was carried out mainly by telephone with the option for tenants to complete the survey on line. The results showed a slight drop from the previous survey on most of the SHR indicators. While the differences were generally within margins of error, and the different methodology was likely to result in a lower satisfaction level the drop was nevertheless disappointing. We have agreed an Action Plan and are working to address the areas of concern and to pursue improvement and will carry out a further survey in 2024. 86% of tenants were satisfied with the overall service provided by HHP with 8% being dissatisfied. This compared to 89% and 7% in 2018.
- 4.7 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 a better overall experience for customers.

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

- 4.8 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 EESSH standard from 2020 and beyond. All major components will be renewed as they reach their end of life.
- 4.9 Meeting energy efficiency targets through renewable heating has improved with 97% of our 900 houses with heat pumps meeting EESSH targets. Funding for additional insulation measures has been difficult due to COVID-19 but opportunities to improve the thermal efficiency of buildings that are not meeting EESSH will continue to be pursued. This will include external and internal wall insulation.
- 4.10 Addressing fuel poverty is a key part of our Investment Plan through the installation of renewable heating systems and high efficiency gas boilers. In 2022 we will look to calculate fuel poverty information to evidence this.
- 4.11 Meeting the requirements of EESSH2 will be difficult if renewables and insulation combined do not achieve a pass. During 2022 we will review the requirements needed to meet EESSH2 and provide clarity on how we aim to achieve this taking into account the Scottish Governments Heat in Buildings Strategy.
- 4.12 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 fitting of external and internal insulation, using funding opportunities where possible.
- 4.13 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.
- 4.14 Our Asset Management Strategy covers 2020 - 2024 and sets out our plans for the housing stock. It is informed by 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. We have developed a model which enables options appraisals for stock.

- 4.15 As part of the Strategy we continue to examine whether the New Build Programme provides an opportunity to replace stock which has a limited life span or where demand is a serious concern. We have built housing in Breasclote and moved to dispose of a property in South Uist following the completion of a new development at Garynamonie.

	2019/20 £4.43M	2020/21 £3.96M	2021/22 £3.52M	2022/23 £3.70M	2023/24 £3.91M	TOTAL £19.52M
Bathrooms	83	30	20	53	51	237
Showers	83	30	20	53	51	237
Kitchens	65	26	85	74	45	295
Heating	190	205	129	68	101	693
Roofing	10	-	-	6	27	43
Roughcast	4	-	-	25	26	55
Windows	13	32	48	101	60	254
Fire Doors	158	-	-	-	-	158
Environmentals	28	51	-	70	122	271

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

- 4.16 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.
- "Good hockey players skate to where the puck is while great hockey players skate to where the puck is going to be"*
Wayne Gretzky
- 4.17 A new organisational structure has been in place since 1 April 2019 providing resilience and opportunities for staff. To further strengthen our resilience a Workforce Plan was prepared in 2020 and is updated annually. The Plan looks at the immediate needs, how we will manage retirements and new skills which may be required to deliver our service in the next five years.
- 4.18 A Competency Framework is in place for all posts. This aims to bring consistency to how jobs are carried out, it is not just about delivering on tasks it is about the way we deliver them.
- 4.19 The structure introduced a new team called "The Executive Office" and one of their responsibilities is the training and development of staff and Board Members. The team has a dedicated People Development Officer, demonstrating our commitment to improving the training and development of our staff.
- 4.20 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 with the chance to develop their skill set by becoming a mentor and trainer.
- 4.21 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 continue to explore what flexible options we can offer to staff. We will ensure our approach to training and workforce planning takes account of their expectations.

- 4.22 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 our Strategic Goals.
- 4.23 A staff survey was undertaken in 2020 and shows a 20% improvement in overall satisfaction from our previous survey carried out in 2015. An Action Plan has been developed to address areas where improvement is still required. We will develop new performance measures around retention, training and achievement of goals and implement a consistent way of marking staff achievements.
- 4.24 Regular pulse surveys on staff welfare and wellbeing will continue to be carried out in order to support staff during this time of uncertainty following changes in government COVID-19 regulations. The next survey is scheduled for February 2022.
- 4.25 Once we are able to meet physically we will recommence our annual team building days.
- 4.26 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

- 4.27 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.
- 4.28 Over the next four 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.
- 4.29 We anticipate spending a total of £81.6M over the life time of this Plan providing a level of certainty for local contractors. We will encourage 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.
- 4.30 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.
- 4.31 As the demographic continue to change with an older population we will continue to work closely with the 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.

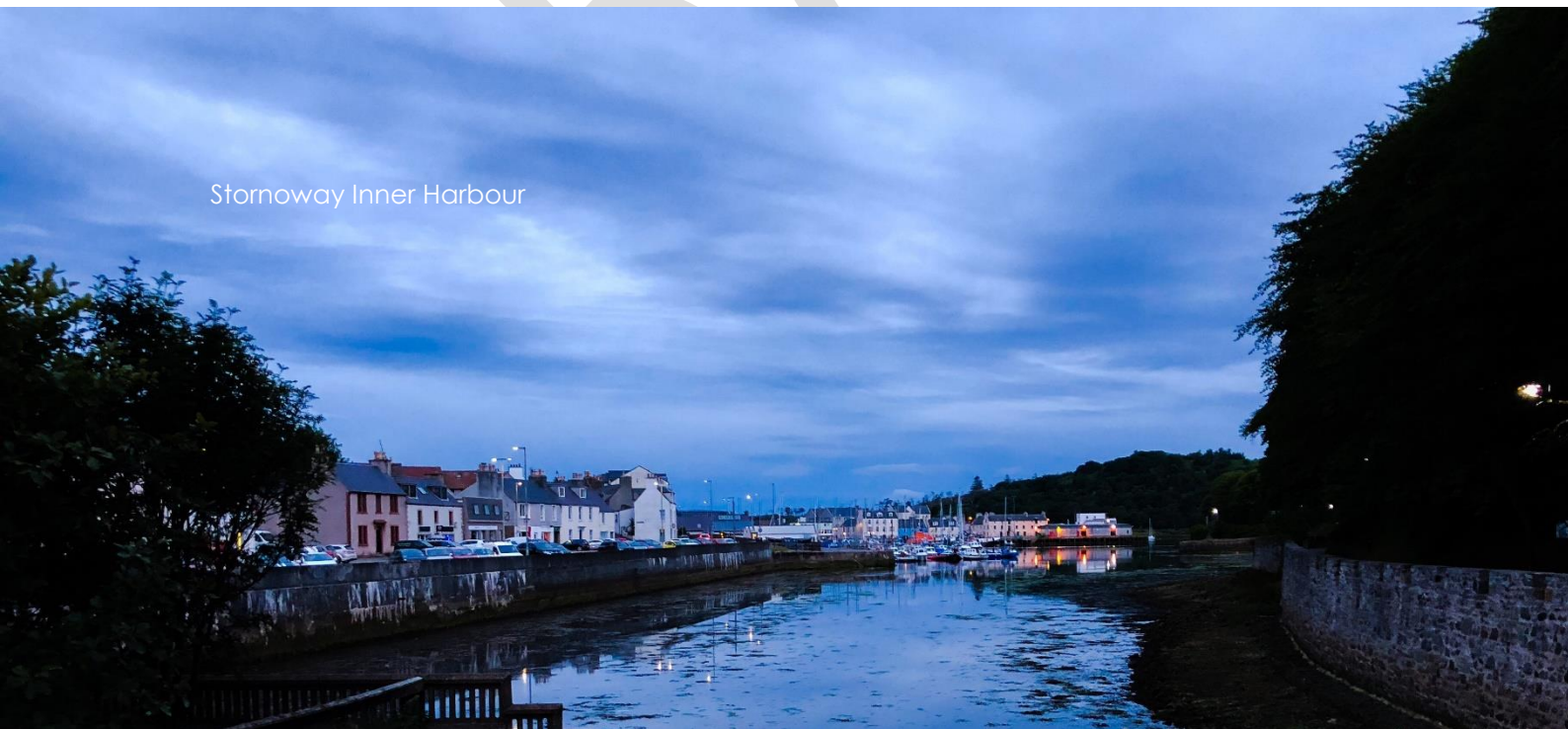
- 4.32 The reduction in public services which are being delivered locally is of concern as it directly affects our tenants. There remains a tension between building new houses in rural areas where public services are being withdrawn and the financial risk currently sits with us.

DRAFT

Section 5

How We Get There

Stornoway Inner Harbour



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 3.
- 5.2 The Plan will be monitored by the 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

- 5.3 The Key Performance Targets for the Plan are:

Indicator	Target
<i>Routine response repairs completed on time</i>	95%
<i>First time fix on repairs</i>	100%
<i>Tenant satisfaction on repairs</i>	95%
<i>Overall tenant satisfaction with service</i>	88% rising to 90% by 2023/24
<i>Total current arrears as % of gross debit</i>	<2%
<i>Rent loss due to voids as % of gross debit</i>	<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 customer's needs to ensure we align our services to maximise benefit uptake
- Support the Western Isles Housing Association Communities Forum, RTO's and informal tenant's 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 and implement 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 (ESSH) is carried out in a tenant centred 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 and the results of a Demands Needs Assessment
- Deliver 50 extra care units by 2022
- Remain committed to reducing the levels of fuel poverty for tenants wherever possible

How we measure success

8. Deliver 259 new build units by 2024
9. Deliver 50 extra care units in Stornoway by December 2022
10. Reduce % of tenants in Fuel Poverty to under 25% by 2023 (subject to fuel prices)
11. 100% properties achieving ESSH 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 an 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
- 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 measures 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
- Carry out a Housing Needs Assessment and we will seek to do this collaboratively with the Comhairle and other partners

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
24. Complete Housing Needs Assessment

Section 6

Financial Plans

Stornoway



Section 6 - Financial Plans

- 6.1 This section details how the Business Plan objectives 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 our long term strategy has been approved. The main assumptions are in relation to our expenditure plans for Property, Management Costs and Financings costs. Our Plans have been updated since the Board approved the plan in June 2021.
- 6.3 Expenditure plans are summarised below:

	Year 1	Year 2	Year 3	Year 4	Year 5		
Period: 01 April 2022 - 31 March 2052	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Repairs	2,550	2,700	2,870	3,030	3,110	14,260	241,160
Investment	4,540	3,970	1,270	3,170	3,420	16,370	200,090
OT Adapts	120	120	120	120	120	600	7,080
New Build	12,750	6,710	13,970	870	2,510	36,810	46,920
Property Costs	19,960	13,500	18,230	7,190	9,160	68,040	495,250
Management Costs	2,930	3,080	3,210	3,200	3,300	15,720	255,500
Interest	760	1,090	1,510	1,590	1,820	6,770	45,980
Repayment of Loans	-	-	-	-	-	0	30,560
Finance Costs	760	1,090	1,510	1,590	1,820	6,770	76,540
Total costs	23,650	17,670	22,950	11,980	14,280	90,530	827,290

- 6.4 The Expenditure Plans are funded by:
- Rental income streams
 - Government Grants for new build and Aids & Adaptations
 - Borrowing from our funder

Period: 01 April 2022 - 31 March 2052	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Rents	10,480	11,350	11,840	13,010	13,470	60,150	1,036,160
Other Income	590	420	420	420	370	2,220	13,940
New Build Grants	8,120	6,290	6,460	0	1,600	22,470	22,470
Borrowing	7,000	5,500	2,000	500	0	15,000	15,000
Total Income	26,190	23,560	20,720	13,930	15,440	99,840	1,087,570

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

Key Assumptions

Properties Managed

- 6.6 The following assumptions have been used and will fluctuate dependent on the level of new build:

Period: 01 April 2022 - 31 March 2052	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total	30 year Total
	Units	Units	Units	Units	Units	Units	Units
Opening Stock	2,295	2,376	2,394	2,396	2,536	2,295	2,295
Sales/RTB	(12)	(2)	(2)	-	-	(16)	(16)
New Build	93	20	4	138	-	255	265
Closing Stock	2,376	2,394	2,396	2,534	2,536	2,534	2,544

Inflation

- 6.7 Inflation assumptions are:

Period: 01 April 2022 - 31 March 2052	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
Inflation	6.00%	4.50%	3.50%	3.00%	2.50%	2.5% to Year 30
Rent Increase	3.50%	5.50%	4.50%	4.00%	3.50%	Inflation +1% to Year 7, RPI Only Year 8-30
Management	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to year 5
Repairs	0.25%	0.25%	0.25%	0.25%	0.25%	0.25% to Year 30
Major repairs	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to Year 5

Inflation assumptions have changed significantly from the previous Business Plan to take account of recent projections

Voids & Bad Debts

- 6.8 The Finance Working Group met on 30 November 2021 and assessed how changes in Voids and Bad Debts could affect our 30 year cash flows. The assumption in the Plan for Voids & Bad Debts is set at 2% of rental income. This has been set higher than our current performance to take account of more tenants moving onto Universal Credit, the impact of COVID-19 on the economy and forecasted trends on depopulation.

Interest Rates

- 6.9 The first two years of the Business Plan has interest (LIBOR) set at 4%. Years three & four are set at 5% and from Year five onwards the assumption has been set at 5.85%. The margins used reflect the funding agreement put in place in July 2021.

Management Costs

- 6.10 Management costs have increased in 2021/22 mainly driven by an increase in our housing insurance premiums. We have assumed employee costs of £720 per unit with overhead costs set at 11% of turnover reducing to 10% by 2026.

Value for Money

- 6.11 We are committed to having an affordable rent structure and providing value for money across all services being delivered. Taking this into consideration and the 30 year high in the cost of living, the proposed rental increase for 2022/23 is RPI (October 2021) minus 2.5%.

Funding

6.12 The existing funding agreement gives us access to borrowing of £25 Million:

	Arranged £000's	Drawn £000's	Notes
Facility A	5,000	5,000	Fully drawn and repayable in 2041
Facility B	12,000	5,000	Availability period ends 31 March 2023. To be fully repaid in 2046, subject to amortising repayment from 2031
Facility C	8,000	-	10 Years Revolving Credit Facility
Total	25,000	10,000	
Loans outstanding			
Fixed	8,500	85%	
Variable	1,500	15%	

Sensitivity Analysis

6.13 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	30,583.00	2026	2046
1 Interest Rates			
+1%	30,583.00	2026	2046
+0.5%	30,583.00	2026	2046
-0.5%	30,583.00	2026	2046
2 Inflation			
1%	30,583.00	2026	2046
1.5%	30,583.00	2026	2046
2%	30,583.00	2026	2046
3 Rent Increases			
RPI	30,583.00	2026	Doesn't Repay
RPI+0.5%	30,583.00	2026	Doesn't Repay
RPI - 0.5%	63,549.80	2051	Doesn't Repay
4 Bad debts			
5% year 3 onwards	45,660.20	2051	Doesn't Repay
10% Year 3 onwards	139,299.00	2051	Doesn't repay

6.14 In addition to the above, the Board reviewed the impact slippage in key developments would have on our 30 Year Plan, particularly with regards to lost income due to delays in letting new build. Developments will be a positive contributor to us assuming there is a sustained demand for the properties and that the cost of borrowing doesn't impact on the overall sustainability of our business. The appraisal of all new build developments includes an assessment of current and future demand as our long term cash flow is very sensitive to increases in voids and bad debts.

- 6.15 It is evident 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 of RPI only for the 30 years will result in a significant decrease in forecasted cash balances meaning 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 reducing 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 – 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 stock;
 - End of HMRC development agreement where VAT will no longer be able to be claimed on investment works;
 - Economic uncertainty resulting in an upward pressure on inflation;
 - Recovery post COVID-19;
 - Cost of responsive repairs and increasing pressure on cyclical maintenance from Air Source Heat Pumps;
 - Changes in technology;
 - Affordability;
 - Weakening demand in some peripheral areas and the general changes in the population demographic; and
 - Climate Change.

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.
- 6.20 With inflation at a 30 year high, our ability to keep rents affordable when our costs are increasing will prove to be a real challenge. The Bank of England has forecast inflation to return to their target level of 2% within 2 years and our plans provide for this short term spike in inflation accordingly.

- 6.21 Arrear levels remain relatively low and work continues to maintain arrears despite the challenges presented by Universal Credit. However we do welcome the positive improvements which have been made to the Universal Credit system since it was first introduced.
- 6.22 Over the next 5 years it is anticipated we will spend £16.97M on our investment programme and £36.8M on new build. These programmes are vital to the economic prosperity of the Outer Hebrides helping sustain jobs in the local supply chain.

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Section 7

Managing Risks



Achmore, Isle of Lewis

Section 7 - Managing Risks

7.1 We are committed to being proactive in efforts to contain and minimise 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, updated in March 2020 and December 2021. 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 2022/23 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		No change			
	Funding			No change		
	Reputation			Increase		
2 – Investment in an environmentally sustainable way in tenants' homes	New build programme			Decrease		
	Investment programme				Increase	
3 – Being a good employer that attracts and retains high quality staff	Succession planning		No change			
	Flexible working				No change	
4 – Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides	Working with CPP on population retention				No change	
	Care agenda			No change		

- 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's (Key Control Indicators) will continue to be developed during 2022/23 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 minimising threats.
- 7.9 The highest scoring gross risks currently are:

a) Coronavirus

Coronavirus remains our number one risk. We are following Government advice as it is issued. The impact of restrictions is continuously analysed, taking into consideration the results of the Tenant Satisfaction Survey to ensure the effects of Coronavirus on our tenants is mitigated where possible.

b) Climate Change

We are members of the CPP Climate Change Working Group and we have also established an in house Climate Change team who will be preparing a Climate Change Strategy for the Board and also implementing changes within our offices to measure and reduce our carbon footprint. Our updated Asset Management Strategy incorporates our continuing commitment to replace inefficient heating system in our homes.

c) 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 paragraph 1.12 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.

d) Supply Chain Challenges

Not having a competitive market, inflation and availability of materials and labour is presenting us with challenges in terms of cost and possible delays in meeting our targets. We manage this using the Procurement Framework and exploring alternatives for new builds. We continuously review costs with a view to perhaps pausing works until supply chains become less constricted.

e) Failure of a Major Contractor

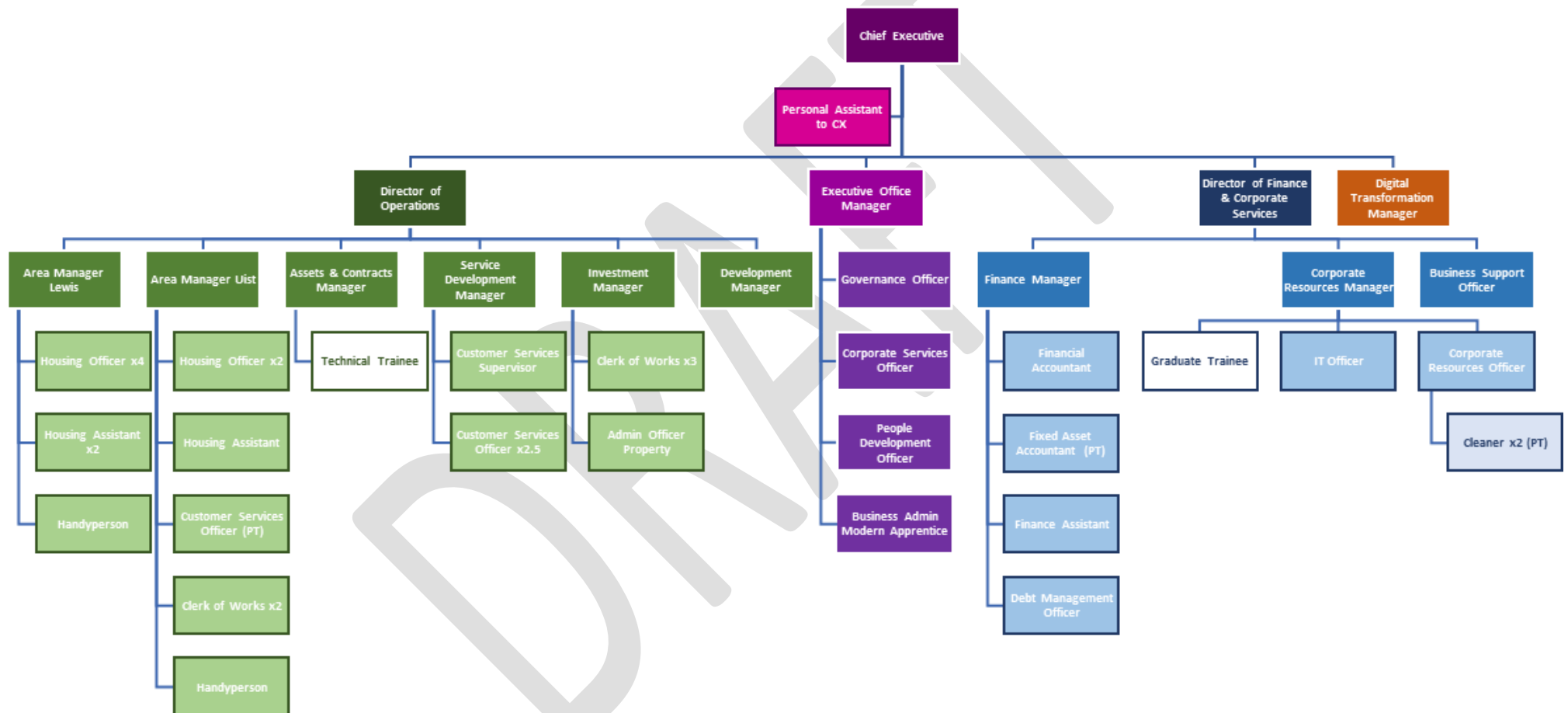
We continuously monitor the ongoing situation with COVID-19 and the fall out of BREXIT and the impact it has on the supply chain. COVID-19 risks have been mitigated through Government assistance. There is a risk of building contractors downsizing which could result in there not being enough staff to fulfil contracts. We ensure payment terms are honoured and we ensure contractors indemnity insurance is sufficient and valid.

- 7.10 Other significant risks include governance, recruitment and retention of Board Members, affordability for tenants, the lack of a skilled workforce, impact of poor inter Island transport links on service delivery and loss of income to HHP as a result of changes in Universal Credit and other benefits.
- 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 are factored in and managed as early as possible. The model is used to assess all 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;
 - Impact of VAT increases; and
 - Arrears and voids
- 7.13 Reports to the Board considering new initiatives and/or changes to our Policies 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:	30 Year Cashflows
Appendix 7:	Stress Testing
Appendix 8:	Risk Register
Appendix 9:	Risk Appetite

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hebridean housing
partnership



► Five Year Development Plan 2021/22 to 2025/26

Version ► 6

Review Date: ► March 2023

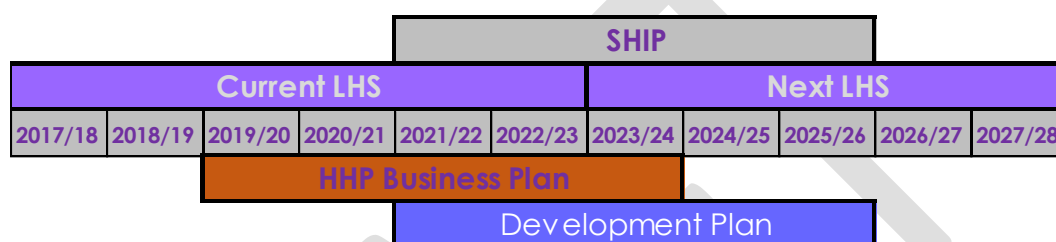
Approved by HHP Board: February 2022

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FIVE YEAR DEVELOPMENT PLAN

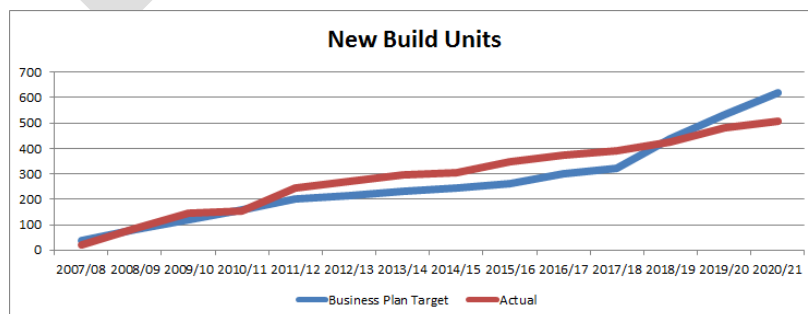
INTRODUCTION

- 1.1 The Board prepares a five year Development Plan which is reviewed annually as part of the Business Plan process. The Comhairle prepare a Strategic Housing Investment Plan (SHIP) each year in October and the SHIP forms the basis for our Development Plan. This Development Plan to 2025/26 provides a framework for our development activities over a five year period to reflect the requirements of the Local Housing Strategy (LHS) 2017 to 2022 for affordable rented houses within HHP's capacity and demand levels.



- 1.2 Our strategic goals are:
- Placing tenants at the centre of everything we do;
 - Investing in an environmentally sustainable way in tenants' homes;
 - Being a good employer that attracts and retains high quality staff;
 - Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides;
- The Development Plan will contribute to achieving our goals.
- 1.3 Our Development Plan for 2020 - 2025 was aligned with the SHIP (October 2020) with a commitment to deliver 393 houses by 2025. We have completed 104 houses since the Development Plan was approved in July 2020.
- 1.4 In July 2021, Scottish Government announced five year Resource Planning Assumptions (RPA) for the Comhairle totalling £43.3M. The period covered is 2021/22 to 2025/26. This funding is available to support a number of initiatives and is not restricted to social rented housing.
- 1.5 The Comhairle's SHIP was updated for the period 2022/23 to 2026/27 and submitted to Scottish Government in October 2021. We provided feedback which welcomed the substantially increased resources but strongly advised we would not be in a position to utilise all of the RPA within the timeframe particularly in light of the results of our 2021 Housing Needs Assessment.

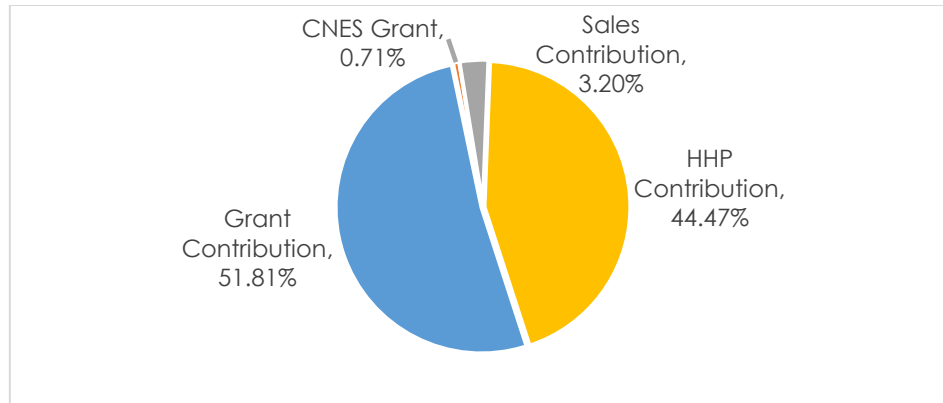
- 1.6 We continue to work with the Comhairle and to support them in the delivery of their SHIP. Our contribution to the revised SHIP agreed by the Comhairle is set out in this plan and is informed by our Housing Needs and Demand Assessment (HNDA) and demand as exhibited by our waiting lists. In summary this plan should deliver 359 houses.
- 1.7 Our HNDA indicates that this increase in housing supply together with the natural supply of around 150 houses per annum through tenancies ending will effectively meet current needs. Consequently, we have not committed to development beyond 2025/26 but will continue to keep this under review as we monitor demand and population trends.
- 1.8 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 and is one of the drivers behind the ambitious programme we have delivered over the last 4 years and which continues until 2025. While we have a significant role to play we must balance business security and affordability for current customers with the desire to support the local economy through new build.
- 1.9 We are continuing to work with the Comhairle and the IJB to complete the partnership development of the 52-bed care home and 50 housing with extra care flats that are currently on site at Goathill, Stornoway. This 'once in a generation project' enables the re-provisioning of the care homes in Stornoway and responds to the current demographic trends and the continued pressure on the services for the elderly. It demonstrates an innovative solution that provides high quality housing and care provision for our elderly and vulnerable people.
- 1.10 We have completed 50 general needs houses for rent and Shared Equity on the Goathill site during 2021/22 and expect to complete the remaining 24 houses by September 2022.
- 1.11 There was significant slippage in the 2020/21 programme due to a number of factors most of which were related to the effect of the COVID-19 lockdown and out with our control.



- 1.12 The future provision of care in rural Lewis is being considered through the Residential Care Partnership. However, plans have been put on hold due to the Comhairle's capital budget restrictions but will be revisited ahead of future capital programmes. The potential role for HHP in supporting in the care agenda will be kept under view.
- 1.13 Engagement continues with 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 or enable housing in rural areas and to support the Comhairle's aspiration to see 55% of new housing delivered outwith the Stornoway Housing Market Area. This will again be informed by local intelligence, waiting list demand and the HNDA.
- 1.14 Land is fundamental to housing development and we are working to support the Comhairle in the identification and assessment of potential sites. Since 2019, we jointly commissioned 9 desktop and 41 full feasibility studies. On advice of feasibility studies we progress to site acquisition where appropriate. However, crofting tenure does present a major difficulty in being able to assemble a land bank for medium and long term planning.
- 1.15 The need for coordinated strategic planning between partners has never been more important. We see the Comhairle's LHS which is due to be developed during 2022 as being key to setting clear priorities and direction which are agreed with partners. We are seeking to engage in, and influence, the development of the strategy. We hope it will present a coherent approach to the challenges being presented by the negative demographic trends and the desire to further increase housing supply as currently planned.

SUMMARY

- 2.1 The Plan from 2021/22 to 2025/26 provides for the delivery of 359 units at a cost of £50M funded by Government Grants, Shared Equity sales and HHP finance.



- 2.2 Included within the 359 units are 50 housing with extra care units and 16 for shared equity. In addition we have provided for 10 Housing with Extra Care units in Barra as part of the proposed community campus in 2025/26.
- 2.3 Our ability to deliver the Development Plan is dependent on a number of factors
- Finance – both cost and availability of funding
 - Demand for new homes, rented and Shared Equity purchase
 - Availability of land
- 2.4 The updated Plan will not have the flexibility of the previous Plan due to continuous cost increase following the effects of COVID-19 and Brexit. This is compounded by the additional cost to HHP to reach new standards in current housing stock.
- 2.5 Goathill is continuing to progress with McLaughlin and Harvey on site for the enabling works, HWEC and Care Unit and O'Mac Construction progressing well on the social housing site which is due to complete in September 2022. This is a significant project in the SHIP and our Development Plan.
- 2.6 The Blackwater site in Stornoway is a major part of the Plan. The plan for 72 houses will commence once the land has been resumed from crofting. The resumption of land from crofting has been a significant barrier to progress and is currently preventing work starting. It is hoped that this will be resolved by end March 2022.
- 2.7 Together with the Comhairle we will continue to work with Community Land Trusts and others to investigate and pursue options for delivering affordable homes within their locality. The SHIP identifies broad priorities in rural areas and we will seek to pursue opportunities to deliver on these. However, as previously noted land that is in crofting tenure creates difficulties in formulating medium to long term plans and reduces the ability to respond quickly to opportunities that may arise.

- 2.8 The Comhairle and ourselves continue to encourage local contractors to bring forward proposals for new developments. Any potential landbanking opportunities in rural areas where land is not held in crofting will be welcomed.
- 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. As noted previously the establishment of a clear strategic direction and priorities within the LHS and the Comhairle's wider strategy is essential to addressing these issues. The development of the LHS in 2022 provides an opportunity to do this and we will try to influence. 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 or where we believe that the housing stock is no longer fit for purpose.

DETAIL

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

Year	Original RPA £m	RPA £m (July 2021)
2020/21	£9.709	-
2021/22	£5.000	£9.71
2022/23	£5.000	£8.37
2023/24	£5.000	£8.34
2024/25	£5.000	£8.37
2025/26	-	£8.51
Total	£29.709	£43.30

- 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) A new feasibility tender has been progressed to allow further feasibility work to be procured for future sites;
 - 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; and
 - f) A monthly meeting has been set with the Comhairle to identify land in areas prioritised in the SHIP.

- 3.3 Our waiting list figures together with the outcome of the HNDA 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 Our Development Plan is based on the RPA figures provided by the Scottish Government in April 2019 and which was aligned with the SHIP agreed by the Comhairle in December 2020. We have subsequently negotiated increased borrowing with RBS to deliver on this programme. However, in July 2021 the Scottish Government announced a significantly increased RPA being made available to the Comhairle until 2025/26.
- 4.2 We have reviewed our plans in light of this announcement and in the context of our HNDA and waiting list demand. We have concluded that it would not be prudent to increase our programme beyond that already planned. The information available to us at present indicates our current commitment to deliver 359 houses will, by 2026 largely meet the housing need that we are able to evidence.
- 4.3 We are aware the Comhairle are examining other initiatives for utilising the resources available to them and we will support these where possible.
- 4.4 We will keep our position under review. If population trends and housing need indicators demonstrate a requirement for additional social rented housing, we will consider increasing our programme. This would create a need for additional borrowing and appropriate facilities will be put in place as and when funding is required.
- 4.5 Appendix 1 shows the proposed Development Plan to deliver the 2021 SHIP. . Our plan also takes account of the Comhairle's Care re-provisioning initiative which accounts for 50 of the units in the Plan.
- 4.6 It is essential that development planning is informed and supported by robust data on needs and future projections which is why we carried out the HNDA during 2021. This was carried out on our behalf by Tighean Innse Gall and involved collaboration and consultation with the Comhairle and a wide range of community groups.
- 4.7 The HNDA indicates a small level of housing need over and above our waiting lists but does not present a case for increasing our current development commitments. The findings are consistent with the long term decrease in current waiting lists and forecasts for demographic change over the next 20 years.
- 4.8 However, there is continuing discussion by the Community Planning Partnership regarding measures to address the decline of the population and hopefully change these demographic trends. The current resources available for housing development provide an opportunity to support change.

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 updated each year for RPI. There is very significant pressure on prices due to factors such as the significantly increased new build programme in recent years, Brexit, COVID-19 and labour and supply chain issues.
- 5.3 The unit costs include all costs e.g. land, construction, consultants fees, planning.

Grant Contribution

- 5.4 The Partnership will fund a maximum of 40% of the project cost, subject to the private finance funding which has been provided for in the 30 Year Financial Plans. 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.
- 5.5 Our assumptions for Scottish Government Grant are £120,000 per unit for social rent and £150,000 per unit for housing with extra care.
- 5.6 The only exception to our contribution level 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 our long term financial health.
- 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 demand 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 general 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 ready for a site start once crofting resumption is achieved. As noted earlier land in crofting tenure continues to be problematic in terms of forward planning and is a significant contributor to programme slippage. Melbost West is now in our ownership and is subject to an ongoing masterplan exercise. When acquisition is successful on Blackwater, these 2 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. Getting on site has been a major barrier with decrofting with the legal acquisition process taking longer than anticipated and in some cases longer than is necessary.

OPTION APPRAISAL

- 6.1 Our long term financial plans are extremely sensitive to changes in rent increases and voids. Each new development will be assessed in terms of long term viability and whether it produces a positive value to the business. Sustainability of demand and rent affordability will be taken into account. The risks of increasing stock while demand is weak will also be kept under close 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. Our previous large land holding was at Goathill Farm which has now been progressed and includes the Care Home and Extra Care Housing Project. A masterplan exercise on our other large land holding at Melbost West is currently underway. There is an approximate capacity of 170 units.
- 7.2 Comhairle is actively looking for land which can be acquired for development and which will be informed by the local Development Plan. This land search is based on strategic direction from the Comhairle's SHIP on where land should be acquired and development pursued. However, landbanking of sites in crofting tenure is impractical due to the need for planning permission to be acquired prior to decrofting/resumption orders being granted. Planning permission is time limited (3 years) and would therefore only be sought when a site was programmed for start well within this timescale
- 7.3 Provision has been made to land bank for future years and the assumption is this will be 100% funded by Government grant.

Feasibility Studies

- 7.4 We have made 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

- 7.5 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.

Delivery

- 7.6 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.
- 7.7 In 2018 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 SHIP.
- 7.8 Our Asset Management Working Group meets regularly with the remit to focus on assets as a whole rather than development in isolation. They have authority until 31 March 2022 to approve private finance up to 40% of the cost of a project, subject to approval from the Director of Finance & Corporate Services and funding being available through savings.
- 7.9 A monthly Strategic Local Programme Meeting is held between Scottish Government, HHP and the Comhairle to discuss progress with the current development programme, grant funding, the SHIP and future plans.

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



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S). Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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Web: www.hebrideanhousing.co.uk

Phone: 0300 123 0773

Appendix 1-Proposed Development Plan

	2021/22		2022/23		2023/24		2024/25		2025/26		TOTAL
	Rent	Shared Equity	Rent	Shared Equity	Rent	Shared Equity	Rent	Shared Equity	Rent	Shared Equity	
Stornoway	42	14	22	2			14				94
Stornoway HWEC			50								50
Rural Lewis	18		17		30		44				109
Harris	8				4						12
Uist	4		30				14				48
Barra	-		6		12		12		6		36
Barra HWEC	-								10		10
	72	14	125	2	46	-	84	-	16	-	359
Total	86		127		46		84		16		

This table shows the planned number of completions in each year. It should be noted that sites will only progress after a detailed technical and financial feasibility have been undertaken.

Appendix 2 - Current Projects

Sinclair Avenue & Bremner Court, Stornoway, Isle of Lewis

Sinclair Avenue, Stornoway is a mix of tenure, Rent (58 of which 10 are adapted) and New Supply Shared Equity (16). There is a range of house types and sizes from 1 bedroom to 4 bedroom properties.

The Housing with Extra Care development is 50 flats within one building to allow additional care to be provided where needed.

Also within the site is the Comhairle's 52 bed Care Home.



Gleann Mor, Barvas

Gleann Mor at Barvas has 8 units due for completion in January 2022.



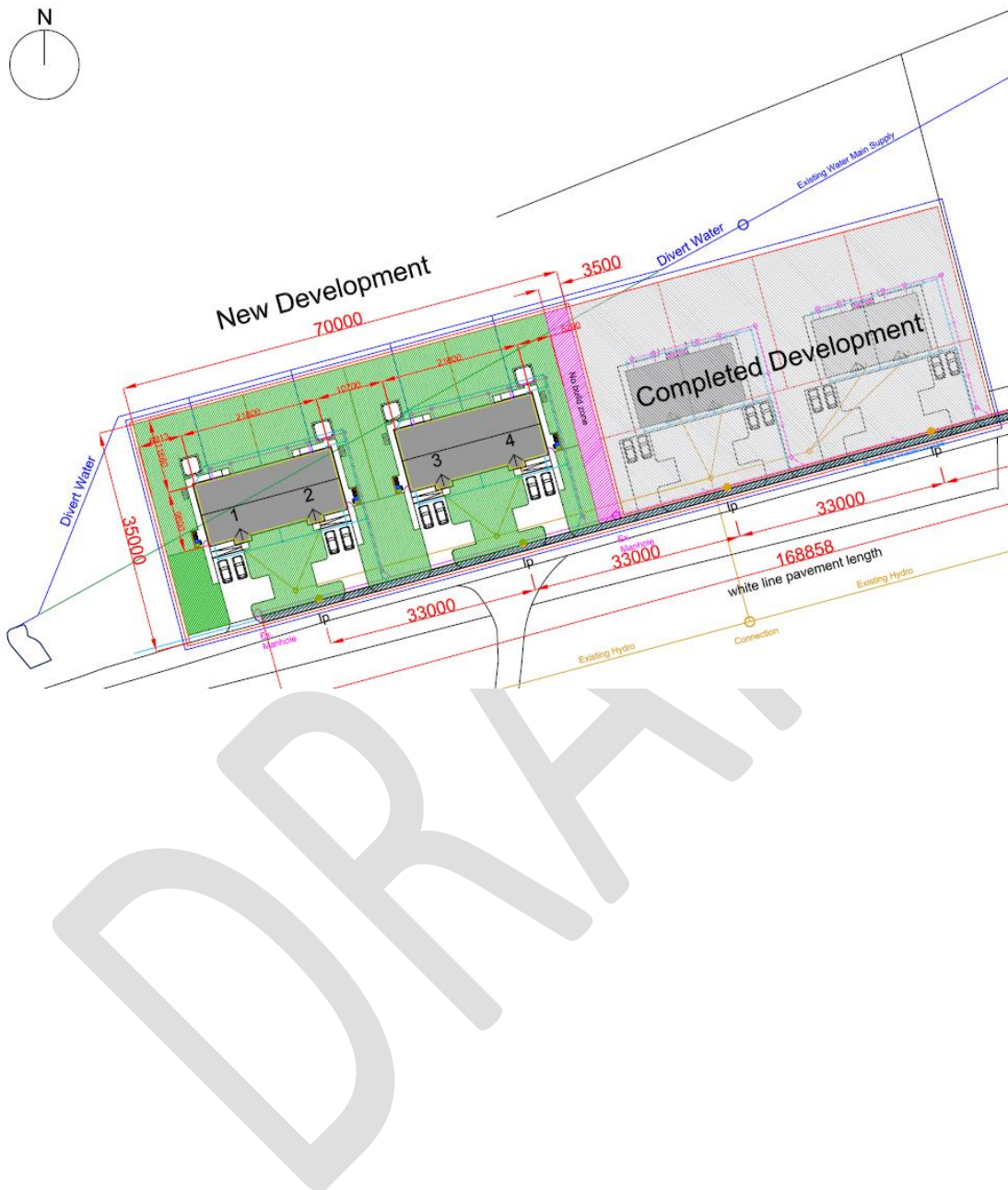
Johnstone Court, Balivanich

Johnstone Court is a 10 unit development in Balivanich that is due for completion in March 2022.



Crowlista

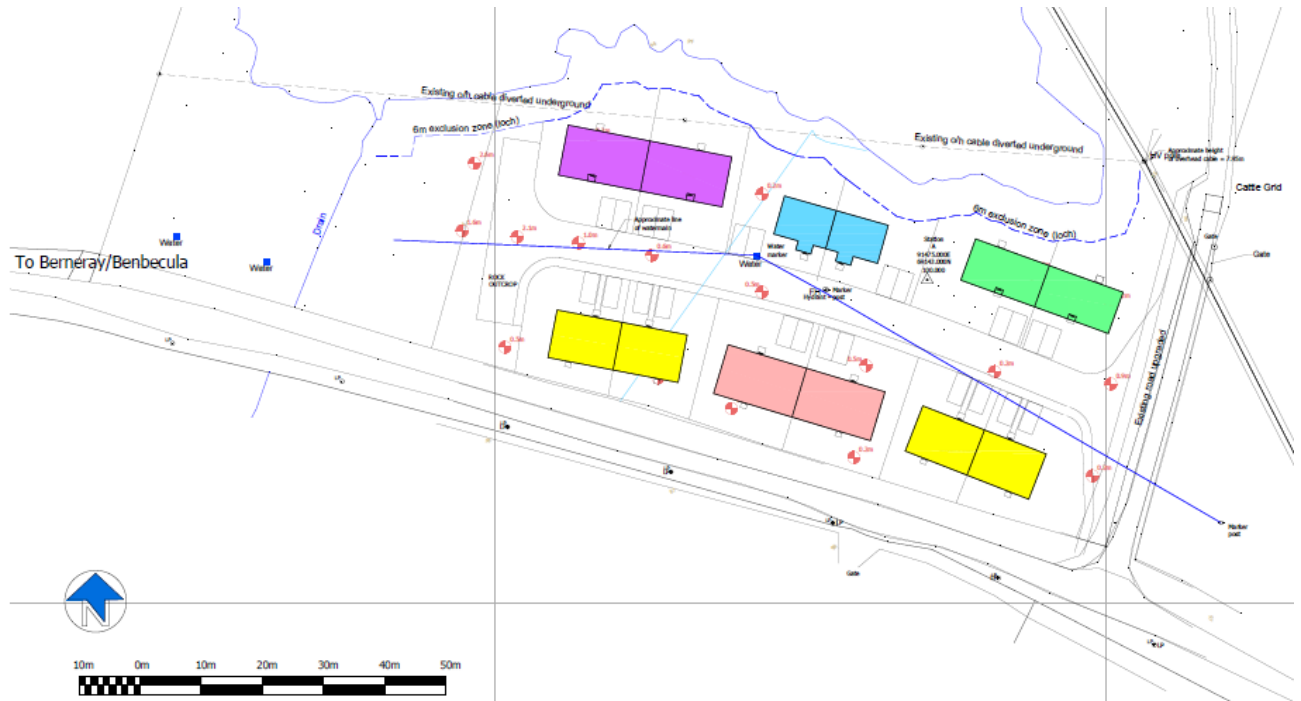
This developer led site at Crowlista is awaiting resumption of land to progress.



Currently awaiting resumption of this land to progress with the land transaction to allow contractor on site. This is a 72 unit site available for social rent and potentially some Shared Equity properties.

Lochmaddy, North Uist

The development of the old Lochmaddy Hospital site is being progressed in conjunction with TIG for the construction of 8 units to be available for social rent. TIG will be progressing the construction of 4 units available for sale.



Appendix 4 - Land Bank

Owned

Melbost West

Cleit Road, Barra

Potential-being investigated/progressed to acquisition

Scott Road

Blackwater

Leverburgh

DRAFT

DELIVERY PLAN

Appendix 3

	Measure of Success	Link to Strategic Goal	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%		Director of Operations
4	Level of current arrears at 2% of gross rent debit	1	2%	2%	2%	2%	1.7%	Director of Operations
5	Voids at <1% of gross rent debit	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 2022 (214 includes HWEC)	2	26	100 (Includes HWEC)			Development Plan	Development Manager
9	Deliver 50 extra care units in Stornoway by 2021/22	2		50				Director of Operations

	Measure of Success	Link to Strategic Goal	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
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	80%	100%	✓	✓		Investment Manager
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	6%	7%	8%	✓		Training & Development Officer
16	100% of vacancies filled on first attempt	3	100%	✓	✓	✓	100% in 2018/19	Chief Executive
17	Sustain a minimum of 65% of HHP staff with a service length greater than 3 years	3	60%	✓	✓	✓	68%	Chief Executive
18	% of staff turnover at less than 10%	3	✓	✓	✓	✓	4% for 2018/19 (excluding temporary staff)	Chief Executive
19	Population forecast and demographics	4	✓	✓	✓	✓	Population at 2007 – 26,950	Chief Executive
20	Increased demand for affordable housing	4	✓	✓	✓	✓	590 at 31 March 2018	Director of Operations

	Measure of Success	Link to Strategic Goal	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
21	Community benefit measures delivered across our communities and on all our contracts	4	✓	✓	✓	✓	All contractors currently provide	Director of Operations
22	95% of tenants satisfied with management of the area they live in	4	95%	✓	✓	✓	92%	Service Development Manager
23	Carry out a Housing Needs Assessment	4	✓	✓			Current waiting list	Director of Operations

	Actions	Link to Strategic Goal	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
1	Carry out affordability checks	1			Stock Condition Survey	✓	Carried out as part of stock condition survey %	Director of Operations
2	Value for Money Strategy	1	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	✓	✓	✓	✓	£3K 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 and implement a digital transformation strategy	1	Develop	✓			New Strategy	Director of Operations
10	Develop an Anti-Poverty Strategy	1	✓				None in place	Director of Operations

	Actions	Link to Strategic Goal	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
11	Benchmark our services with other Housing Associations	1	✓	✓	✓		High level desk top	Executive Office Manager
12	Develop an Environmental Strategy	2	✓				None in place	Investment Manager
13	Update Asset Management Strategy	2	✓	✓	✓	✓	N/A	Assets & Contract Manager
14	Annual Investment Programmes by February each year	2	March	✓			Delivered by March	Investment Manager
15	Offer shadowing and coaching opportunities to all staff	3	✓				Informal arrangements in place	People 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	Executive Office Manager
19	Deliver annual Training Plan	3	✓	✓	✓	✓	% of training plan completed each year	People Development Officer
20	Work with community groups to improve common areas	4	✓	✓	✓	✓		Area Managers

	Actions	Link to Strategic Goal	2020/21	2021/22	2022/23	2023/24	Baseline	Lead Officer
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 2020	1	✓	✓	✓	✓		Executive Office Manager

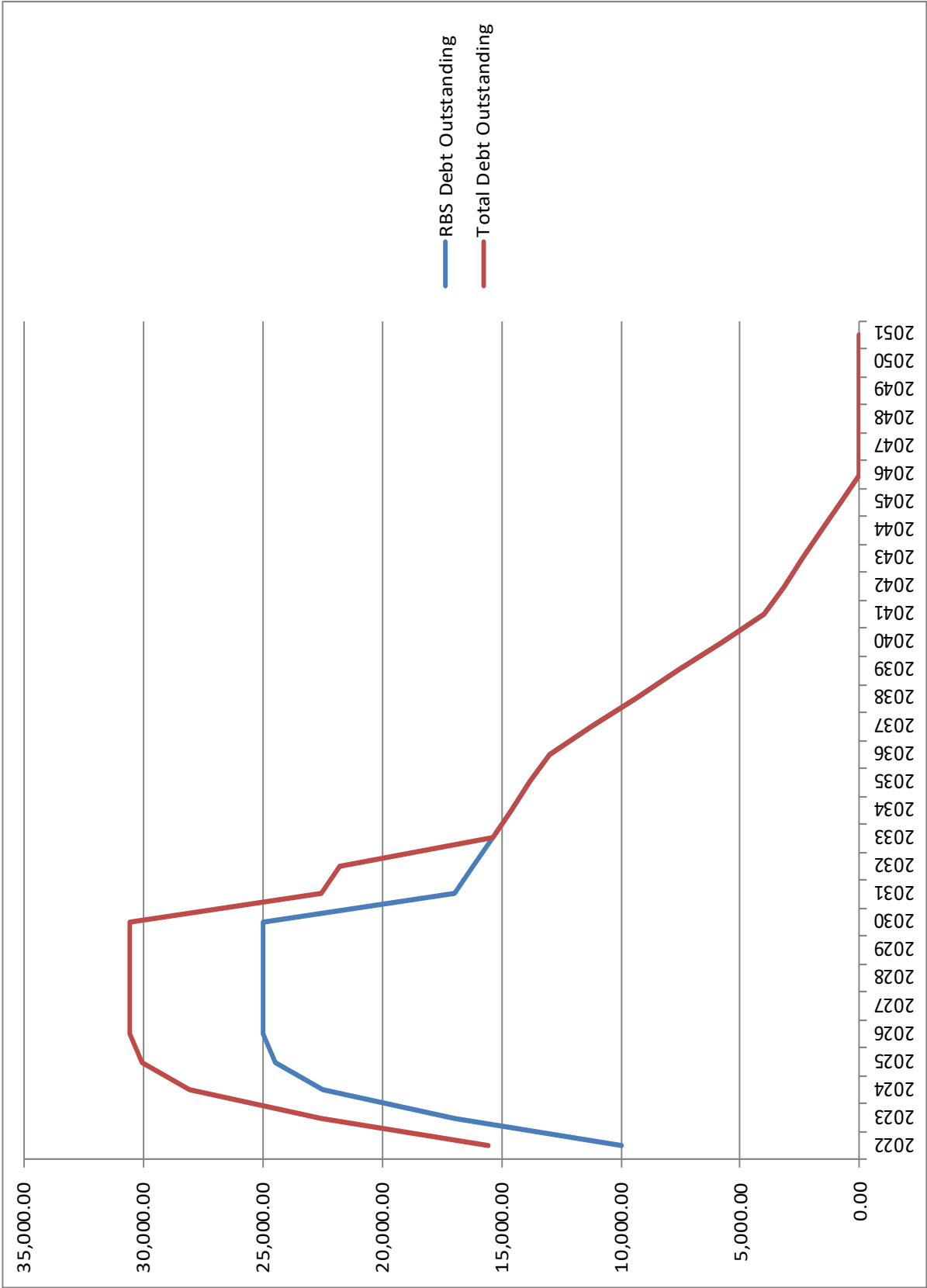
KEY PERFORMANCE INDICATORS TARGETS

APPENDIX 4

KEY PERFORMANCE INDICATOR	2016/17 (Outcomes)	2017/18 (Outcomes)	2018/19 (Outcomes)	2019/20 (Outcomes)	2020/21 (Outcomes)	2021/22 (Target)	2022/23 Target)	2023/24 (Target)
Emergency (4 hour) response repairs completed on target (FES)	88.4%	88.6%	90.84%	96%	98%	95%	95%	95%
Average length of time taken to complete emergency repairs (hours) (ARC)	10.09	8.96	3.43	2.86	2.61	4	4	4
Routine response repairs completed on target (FES)	97%	97.8%	98.06%	99%	98.8%	95%	95%	95%
Average length of time taken to completed non-emergency repairs (days) (ARC)	3.86	3.61	2.69	2.57	4.90	6	6	6
% of jobs offered an appointment (internal non-emergency jobs)	88%	100%	100%	99%	97%	100%	100%	100%
% of jobs appointment kept (ARC)	99.8%	98.4%	99.35%	99%	97%	100%	100%	100%
Right First Time (ARC)	87.1%	90.3%	89.48%	89.49%	90.6%	95%	95%	95%
Tenant satisfaction with repairs service (regular surveys) (ARC)	83.59%	97.45%	98.38%	99.42%	99.35%	95%	95%	95%

KEY PERFORMANCE INDICATOR	2016/17 (Outcomes)	2017/18 (Outcomes)	2018/19 (Outcomes)	2019/20 (Outcomes)	2020/21 (Outcomes)	2021/22 (Target)	2022/23 Target)	2023/24 (Target)
Overall satisfaction with HHP's services (T.S.S)	83%	88%	88%	88%	86%	90%	90%	90%
Number of properties completed as % of planned investment programme on time	100%	100%	100%	100%	88%	100%	100%	100%
Scottish Housing Quality Standard Compliance (excluding exemptions and abeyances)	100%	100%	100%	100%	100%	100%	100%	100%
Annual Gas Service Inspection % compliant (ARC)	100%	99.8%	100%	100%	100%	100%	100%	100%
Total current arrears as % of gross debit (ARC/SHBVN)	1.83%	1.7%	1.96%	1.92%	2.27%	<2.0%	<2.0%	<2.0%
Total current and former tenant arrears as a % of gross debit (ARC)	3.32%	3.15%	3.46%	3.33%	3.22%	<4%	<4%	<4%
Rent loss due to voids as % of gross debit (funders valuation/ ARC)	0.85%	1.17%	0.66%	0.63%	1.01%	<0.8%	<0.8%	<0.8%
% of anti-social behaviour cases resolved in the year	71%	69.4%	82.50%	100%	100%	90%	90%	90%

Appendix 5 - Debt Outstanding



Appendix 6 – 30 YEAR CASHFLOW

Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

Period: 01 April 2021 - 31 March 2051	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	16,475.10	11,170.80	11,535.70	11,979.60	13,157.30	13,555.00	13,881.60	14,144.20	14,519.40	14,879.40
Total Payments	-8,473.30	-6,100.30	-5,903.10	-6,191.90	-6,953.50	-7,134.70	-7,346.40	-7,537.40	-7,766.20	-7,920.40
Cash Paid To Employees										
Cash flow from Operating Activities	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Provisions for tax										
Surplus for the year	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Cash flow from investing activities										
Purchase of tangible fixed assets	-19,954.60	-17,083.60	-10,629.30	-15,188.00	-3,435.20	-5,302.30	-3,927.10	-3,829.30	-4,148.00	-4,660.30
Proceeds from sale of tangible fixed assets	5	60	10	10						
Grants received	5,267.30	8,118.70	6,288.50	6,460.40	1,598.90					
Interest Received (cash)	17.5	20	39.6	49.5	46.8	53.3	57.5	61.9	66.5	51.8
Total Cash flow from investing activities	-14,664.80	-8,884.90	-4,291.30	-8,668.10	-3,388.40	-3,650.10	-3,869.60	-3,767.30	-4,081.50	-4,608.50
Cash flow from financing activities										
Interest paid	-349.2	-779.9	-1,129.90	-1,563.90	-1,641.10	-1,868.50	-1,868.50	-1,868.50	-1,868.50	-1,599.00
Interest element of finance lease rental payment										
New secured loans	5,091.00	7,000.00	5,500.00	2,000.00	500					
Capital Repayments										
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	4,741.80	6,220.10	4,370.10	436.1	-1,141.10	-1,868.50	-1,868.50	-1,868.50	-1,868.50	-9,599.00
Cash & cash equivalents at the beginning of year	4,826.00	2,904.80	5,310.40	11,022.00	8,577.60	10,251.80	11,153.50	11,950.60	12,921.60	13,724.80
Net Change in Cash & cash equivalents	-1,921.20	2,405.70	5,711.50	-2,444.40	1,674.20	901.7	797.1	971	803.2	-7,248.50
Cash & cash equivalents at the end of year	2,904.80	5,310.40	11,022.00	8,577.60	10,251.80	11,153.50	11,950.60	12,921.60	13,724.80	6,476.30

Appendix 6 – 30 YEAR CASHFLOW

Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

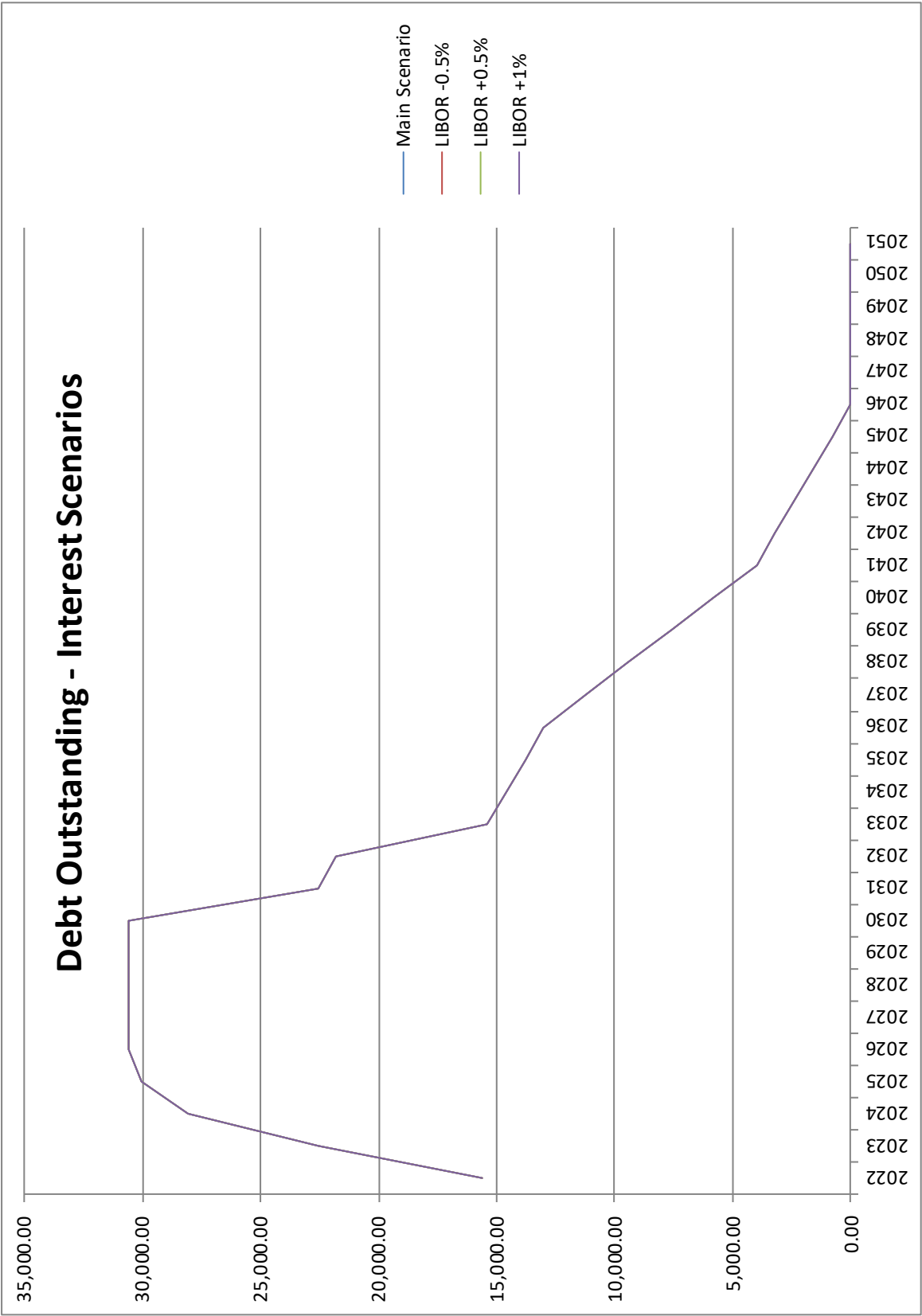
Period: 01 April 2021 - 31 March 2051	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	15,316.10	15,600.10	16,014.20	16,411.60	16,893.60	17,207.20	17,664.30	18,102.90	18,635.00	18,981.00
Total Payments	-8,122.90	-8,323.20	-8,576.10	-8,746.80	-8,970.80	-9,192.30	-9,433.50	-9,694.60	-9,914.40	-9,374.50
Cash Paid To Employees										
Cash flow from Operating Activities	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Provisions for tax										
Surplus for the year	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Cash flow from investing activities										
Purchase of tangible fixed assets	-4,915.70	-5,209.50	-4,992.00	-5,600.90	-6,022.50	-3,480.70	-7,150.30	-6,827.20	-6,305.40	-7,205.30
Proceeds from sale of tangible fixed assets										
Grants received										
Interest Received (cash)	32.8	32.9	7.4	9.3	9.9	14.6	14.6	13.3	14.8	17.7
Total Cash flow from investing activities	-4,882.90	-5,176.60	-4,984.60	-5,591.60	-6,012.60	-3,466.10	-7,135.70	-6,813.90	-6,290.50	-7,187.60
Cash flow from financing activities										
Interest paid	-1,252.50	-1,191.30	-1,130.10	-1,068.90	-1,007.70	-913.2	-779.5	-645.8	-512.1	-383.8
New secured loans										
Capital Repayments	-800	-6,383.00	-800	-800	-800	-1,800.00	-1,800.00	-1,800.00	-1,800.00	-1,800.00
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	-2,052.50	-7,574.30	-1,930.10	-1,868.90	-1,807.70	-2,713.20	-2,579.50	-2,445.80	-2,312.10	-2,183.80
Cash & cash equivalents at the beginning of year	6,476.30	6,734.20	1,260.30	1,783.90	1,988.20	2,090.80	3,926.30	2,741.90	2,650.40	3,534.30
Net Change in Cash & cash equivalents	257.9	-5,473.90	523.5	204.3	102.6	1,835.50	-1,184.40	-91.5	883.8	235
Cash & cash equivalents at the end of year	6,734.20	1,260.30	1,783.90	1,988.20	2,090.80	3,926.30	2,741.90	2,650.40	3,534.30	3,769.30

Appendix 6 – 30 YEAR CASHFLOW

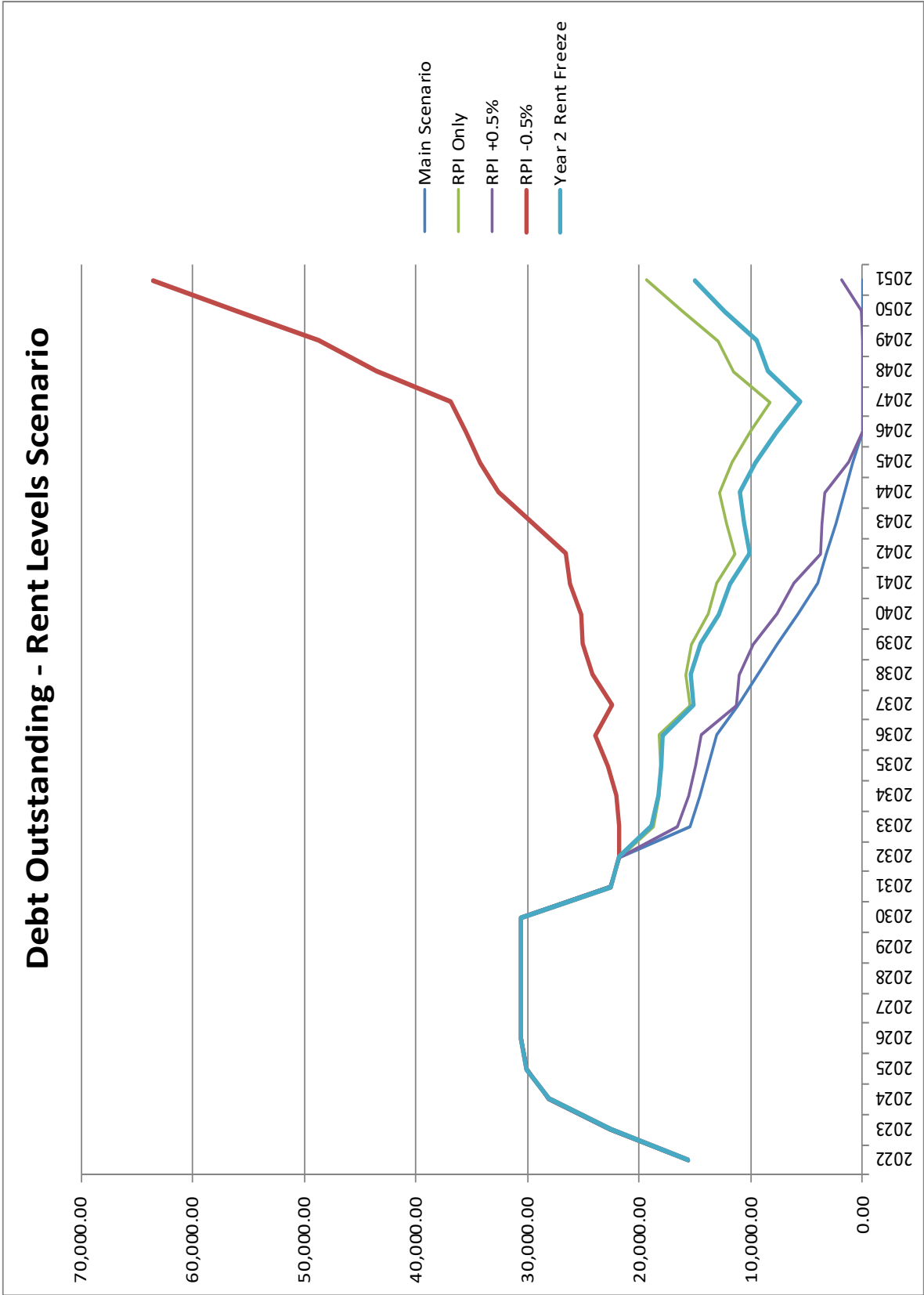
Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

Period: 01 April 2021 - 31 March 2051	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	19,485.60	19,969.70	20,557.00	20,939.00	21,496.00	22,030.40	22,678.70	23,100.30	23,715.10	24,384.50	524,480.40
Total Payments	-9,664.30	-9,853.50	-10,107.10	-10,357.30	-10,677.80	-10,887.20	-11,167.80	-11,444.50	-11,799.00	-12,142.70	-267,951.50
Cash Paid To Employees											
Cash flow from Operating Activities	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Provisions for tax											
Surplus for the year	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Adjustment for investing or financing activities											
Proceeds from sale of tangible assets											
Government grants utilised in the year											
Interest payable (investments)											
Interest received (investments)											
Corporation Tax											
Total Adjustments for invest or financing activities											
Net cash generated from operating activities	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Cash flow from investing activities											
Purchase of tangible fixed assets	-6,692.30	-9,367.80	-9,457.00	-7,918.10	-7,773.90	-7,963.50	-13,188.50	-11,443.90	-13,419.00	-13,407.70	-246,498.70
Proceeds from sale of tangible fixed assets											85
Grants received											27,733.70
Interest Received (cash)	23.6	23.9	26.5	31.8	41.5	55.8	52.6	56.7	53.7	46.7	1,044.60
Total Cash flow from investing activities	-6,668.70	-9,343.90	-9,430.50	-7,886.40	-7,732.30	-7,907.70	-13,135.80	-11,387.10	-13,365.30	-13,361.00	-217,635.40
Cash flow from financing activities											
Interest paid	-278	-216.8	-155.6	-94.4	-33.2						-24,199.50
Interest element of finance lease rental payment											
New secured loans											20,091.00
Capital Repayments	-800	-800	-800	-800	-800						-30,583.00
Loan Working Capital Movements											
Loan Working Capital Drawdowns											
Loan Working Capital Repayments											
Capital element of finance lease rental payments											
Withdrawal from deposits											
Total Cash flow from financing activities	-1,078.00	-1,016.80	-955.6	-894.4	-833.2						-34,691.50
Cash & cash equivalents at the beginning of year	3,769.30	5,843.90	5,599.50	5,663.30	7,464.40	9,717.10	12,952.70	11,327.80	11,596.50	10,147.30	4,826.00
Net Change in Cash & cash equivalents	2,074.60	-244.4	63.9	1,801.10	2,252.80	3,235.60	-1,624.90	268.7	-1,449.20	-1,119.20	4,202.00
Cash & cash equivalents at the end of year	5,843.90	5,599.50	5,663.30	7,464.40	9,717.10	12,952.70	11,327.80	11,596.50	10,147.30	9,028.10	9,028.10

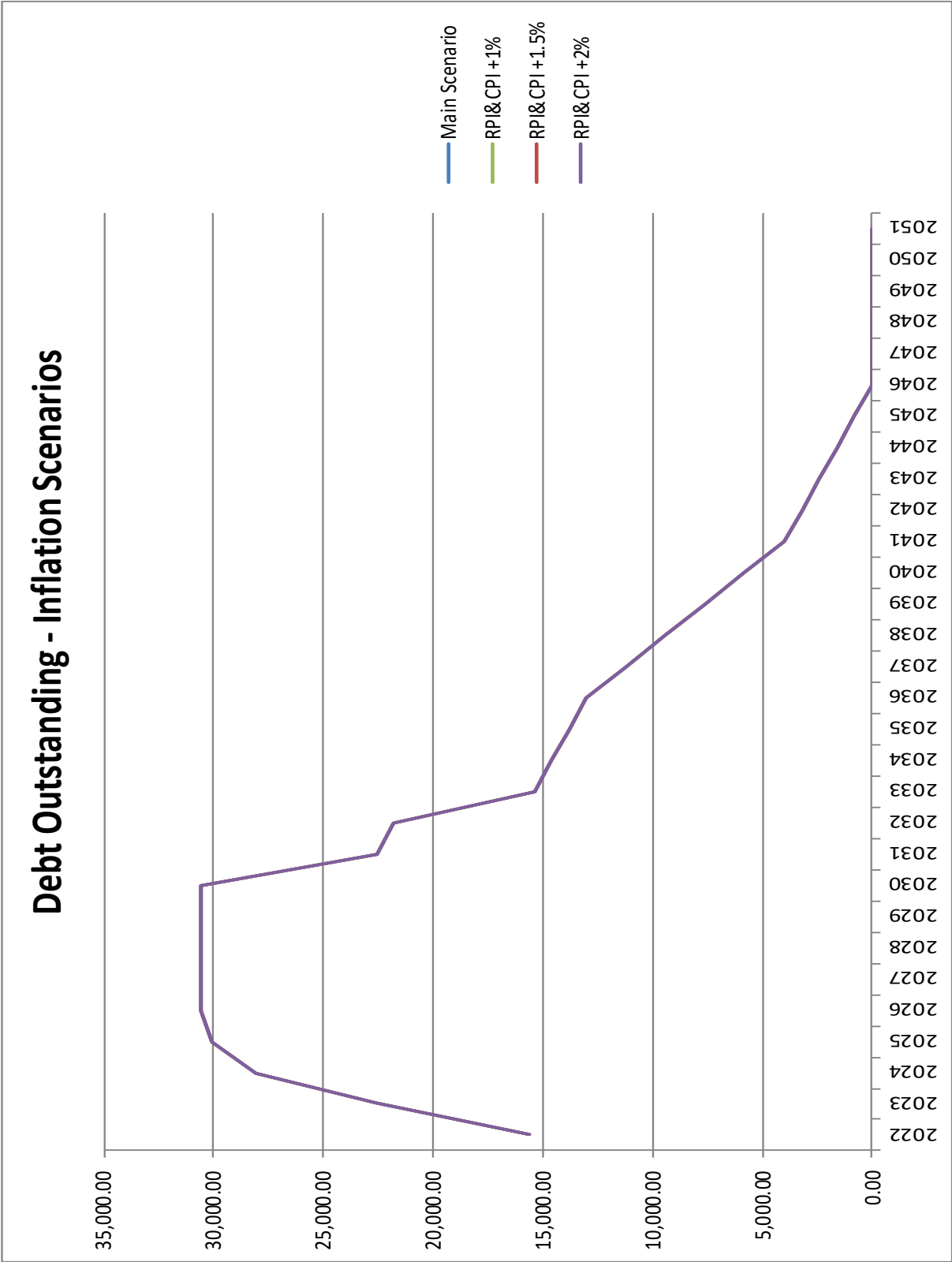
Appendix 7 – Stress Testing



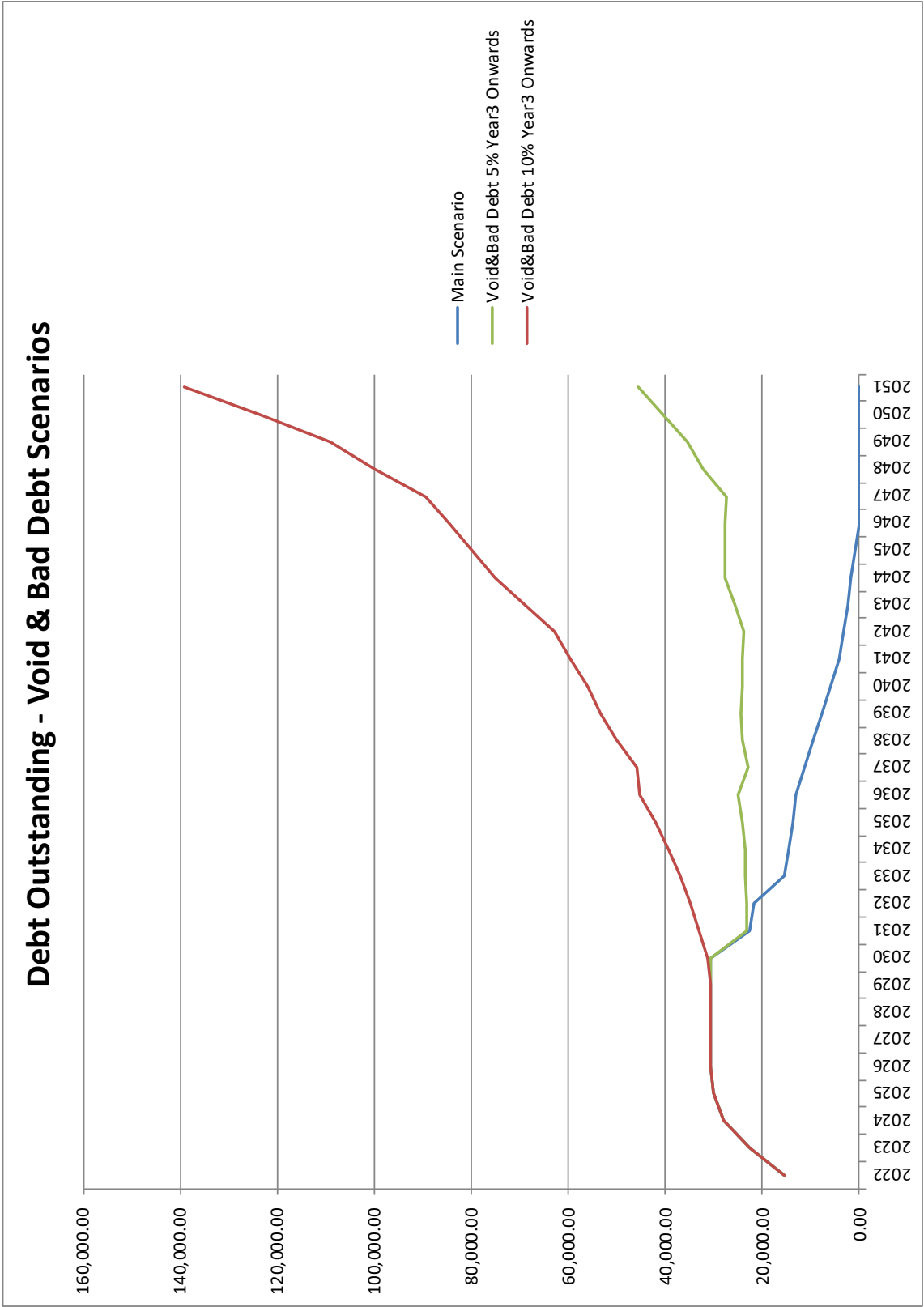
Appendix 7 – Stress Testing



Appendix 7 – Stress Testing



Appendix 7 – Stress Testing



Appendix 8 – Risk Register

Note: Risks are ranked by order of Net Risk

No	Priority	Risk	Grs L'hd (1-5)	Grs Imp (1-5)	Grs Risk Total	Managed by (key systems / processes):	Net L'hd (1-5)	Net Imp (1-5)	Net Risk Total	Summary/Action Required	Type	Link to Strategic Goal	Lead Officer
1	1	Coronavirus	5	5	25	Following Government advice as it is issued	5	4	20	Impact of the lockdown on performance to be fully analysed along with reviewing the results of Tenant Satisfaction Survey	Operational	1,2,3,4	Chief Executive
2	1	Climate Change	5	5	25	Asset Management Strategy. Environmental Policy to be developed. Climate Change Policy. CPP Working Group.	5	4	20	Replacement of inefficient heating systems. Maximise insulation in homes. Part of the new Climate Change Working Group from CPP. Asset Management Strategy location of stock against rising sea levels.	Strategic	2	Chief Executive
3	1	Changing demographics and reducing population	5	4	20	Contribution to Local Housing Strategy. Contribution at CPP / Asset Management Strategy	5	4	20	Housing discussed 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. Prioritising key workers. Discussions to take place with the Social Care Team about vulnerable tenants.	Strategic	4, 2 & 1	Chief Executive
4	1	Supply Chain Challenges: Competition Inflation Availability of Materials/labour	5	4	20	Consider using contractor designs for builds / Utilise Procurement Frameworks/Ensure robust contractor/supplier arrangements	5	4	20	Delay or postpone works where prices are not affordable. Package into larger contracts where possible. Range of material prices being tracked with FES. Review industry trend predictions	Strategic	1, 2 & 4	Director of Operations

5	2	Failure of a major contractor	5	4	20	Health Checks, monitoring of contractor's behaviour.	4	3	12	It is policy not to forward pay, and we pay within our payment terms. Ensure Contractors Indemnity insurance is sufficient and valid. There is a risk of building contractors downsizing which could result in there not being enough staff to fulfil contracts. We monitor the ongoing situation with COVID-19 and the impact this has on our supply chain. It is anticipated this will be mitigated through Government assistance	Operational	1 & 2	Director of Operations
6	2	Governance - recruitment and retention of Board Members	5	4	20	Change rules in place for recruiting Board Members.	3	4	12	An independent Board Skills Audit was carried out in December 2021 and a Succession Plan is being developed. After the Governance review we will be focusing on bringing new members on board with relevant knowledge and experience. Following the Governance Forum on 19 January 2022, some suggestions were discussed and an plan will be prepared for Executive Team.	Strategic	1,2,3 & 4	Executive Office Manager

7	2	Affordability for Tenants a) Local Economy b) Rent c) Fuel Poverty d) Net incomes & Cost of Living	4	4	16	Survey on affordability. Benchmark rent levels. Removing storage heating systems from properties. Participating in the HEEHAW Group. Monitor arrears levels and trends.	4	3	12	We will: Track arrears levels; engage with tenants, and promote benefit take up and maximisation wherever possible; Officers will collect and record data on tenant experiences on an ongoing basis and this will be analysed to establish any trends. This will be used to determine individual assistance needed and possible interventions; Fuel vouchers provided where necessary and if available. Consider the findings of our recent Tenant Survey and again survey tenants views on affordability as part of the Stock Condition Survey in 2022; Continue to improve heating and insulation; continue collecting 3rd party data to ascertain circumstances tenants are facing, which will in turn inform actions and responses that we need to take.	Operational	1 & 2	Director of Operations
8	2	Lack of Skilled Workforce	5	3	15	Contractor engagement; Flexible Working; Hiring processes; Young Workforce development; Contract Requirements	4	3	12	Monitoring of Business Cost impact	Operational	3	Chief Executive

9	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	Repairs and Maintenance Contract. Review of service provision in Barra and Harris. Explore options for potential change in how repairs service is delivered.	Operational/ Strategic	1 & 4	Director of Operations
10	2	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. Demand study.	4	3	12	Regular liaison meetings with DWP and other agencies to ensure continued support for tenants on UC and other benefits. Collecting data to ascertain tenants circumstances they are facing, which will in turn inform action and responses that HHP need to take. Ensure voids processed quickly and address any barriers in process.	Financial	1	Area Manager (Lewis) & Area Manager (Uist)
11	3	Business Continuity Plan not sufficiently robust	3	5	15	Testing of key aspects of the plan on an annual basis	3	3	9	The COVID-19 pandemic provided a real world test of our continuity plan and systems and processes have evolved to establish new working arrangements. New mobile and remote working protocols will be developed as we implement our new housing system.	Operational	3	Corporate Resources Manager
12	3	Loss of key staff	3	5	15	Staff retention strategy. Staff training/job sharing. Succession planning.	3	3	9	Managers continually review processes to ensure no dependency on one individual. Mitigations include outsourcing of services to provide back-up. E.g. Faire. Support and counselling service in place.	Operational	3	Chief Executive

13	3	I.T systems not being fit for purpose. Ability to keep up to date with changes in technology whilst ensuring data security & integrity	4	3	12	I.T Strategy Survey of tenants to assess access & needs.	3	3	9	I.T Strategy. See separate IT Risk Register.	Operational	1	Corporate Resources Manager
14	3	Fraud	3	4	12	Fraud and Whistleblowing Policy	3	3	9	Segregate duties so no one individual has too much control. Internal Audit function in place and is provided by an external provider (Wylie & Bisset).	Operational	1, 2 & 3	Director of Finance & Corporate Services
15	4	Cost of borrowing increases or valuation reduces	3	3	9	Continual cash flow forecasting. Current facility 1/3 fixed rate.	3	2	6	New borrowing facility is now in place with sufficient asset coverage. Hedging position to be determined with input from Chatham financial in line with our treasury management policy.	Financial	1 & 4	Financial & Business Services Manager
16	5	Cost of Legislative Changes and impact of service delivery	5	3	15	Asset Management Strategy. Stock Condition Database	5	1	5	Accommodated within the 5 year Investment Programme.	Operational	1, 2 & 3	Asset and Contract Manager
17	5	Financial Rating of Funder doesn't comply with Treasury Management Policy	2	5	10	Regular review and advice from Treasury Consultant	1	5	5	Reviewed as part of the Annual Financial Strategy and review of Treasury Management Policy	Strategic	1, 2 & 3	Director of Finance & Corporate Services

18	6	Serious Breach of Health and Safety	3	5	15	Health and Safety group in place. Annual audit in place. Agenda item for every Board meeting. Comprehensive risk assessment and staff awareness system in place	2	2	4	Regular Training and Audit of Health and Safety. ACS now provide an advisory role to HHP, along with their Landlord Safety Manual to ensure compliance. Staff training has taken place. New policies for Legionella, Asbestos, Fire Safety and Electrical Safety were approved at May 2019 Board.	Operational	1, 2 & 3	Chief Executive
19	6	Impact of Social Media a) reputation b) resources c) Negative Stakeholder Relations	3	3	9	All Managers ensuring we deliver on service standard we have promised	2	2	4	Reported on quarterly performance report: Instagram and Twitter followers, likes, shares/retweets, number of views, posts with internal content and external content.	Operational	1,3 & 4	Executive Office Manager
20	7	Development - Increased programme putting pressure on our staff, resources and finance	1	5	5	Contractor engagement; staff resourcing; procurement methods; joint working with the Comhairle and Scottish Government; Appointment of Development Manager and Fixed Asset Accountant	1	3	3	We are: Meeting with the Comhairle regularly, and with contractors and funders; Reviewing requirements of external consultants needed per project; Reviewing internal clerk of work pressures.	Operational	2 & 3	Director of Operations
21	8	Extra Care Housing (Goathill)	31	30	95	Goathill Project Risk Register	22	27	46	Risks relating to the Goathill project are brought to the Board for consideration and review as part of the regular project reporting process	Strategic	1, 2 & 4	Director of Operations

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partnership



2022/23 Risk Appetite Statement

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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 1 December 2021 the Board met to set the Risk Appetite for 2022/23. The outcome of the session will be presented at the Board meeting on 9 February 2022. 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.
- 1.4 Members reviewed our Vision and agreed it should be reworded as follows:

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

- 1.5 The Board would like to look at the Strategic Goals in more detail. Following this year there will be a full review of the BP 2023/24 and at that point all Strategic Goals will be reviewed.

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

- 1.6 The Board met on 1 December 2021 and re-assessed the Risk Appetite to be agreed at the Board meeting on 9 February 2022. In setting the Risk Appetite the Board took account the revised risk register, the impact of the COVID-19 pandemic and BREXIT on the economy and supply chain. In addition the closure of the UK Government's Job Retention Scheme, upcoming increases in domestic energy costs and the end of the £20 uplift in Universal credit will have an impact on the ability of tenants to pay their rent and other essential costs.

1.7 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 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

1.8 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		No change			
	Funding			No change		
	Reputation			Increase		
2 – Investment in an environmentally sustainable way in tenants' homes	New build programme			Decrease		
	Investment programme				Increase	
3 – Being a good employer that attracts and retains high quality staff	Succession planning		No change			
	Flexible working				No change	
4 – Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides	Working with CPP on population retention				No change	
	Care agenda			No change		

1.9 An actions list is provided in Appendix 2.

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

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.

We will exercise prudent stewardship over its financial resources in fulfilment of its vision.

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 new funding agreement ensuring we continue to have 110% 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 an organisation that delivers on its promises and demonstrates its core value in every area of service delivery.

Our appetite for Reputation is CAUTIOUS

We adopt a cautious 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 appropriate action to correct

- a) misinformation
- 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 CAUTIOUS

As the current and main 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, which takes into account the results of the 2021 Housing Needs and Demands Study;
- 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) Where funding allows future proofing our house designs e.g. Broad band, electric cars, smart homes (Always on); and

INVESTMENT

We aim to invest in our housing stock to ensure all homes meet the standards required by Scottish Government, specifically in relation to sustainability and fuel poverty. We encourage innovation and have an open approach to risk in the delivery of the Investment Plan.

The Partnership's appetite for Investment is OPEN

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 has moved 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. We have developed and implement a Flexible working policy to support our Succession Plan.

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 OPEN and on the Care Agenda is CAUTIOUS

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 can to within our Rules and Regulatory requirements, e.g. mid-market rent.

1. We are seeking views on our updated Business Plan 2019/20 - 2023/24 and would welcome your feedback on our delivery of the Plan.

GENERAL It would have been really helpful to see the updates to the Plan tracked, or major changes highlighted, rather than wading through a 113-page document to try to determine what the changes were. HHP's Business Plan reads very well, but the above would have helped to focus a response. [\[noted but no change made to Plan\]](#)

BUSINESS PLAN 2.14/2.15 It would be good to see what is being done to fill the three tenant Board Member vacancies, via your Tenant Participation Strategy – perhaps this could be added as a one-page appendix? [\[the detailed plan is within the Tenant Participation Strategy, no requirement to amend Plan\]](#)

2.28 & 2.31 Clarity of language over how you define a partner and a stakeholder: • p.16 (box) Scottish Government is highlighted as both a Partner and Stakeholder – is this intentional? • p.16 (box) tenants are identified as your Partners, however, at 2.28 they are identified as your "key stakeholders". • RBS are a Stakeholder on p.16, and a Partner in paragraph 2.31. [\[Our view is that you can be both a stakeholder and a partner but we will bear the observation in mind for the next full review of the Business Plan\]](#)

3.5 The Comhairle's LHS will be reviewed and updated in 2022/23. [\[Amended to 2022/23\]](#)

3.6 We note, and are grateful for, your contribution to the aims of the LHS 2017-22. 3.8 You state that you "have advised the Comhairle of our desire to see a Homeless Prevention Strategy developed and for housing support services to be strengthened." We welcome this in recognition that the prevention of homelessness is not simply the duty of the Comhairle, but that of other public bodies and landlords also. The Prevention Review Group (PRG) set out, and are currently consulting on, the Prevention of Homelessness Duties including the following overarching 'foundational principles' in guiding its approach to providing recommendations for legislative changes on the prevention of homelessness: • Responsibility to prevent homelessness should be a shared public responsibility and not rely solely or primarily on the homelessness service. • Intervention to prevent homelessness should start as early as possible. In many cases this will be before issues have escalated to a point where homelessness appears imminent. • People facing homelessness should have choice in where they live and access to the same range of housing outcomes as members of the general public, with appropriate protections to mitigate further risk of homelessness. Housing outcomes should be comparable across the prevention and homelessness duties. The PRG recognised that social landlords are well placed to carry out work which prevents homelessness and that much of existing good tenancy management practice may already serve to achieve this, especially work to address rent arrears and antisocial behaviour, with Legislative pre-action requirements being in place since 2012. The PRG is proposing to formalise responsibilities to prevent homelessness as duties so that social landlords take action within their powers to identify and mitigate the risk of homelessness as early as possible, including the separate risks resulting from rent arrears, neighbour and relationship concerns, domestic abuse and risk to tenancy due to impending court action. We look forward to working with partner agencies to consider how

we might jointly address the prevention of homelessness, and in terms of your Business Plan, we would welcome a statement of your willingness to work alongside us in preventative work. [amended to In expectation that the Prevention of Homelessness duties will place responsibilities on RSL' we are committed to working with the Comhairle to develop and implement a Homeless Prevention Strategy]

APPENDIX 2 – DEVELOPMENT PLAN 4.4 We are glad to see your willingness noted here to keep your position under review in respect of a requirement for additional social rented housing, should need be demonstrated.

CNES, HOUSING TEAM 25 February 2022

BUDGETS 2022/23

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present for consideration and approval the proposed 2022/23 budgets.

Summary

- 2.1 The budgets at Appendix 1 have been prepared, following the Board's decision to proceed with an RPI Minus 2.5% rent increase and taking into account the cash planning limits for 2022/23 as detailed at Appendix 2.
- 2.2 30 year cash flow projections can be found at Appendix 3
- 2.3 Total income for 2022/23 is budgeted to increase by £908K. Net dwelling rents are up by £571K due to the annual rent increase of 3.5% and an increase in the number of houses available for rent. Grant income has increased by £150K and the loss on disposal of assets is forecast to reduce by £178K.
- 2.4 Operating expenditure is up £548K driven by a £218K increase in supervision and management costs and a £258K increase in response repairs. Paragraph 9.3 provides further details on the year to year movement.
- 2.5 Our capital investment programme has reduced by £8.7M. This is due to a £7.6M reduction in the development programme (Net of grants) as the Goathill HWEC & housing developments near completion. The investment programme from 2020/21 included £2M of COVID deferred works which have now been largely completed resulting in a £1.07M reduction in the programme this year.

Competence

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

Recommendations

- 4.1 **It is recommended that the Board:**
- a) approve the 2022/23 budgets at Appendix 1; and**
 - b) note the cash planning limits and 30 year cash flow statement at Appendix 2 & 3 respectively.**

APPENDIX 1: Budgets for 2022/23

APPENDIX 2: 2022/23 Cash Planning Limits

APPENDIX 3: 30 Year Cash Flow Statements

Background Papers: None

Competence

Financial

- 5.1 The report considers the resources required for 2022/23. The 30 year financial projections will be provided to our funder along with the Business Plan in April 2022.
- 5.2 The budget has been set in accordance with current accounting standards.
- 5.3 The budget being presented complies with our lenders financial covenants (110% Minimum Interest Cover & 30% Maximum Gearing) throughout the 30 year plan.

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 We no longer require annual business plan approval from our funder. They will however continue to be provided with a copy of the Business plan and 30 year financials under the terms of our borrowing agreement.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.

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 our 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 asset management working group (dependent on delegation levels) or Board.
- 8.4 The Finance Working Group are due to meet on 21 March 2022 to review the budgets and perform stress testing on key risks. These will be summarised in the minute of the meeting on the Board Information Bulletin. Our plans are most susceptible to changes in income with the main risks being a deterioration in voids, arrears/bad debts and below inflation rent increases.
- 8.5 Inflation continues to increase and the situation in Ukraine is likely to exacerbate the cost of living, which will in turn put pressure on tenants' disposable income and their ability to pay their rent.

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 strategic goals 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 Material variations from 2021/22 along with explanations can be found below:

BUDGET AREA		COMMENTS
Income	Dwelling Rents	£571K increase as a result of an increase in the number of properties available for rent coupled with a 3.5% annual rent increase.
	Loss on disposal of assets	£40K budget to allow for the cost of disposing assets before they are fully depreciated.
	Grant Funding	£150K increase to reflect the increase in RHI income from Air Source Heat Pump installations.
Supervision & Management	Salaries & Wages	£100K increase to reflect the annual pay award and increments due. Provision to recruit 2 graduate trainees in 2022/23.
	National Insurance	£30K increase driven by uplift in employers contribution rates and salary increments subject to NI at the full rate.
	Pension Costs	27.6% increase driven by £65K budget allowance for FRS102 pension adjustment.
	IT & Telecoms	£57K increase to reflect software licences purchased in addition to running two housing systems concurrently in preparation for transfer to Civica Cx. Consistent with IT & Digital Transformation Strategy.
	Training	£32K reduction. The £27K budget allows us to deliver the training plan approved by Board in February 2022.
	Legal fees	£10K reduction in 2022/23. The 2022/23 arrears legal budget has been increased by £10K to reflect an anticipated increase in court costs as restrictions are lifted. Corporate legal fee requirements for 2022/23 have decreased by £20K as the re-financing agreement concluded in June 2021.
	Consultants Funders Valuation	No longer required to be performed annually (£15K saving). Next scheduled valuation due March 2024.
	Consultants General	£45K reduction primarily driven by Housing Demand Needs Analysis Study completed last year. £60K to fund our tenant participation agreement in addition to office space planning.
	Consultants Treasury Management	Reduction of £21K due to work required last year to complete the new RBS financing agreement. £5K to cover ad-hoc treasury advice.
	Property Consultants	£60K cost to cover Stock Condition Survey, Corgi Gas Safety Audit and Health & Safety audit.
	Insurance	£41K increase driven by the number of new build units completed and an increase in our housing stock rebuild value.
	Fees charged to capital	£65K decrease due to a reduction in our investment programme from prior year. 2021/22 included £2M Covid deferred works.

BUDGET AREA		COMMENTS
Repairs & Maintenance	Response Repairs	£156K increase (17%) on 21/22 initial budget to reflect the fact that the number of repairs being performed has increased 6% in 2021/22. Supply chain and material prices contribute to an upward pressure on the average repair cost.
	Void Repairs	£81K increase to reflect a trend of increasing levels of works needed to bring a void property up to the lettable standard.
Housing Investment		Decrease of £1.1M as our 2021/22 investment programme included £2M of COVID deferred works from 2020/21. The budget reflects the Board approved investment program with £147K carried over with respect to COVID deferred rewiring works.

APPENDIX 1: 2022/23 BUDGETS

Line		CURRENT YEAR BUDGET		ACTUAL to 31-Jan-22	2022/23 INITIAL BUDGET	Change	Change
		Initial Budget	Revised Budget				
	INCOME & EXPENDITURE	£	£	£	£	£	%
1	Dwelling rents (net)	9,622,585	9,651,789	8,233,662	10,193,160	570,575	5.93%
2	Non Dwelling rents (net)	12,632	14,407	13,846	13,300	668	5.29%
3	Profit/(Loss) on disposal of assets	(218,604)	(218,604)	(142,178)	(40,000)	178,604	(81.70%)
4	Grant Funding	420,000	799,532	654,913	569,990	149,990	35.71%
5	Other Income	45,384	53,339	49,403	53,630	8,246	18.17%
6	TOTAL INCOME	9,881,996	10,300,464	8,809,646	10,790,080	908,084	9.19%
7	Supervision & Management	2,609,125	2,576,369	1,891,987	2,827,410	218,285	8.37%
8	Response Repairs	1,527,998	1,732,567	1,381,464	1,786,070	258,072	16.89%
9	Estate Works	83,800	161,800	74,349	126,890	43,090	51.42%
10	Planned/Cyclical Maintenance	970,762	985,027	767,381	999,400	28,638	2.95%
11	Total Operating Expenditure	5,191,685	5,455,764	4,115,180	5,739,770	548,085	10.56%
12	Operating Surplus/(Deficit)	4,690,310	4,844,700	4,694,466	5,050,310	360,000	7.68%
13	Interest received	1,000	2,092	2,139	70	(930)	(93.00%)
14	Interest paid	494,200	494,200	292,132	779,900	285,700	57.81%
15	Surplus/(Deficit)	4,197,110	4,352,592	4,404,473	4,270,480	73,370	1.75%
16	Depreciation	3,400,000	3,555,000	2,875,412	4,149,800	749,800	22.05%
17	Grant Amortisation	(1,400,000)	(1,425,000)	(1,150,364)	(1,423,300)	(23,300)	1.66%
18	Surplus/(Deficit)	2,197,111	2,222,592	2,679,426	1,543,980	(653,131)	(29.73%)
CAPITAL INVESTMENT							
19	Housing Investment Programme	5,521,682	5,432,590	2,967,644	4,449,770	(1,071,912)	(19.41%)
20	Non Housing Investment	183,200	275,181	200,611	157,850	(25,350)	(13.84%)
21	Development Programme	12,360,752	10,156,001	7,334,360	4,634,720	(7,726,032)	(62.50%)
22		18,065,634	15,863,772	10,502,615	9,242,340	(8,823,294)	(48.84%)

APPENDIX 1: 2022/23 BUDGETS

Line		CURRENT YEAR BUDGET		ACTUAL to 31-Jan-22	2022/23 INITIAL BUDGET	Change	Change
		Initial Budget	Revised Budget				
	SUPERVISION & MANAGEMENT	£	£	£	£	£	%
1	Salaries & Wages	1,660,094	1,607,455	1,284,421	1,760,890	100,796	6.07%
2	National Insurance	165,781	162,285	129,341	195,950	30,169	18.20%
3	Pension Costs	298,817	354,953	233,601	381,280	82,463	27.60%
4	Other Employee Costs	43,310	43,310	25,246	49,790	6,480	14.96%
5	Travel & Subsistence	16,865	16,865	1,846	16,870	5	0.03%
6	EMPLOYEE COSTS	2,184,867	2,184,867	1,674,456	2,404,780	219,913	10.07%
7	Premises Costs	75,830	70,630	33,080	71,330	(4,500)	(5.93%)
8	IT & Telecoms	183,995	190,475	135,773	240,760	56,765	30.85%
9	Area Offices	26,750	27,420	22,850	28,250	1,500	5.61%
10	Payroll & Cashdesk	7,000	8,472	6,787	7,010	10	0.14%
11	Property Management Fees	5,000	5,000	3,342	5,000	-	-
12	SUPPLIES & SERVICES	298,575	301,997	201,832	352,350	53,775	18.01%
13	Postage, Printing & Stationery	39,300	31,353	16,902	28,920	(10,380)	(26.41%)
14	Admin Furniture & Equipment	950	950	-	950	-	-
15	Training Courses	58,950	38,638	24,674	26,730	(32,220)	(54.66%)
16	Community Support	32,750	39,550	24,889	28,750	(4,000)	(12.21%)
17	Health & Safety	7,470	7,470	2,437	7,570	100	1.34%
18	Recruitment Costs	2,500	2,500	694	2,000	(500)	(20.00%)
19	ADMINISTRATION COSTS	141,920	120,461	69,596	94,920	(47,000)	(33.12%)
20	Legal Fees	40,000	44,000	31,171	30,000	(10,000)	(25.00%)
21	Consultants Funders Valuation	15,000	15,000	(3,060)	-	(15,000)	(100.00%)
22	Consultants General	105,000	105,000	73,686	60,000	(45,000)	(42.86%)
23	Consultants Treasury Management	26,000	26,000	19,200	5,000	(21,000)	(80.77%)
24	Property Consultants	90,000	7,229	455	60,000	(30,000)	(33.33%)
25	VAT Consultants	2,000	2,000	210	1,000	(1,000)	(50.00%)
26	External Audit Fees	11,340	11,340	-	11,340	-	-
27	Internal Audit Fees	10,750	10,750	9,720	10,750	-	-
28	Insurance	273,992	273,992	221,625	315,090	41,098	15.00%
29	Affiliation Fees	34,523	34,523	22,154	30,210	(4,313)	(12.49%)
30	Charitable Donations	5,000	5,000	5,000	5,000	-	-
31	Governance	23,000	14,167	3,302	12,400	(10,600)	(46.09%)
32	Bank Charges	4,500	6,900	5,366	7,690	3,190	70.89%
33	Public Relations / Marketing	11,633	8,383	1,697	11,850	217	1.87%
34	CORPORATE EXPENSES	652,738	564,284	401,925	572,330	(80,408)	(12.32%)
35	Fees Charged to Capital	(656,475)	(582,740)	(444,510)	(591,970)	64,505	(9.83%)
36	VAT Received - Partial Exemption	(12,500)	(12,500)	(11,311)	(5,000)	7,500	(60.00%)
37	RECHARGES	(668,975)	(595,240)	(455,821)	(596,970)	72,005	(10.76%)
38	TOTAL SUPERVISION AND MANAGEMENT COST	2,609,125	2,576,369	1,891,987	2,827,410	218,285	8.37%

APPENDIX 1: 2022/23 BUDGETS

Line		CURRENT YEAR Initial Budget	Revised Budget	ACTUAL to 31-Jan-22	2022/23 INITIAL BUDGET	Change	Change
	REPAIRS & MAINTENANCE	£	£	£	£	£	%
1	Responsive Repairs	935,325	1,087,052	902,641	1,091,650	156,325	16.71%
2	Void Repairs	319,111	369,111	321,667	400,000	80,889	25.35%
3	Handyperson	90,528	93,371	45,383	97,560	7,032	7.77%
4	GENERAL REPAIRS	1,344,964	1,549,534	1,269,691	1,589,210	244,246	18.16%
5	Decoration Allowance	45,828	49,828	36,310	52,000	6,172	13.47%
6	Council Tax empty properties	17,531	14,531	9,055	18,000	469	2.67%
7	Compensation	11,519	10,519	3,364	9,500	(2,019)	(17.52%)
8	SPECIFIC ITEMS	74,878	74,878	48,730	79,500	4,622	6.17%
9	Rechargeable Repairs	106,370	106,370	89,234	108,000	1,630	1.53%
10	Rechargeable Repairs Recoverable	(58,898)	(58,898)	(88,289)	(58,500)	398	(0.68%)
11	Insurance Repairs	100,002	100,002	66,923	100,000	(2)	(0.00%)
12	Insurance Claims Recoverable	(61,557)	(61,557)	(27,081)	(62,000)	(443)	0.72%
13	RECOVERABLE EXPENDITURE	85,917	85,917	40,787	87,500	1,583	1.84%
14	Commercial Properties	1,182	1,182	-	1,500	318	26.92%
15	Communal Lighting	21,056	21,056	22,256	28,360	7,304	34.69%
16	NON DWELLING REPAIRS	22,238	22,238	22,256	29,860	7,622	34.27%
17	Gas Servicing	63,784	63,784	64,463	73,490	9,706	15.22%
18	Estate Management	70,460	70,460	41,569	77,000	6,540	9.28%
19	Other Servicing (incl. heating)	762,262	770,867	589,021	767,430	5,168	0.68%
20	Stair Lifts and Door Entry Systems	4,050	6,332	6,492	10,290	6,240	154.10%
21	Gutter Cleaning	62,617	64,926	64,816	66,500	3,883	6.20%
22	Sewage Pumps	600	1,669	1,020	1,200	600	99.88%
23	Dun Berisay Heat	6,990	6,990	-	3,490	(3,500)	(50.07%)
24	CYCLICAL MAINTENANCE	970,762	985,027	767,381	999,400	28,638	2.95%
25	Unadopted Infrastructure	32,527	28,527	8,170	33,089	562	1.73%
26	Grounds Maintenance	51,974	55,974	50,775	50,711	(1,262)	(2.43%)
27	TOTAL ESTATE WORKS	84,500	84,500	58,946	83,800	(700)	(0.83%)
28	TOTAL REPAIRS & MAINTENANCE	2,583,260	2,802,094	2,207,790	2,869,270	286,010	11.07%

APPENDIX 1: 2022/23 BUDGETS

Line		CURRENT YEAR BUDGET		ACTUAL to 31-Jan-22	2022/23 INITIAL BUDGET	Change	Change
		Initial Budget	Revised Budget				
	HOUSING INVESTMENT	£	£	£	£	£	%
1	Roofs	-	8,580	6,623	82,760	82,760	
2	Insulation	297,524	299,504	-	379,990	82,466	27.72%
3	Total Roofs	297,524	308,084	6,623	462,750	165,226	55.53%
4	Kitchen	562,622	558,626	346,810	411,270	(151,352)	(26.90%)
5	Bathrooms	117,406	74,873	5,585	205,730	88,324	75.23%
6	OT Aids & Adaptations	120,000	324,000	226,966	120,000	0	-
7	Showers	-	52,432	821	325,780	325,780	-
8	Heating	3,176,187	2,675,025	1,809,509	936,640	(2,239,547)	(70.51%)
9	Rewiring	924,138	924,138	150,679	526,670	(397,468)	(43.01%)
10	Total Internals	4,900,352	4,609,094	2,540,370	2,526,090	(2,374,262)	(48.45%)
11	Windows	323,806	630,537	372,300	966,340	642,534	198.43%
12	Roughcast house & wall	-	8,663	7,725	221,420	221,420	-
13	Other	-	50,185	40,625	273,170	273,170	-
14	Externals	323,806	689,385	420,650	1,460,930	1,137,124	351.17%
15	Total Housing Investment	5,521,682	5,432,590	2,967,644	4,449,770	(1,071,912)	(19.41%)

Line		CURRENT YEAR BUDGET		ACTUAL to 31-Jan-22	2022/23 INITIAL BUDGET	Change	Change
		Initial Budget	Revised Budget				
	NON HOUSING INVESTMENT	£	£	£	£	£	%
1	Furniture & Fittings	53,200	3,200	1,499	-	(53,200)	(100.00%)
2	IT Equipment	130,000	271,981	199,112	157,850	27,850	21.42%
3	Total Office	183,200	275,181	200,611	157,850	(25,350)	(13.84%)
4	Total Non Housing Investment	183,200	275,181	200,611	157,850	(25,350)	(13.84%)

APPENDIX 1: 2022/23 BUDGETS

Line		CURRENT YEAR BUDGET		ACTUAL to 31-Jan-21	2022/23 INITIAL BUDGET	Change	Change
		Initial Budget £	Revised Budget £	£	£	£	%
	DEVELOPMENT - SOCIAL RENT						
1	COST	21,080,021	16,858,717	12,527,101	12,785,390	(8,294,631)	(39.35%)
2	GRANT	(8,409,755)	(5,927,436)	(4,557,655)	(8,150,670)	259,085	(3.08%)
3	PRIVATE FINANCE	12,670,266	10,931,281	7,969,446	4,634,720	(8,035,546)	(63.42%)
	NEW SUPPLY SHARED EQUITY						
4	PRIVATE FINANCE	(309,514)	(775,280)	(635,086)	-	309,514	(100.00%)
5	TOTAL PRIVATE FINANCE	12,360,752	10,156,001	7,334,360	4,634,720	(7,726,032)	(63)%

APPENDIX 2: 2022/23 CASH PLANNING LIMITS

CASH PLANNING LIMITS			
	BRIXX £000's	Budget £000's	Diff £000's
Gross Income	11,255,870	11,255,870	-
Voids	(215,190)	(215,190)	-
Bad Debts	(210,600)	(210,600)	-
Net Income	10,830,080	10,830,080	-
Expenditure			
Supervision & Management	2,762,410	2,762,410	-
Repairs	1,786,070	1,786,070	-
Planned	999,400	999,400	-
Estate Works	126,890	126,890	-
Interest	779,900	779,900	-
Investment	4,466,080	4,466,080	-
Aids & Adapts	120,000	120,000	-
Development Private Finance	4,634,710	4,634,710	0
Total Expenditure	15,675,460	15,675,460	0
Net	(4,419,590)	(4,419,590)	(0)

DATE: 14 March 2022

APPENDIX 3: 30 YEAR CASH FLOW STATEMENT

Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

Period: 01 April 2021 - 31 March 2051	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	16,475.10	11,170.80	11,535.70	11,979.60	13,157.30	13,555.00	13,881.60	14,144.20	14,519.40	14,879.40
Total Payments	-8,473.30	-6,100.30	-5,903.10	-6,191.90	-6,953.50	-7,134.70	-7,346.40	-7,537.40	-7,766.20	-7,920.40
Cash Paid To Employees										
Cash flow from Operating Activities	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Provisions for tax										
Surplus for the year	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	8,001.80	5,070.40	5,632.60	5,787.60	6,203.80	6,420.40	6,535.20	6,606.80	6,753.20	6,959.00
Cash flow from investing activities										
Purchase of tangible fixed assets	-19,954.60	-17,083.60	-10,629.30	-15,188.00	-3,435.20	-5,302.30	-3,927.10	-3,829.30	-4,148.00	-4,660.30
Proceeds from sale of tangible fixed assets	5	60	10	10						
Grants received	5,267.30	8,118.70	6,288.50	6,460.40	1,598.90	1,598.90				
Interest Received (cash)	17.5	20	39.6	49.5	46.8	53.3	57.5	61.9	66.5	51.8
Total Cash flow from investing activities	-14,664.80	-8,884.90	-4,291.30	-8,668.10	-3,388.40	-3,650.10	-3,869.60	-3,767.30	-4,081.50	-4,608.50
Cash flow from financing activities										
Interest paid	-349.2	-779.9	-1,129.90	-1,563.90	-1,641.10	-1,868.50	-1,868.50	-1,868.50	-1,868.50	-1,599.00
Interest element of finance lease rental payment										
New secured loans										
Capital Repayments	5,091.00	7,000.00	5,500.00	2,000.00	500					
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	4,741.80	6,220.10	4,370.10	436.1	-1,141.10	-1,868.50	-1,868.50	-1,868.50	-1,868.50	-9,599.00
Cash & cash equivalents at the beginning of year	4,826.00	2,904.80	5,310.40	11,022.00	8,577.60	10,251.80	11,153.50	11,950.60	12,921.60	13,724.80
Net Change in Cash & cash equivalents	-1,921.20	2,405.70	5,711.50	-2,444.40	1,674.20	901.7	797.1	971	803.2	-7,248.50
Cash & cash equivalents at the end of year	2,904.80	5,310.40	11,022.00	8,577.60	10,251.80	11,153.50	11,950.60	12,921.60	13,724.80	6,476.30

Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

Period: 01 April 2021 – 31 March 2051	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	15,316.10	15,600.10	16,014.20	16,411.60	16,893.60	17,207.20	17,664.30	18,102.90	18,635.00	18,981.00
Total Payments	-8,122.90	-8,323.20	-8,576.10	-8,746.80	-8,970.80	-9,192.30	-9,133.50	-8,934.60	-9,148.40	-9,374.50
Cash Paid To Employees										
Cash flow from Operating Activities	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Provisions for tax										
Surplus for the year	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	7,193.20	7,276.90	7,438.20	7,664.80	7,922.90	8,014.80	8,530.80	9,168.20	9,486.50	9,606.50
Cash flow from investing activities										
Purchase of tangible fixed assets	-4,915.70	-5,209.50	-4,992.00	-5,600.90	-6,022.50	-3,480.70	-7,150.30	-6,827.20	-6,305.40	-7,205.30
Proceeds from sale of tangible fixed assets										
Grants received										
Total Cash flow from investing activities	32.8	32.9	7.4	9.3	9.9	14.6	14.6	13.3	14.8	17.7
Interest Received (cash)	-4,882.90	-5,176.60	-4,984.60	-5,591.60	-6,012.60	-3,466.10	-7,135.70	-6,813.90	-6,290.50	-7,187.60
Cash flow from financing activities										
Interest paid	-1,252.50	-1,191.30	-1,130.10	-1,068.90	-1,007.70	-913.2	-779.5	-645.8	-512.1	-383.8
Interest element of finance lease rental payment										
New secured loans										
Capital Repayments	-800	-6,383.00	-800	-800	-800	-1,800.00	-1,800.00	-1,800.00	-1,800.00	-1,800.00
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	-2,052.50	-7,574.30	-1,930.10	-1,868.90	-1,807.70	-2,713.20	-2,579.50	-2,445.80	-2,312.10	-2,183.80
Cash & cash equivalents at the beginning of year	6,476.30	6,734.20	1,260.30	1,783.90	1,988.20	2,090.80	3,926.30	2,741.90	2,650.40	3,534.30
Net Change in Cash & cash equivalents	257.9	-5,473.90	523.5	204.3	102.6	1,835.50	-1,184.40	-91.5	883.8	235
Cash & cash equivalents at the end of year	6,734.20	1,260.30	1,783.90	1,988.20	2,090.80	3,926.30	2,741.90	2,650.40	3,534.30	3,769.30

Consolidated Statement of Cash Flow | 2020/21 30 Year Plan | Plan

Period: 01 April 2021 - 31 March 2051	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	19,485.60	19,969.70	20,557.00	20,939.00	21,496.00	22,030.40	22,678.70	23,100.30	23,715.10	24,384.50	524,480.40
Total Payments	-9,664.30	-9,853.50	-10,107.10	-10,357.30	-10,677.80	-10,887.20	-11,167.80	-11,444.50	-11,799.00	-12,142.70	-267,951.50
Cash Paid To Employees											
Cash flow from Operating Activities	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Provisions for tax											
Surplus for the year	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Adjustment for investing or financing activities											
Proceeds from sale of tangible assets											
Government grants utilised in the year											
Interest payable (investments)											
Interest received (investments)											
Corporation Tax											
Total Adjustments for invest or financing activities											
Net cash generated from operating activities	9,821.30	10,116.20	10,449.90	10,581.80	10,818.20	11,143.20	11,510.90	11,655.80	11,916.10	12,241.80	256,528.90
Cash flow from investing activities											
Purchase of tangible fixed assets	-6,692.30	-9,367.80	-9,457.00	-7,918.10	-7,773.90	-7,963.50	-13,188.50	-11,443.90	-13,419.00	-13,407.70	-246,498.70
Proceeds from sale of tangible fixed assets											85
Grants received											27,733.70
Interest Received (cash)	23.6	23.9	26.5	31.8	41.5	55.8	52.6	56.7	53.7	46.7	1,044.60
Total Cash flow from investing activities	-6,668.70	-9,343.90	-9,430.50	-7,886.40	-7,732.30	-7,907.70	-13,135.80	-11,387.10	-13,365.30	-13,361.00	-217,635.40
Cash flow from financing activities											
Interest paid	-278	-216.8	-155.6	-94.4	-33.2						-24,199.50
Interest element of finance lease rental payment											
New secured loans											20,091.00
Capital Repayments	-800	-800	-800	-800	-800						-30,583.00
Loan Working Capital Movements											
Loan Working Capital Drawdowns											
Loan Working Capital Repayments											
Capital element of finance lease rental payments											
Withdrawal from deposits											
Total Cash flow from financing activities	-1,078.00	-1,016.80	-955.6	-894.4	-833.2						-34,691.50
Cash & cash equivalents at the beginning of year	3,769.30	5,843.90	5,599.50	5,663.30	7,464.40	9,717.10	12,952.70	11,327.80	11,596.50	10,147.30	4,826.00
Net Change in Cash & cash equivalents	2,074.60	-244.4	63.9	1,801.10	2,252.80	3,235.60	-1,624.90	268.7	-1,449.20	-1,119.20	4,202.00
Cash & cash equivalents at the end of year	5,843.90	5,599.50	5,663.30	7,464.40	9,717.10	12,952.70	11,327.80	11,596.50	10,147.30	9,028.10	9,028.10

MANAGEMENT REPORT TO 31 JANUARY 2022

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present the Management Report for the month ended 31 January 2022 to the Board for review and to approve virements.

Summary

- 2.1 This is the Management Report to 31 January 2022 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 The Management Report shows that financial covenants will be met for the year ended 31 March 2022 with a headroom forecast of £1.1M
- 2.3 Our Development Programme out-turn is anticipated to be £1.8M less than the revised budget due to delays in getting onto site at Barra, Crowlista and Lochmaddy as well as programme slippage on Goathill HVEC. The grant out-turn has reduced by £450K. The Board are asked to approve the virement as detailed at paragraph 9.1.

Competence

- 3.1 The legal, financial or other constraints to any recommendation in this report are contained in paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board:**
- a) note the Management Report at 31 January 2022 as at Appendix 1; and**
 - b) approve that £1,408,633 be vired from cost to reserves due to slippage on the Goathill HVEC programme.**

APPENDIX 1: Management Report to 31 January 2022

Background Papers: None

Writer of Report: James Morrison

Tel: 0300 123 0773

Competence

Financial

- 5.1 The Board approved budgets for 2021/22 in March 2021, which projected a surplus for the year of £2,197,111. The forecasted out-turn is £2.3M.

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 Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.
- 7.2 This report provides ongoing assurance of evidence point 3, 4, 5 and 6 in relation to our Annual Assurance Statement.

Risk

- 8.1 The key risk is that we do not meet our Financial Covenants. We have two financial covenants, interest cover and gearing. These covenants are tracked monthly to ensure compliance.

Report Details

- 9.1 The below virement details development slippage into next financial year and require Board approval. It should be noted that this slippage will not affect our covenant compliance for 2022/2023:

	Project	Change to Cost Budget	Change to Grant Budget	Comment
RENT	HWEC	(1,408,633)		Programme slippage
		(1,408,633)	-	

To be funded to Reserves as shown:

Reduction in Development Cost	(1,408,633)
Reduction in Development Grant	-
Increase in Sales	-
	<u>(1,408,633)</u>



hebridean housing
partnership



► Management Report
2021/22
To 31 January 2022

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MANAGEMENT REPORT

INTRODUCTION

The Management Report to 31 January 2022 is 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 Report is made up of three sections:

Section 1: High Level Summary

Written by the Director of Finance & Corporate Services, which includes a score card of year to date performance.

Section 2: Management Accounts

Prepared by the Finance Manager. Provides an Income & Expenditure Account, Balance Sheet and detailed operational budgets for the period. The Management Accounts include a more detailed commentary from Budget Managers on performance.

Section 3: Key Financial Performance Measures

Prepared by the Finance Manager including a review of Financial Covenants to provide the Board with assurance that the Covenant for 2021/22 will not be breached.

SECTION 1: HIGH LEVEL SUMMARY

	INDICATOR	STATUS	COMMENT
	FINANCIAL COVENANTS		Covenants will be met for the full year.
	FORECASTED SURPLUS		Full year out-turn £134K above initial budget.
I N C O M E	RENTAL INCOME		
	GRANT INCOME		
	DEVELOPMENT GRANTS		Forecasted to be £1.9m less due to slippage in Barra, Crowlsta, Lochmaddy and HWEC.
	DEVELOPMENT SALES		1 Breasdeete property remains unsold.
	OTHER INCOME		
E X P E N D I T U R E	DEVELOPMENT COSTS		Forecasted to be £450K less due to slippage in Barra, Crowlsta and Lochmaddy.
	INVESTMENT		Forecast £1.02m less than initial budget. Insulation works have been suspended as SSE/OVO cannot carry out works and Windows works have been postponed due to high tender prices.
	REPAIRS & MAINTENANCE		General Repairs forecast increased due to risk in void repairs overspend.
	MANAGEMENT COSTS		
	INTEREST		

	No Issues - On Track
	Requires Monitoring
	Issues

SECTION 2: MANAGEMENT ACCOUNTS

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STATEMENT OF COMPREHENSIVE INCOME

Line		CURRENT YEAR BUDGET		BUDGET to 31-Jan-22	ACTUAL to 31-Jan-22	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget	Revised Budget			Budget to date	Budget to date %	Revised Budget	Revised Budget %	Over/ (under)	at 31-Mar-22
		£	£	£	£	£	%	£	%	£	£
1	Dwelling rents (net)	9,622,585	9,651,789	8,229,997	8,233,662	3,665	0%	1,418,128	15%	3,000	9,654,789
2	Non Dwelling rents (net)	12,632	14,407	12,290	13,846	1,557	13%	561	4%	1,100	15,507
3	Profit/(Loss) on Disposal of Assets	(218,604)	(218,604)	(178,858)	(142,178)	36,680	-21%	(76,426)	35%		(218,604)
4	Grant Funding	420,000	799,532	711,111	654,912	(56,198)	-8%	144,620	18%		799,532
5	Other Income	45,384	53,339	48,594	49,403	809	2%	3,936	7%		53,339
6	TOTAL INCOME	9,881,996	10,300,464	8,823,134	8,809,646	(13,488)	0%	1,490,818	14.47%	4,100	10,304,564
7	Supervision & Management	2,609,125	2,576,369	1,958,051	1,891,987	66,064	3%	684,382	27%	(51,373)	2,524,996
8	Response Repairs	1,527,998	1,732,567	1,439,670	1,381,464	58,206	4%	351,103	20%	1,200	1,733,767
9	Estate Works	83,800	161,800	75,310	74,349	961	1%	87,451	54%	-	161,800
10	Planned/Cyclical Maintenance	970,762	985,027	778,662	767,381	11,282	1%	217,646	22%	900	985,927
11	Total Operating Expenditure	5,191,685	5,455,764	4,251,694	4,115,181	136,513	3%	1,340,582	24.57%	(49,273)	5,406,491
12	Operating Surplus/(Deficit)	4,690,310	4,844,700	4,571,440	4,694,465	(123,025)	-3%	150,236	3.10%	53,373	4,898,073
13	Interest received	1,000	2,092	2,092	2,139	47	2%	(47)	-2%	160	2,252
14	Interest paid	494,200	494,200	371,900	292,132	79,768	21%	202,068	41%	(55,000)	439,200
15	Surplus/(Deficit)	4,197,110	4,352,592	4,201,631	4,404,472	(202,840)	-5%	(51,879)	-1.19%	108,533	4,461,125
16	Depreciation	3,400,000	3,555,000	2,879,167	2,875,412	3,755	0%	679,588	19%		3,555,000
17	Grant Amortisation	(1,400,000)	(1,425,000)	(1,145,827)	(1,150,364)	(4,537)	0%	(274,636)	19%		(1,425,000)
18	Surplus/(Deficit)	2,197,111	2,222,592	2,468,292	2,679,424	(211,132)	-9%	(456,831)	-20.55%	108,533	2,331,125
19	CAPITAL INVESTMENT										
19	Housing Investment Programme	5,521,682	5,432,590	4,382,016	2,967,644	1,414,372	32%	2,464,946	45%	-	5,432,590
20	Non Housing Investment	183,200	275,181	212,144	200,611	11,533	5%	74,571	27%	-	275,181
21	Development Programme	12,360,752	10,156,001	8,075,540	7,334,360	741,180	9%	2,821,640	28%	(1,406,474)	8,749,526
22		18,065,634	15,863,772	12,669,700	10,502,615	2,167,085	17%	5,361,157	33.79%	(1,406,474)	14,457,298

Commentary on Performance

Income

There is a £4.1K improvement in Garage and House voids which has been recognised in the forecast out-turn.

Expenditure

Supervision & Management out-turn has decreased by £51K which is due to savings in Premises Costs where minimal repairs have been needed this year as well as further savings in professional fees. A saving of £55K has been recognised in interest paid as a result of a reduction in the anticipated borrowing this year.

The following pages will provide a detailed breakdown of our income and expenditure, highlighting any significant deviation to budget.

STATEMENT OF FINANCIAL POSITION

		31 January 2022	31 March 2021
		£	£
	Notes		
Fixed Assets			
1 Tangible assets-social housing	1	104,077,279	104,289,489
2 Development & Investment Programme	2	7,992,954	-
3 Tangible assets - property, plant and equipment		804,791	886,645
4 Landbank		1,006,479	1,006,479
5 Investments		2	2
		<u>113,881,504</u>	<u>106,182,615</u>
Current Assets			
6 Stock		516,555	516,555
7 Trade and other debtors due within one year		673,540	2,387,726
8 Debtors due after more than one year		130,388	130,388
9 Short-term deposits		838,910	3,122,269
10 Cash at bank and in hand	3	4,435,167	1,855,004
11 Loan to subsidiary		17,812	17,812
		<u>6,612,372</u>	<u>8,029,754</u>
12 Creditors: amounts falling due within one year		<u>(1,722,981)</u>	<u>(2,277,357)</u>
Net current assets		<u>4,889,391</u>	<u>5,752,397</u>
Total assets less current liabilities		<u>118,770,896</u>	<u>111,935,013</u>
13 Creditors: amounts falling due after more than one year		(15,583,954)	(10,491,996)
14 Deferred capital grants		(61,380,990)	(62,316,492)
15 Pension Liability		<u>(2,937,000)</u>	<u>(2,937,000)</u>
16 Net Assets		<u>38,868,952</u>	<u>36,189,525</u>
Capital and Reserves			
17 Share Capital		213	210
18 Revenue Reserve		<u>38,868,739</u>	<u>36,189,315</u>
		<u>38,868,952</u>	<u>36,189,525</u>

Commentary on Performance

Note 1 - Fixed Assets

£212K Decrease in fixed Assets with the capitalised cost of additions being reduced by the depreciation charge for the period. The cost of the new build units and component improvements are included under the development & investment programme.

Note 2 – Development & Investment Programme

£8M work in progress, net of Grant, related to investment in current stock and new developments.

Note 3 – Cash at bank and in hand

£5M was drawn down from our credit facility in November 2021 which has increased our cash balance.

Covenants are forecast to be met for the full year with Interest cover forecast at 362% and gearing of 8%.

RENTAL INCOME

Line		CURRENT YEAR BUDGET		BUDGET to 31-Jan-22 £	ACTUAL to 31-Jan-22 £	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Dwelling Rent Gross	10,021,294	9,966,346	8,314,769	8,314,929	159	0%	1,651,418	16.57%		9,966,346
2	Non Dwelling Rent Gross	16,122	16,122	13,435	13,853	418	3%	2,269	14.07%		16,122
3	Voids - Dwelling	(198,709)	(114,557)	(84,772)	(81,267)	3,505	-4%	(33,290)	29.06%	3,000	(111,557)
4	Voids - Other	(3,491)	(1,715)	(1,146)	(7)	1,139	-99%	(1,708)	99.59%	1,100	(615)
5	Bad Debts	(200,000)	(200,000)	-	-	-		(200,000)	100.00%		(200,000)
6	TOTAL	9,635,216	9,666,197	8,242,287	8,247,508	5,221	0%	1,418,689	14.68%	4,100	9,670,297

Commentary on Performance

Rental Income

£4.1K improvement in dwelling voids and house voids has been recognised in the forecast out-turn given a relatively low void cost. Garage voids in particular have been extremely low.

SUPERVISION & MANAGEMENT COSTS

Line	Heading	CURRENT YEAR BUDGET		BUDGET to 31-Jan-22 £	ACTUAL to 31-Jan-22 £	BUDGET VARIANCE		BUDGET REMAINING		forecast out-turn	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Salaries & Wages	1,660,094	1,607,455	1,335,895	1,284,421	51,474	4%	323,034	20%		1,607,455
2	National Insurance	165,781	162,285	134,737	129,341	5,396	4%	32,943	20%		162,285
3	Pension Costs	298,817	354,953	247,195	233,601	13,594	5%	121,352	34%		354,953
4	Other Employee Costs	43,310	43,310	25,673	25,246	427	2%	18,064	42%		43,310
5	Travel & Subsistence	16,865	16,865	12,864	1,846	11,018	86%	15,019	89%		16,865
6	EMPLOYEE COSTS	2,184,867	2,184,867	1,756,364	1,674,456	81,909	5%	510,412	23%	-	2,184,867
7	Premises Costs	75,830	70,630	53,728	33,080	20,648	38%	37,550	53%	(15,000)	55,630
8	IT & Telecoms	183,995	190,475	148,016	135,773	12,242	8%	54,702	29%		190,475
9	Area Offices	26,750	27,420	22,850	22,850	-	0%	4,570	17%		27,420
10	Payroll & Cashdesk	7,000	8,472	7,305	6,787	519	7%	1,685	20%		8,472
11	Property Management Fees	5,000	5,000	4,167	3,342	825	20%	1,658	33%		5,000
12	SUPPLIES & SERVICES	298,575	301,997	236,065	201,832	34,234	15%	100,165	33%	(15,000)	286,997
13	Postage, Printing & Stationery	39,300	31,353	23,194	16,902	6,292	27%	14,452	46%	(4,000)	27,353
14	Admin Furniture & Equipment	950	950	-	-	-	-	950	100%		950
15	Training Courses	58,950	38,638	27,487	24,674	2,813	10%	13,964	36%		38,638
16	Community Support	32,750	39,550	26,592	24,889	1,702	6%	14,661	37%		39,550
17	Health & Safety	7,470	7,470	6,337	2,437	3,900	62%	5,033	67%	(1,500)	5,970
18	Recruitment Costs	2,500	2,500	2,083	694	1,389	67%	1,806	72%		2,500
19	ADMINISTRATION COSTS	141,920	120,461	85,693	69,596	16,096	19%	50,866	42%	(5,500)	114,961
20	Professional Fees	300,090	221,319	157,011	142,782	14,230	9%	78,537	35%	(26,773)	194,546
21	Insurance	273,992	273,992	222,091	221,625	467	0%	52,367	19%		273,992
22	Affiliation Fees	34,523	34,523	23,234	22,154	1,080	5%	12,369	36%		34,523
23	Charitable Donations	5,000	5,000	5,000	5,000	-	0%	-	0%		5,000
24	Governance	23,000	14,167	7,621	3,302	4,319	57%	10,865	77%	(4,100)	10,067
25	Bank Charges	4,500	6,900	5,817	5,366	451	8%	1,534	22%		6,900
26	Public Relations / Marketing	11,633	8,383	3,920	1,697	2,223	57%	6,686	80%		8,383
27	CORPORATE EXPENSES	652,738	564,284	424,694	401,925	22,770	5%	162,358	29%	(30,873)	533,411
28	Fees Charged to Capital	(656,475)	(582,740)	(534,348)	(444,510)	(89,838)	17%	(138,231)	24%		(582,740)
29	VAT Received - Partial Exemption	(12,500)	(12,500)	(10,417)	(11,311)	895	-9%	(1,189)	10%		(12,500)
30	RECHARGES	(668,975)	(595,240)	(544,764)	(455,821)	(88,943)	16%	(139,420)	23%	-	(595,240)
31	MANAGEMENT COST	2,609,125	2,576,369	1,958,051	1,891,987	66,066	3%	684,381	7	(51,373)	2,524,996

Commentary on Performance

The total management cost is £66K lower than the year to date budget.

An underspend of £82K in employee costs is mainly attributable to vacant posts.

A reduction of £15K has been recognised in premises costs as there have been minimal repairs required to the offices in Stornoway and Balivanich.

There is no further spend planned for General Consultants this year and therefore a £26K reduction in forecasted Professional Fees has been recognised.

REPAIRS & MAINTENANCE

Line	Heading	CURRENT YEAR		BUDGET to 31-Jan-22 £	ACTUAL to 31-Jan-22 £	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Responsive Repairs	935,325	1,087,052	914,498	902,641	11,857	1%	184,411	17%		1,087,052
2	Void Repairs	319,111	369,111	315,926	321,666	(5,741)	-2%	47,445	13%	10,000	379,111
3	Handyperson	90,528	93,371	51,519	45,383	6,136	12%	47,988	51%		93,371
4	GENERAL REPAIRS	1,344,964	1,549,534	1,281,942	1,269,691	12,252	1%	279,844	18%	10,000	1,559,534
5	Decoration Allowance	45,828	45,828	38,190	36,310	1,880	5%	9,518	21%		45,828
6	Council Tax empty properties	17,531	17,531	14,609	9,055	5,554	38%	8,476	48%		17,531
7	Compensation	11,519	11,519	9,599	3,364	6,234	65%	8,154	71%		11,519
8	SPECIFIC ITEMS	74,878	74,878	62,398	48,730	13,668	22%	26,148	35%	-	74,878
9	Rechargeable Repairs	106,370	106,370	88,642	89,234	(593)	-1%	17,136	16%	30,000	136,370
10	Rechargeable Repairs Recoverable	(58,898)	(58,898)	(49,081)	(88,289)	39,208	-80%	29,391	-50%	(40,000)	(98,898)
11	Insurance Repairs	100,002	100,002	83,335	66,923	16,411	20%	33,078	33%		100,002
12	Insurance Claims Recoverable	(61,557)	(61,557)	(47,297)	(27,081)	(20,217)	43%	(34,476)	56%		(61,557)
13	RECOVERABLE EXPENDITURE	85,917	85,917	75,598	40,788	34,809	46%	45,129	53%	(10,000)	75,917
14	Commercial Properties	1,182	1,182	985	-	985	100%	1,182	100%		1,182
15	Communal Lighting	21,056	21,056	18,747	22,256	(3,509)	-19%	(1,199)	-6%	1,200	22,256
16	NON DWELLING REPAIRS	22,238	22,238	19,732	22,256	(2,524)	-13%	(17)	0%	1,200	23,438
17	Gas Servicing	63,784	63,784	53,153	64,463	(11,310)	-21%	(680)	-1%	700	64,484
18	Estate Management	70,460	70,460	59,217	41,569	17,648	30%	28,891	41%		70,460
19	Other Servicing (incl. heating)	762,262	770,867	593,266	589,021	4,244	1%	181,845	24%		770,867
20	Stair Lifts and Door Entry Systems	4,050	6,332	6,532	6,492	40	1%	(160)	-3%	200	6,532
21	Gutter Cleaning	62,617	64,926	64,926	64,816	110	0%	110	0%		64,926
22	Sewage Pumps	600	1,669	1,569	1,020	550	35%	650	39%		1,669
23	Dun Berisay Heat	6,990	6,990	-	-	-		6,990	100%		6,990
24	CYCLICAL MAINTENANCE	970,762	985,027	778,662	767,381	11,282	1%	217,646	22%	900	985,927
25	TOTAL REPAIRS & MAINTENANCE	2,498,760	2,717,594	2,218,333	2,148,845	69,487	3%	568,750	21%	2,100	2,719,694

Commentary on Performance

General Repairs

An improvement of £10K on net Rechargeable repairs has been recognised and has been used to offset the increased void repairs forecast.

Cyclical Maintenance

Estate Works have been fully committed and work is being arranged. There have been a number of welfare cases where considerable spend has been required to bring houses up to the lettable standard.

ESTATE WORKS

Line	Heading	CURRENT YEAR BUDGET		BUDGET to 31-Jan-22 £	ACTUAL to 31-Jan-22 £	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Unadopted Infrastructure	33,089	111,089	28,051	27,278	773	3%	83,811	75%		111,089
2	Grounds Maintenance	50,711	50,711	47,259	47,071	188	0%	3,640	7%		50,711
3	TOTAL ESTATE WORKS	83,800	161,800	75,310	74,349	961	1%	87,451	54%	-	161,800

Commentary on Performance

Unadopted Infrastructure

Works to replace Bheinn Mhor septic tanks are due to be completed by the end of the financial year. The tanks are on-island and despite difficult conditions where the ground has been particularly wet, engineers are confident this will be completed by the end of the year.

AIDS & ADAPTATIONS

Line	Heading	CURRENT YEAR BUDGET		BUDGET to 31-Dec-21 £	ACTUAL to 31-Dec-21 £	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	OT Works	120,000	324,000	275,000	205,377	69,623	25%	118,623	37%		324,000
2	Grants										
3	Grants Received	(120,000)	(324,000)	(275,000)	(205,377)	(69,623)	25%	(118,623)	37%		(324,000)
4	TOTAL AIDS & ADAPTATIONS	-	-	-	-	-		-		-	-

Commentary on Performance

OT Works

Full amount of grant has been committed due to a spike in referrals in September for high value works ranging from complex ramps, hoists, wet rooms and high level fencing. It is likely that the value of works will be more than the approved grant. A request has been submitted to the Scottish Government for £30K additional funding and we are awaiting word whether this has been approved or not.

INVESTMENT EXPENDITURE

Line	Heading	CURRENT YEAR BUDGET		BUDGET to	ACTUAL to	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £	31-Jan-22 £	31-Jan-22 £	Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Roofs	-	8,580	8,580	6,623	1,957	23%	1,957	23%	(1,294)	7,286
2	Insulation	297,524	299,504	137,219	-	137,219	100%	299,504	100%	(297,525)	1,980
3	Total Roofs	297,524	308,084	145,799	6,623	139,176	95%	301,461	98%	(298,819)	9,266
4	Kitchen	562,622	558,626	411,195	346,810	64,385	16%	211,816	38%	(11,263)	547,363
5	Bathrooms	117,406	74,873	27,404	5,585	21,819	80%	69,288	93%	(24,217)	50,656
6	OT Aids & Adaptations	120,000	324,000	324,000	226,966	97,034	30%	97,034	30%		324,000
7	Showers	-	52,432	43,469	821	42,648	98%	51,611	98%	(19,136)	33,296
8	Heating	3,176,187	2,675,025	2,208,436	1,809,509	398,927	18%	865,516	32%	(189,359)	2,485,666
9	Rewiring	924,138	924,138	614,291	150,679	463,612	75%	773,458	84%	(272,855)	651,283
10	Total Internals	4,900,352	4,609,094	3,628,795	2,540,370	1,088,425	30%	2,068,724	45%	(516,830)	4,092,264
11	Windows	323,806	630,537	548,575	372,300	176,274	32%	258,237	41%	(220,358)	410,179
12	Roughcast house & wall	-	8,663	8,663	7,725	938	11%	938	11%		8,663
13	Other	-	50,185	50,185	40,625	9,560	19%	9,560	19%	14,869	65,054
14	Externals	323,806	689,385	607,422	420,650	186,772	31%	268,735	39%	(205,490)	483,895
15	Total Investment excl. Unallocated Exp/Savings	5,521,682	5,606,563	4,382,016	2,967,644	1,414,373	32%	2,638,920	47%	(1,021,139)	4,585,425
16	Savings Realised	-	77,000	-	-	-	-	77,000	100%	288,830	365,830
17	Savings Re-invested	-	(254,923)	-	-	-	-	(254,923)	100%	(105,927)	(360,850)
18	Unallocated Expenditure/ Slippage	-	3,950	-	-	-	-	3,950	100%	838,236	842,186
19	Total Investment	5,521,682	5,432,590	4,382,016	2,967,644	1,414,373	32%	2,464,947	45%	-	5,432,590

Commentary on Performance

Insulation

SSE/OVO have advised they cannot complete planned insulation works. These works have been deferred into next year's programme.

Heating

£189K reduction in forecast out-turn as a result of £175K refusals and £14K savings.

Rewiring

EICR survey works are almost complete with a number of properties not requiring further works. There have been savings made of £130K with £143K of COVID-19 Deferred (Bridge Cottages, Ford Terrace and Matheson Road) moving into the programmed 2022/23 works.

Windows

Planned works at Ross Terrace and Plantation Road have been deferred until 2022 due to tender prices exceeding budget provision. Works will be re tendered as part of a larger window contract in 2022 with a view to gaining some cost benefit.

NON HOUSING INVESTMENT

Line	Heading	CURRENT YEAR BUDGET		BUDGET to 31-Jan-22 £	ACTUAL to 31-Jan-22 £	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £			Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Mar-22 £
1	Furniture & Fittings	53,200	3,200	1,540	1,499	41	3%	1,701	53%		3,200
2	IT equipment	130,000	271,981	210,604	199,112	11,492	5%	72,870	27%		271,981
3	Total	183,200	275,181	212,144	200,611	11,533	5%	74,571	27%	-	275,181

Commentary on Performance

Furniture & Fittings

Discussions are ongoing around office space planning and redesign. Works will not go ahead this year.

IT Equipment

Budget remaining is largely to deliver the new housing system and replacement of laptops. We are on track to spend the full budget this year.

DEVELOPMENT EXPENDITURE

Line		CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget £	Revised Budget £	Budget to 31-Jan-22 £	to 31-Jan-22 £	Budget to date £	Budget to date %	Revised Budget £	Revised Budget %	Over/ (under) £	at 31-Jan-22 £
1	New Build	20,621,242	16,371,938	13,418,097	12,483,029	935,068	7%	3,888,909	24%	(1,858,633)	14,513,305
2	LIFT	1,256,392	880,069	851,205	802,310	48,895	6%	77,759	9%	(110)	879,959
3	Land	447,979	475,979	80,000	40,000	40,000	50%	435,979	92%	-	475,979
4	Total Development Costs	22,325,613	17,727,986	14,349,302	13,325,339	1,023,963	7%	4,402,648	25%	(1,858,743)	15,869,243
5	Scottish Government Grant										
6	Grant - New Build	(8,409,755)	(5,927,437)	(4,681,483)	(4,557,655)	(123,829)	3%	(1,369,782)	23%	450,000	(5,477,436)
7	Grant - Lift	-	(26,744)	(26,744)	(26,744)	-	0%	-	0%	-	(26,744)
8	Other Grants & Sales proceeds										
9	Other Grants - LIFT Sales	(1,565,906)	(1,628,605)	(1,568,605)	(1,410,652)	(157,953)	10%	(217,953)	13%	-	(1,628,605)
10	Total Grants	(9,975,661)	(7,582,786)	(6,276,832)	(5,995,051)	(281,782)	4%	(1,587,735)	21%	450,000	(7,132,785)
11	Private Finance required										
12	New Build	12,211,487	10,444,502	8,736,614	7,925,374	811,240	9%	2,519,127	24%	(1,408,633)	9,035,868
13	LIFT	(309,514)	(775,280)	(744,144)	(635,086)	(109,058)	15%	(140,194)	18%	(110)	(775,390)
14	Land	447,979	475,979	80,000	40,000	40,000	50%	435,979	92%	-	475,979
15	Expensed Development Cost	-	-	-	2,603	(2,603)	0%	(2,603)	0%	2,269	2,269
16	Feasibility	10,800	10,800	3,070	1,470	1,600	52%	9,330	86%	-	10,800
17	Private Finance required	12,360,752	10,156,001	8,075,540	7,334,361	741,180	9%	2,821,640	28%	(1,406,474)	8,749,526

Commentary on Performance

Barra site acquisition has completed and the contractor is now on site. Costs and grant have been reduced by £160K to reflect the revised contractor cash flow.

Works are generally progressing well across all sites with the exception of the Goathill HWEC site where the programme has slipped to August 2022. Cost has been reduced by £1.4m as a result of this. The contractor has been requested to provide an updated programme of works and revised cashflow forecast.

The land acquisition at Lochmaddy has yet to conclude and we are working with the contractor to conclude the deed of conditions to achieve a start this financial year. The cost and grant has been reduced by £90K to reflect this.

Works at Crowlista and Blackwater cannot progress until we have resumption in place. Crowlista cost out-turn has reduced £200K and Grant out-turn has reduced £200K.

SECTION 3: KEY FINANCIAL PERFORMANCE MEASURES

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FINANCIAL COVENANTS

The re-financing exercise concluded in June 2021 and as a result we have moved to an interest cover covenant and a gearing covenant. The minimum cover required is 110% with a maximum gearing of 30%.

The covenant is forecast to be met for the full year.

Line	Detail	YTD	Forecast
1	Operating Surplus	£ 2,679,424	£ 2,331,125
2	Add back Depreciation	£ 2,875,412	£ 3,555,000
3	Add back Profit/(Loss) on sale of LIFT properties	£ -	£ -
4	Deduct Capitalised Investment	-£ 2,955,732	-£ 4,261,425
5	Add back Deferred Works Capitalised Investment	£ 1,228,872	£ 1,384,012
6	Deduct Pension Contributions	£ -	£ -
7	Deduct Amortisation	-£ 1,150,364	-£ 1,425,000
8	Adjusted Operating Surplus	£ 2,677,611	£ 1,583,712
9	Interest Payable	£ 292,132	£ 439,200
10	Interest Receivable	£ 2,139	£ 2,252
11	Net Interest Payable	£ 289,993	£ 436,948
12	Covenant for 21/22	110%	110%
13	Adjusted Operating Surplus as percentage of Net interest Payable	923%	362%
14	Headroom	£ 2,358,619	£ 1,103,069
15	Historic Cost of Properties	£ 116,120,358	£ 130,786,299
16	Financial Indebtedness	£ 10,000,000	£ 10,091,000
17	Gearing Covenant for 21/22	30%	30%
18	Gearing	9%	8%

FINANCIAL RATIOS

Key Ratios

	Current	Forecast	2020/21
Current Ratio	3.76	4.71	4.34
(Current Assets/Current Liabilities)			
Net Debt Per Unit			
Borrowing/ stock units	£4,550.35	£4,175.70	£2,245.35
Voids%	0.98%	1.12%	1.01%
Voids as % of Rental Income Due			
Bad Debts %	0.00%	2.00%	0.33%
Bad Debts written off as % of Rental Income Due			
Staff Cost/Turnover %	19.01%	21.20%	19.40%
Gross Surplus	53.29%	47.53%	51.13%
Operating Surplus/Turnover			
Net Surplus	30.41%	22.62%	28.39%
Net Surplus/Turnover			

CASH FLOW FORECAST 2021/22

The below cash flow shows the actual income received and the payments made for the period to January 2022.

Monthly Cash Flow Forecast

	Year Ended 31-Mar-22	31-Jan-22 Month 10	28-Feb-22 Month 11	31-Mar-22 Month 12	Total
Cash on Hand at beginning of month		3,414,424	4,658,404	4,052,271	2,347,267
Cash Receipts					
Rent		641,099	765,000	711,000	9,954,252
Sale of Assets		445,800	231,400	60,000	1,802,372
Grant Income		106,165	533,660	384,140	8,189,332
Other income		-	-	-	287,624
Transfer from Deposit		750,000	-	300,000	2,890,000
Loan/Other cash injection		-	-	-	5,091,004
Total		1,943,064	1,530,060	1,455,140	28,214,584
Total Cash Available		5,357,488	6,188,464	5,507,411	
Cash Paid Out					
Payroll		166,542	185,000	185,000	2,091,034
Management Costs		59,021	40,000	40,000	1,030,637
Repairs		14,498	426,000	244,000	3,055,743
Investment		92,158	841,524	889,913	5,198,824
Development		301,313	641,870	1,733,831	16,963,783
Total		633,533	2,134,393	3,092,744	28,340,021
Cash Paid Out (Non P & L)					
Loan Interest		61,300	-	65,000	464,539
Refunds		4,250	1,800	2,400	53,346
Total		65,551	1,800	67,400	517,885
Total Cash Paid out		699,084	2,136,193	3,160,144	
Cash Position at End of Month		4,658,404	4,052,271	2,347,267	-
Deposit Acct At end of Month		534,610	534,610	234,610	
Total Funds Available		5,193,014	4,586,880	2,581,877	

ANNUAL FINANCING STRATEGY 2022/23

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To provide the Board with an overview of our borrowing strategy for 2022/23.
- 1.2 It is forecast that £7M will be drawn down from the new 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 2022/23 Annual Financing Strategy is at Appendix 1.

Competence

- 3.1 There are no legal, financial 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 2022/23 Annual Financing Strategy

Background Papers: None

Writer of Report: Donald MacLeod

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hebridean housing
partnership



▶ Annual Financing Strategy 2022/23

Effective Date: March 2022
Review Date: March 2023
Approved by HHP Board: March 2022

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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 are captured in our Treasury Management Policy.
- 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 an 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 it 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 30 year cash flow forecasts are submitted to our Funders and the Scottish Housing Regulator annually following the March board meeting. These forecasts take account of the rent increase for the year and any revisions to our Investment and Development Programmes.
- 3.2 Cash balances at the end of December 2021 were £4.699M.
- 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 £25M following an increase of £10M in our core facilities agreement in 2021/22.

3.5 The below table provides a summary of the new facilities agreement:

Clause / term	Facility A	Facility B	Facility C
Amount (commitment)	£5.0m	£12.0m	£8.0m
Type	Term loan	Term loan	Revolving Credit Facility
Term (and expiry)	20 years	25 years	10 years
	-2041	-2046	-2031
Availability / drawdown period	At completion	2 years	10 th anniversary
Repayment	Amortising	Amortising	Bullet – in full on expiry
	Will commence no earlier than 10 th anniversary	Will commence no earlier than 10 th anniversary	
Margin	1.40%	1.80%	1.50%
Commitment fees (non-utilisation)	N/A	0.72%	0.60%
		Not applicable in Year 1 availability period	
Security (asset cover) covenant	Minimum value		
	•EUV-SH 1.10x (or 110%) and/or		
	•MVST 1.25x (or 125%)		

3.6 The Restated Facilities Agreement included certain restrictions to both the drawdown and hedging (fixing) of Facility B, the 25 year Term Loan. These restrictions were discussed in two hedging strategy papers presented to the Board in October and November 2021. The objective of the hedging strategy was to balance:

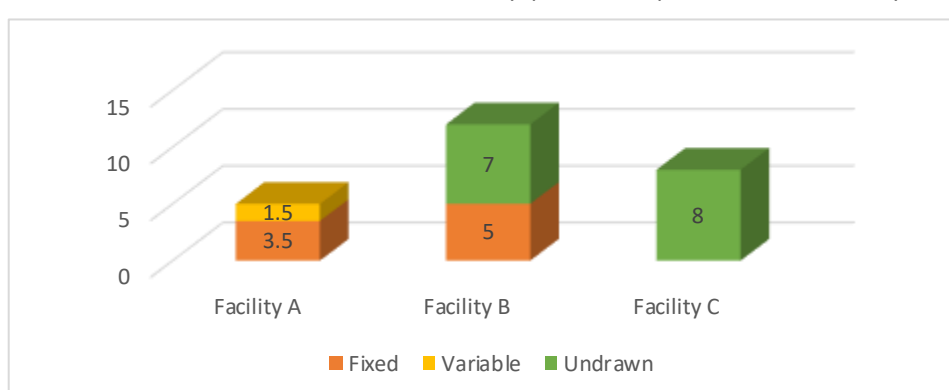
- (a) securing liquidity on the most flexible basis (the overriding objective of the restatement)
- (b) compliance with the Restated Facilities Agreement conditions (including the 2-year Availability Period); and
- (c) HHP's TMP which states that 50% of the Partnership's drawn debt should be fixed.

3.7 In December 2021, we entered into an accreting fixed rate loan (i.e. a fixed rate loan where the amount covered by the fixed rate increases over time). In this case the fixed rate increases from £5m, at December 2021, to £8m at June 2022 and to £12m at September 2022. This is in line with the projected drawdown of Facility B. The fixed rate profile is pre-agreed and contracted; that is to say that we must either draw an amount equivalent to the fixed rate profile at or before each increase in the amount of debt covered by the FRL. The fixed rate payable under this fixed rate loan is 1.023% (excluding margin). Taking into account the Facility B Margin of 1.80%, the "all-in" rate payable under Facility B is 2.823% which applied from 31 December 2021 to 30 March 2046.

- 3.8 There is a pre-existing fixed rate loan in respect of Facility A for an amount of £3.5m which is due to expire in 2027. Accordingly, the total amount of drawn debt covered by fixed rate loans is currently £8.5m. Accordingly HHP is currently 85% hedged and no further hedging is recommended at this time.
- 3.9 The restatement incorporated the amendment of the financial covenant package and monitoring of the facility. Annual business plan approval from RBS is no longer required and covenants are now based on a minimum interest cover based on EBITDA-MRI (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) and Gearing.

CURRENT PORTFOLIO POSITION

- 4.1 The tables below show our treasury portfolio position at 31 July 2021.



- 4.2 Cash Holdings

	Dec-21
DEPOSIT ACCOUNTS	£000's
Royal Bank	450
CWS	0
BOS	1
Santander	833
Total Deposit	1,284

CURRENT ACCOUNTS	
General Account	1,699
Standing Order	193
Direct Debit	750
Office/Cash	750
Property Factoring	23
Total current	3,415
Total	4,699

Balances shown are taken from the Bank Statements and not the ledger.

FORECASTS

- 5.1 Forecasts have been prepared for the period to 31 March 2052. A detailed cash flow forecast for 2022/23 is at Appendix A.
- 5.2 The Covenant definitions required by our funding facility are at Appendix B. Forecasts indicate that Covenants levels for 2022/23 will be met.
- 5.3 Our current business plan forecasts we will hit a peak debt of £30.583m (Including £5.583M of deferred Right to Buy receipts) in 2025/26. The balance of the RBS facility is forecast to be drawn down as follows:

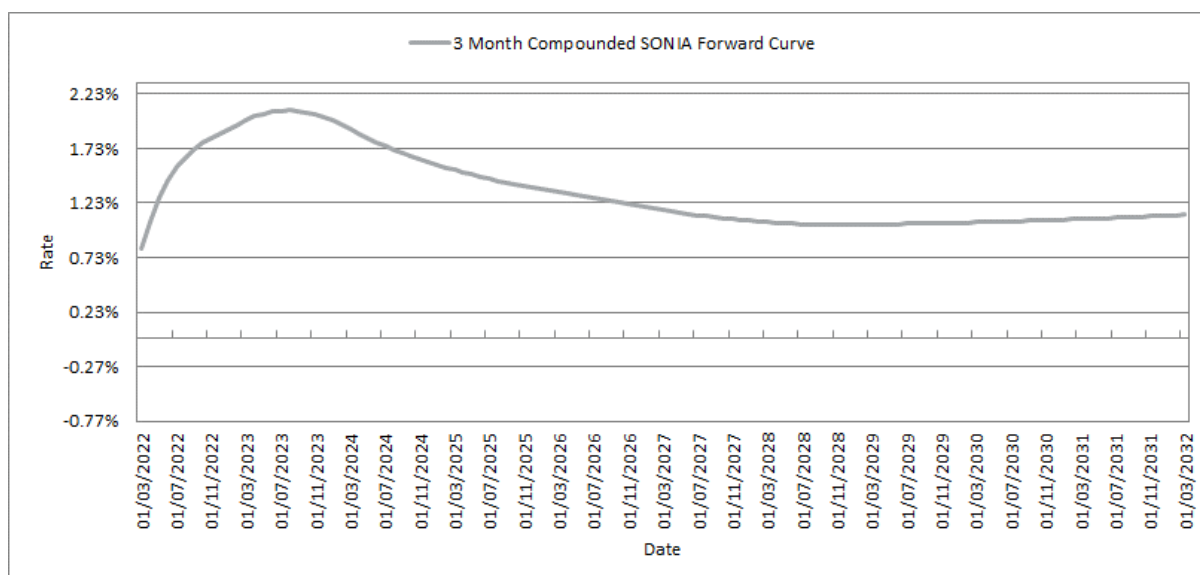
Anticipated level of borrowing over next 5 years			
Year	2021/22 Est £m	AFS Forecast £m	Variance £m
2021/22	10.000	10.000	-
2022/23	17.000	17.000	-
2023/24	22.500	22.500	-
2024/25	24.500	24.500	-
2025/26	25.000	25.000	-

- 5.4 Facility B and Facility C are based on SONIA (Sterling Overnight Index Average) and Facility A is based on the existing Fixed Rate and LIBOR with switch mechanism language included in the restated facilities agreement (any LIBOR loan will switch to SONIA at the end of the next interest period). Additionally, a Credit Adjustment spread is added to any Facility A variable rate loan upon conversion to SONIA.

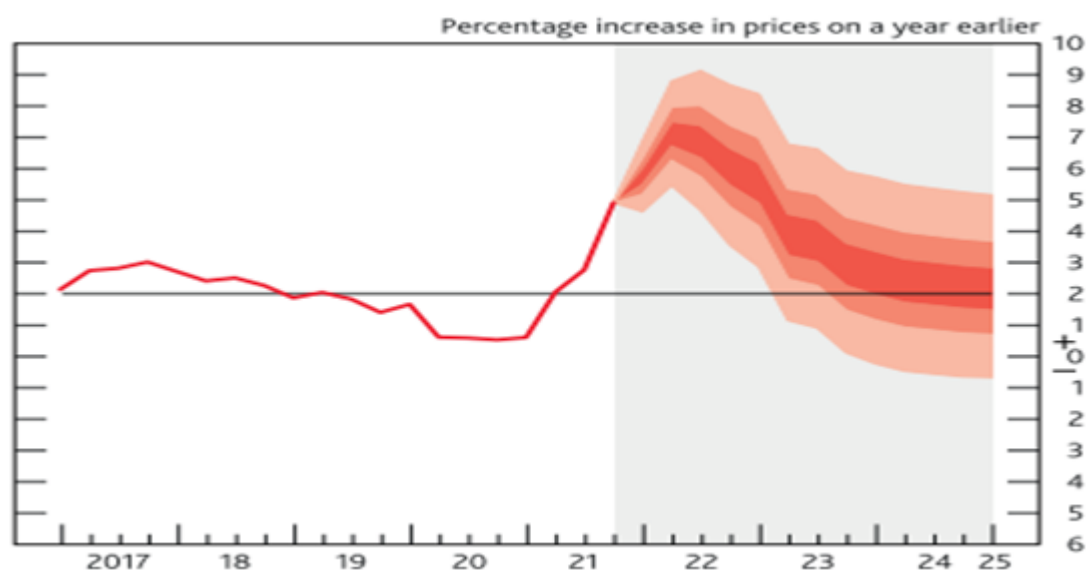
INTEREST RATES & INFLATION

- 6.1 As economies start to emerge from the pandemic, pressure on supplies has brought renewed concerns around rising interest rates and more persistent and increasing inflation in recent months. In particular, while the decision to increase UK BoE bank base rate by 25bps on 3 February 2022 was expected, a vote by four members of the MPC for a 50bp rise was not. The Base Rate has increased from a low of 0.10% in March 2020, having increased to 0.25% in December 2021 and 0.5% in February 2021.
- 6.2 The forecast that CPI would now peak at over 7.0% in April also caught the market off balance, with many commentators raising their forecast for Base Rate from 1 to 1.5% by the year end.

- 6.3 The following chart (as at 7 March 2022) shows the forecast for UK interest rates (3 month compounded SONIA)



- 6.4 Inflation is a particularly challenging treasury assumption to apply in a 30-year business plan. Inflation (notably energy and materials) is significantly above the wider underlying rate which is used to determine rent. There is a real risk that HA business plans will become inflation dilutive (i.e. real input cost inflation exceeds rent inflation). Furthermore, above CPI inflationary increases in domestic energy and food will put pressure on household incomes and these are likely to disproportionately impact low-income households. This may, in turn, lead to increased arrears. The following chart (source Bank of England Inflation Report February 2022) shows current market forecasts for inflation – the darker shading representing what is considered to be the higher probability forecast):



- 6.5 Whilst there is a wide range of outcomes in the inflation forecast, it does predict that inflation will exceed the BoE MPC target of 2% throughout the 3-year forecast period and is likely to be significantly above that level in the current year and into 2023.
- 6.6 However, the Ukrainian crisis has further complicated the picture. Forecast impacts on wholesale energy (oil and gas) markets and adverse impact on growth have dampened markets whilst volatility has increased materially. Against this Backdrop, the Bank voted to maintain rates at 0.5% in March.
- 6.7 It should be noted that HHP is *relatively* protected in respect of interest rate increases as £8.5m of the current drawn debt of £10m is subject to fixed rates and HHP has entered into an accreting fixed rate loan that will cover the balance of Facility B as it is drawn.

APPROVED INVESTMENT ORGANISATIONS

- 7.1 The credit rating and list of approved counterparties, currently approved for investment are set out below. The table below displays Standard & Poor's, Moody's and Fitch's long term ratings as stated at March 2022:

	Counterparty	S&P	Moody's	Fitch
1	Lloyds Bank plc*	A+	A1	A+
2	National Westminster Bank plc*	A	A1	A+
3	Santander UK plc	A	A1	A+

*ring-fenced entity

- 7.2 There have been no changes over the past year for any of the approved banking counterparties with RBS (NatWest) and Santander UK maintaining their A ratings with S&P and Lloyds it's A+ rating. The Lloyds and NatWest ratings are for the "ring-fenced" bank.

APPENDIX 1 – 2022/23 CASHFLOWS

Monthly Cash Flow Forecast													
Year Ended 31-Mar-23	30-Apr-22 Month 1	31-May-22 Month 2	30-Jun-22 Month 3	31-Jul-22 Month 4	31-Aug-22 Month 5	30-Sep-22 Month 6	31-Oct-22 Month 7	30-Nov-22 Month 8	31-Dec-22 Month 9	31-Jan-23 Month 10	28-Feb-23 Month 11	31-Mar-23 Month 12	Total
Cash on Hand at beginning of month	2,783,890	2,339,112	1,546,584	3,669,286	3,003,518	2,692,944	5,924,826	5,332,831	5,428,355	5,513,640	5,700,215	5,438,309	4,705,184
Cash Receipts													
Rent	889,125	651,125	759,125	759,125	781,125	889,125	899,188	1,007,188	1,137,188	899,188	1,007,188	1,007,188	10,685,880
Sale of Assets	-	-	-	-	252,604	-	-	-	-	93,900	-	-	346,504
Grant Income	348,720	430,740	503,360	775,750	721,630	810,190	860,530	1,022,580	1,018,900	989,140	513,100	606,030	8,600,670
Bank Interest			250			250			250			250	1,000
Loan/ Other cash injection			3,000,000			4,000,000							7,000,000
Total	1,237,845	1,081,865	4,262,735	1,534,875	1,755,359	5,699,565	1,759,718	2,029,768	2,156,338	1,982,228	1,520,288	1,613,468	26,634,054
Total Cash Available	4,021,735	3,420,977	5,809,319	5,204,161	4,758,877	8,392,509	7,684,544	7,362,599	7,584,693	7,495,868	7,220,503	7,051,777	
Cash Paid Out													
Payroll	192,110	193,280	194,440	193,410	193,410	193,410	197,180	197,180	197,180	197,180	197,180	196,380	2,342,340
Management Costs	68,108	68,108	68,108	68,108	68,108	368,108	68,108	68,108	68,108	68,108	68,108	68,108	1,117,300
Repairs	215,975	215,975	215,975	215,975	215,975	215,975	215,975	315,975	265,975	265,975	265,975	215,975	2,841,700
Investment	282,370	439,250	409,250	428,310	377,490	467,470	439,840	451,380	354,930	340,650	295,110	43,730	4,329,780
Development	904,460	938,180	1,021,680	1,247,700	1,199,950	1,008,390	1,418,070	900,600	988,890	922,740	954,820	1,626,410	13,131,890
Total	1,663,023	1,854,793	1,909,453	2,153,503	2,054,933	2,253,353	2,339,173	1,933,243	1,875,083	1,794,653	1,781,193	2,150,603	23,763,010
Cash Paid Out (Non P & L)													
Loan Interest			194,970			194,970			194,970			194,990	779,900
Capital Purchase	18,600	18,600	34,610	46,140	10,000	18,360	11,540						157,850
Refunds	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Transfer to Deposit Account													-
Total	19,600	19,600	230,580	47,140	11,000	214,330	12,540	1,000	195,970	1,000	1,000	195,990	949,750
Total Cash Paid out	1,682,623	1,874,393	2,140,033	2,200,643	2,065,933	2,467,683	2,351,713	1,934,243	2,071,053	1,795,653	1,782,193	2,346,593	
Cash Position at End of Month	2,339,112	1,546,584	3,669,286	3,003,518	2,692,944	5,924,826	5,332,831	5,428,355	5,513,640	5,700,215	5,438,309	4,705,184	-
Deposit Acct At end of Month	234,610	234,610	234,610	234,610	234,610	234,610	234,610	234,610	234,610	234,610	234,610	234,610	
Total Funds Available	2,573,722	1,781,194	3,903,896	3,238,128	2,927,554	6,159,436	5,567,441	5,662,965	5,748,250	5,934,825	5,672,919	4,939,794	

APPENDIX 2 – FINANCIAL COVENANTS

Under the restated facilities agreement with RBS, we are required to comply with the following financial covenants:

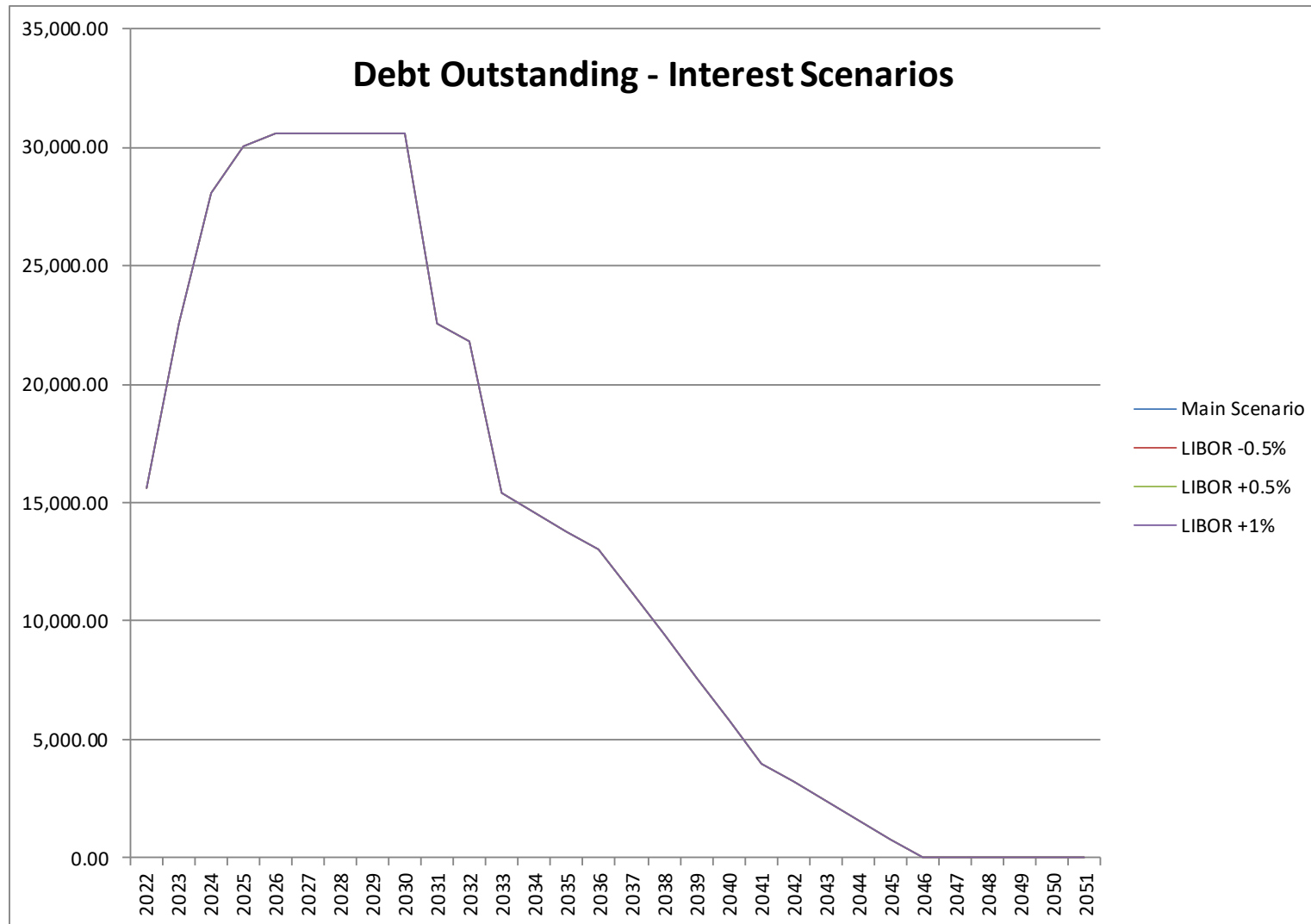
Interest Cover

- **Minimum 1.1: 1** in any financial year, and calculated as: **Adjusted Operating Surplus : Net Interest Payable** (means Interest Payable less interest receivable that is attributable to cash deposits (for the avoidance of doubt this excludes and interest received through intracompany loans or such similar arrangements)).
- The Interest Cover covenant will be monitored on a cumulative quarterly basis by reference to the latest financial information delivered by the Borrower to the Lender, but tested annually against the Audited Accounts of the Borrower most recently delivered to the Lender.
- In respect of the financial years ending 31 March 2022 and 31 March 2023 only, capitalised component and major repair costs and revenue costs incurred in connection with completion of the Deferred Works up to a maximum of £2,044,068 (in aggregate across the two said financial years) can be added back.

Gearing

- **Maximum 30%** and calculated as **Total Financial Indebtedness: Historic Cost of Properties**.
- The Borrower must be in compliance with the Gearing covenant at all times and as such the covenant may be tested at any time by reference to the latest applicable information but will in any event be tested annually against the Audited Accounts of the Borrower most recently delivered to the Lender.
- The Borrower will also provide the Lender with a signed annual covenant compliance certificate, showing sufficient workings and detail to enable the Lender to test the financial covenants, signed by its Chief Executive and Director of Finance.
- However, if the individual items which comprise the Interest Cover and Gearing financial covenant definitions are not shown as separate, clearly identifiable items in the Audited Accounts (on the face of the Accounts or in the notes), then the Lender will require covenant compliance to be confirmed by way of an independent Auditors compliance certificate (showing sufficient workings and detail to enable the Lender to test the financial covenants).

APPENDIX 3 – IMPACT OF INTEREST RATE CHANGE ON DEBT PROFILE



INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	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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Email: info@hebrideanhousing.co.uk

Web: www.hebrideanhousing.co.uk

Phone: 0300 123 0773

FRAUD CHECKLIST

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present for consideration and approval the 2021/22 Fraud Checklist.

Summary

- 2.1 The Fraud Policy was approved in February 2020 and is not due to be reviewed until February 2024.
- 2.2 The Fraud Policy requires a Fraud Checklist to be prepared and presented to the Audit & Risk Committee and Board annually.
- 2.3 Due to COVID-19 and remote working arrangements, employees have had access to systems at all times whilst working from home. Item 6 on the checklist has therefore not been complied with this year.
- 2.4 Employees and managers will be reminded of their obligation to take 2 weeks consecutive holidays per year.

Competence

- 3.1 The legal and financial and other implications are detailed in paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board review and approve the Fraud Checklist at Appendix 1.**

APPENDIX 1: Fraud Checklist
Background Papers: Fraud Policy & Fraud Register
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. We have employed Internal Auditors to ensure regular checks are carried out on the Internal Control system in place. Internal Auditors report to the Audit & Risk Committee areas of weakness and recommend action to address those weaknesses.
- 5.2 Loss arising from fraud will be reported to the Audit and Risk Committee and the Board in line with the Fraud Policy and where appropriate in the financial statements.

Legal

- 6.1 We have 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 & 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 We are required to comply with the general law in relation to the prevention of fraud, money laundering and terrorist financing.

Regulatory Guidance

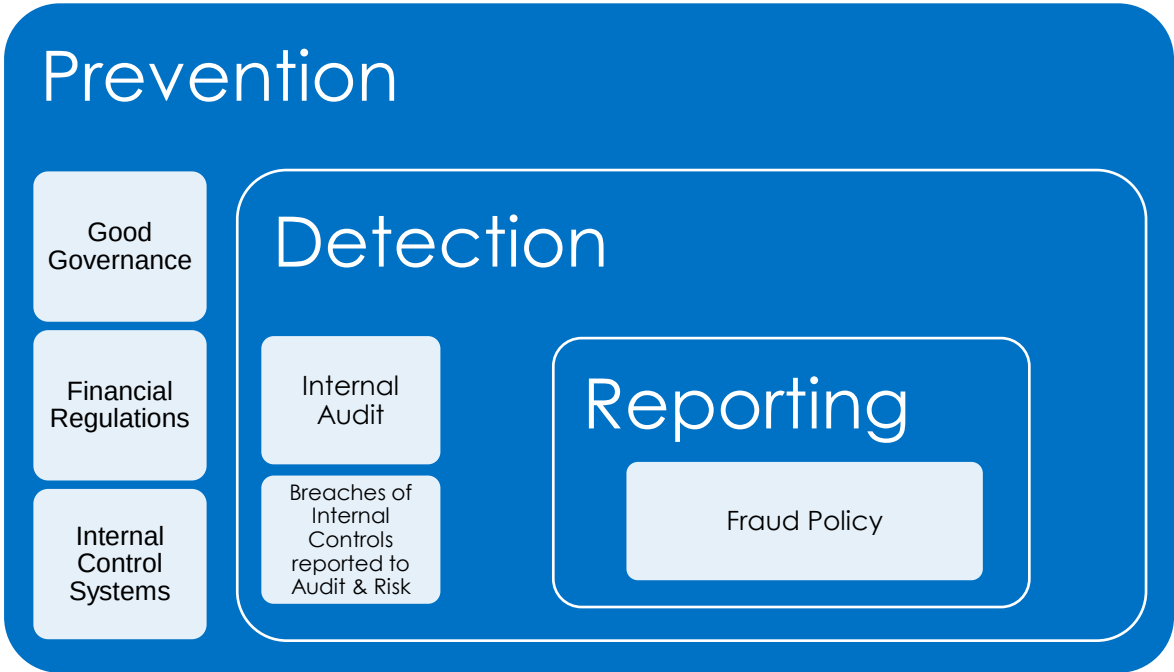
- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.

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





hebridean housing
partnership



► Fraud Checklist

Effective Date: 23 March 2022

Review Date: March 2023

Approved by HHP Board:

FRAUD CHECKLIST

Ref		Check	Initial
	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 publicised 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 of the business and puts controls in place where gaps are identified • Cash handling • Payments • Tendering • Contractors and suppliers • Reporting information	✓	DM

Ref		Check	Initial
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	The Partnership will take action to seek recovery of any monies lost through fraud. 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

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this checklist:

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BOARD TRAINING PLAN

Board 23 March 2022

Report by Chief Executive

Purpose of Report

- 1.1 Following the Board Skills report presented in February 2022, a draft Board Training Plan has been prepared and presented to the Board for approval.

Summary

- 2.1 As part of the Skills Audit, Board Members completed a questionnaire which assessed their knowledge, skills and experience.
- 2.2 A draft Training & Development Plan based on the responses to the questionnaire and Members' individual Development Plans has been prepared and is detailed at Appendix 1.
- 2.3 A Board Development Session will be arranged after the local Council elections and the Training and Development Plan amended as required.
- 2.4 As part of Board Development we have trialled Decision Time to facilitate Board Meetings and the response has been positive.

Competence

- 3.1 The legal, financial, or other constraints arising from the recommendations to this report being implemented are detailed at paragraph 5.1 – 8.1.

Recommendations

- 4.1 **It is recommended that the Board:**
- a) approve the Draft Board Training Plan at Appendix 1;**
 - b) note a Board Development Session will be arranged following our May Board meeting; and**
 - c) approve the use of Decision Time for managing our Board process.**

APPENDIX 1:	Draft Board Training & Development Plan and Timetable 2022/23
Background Papers:	Regulatory Standards of Governance and Financial Management
Writer of Report:	Emma MacLeod Tel: 0300 123 0773

Competence

Financial

- 5.1 There will be a financial cost to the implementation of the Board Training Plan which will come from existing budgets.
- 5.2 The cost of a Decision Time License is £5,832 for 18 users per annum, £5,570 of which will be funded by grant for the first year. The remaining costs will come from existing budgets.

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 our Training & Development Policy.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.
- 7.2 In accordance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, the Board need 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."

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 and retention of Board Members is listed at Item 6 of the Risk Register.

Report Details

2020/21 Training Plan

- 9.1 Where a training need has not been met in 2021/22, it has been picked up as part of the 2022/23 Training Plan.

2021/22 Skills Audit

- 10.1 Board Members completed a competency matrix outlining their areas of knowledge, skills and experience. Through this, and the one to one sessions, Members identified training they individually felt will assist in building their skills and knowledge. The areas where a number of Members identify a need include:
- awareness of the national agenda and how to imbed the regulatory requirements into the work of the organisation;
 - property development;
 - financial monitoring and modelling;
 - HR, employment and equality training; and
 - the risk management process and risk appetite of HHP.
- 10.2 The Training Plan takes into account refresher training which we are required to carry out to ensure ongoing good governance.
- 10.3 In addition to the above, some of the key priorities identified for the coming year include:
- Development Programme, Wider Role and Joint Working; and
 - Poverty, Affordability and Service Delivery

Board Training Plan 2022/23 and 2023/24

- 11.1 A draft Training Plan and timetable has been prepared, which draws in the above elements. There will be a mix of in-house and external training made available and all training will be tailored to the strategic requirements of the Board.
- 11.2 Board Members were advised that if they became aware of particular training requirements throughout the year, these should be raised with the Company Secretary and will be considered accordingly.

Personal Training Plans

- 12.1 The Executive Office will contact each of the Board Members to discuss a training plan personalised to their needs, where collective training has not been arranged but they have identified a requirement. Personalised training may take a variety of formats, which may include online training, or face-to-face training with staff.

Board Development Session

- 13.1 The Board will be asked to agree a date for a Board Development session led by the Chair who will be assisted by the Chief Executive.
- 13.2 Following this Development Session, any further items arising can be worked into the Training Plan at Appendix 1 and the Development Plan for 2022-2024 will be finalised and distributed.

Decision Time

- 14.1 We have been trialing Decision Time as a means of distributing our Board Papers and managing our Board Meetings throughout our February and March 2022 meetings.
- 14.2 Decision Time's aim is to "*enable boards and senior leaders to make better-informed decisions*".
- 14.3 The feedback received from Board Members using Decision Time has been wholly positive.

- 14.4 We have found Decision Time to be a more effective and efficient method of setting the Agenda, arranging Board meetings, issuing Board papers to Members and receiving responses from Board Members.
- 14.5 Using Decision Time should lead to reduced cost of Governance whilst improving performance.

			2022												2023												2024		
Training		In-house / External	Costings	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	Business Planning	External	TBC																										
1	Development Session to be held with Board	In-house	Free																										
2	The Scottish Housing Regulator & Housing Legislation - What You Need to Know	External - SHARE	£100 per member - total of £1,000																										
3	Board Member Role & Responsibilities Refresher Training	External - SHARE	Free for Members																										
4	Property Development Issues	In-house	Free																										
5	Risk Management session: Risk Appetite of HHP	In-house	Free																										
6	Equalities & Diversity Training	External - EVH	£650 per session																										
7	Tenant Scrutiny	In-house	Free																										
8	HR, Employment Law and Social Policy Issues	External - EVH	£650 per session																										
9	Financial Monitoring and Modelling	In-house	Free																										
10	Safeguarding Training	External	TBC																										
	Following AGM - 2022/23 Skills Assessment Cycle Commences							AGM												AGM									

SHR LOAN PORTFOLIO

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present for homologation an in year Loan Portfolio Return which has been submitted to the Scottish Housing Regulator (SHR), following the re-financing of our borrowing facility with RBS.

Summary

- 2.1 The SHR require RSLs to submit an in year Loan Portfolio return when any changes are made to our borrowing arrangements. The return can be found at Appendix 1.
- 2.2 The submission of the return was delayed due to issues with the Landlord Portal. The return was successfully completed on 3 March 2022.

Competence

- 3.1 Financial and legal constraints arising from the recommendation to this report being implemented are detailed at 5.1 – 8.1.

Recommendations

- 4.1 **It is recommended that the submission of the Scottish Housing Regulator Loan Portfolio Return be homologated.**

APPENDIX 1: SHR Loan Portfolio Return

Background Papers: None

Writer of Report: Donald Macleod

Tel: 0300 123 0773

Competence

Financial

- 5.1 The loan portfolio return has been prepared in line with the Board approved re-financing agreement and the Annual Financing Strategy approved in August 2021.

Legal

- 6.1 The Partnership's Rule 69 states that *"The Partnership must keep proper books of account to cover its income, expenditure transactions and its assets, liabilities and reserves 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 five year plans.
- 6.3 Any material changes in the assumptions used in the five year plan from those approved in the 30 year Business Plan will require the approval of our funder.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.

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.

Loan Portfolio In-year Return 2021-2022



Landlord name	Hebridean Housing Partnership Ltd
RSL Reg. No.	359
Report generated date	03/03/2022 15:55:50

Approval	
Date approved	03/03/2022
Approver	Donald Macleod
Approver job title	Director of Finance & Corporate Services

Submission	
Date of Return	02/03/2022
Reason for return	
Change to Facility	
Accounting year-end	March
Number of housing units owned by RSL	2,223
Number of housing units used for Security	2,212
Unencumbered housing units	11
What Percentage of unencumbered housing units has a Positive value?	100.00%
Does a Lender have a floating charge over the company assets?	No
Submission Comments	
Unencumbered housing units increase driven by the timing of transferring security to our funder as new build developments completed in stages.	

Covenants for Loans

Covenant Sequence Number	Type of Covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Actual levels achieved at that date
1	Interest Cover	Annual Cashflow Deficit Covenant In respect of each Financial Year specified in Part A where the ratio in column 2(total interest paid divided by net operating cashflow except in years where there is a deficit) is less than zero, the Annual Cashflow Deficit for that Financial Year shall not be a greater negative figure than that set out in Part A of Schedule 5, as amended each year by the Lender in line with the agreed Business Plan. Net Operating Cashflow Covenant In respect of each Financial Year specified in Part B where the ratio in column 2 is equal to or greater than zero, the ratio of Net Operating Cashflow to Total Interest for that period shall not be less than the ratio setout in Part B of Schedule 5, as amended each year by the Lender in line with the agreed Business Plan. Part A 31March2019 3,450,000 31March2020 5,434,000 31March2021 8,053,000 31March2022 2,551,000 31March2033 402,000 Part B 31March2023 1.27 31March2024 1.51 31March2025 1.81 31March2026 4.49 31March2027 4.28 31March2028 2.92 31March2029 3.41 31March2030 2.52 31March2031 3.89 31March2032 3.98	Cashflow deficit of £8.053m for 2020/21	Annually	Cashflow Surplus of £0.22M

Covenant Sequence Number	Type of Covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Actual levels achieved at that date
		31March2034 3.90 31March2035 5.93 31March2036 18.99 31March2037 0.00 31March2038 0.00 31March2039 0.00 31March2040 0.00 31March2041 0.00 31March2042 0.00			
3	Interest Cover	Interest Cover Covenant - The Borrower shall procure that Adjusted Operating Surplus in respect of each Financial Year expressed as a percentage of Net Interest Payable in respect of such Financial Year shall not be less than one hundred and ten per cent (110%). "Adjusted Operating Surplus" to be calculated in accordance with the applicable SORP and adjusted as follows:- - adding back amounts charged for depreciation in respect of housing properties; - adding the profit/loss in respect of sales of housing properties sold in the ordinary course of its activities; - deduct 100% of capitalised component replacement costs and capitalised major repair costs; -in respect of the financial years ending 31 March 2022 and 31 March 2023 only, adding back any capitalised component and major repair costs and revenue costs incurred in connection with completion of the Deferred Works up to a maximum of £2,044,068 (in aggregate across the two said financial years) - deducting pension deficit contributions payable, Gearing Covenant - The Borrower shall procure that at all times Total Financial Indebtedness expressed as a percentage of Historic Cost of Properties will not exceed thirty per cent (30%).	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Forecast Gearing = 8% / Forecast Interest Cover = 362%

Facilities

Facility Reference Number	Name of Lender	Charge holder	Security Trustee in place?	Start Date	End Date	Total Facility (£'000s)	Balance of Facility Outstanding (£'000s)	Facility Undrawn (£'000s)	Next five years?	Undrawn Facility for?	Details	Funds Committed?
HHPRBS2164	Royal Bank of Scotland plc		No	02/07/2021	31/03/2041	5,000.0	5,000.0	0.0				
HHPRBS2165	Royal Bank of Scotland plc		No	02/07/2021	31/03/2046	12,000.0	5,000.0	7,000.0	Yes	New Build - Social Housing		Yes
HHPRBS2166	Royal Bank of Scotland plc		No	02/07/2021	31/03/2031	8,000.0	0.0	8,000.0	Yes	Working Capital		No
Totals						25,000.0	10,000.0	15,000.0				

Facilities

Facility Reference Number	Name of Lender	Fees - Arrangement	Fees - Non-utilisation	Fees - Other	Fees - Details	All lenders within this syndicate	Facility Comments
HHPRBS2164	Royal Bank of Scotland plc	Yes	No	No			RBS Refinancing 2021 (£10M increased facility from £15M to £25M)
HHPRBS2165	Royal Bank of Scotland plc	Yes	Yes	No			
HHPRBS2166	Royal Bank of Scotland plc	Yes	Yes	No			

Loans

Facility Reference Number	Loan Reference Number	Loan Type	Purpose of Loan	Loan Purpose Details	Total Loan Amt (£'000s)	Balance O/S (£'000s)	Repmnt Terms	Ref Int Rate	Margin Over Ref Int Rate (%)	'All in' Fixed Rate (%)	First Cap Repmnt Date	Final Cap Repmnt Date	First Int Pmnt Date	Interest is being
HHPRBS2164	RBSFIXED1045	Fixed Rate Loan	Refinancing		3,500.0	3,500.0	Interest only followed by structured capital repayments	Fixed Rate Percentage		6.6250%	30/06/2036	31/03/2041	18/10/2021	Paid
HHPRBS2164	RBSVAR1046	Variable Rate Loan	Refinancing		1,500.0	1,500.0	Interest only followed by structured capital repayments	SONIA	1.4000%		30/06/2036	31/03/2041	31/12/2021	Paid
HHPRBS2164 Total					5,000.0	5,000.0								
HHPRBS2165	RBSFIXED1047	Fixed Rate Loan	Refinancing		5,000.0	5,000.0	Interest only followed by structured capital repayments	Fixed Rate Percentage		2.8230%	30/06/2031	31/03/2046	31/03/2022	Paid
HHPRBS2165 Total					5,000.0	5,000.0								
Totals					10,000.0	10,000.0								

Loans

Facility Reference Number	Loan Reference Number	Start Date	Fin cap Rep Date Ind	Current deal expiry date	Forward fixes neg with Lender?	Fees - Arrangement	Fees - Non-utilisation	Fees - Other	Fees - Details	Percentage of Security provided by Social Housing assets (%)	Value of Security provided by Social Housing units (£'000s)	Basis of valuation	Date of valuation	Loan Comments
HHPRBS2164	RBSFIXED1045	02/07/2021	Yes			Yes	No	No		100.00%	47,715.0	EUV-SH without sales	31/03/2021	
HHPRBS2164	RBSVAR1046	02/07/2021	Yes			Yes	No	No		100.00%	47,715.0	EUV-SH without sales	31/03/2021	
HHPRBS2165	RBSFIXED1047	31/12/2021	Yes			Yes	Yes	No		100.00%	47,715.0	EUV-SH without sales	31/03/2021	

Loans Covenants

Facility Reference Number	Loan Reference Number	Covenant Sequence Number	Type of Covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Actual levels achieved at that date
HHPRBS001	RBSFIXED002	2	Interest Cover	Covenant Copied to allow closure of old facility	Cashflow deficit of £8.053m for 2020/21	Annually	Cashflow Surplus of £0.22M
HHPRBS2163	RBSVAR1043	2	Interest Cover	Covenant Copied to allow closure of old facility	Cashflow deficit of £8.053m for 2020/21	Annually	Cashflow Surplus of £0.22M
HHPRBS2164	RBSFIXED1045	3	Interest Cover	Interest Cover Covenant - The Borrower shall procure that Adjusted Operating Surplus in respect of each Financial Year expressed as a percentage of Net Interest Payable in respect of such Financial Year shall not be less than one hundred and ten per cent (110%). "Adjusted Operating Surplus" to be calculated in accordance with the applicable SORP and adjusted as follows:- - adding back amounts charged for depreciation in respect of housing properties; - adding the profit/loss in respect of sales of housing properties sold in the ordinary course of its activities; - deduct 100% of capitalised component replacement costs and capitalised major repair costs; -in respect of the financial years ending 31 March 2022 and 31 March 2023 only, adding back any capitalised component and major repair costs and revenue costs incurred in connection with completion of the Deferred Works up to a maximum of £2,044,068 (in aggregate across the two said financial years) - deducting pension deficit contributions payable, Gearing Covenant - The Borrower shall procure that at all times Total Financial Indebtedness expressed as a percentage of Historic Cost of Properties will not exceed thirty per cent (30%).	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Forecast Gearing = 8% / Forecast Interest Cover = 362%
HHPRBS2164	RBSVAR1046	3	Interest Cover	Interest Cover Covenant - The Borrower shall procure that Adjusted Operating Surplus in respect of each Financial Year expressed as a percentage of Net	Minimum Interest Cover 110% &	Annually	Forecast Gearing = 8% / Forecast

Facility Reference Number	Loan Reference Number	Covenant Sequence Number	Type of Covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Actual levels achieved at that date
				Interest Payable in respect of such Financial Year shall not be less than one hundred and ten per cent (110%). "Adjusted Operating Surplus" to be calculated in accordance with the applicable SORP and adjusted as follows:- - adding back amounts charged for depreciation in respect of housing properties; - adding the profit/loss in respect of sales of housing properties sold in the ordinary course of its activities; - deduct 100% of capitalised component replacement costs and capitalised major repair costs; -in respect of the financial years ending 31 March 2022 and 31 March 2023 only, adding back any capitalised component and major repair costs and revenue costs incurred in connection with completion of the Deferred Works up to a maximum of £2,044,068 (in aggregate across the two said financial years) - deducting pension deficit contributions payable, Gearing Covenant - The Borrower shall procure that at all times Total Financial Indebtedness expressed as a percentage of Historic Cost of Properties will not exceed thirty per cent (30%).	Maximum Gearing = 30%		Interest Cover = 362%
HHPRBS2165	RBSFIXED1047	3	Interest Cover	Interest Cover Covenant - The Borrower shall procure that Adjusted Operating Surplus in respect of each Financial Year expressed as a percentage of Net Interest Payable in respect of such Financial Year shall not be less than one hundred and ten per cent (110%). "Adjusted Operating Surplus" to be calculated in accordance with the applicable SORP and adjusted as follows:- - adding back amounts charged for depreciation in respect of housing properties; - adding the profit/loss in respect of sales of housing properties sold in the ordinary course of its activities; - deduct 100% of capitalised component replacement costs and capitalised major repair costs;	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Forecast Gearing = 8% / Forecast Interest Cover = 362%

Facility Reference Number	Loan Reference Number	Covenant Sequence Number	Type of Covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Actual levels achieved at that date
				-in respect of the financial years ending 31 March 2022 and 31 March 2023 only, adding back any capitalised component and major repair costs and revenue costs incurred in connection with completion of the Deferred Works up to a maximum of £2,044,068 (in aggregate across the two said financial years) - deducting pension deficit contributions payable, Gearing Covenant - The Borrower shall procure that at all times Total Financial Indebtedness expressed as a percentage of Historic Cost of Properties will not exceed thirty per cent (30%).			

Embedded Interest Rate Derivatives

Facility Reference Number	Loan Reference Number	Sequence Number	Derivative Type	Amount (£'000s)	Date From	Date To	Margin Over Ref Int Rate (%)	'All in' Fixed Rate (%)

IGF Lend

Sequence Number	Name of the organisation that the funding is provided to	Relationship to RSL	Amount Provided (£'000s)	Balance O/S (£'000s)	Purpose of loan	Details	Duration of funding arrangement (months)	Start Date	End Date	First repayment date	Is Funding Provided Part of Funds Borrowed?	Loan Reference Number	Lender aware of on Lending Arrangement?
1	HHP Community Housing Ltd	Subsidiary	17.8	17.8	Working Capital		48	01/03/2018	28/02/2022	28/02/2022	Yes	RBSFIXED002	Yes
Totals			17.8	17.8									

IGF Lend

Sequence Number	Name of the organisation that the funding is provided to	Security taken?	Type of Security	Type of Security details	Value of Security (£'000s)	Loan Agreement in Place?	Loan Type	Repayment Period (months)	Repayment terms	Reference Interest Rate	Margin Over Ref Int Rate (%)	'All in' Fixed Rate (%)	IGF Lend Comments
1	HHP Community Housing Ltd	No				Yes	Bridging Finance	48	Payment start date deferred-bullet repayment of interest and capital at maturity	Base	1.0000%		

IGF Borrow

Sequence Number	Name of organisation that the funding is provided from	Relationship to RSL	Amount Received (£'000s)	Balance O/S (£'000s)	Purpose of loan	Details	Duration of funding arrangement (months)	Start Date	End Date	First repayment date

IGF Borrow

Sequence Number	Name of organisation that the funding is provided from	Security taken?	Type of security	Details	Value of security (£'000s)	Loan Agreement in place?	Loan Type	Repayment period (months)	Repayment terms	Reference Interest Rate	Margin Over Ref Int Rate (%)	'All in' Fixed Rate (%)	IGF Borrow Comments

ISDAs

Sequence Number	Name of Lender	Amount (£'000s)	Start Date	End Date	Reference Interest Rate	Margin Over Ref Int Rate (%)	'All in' Fixed Rate (%)	Mark to Market Threshold before collateral calls (£'000s)	Mark to Market Value (£'000s)	Date of Mark to Market Valuation	Implied loss or gain on Mark to Market Valuation (£'000s)	Type of collateral calls	Under which method are they marked?	Frequency of Call	ISDA Comments

ISDA Covenants

ISDA Sequence Number	Sequence Number	Type of covenant applied	How is this Covenant calculated?	Required levels	Frequency of reporting to lender	Date of last report to lender	Actual levels achieved at that date

ESTATE MANAGEMENT POLICY

Board 23 March 2022

Report by Director of Operations

Purpose of Report

- 1.1 To present a revised Estate Management Policy to the Board for approval as at Appendix 1.

Summary

- 2.1 The Estate Management Policy was last updated in February 2019. Following a review of the Void Management Policy in February 2022, it was considered that the provisions would be better placed in the Estate Management Policy, Allocations Policy and Repairs and Maintenance Policy.
- 2.2 The Estate Management Policy has therefore been amended to incorporate a section on void management and the appropriate provisions of the Void Management Policy have been included in this section.
- 2.3 Apart from minor wording amendments there were no other changes made to the policy.
- 2.4 The 2021 Tenant Satisfaction Survey showed that 81% percent of tenants were satisfied with HHP's contribution to the management of the neighbourhood they live in. In order to increase this percentage it was agreed that a tenant scrutiny panel would be arranged by TPAS to identify the reasons that tenants are dissatisfied with our contribution. We are currently awaiting the formal report from TPAS.
- 2.5 There are no changes required to process and procedures as a result of the amendments to the policy.

Competence

- 3.1 The financial, legal or other constraints are detailed at paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board approve the Estate Management Policy at Appendix 1.**

APPENDIX 1: Estate Management Policy
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. The financial aim of void management is to minimise rent loss on empty properties and the cost of void repairs. There is no increase in financial obligations arising directly out of consideration of this report.

Legal

- 6.1 There are no legal implications arising out of consideration of this report.
- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in breach of the standards.

Risk

- 8.1 Void Management is at number 10 on our Risk Register.



hebridean housing
partnership



► Estate Management Policy

Effective Date: ► March 2022

Review Date: ► March 2025

Approved by HHP Board:

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ESTATE MANAGEMENT POLICY

INTRODUCTION

- 1.1 We recognise that effective Estate Management is a vital part of our role as a landlord and that the delivery of Estate Management, often in conjunction with other agencies, will greatly assist in promoting and sustaining safe, secure and desirable communities.
- 1.2 Estate Management is defined as property and environmental management services designed to give tenants and residents quiet enjoyment of their homes in a safe, secure and decent environment. Effective Estate Management specifically includes maintaining the physical condition, cleanliness, and safety of the housing environment, in order to preserve its fabric, tackle anti-social behaviour, and promote community self-esteem.
- 1.3 The operational aspects of this policy relate to our responsibility to inspect and maintain, to a quality standard, common areas of its housing and the environment surrounding its housing and any other areas of land it owns. Where possible, this will be done in conjunction with tenants and residents in the local area. For tenants this means compliance with their tenancy obligations to keep in good order the immediate environment over and above their own individual property and it emphasises their duty to respect the needs, interests and wishes of the surrounding community.
- 1.4 In formulating and implementing this Policy the Partnership will ensure that it complies with its statutory obligations as set out in the Housing (Scotland) Act 2001. The Scottish Secure Tenancy Agreement is the formal document that stipulates the Partnership's and tenants' responsibilities and obligations in relation to the upkeep of their property and surrounding area.
- 1.5 We work with partner agencies to strive to meet our vision and to sustain and develop all the diverse communities throughout the Outer Hebrides by providing affordable and appropriate housing solutions.
- 1.6 The aims of the Estate Management Policy are to:
 - a) ensure that individuals are allocated a property that meets our defined lettable standards;
 - b) minimise the void days and rent loss on empty properties;
 - c) minimise the cost of void repairs;
 - d) monitor and report on void performance in order to highlight both successes and weaknesses making the maximum use of information technology;
 - e) comply with legal duties, regulatory requirements and good practice standards
 - f) enable tenants and their household to live in well managed and well maintained homes in an environment that is attractive, safe and secure, free from nuisance, annoyance, intimidation and harassment;
 - g) ensure that tenants are aware of, and accept, their responsibilities regarding the upkeep of their homes and the surrounding areas and to

- ensure any enforcement action is lawful, consistent with the tenancy agreement and in line with good practice;
 - h) ensure that tenants are aware of our commitment to and responsibility for good estate management via consultation and participation;
 - i) promote excellent partner working with appropriate external agencies, to develop and sustain community pride and safety and to make all our housing estates places where people want to live;
 - j) contribute to developing sustainable communities which are popular and well kept, in which void levels are low and anti-social behaviour and crime is kept to a minimum.
 - k) promote good relationships between the Partnership, its tenants and other residents; and
 - l) ensure that comprehensive procedures are in place to enable the Partnership to provide an efficient Estate Management service to tenants and residents.
- 1.7 We will meet all our legal requirements in terms of this policy and will comply in all aspects with the relevant legislation and regulations. Particularly relevant are the Housing (Scotland) Act 2001, Housing (Scotland) Act 2014 and Anti-social Behaviour (Scotland) Act 2004

DELIVERING THE POLICY

- 2.1 We recognise that everyone has a responsibility to report Estate Management issues when they are visiting our estates.
- 2.2 We have a range of procedures to deliver the strategic objectives of this policy. The principles underpinning this policy will be delivered by:
- a) a 5 year planned maintenance programme;
 - b) specific funding for estate management works and initiatives;
 - c) a range of audit and monitoring reports and performance criteria as agreed by the our Board;
 - d) regular planned inspections of housing estates and keeping accurate estate management records;
 - e) multi agency protocols and service agreements;
 - f) close working with tenants and tenants groups; and
 - g) informing tenants of the service standards they can expect and undertaking regular satisfaction surveys. To comply with legal duties, regulatory requirements and good practice standards;
 - h) to provide a clear statement of level of service and standards to which we will work;
 - i) we will implement detailed procedures to ensure that staff are equipped to carry out the roles expected of them;
 - j) that tenants and service users will be kept informed during the void management process; and
 - k) to communicate with tenants and services users in 'plain language'.
- 2.3 Tenancies will be allocated in line with our Allocations Policy.

GETTING OFF ON THE RIGHT FOOT

- 3.1 To ensure that each tenancy begins on a sound basis, new tenants will be fully advised on landlord and tenant rights and obligations, to ensure that they understand their own and our responsibilities.
- 3.2 Each tenant will be issued with our "Welcome to your Home" information pack which covers all aspects of being a tenant. This pack will include leaflets and information relevant to all aspects of their tenancy.
- 3.3 There will be a new tenant home visit within 6 weeks of the commencement of a tenancy by the Housing Officer to ensure that the tenant has settled in, that the tenancy conditions as set out in the Tenancy Agreement are being complied with, and that any relevant follow up action as a result of this visit is carried out.

PERMISSIONS

- 4.1 The Scottish Secure Tenancy Agreement sets out matters for which the tenant requires our written permission.
- 4.2 Where the Tenancy Agreement requires tenants to obtain our permission, requests must be made in writing and permission must be granted prior to proceeding.
- 4.3 Permission may be granted on certain conditions and will not be unreasonably withheld.
- 4.4 We may withdraw permission if the matter which it has given permission for causes a nuisance or annoyance to anyone in the neighbourhood, or if the tenant does not comply with the specified conditions.
- 4.5 If we refuse permission we will inform the tenant, in writing, of the reason(s) permission is refused. We will not refuse permission unreasonably.
- 4.6 If we do not reply to a permission request within one month of the date we receive it, permission will be deemed to have been granted. However, such deemed permission may be withdrawn if it has the effect of causing a nuisance or annoyance to anyone in the neighbourhood.
- 4.7 If a tenant wishes to challenge a decision or any conditions attached to their request, they have the right of appeal using our Complaints Procedure.

PETS

- 5.1 In line with the Scottish Secure Tenancy Agreement, tenants have the right to keep one pet. This permission applies to what is commonly considered to be a domestic pet and does not include any other animal.
- 5.2 A domestic pet is a household animal kept for companionship and a person's enjoyment and within the context of this policy would normally refer to a dog, cat, rabbit or budgerigar. Consent would not normally be required for fish kept in an aquarium, or a hamster/gerbil kept in a cage.
- 5.3 Specific permission is required to keep exotic or non-domestic animals or birds. and does not in any way alter our general right to refuse permission for other animals on reasonable grounds.

- 5.4 If a tenant wishes to keep more than one domestic pet they will be required to complete a "Request to Keep a Pet" application form. If permission is granted, they will receive our Code of Conduct leaflet in regards to keeping the pet.
- 5.5 Permission will require that the tenant must take:
- responsibility for the behaviour of the pet;
 - all reasonable steps to supervise and keep the pet(s) under control;
 - all reasonable steps to prevent the pet(s) causing nuisance, annoyance or danger to neighbours;
 - reasonable care to ensure that their pets do not foul or cause damage to the home, neighbour's property, anything belonging to us or anything we are responsible for, such as the common parts; and
 - responsibility for cleaning up their pet's faeces.
- 5.6 Failure to comply with the conditions set out in the Code of Conduct may result in the withdrawal of permission to keep the animal.

HOME IMPROVEMENTS

- 6.1 Tenants must apply for permission to carry out alterations or improvements to their home and must complete an application form detailing the alteration/improvement prior to carrying out the work.
- 6.2 Permission will not be granted to carry out any structural alterations to the property.
- 6.3 Future maintenance of the proposed alteration or improvement will be taken into account when determining approval.
- 6.4 If permission is granted, the improvement or alteration may be required to be undertaken by an approved contractor or qualified tradesperson. In the case of any gas or electrical works an appropriate gas or electrical certificate must be provided to us on completion of the work.
- 6.5 Tenants will be informed of their right to compensation for qualifying improvement work and of the regulations governing such arrangements.
- 6.6 If alterations or improvements are carried out without our permission, we may restore the property to its previous condition and charge the tenant for the cost of these works.
- 6.7 Improvements and alterations which may be approved include installing, replacing or fitting:
- a bath, shower, wash hand basin and toilet;
 - kitchen units and work tops;
 - loft/cavity wall/sound insulation;
 - double glazing, replacing external windows or fitting secondary glazing;
 - mechanical ventilation in bathrooms and kitchens;
 - laminate flooring;
 - a satellite dish (houses and 4-in-a-block flats);
 - a garage/garden shed;
 - a driveway; and
 - installing wood burning or multi fuel stoves

The above list is not exhaustive.

- 6.8 If any alterations or adaptations are required as a result of the tenant's changing needs, an assessment will be carried out by an Occupational Therapist and priority will be given based on needs assessed and funding available.

Right To Compensation For Improvements

- 7.1 Under the Housing (Scotland) Act 2001, Scottish Secure Tenants and Short Scottish Secure Tenants may be entitled to compensation from their landlord for improvements which they have made to their home. To qualify for compensation:
- a tenant must have had our written approval prior to carrying out the improvement; and
 - the tenancy must have ended.
- 7.2 A tenant may apply for compensation when they know the tenancy is coming to an end. Decoration and fitting of tiled or wooden laminate floor coverings does not qualify for compensation.
- 7.3 Compensation for improvements will not apply if the:
- property is bought under the Right to Buy Scheme;
 - property is being repossessed; or
 - tenant is transferring to another of our properties.
- 7.4 To qualify for compensation the tenant must have had our written permission to carry out the alteration or improvement, and make a claim in writing within the period starting 28 days before and ending 21 days after the tenancy comes to an end.
- 7.5 In assessing the claim, we will require:
- information on what improvements were made;
 - receipts to show the cost of the improvements; and
 - the date(s) the improvements were started and finished.
- 7.6 We will inspect the improvement works after the claim has been received to ensure that the works undertaken comply with the permission granted and are of an acceptable standard.
- 7.7 The compensation payment will be assessed under the rules governing the Right to Compensation.
- 7.8 We will reserve the right to deduct any money that the tenant owes us from the compensation payment.

REQUEST TO RUN A BUSINESS FROM HOME

- 8.1 Tenants may apply for permission to run a business from their home.
- 8.2 Tenants will be required to complete an application form providing full details of the nature of the business.
- 8.3 Tenants will be notified of any specific conditions we consider appropriate to their request and approval will be granted on acceptance of these conditions.
- 8.4 We will not give permission for any business activity which is likely to cause disturbance, annoyance or nuisance to neighbours.

- 8.5 Before granting approval, we will carry out a tenancy inspection to ensure that the tenant is fulfilling all their obligations as set out in the tenancy agreement, that their rent account is clear, and make relevant enquiries regarding their request.
- 8.6 We may withdraw permission if the business activity which it have given permission for causes a nuisance or annoyance to anyone in the neighbourhood, or if it does not comply with the required conditions as set out in the permission letter.

LODGERS

- 9.1 Scottish Secure Tenants may apply for permission to take in a lodger.
- 9.2 Tenants will be required to complete a Lodger Permission form and subject to meeting the relevant conditions, approval to take in a lodger will be granted. In taking a decision we will consider whether the amount of rent and other payments are reasonable.

SUB-LET OF TENANCY

- 10.1 The Scottish Secure Tenancy Agreement gives a tenant the right to apply for permission to sub-let their property to another person when specific circumstances result in the tenant being absent from the property for a fixed period of time. The tenant must have an intention to resume occupation of the property at the end of the specified period before granting permission to sub-let the property will be considered.
- 10.2 If you want to sublet all or part of your tenancy, this needs our consent as your landlord. Section 12(2) of the 2014 Act makes the following changes:
- you must have been the tenant of the house throughout the 12 months immediately before you apply for written permission to sublet your home (previously there was no qualifying period), or
 - if you were not the tenant throughout the whole of that period, the house must have been your only or principal home during those 12 months; and the tenant must have told us that you were living there prior to the start of those 12 months.
- 10.3 The circumstances under which a tenant may be absent from the property for an extended period may include:
- an extended holiday period;
 - a contract of work for a fixed period of time requiring the tenant to be absent from the property;
 - recuperation from an illness;
 - attending a course of study; and
 - any other circumstances which may be deemed as appropriate.
- 10.4 Tenants will be required to complete a sub-let request form. If their application complies with our conditions, permission will not be unreasonably refused.
- 10.5 In line with our Allocations Policy, the proposed sub-tenant will be required to:
- be aged 16 or over;
 - have a satisfactory former tenancy reference in terms of rent arrears, condition of property and anti-social behaviour;

- have made a satisfactory arrangement to repay any former tenancy related debt and the arrangement has been kept for at least 3 months and is continuing to be met;
 - is not subject to immigration control; and
 - is an applicant on our Housing Waiting List.
- 10.6 Permission to sub-let will normally be granted for a period not exceeding 6 months and may at our discretion be renewed for a further period of 6 months at the end of the initial 6 month period. Sub-lets will not normally be permitted for a total period of more than 12 months. A request by a tenant to extend the sub-letting period to more than 12 months shall be determined by the Housing Services Area Manager.
- 10.7 The sub-tenant will have no security of tenure and must vacate the property at the end of the sub-let period.
- 10.8 Under the provisions of Section 32 of the 2014 Housing (Scotland) Act, a subtenant has no right of succession or assignment.
- 10.9 We will not become involved in any disputes between the secure tenant and the sub-tenant.
- 10.10 We will not unreasonably refuse permission to sub-let a secure tenancy. Grounds for refusing permission include the following:
- the tenant is in breach of the tenancy agreement. This includes:
 - a) not maintaining the property to an acceptable standard;
 - b) rent arrears; and
 - c) incidents of anti-social behaviour
 - we have obtained or are seeking a decree of eviction against the tenant;
 - the proposed sub-let of tenancy would lead to overcrowding;
 - there is evidence that approval of the sub-let would place the community or an individual at risk.
- 10.11 These examples do not in any way alter our general right to refuse permission on reasonable grounds.
- 10.12 If permission is given, during the period of the sub-let the tenant will remain the secure tenant of the property and will remain responsible for all aspects of the tenancy including the payment of rent, maintaining the property in good condition, and the behaviour of any persons living in or visiting the property.

GARDEN MAINTENANCE

- 11.1 It is a requirement of the Tenancy Agreement that the tenant must take reasonable care to keep the garden area from becoming overgrown, untidy or causing a nuisance to neighbours. This includes ensuring that bushes, shrubs and trees do not encroach on to neighbouring properties, paths, roads or common areas. The Tenancy Agreement also requires that a tenant must not remove, chop down or destroy any bushes, hedges or trees without our written permission.
- 11.2 If tenants are unable to maintain the garden themselves they must make suitable alternative arrangements.

- 11.3 Programmed or ad hoc inspections will identify tenants who are failing to properly maintain the garden area attached to their home.
- 11.4 If the garden area is not maintained to an acceptable standard the tenant will be written to asking them to remedy the situation within 14 days. A further inspection will be carried out and if there is no improvement the tenant will be advised that we may make arrangements for a contractor to carry out the work if the situation is not remedied within a further 7 days. In such circumstances the tenant will be recharged for this work and/or action may be taken against their tenancy.
- 11.5 In cases where tenants experience difficulties due to infirmity, frailty, old age or poor health, advice and assistance will be given about relevant agencies which may help with this work, but this still remains the tenant's responsibility. Our Garden Assistance Scheme offers assistance to tenants who are not able to maintain their gardens due to age or disability and who have no able bodied relative or friend who can provide assistance.
- 11.6 A private owner within an estate managed by us, who has exclusive use of a garden, is responsible for its maintenance. If they are unable to maintain it themselves, the private owner will be reminded of their responsibility to maintain their garden "in a clean and tidy condition and free from all rubbish, refuse and weeds to the satisfaction of the Seller", as set out in the Sales Disposition when the property was sold under 'Right To Buy'.

ANTI SOCIAL BEHAVIOUR

- 12.1 We are committed to tackling anti-social behaviour and ensuring that its tenants are able to enjoy a housing environment that is free from nuisance, annoyance, intimidation and harassment.
- 12.2 Tenants will be advised of their obligations with regard to anti-social behaviour when signing up to their Tenancy Agreement.
- 12.3 We will take early action in responding to reports of anti-social behaviour and will keep the victim informed during the investigation, whilst also respecting the confidentiality of information received from both the complainer and the alleged perpetrator.
- 12.4 We will work in close partnership with the Police, Criminal Justice with Comhairle nan Eilean Siar, and any other relevant agency, to resolve the situation.
- 12.5 We will operate a zero tolerance approach to drug dealing and will pursue the eviction of tenants where they or members of their household have been convicted of supplying drugs from their home or in their neighbourhood.
- 12.6 We will also use Acceptable Behaviour Contracts and Unacceptable Behaviour Notices where appropriate. Where intervention has failed we will pursue eviction action as a last resort against tenants who continue to engage in anti-social behaviour.
- 12.7 Section 14(2) of the Housing (Scotland) Act 2014 means that a court does not have to consider whether it is reasonable to make an order for eviction where the landlord has grounds for recovery of possession under Schedule 2 paragraph 2. These grounds are:

That the tenant (or any one of joint tenants), a person residing or lodging in the house with, or subtenant of, the tenant, or a person visiting the house has been convicted of:

- a) using the house or allowing it to be used for immoral or illegal purposes, or
- b) an offence punishable by imprisonment which was committed in, or in the locality of, the house.

- 12.8 This means that we can end a Scottish Secure Tenancy if someone living in or visiting the home is convicted of a serious offence in the area of the house. It allows us to end the tenancy where behaviour has had a serious impact on neighbours or others in the community.
- 12.9 A serious offence is one that the offender could have been imprisoned for, whether or not they actually were sentenced to imprisonment. If we are intending to end a Scottish Secure Tenancy in this way, we would serve a notice on you advising that we intend to seek recovery of possession of the property. That would be done within 12 months of the conviction (or, if it was appealed unsuccessfully, of when the appeal ended).
- 12.10 A tenant has a right to challenge a landlord's decision to take court action to end the tenancy on these grounds.
- 12.11 We will offer both the victim(s) and the alleged perpetrator(s) appropriate support to resolve the anti-social behaviour issues.

VANDALISM AND GRAFFITI

- 13.1 Damage to our property by wilful acts of vandalism, graffiti, neglect or abuse will be thoroughly investigated and attempts will be made to identify the perpetrator(s), who will be reported to the Police.
- 13.2 Vandalism which poses a safety risk and/or is of a racist or other offensive nature will be repaired/removed within 24 hours of notification to us.
- 13.3 If the act of vandalism and/or graffiti to our property is carried out by a tenant or a member of a tenant's household, we will recharge the tenant for the costs of all repair works required and action may also be taken in line with our Anti-Social Behaviour Policy and/or against the tenancy.

ABANDONED/DERELICT VEHICLES

- 14.1 No vehicle, caravan, boat or trailer may be parked on our land unless:
- the land is set aside for parking; or
 - we have given written permission; or
 - it is a public road; and in every case it does not cause a nuisance or annoyance to neighbours.
- 14.2 We aim to minimise the nuisance, annoyance and danger to residents posed by abandoned or derelict vehicles on its property.
- 14.3 We will attempt to identify the owners of offending vehicles. If the offender is a tenant or a member of a tenant's household they will be asked to remove the offending vehicle(s) and will be given advice on whom to contact to arrange removal.

- 14.4 Failure to remove the offending vehicles will result in we making arrangements to have the vehicles removed. The tenant may be recharged and action may be taken against their tenancy.
- 14.5 If the owner or keeper of the offending vehicle is an owner-occupier or a member of their household they will be asked to remove the offending vehicle(s) and will be given advice on whom to contact to arrange removal. Failure to remove the offending vehicle may result in us making arrangements to have the vehicle removed and the owner may be recharged in such circumstances. We will work with the police and other agencies to deal with such situations.

VOIDS

- 15.1 There are several ways in which a property can become void:
- the tenant gives us written notice as per the terms of the Scottish Secure Tenancy Agreement;
 - by written agreement between the tenant and us;
 - death of the tenant – where we are notified of the death of the tenant and there is no qualified person to succeed to the tenancy;
 - abandonment – where we issue a legal notice to a tenant who has vacated the property without notice;
 - eviction – where we have enforced decree for repossession, granted by the court following legal action;
 - transfers – where the tenant is re-housed in another of our properties;
 - development voids – where a new property is handed over to us; and
 - decants – where a tenant has to be moved, usually temporarily, from their property for purposes of refurbishment or as a result of the property becoming uninhabitable e.g. fire, flood.

Note: Mutual Exchanges do not allow for a property to have a void period.

- 15.2 In most circumstances tenancies will terminate by a tenant giving notice. The Tenancy Agreement states that this should be a minimum of 28 days. Rent will be due for the full 28 days, and thereafter, if the keys are not handed in on time.
- 15.3 It is recognised that there may be circumstances in which tenants could not reasonably give 28 days' notice prior to vacating the property. Where the full notice is not given all the circumstances will be reviewed and a decision taken as to whether the tenant will be held liable for the rent for the full notice period.
- 15.4 The outgoing tenant will be responsible for the clearing out the property. This is to include all floorcoverings. The outgoing tenant is also responsible for removing any unauthorised alterations and rectifying damage which is not attributable to 'fair wear and tear'.
- 15.5 Where judged necessary, we will take appropriate security measures at the earliest opportunity where a void property is vulnerable to vandalism, or theft of components.

Long Term Voids

- 15.6 In order to comply with insurers' requirements, if a property is void or unoccupied for a prolonged period of time, we will ensure that:

- all main services are switched off;
- all water pipes and central heating systems are drained; and
- the property is secured against unlawful entry.

Thereafter we are required to undertake inspections of these properties every month by a Housing Officer or other suitably authorised employee. If the entire building unit is empty then weekly visits are required.

15.7 A log of the visits must be kept.

Pre-Termination Inspections

15.8 We will inspect all properties becoming vacant, both prior to (with the tenants' agreement) and following the termination of the tenancy, in order to ensure that the property is tenantable and habitable.

15.9 A pre-termination inspection will be arranged, with the tenant, within 5 working days of receipt of the notice of termination. The tenant, or the tenant's representative, will be asked to attend the inspection.

15.10 The Housing Officer will also agree, if appropriate, a repayment arrangement for any rent arrears.

15.11 A standard form will be completed at the pre-termination inspection and will be signed by the Housing Officer and the tenant. A copy will be given to the tenant. The outgoing tenant will be given the opportunity to remedy any defect for which they are responsible prior to the end of the tenancy. If defects are not remedied prior to the end of the tenancy, or if work completed is not of a satisfactory standard, a recharge may be raised for the cost of the works.

Post-Termination Inspections

15.12 A post-termination inspection will be completed on all vacant properties and, where possible, this will be completed within 2 working days of keys being returned.

15.13 The outgoing tenant will be informed within 10 working days of the post-termination inspection if there are any outstanding items for which they will be recharged.

15.14 On completion of all void repairs and return of the keys from the contractor a further post-inspection will be carried out. The purpose of this inspection is to confirm that all void repairs issued to the contractor are completed satisfactorily.

Transfers

16.1 Tenants transferring to another of our tenancies will not be required to provide 28 days written notice.

16.2 The tenant will be responsible for rent on the old property until the keys are returned to us. They will be responsible for rent on their new tenancy from the tenancy start date.

Mutual Exchanges of Tenancy

17.1 Scottish Secure Tenants may apply to mutually exchange their tenancy with that of another secure tenant. Exchanges may also take place between the Partnership's tenants of and those of other Local Authorities and Housing

Associations. In some circumstances, a three-way mutual exchange may be permitted to enable tenants to move to more suitably sized or located properties.

- 17.2 The tenants involved in the exchange will be required to complete a Mutual Exchange application form. If their applications comply with our conditions regarding mutual exchanges permission will not be unreasonably refused.
- 17.3 Tenants applying for a mutual exchange must satisfy themselves that the property which they are requesting permission to move to meets their needs and that the condition of the property is acceptable.
- 17.4 When a mutual exchange is approved both parties must accept their new property in its current condition and only repairs for which we have a statutory responsibility will be carried out.
- 17.5 Grounds for refusing permission will include the following:
- the tenant is in breach of the Tenancy Agreement, this includes:
 - not maintaining the property to an acceptable standard;
 - rent arrears;
 - a record of anti-social behaviour.
 - we have obtained or are seeking a decree of eviction against the tenant;
 - the house was designed or adapted for persons with special needs and, if the exchange was allowed, there would be no person living in the house who required those designs or adaptations;
 - the property is substantially larger than the requirements of the family and/or it is not suitable for the needs of the family; and
 - the proposed exchange would lead to overcrowding.
- 17.6 These examples do not in any way alter our general right to refuse permission on reasonable grounds.

Death of a Tenant

- 18.1 Where a tenancy is terminated as the result of a death, and where there is no qualified person to succeed to the tenancy in accordance with the Housing (Scotland) Act 2001, we will:
- terminate the tenancy from the date that the keys are returned;
 - request details of the next of kin from the person notifying the death, and if appropriate;
 - advise the person that any housing benefit entitlement will cease from the Sunday following the date of the tenant's death. If there is a Universal Credit claim in place the final payment will depend on where in the payment period the date of death falls;
 - advise the person that we will expect the keys to the property to be returned to us as soon as possible after bereavement. A charge may be applied for the period that the next of kin takes to return the keys to the property; and
 - advise the person that rent arrears and outstanding rechargeable repairs may be recovered against the tenant's estate, if any.

Assignment of Tenancy

- 19.1 If a tenant wishes to assign their tenancy to another person, the property must have been the only or principal home of the tenant and the person to whom they wish to assign the tenancy to for a period of at least 12 months prior to their request, as set in in Section 32 of the 2014 Housing (Scotland) Act. Appropriate evidence of residency must be provided, normally in the form of Council Tax registration.
- 19.2 The existing tenant and proposed new tenant will be required to complete a Change of Tenancy form and if the application complies with our conditions regarding assignment permission will not be unreasonably refused.
- 19.3 Grounds for refusing permission include the following:
- the tenant is in breach of the tenancy agreement, this includes:
 - not maintaining the property to an acceptable standard;
 - rent arrears;
 - a record of anti-social behaviour.
 - we have obtained or are seeking a decree of eviction against the tenant;
 - the house was designed or adapted for persons with special needs and if the assignment was granted, there would be no person living in the house who required those designs or adaptations;
 - the house is substantially larger than the requirements of the family and/or it is not suitable for the needs of the family; and
 - the proposed assignment would lead to under occupation of the property.
- 19.4 These examples do not in any way alter our general right to refuse permission on reasonable grounds.

Succession of Tenancy

- 20.1 In the event of a tenant's death, a Scottish Secure Tenancy may be inherited by a "qualifying occupier" of the property.
- 20.2 A qualifying occupier is defined as a:
- joint tenant;
 - husband or wife or co-habitee of the tenant;
 - member of the tenant's family aged at least 16 at the date of death; and
 - carer living in the household who has given up another only or principal home before the death of the tenant.
- 20.3 The qualifying occupier must also have occupied the house as his/her only or principal home for at least 12 months immediately before the death of the tenant, as set out in Section 32 of the 2014 Housing (Scotland) Act. Appropriate evidence of residency must be provided, normally in the form of Council Tax registration.
- 20.4 If more than one person is a qualifying occupier with succession rights they may apply as joint tenants or agree amongst themselves who should succeed to the tenancy. If they cannot agree, we will decide who succeeds to the tenancy. This will normally be determined by consideration of the length of time

each qualifying occupier has continuously lived at the property prior to the date of death.

- 20.5 The qualifying occupier(s) must complete an application form and subject to meeting the relevant conditions, approval to succeed to the tenancy will be granted.
- 20.6 The provisions governing succession within Section 22 of the Housing (Scotland) Act, 2001 give the right for a tenancy to be inherited twice.
- 20.7 We, however, will enhance this right and will operate a policy of unlimited succession providing the applicant meets the above criteria.

Abandoned Property

- 21.1 When we have reason to suspect that a property has been abandoned or is being occupied by a person(s) who is not the tenant of the property, action will be taken in accordance with our Abandonment Procedures and as set out in the Housing (Scotland) Act 2001.
- 21.2 We will conduct reasonable enquiries in order to establish the whereabouts of the tenant(s) and confirm that the:
- property is unoccupied; and
 - tenant no longer intends to occupy it as their only or principal home.
- Enquiries may include contact with any known relatives, neighbours, and contact with other agencies, for example, Police, Social Work, Council Tax, etc.
- 21.3 Where we have made investigations and confirmed that a property has been abandoned, it will be made safe and secure as soon as possible. Between the months of October and April, we may enter the property in order to drain the water down.
- 21.4 We have a right of access at all times of the year where necessary to prevent possible damage to the property or risk to other tenants.

VERMIN, PEST AND INSECT CONTROL

- 22.1 We aim to ensure that all properties in our ownership are free of vermin, pests and insect infestation.
- 22.2 When a tenant reports to us the presence of vermin, pests or insects within their home, we will investigate the cause of the infestation. Where infestation can be directly attributed to a tenant's living conditions, habits, or lifestyle choices, we will offer advice to the tenant on how best to address the problem. If the problem persists, the Partnership will make arrangements to remedy the problem and recharge the tenant for the costs incurred.
- 22.3 Where there is internal infestation not attributable to the tenant's living condition, habits or lifestyle choices, we will be responsible for arranging and paying for eradication work.
- Where there is external infestation (for example a wasp's nest) we will assess the risk to tenants, property and staff and contractors and determine whether professional eradication is required. Costs will be apportioned as required.
- 22.4 For clarification, the presence of mice in a property will generally be a tenant's responsibility matter whereas a rat infestation will be dealt with immediately by us, with costs being apportioned as appropriate.

ENFORCEMENT

- 23.1 We will take legal action regarding any aspect of our Estate Management Policy. It will take such action only when all other action has failed to result in compliance with our policy and practice or where the behaviour is of such a nature that no other action is appropriate.
- 23.2 Any decision to proceed with legal action will be reported to the Board.

COMMERCIAL AND ACCOUNT PROPERTIES

- 24.1 Properties that are let on a commercial basis or let to other agencies will follow the same general principles of the voids section within this policy but will be dealt with in line with their individual tenancy agreements. For example the notice period may differ for a commercial property.

PERFORMANCE MANAGEMENT

- 25.1 This policy will be monitored, evaluated and reported to the Board in line with the approved performance-monitoring framework, and as required by the Annual Return on the Charter (ARC).
- 25.2 Performance will be assessed:
- against performance in the previous year;
 - using benchmarking; and
 - taking account of contextual issues such as change in demand.

REVIEW

- 26.1 This policy will be subject to review at least every three years, but may be updated in the interim period to reflect legislative change. 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.

COMPLAINTS

- 27.1 Any complaints in respect of this policy will be dealt with under our Comments, Compliments and Complaints Handling Policy.

EQUALITY & DIVERSITY

- 28.1 The policy recognises the importance of promoting equal opportunities. Accordingly our policy should be read in conjunction with our Equality & Diversity Policy. We will operate this policy and all practices in compliance with Equality & Diversity principles and will undertake all Estate Management activities in a manner, which promotes and encourages equal opportunities in all aspects of service delivery.
- 28.2 We will provide copies of supporting procedures and guidance to tenants on request. In addition we will seek to provide copies in different formats including different languages, and formats including larger print, or tape on request.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>Exotic Pet</i>	Including but not exclusively: • polecat/ferret; • large birds such as cockatiels and parrots; • reptiles; • arachnids and scorpions; and • rare birds and birds of prey
<i>Structural Alterations</i>	include: • changing the layout of the property; or • adding a conservatory to the property.
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



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ALLOCATIONS POLICY

Board 23 March 2022

Report by Director of Operations

Purpose of Report

- 1.1 To present a revised Allocations Policy to the Board for approval for consultation with tenants.

Summary

- 2.1 The Allocations Policy was last updated in March 2019 to incorporate the changes made following the implementation of the Housing (Scotland) Act 2014.
- 2.2 The Policy has been updated to include a section from the Void Management Policy as agreed by the Board on 9 February 2022. The item subsumed from the Void Management Policy, Creating Tenancies, can be found at section 26 of the Allocations Policy as detailed in Appendix 1.
- 2.3 The Sheltered Housing section of the Policy has been removed and replaced with information relating to Housing with Extra Care (HWEC), this can be found at paragraph 20.1 of the policy.
- 2.4 There have been minor wording changes made to ensure the Policy is clear and concise.
- 2.5 There are no changes required to process and procedures as a result of the amendments to the policy.
- 2.6. The Allocations Policy has been effective in ensuring that all applications for housing are dealt with equally prioritising those in most need.

Competence

- 3.1 The financial, legal or other constraints are detailed at paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board approve the:**
- a) draft Allocations Policy at Appendix 1 for consultation with tenants; and**
 - b) if there are no material changes to the Allocations Policy arising from the consultation, that the Policy is approved otherwise a revised version will be presented to the next meeting of the Board.**

APPENDIX 1:	Allocations Policy
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 Regulatory Standards checklist has been completed and there is nothing in the report which would result in breach of the standards.

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.



hebridean housing
partnership



► Allocations Policy

Effective Date: ► March 2022

Review Date: ► March 2025

Approved by HHP Board:

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ALLOCATIONS POLICY

INTRODUCTION

- 1.1 This Allocations 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 and has been developed to take account of Scottish Government Guidance and seeks to ensure that we allocate our properties to applicants who have priority in terms of housing need.

AIMS & OBJECTIVES

- 2.1 The Allocations 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 Outer Hebrides;
 - 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.
- 2.2 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.

GENERAL PRINCIPLES

- 3.1 The policy takes account of legislation and best practice advice guidance issued by the Scottish Government, the Chartered Institute of Housing, the Scottish Housing Regulator and the Scottish Federation of Housing Associations.

- 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 Comments, Compliments and Complaints Policy, and as outlined in this policy.
- 3.7 We will manage and allocate our properties in line with the Matrimonial Homes (Family Protection) (Scotland) Act 1981 which protects a person's rights to live in the family home.

APPLICATIONS FOR HOUSING

- 4.1 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.
- 4.2 Applications for housing must be made on our official application form which can be downloaded from our website and completed online. These forms are also available at our offices in Stornoway and Balivanich. Copies of the Application Form are also available from the Comhairle's Area Offices.
- 4.3 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.
- 4.4 The ratio of allocations to be made to each category of applicant will be determined annually by our Board.
- 4.5 We will operate a Mutual Exchange Scheme to enable 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. 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

- 5.1 We will aim to make best use of our 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.

5.2 Applicants should be cautioned that accepting a property which is larger than their household size entitlement may have financial consequences in terms of the 'bedroom tax'.

5.3 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)
<i>*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.</i> <i>*If the couple are siblings they would be entitled to a 3 apt house.</i>	

ASSESSMENT AND PRIOTISATION OF APPLICATIONS

6.1 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.

6.2 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.

6.3 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.

6.4 Applications for housing can be made jointly between members of a household. Where a joint application is made, a joint tenancy will be offered.

Applications from married, co-habiting, and civil partnerships will be assessed as joint applicants.

- 6.5 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.
- 6.6 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
- 6.7 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.
- 6.8 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

- 7.1 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

- 8.1 The Housing (Scotland) Act 2014, amended section 20 of the 1987 Act, requires landlords to give priority to applicants in the 'Reasonable Preference' categories: These are applicants who:
- homeless persons and persons threatened with homelessness who have unmet housing needs;
 - people who are living under unsatisfactory housing conditions and who have unmet housing needs; and
 - tenants of houses which are held by a social landlord and which the social landlord selecting its tenants considers to be under-occupied.
- 8.2 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.
- 8.3 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 (SEE APPENDIX A TABLE 1)

- 9.1 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.
- 9.2 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.
- 9.3 The Agreement describes how appeals will be dealt with over issues of homelessness.
- 9.4 We will, in carrying out all functions associated with homeless persons, reflect the objectives of the local housing strategy of CNES.
- 9.5 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.
- 9.6 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.
- 9.7 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 Governments Code of Guidance on Homelessness, and the terms of the Service Level Agreement with Comhairle nan Eilean Siar.

TOLERABLE STANDARD (SEE APPENDIX A TABLE 2)

- 10.1 In relation to those applicants who occupy houses which do not meet the tolerable standard. This standard is defined in section 86 of the Housing (Scotland) Act 1987 and amended by section 11 of the Housing (Scotland) Act 2006.
- 10.2 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 (SEE APPENDIX A TABLE 3)

- 11.1 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.
- 11.2 The following definition of overcrowding also helps to ensure that HHP awards priority to those who are under or over occupying, as required by the legislation in connection with reasonable preference:

- | |
|---|
| <p>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.</p> <p>b) A double bedroom is considered sufficient for:</p> <ul style="list-style-type: none"> • 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. <p>c) If the applicant has sublet any part of the accommodation such room or rooms are included in the assessment of overcrowding.</p> <p>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.</p> <p>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.</p> <p>f) Couple: Where only a single bedroom is available for a couple 10 additional points will be awarded.</p> |
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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 (SEE APPENDIX A TABLE 4)

- 12.1 We will award reasonable preference to applicants that currently occupy unsatisfactory housing conditions under the Medical Factors pointing category.
- 12.2 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 (SEE APPENDIX A TABLE 5)

- 13.1 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.
- 13.2 We will give applications from ex-service personnel fair and sympathetic consideration and will ensure these are not disadvantaged, compared with other applicants.
- 13.3 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 (SEE APPENDIX A TABLE 6)

Harassment and Abuse

- 14.1 Reasonable enquiries will be made with partner agencies 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.
- 14.2 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.
- 14.3 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.
- 14.4 The award of Social Factor points is determined based on reports from the Social Work Department, Police, or other agencies.

Social Inclusion

- 14.5 Our aim is to promote Social Inclusion through the allocation of housing and to prioritise those applicants who may be disadvantaged in terms of ethnic background, educational ability, physical disability or other social reasons.
- 14.6 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.

14.7 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.

14.8 In order to achieve an appropriate balance between HHP's 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.

14.9 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 HHP which would make a specific allocation inappropriate.

This is not an exhaustive list.

14.10 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 HHP 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.

Community Safety Statement

14.11 *"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 work closely with partner agencies such as Criminal Justice, 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

- 14.12 In terms of the Management of Offenders etc. (Scotland) Act 2005 it is the legal duty of HHP 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 HHP's houses. This duty is reciprocal.
- 14.13 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 our role as housing provider.
- 14.14 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.
- 14.15 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 (SEE APPENDIX A TABLE 7)

- 15.1 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.
- 15.2 We recognise the changing needs of 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.
- 15.3 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.
- 15.4 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.
- 15.5 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.
- 15.6 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;
- Where a family member has to live separately from their family

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

UNDER OCCUPATION (SEE APPENDIX A TABLE 8)

- 16.1 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 (SEE APPENDIX A TABLE 9)

- 17.1 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 (SEE APPENDIX A TABLE 10)

- 18.1 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 (SEE APPENDIX A TABLE 11)

- 19.1 All applicants for housing will be reviewed annually to establish 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.

HOUSING WITH EXTRA CARE

- 20.1 Housing with Extra Care vacancies will be allocated on consideration of an assessment of needs of eligible applicants. We will establish an admissions panel with colleagues in Health and Social Care which will consider individual needs and support requirements. The need for support and availability of that support will be key determinants along with the suitability of the applicant for the particular vacancy.

ACCOMMODATION TO SUPPORT APPLICANTS AND SERVICE PROVIDERS

- 21.1 We recognise our Care in the Community role and the need to support other agencies and support providers. We recognise the requirement for move-on accommodation from care and supported housing and will work with other agencies to identify appropriate properties to meet this need.
- 21.2 Where appropriate we will allocate properties to the support provider where this is considered by partner agencies to be in the best interests of the applicant.
- 21.3 We will work with and support other agencies to assess and meet the needs of communities and to assist in service delivery. Properties will be leased directly to partner agencies where this is considered necessary to enable them to deliver services to the community e.g. Health and Social Care and Police Scotland.
- 21.4 We will work with NHS Western Isles to address and prevent '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

- 22.1 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.
- 22.2 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.
- 22.3 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

- 23.1 Section 5 of the 2014 Act allows ownership of property to be taken into account when allocating properties.
- 23.2 Owners of property will not normally be allowed housing and will therefore be deferred from the Housing list. 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

24.1 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.

Applicants who satisfy the above conditions will be prioritised in terms of HHP's assessment process. Applicants who do not satisfy the above criteria will be accepted 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

25.1 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.
- 25.2 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.
- 25.3 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.
- 25.4 If an applicant for housing refuses two reasonable offers of accommodation (provisional or firm offer) 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.
- 25.5 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.
- 25.6 Maximising choice for the applicant aims to reduce the number of abortive offers and refusals which contribute to increased void periods and rent loss.
- 25.7 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.

CREATING TENANCIES

- 26.1 When a prospective tenant has indicated their acceptance of a property, the date of entry to the house will be provided. This will normally be the day after the tenancy agreement is signed.
- 26.2 The prospective tenant will be advised of the associated responsibilities involved with a tenancy and given assistance where needed. The prospective tenant will be asked to sign the tenancy agreement. Information and advice given will include:
- The key obligations of the landlord and tenant as outlined in our Tenancy Agreement and as required by the Housing (Scotland) Act 2001;
 - Advice on possible entitlement to Housing Benefit or the Housing element of Universal Credit;
 - Advice on rent and service charge payment arrangements;
 - Details of the rent arrears recovery process; and
 - Advice on contents insurance.
 - Advice on heating systems.

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 2014 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, the allocation:
- a) is permitted by Schedule 7 of the Housing (Scotland) Act 2001 or any subsequent legislation; and
 - b) complies with Scottish Housing Regulator guidance.
- 28.2 A "Board Member" is a member of HHP's 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 HHP's 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 is 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 Area Housing 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 the HHP 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 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 Allocations Policy.
- 32.2 We will treat all applicants for housing with courtesy, sensitivity and in complete confidence. A member of staff will contact the applicant to discuss their housing application. Applicants will have the right to have a relative, friend or adviser present during any interview.
- 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, HHP will compile monitoring information at the point of application and each allocation. 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 an important tool in ensuring that the objectives of the Allocation Policy are met. We will ensure that performance information is used to identify barriers and gaps in the Allocations 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 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 Comments, Compliments & 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 complainant is not satisfied with the final response they should ask the Scottish Public Services Ombudsman (SPSO) to look at their complaint. Contact details are detailed in their final response letter.

REVIEW OF POLICY

- 35.1 We will consult with tenants in accordance with the provision in the Housing (Scotland) Act 2001. We will also consult with applicants where practicable.
- 35.2 Consistent with the terms of the Business Plan, the Policy will be reviewed thereafter at intervals not exceeding three years. The next review will be March 2025.

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	5 Points
	- Per double bedroom	10 Points
Transfer List	- Per single bedroom	10 Points
	- Per double bedroom	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

12. Key Worker Status

Maximum Points Available	25 Points

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>Allocations Officer</i>	Staff member
<i>Close Relative</i>	A direct relative by blood or marriage including step-relatives and a person's spouse/partner, parent, grandparent, child, grandchild, sister or brother.
<i>Housing Register</i>	Waiting list
<i>HWEC</i>	Housing with extra care
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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EXPENSES POLICIES

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To provide the Board with an update on the review of the Staff and Members Expenses Policies.

Summary

- 2.1 The Staff & Members Expenses Policies were last reviewed in March 2021, and should be reviewed on an annual basis in compliance with our Policy Review Schedule.
- 2.2 An update has been made to the Staff Expenses Policy to reflect changes in the approved HMRC private use of van allowance (2021/22 allowance set at £3,500).
- 2.3 The review of the Members Expenses Policy has not resulted in any changes to the policy.
- 2.4 Employees continue to be signposted to the appropriate HMRC guidelines on working from home allowances and tax reliefs available.

Competence

- 3.1 The financial, legal or other constraints to any recommendations in this report are being contained in paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board:**
- a) approve the Staff Expenses Policy at Appendix 1; and**
 - b) note there are no changes to the Members Expenses Policy and the current policy will remain valid for a further 12 months.**

APPENDIX 1	Staff Expenses Policy
Background Papers	None
Writer of Report	Donald Macleod

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 Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.

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.



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► Staff Expenses & Allowances Policy

Effective Date: ► March 2022

Review Date: ► March 2023

Approved by HHP Board:

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STAFF EXPENSES & ALLOWANCES POLICY

INTRODUCTION

- 1.1 We will pay the costs and expenses wholly and necessarily incurred on our business by our 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

- 4.2 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.
- 4.3 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, 2021-22, Benefit in Kind charge to tax of £3,500 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 posts within the Executive Team:
- a) Where there has been difficulty in recruitment for particular posts out with the Executive Team, 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.
- 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 their 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 license 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 license;
 - 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 the Executive Team 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

- 18.1 This policy will be reviewed on an annual basis to ensure that the rates are reasonable and consistent with recommended practice.

Breaches

- 18.2 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.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>Close relative and/or Member of the family</i>	A person is a close relative or a member of the family if: he or she is the spouse of, or cohabits with, that person (whether the same or different sexes), or he or she is that person's parent, grandparent, child, stepchild, grandchild, brother, sister.
<i>Claim Form</i>	Expenses Claim Form
<i>Executive Team</i>	Chief Executive, Director of Finance & Corporate Services, Director of Operations and Head of Executive Office.
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.



DEVELOPMENT POLICIES

Board 23 March 2022

Report by Chief Executive

Purpose of Report

- 1.1 To review our Development Policy and Development Risk Policy.

Summary

- 2.1 Both the Development Policy and Development Risk Policy have been effective in enabling a smooth transition of the Development Manager role and to ensure continuity of service. It also provides a structure to the development work.
- 2.2 The main change has been to incorporate the Naming of a Development Policy that was approved in June 2021 into the main Development Policy. This ensures one policy covers all aspects of Development.
- 2.3 In addition, the following changes have been made to the Development Policy:
- Clarification has been made as to how the Five Year Development Plan is prepared and approved by the Board. This identifies the relationships between the Five Year Development Plan and the Local Housing Strategy (LHS) and Strategic Housing Investment Plan (SHIP).
 - The handover process and the responsibilities of both HHP and contractor have been clarified.
 - Following handover, a post completion review is now being conducted to ensure all lessons learned are captured and taken forward to future development projects. The policy has been amended to reflect this.
- 2.4 The other policy changes were minor wording changes.
- 2.5 The Development Risk Policy has been reviewed and minor wording changes have been made to align with current practices.

Competence

- 3.1 There are no financial, legal and other constraints arising from the recommendations in this report.

Recommendations

- 4.1 **It is recommended that the Board approve the:**
- a) **incorporation of the Naming A Development Policy into the main Development Policy;**
 - b) **Development Policy at Appendix 1; and**
 - c) **Development Risk Policy at Appendix 2.**

APPENDIX 1: Development Policy

APPENDIX 2: Development Risk Policy

Background Papers: None

Writer of Report: Sawan Morrison

Tel: 0300 123 0773



hebridean housing
partnership



► Development Policy

Effective Date: ► March 2022

Review Date: ► March 2025

Approved by HHP Board:

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DEVELOPMENT POLICY

INTRODUCTION

- 1.1 Our development activities are dependent on our strategic objectives, financial capacity, Local Housing Strategy (LHS) and demand for housing. This information will be used to build a Five Year Development Plan that will be reviewed in line with our Business Plan.
- 1.2 This policy sets out the approach we will take at various stages of development activity.
- 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; and
 - our development sites are well managed and safe for all those involved in them.

FIVE YEAR DEVELOPMENT PLAN

- 3.1 The Board prepare a Development Plan covering a five year period within the limits of our financial capacity 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 LHS for affordable rented houses.
- 3.2 The Five Year Development Plan will outline 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 LHS and is supported by Scottish Government;

- 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 unless there is a strategic priority which justifies negotiating a higher price; 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 landbank, we will 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.

CONSULTATION

- 5.1 We will seek through our development activity to meet the needs of our present and future customers. Together with directive from the Local Authority through their LHS, SHIP and our waiting list, we will aim to establish current and future needs to inform our development plan.
- 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 to:
- Work in partnership with other local organisations to meet the needs of our communities through identifying and agreeing development opportunities;
 - Participate in the preparation of the LHS and SHIP;
 - Work 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 raise public awareness 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 the overall objectives of the project are being met.

NAMING A DEVELOPMENT

- 6.1 Development names will normally be in English in Stornoway Town, Balivanich, Tarbert and Castlebay and Gaelic elsewhere. Development names should reflect the history or landscape of the area being developed. The details of any names should be sense checked.
- 6.2 Generally a development will not be named after an individual unless there is a compelling historical connection with the development site or strong community support. Developments will not be named after living individuals.
- 6.3 No development should start with "The". For most development names one of the following suffixes will be presumed (or its Gaelic equivalent)
- | | | | |
|--------|---------|----------|--------|
| Street | Close | Court | Avenue |
| Road | Square | Place | |
| Lane | Terrace | Crescent | |
- If any other suffix is to be used the Board will record the reason for its use.
- 6.4 The process for naming housing developments will normally be triggered at the point of tender acceptance. It should be completed in time for the name to be registered with the Local Authority and to be notified to utility companies in good time for connections to be arranged.
- 6.5 Consultation on the naming of a new development will take place before Board approval and consultees in the first instance will include:
- a) Local Councillor;
 - b) Local Historic Society; and
 - c) Local Community Council and any Residents/Tenants Associations.
- 6.6 Our local authority (Comhairle nan Eilean Siar) under the Civic Government (Scotland) Act 1982, section 97, may in relation to any road in their area, give a name to it as they think fit and give each premise in it a distinguishing number as they see fit.
- 6.7 A survey will be provided to the above consultees and then publicised via our Social Media Platforms to allow the members of the local community to also participate. All names will firstly be verified for historical/contextual accuracy.

- 6.8 A shortlist of names will be provided to Board to be considered and once approved, will be submitted to the Data Custodian of CnES (OSG Gazetteer custodian) to officially register the addresses.
- 6.9 For the purpose of the emergency services, where developments have a Gaelic name the English equivalent will also be provided for the Gazetteer. Both names can be inputted in the OSG.
- 6.10 Development name signage will be in place prior to the occupation of the houses and names will appear in the language in which they are named and will not normally be translated on signage.

CDM

- 7.1 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.
- 7.2 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.
- 7.3 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
 - 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.
- 7.4 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.
- 7.5 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.
- 7.6 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.
- 7.7 The selection and appointment of a contractor will be undertaken in accordance with our Procurement Policy and will be dependent 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.

- 7.8 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.
- 7.9 The Principal Designer is required to confirm that appropriate arrangements are in place for the effective management of the construction project.
- 7.10 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

- 8.1 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.
- 8.2 We will seek to ensure that:
- buildings we procure are completed to an agreed high standard;
 - buildings are substantially defect free at the point of handover;
 - potential tenants will be identified at a minimum 1 month before handover;
 - potential tenants will be given advice on the process, be continuously informed as to timescales and if any slippage occurs;
 - houses are occupied as soon as possible after handover;
 - occupants are satisfied with their new homes; and
 - rental and other income is maximised.
- 8.3 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.
- 8.4 We will not accept handover of a scheme, or part of a scheme, on or the day before a public holiday.
- 8.5 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 will apply the provisions of the contract relating to liquidated and ascertained damages to mitigate losses unless there is justifiable reason not to.
- 8.6 Prior to handover we will ensure the property has been inspected in line with this policy.
- 8.7 Prior to the Certificate of Practical Completion being issued we will ensure that insurance is in place for the properties and appropriate quality checks are completed by trained personnel.
- 8.8 We require Life Cycle Costs for all materials utilised within the 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 our Planned Maintenance system and submitted to HHP by the Contractor.

- 8.9 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, services both internally and externally (including the locations of all floor hatches internally) and a grounds maintenance plan. Information on external access to heights shall be provided with engineer's information on hardstandings and loading capacity/limits for mechanical equipment.
- 8.10 We will arrange appropriate security and property inspections, as agreed with our insurance provider, for any unoccupied properties following handover.
- 8.11 A post completion review of the project will be completed to capture any lessons learned and any feedback will be passed back to relevant parties.

DEFECTS

- 9.1 The handling of defects must be informed by the terms of development 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 unless explicitly specified and agreed before the start of the contract.
- 9.2 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.
- 9.3 Where there are properties for shared ownership, we will ensure that the builder provides an appropriate industry recognised warranty, such as NHBC.
- 9.4 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 regularly attend snagging/quality check inspections throughout the build, at practical completion and defects inspections to ensure that properties meet the requirements of potential occupiers.
- 9.5 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.

- 9.6 Not more than eleven months after completion, we will coordinate 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. .
- 9.7 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.
- 9.8 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.
- 9.9 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

- 10.1 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.
- 10.2 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.
- 10.3 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.
- 10.4 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.
- 10.5 The grounds of the dispute between us 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.
- 10.6 A decision on whether to pursue arbitration or court action must be consistent with the terms of the contract, be taken by our Board in the best interest of HHP and be informed by appropriate professional advice.
- 10.7 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.

- 10.8 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

- 11.1 The operation of this policy will be monitored by the Development Manager and Director of Operations. Performance on our development programme will be reported to each meeting of the Board and incorporated into our quarterly performance reports.
- 11.2 This policy will be reviewed every 3 years.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>UKAS</i>	United Kingdom Accreditation Service
<i>COW</i>	Clerk of Works
<i>CnES</i>	Comhairle Nan Eilean Siar
<i>OSG</i>	One Scotland Gazetteer is a land a property dataset.
<i>Data Custodian</i>	Administrator of data that flows into systems.
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S). Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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hebridean housing
partnership



► Development Risk Policy

Effective Date: ► March 2022

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Approved by HHP Board:

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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 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 to:
 - identify the sources of risk associated with development activity; and
 - identify for each risk the likelihood of its occurrence and the severity of its impact;
 - 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; and
 - e) holding the risk and making contingency provision;
 - 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; and
 - 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.

Procurement

- 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 mitigation to the Partnership.
- 3.4 Our overall approach to development procurement is set out in our Procurement Strategy and Procurement Policy, which seek to ensure that all our procurement 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 our Procurement Policy. All procurement (both regulated and un-regulated) will be competitive and open, with all opportunities 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 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, HHP's financial situation and the Comhairle's plans as the strategic housing authority.
- 3.10 While recognising that some level of work 'at risk' will be necessary, we will seek to minimise such potentially 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; and
- 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 Grant 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 unforeseen cost overruns. In the event of these occurring, we will seek additional grant, in line with Affordable Housing Supply Grant procedures.
- 3.15 The risk of cost overruns is reduced in Design & Build contracts which transfer the cost control risk to the contractor but in return the Partnership has less control over design matters.
- 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 unnecessary 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, RSLs have extensive and important responsibilities for health and safety during the construction phase of development. The duties on RSLs 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.
- 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.
- 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 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 and front funding is kept to a minimum.
- 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.

FUNDING THE DEVELOPMENT OF NEW HOMES

- 4.1 Development is funded through Scottish Government Grant, ACTISH funding from CNES, HHP private finance and, in the case of NSSE, sales receipts from disposal.
- 4.2 In order to minimise the cost to HHP, all grant income will be drawn down first, with private finance being used thereafter to complete the project. This will delay when we require to draw-down monies from our loan facility which will in turn reduce the interest payable on the drawdown.

LONG TERM RISK

- 5.1 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;
 - the risk of partnership arrangements not progressing as initially agreed leading to large void periods; and
 - shortfalls in anticipated rental income.

Development Programme Fluctuations

- 5.2 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.
- 5.3 We will reduce this risk by keeping staffing levels under review, and consider where appropriate, appointing on fixed term contracts and by working with the local authority and the Scottish Government to increase the level of certainty and long term planning.
- 5.4 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.
- 5.5 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

- 5.6 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.
- 5.7 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.
- 5.8 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.
- 5.9 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

- 5.10 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.
- 5.11 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.

- 5.12 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; and
 - selective rent increases (subject to our Rent & Service Charges Policy).
- always providing that such measures do not compromise our business or our commitments to our tenants.

Housing Support Costs

- 5.13 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.
- 5.14 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.
- 5.15 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.
- 5.16 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.
- 5.17 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 consider the likely costs and difficulties associated with this at the initial design stage.

Shortfalls in Rent Income

- 5.18 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, resulting in lost income through houses not being occupied or high turnover.
- 5.19 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.
- 5.20 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

- 6.1 The Partnership's Risk Register identifies risks accurately, assesses risks realistically and responds to risks effectively and appropriately.
- 6.2 This policy builds on those development related risks identified in the risk register and sets out the detail of how these are managed.
- 6.3 We assess risks depending on the likelihood of them materialising and the significance of their impact, if they do.

MONITORING AND REVIEW OF POLICY

- 7.1 This policy will be reviewed every 3 years.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>Partners</i>	Contractors and Consultants
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



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VALUE FOR MONEY STRATEGY

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present our Value for Money (VFM) Strategy to the Board for approval.

Summary

- 2.1 The Board approved a VFM strategy in November 2011 which has been reviewed and updated as per Appendix 1.
- 2.2 The Strategy outlines the key principles we will adopt to ensure VFM principles are embedded across our organisation.
- 2.3 Six key metrics have been identified which will be reported to the Board on an annual basis.

Competence

- 3.1 The financial, legal and other constraints arising from the consideration of the recommendations are detailed at paragraph 5.1 – 8.2.

Recommendations

- 4.1 **It is recommended that the Board approve the Value for Money Strategy at Appendix 1.**

APPENDIX 1: Value for Money (VFM) Strategy (2022-2025)

Background Papers: None

Writer of Report: Donald Macleod

Tel: 0300 123 0773

Competence

Finance

- 5.1 There are no financial costs arising directly from the consideration of this report.
- 5.2 As stewards of public monies it is vital that we demonstrate that the funds entrusted to us have been used for delivering our Business Plan objectives in an effective and efficient manner.

Legal

- 6.1 The Standing Orders Code of Governance requires, all elected, appointed and co-opted members of our Governing Body and its Committees to adhere to seven principles, which are:
 - Selflessness;
 - Openness;
 - Honesty;
 - Objectivity;
 - Integrity;
 - Accountability; and
 - Leadership.
- 6.2 Paragraph 8.6 requires "that effective policies and procedures are implemented so that all decisions are based on an adequate assessment of risk, deliver value for money, and ensure the financial well-being of the organisation".
- 6.3 The Scottish Social Housing Charter April 2017 - Charter Outcome 13: value for money:
"Social Landlords manage all aspect of the business so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay."

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.

Risk

- 8.1 There are no risks arising directly from the consideration of this report.

Report Details

- 9.1 Value for Money (VFM) is generally defined as the relationship between economy, efficiency and effectiveness. The basic principle of VFM is securing a balance between cost and quality.
- 9.2 The Strategy outlines seven key principles we will adopt to ensure VFM:
1. A robust approach to strategic decisions
 - Data – ensuring we have good quality stock information
 - Business Planning – robust planning process which doesn't only relate to business and financial planning but also to property management and development.
 2. Right first time – removing inefficiencies and waste from processes;
 3. Optimise the use of our assets to achieve our vision and strategic objectives;
 4. Ensure robust management of all performance and costs;
 5. Ensure VFM is transparent to all stakeholders;
 6. Maximise our capacity to achieve our objectives by procuring goods and services in the most sustainable economic way possible;
 7. Maximise the value and capacity of our people.
- 9.3 A number of potential areas of efficiency have been identified at paragraph 4.2 of the Strategy.
- 9.4 A VFM performance report will be presented to the Board annually to provide an overview of the six VFM metrics and how we compare with our peer group.
- 9.5 New projects and capital investment requirements will be formally appraised to demonstrate how value for money will be delivered and reports on performance will be presented by the appropriate budget manager to the Management and Executive team.



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► VALUE FOR MONEY (VFM) STRATEGY

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INTRODUCTION

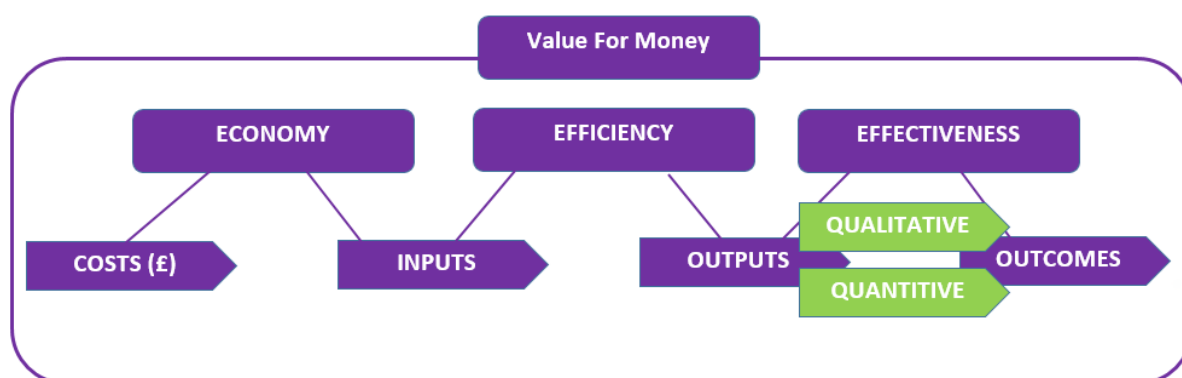
- 1.1 Value for Money is a judgement of how a business utilises its assets to generate value and achieve its objectives, with assets not only referring to housing properties and other tangible assets but also other valuable resources including people.
- 1.2 As stewards of public monies it is vital that our Board demonstrates that the funds entrusted to them have been used for delivering our Business Plan objectives in an effective and efficient manner.
- 1.3 This Strategy details the principles that need to be implemented to ensure value for money is achieved.
- 1.4 The Scottish Social Housing Charter April 2017 - Charter Outcome 13: value for money:
"Social Landlords manage all aspect of the business so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay."
- 1.5 This Strategy will be fully reviewed every three years.

WHAT IS VALUE FOR MONEY?

- 2.1 Value for Money (VFM) is generally defined as the relationship between economy, efficiency and effectiveness. The basic principle of VFM is securing a balance between cost and quality.
- 2.2 The 3 E's have been used to breakdown the meaning of VFM:

Economy	The price paid for goods and services
Efficiency	A measure of productivity. How well we use the goods and services we buy.
Effectiveness	A measure of what has been achieved. This can be quantitative and/or qualitative.

- 2.3 VFM is high when there is an optimum balance between all three 'E's'; relatively low costs, high productivity and successful outcomes. This can be seen in the VFM flow chart below:



- 2.4 Securing value for money is the responsibility of everyone who works for HHP and can be summarised as follows:

Board	Overall responsibility for VFM principles and objectives and a VFM culture.
Audit & Risk Committee	Overall monitoring of the strategy and review of year on year savings.
Executive Team	Implementation of the strategy and integrating VFM into organizational culture and processes.
Management Team	Implementation at team level, team plans and through individual 1-2-1's and appraisals.
Front Line Staff	Integration of VFM into day-to-day work. Finding new ways of working that deliver effective efficiencies.

- 2.5 Value for money can be achieved in different ways including:

- Reducing costs for the same outputs;
- Reducing inputs for the same outputs;
- Getting greater outputs with improved quality for the same inputs;
- Getting more outputs or improved quality in return for an increase in resources.

WHAT KEY PRINCIPLES WILL WE ADOPT?

- 3.1 A robust approach to strategic decisions
- Data – ensuring we have good quality stock information
 - Business Planning – robust planning process which doesn't only relate to business and financial planning but also to property management and development.
- 3.2 Right first time – removing inefficiencies and waste from processes
- 3.3 Optimise the use of our assets to achieve our vision and strategic objectives
- 3.4 Ensure robust management of all performance and costs
- 3.5 Ensure VFM is transparent to all stakeholders
- 3.6 Maximise our capacity to achieve our objectives by procuring goods and services in the most sustainable economic way possible
- 3.7 Maximise the value and capacity of our people.

EFFICIENCIES

4.1 Our previous VFM strategy identified a number of areas where efficiencies could be delivered:

- Phones Bills - £13.7K annual savings have been realised through the new phone system;
- IT Maintenance Costs - £37K annual savings realised on hosted services;
- Review of our owned technology – Developed through the IT Strategy and Digital Transformation Strategy
- Handyman service
- Mail – Development of new communications engine in new housing system will reduce the amount of items being mailed.
- Utilities – Overall upward trend in energy costs but significant work done to reduce this impact on tenants through renewable heating systems and the switching services available.
- Advance billing where appropriate
- Review of work delivered in house versus outsourced
- Maximising empty office space and effective utilisation of accommodation spaces – Office Space planning tendered in 2020 but delayed due to the onset of COVID.
- Standby Service

4.2 The following outlines areas where further efficiencies may be achieved:

- New Housing System – As we digitise our systems, streamlined processes will remove the need for double entry of data. Tenant Self Service and mobile working will also allow for real-time system updates as housing officers and clerk of works can access and update our system remotely.
- Consultancy – Reduce our dependency on third party consultants
- Travel – utilisation of technology to reduce business mileage and in turn our carbon footprint.
- Investment Framework – development of the next framework utilising the stock condition outputs to determine component replacement options.
- Repairs & Maintenance – seek to maximise planned maintenance work thus reducing the requirement to react to repairs which can be costly.
- Printing – reducing our use of paper through further digitisation of processes, in turn reducing our carbon footprint.
- Development – exploring alternative approaches to construction e.g., modular build
- Maximising office space and effective utilisation of accommodation spaces, particularly where there is a shift to hybrid working.
- Cashdesk Services – reviewing how tenants can pay their rents and access account information.
- Business Analytics – providing realtime access to key performance measures to our employees and board members.

- 4.3 The above list is not exhaustive and it is critical that VFM is embedded in our culture and behaviours through regular training and appropriate reporting with VFM principles being considered in all decisions taken.

HOW WILL WE MEASURE VALUE FOR MONEY?

- 5.1 New projects and capital investment requirements will require to be formally appraised to demonstrate how value for money will be delivered and reports on performance will be presented by the appropriate budget manager to the Executive team.
- 5.2 Managers will be responsible for ensuring that they have mechanisms in place to monitor and report on how they are achieving value for money.
- 5.3 A VFM performance report will be presented to the Board annually to provide an overview of the following metrics and how we compare with our peer group:

1	Reinvestment %
	An efficiency measurement that looks at the investment in properties (existing stock plus new supply) as a percentage of the value of total properties held
2	Gearing % (Minimum Debt covenant = 30%)
	An efficiency measure that assesses the degree of dependence on debt finance and may be viewed as a key indicator of capacity for growth.
3	Interest Cover % (EBITDA MRI) (Minimum Debt covenant = 110%)
	An efficiency measure that is a key indicator for liquidity and investment capacity. By excluding the charges for depreciation and amortisation but including capitalised major repairs.
4	Tenant Satisfaction Score
	This will be based on the point of service survey conducted to gain an understanding of how well we are performing from a tenants perspective
5	Average Rent & Rent Affordability
	Our average unit rent per property type compared with an assessment of rent affordability
6	Efficiency Savings
	An overview of efficiency savings achieved through the year as a result of changes to procurement, processes or new capital investment.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

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<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>VFM</i>	Value for Money
<i>EBITDA-MRI</i>	Earnings before Interest, Tax, Depreciation & Amortisation with Major Repairs included
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



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WORKFORCE STRATEGY

Board 23 March 2022

Report by Chief Executive

Purpose of Report

- 1.1 To provide an update to our Workforce Strategy for consideration and consultation with staff and the Union.

Summary

- 2.1 This update outlines our approach to ensuring we have a highly skilled and effective workforce for the next five years.
- 2.2 The Strategy which is at Appendix 1 highlights:
- we have an older workforce with an average age of 47. The majority of our teams have an average age over 40+;
 - our working population within the islands is reducing drastically and forecasts show this is only going to worsen;
 - the introduction of trainee posts and the expansion of modern apprentices as a means of developing skills;
 - review of our Flexible Working Policy;
 - an emphasis on training and development of staff; and
 - commitment to look at introducing healthy working options.

Competence

- 3.1 The financial, legal or other constraints arising from the recommendation in this report are detailed at paragraph 5.1 - 8.1.

Recommendations

- 4.1 **It is recommended that the Board consider and approve the revised Workforce Strategy for consultation with staff and the Union.**

APPENDIX 1: Workforce Strategy

Background Papers: None

Writer of Report: Dena Macleod

Tel: 0300 123 0773

Competence

Financial

- 5.1 There is provision within the 30 year financial projections for the Workforce Strategy.

Legal

- 6.1 The approval and amendment of policies and strategies is a matter reserved to the Board.
- 6.2 The Board has referred the following function to the Audit & Risk Committee:

"Monitoring and reviewing policies and procedures relating to the Board's system of internal control, risk evaluation and corporate governance"

Regulatory Guidance

- 7.1 This report provides ongoing assurance of evidence RS1 – RS5 in relation to our Annual Assurance Statement. Approving the recommendations will ensure compliance with the Regulatory standards.

Risk

- 8.1 The loss of key staff is highlighted in the Risk Register and this Strategy will go some of the way to mitigating this risk.



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► Workforce Strategy 2022 to 2026

Effective Date: ► May 2022
Review Date: ► March 2024
Approved by HHP Board: May 2022

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Foreward



Our world continues to face unprecedented challenges with an ever growing aging population and climate change. We need to ensure our services are designed in a way that minimises our impact on the environment, provides a high quality service to all our customers, encourages young people into the housing sector whilst keeping our employees skilled and motivated.

This strategy details our plans for investing in our employees over the next four to five years.

The difference between a good and excellent service is the staff responsible for delivering the service. I believe staff who are skilled, motivated, and passionate and who care about customers are the best chance of transforming service delivery.

Dena Macleod
CHIEF EXECUTIVE

Workforce Strategy 2022 to 2026

INTRODUCTION

- 1.1 Our Business Plan 2019/20 to 2023/24 has four Strategic Goals which will be delivered by the employees of the Partnership. This Workforce Strategy identifies what the workforce needs to look like to ensure the four Strategic Goals are delivered. Our 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*
4. *Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides*

- 1.2 The strategy makes sure we have the right mix of people with the necessary skills in the right location. To deliver our Strategic Goals within our resources we need a workforce that is skilled and committed to our Strategic Goals and organisational culture.
- 1.3 In one financial year we spend between £10 to £25 million within our community. This is made up of repairing properties, building new homes, investing in older properties, general management costs and staff (people) costs. Our direct people costs average 11% of our annual expenditure so it is vital we get it right. In 2021/22 it reduced to 10% because of the size of our development programme.
- 1.3 This is our third documented Workforce Strategy.

AIMS

- 2.1 The aim is to have a strategy that:
- a. Reduces risk and cost by eliminating over reliance on one person for any of our key processes
 - b. Ensures delivery of our Strategic Goals
 - c. Improves the quality of customer service
 - d. Improves the quality of staff engagement and retention rates
 - e. Stimulates creativity and innovation within the workforce

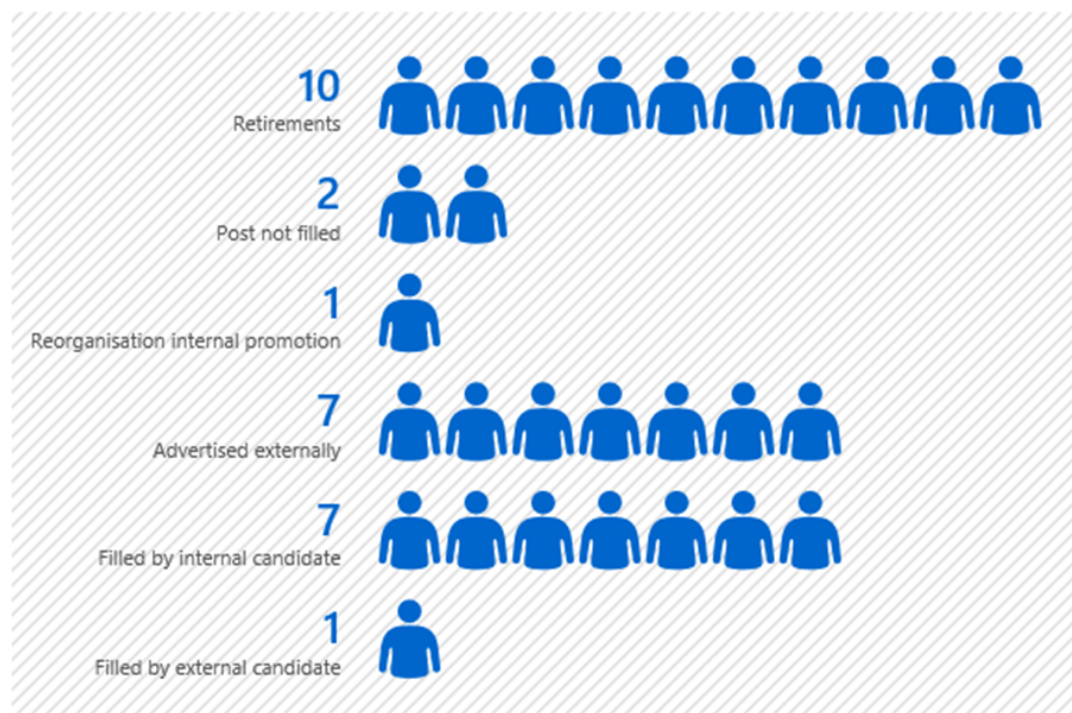
BACKGROUND

- 3.1 The first Strategy was developed following a number of discussions with Managers and took into account the results from the 2020 Staff Satisfaction Survey. We looked at how we deliver services and during 2022/23 we will examine how these posts could change over the next five years.
- 3.2 The 2022 review includes feedback from Managers, updates the data and amends the action plan to bring forward the appointment of the housing modern apprentice.
- 3.3 Feedback from a number of other surveys has been taken into account, e.g. tenant satisfaction survey, repairs surveys and stock condition survey.
- 3.4 Local plans by the Community Planning Partnership were reviewed.

LOCAL CONTEXT

- 4.1 We are considered a large employer in the Outer Hebrides currently employing 51 people. We are a living wage employer and have provision for one modern apprentices and two graduate trainee posts.
- 4.2 In 2006 when we were formed, we employed 42 people, owned 1787 homes and managed 2102 homes. Over the years our workforce has grown and changed in response to service delivery requirements, customers' expectations, additional homes, increased government and regulatory standards, and changes in tools available for delivering a housing service.
- 4.3 Since 12 September 2006 (15.5 years) the position is:

Retirements since 2006



- 4.4 The percentage of retirement posts filled by internal candidates was 77% which is quite high and relatively reassuring. It reveals staff are gaining the experience and qualifications needed to progress to promoted posts. For comparison purposes, internal candidates filled 42% of the posts which became vacant in 2021.
- 4.5 The average retirement age was 60. All the retirements were “early” and one was due to ill health. The changes introduced by the Government with the Rule of 85 mean the average retirement age will increase over the next 10 to 15 years.
- 4.6 The population of the islands is aging and falling, putting pressure on nearly all employers to find the necessary skills to deliver their businesses and services.
- 4.7 The Office for National Statistics Service in September 2021 showed that the employment rates in the Outer Hebrides remains stable. The report showed that in the year to September 2021 employment rate was 81.5% which is higher than the Scottish Average of 72.9%.



Source: NOMIS

- 4.8 The two graphs above show clearly the challenges employers in the Outer Hebrides must grapple with when maintaining and developing their workforce.

ANALYSIS OF CURRENT WORKFORCE

- 5.1 In this section we analyse the age profile of our current work force and look at the skills base which will enable us to clearly identify risks and actions required to mitigate the risks.

Age Profile

- 5.2 The average age of our current workforce is 47 years and 51% (26) are over 50. If we assume staff will retire at the current state age for retirement

- 18% (9) will retire by 2030
- 51% (26) will retire by 2040

Table 1 below shows the age profile of our workforce at March 2022.

Table 1

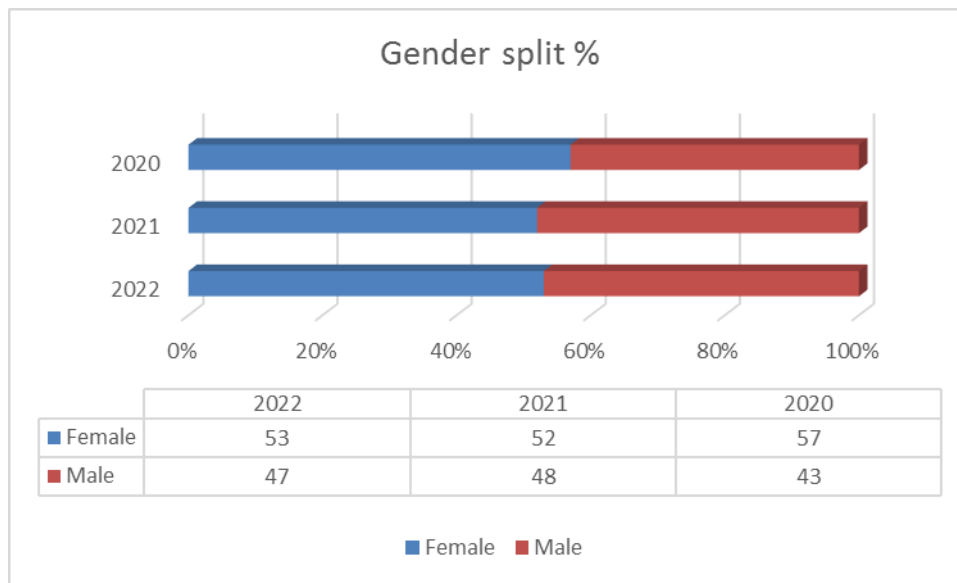
	2022	2023	2024	2025	2026	2027	2028
Under 20	2%	2%	0%	2%	2%	2%	2%
20 to 29	6%	4%	6%	6%	6%	6%	6%
30 to 39	18%	16%	16%	16%	14%	12%	8%
40 to 49	24%	27%	24%	20%	20%	22%	25%
50 to 55	24%	20%	18%	18%	20%	18%	12%
56 to 60	22%	18%	20%	18%	18%	18%	20%
over 60	6%	14%	18%	22%	22%	24%	27%

- 5.2 Our Property Services Team has the highest average age at 53 followed by Housing Services Team at 51 and Executive Team at 50. Our youngest team is the Executive Office with an average age of 35. The Property Service Team are one of our longest serving teams so there is a risk of a substantial amount of knowledge being lost if it is not captured in our systems before the team members retire. More than 50% of the current team are due to retire by 2033.

Table 2

	Ave Age	Ave Service
Property Services	53	15
Housing Services	51	12
Executive Team	50	17
Corporate Resources	48	10
Customer Services	41	4
Finance	40	3
Executive Office	35	4

- 5.3 The following graphs show the statistics for gender split, days lost through sickness and turnover rate.



Sickness Absence Rate

2.83%
HHP 2020

1.80%
UK 2020

Average Turnover

5.88%
Turnover rate

15.00%
UK average

- 5.4 Our sickness absence rate for 2021 was 2.4% and is still higher than the UK average in 2020 but it has reduced from 4.4% in 2019. Our higher rate absence could be reflective of our age profile and the level of long term sickness. Nationally sickness absence levels are higher in older employees. There is a direct impact on our ability to deliver on our Strategic Goals when there are long term absences and we need to build more resilience into our ways of working and also take this into account when setting targets for our Strategic Goals.

Skills Base

- 5.5 There are specific risks associated with a team which is predominately older e.g. there could be a lack of innovation and a slowness to move to new technologies or new methods of working, preferring to do things the way they have always been done.
- 5.6 Experience and knowledge of tenants is valuable but it is equally important to have the skills to deal with the increasingly varied needs of our tenants. There is a growing need/demand for support to vulnerable tenants. Moving tenants onto self-service will free up time for our customer services officers. This time can

be invested in the provision of a low level of support to our vulnerable tenants to prevent problems.

- 5.7 Two of our teams have particular vulnerabilities:
- a) **Corporate Resources Team**- Two members have been in post since the inception of HHP which has resulted in an over reliance on their ITC knowledge. Key to minimising this risk is to have clearly documented system procedures. As businesses become more reliant on robust ITC service the need to have sufficient skills to support this service increases. To strengthen our skill set in this area and recognising the growth in our dependence on ITC system we have included an IT graduate trainee post in our structure.
 - b) **Executive Office**-this is a newly established team which experienced a 50% turnover in its first two years.
- 5.8 Our current turnover rate increased during 2021 with 14 vacancies across all but one team (Property Services). We provided secondment opportunities for four members of staff which allowed them to develop new skills and gain more experience.
- 5.9 It is very unlikely that the jobs we currently do will be done in the same way as we do them now. We are going to need more skills in the backroom to manage our systems as more tenants move towards self-service. We need multimedia skills to develop and improve how we present ourselves and improve the level of our social media engagement. We will need to assess whether it is better to buy these services in or to provide them in-house.
- 5.10 An ageing workforce generally results in a higher sickness absence rate as more illness is experienced. There is also a greater risk for long term absences so we are exploring options to encourage and support healthy living. We are reviewing the office layout to ensure it is not contributing to the spread of illness.
- 5.11 The culture in the organisation needs to keep changing from 'fear of making a mistake' to 'trust' and continuing to explore better ways of working.

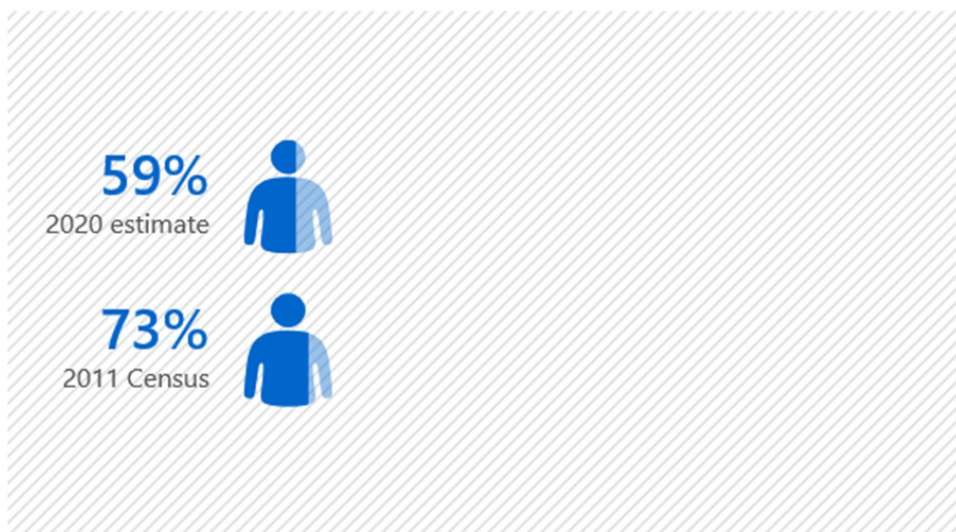
Ways of working

- 5.12 We are reviewing options for our working patterns in the future including a blended model of home and office working. Whatever arrangements we put in place will always ensure that we can continue to put our customers' needs first.

Workforce Supply

- 5.13 An aging and falling population is placing strain on the workforce supply for most employers in the islands. The source for the statistics below is the Outer Hebrides Fact file on the Comhairle's web site.
- 5.14 In 2020 it was estimated that 59% of the population in the Outer Hebrides was of working age in comparison to 64% for Scotland. There has been a drop of over 15% in the workforce supply between 2011 and 2016. This trend is reflected in the reduction in applications received for vacant posts. Five years ago a vacancy would have resulted in three or four times the applications now being received for vacancies.

Outer Hebrides Working Population



- 5.14 10% of the population in the Outer Hebrides is self-employed compared with 7% for Scotland.

WHAT KIND OF WORKFORCE DO WE NEED

- 6.1 The Board approved an ambitious five year Business Plan in 2019/20. We are entering into our fourth year of the plan which looks to deliver the standards required by Government in our properties and continually improve on our service delivery standards. The Board want all of our tenants to feel that the house they rent from us is a place they can call their home. To achieve the vision of “making our house your home” the workforce need to be:
- Customer focussed by placing tenants at the centre of everything they do, customers should be the first thing we think about when we are looking at our service delivery
 - Innovative so we can invest in an environmentally sustainable way in tenants' homes
 - Outcome focussed and high performing - using time and resources in a way that avoids waste and delivers the best results for our tenants
 - Supported to maintain good physical and mental health
 - Motivated by seeing what they do as more than just a job and the impact they can have on the lives of those who live in our communities
 - Good leaders - our Managers need to be supportive of their team, demonstrate fairness by recognising excellent performance and dealing fairly and effectively with poor performance
 - Aware, agile and adaptable - with constantly changing work environments due to technology, climate change and reducing resources, it is imperative that everyone is on board with looking at how we can change how we deliver our service and be prepared to amend how jobs are carried out

HOW WE WILL DEVELOP THE WORKFORCE WE NEED?

- 7.1 The foundations have been laid by the Board in 2019 to develop the workforce by implementing a Competency Framework as part of a new Pay and Grading scheme. The Competency Framework outlines the behaviours required for each post in the organisation making it clear that doing a good job is more than completing a task, it is also about how that task is completed. Managers are taking the lead role with the teams to ensure the Competency Framework is fully embedded in how we all work.

Training

- 7.2 Our training plan ensures identified skills gaps are met from a combination of the current workforce and trainee positions.

Apprenticeships

- 7.3 In 2022/23 our Business Admin Modern Apprentice will start what we hope will be a rolling programme of modern apprenticeship. On completion of her Business Admin Apprenticeship in August 2022 she will commence a two year Housing Apprenticeship contract.
- 7.4 We will provide opportunities for young people and equip them for filling vacancies which arise. Our intention is to recruit each year a Business Admin Modern Apprentice with an option attached to extend the apprenticeship by a further two years as a Housing, Technical or IT Modern Apprentice.
- 7.5 The full detail of the programme will be developed during 2022/23.

Leadership

- 7.6 Managers are being given greater flexibility in how they manage their teams and they will be supported to become the leaders our customers need them to be. Our Managers will be leaders whose first response will be to find a solution rather than presenting a problem and they will encourage their teams to develop the same approach. Our Managers have just completed a 12 month Leadership Programme, specifically developed for housing. Each Manager will complete a formal feedback form and there will be a collective agreement about how we can build on and develop the skills gained through the programme. The feedback received from the course provider was:

"Our final session was yesterday and it was humbling for us to receive the feedback from your managers on the course. I'm biased but I think you've got a great team there and wish you all the best for HHP."

Service Delivery

- 7.7 We are implementing a new housing management system during 2022 which will involve reviewing our key processes, making sure they are documented and that we have triple cover in place. We will also use the opportunity to see how the processes can be improved.
- 7.8 Executive Team will support Managers to enable them to ensure that all their team members buy into the Board's vision and that they are committed to delivering on our Strategic Goals.
- 7.9 Staff will be supported in developing ideas which could improve service delivery and we all need to be more willing to try things and learn from the things that fail.

Plans

- 7.10 Our detailed plans are at Appendix 1 to this Strategy and will be monitored and managed by the Executive Team. Our actions include:
 - a) Teams exploring how hybrid working might work for them and proposing changes required to our Flexible Working Policy
 - b) Review of Recruitment Policy to see how we can accommodate "career advancement" to ensure we have skilled staff to fill vacancies that will arise from retirements

- c) Assessing the efficiencies delivered as our Digital Transformation Strategy is implemented
- d) Projections for stock numbers by island
- e) Retirements due
- f) Review of our risks
- g) Wider working environment (how will we fit in with the Comhairle's vision for Hubs)

7.10 The cycle for reviewing retirements is below. The opportunity will always be taken when a post becomes vacant to assess whether the best option is a "like for like" replacement or something different.

September	Review retirements due in the coming 5 years
	Review objective for the same time frame
	Decide if vacancy needs to be filled and if so how
November	Include any agreed changes in staffing to long and short term budget proposals
February	Draft budgets to Board for approval to include an update on any changes required to staffing

7.11 A summary of the key actions is in Table 3 below and a full action plan is at Appendix 1 to the Strategy.

	2022/23	2023/24	2024/25
Revise the Flexible Working Policy to ensure it accommodates fully hybrid working			
Review retirements due in next 5 years			
Skills Audit completed and gaps identified			
Trainees in post	2 Year Housing Modern Apprentice	2 Year Housing Modern Apprentice	Business Admin Modern Apprentice
Key processes documented and triple cover in place			
Prepare detail for Apprenticeship training programme			
Full procedure manual completed and tested	Completed	Tested	
Training Plan delivered			
Healthy working options			
Review of Office space	Completed	Implemented	

STRATEGY CHANGE HISTORY

Version	Change Applied	Date	By
1.0	First Strategy	27 February 2020	Dena Macleod
2.0	2021 update	20 April 2021	Dena Macleod
3.0	2022 update	4 March 2022	Dena Macleod

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>SHR</i>	Scottish Housing Regulator
<i>SFHA</i>	Scottish Federation of Housing Associations
<i>EVH</i>	Employers in Voluntary Housing
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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APPENDIX 1-WORKFORCE STRATEGY ACTION PLAN 2022 TO 2026

STAFF ENGAGEMENT

	Action	Responsible	Completion Date	Measured By
1	Complete skills audit for staff and ensure any gaps are captured in training plans	Managers	30 September 2022	Audits completed
2	Develop Wellbeing events for staff	Executive Office Manager	31 August 2022	Plan prepared for consideration
3	Encourage ideas for improved service delivery	Managers	Immediately	Number of ideas received and implemented
4	Conduct staff engagement surveys on a regular basis and implement action plans	Executive Office Manager	30 June 2022	Survey results

DEVELOPING OUR PEOPLE

	Action	Responsible	Completion Date	Measured By
5	Identify talent in the organisation and developing leaders of the future	Managers	Annually by 30 September	Number of potential leaders identified and developed
6	Review potential retirements due in next five years	Directors	Annually by 30 September	Completion of review
7	Fill Housing Modern Apprentice post	Executive Office Manager	30 September 2022	Post filled and training completed within 2 years
8	Fill Business Admin Modern Apprentice post	Executive Office Manager	30 September 2023	Post filled and training completed
9	Build on the skills developed through the Leadership Programme	Manager	31 March 2022	Action Plan in place

	Action	Responsible	Completion Date	Measured By
11	Build and develop networking opportunities for staff at all levels	Chief Executive and all managers	31 March 2023	Number of opportunities provided and considered effective by those who attend
12	Develop and implement Housing Education pack for delivering in schools	Executive Office Manager	31 March 2023 (dependent on COVID-19 impact)	Feedback from the schools on the effectiveness and usefulness of the pack

DEVELOPING OUR PROCESSES

	Action	Responsible	Completion Date	Measured By
13	Review of office space in Stornoway and Balivanich and examine options for participating in Community Hubs	Director of Finance & Corporate Services	31 March 2023	Staff satisfaction with any changes in working environment and tenant satisfaction with customer service spaces
14	Implement our Digital Transformation Strategy	Digital Transformation Manager	31 March 2023	
15	Full procedure manual completed and tested	Executive Office Manager	31 March 2023	Complete procedure manual
16	Encourage everyone to ask the question "Can I do this in a better way that uses less time?"	Managers	Now	Staff satisfaction

PROCUREMENT POLICY & PROCUREMENT STRATEGY

Board 23 March 2022

Report by Director of Finance & Corporate Services

Purpose of Report

- 1.1 To present an updated Procurement Policy and Procurement Strategy to the Board.

Summary

- 2.1 The Procurement Policy was approved in March 2021 for a period of 1 year to ensure we continue to capture any new legislative changes arising from the UK's withdrawal from the European Union (EU).
- 2.2 No significant changes to UK or Scottish legislation have taken place in the last 12 months. Statutory instruments have been used to incorporate EU regulations into UK and Scottish Acts following BREXIT, and to reflect the UK's membership of the World Trade Organisation (WTO) as an independent entity.
- 2.3 Procurement thresholds now follow WTO guidance, and the Procurement Policy has been updated to reflect the ongoing strengthening and widening the concept of 'fair work' which was first introduced in 2015.
- 2.4 Our current contracts and community benefits registers are at Appendices 5 & 6 respectively, for noting.
- 2.5 There are now seven different elements which, under the 'Fair Work First' (FWF) banner, any potential bidders for regulated tenders from public bodies will have to commit to, and we will have to evaluate during the tender process, and monitor during the contract period as at Appendix 7.

Competence

- 3.1 The financial, legal and other constraints arising from the consideration of the recommendations are detailed at paragraph 5.1 – 8.2.

Recommendations

- 4.1 **It is recommended that the Board:**
- a) **approve the revised Procurement Policy at Appendix 1;**
 - b) **note the Procurement Plan for 2022/23 at Appendix 2;**
 - c) **approve our updated Procurement Strategy 2022/23 and performance measurement framework at Appendix 3;**
 - d) **note the procurement performance for 2021 set out in Appendix 4; and**
 - e) **note the Contracts & Community Benefit Registers at Appendices 5 & 6.**

Competence

- 5.1 There are no financial costs arising directly from consideration of this report however, failure to follow policy and procurement legislation could leave us open to reputational, legal and financial penalties.

Legal

- 6.1 The Procurement Reform (Scotland) Act 2014 made it a requirement for an organisation with a regulated procurement spend of greater than £5M to prepare a procurement strategy.
- 6.2 The Strategy must include details on a number of mandatory topics; these include how procurement will contribute to achieving the organisation's purposes; how we will treat economic operators equally and without discrimination; how we will act in a transparent and proportionate manner in relation to procurement; and how this procurement will be undertaken sustainably.
- 6.3 This sustainability statement must show how we will use procurement to contribute to our global climate emergency response.
- 6.4 It also requires statements on the use of community benefit, consultation, the Fair Work First directive, compliance with health and safety, and prompt payment provisions.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.
- 7.2 This report provides ongoing assurance of evidence RS2.2, RS4.6 and RS5 in relation to our Annual Assurance Statement.

Risk

- 8.1 There are no risks arising directly from the consideration of this report. However, it should be noted that we are still operating with, and are affected by, aspects of the COVID-19 pandemic, and the rollout and implementation of the trade deal agreed between the UK and the EU continues. We therefore face uncertainty and possible cost increases in relation to the procurement of materials and equipment sourced from the EU and beyond. Energy costs and other supply chain issues are also impacting on our ability to procure effectively.
- 8.2 The Procurement Strategy aims to reduce a number of risks highlighted in our Risk Register. Through better contract management and evaluation of suppliers and customer satisfaction, we will look to minimise the impact of the failure of a major contractor or supplier.

APPENDIX 1:	Procurement Policy
APPENDIX 2:	Procurement Plan for 2022/23
APPENDIX 3:	Procurement Strategy 2021-2023
APPENDIX 4:	HHP Procurement Performance Report 2021
APPENDIX 5:	Contracts Register 2022 (To-Follow)
APPENDIX 6:	Community Benefits Register 2022 (To-Follow)
APPENDIX 7:	Fair Work First Overview
Background Papers:	None
Writer of Report:	Angus Smith

Tel: 0300 123 0773



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► Procurement Policy

Effective Date: ► March 2022

Review Date: ► March 2023

Approved by HHP Board:

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PROCUREMENT POLICY

INTRODUCTION

- 1.1 This policy governs all Hebridean Housing Partnership procurement.
- 1.2 Procurement is defined as the acquisition of goods, services and works from third parties, whether under formal contract or otherwise.
- 1.3 This can relate to the purchase of routine supplies and services as well as formal tendering processes for larger projects and undertakings.

AIMS & OBJECTIVES

- 2.1 Our primary aims are to comply with all relevant legislation.
- 2.2 As part of our Business Plan, we are required to demonstrate value for money and to promote efficiency and effectiveness.
- 2.3 In addition, our procurement process is based on the following principles:
 - To treat relevant economic operators equally and without discrimination;
 - To act in a transparent and proportionate manner;
 - To comply with the sustainable procurement duty;
 - To improve the economic, social (reducing inequality) and environmental wellbeing of the islands;
 - To contribute to our response to the global climate emergency;
 - To facilitate the involvement of small and medium enterprises, third sector bodies and supported business in the process; and
 - To promote innovation.

LEGAL FRAMEWORK

- 3.1 We are, in relation to procurement, defined as a 'Public Contracting Authority'. In this regard, therefore, we are ~~it~~ is bound by specific legislation.
- 3.2 The primary legal framework for public procurement includes:
 - Procurement Reform (Scotland) Act 2014;
 - Public Contracts (Scotland) Regulations 2015 and 2016;
 - The Public Procurement etc. (Scotland) (Amendment) (EU Exit) Regulations 2019; and
 - National Case Law.
- 3.3 Other Related legislation:
 - Late Payment of Commercial Debts (interest) Act 1988;
 - Health & Safety at Work Act 1974;
 - Prevention of Corruption Act 1906; and
 - Data Protection Act 2018
- 3.4 Formerly, EU Treaty Obligations covered all levels and values of public procurement, with specific Scottish Government and EU Procurement Directives processes applying over specific defined contract thresholds.
- 3.5 The UK is now an independent member of the World Trade Organisation (WTO), and these EU processes and thresholds have now been incorporated without

significant changes into Scottish legislation, and the former Europe wide tendering process (OJEU) now being replaced by the British 'Find a Tender' Service.

- 3.6 It is expected that these tender threshold levels will be reviewed on a periodic basis, usually every two years, to ensure that they remain aligned with WTO Government Procurement agreements.
- 3.7 Current thresholds are included at appendix 2 of this policy.
- 3.8 For the purposes of the legislation, when considering threshold applicability the estimated value of a contract is the total value, including Value added Tax, which the contracting authority expects to be payable under or by virtue of the contract over its lifetime.
- 3.9 This contract value will also include the value of any possible extension period to that contract.
- 3.10 All HHP tendered procurement processes will incorporate and implement the Governments 'Fair Work First' (FWF) principles, and use them in all contract evaluation and monitoring.
- 3.11 The principles of FWF relate to businesses bidding for a public contract, and asks them to commit to adopting and evidencing the following:
 - a) Providing appropriate channels for effective voice, such as trade union recognition;
 - b) Investing in workforce development;
 - c) Making no inappropriate use of zero hours contracts;
 - d) Taking action to tackle the gender pay gap and create a more diverse and inclusive workplace;
 - e) Providing fair pay for workers (for example, payment of the real Living Wage);
 - f) Offering flexible and family friendly working practices for all workers from day one of employment;
 - g) Opposing the use of fire and rehire practices.
- 3.12 The FWF principles also apply to any agency or sub-contractor workers involved with the contract delivery.
- 3.13 Developer led proposals, due to the fact that the proposal is owned by the developer, will not be subject to a competitive procurement process but will still require consideration of environmental impact and FWF.
- 3.14 Such proposals will be subject to a financial appraisal by the Director of Finance & Corporate Services and will be presented to the Asset Management Working Group or Board for approval accordingly.
- 3.15 In addition to procuring goods and services through a competitive procurement process, we will look to maximise value for money, by utilising any existing procurement frameworks which we have access to. e.g., Scottish Government Procurement Frameworks. Access to such frameworks may be gained directly by us or indirectly through an approved sub-contractor.

GIFTS AND HOSPITALITY

- 4.1 All gifts and hospitality in relation to procurement will comply with our Entitlements, Payments & Benefits Policy.

HHP'S PROCUREMENT FUNCTION

- 5.1 We will operate an internal procurement function in order to provide a single point of enquiry for suppliers and to facilitate adequate separation of duties between budget managers and suppliers.
- 5.2 Responsibility for administration of Procurement lies with the Director of Finance and Corporate Services, with oversight by the Audit & Risk Committee.
- 5.3 We will also task our internal auditors to review the procurement process and to test that our internal control systems are adequate and effective.
- 5.4 The day-to-day procurement function is carried out by the Corporate Resources Team.

DEFINING HHP'S PROCUREMENT NEEDS

- 6.1 At the beginning of each calendar year we will publish a procurement plan for the year ahead, and with reference to our Procurement Strategy, how it intends to carry out this procurement.
- 6.2 In order to ensure that we gain the best and most cost effective solution for our procurement needs, we will seek to engage with all interested parties using a competitive process in which the parties are judged on cost and other criteria.
- 6.3 Subject to any relevant legal obligations, the form of competition selected will be appropriate to the value and complexity of the goods, services and works required.
- 6.4 This will include the use of written quotations, Co-operative and Collaborative Procurement and Tendering processes.
- 6.5 The expenditure thresholds at which the different forms of competition apply and how suppliers will be made aware of them are shown at Appendix 1.
- 6.6 Framework agreements may also be used to procure contractors and suppliers without committing or binding us to any specific expenditure.
- 6.7 All the required outcomes and evaluation criteria will be provided in the Request for Quotation (RFQ) or Invitation to Tender (ITT).
- 6.8 While Value for Money will be an overarching consideration, we will base our evaluation of suppliers on different and weighted criteria, depending on what is being procured.
- 6.9 In order to promote innovation, we will also, where relevant and appropriate, state the required outcomes rather than how goods or services should be delivered.
- 6.10 Value for Money in this context relates to whole life costs/quality and may also include implementation costs, ongoing and end of life disposal costs.
- 6.11 Where competitive dialogue or negotiation is required, we will strictly follow the legislative regulations.
- 6.12 Where appropriate, we will advertise its procurement on a number of websites but will primarily use the Public Contracts Scotland Portal.
- 6.13 The Public Contracts Scotland Portal is the official site used for compliance with legislation, and provides auditable functionality for all levels of procurement.

- 6.14 Our procurement is carried out in a dynamic environment, subject to real world events, to case law and legal interpretation. If any required procurement or process falls outwith the guidance and scope of this policy it requires the express permission of the Chief Executive before it is undertaken.
- 6.15 For example, insurance works would normally require competitive quotations/tenders but in emergency situations it may be procured by single quotation/tender based on discussions with Loss Adjusters.
- 6.16 Alternatively, given our location and purchasing requirements, there may be, on occasion, limited available parties to provide the necessary number of quotations.

CONTRACT AWARDS

- 7.1 After due evaluation and consideration, contracts may be awarded and the relevant parties notified.
- 7.2 If we do not find a supplier who meets all the required criteria, we reserve the right to cancel and re-run the process, again after duly notifying parties with the reasons for doing so.
- 7.3 All awarded contracts and procurement, showing the successful supplier as well as, where appropriate, the length of contract, will be shown on our website. This is in addition to any Scottish or UK legislative requirements (such as recording this information on the Public Contracts Scotland Portal).
- 7.4 A Community Benefit register, as part of our regulated procurement, will also be shown on our website.
- 7.5 Our Financial Regulations and Authorities state which members of staff are authorised to procure or sign a contract on behalf of the Partnership.
- 7.6 Contracts will be in writing (unless in exceptional circumstances approved by the Director of Finance and Corporate Services) and suppliers will be notified that goods, services and works should only be provided on receipt of an appropriate contract or purchase order.
- 7.7 Payments for contracts will be made within the agreed terms, on the basis that the goods or services have been provided. Where no prior payment terms are agreed, within 30 days of receipt of a valid invoice following delivery of the relevant goods or service.

GOVERNANCE AND MONITORING

- 8.1 All regulated procurement, over £50,000 for services, and £2 million for works, will be registered in our Contract Register. The Contract Register will be available on our website.
- 8.2 A number of procurement performance indicators will be reported on via the Procurement Strategy each year.
- 8.3 As laid out in the relevant legislation, suppliers have the right to make formal challenges or complaints regarding our procurement process.

REVIEW OF POLICY

- 9.1 The Procurement Policy will usually be reviewed every 3 years with thresholds automatically updated in line with any legislative changes.

APPENDIX 1 – PROCUREMENT THRESHOLDS

Value of Purchase (excluding VAT)	Minimum Requirement
Up to £1999.99	1 written quotation
£2000 - £9999.99	Either 2 independent written quotations or quotation(s) obtained through using the PCS Quick Quote facility
£10,000 – Scottish Procurement Threshold	Formal Tender process or quotation(s) obtained through using the PCS Quick Quote facility
Supplies threshold and above	Full UK Find a Tender Service (FTS) tendering procedures

In addition to procuring goods and services through a competitive procurement process, we will look to maximise value for money by utilising any existing procurement frameworks which we have access to. e.g., Scottish Government Procurement Frameworks. Access to such frameworks may be gained directly by us or indirectly through an approved sub-contractor.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
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<i>RFQ</i>	Request for Quotation
<i>ITT</i>	Invitation to Tender
<i>FWF</i>	Fair Work First
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



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HHP PROCUREMENT PLAN 2022/23

Contract	Quantities/Length of Contract	Procurement Method	Planned Procurement Date	Planned Contract Start Date
ICT Hosting & Support*	4 Years	PCS	June 2022	Oct 2022
Lot 1 – Windows/ Doors, Lewis/ Harris	10 months	Internal Framework Call Off Contract	March 2022	April 2022
Lot 2A – Heating, Lewis/ Harris	3 months	Internal Framework Call Off Contract	February 2022	May 2022
Lot 2B – Heating, Lewis/ Harris	3 months	Internal Framework Call Off Contract	February 2022	May 2022
Lot 3 – Bathrooms, Lewis/ Harris	7 months	Internal Framework Call Off Contract	February 2022	April 2022
Lot 3A – Showers, Lewis/ Harris	10 months	Internal Framework Call Off Contract	March 2022	May 2022
Lot 4 – Kitchens, Lewis/ Harris	5 months	Internal Framework Call Off Contract	February 2022	April 2022
Lot 5 – Roofing/ Roughcasting, Lewis/ Harris	6 months	Internal Framework Call Off Contract	March 2022	May 2022
Lot 6 – Electrical Work, Lewis/ Harris	10 months	Internal Framework Call Off Contract	March 2022	April 2022
Lot 7 – Environmental, Lewis/ Harris	6 months	Internal Framework Call Off Contract	March 2022	May 2022
Lot 8 – OT, Lewis/ Harris	12 months	Internal Framework Call Off Contract	March 2022	April 2022
Lot 9 – Window/ Doors, Uists/ Barra	10 months	Internal Framework Call Off Contract	March 2022	May 2022

APPENDIX 2

Contract	Quantities/Length of Contract	Procurement Method	Planned Procurement Date	Planned Contract Start Date
Lot 10A - Heating, Uists/ Barra	3 months	Internal Framework Call Off Contract	February 2022	May 2022
Lot 12 - Kitchens, Uists/ Barra	4 months	Internal Framework Call Off Contract	February 2022	April 2022
Lot 14 – Electrical Works, Uists/ Barra	10 months	Internal Framework Call Off Contract	March 2022	April 2022
Lot 16 – OT, Uists/ Barra	12 months	Internal Framework Call Off Contract	March 2022	April 2022
External Insulation, Lewis/ Harris	6 months	PCS or Excel Scotland Energy Efficiency Framework	March 2022	June 2022
External Insulation, Uists/ Barra	3 months	PCS or Excel Scotland Energy Efficiency Framework	March 2022	June 2022
Stock Condition Survey	7 months	PCS	March 2022	April 2022
Investment Framework 2023-27	4 years	PCS	June 2022	April 2023
Insurances	TBD	PCS	July 2022	October 2022

Notes:

1. HHP's current Contract Register is available at www.hebrideanhousing.co.uk
2. New build plans are currently being developed and details will be made available throughout the year, and added to this plan once formalised.
3. Any new procurement requirements will be added to this plan as they become known.
4. * Extension clause to existing contract will be reviewed as part of the procurement process.



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► Procurement Strategy 2022/23

Effective Date: ► March 2022

Review Date: ► March 2023

Approved by HHP Board:

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PROCUREMENT STRATEGY 2022-2023

INTRODUCTION

- 1.1 The purpose of this strategy is to support the delivery of services and high quality homes, with an effective procurement process that supports our strategic objectives, offers value for money, takes account of best practice and meets Scottish and UK procurement legislation.
- 1.2 This strategy therefore sets out our approach to regulated procurement, places it in context, lists strategic goals and objectives and highlights challenges for the period 2022 to 2023. It also includes an action plan as to how these objectives will be met.
- 1.3 Our aim in this document is to:
 - set out clear strategic objectives;
 - to ensure our compliance with statutory requirements;
 - to improve access and opportunities, particularly for Small and Medium sized Enterprises (SMEs); and
 - to continually strive to improve our procurement service.
- 1.4 We require to be flexible to be able to respond to the rapidly changing procurement environment, and to learn from our experiences and the experiences of others.

PROCUREMENT VISION/MISSION STATEMENT

- 2.1 We have four strategic goals. These 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.
- 2.2 From the above, our Procurement Vision is to:

"Procure goods, services and works, in an open, effective, sustainable, economic and efficient manner, and in so doing, meeting the needs of the business, our tenants, and our community."
- 2.3 Our Procurement Mission Statement is to:

"Provide clear and focused leadership and administration of the procurement process, with the aim of fostering innovation, improving efficiencies and delivering cost savings, with transparency and fairness for the supplier community."

STRATEGY RATIONALE/CONTEXT

- 3.1 Hebridean Housing Partnership is a charitable not-for-profit housing association governed by a Board of up to 15 members.
- 3.2 We became a Registered Social Landlord on 12 September 2006 following the transfer of the Local Authorities housing stock, and subsequently merged with 5 smaller Housing Associations to form a single social housing provider covering the whole of the Outer Hebrides.
- 3.3 Over the last 15 years, we have planned and implemented a significant improvement program for the fabric of our homes, and developed a new build program to meet housing demand, whilst at the same time balancing issues of affordability and access.
- 3.4 We now manage over 2,300 properties and factor 140 more across 12 islands in this 120 mile long archipelago, with an aim of providing a high standard of home and service to all, irrespective of location or distance.
- 3.5 Procurement in this environment often raises difficulties in terms of a limited supplier base, high costs and transportation difficulties. In addition, we face significant challenges in the years ahead as a result of an aging population, economic decline, significant outward migration and depopulation, lack of existing infrastructure, climate change and fuel poverty.
- 3.6 We will therefore strive to work with tenants, communities, and stakeholders to address these issues, and attempt to use innovation to meet needs and create opportunity.
- 3.7 Our procurement of food and drink is minimal, however we will work to put in place affordable contracts, if appropriate, that meet nutritional requirements of all users who would benefit from the provision of food and drink.

STRATEGIC AIMS, OBJECTIVES AND KEY PRIORITIES

- 4.1 There are three priority themes for action for the period 2022/23. These are:
 - a) **Developing our Procurement function and team**
 - i) Our Procurement function sits with the Corporate Resources Team. This allows for a separation of duties within the organisation between procurement administration and the main procurement requesters. This reinforces and promotes equality and non-discriminatory treatment of contract processes, and allows for greater transparency at all stages.
 - ii) The tendering process has been developed to better consider procurement options from the outset. This will allow us to consider partnership procurement in the first instance, to expand the amount of procurement being tendered, and to consider sustainability issues, particularly where it might improve the economic, social and environmental wellbeing of the islands.
 - b) **Developing a strong supplier base (supporting local enterprise)**
 - i) Given our remote location, and the fragile nature of the economy here, it is important for us to procure in a sustainable way, especially in relation to contracts that require a physical presence in the islands. We will look at how we can facilitate the

involvement of small and medium enterprises, third sector bodies and supported businesses.

- ii) We will also consider how we can promote innovation to improve service and promote value for money.
- iii) We will develop and monitor local guidance on Community Benefit requirements to assist suppliers, and will consult with users and suppliers on other matters to improve the procurement and contract management process.
- iv) We will adopt the updated 'Fair Work First' principles in relation to our regulated procurement, and in other procurement where appropriate and practical. We will require our tenderers to commit to these principles; we will evaluate the tenders on this basis; and will monitor compliance during contract periods accordingly.
- v) Where applicable, we will use procurement to deliver on our climate change goals. These goals will be detailed in our Environmental, Social and Governance (ESG) Policy which is currently in development.
- vi) Contractors and Sub-contractors will be required to comply with relevant H&S legislation and confirm that materials/services are ethically sourced.

c) Developing strong supplier relationships

- i) We view suppliers as partners, working together to improve performance, reduce costs and foster innovation.
- ii) We will look to improve contract management, and to consult and seek feedback on customer and supplier satisfaction throughout the duration of the contract. We will, in discussion with the contractor, also regularly review and assess the contract process to see whether administrative improvements on either side can increase efficiency or service delivery.

- 4.2 To help assess performance, a number of indicators have been developed and reported on. These are listed at Appendix 1.

MONITORING/REVIEWING AND REPORTING ON STRATEGIES

- 5.1 Any issues that arise with respect to procurement will be reported back to our Board or Executive Team for appropriate action, helping to ensure ongoing alignment with legislation and our goals and priorities.
- 5.2 Our procurement process, in relation to tendered contracts, and progress on implementing the procurement action plan, will be reported to and monitored by the Audit & Risk Committee.
- 5.3 An Annual Procurement Report will be produced, listing all tendered procurements, their outcomes, and whether the procurements complied with the Procurement Strategy.
- 5.4 A Contract Register of all regulated procurement is published on our website, together with a Community Benefit Register.

- 5.5 The purchasing levels of each member of staff is reviewed regularly and listed in our Financial Authorities.

STRATEGY OWNERSHIP AND CONTACT DETAILS

- 6.1 Procurement administration will be undertaken by our Corporate Resources Team, overseen by:

Director of Finance & Corporate Services
Hebridean Housing Partnership
Creed Court
Willowglen Road
Stornoway
Isle of Lewis
HS1 2QP

POLICIES, TOOLS AND PROCEDURES

- 7.1 Our Procurement Policy, and its related procedures, governs the administration of all procurement in relation to works, the supply of goods and the provision of services.
- 7.2 The policy is subject to the provisions of United Kingdom and Scottish legislation, and is maintained and updated subject to guidance periodically issued by the UK or Scottish Governments.
- 7.3 Procurement will also comply with our 'Entitlements, Payments and Benefits' policy and refer to our Risk Register.
- 7.4 The Scottish Government Procurement Journey framework will be the key tool to ensuring best practice in procurement processes, and all procurement over £10,000 will generally be managed through the Public Contracts Scotland Website. Where possible, purchasing below this level will use the Public Contracts Scotland 'Quick Quotes' facility.
- 7.5 Key performance indicators (KPI's) will be used when measuring the success of the implementation of the Procurement Strategy and compliance with procurement best practice in the Partnership. The list of KPI's is provided in Appendix 1.

APPENDIX 1 – KEY PERFORMANCE INDICATORS

The following indicators will be implemented as part of the Strategy and will be used to manage progress in its implementation:

No	Key Performance Area/Measure	Target
Developing the Procurement function and team within HHP		
1	Compliance with procurement legislation (best practice)	100% No legal or official challenges regarding procurement process
2	Percentage of Suppliers paid within 30 days*	100%
3	The number of renewal contracts which have seen savings negotiated, or improvements have been agreed and implemented	50%
4	Tenders Notified within the target timescales	100%
Developing a strong supplier base (with local supplier)		
5	Percentage of HHP spend† being tendered	90%
6	Percentage of contracts where a local supplier ∞ submits a tender	95%
7	Percentage of spend with local suppliers	90%
8	Number of invoices received electronically as a percentage of total invoices processed	95%
Developing strong supplier relationships		
9	Customer Satisfaction with contractor performance (Repairs Surveys)	90%
10	Number of invoices received electronically as a percentage of total invoices processed	95%
11	Contract compliance	100% of suppliers successful completing contract. No contracts terminated due to poor performance.

* Following delivery of goods or services

† Above the £10K threshold level

∞ Company defined as local if based in the Outer Hebrides, or operates and employs staff from an island location.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
<i>FWF</i>	Fair Work First – 7 principles that all tenderers for public works will have to commit to in order to be considered for contracts.
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number:SCO35767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number:359 and registered as a Property Factor, Registration Number PF000183

Email: info@hebrideanhousing.co.uk

Web: www.hebrideanhousing.co.uk

Phone:0300 123 0773

HHP Procurement Performance Report 2021

- 1.1 Performance data for the procurement function have now been collected for the 4 calendar years up until 2021

No		2018	2019	2020	2021	Target
		<i>Developing the Procurement Function & Team within HHP</i>				
1	Compliance with Procurement Legislation (tenders)	100% (42)	100% (20)	100% (23)	100% (21)	100%
2	% of Suppliers paid within 30 days (invoices)	95% (1369)	95% (2019)	93% (1764)	94% (1872)	100%
3	Number of renewal contracts with savings etc.	50% (2 of 4)	66% (2 of 3)	No renewal contracts	100% (1 of 1)	50%
4	Tenders notified within the target timescales	100%	100%	100%	100%	100%
		<i>Developing a Strong Supplier Base (with local Suppliers)</i>				
5	% of HHP spend being tendered*	87%	93%	96%	96 %	90%
6	% of Tenders with local supplier involvement (tenders)*	84% (9)	95% (19)	96% (22)	91% (21)	95%
7	% of spend with local suppliers*	75% (1223)	74% (1550)	76% (1042)	96% (1074)	90%
8	% of invoices received electronically (invoices)	58% (705)	65% (787)	93% (1474)	94% (1547)	95%
		<i>Developing Strong Supplier Relationships</i>				
9	Customer Satisfaction with Contractor Performance (Repairs Surveys)	98% (313)	100% (107)	99% (156)	97% (126)	90%
10	% of invoices received electronically (invoices)	51% (823)	86% (1742)	93% (1764)	94% (1547)	95%
11	Contract Compliance	90%*	100%	100%	100%	100%

Notes

- 2.1 No. 2: A number of payments are now made by DD, and depending on the suppliers direct debit policies, some of these payments fall outside the 30 day target. This does not reflect on HHP's performance here. 109 invoices were late in payment, of which 59% were invoices that were not received by HHP within time, or where utility invoices had been sent to the property rather than our office.
- 2.2 No. 3: The procurement of the new Housing Management Software System will deliver savings of approx. £17K per annum in relation to maintenance charges
- 2.3 No. 4: is defined as being the contracts in place prior to target timescales.
- 2.4 No. 5: Not all of HHP's spend meets the £10k threshold.
- 2.5 No 6 & 7: Not all of HHP's procurement requirements can be delivered through local providers where specialist skills may be unavailable locally. Two tender processes this year had no tenderers. The increase in spend with local suppliers reflects the increased development activity of the last 12 months – predominantly delivered through the local supply chain.
- 2.6 There were no regulated procurements that required to be considered in relation to FWF.

HHP's Contract Register

APPENDIX 5

Date of Award	Description of Works/Services Supplied under Contract (Total Contract Works Exceeding £50k)	Contractor	Estimated Value (£k)	Start Date	End date	Extended End Date	Extension Available (Months)
02.12.2009	Legal Services	Harper Macleod	£73k	01.01.2010			
01.09.2012	Housing Software Support	MIS	£54k per annum	11.09.2012	07.09.2023		
01.09.2018	ICT 2018 - 2022 Hosting & Support	Kick ICT	£106k	01.10.2018	31.09.2022		48
11.12.2018	Investment Framework 2019-2023	Alex Murray Construction	£16,000k	01.04.2019	31.03.2023		
		FES FM					
		Neil Mackay & Co					
		O'Mac Construction					
		D MacDonald & Co					
15.02.2018	Funders Valuation	Jones Lang Lasalle	£49k	31.03.2018	31.03.2022		
10.09.2018	Goathill HWEC - CNES (50 houses)	McLaughlin + Harvey	£11,300k	CNES are contracting body			
10.07.2019	Goathill Housing Development	O'Mac Construction	£10,040k	06.01.2020	06.03.2022	16.09.2022	
21.11.2019	Barvas Development, Isle of Lewis	Calmax Construction	£1,298K	11.01.2021	20.01.2022	23.03.2022	
04.12.2019	Planned, Cyclical & Responsive Maintenance Services & Void Works	FES FM	£14,000k	01.04.2020	31.03.2025		48
23.06.2020	Low Flyer Balivanich Development, Isle of Benbecula	Calmax Construction	£1,784k	01.12.2020	01.02.2022	28.03.2022	
7.6.2021	Housing Management System	Civica UK Ltd	£450k	01.05.2021	01.08.2026		
31.08.2021	Social Housing Insurance	NIG	£251K	01.10.2021	30.09.2022		
10.02.2022	Feasibility Services	TIG	£60K	01.12.2021	01.12.2024		12

HHP COMMUNITY BENEFIT REGISTER

APPENDIX 6

Project	Start Date	End Date	Community Benefit
Goathill Housing Development	06.01.2020	16.09.2022	Since the commencement of the Goathill Development in early 2020 the contractor has taken on an apprentice Joiners, two apprentice Bricklayers and are currently looking to take on an apprentice Painter and Decorator. The contractor has also employed two trainee Scaffolders who are embarking on their training at the Goathill site, they are also up-skilling a number of labourers to Plant Operatives. LED Bulbs have been supplied to all houses in the development, and an outdoor MUD Kitchen has been supplied to the Stornoway Primary for their playground. The seaforth well have had a protective gate added and a plaque to commemorate it has also been added.
Planned, Cyclical & Responsive Maintenance Services & Void Works	01.04.2020	31.03.2025	FES Apprenticeship Scheme New apprenticeship position Work Placement Provide a structured period of work experience for a Nicolson Institute pupil SME Engagement Work with Scottish Enterprise and other stakeholders such as the local Chamber of Commerce on opportunities for economic development, training and other funded assistance to help support the and maximise the potential positive influences on the local communities, economies and supply chain. Social Enterprises: Our Endeavours Continually striving to work with Social Enterprises on our projects and believe strongly in the social, economic and environmental contributions which can be made to the local and wider community by doing so. Community Enhancement Deliver community projects in association with HHP Contribute to local charities and organisations

HHP COMMUNITY BENEFIT REGISTER

APPENDIX 6

Project	Start Date	End Date	Community Benefit
Low Flyer Balivanich Development, Isle of Benbecula	01.12.2020	28.03.2022	The Total Value of Benefit will be in the region of £2500. The plan would be to split this value equally between both Sgoil Bhaile a' Mhanaich and Sgoil Lionacleit as they are both based within the local communities through the provision of an outdoor learning area and to help fund boat trip to Mingulay for S6 leavers.
South Dell Development, Isle of Lewis	31.08.2020	11.08.2021	1. A donation of £500 to the Lionel school playground project. 2. A donation of £500 to Sporsnis to help with activities for children.
Howmore Development, Isle of South Uist	12.10.2020	11.01.2022	The contractor supported the local school, lochdair Primary School, through a MIB donation of suitable play materials for pupils to engage in 'loose parts play' which Play Scotland promote as it encourages creativity, gross motor skills and team building. MIB already sponsor the lochdair Primary Football Team, and MIB would purchase rhythmic Gymnastics equipment for the Uist Gymnastics Club, which a large number of local young people attend.
Barvas Development, Isle of Lewis	11.01.2021	20.01.2022	£1000 for Barvas Playpark Group.
Shawbost Development, Isle of Lewis	24.02.2020	11.04.2021	£500 cash donation to local Foodbank.
Tarbert Police Station, Isle of Harris	12.07.2020	16.01.2022	1. Donation of £1000 to the War Memorial Steps in the centre of Tarbert. 2. Donation of £500 to Sir E Scott School to support the school in taking forward outdoor learning/outdoor work for the children. 3. Donation to Sir E Scott school to supply PPE and some tools and materials to engage in the above work to the value of £500.
Scotland Street Development	01.09.2019	23/08/2021	£6270.48 was the total cost in respect of the scout hall, the contractor stripped out toilet ware, blanked off the services, removed 2 door frames, stripped tiles, and one partition. Re-lined 2 walls with Gyproc, taped, filled and painted, and built full height shelves.

What is Fair Work?

Fair Work practices can generate a range of benefits individuals, organisations and society. The Fair Work Convention produced its [Fair Work Framework](#) for Scotland on 21 March 2016. It originally identified five main dimensions that define Fair Work and set out a vision that by 2025, people in Scotland, will have a world-leading business working life where Fair Work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.

SECURITY:

Security of employment, work and income are important foundations of a successful life. This can be achieved through, for example:

- Fair pay (for example, the real Living Wage)
- No inappropriate use of zero hours contracts or exploitative working patterns
- Collective arrangement for pay and conditions
- Building stability into contractual arrangements
- Flexible working to align with family life and caring commitments
- Employment security arrangements
- Fair opportunity for pay progression
- Sick pay and pension

RESPECT:

Fair Work is work in which people are respected and treated respectfully, whatever their role and status. This can be achieved through, for example:

- Considering the concerns of others
- Respect of behaviours and attitudes
- Policies and practices which are understood and applied that respect health, safety and well-being
- Respect of workers' personal and family lives
- Opportunities for flexible working

OPPORTUNITY:

Fair opportunity allows people to access and progress in work and employment and is a crucial dimension of Fair Work. This can be achieved through, for example:

- Robust recruitment and selection procedures
- Paid internships
- Training and development opportunities
- Promotion and progression practices
- Buddying and mentoring
- Engaging with diverse and local communities

FULFILMENT:

It is widely accepted that fulfilment is a key factor in both individual and organisational wellbeing. This includes the opportunity to use one's skills, to be able to influence work, to have some control and to have access to training and development. This can be achieved through, for example:

- Effective skills use
- Autonomy, opportunities to problem solve and make a difference
- Investing in training, learning and skills development and career advancement

EFFECTIVE VOICE:

The ability to speak, individually or collectively, for example, through a recognised trade union, and to be listened to, is closely linked to the development of respectful and reciprocal workplace relationships. Effective voice underpins the other dimensions of Fair Work, and real dialogue between organisational stakeholders can help deliver on opportunity, security, fulfilment and respect. This can be achieved through, for example:

- Enabling staff to have a voice at all levels
- Openness, transparency, dialogue and tolerance of different views
- Formal and informal structures
- Union recognition and collective bargaining



In addition to the above, Fair Work First has now been further expanded for 2022/23 - from 5 elements to 7 elements.

This expansion is in response to challenges faced in the labour market. The two new elements seek to:

- promote flexible and family friendly working practices; and
- oppose the use of fire and rehire practices

Flexible Working

Flexible working and family friendly working practices take many forms including, but not limited to, part-time work and job share, flexitime, compressed hours, term-time, staggered hours, and working remotely and from home[2]. It is an important aspect of Fair Work and recognises that being able to balance work with other commitments enables workers to participate and contribute more fully and productively in the workplace whilst protecting their wellbeing and improving job satisfaction.

Genuine flexibility helps to make work possible for people who might otherwise be unable to access, re-enter and sustain employment; creates more diverse and inclusive workplaces and provides greater opportunity and security for workers. Flexible working will vary from employer to employer and not all jobs in all sectors or within an organisation will lend themselves to the same type or level of flexibility; equally, workers' needs will vary. There is no one-size-fits-all approach and flexible working practices need to work for the individual, the team and the employer.

Flexible working should be adopted as a positive practice and never used to weaken contractual terms or impose new unwanted working practices. When considering introducing new ways of working employers should always consult with workers, and where present trade union or other worker representatives, to ensure both the worker's and employer's perspectives are properly considered and any unintended consequences are avoided. The needs of employers and workers are likely to change over time and regular review of policy and practice will ensure appropriate provision is in place.

Fire & Rehire

There is no legal definition of Fire and Rehire practices. 'Fire and rehire' is the terminology currently most used to describe the practice of 'dismissal and re-engagement'. It is described by ACAS as one option that may be available to an employer seeking to effect changes to employees' contractual terms; it involves dismissing employees and immediately re-engaging them on a new contract with new terms, with the new terms issued to commence on the day following the termination date of the current contract, in circumstances where the employees' agreement to the changes has not been obtained. The term is also used to refer to employers holding out the prospect of dismissal and re-engagement to employees or their representatives during negotiations about changing terms and conditions.

We recognise that the vast majority of employers consult and reach agreement when they have to consider making changes to contracts and will only consider using fire and rehire practice as an exceptional and pressing business necessity.

However, whilst fire and rehire practice may not in all circumstances be contrary to employment legislation, the Scottish Government's position is that such practice does not align with the principles and expected practice of Fair Work.

Therefore, an employer wishing to access public sector grants or other funding or to deliver a public contract in Scotland will be expected to commit to not using fire and rehire practice; and this will be considered as part of the award decision and form a condition for the delivery of the grant or public contract. It would then be monitored appropriately within the relevant contract or grant management arrangements. In addition, if an employer subsequently uses fire and rehire practice during the life of a grant, the continuation of the grant may be reconsidered and this may also be taken into account in the consideration of any future grant funding requests, where relevant and proportionate.

Frequently Asked Questions

1. What does the Statutory Guidance on Addressing Fair Work Practices, including the Living Wage, in Procurement require a public body to do?

- The Statutory Guidance requires a public body to consider, before undertaking a procurement exercise, whether it is relevant and proportionate to include a question on Fair Work practices, including the real Living Wage, to be evaluated along with other relevant criteria.

2. What contracts does the Statutory Guidance apply to?

- The Statutory Guidance, applies to all goods and service contracts above £50,000 and works contracts above £2,000,000. Below these values it is best practice to consider the Statutory Guidance.

3. What are Fair Work practices?

- Fair Work practices are those practices which go beyond an employer's legal obligations and where an employer actively ensures its employees are aware of their legal rights.
- The Fair Work Framework developed by the Fair Work Convention has seven dimensions: effective voice, opportunity, security, fulfilment and respect, Flexible Working and protection from fire and re-hire; that balances the rights and responsibilities of employers and workers and that can generate benefits for individuals, organisations and society.

4. What is the real Living Wage?

- The real Living Wage is a voluntary wage rate calculated by the Resolution Foundation based on the minimum income standard of living. The real Living Wage should not be confused with the mandatory National Minimum Wage (including the “national living wage”) which is the legal minimum an employer must pay an employee and is set by the UK Government.

5. Is it possible to use a procurement process to mandate the payment of the real Living Wage?

- No. The European Commission has confirmed that it is not possible to mandate payment of the real Living Wage as part of a procurement process. The Scottish Government considers the real Living Wage to be a significant indicator of an employer's commitment to Fair Work practices.

6. How does a public body's accreditation as a Living Wage Employer affect its procurement processes?

- Living Wage Accreditation requires an organisation to pay the real Living Wage to all direct employees 18 and over, excluding volunteers and apprentices. It also requires, “to the extent permitted by law”, that all contracted staff who “regularly” provide services on its “site”, to either be paid the real Living Wage while they are on site, or to have a plan in place to do so.
 - “Regularly” is defined as providing services for 2 or more hours in any given day of the week for 8 consecutive weeks.
 - “Site” includes the public body's premises, property it owns or occupies (including where it is a tenant and is provided with building related services through a lease), and land which it is responsible for maintaining or on which it is required to work.
- By having regard to the Statutory Guidance a public body is acting in a way that is permitted by law.

7. Are Fair Work practices the same for all contracts?

- All seven dimensions of the Fair Work Framework are relevant in all working environments
- It is important to consider all five dimensions of the Fair Work Framework when addressing Fair Work practices in individual procurement processes, by taking into account the nature of the contract and the impact workers will have on the performance of the contract, including any sub-contracting supply chain.

8. What weighting should be given to a Fair Work criterion as part of the scored criteria?

- Weighting must be relevant and proportionate to the contract and set on a contract-by-contract basis taking account of the likely impact Fair Work practices will have on the quality of the goods, service or works performed, while ensuring the appropriate balance between quality and cost.

9. What will a public body take into account when evaluating a Fair Work practices criterion?

- A public body must treat all bids equally and evaluate bidder responses in a proportionate, objective, transparent and non-discriminatory manner. This will recognise that the way a bidder engages with their workers will differ depending on their size or status, or their place of business, including outside UK.
- A public body will consider the overall impact of the package of Fair Work practices on the contract delivery.
- Responses are expected to include evidence and examples of practices, relevant accreditations, policies or action plans supporting the five dimensions of Fair Work.
- Fair Work can and would normally be expected to include fair pay and equal pay, including the real Living Wage, as part of a package of Fair Work practices to be delivered for the duration of the contract.

DEVELOPMENT MONITORING REPORT

Board 23 March 2022

Report by Chief Executive

Purpose of Report

- 1.1 To provide an update to the Board on our 5 Year Development Programme.

Summary

- 2.1 This financial year we have 170 houses (76 completed and 94 on site) at various stages of build accounting for 43% of the 5 year Development Plan 2020-2025. A summary of the completed homes can be found at Appendix 1. Appendix 2 provides a summary of our position compared to the 5 year Development Plan and an update on projects identified for this financial year.
- 2.2 The contractor is now on site at Barra, named Rathad na Ceardaich.
- 2.3 We are working through the land transaction at Lochmaddy with the contractor seeking to start on site before the end of financial year.
- 2.4 Sites at Blackwater and Crowlista are awaiting resumption before work can start on site.

Competence

- 3.1 The financial, legal and other constraints arising from the recommendations in this report are detailed at paragraph 5.1 - 8.3.

Recommendations

- 4.1 **It is recommended that Board note the update on the Development Programme.**

APPENDIX 1: Completions 2021/22

APPENDIX 2: New Build Updates

APPENDIX 3: Future Plans

Background Papers: None

Writer of Report: Sawan Morrison

Tel: 0300 123 0773

Competence

Financial

- 5.1 The budget for development in 2021/22 is £22.3M expenditure, £8.4M Scottish Government (SG) Grant and £1.56M of shared equity sales resulting in a private finance requirement of £12.36M.
- 5.2 We have currently drawn down £4.65M (55%) of SG grant this financial year and are forecasting to draw down £5.9M, subject to the conclusion of the land transactions at Blackwater and Lochmaddy.

Legal

- 6.1 The Asset Management Working Group has delegated authority until 31 March 2022, to approve private finance up to 40% of the cost of a project, subject to approval from the Director of Finance & Corporate Services and funding being available through savings.

Regulatory Guidance

- 7.1 The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.
- 7.2 This report provides ongoing assurance of evidence RS2.2, RS4.3 and RS7.7 in relation to our Annual Assurance Statement.

Risk

- 8.1 Development is inherently risky. Feasibility work to ascertain the suitability and capacity of potential sites for development helps to reduce risk. The risk associated with the delay in getting agreement on land acquisition and resumption is reflected in the slippage in Blackwater expected grant draw down for 2021/22 financial year.
- 8.2 Risk related to particular developments is assessed as part of the feasibility study, including the demand within the area. The Housing Needs and Demands Analysis (HNDA) and our Housing Waiting List indicates weak demand in all areas and particularly in the most rural locations. The HNDA report suggests that our current programme will in broad terms meet the current identified need for social rented housing
- 8.3 The Risk Register details relevant risks including COVID-19, risk of contractor failure, BREXIT, labour and material shortages which can impact on delivery of the Development Programme.

Report Details

Development 2021/22

- 9.1 Table 1.1 & 1.2 at Appendix 2 summarises how we have performed compared to the Development Plan (July 2020) and the SHIP (December 2020) that spans 2020-2025. Progress on sites is broadly on target but delays at Blackwater and Lochmaddy will affect the expected progress this financial year. The Five Year Development Plan is presented to the Board for approval as part of the Business Plan report at Item 6.1 of the Agenda.
- 9.2 Table 2.1 at Appendix 2 shows a summary of all developments identified for 2021/22 as per the 5 year Development Plan. The issue to be noted is:
- A delay is noted on Barvas whilst contractor awaits confirmation of acceptance of sewer connection routing between CNES and Scottish Water.
- 9.3 Sites at Lochmaddy, Crowlista and Blackwater are awaiting land transactions before starting on site.
- Lochmaddy land transaction is due to conclude once the Deed of Conditions have been agreed. We are continuously pursuing the completion with the contractor.
 - The Crowlista resumption was not lodged by the Contractor until 6 January 2022 and needs to be concluded prior to contract start. The contractor is looking at a potential agreement with the land owner for getting on site at risk.
 - Blackwater resumption application was lodged on 26 October 2021 and crofting commission has expressed their support for this project. The conclusion of this resumption application is now with the land court and we have been advised that the resumption order is expected to be issued in March 2022. Revised costs have been submitted by the contractor and these are being assessed and discussed with Scottish Government. An update will be provided at the Board meeting.
- 9.4 Calmax started on site for the construction of 6 homes in Barra on 14 February 2022.

Future Plans

- 10.1 Appendix 3 summarises work being done on projects for future years and includes the current levels of demand in the area. The following updates to be noted:
- Site acquisition is being progressed at Leverburgh. This has been conditioned on planning permission being obtained. Further discussions are being sought with planning to clarify their position with regard to the site.
 - We have received confirmation from the Roads department at CNES on Scott Road that suitable access can be achieved and are seeking to progress this site. This site is in crofting but access is required across 3rd party land which is in private ownership. Information is awaited from the landowner on their position with regards to access arrangements.
 - Three potential sites in Uist are being progressed to desktop feasibility studies. One site is outwith crofting.
- 10.2 Land availability and the process of decrofting and resumption of land continues to be a barrier to timely progress of sites and to the development of a land bank. We are looking at options to seek to improve this process and address barriers.

New Supply Shared Equity (NSSE)

- 11.1 We are seeing a reduction in demand for New Supply Shared Equity properties both in rural areas and in the Stronoway market area as we are seeing less fully completed applications from eligible candidates coming in.

- 11.2 Three properties have settled at Sgeir Ghlais, Breasclete. TIG continue to market the final property. Despite 18 application requests being received only 5 progressed to full applications of which 1 withdrew and 1 was incomplete. We are progressing the conversion of this property to rent or mid-market rent.
- 11.2 All 2 bed homes available for sale at Sinclair Avenue have now been sold.
- 11.3 There were 6 x 3 bed homes available for sale in the second phase at Sinclair Avenue of which 3 have sold, with another buyer identified. The remaining 2 homes continue to be advertised and there is some provisional interest.

Completions from April 2021 – February 2022

Scheme	Area	Type	Units	Date
Cnoc A Charnain, Shawbost	Rural Lewis	Rent	4	Apr-21
Sinclair Avenue, Goathill Ph1	Stornoway	Rent	20	Jun-21
Sinclair Avenue, Goathill Ph 1	Stornoway	NSSE	8	Jun-21
Lady Matheson Court	Stornoway	Rent	6	Jul-21
South Dell	Rural Lewis	Rent	6	Aug-21
Sinclair Avenue, Goathill Ph 2A	Stornoway	Rent	8	Oct-21
Sinclair Avenue, Goathill Ph 2A	Stornoway	NSSE	6	Oct-21
Ionad Mairi Bremner, Howmore	South Uist	Rent	4	Jan-22
Sinclair Avenue, Goathill Ph 2B	Stornoway	Rent	6	Jan-22
James Place, Tarbert	Harris	Rent	8	Jan-22
Sinclair Avenue, Goathill Ph 2B	Stornoway	Rent	2	Jan-22
Total Handover to February 2022			78	

James Place, Tarbert Official opening – Alex Murray Construction



Table 1.1 Development Performance – 5 Year Development Plan (July 2020)

	RENT	NSSE	HWEC	TOTAL	% of Plan	Comments
Units Completed 20/21	22	4	0	26	7%	-
Units Completed 21/22	62	14	0	76	19%	-
Units On Site	42	2	50	94	24%	-
Further Units Planned for 2021-25	171	0	26	197	50%	-

Table 1.2 Development Performance – SHIP (December 2020)

	RENT	NSSE	HWEC	TOTAL	% of SHIP	Comments
Units Completed 20/21	22	4	0	26	7%	-
Units Completed 21/22	52	14	0	66	17%	-
Units On Site	52	2	50	104	27%	-
Further Units Planned for 2021-25	182	0	10	192	49%	-

*Differences in totals can be attributed to feasibility studies ruling out some sites identified in the 5 year Development Plan.

New Build Updates

APPENDIX 2

Table 2.1 Current Development Projects

YEAR*	Scheme	Area	Units	Stage	Expected Handover	Comments by exception
2020/21	Shawbost	Rural Lewis	4	Completed	Apr-21	-
2020/21	Scotland Street	Stornoway	6	Completed	Jul-21	-
2021/22	South Dell	Rural Lewis	6	Completed	Aug-21	-
2021/22	Howmore	Uist	4	Completed	Jan-22	-
2021/22	Tarbert Police Station	Harris	8	Completed	Jan-22	-
2021/22	Goathill HVEC	Stornoway	50	On Site	May-22	Handover delayed.
2021/22	Goathill	Stornoway	58	On Site	Sep-22	36 Units completed to date.
2021/22	Goathill NSSE	Stornoway	16	On Site	Sep-22	14 units completed to date, 2 houses to have buyers identified.
2021/22	Barvas	Rural Lewis	8	On Site	Mar-22	Delay reported in agreement between CNES & Scottish Water on sewer connection.
2021/22	Low Flyer, Balivanich	Uist	10	On Site	Mar-22	-
2021/22	Barra – Cleit Road	Barra	6	On Site	Jan-23	On site February 2022.
2021/22	Crowlista, Uig	Rural Lewis	4	Land Transaction	TBC	Awaiting resumption – contractor considering starting on site at risk
2021/22	Blackwater	Stornoway	72	Land Transaction	TBC	Awaiting resumption before concluding land transaction.
2022/23	Lochmaddy	Uist	8	Planning/Land Transaction	May-22	Deed of Conditions being negotiated prior to land transaction. Expecting the contractor to go on site prior to 31 March 2022

*As per approved 5 year development plan (approved July 2020)

Table 1.1 Future Plans

YEAR*	Scheme	Area	Units	Demand (Transfer/Waiting)	Comments by exception
2022/23	North Uist	Uist	4	4/12	A number of potential sites are being explored.
2022/23	Uist 22/23	Uist	6	22/62	3 sites have been identified as potential for South Uist and desktop feasibility studies by CNES instructed. 1 site is outwith crofting and 2 are within crofting tenure.
2022/23	Scott Rd/Coastguard	Harris	18	12/37	Land transaction negotiations underway. Number of units to be reviewed following advice from Roads dept.
2023/24	Barra HWEC	Barra	10	TBC	Overall project is being reviewed by CNES and Health Board. Moved to post 2024/25
2023/24	Scott Rd/Coastguard	Harris	14	12/37	Roads feedback received and land transaction negotiations being progressed.
2023/24	Rural Lewis	Rural Lewis	8	19/99	Site to be identified. Demand figures represent all of Lewis excluding Stornoway.
2024/25	Benbecula - Dunganichy	Uist	4	12/29	Full feasibility has been instructed. Feasibility was delayed as there was a query on land ownership that has since been resolved.
2024/25	South Uist	Uist	6	6/21	Site to be identified
2024/25	Stornoway Periphery	Stornoway	12	101/218	Included as part of Blackwater
2024/25	North Uist	Uist	6	4/12	Site to be identified
2024/25	South Harris - Leverburgh	Harris	6	4/7	When site was progressed to land transaction, concerns over planning requirements were raised and further investigations are now being conducted before progressing.
2024/25	Point (Knock)	Stornoway Market Area	8	2/11	Site to be identified

*As per updated Development plan to match SHIP December 2020.