hebridean housing partnership
Making our house your home

BOARD AGENDA – 8 FEBRUARY 2023

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
1	**Attendance & Apologies**	Noting	Chair	3	5:30pm - 5.45pm
2	**Declaration of Interest**	Noting	Chair	-	
3	**Minutes**			-	
3.1.1	Minute of Meeting 22 November 2022	Approval	Chair	5	
3.2	Action Sheet	Noting	Company Secretary	11	
4	**Date of Next Meeting** 29 March 2023	Approval	Chair	-	
5	**Health & Safety**	Noting	Director of Operations	-	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
6	**Items For Decision**				5:45pm - 6:40pm
6.1	Budgets 2023/24	Approval	Director of F&CS	13	
6.2	Business Plan	Approval	Chief Executive	21	
6.3	Infra-Red Heating	Approval	Director of Operations	23	
6.4	Investment Programme	Approval	Assets & Contracts Manager	35	
6.5	Management Report to 31 December 2022	Approval	Finance Manager	43	
6.6	Meeting with H&I RSLs	Approval	Chief Executive	64	

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
7	**Policies & Strategies**				6:40pm - 6:50pm
7.1	Asbestos Policy	Approval	Investment Manager	66	
7.2	Health & Safety Policy (Annual Review)	Noting	Chief Executive	80	
7.3	Policy Consultation Response	Approval	Chief Executive	98	

hebridean housing partnership
Making our house your home

ITEM	AGENDA ITEM	ACTION	PRESENTED BY	PAGE NO	TIME
8	**Noting Reports**				6:50pm - 7:00pm
8.1	Development Monitoring Report	Noting	Development Manager	104	
8.2	Quarterly Treasury Report to 31 December 2022	Noting	Director of F&CS	115	
8.3	SHR Loan Portfolio (In-Year Return)	Noting	Chief Executive	122	

MEETING GOES INTO PRIVATE SESSION

Board Meetings 2022/23

Board Members	Notes	01-Sep-22	22-Nov-22						
Iain Macmillan	3								
Calum Mackay	1								
Alexander Gardner	2								
Alison MacCorquodale									
Donald MacSween									
Finlay Stewart									
Gordon Macleod	4								
Helen Mackenzie									
Iain M Macleod									
Norman A Macdonald	1								
Roddy Nicolson	1								

1 - Appointed as a Community Member on 1 September 2022
2 - Appointed as a Tenant Member on 1 September 2022
3 - Resigned as Board Member on 22 December 2022
4 - Appointed as a Community Member on 22 November 2022

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 2022/23

Board Members	Notes	Decision Time Training 27-Sep-22				
Iain Macmillan						
Calum Mackay						
Alexander Gardner						
Gordon Macleod						
Norman A Macdonald						
Roddy Nicolson						
Helen Mackenzie						
Iain M Macleod						
Donald Macsween						
Alison MacCorquodale						
Finaly Stewart						

Member present at training

Member not present at training

Cancellation of travel due to weather

Unable to attend remote training due to techncial difficulties

Member not required to be present at training

Leave Special Leave Granted

hebridean housing partnership
Making our house your home

ITEM NO 3.1

HEBRIDEAN HOUSING PARTNERSHIP

Board

Minutes of Meeting held remotely via Microsoft Teams on Tuesday, 22 November 2022 at 5.30pm

PRELIMINARY ITEM		
ATTENDANCE & APOLOGIES		
1	**Attendance & Apologies** Attendees: Calum Mackay (Vice-Chair); Gordon Macleod; Donald Macsween; Iain M Macleod; Roddy Nicolson; Helen Mackenzie Apologies: Iain Macmillan (Chair); Alex Gardner; Alison MacCorquodale; Norman A Macdonald; Finlay Stewart Staff & Consultants In Attendance: Dena Macleod (Chief Executive); Donald Macleod (Director of Finance & Corporate Services); John Maciver (Director of Operations); Jonathan Fairgrieve (Corporate Services Officer – Minute Taker); Iona France (Governance Officer); Sawan Morrison (Development Manager); James Morrison (Finance Manager); Peter O'Donnell (Investment Manager); Angus MacNeil (Assets & Contracts Manager); Monika Fortagh (Debt Management Officer); Angus Smith (Corporate Resources Manager); Katrina Rowlands (Service Development Manager); Donalda Mackinnon (Area Manager Lewis); Norma M Robb (People Development Officer) The Vice-Chair advised members Iain Macmillan had resigned as Chairperson of the Board due to work commitments, but would remain as a Board Member until December 2022 to allow time to seek a replacement member. Mr Mackay thanked Mr Macmillan for his services as Chairperson.	
PRELIMINARY PROCEDURAL MATTERS		
2	**Declaration of Interest** **Gordon Macleod declared an interest at item 6.5.** **Helen Mackenzie declared an interest at item 9.5.** **Calum Mackay declared an interest at item 9.6.**	
3.1.1	**Minute of Board Meeting 31 August 2022** **The minute of the Board meeting of 31 August 2022 was submitted and approved as a true and accurate record.**	
3.1.2	**Minute of Board Meeting 1 September 2022** **The minute of the Board meeting of 1 September 2022 was submitted and approved as a true and accurate record.**	
3.2	**Action Sheet** **The Action Sheet was noted.**	
4	**Date of Next Meeting** The date of the next meeting will be 8 February 2023.	
5	**Health & Safety** **Nothing to report.**	

ITEMS FOR DECISION	
6.1	**Review of Standing Orders** The Chief Executive presented the updated Standing Orders for review and approval, following an annual review. The review had been delayed to allow for the inclusion of Rule changes which were adopted at the Special General Meeting on 15 September 2022. The main changes proposed were: • the introduction of a Development & Finance Committee; • amalgamating the Asset Management & Housing Management working groups to form a new Operations Working Group; • removing information which was duplicated between documents; and • changing the layout to make the document flow better. Helen Mackenzie questioned where there were any restrictions around members sitting on both the Audit & Risk and the Development & Finance Committees. The Chief Executive advised the only restriction was that the Chair of the Board was not eligible to sit on the Audit & Risk Committee and it was important the Committees were made up of members with the relevant skills in each area. Members were advised the Committee members would be reviewed annually to ensure good governance. **The Board approved all the proposed changes to the Standing Orders.**
6.2	**Review of Financial Regulations & Financial Authorities** The Director of Finance & Corporate Services presented the revised Financial Regulations and Financial Authorities. The Financial Regulations had been reviewed to bring them in line with the revised Standing Orders, in particular the incorporation of the Development & Finance Committee and virement limits had been split between different type of expenditure. The Financial Authorities had been updated to capture changes to post holders. **The Board approved the:** **a) Financial Regulations; and** **b) Financial Authorities.**
6.3	**Budget Strategy 2023/24** The Director of Finance & Corporate Services presented the Budget Strategy for 2023/24 for consideration and approval. Our Business Plan assumes an annual rent increase of RPI + 1%, on the basis that RPI was 4.5%. Due to the Scottish Government rent freeze £600K would be lost through rental income, which will accumulate to £43.6M over the 30-year plan. Additional methods of ensuring we complied with our financial covenants were being explored. Helen Mackenzie commented, although this was a difficult time for HHP it was also a time of opportunity to explore ways services could be delivered more efficiently. The Board acknowledged the hardship being faced by tenants and emphasised the need to keep rents affordable while still ensuring a high level of service delivery and meeting our financial covenants. The Director of Finance & Corporate Services advised our views on the Scottish Government Rent Freeze had been fed back to the SFHA. **The Board approved the 2023/24 Budget Strategy including the Budget Timetable.**
6.4	**Rent Structure Timeline** The Director of Finance & Corporate Services presented a timeline for the review of the Rent Structure, including a rent consultation timetable, for consideration and approval. Since the Board approved a timetable for the review of our current rent structure, the Government introduced legislation which imposed a rent freeze on all residential rents until 31 March 2023. It was proposed the annual rent setting and consultation process be paused until 17 January 2023 as an announcement on whether the Scottish Government would continue the rent freeze or remove the requirement for social landlords. It was proposed the most recent published RPI at the point of consultation be used, as opposed to October RPI as detailed in the Rent & Services Charges Policy. Board Members reiterated the hardships being faced by some tenants and the need for us to support tenants by keeping rents affordable while still ensuring a high level of service delivery and meeting our financial covenants. **The Board approved:** **a) the revised Rent Structure Timetable;** **b) the Rent Consultation Timetable; and** **c) that, for 2023/24 only, any rent consultation references the most recent published RPI at the point of going out to consultation.**
6.5	**Board Member Appointments** **Gordon Macleod declared an interest in this item and left the meeting prior to the discussion of the item.** The report provided details on appointments to the Board for consideration and approval. Ms Fiona Knape, a Tenant Member, had expressed an interest in becoming a Board Member. There are currently three vacancies in the Tenant Board Member category. Ms Knape has the necessary skills and knowledge to be an effective Board Member. Following changes to the Rules, adopted at the Special General Meeting on 15 September 2022, Mr Gordon Macleod had intimated he would be happy to fill one of the vacant Tenant Member posts, as a Community Member in accordance with Rule 40.3.

	The Chief Executive encouraged Members to make her aware of anyone who they believed had the skills and interest to become members of the Board. **The Board approved:** **a) Ms Fiona Knape be appointed to the Board as a Tenant Member subject to satisfactory completion of the Code of Conduct requirements; and** **b) Mr Gordon Macleod be appointed to fill one of the vacant Tenant Member posts as a Community Member.**
Add item	<u>**Appointment of Chair**</u> **Gordon Macleod re-joined the meeting prior to the discussion of this item.** Following the resignation of Iain Macmillan, the Chairperson of the Board, the Chairperson called for nominations to fill the vacancy. Calum Mackay nominated Gordon Macleod to fill this vacancy, which was seconded by Roddy Nicolson. **Gordon Macleod was appointed as Chairperson of the Board and agreed Calum Mackay should remain as Chairperson for the remainder of the meeting.**

POLICIES & STRATEGIES	
7.1	<u>**Membership Policy**</u> The Chief Executive presented a revised Membership Policy for approval to consult with the Membership. The policy was reviewed and updated with the provisions of membership criteria which were removed from the Standing Orders to avoid the duplication of information. It was proposed members shall be deemed to have a "local connection" by having: a) a main or principal residence or principal place of business or operation in the administrative area of Comhairle Nan Eilean Siar and having lived or operated in the Outer Hebrides for a period of at least one year; or b) in relation to Tenant Membership Categories, by having a tenancy in the Outer Hebrides. **The Board:** **a) agreed members shall have a "local connection" by having:** • **a main or principal residence principal place of business or operation in the administrative area of Comhairle Nan Eilean Siar and having lived or operated in the Outer Hebrides for a period of at least one year; or** • **in relation to Tenant Membership Categories, by having a tenancy in the Outer Hebrides; and** **b) approved for consultation with our Membership, the revised Membership Policy;** **c) if there are no material changes to the Policy arising from the consultation, that the Policy is approved, otherwise a revised Policy be presented to the next meeting of the Board.**
7.2	<u>**Attendance & Absence Policy**</u> The report provided a revised Attendance and Absence Policy for consultation with staff and the Union. The update included extending the annual leave carry forward to 31 March and correction of a previous omission to allow the Chief Executive's request to the Chair approval for the carry forward of more than 5 days annual leave. Provision was in place for other staff members to request to the Chief Executive approval for the carry forward of more than 5 days annual leave. Staff and the Union would be consulted on the revised policy, with a final Policy presented to the Board in February 2023, if required. Helen Mackenzie requested consideration be given to include a provision within the policy to allow for the carry forward of a negative leave balance in exceptional circumstances, to assist staff who have caring responsibilities who may require to take leave for reasons out with their control close to the end of the annual leave year. Helen Mackenzie questioned what best practice from HR advisors were for leave for those undergoing IVF treatment. The Chief Executive advised the policy was in line with guidance from EVH and agreed it would be considered as part of the staff consultation. **The Board:** **a) approved the draft Attendance & Absence Policy for consultation with staff and the Union; and** **b) if there are no material changes to the Policy arising from the consultation, that the Policy is approved, otherwise a revised Policy be presented to the next meeting of the Board.**
7.3	<u>**Review of ICT Strategy**</u> The Corporate Resources Manager presented the revised ICT Strategy for 2022-24. The Strategy focussed on developing a new ICT infrastructure hosting plan for implementation in 2023/24, together with associated systems and services. Calum Mackay commended the savings realised through the previous Strategy. The Corporate Resources Manager advised the savings identified were reinvested in other areas of IT such as homeworking requirements and infrastructure. Helen Mackenzie asked if the Strategy had scope to add automation to business processes that may be introduced in the future. The Corporate Resources Manager explained that the automation of processes was more relevant to the Digital Transformation Strategy but that the ICT Strategy ensures systems are in place to support the Digital Transformation Strategy. **The Board approved the revised ICT Strategy.**
7.4	<u>**ICT Security Policy**</u> The Corporate Resources Manager presented the ICT Security Policy for consideration and approval. The Policy followed best practice guidance in Cyber Security with regular training taking place to ensure staff were aware of their role in ICT Security. Helen Mackenzie suggested an additional paragraph be added to the Policy regarding testing staff with fake phishing emails to heighten staff awareness. **The Board approved the ICT Security Policy.**
7.5	<u>**Policy Review (Safeguarding)**</u> The report confirmed the compliance of our policies with a safeguarding element with OSCR guidance. **The Board noted the review of policies in respect of Safeguarding.**

MONITORING REPORTS	
8.1	**Management Report to 30 September 2022** The Finance Manager presented the Management Report to 30 September 2022 for review. The report highlighted that Financial Covenants were forecast to be met for the year ended 31 March 2023, with an operating surplus of £655K. Helen Mackenzie asked if the budgets were phased over the year. The Director of Finance & Corporate Services advised that budgets were phased based on estimated timing of expenditure with prior year actual cost phasing being used to determine the timing of expenditure where appropriate. **The Board noted the Management Report to 30 September 2022 and revised forecast out turn to 31 March 2023.**
8.2	**Quarterly Treasury Report to 30 September 2022** The Director of Finance & Corporate Services presented the Treasury Management activities for the second quarter of 2022/23 and confirmed our cash balances were £9.116M, driven by the drawdown of £4M and a reduction in the anticipated spend in the second quarter on investment and development. Our borrowing had increased to £17M in line with the Fixed Rate Loan drawdown agreement for Facility B. **The Board noted the:** **a) quarterly report on the Analysis of Investment and Borrowing;** **b) outstanding loans at 30 September 2022 of £17M;** **c) cash balance at 30 September 2022 of £9.116M.**
8.3	**Business Plan 2019/20 to 2023/24** The Chief Executive presented a progress report to 30 September 2022 on the Delivery Plan for the Business Plan 2019/20 – 2023/24. Overall performance was below target. A number of factors contributing to this were from the Tenant Satisfaction Survey and an action plan was in place to address these. The Director of Operations advised tenant events had been held in Stornoway, Balivanich and Barra throughout September and October with the Tenant Event in Balivanch being very well attended. The Chief Executive advised dates for a Business Planning Day in January 2023 would be issued to members to vote for their preference. **The Board noted the Business Plan Monitoring Report to 30 September 2022.**
8.4	**Infrared Monitoring Report** The Investment Manager presented the findings of monitoring carried out in 5 properties in the Cearns and 1 property in Plasterfield with infrared heating. Over 200 infrared heating systems were installed across the Outer Hebrides with satisfaction levels falling from 76% in 2017 to 14.3% in 2022. Helen Mackenzie and Calum Mackay expressed the need to have a decision on the future of infrared heating quickly. Calum Mackay requested an additional recommendation be included to actively engage with and support tenants who are experiencing difficulties with Infrared heating and provide advice and assistance while the way forward is being determined. **The Board:** **a) agreed we will actively engage with and support tenants who are experiencing difficulties with infrared heating and provide advice and assistance while the way forward is being determined;** **b) noted the report;** **c) noted the further actions and investigation being carried out; and** **d) noted a further report recommendation detailing the way forward be brought to Board in February/March 2023.**
8.5	**Gas Audit** The Investment Manager presented the outcome of the Gas Audit carried out in August 2022. While the contractor performance score on work quality had decreased to 89% from 100% in 2020 however there was no significant concerns. Documentation had improved to above the national benchmark figure and tenant satisfaction remained at 100%. **The Board noted the report.**
8.6	**Board Plan & Board Calendar** The Governance Officer outlined a plan in respect of items to be considered by the Board in 2023. The Chief Executive advised the Government announced an additional public holiday on 8 May 2023 for the Coronation and asked the Board to consider whether this should be granted to staff. A consultation had been carried out with the staff to determine, if approved, when the May public holiday weekend should be taken. Members were advised no clear consensus had been reached and the Chief Executive would go back to the staff for further consultation. A finalised 2023 Board Calendar will be issued to Board and Staff following any amendments to the May public holidays and adjustments for the new Committee structure. **The Board:** **a) noted the Board Plan for 2023;** **b) noted the 2023 Board Calendar will be amended to accommodate the new Committee structure and any additional amendments required; and** **c) agreed to grant an additional public holiday on 8 May 2022.**

MEETING GOES INTO PRIVATE SESSION

Chairperson Mr Gordon Macleod

SIGNED ....

DATE ....

Making our house your home

ITEM NO 3.2

BOARD ACTION SHEET

ACTION POINT	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
1	22 Nov 22 (1)	Chief Executive to write to Mr Iain Macmillan to thank him for his services to the Board as Chairperson.		Chief Executive	Completed
2	22 Nov 22 (6.4)	Rent Consultation with tenants to be carried out.	31 March 2022	Director of Finance & Corporate Services	Consultation to conclude 4 February 2023.
3	22 Nov 22 (6.5)	Scottish Housing Regulator to be informed of appointment of Gordon Macleod as Chairperson.	29 November 2022	Governance Officer	Completed
4	22 Nov 22 (7.1)	Membership Policy to be issued for consultation with Membership.	29 November 2022	Governance Officer	Consultation ended on 16 December 2022 with no changes required to the policy.
5	22 Nov 22 (7.2)	Attendance & Absence Policy to be issues for consultation with Staff and the Union.	29 November 2022	Governance Officer	Consultation ended on 16 December 2022 with further report on Board agenda.
6	22 Nov 22 (8.3)	Business Planning Day to be arranged.	January 2023	Chief Executive	Arranged for the morning of 31 January 2023
7	22 Nov 22 (8.4)	Report to Board with recommendation on the way forward with Infrared Heating.	February/March 2023	Director of Operations	Report on the Agenda
8	22 Nov 22 (8.6)	Board Calendar for 2023 to be issued to members.	December 2022	Governance Officer	Completed
9	31 Aug 22 (6.3)	Arrangements to be made for presentation of cheques to nominated charities following AGM resolution	30 November 2022	Governance Officer	Presentation took place on Friday 25 November 2022

ACTION POINT	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
10	29 Jun 22 (6.3)	Training session on Financial Covenants to be arranged for new Board Members	March 2023	Executive Office	To be arranged.
11	25 May 22 (6.4)	Agreement between HHP and Manor and Castle Community Association to be drafted for use of land to erect Polycrub and other planting	September 2022	Director of Operations	Completed.
12	9 Feb 2022 (7.2)	Review garage rents.	2023/24	Director of Finance & Corporate Resources	To be reviewed with wider Rent Structure Review in second half of 2022/23.
13	20 May 2020 (8.3)	Arrange for a Board Member to attend staff meeting.	Once Office activities return to normal	Company Secretary	Board members will be meeting staff as part of the Business Planning Day on 31 January 2023.

Making our house your home

BUDGETS 2023/24

Board 8 February 2023

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present for consideration and approval the proposed 2023/24 budgets including charges for rents, garages and services.

Summary

2.1 The draft budgets at Appendix 1 have been prepared taking into account the cash planning limits for 2023/24 set in the revised 30 Year Business Plan which was provided to our funder (RBS) in March.

2.2 The changes to the key assumptions in our plan can be found at paragraph 9.5 - 9.10.

2.3 The Development & Finance Committee met on 12 December 2022 and agreed to consult with tenant on an RPI minus 8.2% Increase (6%). The Committee agreed that due to the additional cost burdens and compliance requirements we faced that only one rent proposal could be presented to tenants.

2.4 2022/23 rents were increased by RPI minus 2.5% following consultation with our tenants. This represented a 3.5% increase.

2.5 A consultation exercise on the proposed rent increase for 2023/24 ended on 4 February 2023 with the majority not in favour of a rent increase.

Competence

3.1 The legal and financial implications are detailed in paragraph 5.1 - 8.3 of this report.

Recommendations

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

a) approve the increase of house rents for 2023/24 at RPI minus 8.2% (6.0%), an average increase of £5.12 per week to £90.40 per week

b) approve garage rents and garage site rents for 2023/24 be increased by 6%;

c) approve all other services and charges for 2023/24 as shown at Appendix 2 be increased by 6%; and

d) note that detailed budgets will be submitted to the Board for approval on 29 March 2023.

APPENDIX 1	Proposed Budgets for 2023/24	
APPENDIX 2	Service Charges 2023/24	
Background Papers:	None	
Writer of Report:	Donald MacLeod	Tel: 0300 123 0773

Competence

Financial

5.1 The report considers the resources the Partnership requires for 2023/24. The report outlines the main changes to the Business Plan since the Board approved the Plan in March 2022.

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

5.3 Budgets are required to comply with the two corporate covenants outlined in our Restated Financing Agreement (RFA) with RBS. An interest cover covenant with an allowance of 110% and a Gearing cover with maximum gearing of 30%.

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 are required to provide the Scottish Housing Regulator with our annual business plan and five year financial projections which are formed from the Board approved 30 year plans.

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 major risk to setting the rents is that the income for the financial year is set incorrectly and the Partnership is unable to meet financial commitments. This risk is mitigated by setting prudent Bad Debt and Void assumptions in the 30 Year Business Plan and by modelling how the plan responds to changes in these assumptions.

8.2 It is anticipated that interest rate and inflation pressures will continue in the short term driven by a number of factors including the war in Ukraine although we are seeing signs of this starting to reduce. The Business Plan has been prepared taking these challenges into consideration.

8.3 Increasing development costs continue to drive up the build cost per unit. Any shortfall between the private finance provided for in the budget will need to be funded by additional Scottish Government grant contributions to minimise risk to HHP.

8.4 With respect to Investment a new framework contract is in place for the delivery of the programme. There is a risk that tenders come in above the assumed component replacement cost which may result in some works being postponed.

Report Details

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

a) the promises made to tenants as part of the Stock Transfer;
b) the objectives of the current approved Business Plan;
c) RSL's heath and safety requirement are met;
d) Regulatory requirements; and
e) Scottish Government requirements in relation to the standard of the housing stock.

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

9.3 A strategy and timetable for completing the 2023/24 budgets was approved by the Board in November 2022.

9.4 The following updates have been made to the 30 year Plan approved by the Board in March 2022:

Rent Increase

9.5 The cash planning limits assume that the rent increase will be RPI minus 8.2% based on October RPI, which gives a rent increase of 6%.

9.6 Allowance is made within the 2023/24 investment budget to begin the replacement infra-red heating systems as per the report going to the Board at agenda item 6.3.

9.7 An overview is provided at Appendix 1 showing the areas where rental income will be spent.

9.8 The 2023/24 budget does not include any carry forward proposals. Any carry forward proposals will be included in the detailed budgets presented to the Board in March 2023.

9.9 Service Charges are proposed to increase in line with the rent increase of RPI minus 8.2% (6%). Typically, service charges are set based on RPI at October each year. With RPI & CPI forecast to drop significantly next year, it is proposed to set the increase at 6% with any surplus/deficit for the year being captured next year. The below chart sets out the Bank of England forecast for CPI (RPI typically trends 1-2% higher):

(Source – Bank of England Monetary Policy Report November 2022)

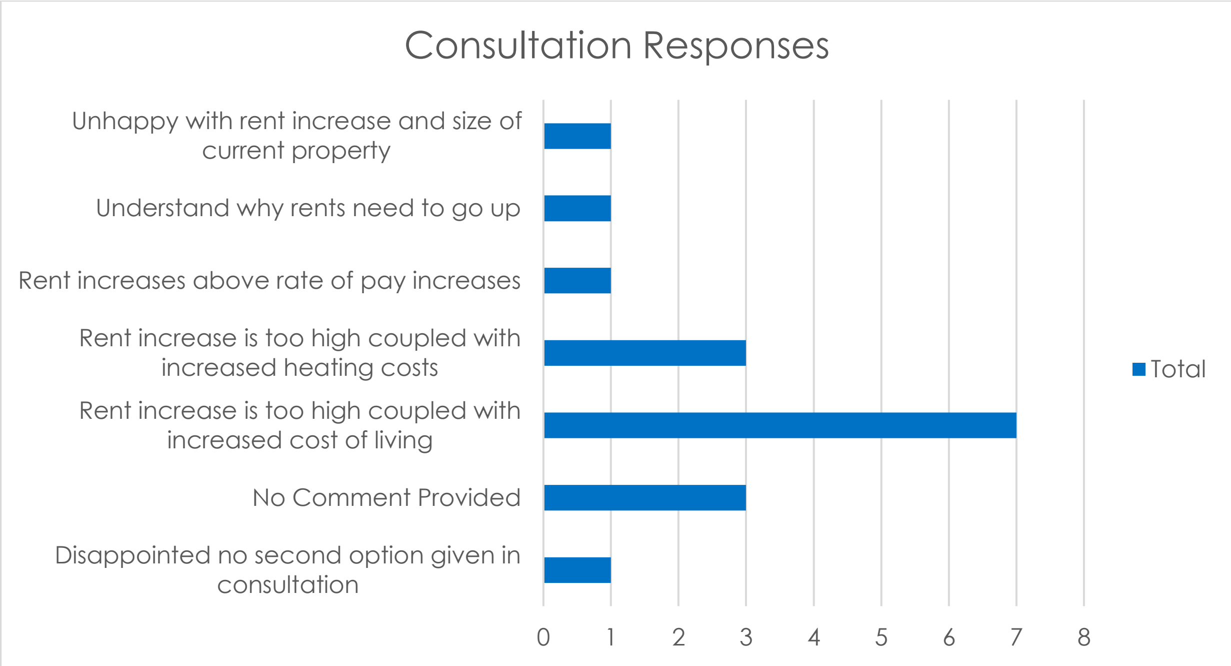
Development

9.10 Current year development spend and associated grant drawdown has been updated to reflect the latest cashflow projections provided by our contractors.

Consultation Exercise

10.1 Tenants were consulted through a survey on our website in the same manner as in prior years. The consultation began following confirmation that the Scottish Government would expire the provisions in the Cost of Living (Tenant Protection) (Scotland) Bill. This resulted in a much later and shorter consultation period than prior years. The closing date for comments was 4 February 2023.

10.2 We had 17 responses to the consultation (51 Responses last year) and the general theme of responses are as follows:



10.3 The Development & Finance Committee will meet on 28 February 2023 to review the detailed budgets and conduct appropriate scenario stress testing and covenant compliance checks.

10.4 It is understandable tenants would prefer a lower increase than 6% as the cost of living crisis continues to squeeze tenant's disposable income. It is however not possible for us to continue investing, at current levels, in tenants homes if rents were increasing by less than 6%. The budget requires £82K of management cost savings to be realised next year as well as some investment works being postponed to a future year (Fencing and Roofing works).

APPENDIX 1

CASH PLANNING LIMITS

	BRIXX £000's	Budget £000's	Diff £000's
Gross Income	11,929,800	11,929,800	-
Voids	(233,000)	(233,000)	-
Bad Debts	(228,600)	(228,600)	-
Net Income	11,468,200	11,468,200	-
Expenditure			
Supervision & Management	2,824,200	2,824,200	-
Repairs	1,954,000	1,954,000	-
Planned	879,800	879,800	-
Estate Works	136,700	136,700	-
Interest	1,189,400	1,189,400	-
Investment	4,098,500	4,098,500	-
Aids & Adapts	120,000	120,000	-
Development Private Finance	1,681,800	1,681,800	-
Total Expenditure	12,884,400	12,884,400	-
Net	***(954,600)***	***(954,600)***	**-**

DATE: ***06 February 2023***

APPENDIX 1

Hebridean Housing Partnership											
For the Nine Months Ending 31 December 2022											
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2022/23**	**2022/23**	**2023/24**			
	ACTUAL	**ACTUAL**	**ACTUAL**	**ACTUAL**	**INITIAL**	**REVISED**	**ACTUAL**	**INITIAL**			
	OUT-TURN	**OUT-TURN**	**OUT-TURN**	**OUT-TURN**	**BUDGET**	**BUDGET**	**DECEMBER**	**BUDGET**	**CHANGE**	**CHANGE %**	**Notes**
Income & Expenditure											
Dwelling Rent (Net)	£8,725,493	£9,094,402	£9,463,805	£9,769,791	£10,193,160	£10,289,154	£7,917,903	£11,025,529	(£832,369)	(8.2%)	1
Non Dwelling Rent (Net)	£14,522	£15,187	£15,556	£15,440	£13,300	£15,278	£13,627	£15,271	(£1,971)	(14.8%)	2
Profit/(Loss) on Disposal of Assets	(£242,482)	(£416,801)	(£206,411)	(£248,435)	(£40,000)	(£45,000)	(£73,498)	(£50,000)	£10,000	(25.0%)	3
Grant Funding	£624,038	£600,239	£763,072	£866,639	£569,990	£845,000	£674,992	£420,000	£149,990	26.3%	4
Other Income	£48,061	£87,504	£70,158	£67,544	£53,700	£74,630	£41,631	£57,400	(£3,700)	(6.9%)	
Total Income	**£9,169,633**	**£9,380,531**	**£10,106,180**	**£10,470,980**	**£10,790,150**	**£11,179,062**	**£8,574,655**	**£11,468,200**	**(£678,050)**	**(6.3%)**	
Supervision & Management	£2,232,238	£2,430,261	£2,657,122	£2,737,321	£2,827,410	£2,869,609	£1,864,244	£2,824,200	£3,210	0.1%	5
Response Repairs	£1,532,319	£1,537,705	£1,635,035	£1,889,388	£1,786,070	£1,816,710	£1,398,990	£1,954,000	(£167,930)	(9.4%)	6
Planned Maintenance	£650,768	£751,846	£889,028	£793,832	£999,400	£998,521	£735,711	£879,800	£119,600	12.0%	7
Estate Works	£129,289	£66,082	£65,930	£140,339	£126,890	£132,090	£71,685	£136,700	(£9,810)	(7.7%)	8
Total Operating Expenditure	**£4,544,614**	**£4,785,894**	**£5,247,115**	**£5,560,880**	**£5,739,770**	**£5,816,930**	**£4,070,630**	**£5,794,700**	**(£54,930)**	**(1.0%)**	
Operating Surplus/(Deficit)	**£4,625,019**	**£4,594,636**	**£4,859,065**	**£4,910,100**	**£5,050,380**	**£5,362,132**	**£4,504,025**	**£5,673,500**	**(£623,120)**	**(12.3%)**	
Grant Amortisation	(£1,288,781)	(£1,356,161)	(£1,382,934)	(£1,462,709)	(£1,423,300)	(£1,508,300)	(£1,153,912)	(£1,588,600)	£165,300	(11.6%)	
Interest & Depreciation	£3,257,514	£3,587,124	£3,685,959	£4,002,225	£4,929,700	£4,824,700	£3,359,506	£5,807,000	(£877,300)	(17.8%)	
Surplus/(Deficit)	**£2,656,286**	**£2,363,674**	**£2,556,040**	**£2,370,584**	**£1,543,980**	**£2,045,732**	**£2,298,431**	**£1,455,100**	**£88,880**	**5.8%**	
Capital Investment											
Housing Investment Programme	£4,170,409	£4,582,943	£2,545,443	£4,284,001	£4,449,800	£4,654,600	£2,208,236	£4,098,500	£351,300	7.9%	
Non-Housing Investment Programme	£210,783	£57,644	£40,141	£266,021	£157,850	£158,770	£112,965	£0	£157,850	100.0%	
Development Programme	£2,075,589	£1,775,905	£1,625,030	£9,480,818	£4,634,720	£3,469,819	£2,708,354	£1,681,800	£2,952,920	63.7%	
LIFT	£401,739	£449,813	(£673,127)	(£485,712)	£0	(£323,463)	(£191,240)	£0	£0	-	
	£6,858,520	**£6,866,305**	**£3,537,487**	**£13,545,128**	**£9,242,370**	**£7,959,726**	**£4,838,315**	**£5,780,300**	**£3,462,070**	**37.5%**	

Notes

1 Dwelling rent increase of 8.2% driven by increased number of units in 2023/24 coupled with annual rent increase of 6%
2 Increase driven by annual rent increase with a £1.8K increase in the budget to reflect actual non dwelling rental income.
3 Estimated cost of disposing components earlier than anticipated
4 RHI Grant support no longer available
5 £82K reduction in management costs offset by £79K reduction in internal fees.
6 9.4% increase to reflect the increase in the number of properties and the increased in the average repair cost per unit.
7 12% reduction as EICR testing completed in 2022/23.
8 7.7% Budget increase to cover works not delivered in 2022/23.

APPENDIX 2

SERVICE CHARGES					
2023/24 ADDITIONAL RENTAL CHARGES INCREASE (rent increase is inflation = 3.5% increase)	**INCREASE BY INFLATION = RPI 3.5%**	**2020/21 CHARGES**	**2021/22 CHARGES**	**2022/23 CHARGES**	**2023/24 CHARGES**
76B & 76C Keith Street, Stornoway, Isle of Lewis	Additional Charge (white goods charge)	£0.99	£1.00	£1.06	£1.12
27 -29 & 31-34 Doig Crescent, Stornoway, Isle of Lewis	Additional Charge (white goods charge)	£1.01	£1.02	£1.08	£1.14
27 -29 & 31-34 Doig Crescent, Stornoway, Isle of Lewis	Communal Maintenance (cleaning)	£2.13	£2.15	£2.29	£2.43
36 Doig Crescent, Stornoway, Isle of Lewis	Additional Charge (white goods charge)	£0.90	£0.91	£0.96	£1.02
2 Muirneag Court, Keith Street, Stornoway, Isle of Lewis	Additional Charge (white goods charge)	£1.01	£1.02	£1.08	£1.14
3, 9-13 & 15 Mackay Court, Stornoway, Isle of Lewis	Additional Charge (white goods charge)	£1.01	£1.02	£1.08	£1.14
1-15 Mackay Court, Stornoway, Isle of Lewis	Service Levy (external & stair light, access control, satellite control box	£2.53	£2.57	£2.71	£2.87
35-37 Torquil Terrace, Stornoway, Isle of Lewis	Additional Charge (white goods & serv levy house)	£1.17	£1.18	£1.26	£1.34
38-40 Torquil Terrace, Stornoway, Isle of Lewis	Additional Charge (white goods & serv levy flat)	£1.42	£1.44	£1.53	£1.62
49 Westview Terrace, Stornoway, Isle of Lewis, HS1 2HP	Additional Charge (white goods & serv levy house)	£1.17	£1.18	£1.26	£1.34
1 & 4 - 22 Elizabeth Haldane Court, Stornoway, Isle of Lewis	Communal Lighting	£2.91	£2.95	£3.13	£3.32
1 & 4 - 22 Elizabeth Haldane Court, Stornoway, Isle of Lewis	Communal Maintenance	£3.49	£3.53	£3.75	£3.98
2 & 3 Elizabeth Haldane Court, Stornoway, Isle of Lewis	Adapted Properties - Amenity Lighting	£1.51	£1.53	£1.62	£1.72
2 & 3 Elizabeth Haldane Court, Stornoway, Isle of Lewis	Adapted Properties - Amenity Maintenance	£2.07	£2.10	£2.23	£2.36
3-10 & 15-22 Cearn Tharasaidh, Stornoway, Isle of Lewis	Communal Maintenance	£1.86	£1.88	£1.99	£2.11
3-10 & 15-22 Cearn Tharasaidh, Stornoway, Isle of Lewis	Ground Maintenance	£0.61	£0.62	£0.66	£0.70
23 Calabhaigh, Lochboisdale, Isle of South Uist	Additional Charge (white goods charge)	£0.90	£0.91	£0.96	£1.02
6 Calabhaigh, Lochboisdale, Isle of South Uist	Furniture	£32.54	£32.96	£34.94	£37.04
6 & 8 Calabhaigh, Lochboisdale, Isle of South Uist	Additional Charge (white goods charge)	£7.29	£7.38	£7.82	£8.29
1-11, 13-15, 18-22 & 24 Calabhaigh, Lochboisdale, Isle of South Uist	Service Charge (TV Aerial)	£0.57	£0.58	£0.61	£0.65
Ceann an Ora, Bunavoneader, Isle of Harris	Service Charge (TV Aerial)	£1.29	£1.30	£1.39	£1.47
Ardanmhor Court, Kenneth Street, Stornoway, Isle of Lewis	Service Levy (com lights, door entry, satellite dish)	£2.91	£2.95	£3.13	£3.32
Ardanmhor Court, Kenneth Street, Stornoway, Isle of Lewis	Service Maintenance (time clock, door entry, satellite dish)	£1.51	£1.53	£1.62	£1.72
Manor Drive, Stornoway, Isle of Lewis	Communal Maintenance (Grounds Maintenance)	£0.90	£0.91	£0.96	£1.02
5-14 Manor Drive, Stornoway, Isle of Lewis	Service Levy (com lights, door entry, satellite dish)	£3.38	£3.43	£3.63	£3.85
26-33 Manor Drive, Stornoway, Isle of Lewis	Service Levy (com lights, door entry, satellite dish)	£2.04	£2.07	£2.19	£2.32
5-13 Manor Drive, Stornoway, Isle of Lewis	Service Maintenance (time clock, door entry, satellite dish)	£2.28	£2.31	£2.45	£2.60
26-33 Manor Drive, Stornoway, Isle of Lewis	Service Maintenance (time clock, door entry, satellite dish)	£1.14	£1.16	£1.22	£1.29
Shared Ownership Flats 2, 4 & 5 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Management Fee	£8.97	£9.09	£9.64	£10.22
Shared Ownership Flats 2, 4 & 5 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Staircase Lighting	£1.09	£1.11	£1.17	£1.24
Shared Ownership Flats 2, 4 & 5 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Building Insurance	£1.56	£1.58	£1.67	£1.77
Shared Ownership Flats 2, 4 & 5 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Cyclical Fund	£6.61	£6.70	£0.00	£0.00
Shared Ownership Flats 2, 4 & 5 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Ground Maintenance 2	£0.33	£0.33	£0.35	£0.37
1-6 & 9-13 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Communal Maintenance	£1.56	£1.58	£1.67	£1.77
1-6 & 9-13 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Service Maintenance	£0.27	£0.27	£0.29	£0.31
7,8 & 14-24 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Communal Maintenance	£3.74	£3.79	£4.02	£4.26
7,8 & 14-24 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Service Maintenance	£0.81	£0.82	£0.87	£0.92
1-6 & 9-10 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Service Levy	£0.54	£0.55	£0.58	£0.61
7,8 & 14-24 Gibson Gardens, Ripley Place, Stornoway, Isle of Lewis, HS1 2AG	Service Levy	£1.33	£1.35	£1.43	£1.52

APPENDIX 2

2023/24 ADDITIONAL RENTAL CHARGES INCREASE (rent increase is inflation = 3.5% increase)	INCREASE BY INFLATION = RPI 3.5%	2020/21 CHARGES	2021/22 CHARGES	2022/23 CHARGES	2023/24 CHARGES
Langley Apartments, Stag Road, Stornoway, Isle of Lewis, HS1 2AJ	Communal Maintenance	£1.89	£1.92	£2.02	£2.14
Langley Apartments, Stag Road, Stornoway, Isle of Lewis, HS1 2AJ	Service Charge	£1.57	£1.59	£1.69	£1.79
Langley Apartments, Stag Road, Stornoway, Isle of Lewis, HS1 2AJ	Service Maintenance	£4.99	£5.05	£5.35	£5.67
Lady Matheson Court, 74 Keith Street, Stornoway, Isle of Lewis	Service Charge	£0.00	£0.00	£0.92	£0.98
Lady Matheson Court, 74 Keith Street, Stornoway, Isle of Lewis	Service Maintenance	£0.00	£0.00	£1.18	£1.25
James Place, West Tarbert, Isle of Harris	Service Charge	£0.00	£0.00	£0.46	£0.49
James Place, West Tarbert, Isle of Harris	Service Maintenance	£0.00	£0.00	£3.73	£3.95
2 Ionad Mairi Bremner, Howmore, Isle of South Uist	Sewerage Charges	£0.00	£0.00	£4.29	£4.55
4 Ionad Mairi Bremner, Howmore, Isle of South Uist	Sewerage Charges	£0.00	£0.00	£3.75	£3.98
Johnstone Court, Balivanich, Isle of Benbecula	Grounds Maintenance	£0.00	£0.00	£1.15	£1.22
GARAGES	Weekly Rent	£5.36	£5.42	£5.62	£5.96
GARAGE RENT VAT	VAT (20% where applicable)	£1.07	£1.08	£1.12	£1.19
GARAGE SITE RENTS	Annual Rent	£91.50	£92.69	£95.93	£101.69
GARAGE SITE RENT VAT	VAT (20%)	£18.30	£18.54	£19.19	£20.34
GARAGE SITE RENTS- Garage Site 30 Leverhulme Dr; Garage Site 2,4,5,&6 Perceval Road South (East End)	Annual Rent	£104.36	£105.71	£109.42	£115.99
GARAGE SITE RENT VAT	VAT (20%)	£20.87	£21.14	£21.88	£23.19
Houses services by septic tank	Sewerage Charges		Aligned to Scottish Water Increase		
TENANCY REFERENCE CHARGE (RPI) add VAT	Fee per chargeable tenancy request	£45.69	£46.29	£49.58	£52.56
SALE OF ASSETS - ENQUIRY FEE	Enquiry fee including any title searches				£50.00
BALIVANICH BOARDROOM HIRE	Chargeable per hour	£10.00	£10.13	£10.85	£11.50
2023/24 MANAGEMENT/FACTORAGE CHARGES INCREASE	**CHARGE DESCRIPTION**				
100% OWNERSHIP Flats 1,3 & 6 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Annual management fee, staircase lights & grounds maintenance + VAT on all charges	£268.52	£272.01	£291.38	£308.86
100% OWNERSHIP Flats 1,3 & 6 Ranol Court, Keith Street, Stornoway, Isle of Lewis	Annual VAT	£53.70	£54.40	£58.28	£61.77
LIFT PROPERTIES					
ARDANMHOR COURT LIFT PROPERTIES	Annual management fee, service levy & maintenance, building insurance & Cyclical maintenance + VAT where appropriate	£529.22	£536.10	£574.28	£608.74
1-4 MANOR DRIVE LIFT PROPERTIES	Annual management fee and ground maintenance + VAT where appropriate	£78.66	£79.68	£85.36	£90.48
18-25 MANOR DRIVE LIFT PROPERTIES	Annual management fee, service levy & maintenance, building insurance, cyclical maintenance & grounds maintenance + VAT where appropriate	£631.55	£639.77	£685.33	£726.45
LIFT PROPERTIES CHANGE OF OWNERSHIP CHARGES					
Additional administration costs which is added to the seller's final account.		£33.97	£34.41	£36.86	£39.07
Where documentation (e.g. Building Warrants, Certificates, Local Authority Certificates, etc) is required.		£56.61	£57.35	£61.43	£65.12
Where a solicitors request information less than five days prior to the settlement date of the sale.		£169.84	£172.05	£184.30	£195.36

Making our house your home

ITEM NO 6.2

BUSINESS PLAN 2019/20 TO 2023/24 (YEAR 5)

Board 8 February 2023

Report by Chief Executive

Purpose of Report

1.1 To enable the Board to review and approve the key points for consultation on the final year of our five year Business Plan 2019/20 to 2023/24.

Summary

2.1 A Business Planning session is planned for 31 January 2023 and workgroups will look at climate change, population, Scottish Housing Quality Standard and economy & cost of living crisis. An update will be provided at the Board meeting of the key changes proposed and to be consulted on.

2.2 Risk Appetite will be discussed at the Business Planning session with a final Statement for 2023/24 presented to the Board at the 29 March 2023 meeting.

Competence

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

Recommendations

4.1 **It is recommended that the Board approve the key points for consultation on Business Plan 2019/20 to 2023/24 (Year 5).**

APPENDIX 1:	Key Points for consultation on Business Plan 2019/20 to 2023/24 (to follow)	
Background Papers	None	
Writer of Report	Dena Macleod	Tel: 0300 123 077

APPENDIX 1

The key points for consultation arising from the Business Planning Day are:

1	Explore options for large scale projects to bring properties up to energy efficiency Band B rating
2	Investigate how communities can be more involved in new developments
3	Recycling and Re-using items as part of the voids process
4	Damp and condensation Action Plan including trialling mechanical ventilation
5	Investigate installation of micro turbines in schemes

hebridean housing partnership

Making our house your home

ITEM NO 6.3

INFRA-RED MONITORING REPORT

Board 8 February 2023

Report by Director of Operations

Purpose of Report

1.1 To present the findings from the monitoring of Infra-red heating systems along with recommendations for the Board to consider and approve.

Summary

2.1 As a Registered Social Landlord we are required to achieve the EESSH standard for our properties. SAP scores shows the overall efficiency and sustainability of a building and are the standard for producing an Energy Performance Certificate in Scotland to demonstrate achievement of EESSH.

2.2 Infra-red heating is still considered a new technology and does not have a SAP rating, therefore to evidence we are meeting the EESSH standard we need to show the system is efficient and has the support of the tenants.

2.3 The results of surveys carried out on Infra-red heating over the past 12 months show that whilst we can demonstrate the efficiency of the system in some cases, we no longer have the support of the tenants for this type of heating and therefore all the properties with these systems will fail the EESSH standard.

2.4 The results also show a significant number of tenants have reported the systems are not easy to use, they are unable to reach a level of comfort and are proving very expensive. 75% of tenants who have infra-red systems are unhappy with them.

2.5 There is no doubt the huge rises in energy costs over the last 12 to 18 months have been a contributory factor to the increased dis-satisfaction levels and whilst we will continue to support our tenants to find ways to reduce energy bills we also need to accept the results of the survey.

2.6 Technologies have moved on since the decision was taken to use Infra-red in 2015 and our conclusion is we should move to replace the infra-red systems by bringing their replacement forward by seven years to 2023/24 and 2024/25.

2.7 The full report on the findings of Infra-red is at Appendix 1.

Competence

3.1 The legal, financial and other constraints to the recommendations in this report are at paragraph 5.1 - 8.3

Recommendations

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

a) all infra-red heating systems be replaced subject to consultation with individual tenants;

b) Air source heating be the preferred replacement to maximise available funding and meet EESSH targets and improved comfort levels for tenants;

c) the replacement of the systems to begin in 2023/24 and conclude in 2024/25 unless there are financial constraints due to costs or availability of grant funding when the replacement may require to be extended;

d) the prioritisation criteria for replacement set out at Appendix 2 be used.

APPENDIX 1:	Final Report on monitoring of infra-red heating systems	
APPENDIX 2:	Prioritisation Criteria for replacement	
Background Papers:	None	
Writer of Report:	John Maciver	Tel: 0300 123 0773

Competence

Financial

5.1 The cost to replace all 206 infrared heating systems with air source heat pumps is £3M. This cost includes an uplift for inflationary cost increases.

5.2 There will be a requirement to write off the Net Book Value of the infrared systems (£1.34M as at 31 December 2022) as they are replaced. Under the terms of our financing agreement, any non-cash movement in the fair value of investment properties should be excluded from our adjusted operating surplus. Therefore, any write off/impairment of these systems would be excluded from the calculation of our covenant.

5.3 Funding to install air source heat pumps is currently available through the Scottish Government Net Zero Heating Fund. Previous funding has been awarded at 50% of total installation costs and VAT where not reclaimable.

5.4 Funding is not available for Quantum storage heaters unless solar panels or battery storage is included.

5.5 We were successful in obtaining significant Scottish Government funding for heating which enabled installations to be brought forward within the 5-year heating programme for 2019-24. By re-profiling the remaining heating programme £864K can be ring fenced in the 2023/24 Investment Programme to fund the first tranche of infrared replacements.

5.6 A Stock Condition Survey will be undertaken in 2023/24 and our Investment Programme will be updated to reflect the output of this exercise. £864K of the investment cash-planning limit for 2024/25 will be ring-fenced to deliver the second tranche of infrared heating replacements.

Legal

6.1 There are no legal implications pertaining to this report.

Regulatory Guidance

7.1 The Regulatory Standards checklist has been completed and discussions are underway with our Regulation Manager as the recommendations in the report may be a notifiable event.

Risk

8.1 The risk register contains specific risks on affordability for tenants. Energy costs are a significant pressure on household budgets at present and have doubled since the majority of infra red systems were installed.

8.2 Scottish Government EESSH guidance recognizes that new technology such as infrared is not always well-reflected in SAP assessments. The guidance states:

"If landlords are satisfied that an innovation provides tangible benefits for energy efficiency and is in the best interests of tenants, they can consider a measure which, on paper, does not meet the minimum standard. Landlords must be satisfied that they have robust evidence to support this decision. This should include….engagement with tenants to show support for the technology"

The tenant support has not been achieved. Manufacturers have also not pursued a SAP assessment and consequently the systems may score poorly. As a result, all properties with infrared systems may be recorded as fails on SHQS/EESSH.

8.3 The Scottish Government require landlords to comply with EESSH standards. The recommendations are consistent with this by improving energy efficiency ratings for properties if Air Source Heating is installed.

Final Report
Infra-Red Heating

WRITTEN BY: Peter O'Donnell, Investment Manager
DATE: 20 January 2023

EXECUTIVE SUMMARY

Monitoring of homes with infra-red heating took place from February - October in 2022. This is the final report following the monitoring and investigation exercise.

FINDINGS

COMFORT LEVELS

Support and assistance provided to tenants during the monitoring period has not alievated tenants concerns about comfort levels and they are reporting not feeling warm even after extensive support from our technical team.

CONTROL PANELS

The basic system was designed to be easy to use but the high number of options on the control panels have resulted in tenants finding the control panels difficult to use. Complaints have been received that the control panels are not retaining settings.

COSTS

In the context of the current energy crisis and hugely increased prices annual costs appear to be reasonable.

TENANT EXPERIENCE

Tenants are extremely unhappy with infra-red as a heating system and the levels of dis-satisfaction has grown over the last 9 months. The reasons being given are cost and the extent to which their homes feel warm. There have been some reports of issues with damp and mould.

CONCLUSION

The infra-red heating systems should be replaced subject to agreement with indivual tenants.

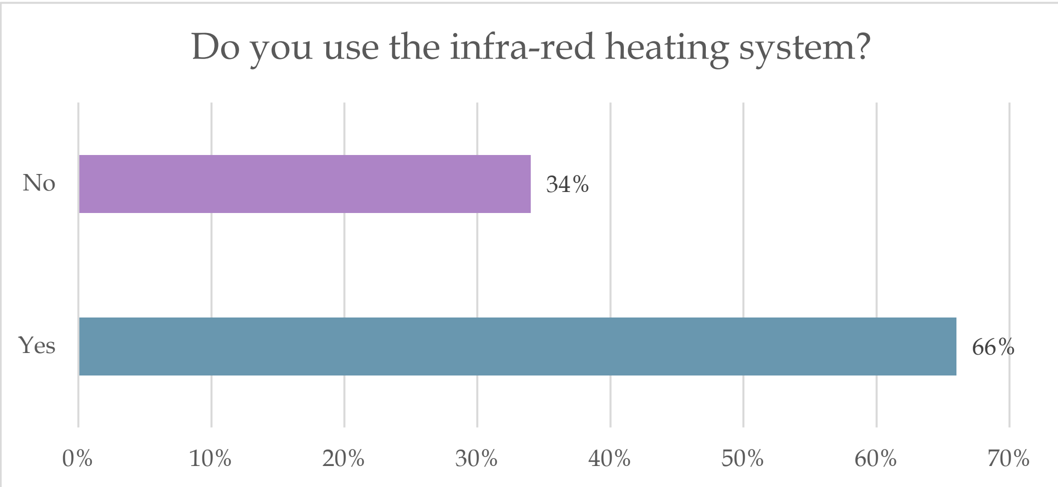
INTRODUCTION & SCOPE

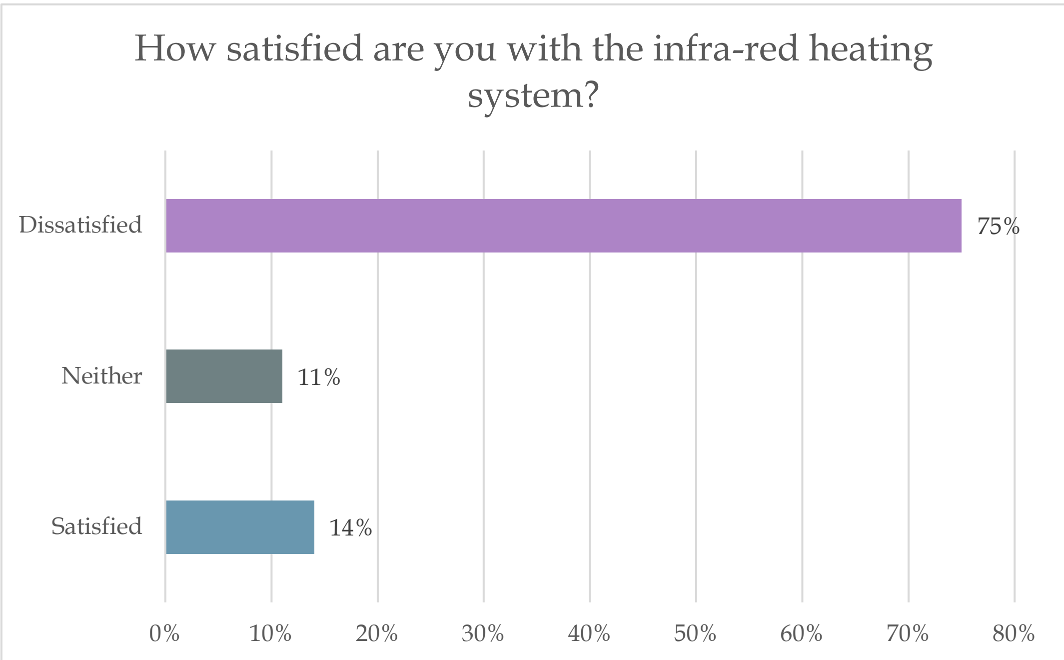
1.1 An interim report was prepared and considered by the Board in November 2022 and it was agreed to continue the monitoring with a final report being presented to the Board in February 2023.

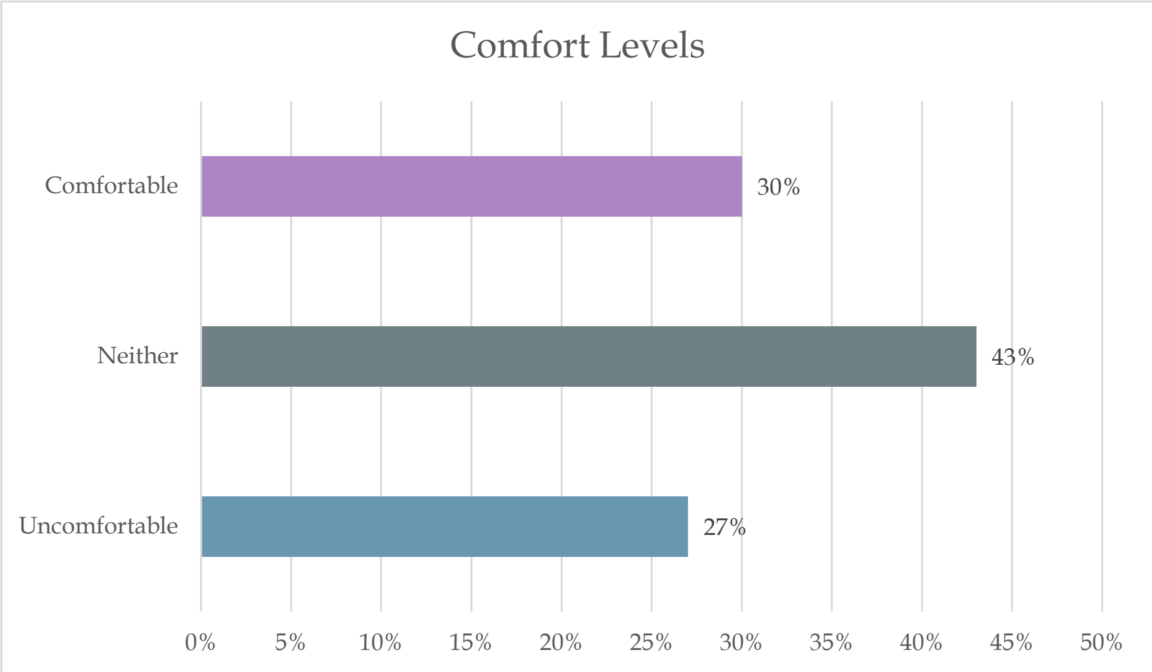
1.2 Further surveys were carried out in November to capture the views of the tenants who did not respond to the original survey.

TENANT FEEDBACK, MONITORING AND SUPPORT

2.1 The updated results following the survey boost are summarised below:







2.2 Clearly there is a large level of dissatisfaction with the system and this has deteriorated over time. Only 14% of tenants now report being satisfied with the system compared to 52% in 2019 and 76% in 2017.

2.3 In December, a further heating survey was carried out of all tenants with other heating systems to provide a comparator to infra-red issues and also to gauge people's experiences in the current cost of living crisis. Together with the infra-red survey, over 280 responses have been received and the results are at Para 5.1 Tenants report that they are suffering from higher energy costs and the majority of those responding are turning down heating and/or not heating some rooms. This was an issue across all heating types.

2.4 The number of complaints submitted regarding Infra-red heating systems has increased significantly during 2022/23. Details are in the table below:

2.5 Support and advice has continued to be provided to tenants experiencing issues with their infra-red system:

- Staff visit properties to provide guidance on the set up of systems and to show tenants how to operate systems correctly and how to back set temperatures through the night to save costs.
- Works have been carried out where any issues required a repair and further investigation
- Fuel vouchers were provided if appropriate.
- Tenants in the monitoring programme were also given further financial assistance.
- Tenants with financial and debt issues or who had difficulties with utility companies were signposted to Tighean Innse Gall or CAB.

ALTERNATIVE HEATING SYSTEMS

3.1 In terms of replacement heating systems the options are limited. These are as follows:

System	Pros	Cons
Air source heat pump	Proven technology EESSH compliance Low emission system Good tenant feedback 50% funding available	Increased winter costs Upheaval to install pipework Planning permission needed for flats Potential planning constraints re placement
High heat retention systems (e.g. Quantum storage)	Proven technology Improved performance over traditional storage heaters Programmable	Higher running costs than infra-red when used 24/7 May not meet EESSH target Survey highlights high levels of dissatisfaction and issues with affordability and controllability Cannot be funded without additional energy saving works such as solar panels Historically storage heaters were very unpopular with tenants due to cost, controllability issues and heat retention.
Electric Panel heaters (e.g. Rointe heaters)	Easy to use Programmable No requirement to be left on 24/7	Higher running costs than infra-red when used 24/7 Will not meet EESSH targets and therefore may require further investment in future Do not attract grant funding Not previously used so would be a potential risk

POTENTIAL REPLACEMENT PROGRAMME

4.1 Criteria has been drawn up to enable homes to be prioritised should the replacement of infra-red heating systems be approved by the Board. It has been based on

- property age;
- type:
- size;
- wall construction type; and
- age of windows.

Using this criteria it is proposed that 2-storey properties be replaced as a priority as these will be least energy efficient and have higher running costs. These are primarily located in the Cearns.

4.2 The current policy position is that air source heating be installed in off gas areas where this is possible. However, heat pumps were deemed unsuitable for installation in some houses in the Cearns and Plasterfield due to siting issues, houses being in very close proximity to each other, limited garden space and noise concerns. These issues still exist but the technology has improved and quieter systems are now available.

4.3 Planning permission is no longer required unless the outdoor unit is forward of the wall forming part of the principal elevation or side elevation where that elevation fronts a road i.e. can be seen from the road. This can be checked with planning for all proposed heat pumps otherwise all installations will come under permitted development rights except for flatted blocks.

4.4 To ensure compliance with permitted development, a sound impact assessment is now undertaken as part of the calculation process for the design of the heat pump and a low noise heat pump can be selected if noise levels are too high after the assessment. The assessment calculates the reduced sound at the nearest bedroom or living room and sound should be limited to 42 dBa at this point.

RESULTS OF SURVEY ON OTHER HEATING SYSTEMS

5.1 The table below shows the

Survey Responses	Air source		Gas		Infrared		THTC		Solid Fuel	
	125		36		95		22		5	
Following the price rises over the last year have you										
turned down and or stopped heating rooms	107	86%	31	86%	57	60%	15	68%	1	20%
turned off fully at times or completely	35	28%	15	42%	35	37%	9	41%	1	20%
Before the current energy price rises how affordable was your Heating?										
Very affordable	20	15%	13	30%	4	4%	2	9%	2	40%
Fairly affordable	79	58%	21	48%	12	13%	10	43%	2	40%
Unaffordable	16	12%	7	16%	12	13%	9	39%		
Very unaffordable	7	5%	2	5%	12	52%	1	4%		
Unsure/Not answered	15	11%	1	2%	18	19%	1	4%	1	20%
Do you use your heating system?										
Yes	132	96%	40	91%	63	66%	18	78%	5	100%
No	3	2%	1	2%	32	34%	5	22%	0	
Not answered	2	1%	3	7%			0		0	
Overall how satisfied are you with your heating?										
Vary satisfied	45	33%	18	41%	5	5%	3	13%	1	20%
Fairly satisfied	54	39%	16	36%	8	8%	6	26%	3	60%
Neither satisfied nor dissatisfied	21	15%	4	9%	11	12%	2	9%		
Fairly dissatisfied	9	7%	3	7%	6	6%	5	22%		
Very dissatisfied	8	6%	3	7%	65	68%	7	30%	1	20%
How easy is it for you to control your heating system?										
Over 8 (Easy)	66	48%	33	75%	23	24%	6	26%	2	40%
5 to 7 (Fine)	36	26%	6	14%	17	18%	2	9%	1	20%
Under 5 (not easy)	32	23%	4	9%	47	49%	14	61%	2	40%
Not answered	3	2%	1	2%	8	8%	1	4%		

APPENDIX 2

CRITERIA FOR INFRARED HEATING REPLACMENT PRIORITY

The following points will be awarded to each house to determine the priority for replacement

Year Built	**Pts**
1945 - 1964	25
1965 - 1982	20
1983 - 2002	10
Post 2002	5

Beds	
3	30
2	20
1	10

Property	
Detached 2 storey	35
House 2 storey	30
Detached bungalow	25
Bungalow/ House	15
Flat	10

Windows	
Pre-1999	15
2000 to 2006	5
2007 on	0

Wall type	
Filled cavity/ plaster	15
Filled cavity/ plasterboard	10
Timber frame/ plasterboard	5

hebridean housing partnership

Making our house your home

ITEM NO 6.4

INVESTMENT PROGRAMME

Board 8 February 2023

Report by Director of Operations

Purpose of Report

1.1 To present the 2023/2024 Investment Programme to the Board for approval and to provide an update on the 2022/23 Investment Programme.

Summary

2022/2023 Programme

2.1 Works are proceeding well with a number of contracts completed and the remainder progressing toward completion for the end of March.

2.2 Further details on the 2022/23 Programme can be found at Appendix 1.

2023/2024 Programme

2.3 The proposed 2023/24 Investment Programme, at Appendix 2, is based on the 5-year Programme previously agreed by Board on 20 November 2018 subject to annual cash planning limits and budget approval.

2.4 The Programme seeks to complete the works agreed in November 2018 and to fulfil the commitments made to tenants at that time. However, Environmental Works which had been programmed for 2023/24 will require to be rescheduled to a later year to permit the programme to remain within cash planning limits and to enable the heating investment to be sustained.

2.5 The Programme continues to tackle fuel poverty and to ensure our homes comply with the requirements of the Energy Efficiency Standard for Social Housing (EESSH2) by 2032. The Programme also ensures that components are replaced in line with stock condition data and maintain the Scottish Housing Quality Standard.

2.6 Due to the success and early completion of the heating programme as a result of receiving LCITP funding, this programme will enable us to begin addressing concerns around infra-red heating which is the subject of a separate report on this agenda.

2.7 The new investment framework contract is in place for the delivery of the programme.

Aids & Adaptations

2.9 A grant award of £330K has been received from the Scottish Government for 2022/23. Works are proceeding as referrals are received. Committed works have reached £321K.

2.10 Referrals continue to be received and the budget is almost fully committed. If an application for further funding is not successful a virement will be processed to enable works on referrals to continue to the end of March.

Competence

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

Recommendations

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

a) note the progress on the 2022/23 Investment Programme at Appendix 1; and

b) approve the Investment Programme for 2023/24 at Appendix 2.

APPENDIX 1:	Investment Programme 2022/23	
APPENDIX 2:	Investment Programme 2023/24	
Background Papers:	Risk Register/ Management Reports to 31 December 2022	
Writer of Report:	Angus MacNeil	Tel: 0300 123 0773

Competence

Financial

2022/23 Investment Programme

5.1 The approved Investment Budget for 2022/23 is £4.182M as set out and approved by Board on 23 March 2022. The current budget position is detailed in the Management Report on this agenda.

5.2 The Scottish Government have awarded Aids and Adaptation funding of £0.33M

2023/24 Investment Programme

5.3 The proposed Programme at Appendix 1 is within the current approved Business Plan cash planning limits subject to review and revision by the Board. The cash planning limit is set at £3.919M.

5.4 It is proposed that Environmental Works and Roofing included in the original 2019-24 Programme be delayed to a future year to enable a focus on heating and fuel poverty related works.

Legal

6.1 The decision to approve or amend Strategy, Business Plan and budgets including virements to or from a Budget Head in excess of £0.10M is reserved to the Board – unless the expenditure has to be delayed for legitimate reasons that results in slippage of less than 12 months.

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

Regulatory Guidance

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

Risk

8.1 Failure of a major contractor is included in our Risk Register with a residual risk rating of 12 which is considered a medium risk.

8.2 There are further risks highlighted in the Register concerning the health of the local economy particularly the capacity of contractors to deliver programmes. Supply chain challenges have a residual risk rating of 12 which is considered a medium risk.

Report Details

Aids and Adaptations position

9.1 The current position on General Adaptations is detailed below. The budget will be fully committed by the end of January.

Occupational Therapy Referrals

Occupational Therapy Referrals	**2022/23**
Number of Properties	95
Number of Referrals (some properties have more than one referral)	118
Number of tasks on Referrals (a referral can have multiple tasks)	222
Number of referrals completed	61
Number of Referral tasks completed	113
Total Spend/ Committed	**£321K**
Grant Allocation – General Adaptations	**£330K**

2022/23 Investment Programme

1.1 Properties at Eitseal Way (5 units), Bennadrove Road (2 units) and Maryhill (2 units) were included in the Green book and lined up to replace the 8 flats at Doig Crescent on the Low Carbon Infrastructure Transition Programme (LCITP) in the event that planning consent would not be given. We have since been advised that planning consent will be forthcoming shortly allowing us to proceed with the 8 flats at Doig Crescent. Eitseal Way (5 units), Bennadrove Road (2 units) and Maryhill (2 units) have been included in the 2023/24 programme.

1.2 The position of each contract Lot is set out below. Progress on works is shown below with updated start and completion dates. Contractors continue to monitor supply chain issues.

Work	Lot/ Contractor	Start Date	Estimated Completion Date
Lewis & Harris			
Windows & Doors Lot 1	Postponed due to tendering market	Postponed April 2023	
Gas Heating Lot 2a	FES FM Ltd	25/07/2022	24/02/2023
Heating Lot 2b	Alex Murray (Construction) Ltd	23/05/2022	Complete
Heating Lot 2c	Alex Murray (Construction) Ltd	19/09/2022	06/03/2023
Heating Lot 2d	Alex Murray (Construction) Ltd	12/09/2022	10/02/2023
Bathroom & Showers Lot 3	Alex Murray (Construction) Ltd	09/05/2022	Complete
Showers Lot 3a	FES FM Ltd	08/08/2022	30/03/2023
Kitchens Lot 4	Alex Murray (Construction) Ltd	25/07/2022	17/02/2023
Roofing Lot 5	Alex Murray (Construction) Ltd	15/08/2022	Complete
Roughcast Lot 5	Alex Murray (Construction) Ltd	06/06/2022	Complete
External Wall Insulation	BCA Group	16/01/2023	30/03/2023
Electrical Lot 6	FES FM Ltd	01/08/2022	30/03/2023
Environmentals Lot 7	Alex Murray (Construction) Ltd	24/10/2022	30/03/2023
OT (Occupational Therapy) Lot 8	Alex Murray Construction	01/04/22	31/03/2023
Uists & Barra			
Windows/ Doors Lot 9	Postponed due to tendering market	Postponed April 2023	
Heating Lot 10a	Alex Murray (Construction) Ltd	13/06/2022	13/03/2023
Kitchens Lot 12	FES FM Ltd	21/10/2022	31/03/2023
Electrical Lot 14	FES FM Ltd	24/10/2022	22/02/2023
OT (Occupational Therapy) Lot 16	Alex Murray (Construction) Ltd	01/04/22	31/03/2023

1.3 Heating - Lots 2a & c are largely completed. However, Lot 2a has been extended due to the addition of a former refusal to the contract. Lots 2c has minor works outstanding and access is being pursued.

1.4 Heating – Lots 2d, we have been advised that planning consent for 8 Flats at Doig Crescent will be forthcoming shortly permitting completion.

1.5 Kitchens (Lewis and Harris) – a further property has been added to the programme which was a former refusal.

2023/24 Investment Programme

1.1 The new Investment Framework will be utilised for programme delivery. Contractors have been accepted onto the framework and preparation of call off contracts has commenced in order to progress following a Board decision on the programme.

1.2 The key elements of the programme are as approved in the 2019 -2024 programme and communicated to tenants in the 'Green book'.

Bathrooms & Showers	48 Units
Electrical Works	35 Units
Kitchens	56 Units
Roughcast	28 Units
Windows & Doors	158 Units
Gas Heating	18 Units
Heating	9 Units
Additional Works	
External Wall Insulation (Carry Forward)	14 Units
Heating (EESSH/ underperforming systems)	100 Units
Showers	100 Units

1.3 The heating identified on the 5-year programme has been delivered ahead of schedule due to success in obtaining funding e.g. RHI and LCITP grant assistance. Consequently, there is resource available to bring forward further replacement of storage heating systems or to address underperforming systems which will contribute to EESSH compliance and alleviating fuel poverty.

1.4 However, the Environmental Works (fencing renewal) which had been included in the Green book has been postponed to maintain the heating programme and adhere to cash planning limits.

2023/2024 INVESTMENT PROGRAMME	
VAT / Works type	**Cost £**
VAT Recover	
Bathroom & Shower	171,400
Cnoc Chusbaig	
Heatherhill	
Macsween Terrace	
St Ronans Drive	
Winfield Way	
Electrical Works - rewire	69,120
Casimir Place	
Goathill Road (62-72)	
Macmillan Brae	
External Wall Insulation	200,667
Am Meall	
An Goirtean	
Cille Bharra	
Dunrossil Place	
Edgemoor Square	
Kersavagh	
Pentland Drive	
St Barr's Crescent	
Kitchen	198,000
Borve	
Carabhat	
Carn Aonghais	
Columba Place	
Roughcast	252,000
Cnoc a Bhlair	
Kenneth Terrace	
Perceval Road South 33-42	
Westview Terrace 40-92	
Windows & Doors	1,260,160
Airidh a' Bhreide	
Baile na Cille	
Casimir Place 11-25	
Clachan Biorach	
Cnoc a Bhlair	
Ford Terrace	
Heatherhill 33-52	
Lag na h-Aibhne	
Macdonald Gardens	
Mackellaig Place	
St Barrs Crescent 1-12	
St Michaels Cottages 2-9	
Vatisker Park 3-11	
VAT Non Recoverable	
Bathroom & Shower	124,061
Cnoc Chusbaig	
Heatherhill	
Macsween Terrace	
St Ronans Drive	
Winfield Way	
Gas Heating	172,800
6 Lewis Street	
Arras Cottages	
Heating	934,272
Eitseal Way	
Bennadrove Road (21,22)	
Maryhill	
Infra Red remedial - location TBC	
Showers	192,000
VAT shelter - location TBC	
VAT Non Recoverable - RSL	
Kitchen	165,600
Dun Mor	
Rathad Ur	
Rubha Chlachain	
Windows & Doors	179,520
Ciosmul Cottages	
Ionad Cheallaidh	
Grand Total	**3,919,600**

hebridean housing partnership

Making our house your home

ITEM NO 6.4

MANAGEMENT REPORT TO 31 DECEMBER 2022

Board 8 February 2023

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present the Management Report for the month ended 31 December 2022 to the Board for review and noting.

Summary

2.1 This is the Management Report to 31 December 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 2023 with a headroom forecast of £852K.

2.3 Heating works were brought forward into the 2022/23 programme to take advantage of the LCITP funding however, this has given rise to an overspend in our Loss on Disposal budget for the year which requires a virement of £120K.

2.4 General repairs are currently over budget by £72K and this is expected to rise to £120K by the end of the year. The reason for the overspend is a substantial increase in both the cost of bringing void properties back up to a lettable standard and the average responsive repair cost.

2.5 As the virements exceed delegated authority, approval is required from the Board.

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 approve:**

a) the Management Report at 31 December 2022 and revised forecast out turn at 31 March 2023 as at Appendix 1;
b) a virement of £120K from Reserves to the Loss of Disposal of Assets;
c) a virement of £100K from Reserves to the Responsive Repairs Budget; and
d) a virement of £20K from Reserves to the Void Repairs Budget.

APPENDIX 1:	Management Report to 31 December 2022	
Background Papers:	None	
Writer of Report:	James Morrison	Tel: 0300 123 0773

Competence

Financial

5.1 The Board approved budgets for 2022/23 in March 2022, which projected a surplus for the year of £1.54M. The current forecasted out-turn surplus is £1.84M.

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. Covenant Failure is identified on our Risk Register with a residual risk level of medium and a rating of 9.

hebridean housing partnership

Management Report 2022/23

To 31 December 2022

TABLE OF CONTENTS

MANAGEMENT REPORT

INTRODUCTION

The Management Report to 31 December 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 2022/23 will not be breached.

SECTION 1: HIGH LEVEL SUMMARY

	INDICATOR	STATUS	COMMENT
	FINANCIAL COVENANTS		Covenants will be met for the full year.
	FORECASTED SURPLUS		
INCOME	RENTAL INCOME		
INCOME	GRANT INCOME		
INCOME	DEVELOPMENT GRANTS		Reduction in out turn on Lochmaddy, Leverburgh and South Uist projects has resulted in significant decreases against initial budget.
INCOME	DEVELOPMENT SALES		Two recently completed properties at Goathill are now accepting applications. All other sales have now gone through.
INCOME	OTHER INCOME		
EXPENDITURE	DEVELOPMENT COSTS		Reduction in out turn on Blackwater, Lochmaddy, Leverburgh and South Uist projects has resulted in significant decreases against budget.
EXPENDITURE	INVESTMENT		Delays in anticipated start dates has resulted in some works due to complete by Q3 slipping over into Q4. Some of these delays along with high tender returns has meant £420K of covid deferred works will not be completed this year.
EXPENDITURE	REPAIRS & MAINTENANCE		A £150K Out Turn adjustment has been recognised due to an increase in average cost of repairs.
EXPENDITURE	MANAGEMENT COSTS		
EXPENDITURE	INTEREST		

	No Issues - On Track
	Requires Monitoring
	Issues

SECTION 2: MANAGEMENT ACCOUNTS

STATEMENT OF COMPREHENSIVE INCOME

Line		CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget	Revised Budget	to 31-Dec-22	to 31-Dec-22	Budget to date	Budget to date	Revised Budget	Revised Budget	Over/ (under)	at 31-Mar-23
		£	£	£	£	£	%	£	%	£	£
1	Dwelling rents (net)	10,193,160	10,289,154	7,904,914	7,917,903	12,989	0%	2,371,251	23%	12,736	10,301,890
2	Non Dwelling rents (net)	13,300	15,278	13,318	13,627	309	2%	1,651	11%	260	15,538
3	Profit/(Loss) on Disposal of Assets	(40,000)	(45,000)	(64,990)	(73,498)	(8,508)	13%	28,498	-63%	(120,000)	(165,000)
4	Grant Funding	569,990	845,000	639,500	674,992	35,492	6%	170,008	20%	45,000	890,000
5	Other Income	53,630	56,130	36,570	39,501	2,931	8%	16,629	30%		56,130
6	**TOTAL INCOME**	10,790,080	11,160,562	8,529,312	8,572,525	43,213	1%	2,588,037	23%	(62,004)	11,098,558
7	Supervision & Management	2,827,410	2,869,609	2,041,242	1,864,244	176,998	9%	1,005,365	35%	(6,000)	2,863,609
8	Response Repairs	1,786,070	1,816,710	1,333,470	1,398,990	(65,520)	-5%	417,720	23%	146,000	1,962,710
9	Estate Works	126,890	132,090	120,790	71,685	49,105	41%	60,405	46%	-	132,090
10	Planned/Cyclical Maintenance	999,400	998,521	799,701	735,711	63,990	8%	262,811	26%	3,500	1,002,021
11	**Total Operating Expenditure**	5,739,770	5,816,930	4,295,203	4,070,630	224,573	5%	1,746,301	30%	143,500	5,960,430
12	Operating Surplus/(Deficit)	5,050,310	5,343,632	4,234,109	4,501,895	(267,786)	-6%	841,736	16%	(205,504)	5,138,128
13	Interest received	70	18,500	1,250	2,130	880	70%	16,370	88%	(2,500)	16,000
14	Interest paid	779,900	674,900	442,548	446,345	(3,797)	-1%	228,555	34%		674,900
15	Surplus/(Deficit)	4,270,480	4,687,232	3,792,811	4,057,681	(264,869)	-7%	629,551	13%	(208,004)	4,479,228
16	Depreciation	4,149,800	4,149,800	2,939,910	2,913,161	26,749	1%	1,236,639	30%		4,149,800
17	Grant Amortisation	(1,423,300)	(1,508,300)	(1,152,445)	(1,153,912)	(1,467)	0%	(354,388)	23%		(1,508,300)
18	Surplus/(Deficit)	1,543,980	2,045,732	2,005,346	2,298,431	(293,085)	-15%	(252,700)	-12%	(208,004)	1,837,728

Line		Initial Budget	Revised Budget	Budget to 31-Dec-22	Actual to 31-Dec-22	Variance £	Variance %	Remaining £	Remaining %	Over/(under)	at 31-Mar-23
	CAPITAL INVESTMENT										
19	Housing Investment Programme	4,449,800	4,654,600	3,380,795	2,208,236	1,172,559	35%	2,446,364	53%	30,000	4,684,600
20	Non Housing Investment	157,850	158,770	144,770	112,965	31,805	22%	45,805	29%	-	158,770
21	Development Programme	4,634,720	3,146,356	2,720,310	2,517,113	203,197	7%	629,243	20%	(300,000)	2,846,356
22		9,242,370	7,959,726	6,245,875	4,838,314	1,407,561	23%	3,121,412	39%	(270,000)	7,689,726

Commentary on Performance

Income

Loss on voids are performing better than budget this year resulting in an improved forecast out turn for net dwelling rents of £13K.

Profit/(Loss) on disposal of assets outturn has increased by £120K due to heating works of £51K, Bathrooms & Showers £13K & Kitchens £2K being brought forward into this year's investment program (Funded by LCITP grant). The remainder of the increase is driven by recycled grant of £38K on component replacements.

£45K of Grant Funding has been recognised due to £15K additional RHI receipts anticipated and £30K increase in OT Grants.

Expenditure

Response Repairs forecast out-turn is £146K over budget. This is due to an increase in the average cost of repairs which is resulting in a £120K additional forecast out-turn on General repairs. Insurance related repairs are forecast to be £20K above budget due to an increase in the number of low value claims below our policy excess.

Planned/Cyclical Maintenance is currently underspent by £65K which is driven by the phasing of other servicing, estate management, and gutter cleaning programmes. All programmes are due to complete by year end.

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

STATEMENT OF FINANCIAL POSITION

		Notes	31 December 2022 £	31 March 2022 £
	Fixed Assets			
1	Tangible assets-social housing	**1**	119,196,989	*119,784,178*
2	Development & Investment Programme	**2**	2,499,020	*-*
3	Tangible assets - property, plant and equipment		971,051	*1,043,186*
4	Landbank		908,191	*908,190*
5	Investments		2	*2*
			123,575,252	*121,735,557*
	Current Assets			
6	Stock		279,798	*279,798*
7	Trade and other debtors due within one year		471,629	*1,683,277*
8	Debtors due after more than one year		209,624	*231,381*
9	Short-term deposits		4,347,917	*839,708*
10	Cash at bank and in hand	**3**	4,284,709	*2,471,287*
11	Loan to subsiduary		18,079	18,079
			9,611,756	*5,523,530*
12	**Creditors: amounts falling due within one year**		(1,073,829)	*(3,282,551)*
	Net current assets		8,537,928	*2,240,979*
	Total assets less current liabilities		132,113,180	*123,976,536*
13	**Creditors:** amounts falling due after more than one year		(22,583,954)	*(15,583,000)*
14	Deferred capital grants		(65,619,168)	*(66,781,918)*
15	Pension Liability		(2,155,000)	*(2,155,000)*
16	**Net Assets**		**41,755,058**	***39,456,618***
	Capital and Reserves			
17	Share Capital		224	*215*
18	Revenue Reserve		41,754,834	*39,456,403*
			41,755,058	***39,456,618***

Commentary on Performance

Note 1 - Fixed Assets
Reduction year to date can be attributed to depreciation on our housing assets with a lower than expected amount of investment spend capitalised year to date.

Note 2 – Development & Investment Programme
£2.4M of Development & Investment works due to our new build programme in progress (£2.3M) and £110K in relation to the new implementation of our new housing system.

Note 3 – Cash at bank and in hand

£3.5M has been put on deposit for a period of 3 months as a result of slippage in our development programme.

Covenants are forecast to be met for the full year with Interest cover forecast at 239% and gearing of 11%.

RENTAL INCOME

Line		CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-23 £
1	Dwelling Rent Gross	10,615,780	10,615,780	7,967,950	7,968,202	252	0%	2,647,578	24.94%		10,615,780
2	Non Dwelling Rent Gross	16,470	16,470	13,680	13,729	49	0%	2,741	16.64%		16,470
3	Voids - Dwelling	(212,020)	(116,026)	(63,036)	(50,300)	12,736	-20%	(65,726)	56.65%	12,736	(103,290)
4	Voids - Other	(3,170)	(1,192)	(362)	(102)	260	-72%	(1,090)	91.47%	260	(932)
5	Bad Debts	(210,600)	(210,600)	-	-	-		(210,600)	100.00%		(210,600)
6	TOTAL	10,206,460	10,304,432	7,918,232	7,931,530	13,298	0%	2,372,902	23%	12,996	10,317,428

Commentary on Performance

Voids - Dwelling

Loss on voids, currently running at 0.6%, is performing much better than budget (1%) as relet times have improved year on year.

SUPERVISION & MANAGEMENT

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	forecast out-turn Over/ (under) £	at 31-Mar-23 £
1	Salaries & Wages	1,760,890	1,760,890	1,316,960	1,237,270	79,690	6%	523,620	30%		1,760,890
2	National Insurance	195,950	195,950	146,250	131,585	14,665	10%	64,365	33%		195,950
3	Pension Costs	381,280	381,280	236,550	225,295	11,255	5%	155,985	41%		381,280
4	Other Employee Costs	49,790	48,608	37,950	33,142	4,808	13%	15,465	32%		48,608
5	Travel & Subsistence	16,870	16,870	12,900	3,682	9,218	71%	13,188	78%		16,870
6	EMPLOYEE COSTS	2,404,780	2,403,598	1,750,610	1,630,975	119,636	7%	772,623	32%	-	2,403,598
7	Premises Costs	71,330	72,130	43,191	41,732	1,459	3%	30,398	42%		72,130
8	IT & Telecoms	240,760	240,688	173,649	153,108	20,542	12%	87,580	36%	(6,000)	234,688
9	Area Offices	28,250	28,250	21,150	20,565	585	3%	7,685	27%		28,250
10	Payroll & Cashdesk	7,010	7,010	5,220	4,936	284	5%	2,074	30%		7,010
11	Property Management Fees	5,000	5,000	3,780	3,007	773	20%	1,993	40%		5,000
12	SUPPLIES & SERVICES	352,350	353,078	246,990	223,348	23,643	10%	129,730	37%	(6,000)	347,078
13	Postage, Printing & Stationery	28,920	33,050	23,320	22,962	358	2%	10,088	31%		33,050
14	Admin Furniture & Equipment	950	950	400	111	289	72%	839	88%		950
15	Training Courses	26,730	30,353	25,965	22,974	2,991	12%	7,379	24%		30,353
16	Community Support	28,750	28,750	19,680	8,515	11,165	57%	20,235	70%		28,750
17	Health & Safety	7,570	7,770	3,200	2,447	753	24%	5,323	69%		7,770
18	Recruitment Costs	2,000	2,000	1,000	781	219	22%	1,219	61%		2,000
19	ADMINISTRATION COSTS	94,920	102,873	73,565	57,790	15,775	21%	45,083	44%	-	102,873
20	Professional Fees	192,190	194,190	68,693	62,297	6,396	9%	131,893	68%		194,190
21	Insurance	315,090	273,890	259,260	258,748	512	0%	15,142	6%		273,890
22	Affiliation Fees	30,210	30,258	21,667	21,463	204	1%	8,795	29%		30,258
23	Charitable Donations	5,000	5,000	5,000	5,000	-	0%	-	0%		5,000
24	Governance	12,400	12,400	9,550	2,232	7,318	77%	10,168	82%		12,400
25	Bank Charges	7,690	7,690	5,840	5,455	385	7%	2,235	29%		7,690
26	Public Relations / Marketing	9,750	9,702	5,202	583	4,619	89%	9,119	94%		9,702
27	CORPORATE EXPENSES	572,330	533,130	375,212	355,779	19,434	5%	177,352	33%	-	533,130
28	Fees Charged to Capital	(591,970)	(516,070)	(400,555)	(396,895)	(3,660)	1%	(119,175)	23%		(516,070)
29	VAT Received - Partial Exemption	(5,000)	(7,000)	(4,580)	(6,752)	2,172	-47%	(248)	4%		(7,000)
30	MANAGEMENT INCOME	(596,970)	(523,070)	(405,135)	(403,647)	(1,488)	0%	(119,423)	23%	-	(523,070)
31	MANAGEMENT COST	2,827,410	2,869,609	2,041,242	1,864,244	177,000	9%	1,005,365	(32)	(6,000)	2,863,609

Commentary on Performance

Employee Costs. An underspend of £120K in employee costs can be mainly attributed to vacant posts.

IT & Telecoms. £20.5K underspend to date, driven by phasing of our data-hosting costs (£13.5K). Additionally, there are savings of £6K for the maintenance of our Housing System due to delays in the launch of our new housing system. This has been reflected in the full year forecast out-turn.

Community Support. We have only had one application to the community support grant this year which is leading to an underspend of £6K to date. There is also an underspend in Tenant Conference fees of £5K with no more activity planned this fiscal year.

Professional Fees. An underspend of £6K is represented by corporate legal fees as well as a saving on Tenant participation costs due to the vacant Tenant Participation Officer post.

Governance. Delays in planned training events for Board members have resulted in a year to date underspend.

Public Relations/Marketing. Planned spend related to the launch of our new housing system has been delayed in line with the anticipated launch date of the system.

REPAIRS & MAINTENANCE

Line	Heading	CURRENT YEAR Initial Budget £	Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-23 £
1	Responsive Repairs	1,091,650	1,091,650	796,200	837,304	(41,104)	-5%	254,346	23%	100,000	1,191,650
2	Void Repairs	400,000	400,000	291,720	324,672	(32,952)	-11%	75,328	19%	20,000	420,000
3	Handyperson	97,560	99,391	70,701	68,140	2,561	4%	31,251	31%		99,391
4	GENERAL REPAIRS	1,589,210	1,591,041	1,158,621	1,230,115	(71,495)	-6%	360,926	23%	120,000	1,711,041
5	Decoration Allowance	52,000	77,640	62,640	55,958	6,683	11%	21,683	28%		77,640
6	Council Tax empty properties	18,000	12,151	6,941	(2,557)	9,498	137%	14,708	121%		12,151
7	Compensation	9,500	9,500	7,020	1,895	5,125	73%	7,605	80%		9,500
8	SPECIFIC ITEMS	79,500	99,291	76,601	55,296	21,306	28%	43,996	44%	-	99,291
9	Rechargeable Repairs	108,000	108,000	81,000	78,466	2,534	3%	29,534	27%		108,000
10	Rechargeable Repairs Recoverable	(58,500)	(58,500)	(43,920)	(57,200)	13,280	-30%	(1,300)	2%		(58,500)
11	Insurance Repairs	100,000	100,000	70,500	58,805	11,695	17%	41,195	41%		100,000
12	Insurance Claims Recoverable	(62,000)	(62,000)	(30,000)	(9,277)	(20,723)	69%	(52,723)	85%	20,000	(42,000)
13	RECOVERABLE EXPENDITURE	87,500	87,500	77,580	70,793	6,786	9%	16,706	19%	20,000	107,500
14	Commercial Properties	1,500	1,500	800	-	800	100%	1,500	100%		1,500
15	Communal Lighting	28,360	37,378	19,868	42,786	(22,918)	-115%	(5,408)	-14%	6,000	43,378
16	NON DWELLING REPAIRS	29,860	38,878	20,668	42,786	(22,118)	-107%	(3,908)	-10%	6,000	44,878
17	Gas Servicing	73,490	73,490	51,950	56,780	(4,830)	-9%	16,710	23%	5,000	78,490
18	Estate Management	57,000	56,172	46,500	40,974	5,526	12%	15,199	27%		56,172
19	Estate Management (Welfare)	20,000	20,000	15,220	14,836	384	3%	5,164	26%		20,000
20	Other Servicing (incl. heating)	767,430	767,430	611,442	575,242	36,200	6%	192,188	25%		767,430
21	Stair Lifts and Door Entry Systems	10,290	10,290	7,740	4,992	2,748	36%	5,298	51%		10,290
22	Gutter Cleaning	66,500	65,949	65,949	41,654	24,295	37%	24,295	37%	(5,000)	60,949
23	Sewage Pumps	1,200	1,700	900	1,232	(332)	-37%	468	28%		1,700
24	Dun Berisay Heat	3,490	3,490	-	-	-		3,490	100%	3,500	6,990
25	CYCLICAL MAINTENANCE	999,400	998,521	799,701	735,711	63,991	8%	262,812	26%	3,500	1,002,021
26	TOTAL REPAIRS & MAINTENANCE	2,785,470	2,815,231	2,133,171	2,134,701	(1,530)	0%	680,532	24%	149,500	2,964,731

Commentary on Performance

General Repairs. There is a continuing high cost of repairs – particularly on plumbing, electrical and heating works. Several changes of tenancies have required significant work to bring the properties to a lettable standard and this is reflected in the overspend of Void Repairs.

This consistently high cost – specifically, pressures on material costs - is impacting on our ability to keep repair costs within budget and to avoid reducing the service level the forecast out-turn has been increased by £120K.

Specific Items. Underspend on Council Tax Empty Properties is mainly due to refunds received from CNES for Dun Berisay properties for 21/22 and 22/23.

Recoverable Expenditure. The forecast for Insurance Claims Recoverable has been decreased by £20K as most claims received to date have been below our insurance excess level.

Communal Lighting. An error in the entry of meter readings by our utility company has resulted in overcharges to HHP on communal areas. An adjustment has been made to take account of this error. However, it is still expected that due to high energy costs the forecast outturn will need to be increased.

Cyclical Maintenance Current underspend of £64K is due to Other Servicing, Estate Management and Gutter Cleaning. Projections on Other Servicing and Estate Management indicate that the full year out turn is planned to be spent.

ESTATE WORK

Line	Heading	CURRENT YEAR BUDGET		BUDGET	ACTUAL	BUDGET VARIANCE		BUDGET REMAINING		FORECAST OUT-TURN	
		Initial Budget	Revised Budget	to 31-Dec-22	to 31-Dec-22	Budget to date	Budget to date	Revised Budget	Revised Budget	Over/ (under)	at 31-Mar-23
		£	£	£	£	£	%	£	%	£	£
1	Unadopted Infrastructure	56,880	62,080	62,080	25,490	36,590	59%	36,590	59%		62,080
2	Grounds Maintenance	70,010	70,010	58,710	46,195	12,515	21%	23,815	34%		70,010
3	TOTAL ESTATE WORKS	126,890	132,090	120,790	71,685	49,105	41%	60,405	46%	-	132,090

Commentary on Performance

Unadopted Infrastructure

We have received the tender responses for the planned Unadopted Infrastructure work. After a thorough review of the prices submitted, it has been determined that proceeding with the works at this time would not be feasible. We are currently awaiting clarification from the tenderers regarding the significant cost increase. Once we have received this information, we will proceed with developing a plan of action for the project moving forward.

AIDS & ADAPTATIONS

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-23 £
1	OT Works	120,000	330,000	237,000	243,655	(6,655)	-3%	86,345	26%	30,000	360,000
2	**Grants**										
3	Grants Received	(119,990)	(330,000)	(237,000)	(243,612)	6,612	-3%	(86,388)	26%	(30,000)	(360,000)
4	TOTAL AIDS & ADAPTATIONS	10	-	-	42	(42)		-		-	-

Commentary on Performance

OT Works

Works are progressing steadily, and it is expected that all the awarded grant by the Scottish Government will be drawn down. An additional £30K has been requested to Scottish Government and the forecast outturn has been increased to reflect this.

INVESTMENT EXPENDITURE

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Mar-23 £
1	Roofs	82,760	159,825	159,825	152,986	6,839	4%	6,839	4%	(6,839)	152,986
2	Insulation	379,990	379,990	244,450	-	244,450	100%	379,990	100%	(234,171)	145,819
3	Total Roofs	462,750	539,815	404,275	152,986	251,289	62%	386,829	72%	(241,010)	298,805
4	Kitchen	411,270	519,851	474,011	341,520	132,491	28%	178,331	34%	25,502	545,353
5	Bathrooms	205,730	137,388	137,388	144,727	(7,339)	-5%	(7,339)	-5%	21,947	159,335
6	OT Aids & Adaptations	120,000	330,000	237,000	243,655	(6,655)	-3%	86,345	26%	30,000	360,000
7	Showers	325,810	242,621	207,671	155,982	51,689	25%	86,639	36%	38,838	281,459
8	Heating	936,640	1,207,475	1,288,639	895,211	393,427	31%	312,264	26%	33,713	1,241,188
9	Rewiring	526,670	526,670	328,415	86,057	242,358	74%	440,613	84%		526,670
10	Total Internals	2,526,120	2,964,005	2,673,124	1,867,150	805,971	30%	1,096,853	37%	150,001	3,114,006
11	Windows	966,340	-	-	5,687	(5,687)		(5,687)		5,686	5,686
12	Roughcast house & wall	221,420	167,063	167,063	161,314	5,749	3%	5,749	3%	(5,749)	161,314
13	Other	273,170	235,206	136,333	21,099	115,234	85%	214,107	91%	44,866	280,071
14	Externals	1,460,930	402,269	303,396	188,099	115,296	38%	214,169	53%	44,803	447,071
15	**Total Investment excl. Unallocated Exp/Savings**	4,449,800	3,906,089	3,380,795	2,208,236	1,172,556	35%	1,697,851	43%	(46,207)	3,859,882
16	Savings Realised	-	295,792	-	-	-		295,792	100%	179,450	475,242
17	Savings Re-invested	-	(301,537)	-	-	-		(301,537)	100%	(170,553)	(472,090)
18	Unallocated Expenditure/ Slippage	-	754,256	-	-	-		754,256	100%	67,310	821,566
19	**Total Investment**	4,449,800	4,654,600	3,380,795	2,208,236	1,172,556	35%	2,446,362	53%	30,000	4,684,600

Commentary on Performance

Insulation. We have successfully secured a contractor to complete the external wall insulation at Heatherhill & Scott Road with the remaining schemes, originally planned to complete this year, moving into next year's investment programme.

Kitchens. Works for the programme are primarily complete with only a small number of previous refusals to be completed.

Bathrooms & Showers. The combined Bathroom & Shower programme has been successfully completed. Additionally, the standalone Shower programme is on schedule to complete by the end of March 2023.

Heating. The Heating Programme is progressing well. The majority of replacements are due to be completed by the end of January with the exception of Eitseal Way & Calabhaigh which are due to be completed before the end of March 2023.

Rewiring. Due to delays in finalising a programme with a contractor, the works for the programme have fallen behind schedule. However, we anticipate that the programme will still be completed by the end of the year.

NON HOUSING INVESTMENT

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	BUDGET to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	BUDGET VARIANCE Budget to date %	BUDGET REMAINING Revised Budget £	BUDGET REMAINING Revised Budget %	FORECAST OUT-TURN Over/ (under) £	FORECAST OUT-TURN at 31-Mar-23 £
1	Furniture & Fittings	-	-	-	-	-		-			-
2	Office equipment	-	920	920	-	920	100%	920	100%		920
3	IT equipment & Systems	157,850	157,850	143,850	112,965	30,885	21%	44,885	28%		157,850
4	**Total**	**157,850**	**158,770**	**144,770**	**112,965**	**31,805**	**22%**	**45,805**	**29%**	**-**	**158,770**

Commentary on Performance

IT Equipment & Systems

The majority of the IT Equipment budget is for the transition to a new housing system. The Go Live has been delayed by 3 months to February 2023.

DEVELOPMENT EXPENDITURE

Line		CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	BUDGET Budget to 31-Dec-22 £	ACTUAL to 31-Dec-22 £	BUDGET VARIANCE Budget to date £	Budget to date %	BUDGET REMAINING Revised Budget £	Revised Budget %	FORECAST OUT-TURN Over/ (under) £	at 31-Dec-22 £
1	New Build	12,770,390	8,602,246	5,780,200	5,569,498	210,702	4%	3,032,748	35%	(300,000)	8,302,246
2	LIFT	346,500	249,537	219,952	221,680	(1,728)	-1%	27,857	11%	-	249,537
3	**Total Development Costs**	13,116,890	8,851,783	6,000,152	5,791,177	208,974	3%	3,060,605	35%	(300,000)	8,551,783
4	**Scottish Government Grant**										
5	Grant - New Build	(8,150,670)	(5,147,427)	(2,880,006)	(2,863,686)	(16,321)	1%	(2,283,741)	44%	-	(5,147,427)
6	**Other Grants & Sales proceeds**										
7	Other Grants - LIFT Sales	(346,500)	(573,000)	(404,000)	(412,920)	8,920	-2%	(160,080)	28%	-	(573,000)
8	**Total Grants**	(8,497,170)	(5,720,427)	(3,284,006)	(3,276,606)	(7,401)	0%	(2,443,821)	43%	-	(5,720,427)
9	**Private Finance required**										
10	New Build	4,619,720	3,454,819	2,900,194	2,705,812	194,381	7%	749,007	22%	(300,000)	3,154,819
11	LIFT	-	(323,463)	(184,048)	(191,240)	7,192	-4%	(132,223)	41%	-	(323,463)
12	Expensed Development Cost	-	-	-	1,084	(1,084)	0%	(1,084)	0%		-
13	Feasibility	15,000	15,000	4,165	1,458	2,707	65%	13,542	90%		15,000
14	**Private Finance required**	4,634,720	3,146,356	2,720,310	2,517,113	203,196	7%	629,243	20%	(300,000)	2,846,356

Commentary on Performance

Site Commentary

The project at Lochmaddy is reaching the final stages of land negotiation with the contract yet to be concluded, however the contractor is on site.

Barra (Cleit Road) handover has been delayed until February 2023 due to a combination of material supply, travel issues and electric meter installation delays.

Crowlista has been delayed and is due to be handed over in February 2023 with works at Blackwater continuing to progress.

SECTION 3: KEY FINANCIAL PERFORMANCE MEASURES

FINANCIAL COVENANTS

HHP has a credit facility with RBS and as a result an interest cover covenant and a gearing covenant is required. 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	£	2,742,646	£	2,496,628
2	Add back Depreciation	£	2,913,161	£	4,149,800
3	Add back Profit/(Loss) on sale of LIFT properties	£	-	£	-
4	Deduct Capitalised Investment (inc OT)	(£	2,506,217)	(£	3,859,882)
5	Add back Deferred Works Capitalised Investment	£	59,914	£	298,124
6	Deduct Pension Contributions	£	-	£	-
7	Deduct Amortisation	(£	1,153,912)	(£	1,508,300)
8	Adjusted Operating Surplus	£	2,055,592	£	1,576,370
9	Interest Payable	£	446,345	£	674,900
10	Interest Receivable	£	2,130	£	16,000
11	Net Interest Payable	£	444,215	£	658,900
12	Covenant for 22/23		110%		110%
13	Adjusted Operating Surplus as percentage of Net interest Payable		463%		239%
14	Headroom	£	1,566,956	£	851,580
15	Historic Cost of Properties	£	136,418,825	£	153,424,364
16	Financial Indebtedness	£	17,000,000	£	17,000,000
17	Gearing Covenant for 21/22		30%		30%
18	Gearing		12%		11%

FINANCIAL RATIOS

Key Ratios

	Current	Forecast	2021/22
Current Ratio	8.76	4.71	1.59
(Current Assets/Current Liabilities)			
Net Debt Per Unit			
Borrowing/ stock units	£7,305.54	£7,118.93	£4,550.35
Voids%	0.63%	0.98%	1.31%
Voids as % of Rental Income Due			
Bad Debts %	0.53%	1.98%	0.80%
Bad Debts written off as % of Rental Income Due			
Staff Cost/Turnover %	19.03%	21.66%	24.74%

CASH FLOW FORECAST 2022/23

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

Monthly Cash Flow Forecast

Year Ended 31-Mar-23	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	8,277,883	4,505,273	3,832,678	3,290,727	2,225,376
Cash Receipts					
Rent	890,696	846,635	846,635	846,635	10,657,947
Sale of Assets	-	174,000	-	-	583,320
Grant Income	477,208	512,233	688,184	593,221	5,969,384
Bank Interest	-	250	-	15,500	16,000
Other income	154,158	-	-	-	330,132
Loan/Other cash injection	-	-	-	-	7,000,000
Total	1,522,062	1,533,118	1,534,819	1,455,356	24,556,783
Total Cash Available	9,799,945	6,038,391	5,367,497	4,746,083	
Cash Paid Out					
Payroll	182,672	197,180	197,180	212,180	2,258,937
Management Costs	51,520	113,108	84,108	118,108	996,068
Repairs	271,338	315,975	361,975	266,975	3,488,448
Investment	596,848	671,875	495,840	636,040	4,332,092
Development	592,608	906,575	880,757	1,015,722	9,103,670
Total	1,694,986	2,204,713	2,019,860	2,249,025	20,179,215
Cash Paid Out (Non P & L)					
Loan Interest	99,542	-	-	270,682	694,997
Capital Purchase	-	-	55,910	-	157,850
Refunds	144	1,000	1,000	1,000	21,421
Transfer to Deposit Account	3,500,000	-	-	-	3,500,100
Total	3,599,687	1,000	56,910	271,682	4,374,368
Total Cash Paid out	5,294,672	2,205,713	2,076,770	2,520,707	
Cash Position at End of Month	4,505,273	3,832,678	3,290,727	2,225,376	-
Deposit Acct At end of Month	4,347,917	4,341,362	4,341,362	4,341,362	
Total Funds Available	8,853,190	8,174,040	7,632,089	6,566,738	

hebridean housing partnership

Making our house your home

ITEM NO 6.6

HIGHLANDS & ISLANDS BOARD/COMMITTEE MEMBERS' MEETING

Board 8 February 2023

Report by Chief Executive

Purpose of Report

1.1 To establish if Board Member's would find it beneficial to meet with other Board Members from other RSL's within the Highland's & Islands.

Summary

2.1 During 2022, Board Members from Skye and Lochalsh asked their Chief Executive to find out if there was any interest from Board Members of other RSL's in the Highland and Islands getting together for a meeting

2.2 Albyn Housing Society have offered to host and organise a meeting of Board Members of RSL's from the Highlands & Islands.

2.3 They recommend that the total attending (including the Governance Officer) be 3 from each organisation.

2.4 The proposed timetable for day is as follows:

- 12pm – meeting start
- 6pm – meeting finish
- 7:30pm – dinner

2.5 The suggested topics for the day include:

- Strategy and Risk
- Business Planning
- Viability modelling
- Notifiable Events
- Managing the Board and Executive relationship
- Assurance Statement requirements
- SHR Regulatory Standard 6

2.6 Further information will be provided at the Board meeting.

Competence

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

Recommendations

4.1 **The Board are asked to consider nominating 2 Board Members to attend the meeting on 4 May 2023 along with the Governance Officer.**

Competence

Financial

5.1 Resources to support Board Member training and conference attendance are agreed annually through the budget setting process.

5.2 The costs of the attending the meeting will be met from existing budgets. It is anticipated costs, including travel and accommodation, will be approximately £500 per delegate.

Legal

6.1 There is a regulatory requirement to provide ongoing training to Board Members in order to sustain their continued effectiveness.

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 evidence/assurance of evidence RS6 in relation to our Annual Assurance Statement.

Risk

8.1 Governance of the Partnership is critical to its long-term viability. Attendance at conferences and networking events 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 on our Risk Register with a residual risk rating of 6 which is considered low risk.

Background Papers: None

Writer of Report: Iona France Tel: 0300 123 0773

hebridean housing partnership

Making our house your home

ITEM NO 7.1

ASBESTOS POLICY

Board 8 February 2023

Report by Director of Operations

Purpose of Report

1.1 To inform Board of the review of the Asbestos Policy.

Summary

2.1 The Asbestos Policy requires to be reviewed every 3 years.

2.2 The current Asbestos Policy was also reviewed as part of the Health and Safety Audit carried out by ACS Physical Risk Control Ltd in November 2022. All actions emanating from the review were procedural and are being actioned.

2.3 There have been no material changes to the Asbestos Policy.

Competence

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

Recommendations

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

APPENDIX 1:	Asbestos Policy	
Background Papers:	None	
Writer of Report:	Peter O'Donnell	Tel: 0300 123 0773

Competence

Financial

5.1 There are no financial implications relating to the implementation of the updated Asbestos Policy.

Legal

6.1 Under the Health and Safety at Work Act 1974, we have a duty to ensure, as far as is reasonably practicable, the health, safety and welfare of employees and the health and safety of others that maybe affected by the employers undertaking.

6.2 Under the Control of Asbestos at Work Regulations 2014, there is a duty 'to manage asbestos' in non-domestic premises which include communal areas within flats.

Regulatory Guidance

7.1 The regulatory standards checklist has been completed and there is nothing in the report which would be in breach of the standards.

Risk

8.1 The satisfactory management of asbestos is a significant area of risk and it is critical that robust systems and processes are in place.

Report Details

Health and Safety Audit 2022

9.1 The outcome of the Audit required actions to address procedural shortcomings. These were as follows:

- further develop the asbestos management plan to include specific details for managing works and contractors and outlining a surveying strategy;
- additional columns to the Asbestos Register to show dates for re-inspections and when asbestos containing materials (ACM) are removed; and
- organise 'duty to manage' training for Investment Manager and Assets and Contracts Manager.

9.2 All actions required from the Audit Report are being actioned. The Asbestos Management Plan is now updated. The Asbestos Register will be altered prior to uploading to the new housing system and training requests have been lodged.

APPENDIX 1

ASBESTOS POLICY

APPROVED BY HHP BOARD:

EFFECTIVE DATE:
February 2023

hebridean housing partnership

TABLE OF CONTENTS

INTRODUCTION

1.1 Products containing asbestos have been used for many years in a whole range of applications and locations including industrial, commercial and domestic premises. It has typically been used for lagging pipe work, tanks and boilers, or as a component of structural finishes, such as in walls and ceilings. In many cases, the presence of asbestos is not known until it is exposed through wear, through structural damage or during development work. Whilst the use of all forms of asbestos has now been banned in the UK (with some minor exceptions), a great deal of asbestos is still in situ from previous installations.

1.2 Persons now considered to be most at risk from asbestos are trades persons involved in building renovation and maintenance work, particularly amongst plumbers, gas fitters, carpenters and electricians.

1.3 There are three main types of asbestos that may be encountered namely, Crocidolite (blue), Amosite (brown) and Chrysotile (white). Asbestos fibres enter the body by inhalation, which can give rise to asbestosis (a scarring of the lung tissue caused by asbestos), two kinds of cancer (mesothelioma and asbestos related lung cancer), and diffuse pleural thickening (a non-malignant disease affecting the lung lining). Currently, approximately 4,000 people are dying from mesothelioma, asbestosis and asbestos-related cancers per year. This is mainly attributed to exposure some time ago, as asbestos related diseases manifest themselves over an incubation period of anything from 20 to 30 years.

1.4 In many cases, asbestos in situ is of little risk and should only be treated or removed if its condition deteriorates or remedial / renovation works are required. The key to successful management of asbestos is to identify locations and forms of asbestos, monitor its condition and take the appropriate remedial action as and when required

AIMS

2.1 The aim of this document is to demonstrate our commitment to ensuring our employees, contractors, tenants and the public, are not knowingly exposed to any risks that would affect their safety. The documents covered by this Policy will provide guidance and specific instructions for all our employees and external contractors, whilst undertaking asbestos work. This is with the aim of satisfying the legal duties of the Control of Asbestos Regulations 2012 and the Health and Safety at Work Act 1974.

LEGISLATION

3.1 Under the Health and Safety at Work Act 1974, employers have duties to ensure, as far as is reasonably practicable, the health, safety and welfare of employees and the health and safety of others that maybe affected by the employers undertaking.

3.2 The Control of Asbestos Regulations (CAR) 2006 came into force on 13 November 2006. These Regulations bring together the three previous sets of three Regulations covering the prohibition of asbestos, the control of asbestos at work and asbestos licensing. The Regulations prohibit the importation, supply and use of all forms of asbestos. They continue the ban introduced for blue and brown asbestos in 1985 and for white asbestos in 1999. They also continue to ban the second-hand use of asbestos products such as asbestos cement sheets and asbestos boards and tiles; including panels, which have been covered with paint or textured plaster-containing asbestos. The ban applies to new use of asbestos. If existing asbestos containing materials are in good condition, they may be left in place; their condition monitored and managed to ensure they are not disturbed.

3.3 CAR requires employers to prevent exposure of their employees to asbestos or where this is not practicable to reduce the exposure to the lowest possible level. CAR also includes a regulation placing a duty on those who have repair and maintenance responsibilities for premises because of a contract or tenancy, to manage risks from asbestos in those premises. There is also a duty of co-operation between all parties.

3.4 It should be noted that CAR arises from the parent-enabling act, The Health and Safety at Work Act 1974 and is thus confined to non-domestic premises, i.e. workplaces. Therefore, CAR does not directly apply to a domestic premise, but does apply to any work activity that takes place there, e.g. plumbing, electrics etc. However, it has been legally established that common parts of a block of flats are not part of a private dwelling and are considered as non-domestic. Thus, Regulation 4 of CAR does apply to the common and external parts of flats.

3.5 Under CAR, we do not have a duty to manage the asbestos within the private part of a dwelling. However, whilst they are excluded from CAR, domestic premises (and in fact all premises) are subject to The Occupiers Liability Act 1984. These require property owners and occupiers to be aware of potential significant hazards to health and safety. All persons including visitors, contractors (and trespassers) must be provided with reasonable care not to suffer injury or harm on these premises. Therefore, whilst under Regulation 4, a written plan is not required for the private dwelling, the location and condition of any asbestos does need to be known and expressed to all people to ensure due consideration is given to deciding what, if any, protective measures are required.

3.6 Therefore, CAR does not specifically cover domestic premises, but there is a legal requirement to manage the health and safety risks associated with asbestos.

3.7 The Asbestos Regulations also include the ‘duty to manage asbestos’ in non-domestic premises. Guidance on the duty to manage asbestos can be found in the 'Approved Code of Practice The Management of Asbestos in Non- Domestic Premises', L127, ISBN 0 7176 6209 8.

3.8 These duties are extended more specifically with regards to asbestos by the following legislation:

- The Construction (Design and Management) Regulations 2015- CDM regulations have been updated but do not affect the way any asbestos works is carried out. The regulations place more explicit requirements on Principle Designer and Client to ensure that exposure to asbestos is managed throughout a construction project. Where construction work is likely to disturb this asbestos, the Principal Designer— in projects involving more than one contractor — must be given any asbestos survey and other relevant information from the Client. This will form part of the pre-construction information. The client is required to ensure that before the construction phase begins, a construction phase plan is in place, and where licensed asbestos work is required, the licensed asbestos contractor is required to complete a written plan of work. Where asbestos is to remain in the building after the completion of the construction or refurbishment work, this information must be kept in the health and safety file.

- The Special Waste Amendment (Scotland) Regulations 2004. Domestic asbestos waste is 'special waste'. The requirements of the Special Waste Regulations 1996, as amended, apply to this 'special waste', except where the original producer is also the person who resides at the domestic premises where the waste arises or where the waste producer is acting on behalf of the resident without reward. This means that a contractor who undertakes work for a householder that generates asbestos waste, must comply with the requirements of these Regulations.
- Any asbestos product or material that is ready for disposal is defined as asbestos waste. Asbestos waste also includes contaminated building materials, tools that cannot be decontaminated, personal protective equipment and damp rags used for cleaning. If in doubt, always treat waste as 'Hazardous' or 'Special'. Asbestos waste is considered hazardous when it contains more than 0.1% asbestos.
- Management of Health and Safety at Work Regulations 1999. Risk assessments are a legal requirement under s3 of the Management of Health & Safety at Work Regulations 1999.
- There is also a need for a special risk assessment for young persons (employees or work-experience students under 18) and new and expectant mothers, taking account of their individual needs.

THE CONTROL OF ASBESTOS REGULATIONS 2012

4.1 The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations to take account of the European Commission's view that the UK had not fully implemented the EU Directive on exposure to asbestos (Directive 2009/148/EC).

4.2 The policy is consistent with these regulations and takes account of the various provisions

THE DUTY TO MANAGE ASBESTOS

5.1 Duty holders include those responsible for the maintenance and/or repair of non-domestic premises. This includes premises, whether they are occupied or vacant. The aim is to protect workers who may come across asbestos in the course of their day-to-day activities, since the major problem facing these workers is that they often do not know where and when the material may be encountered.

5.2 The duty holder must:

- conduct a survey of the premises
- take reasonable steps to locate materials containing or presumed to contain asbestos. complete a risk assessment to discover the likelihood of the release of dangerous fibres
- make a plan to manage the above risk, including if necessary sealing or encapsulating the asbestos-containing material or, as a last resort, removing the asbestos
- keep in a well-maintained asbestos register a written record of the location and condition of the asbestos in the building
- put procedures in place to ensure that our own employees or third party contractors have full knowledge of where asbestos may be present to prevent accidental exposure

5.3 The Health and Safety Executive (HSE) Approved Code of Practice (ACOP) L143: Managing and Working with Asbestos explains the duties of building owners, tenants and any other parties who have any legal responsibility for the work premises. It also sets out what is required of people who have a duty to co-operate with the main duty holder.

5.4 The Practical Stages of the Duty to Manage. In order to assess and manage the risk of asbestos, the duty holder must:

- survey the work environment
- assess the risk
- manage the risk

5.5 There is detailed guidance from the HSE on surveying, sampling and assessment of asbestos. It is important to select a competent surveyor. A full list of companies accredited by the United Kingdom Accreditation Service (UKAS) can be obtained via their website.

5.6 Once the asbestos-containing materials (or materials presumed to contain asbestos) have been located, the ability of these materials to release asbestos fibres must be assessed, and a written plan prepared to manage the risk. This should ensure that details of the location and condition of any asbestos are provided to every person likely to disturb it. It should be made available, if required, to the emergency services. The plan should include a procedure for monitoring and recording any condition changes. The frequency of the checks to determine condition changes will depend on the type of material present.

ASBESTOS POLICY STATEMENT

6.1 We acknowledge and accept our responsibilities under the Health and Safety at Work etc. Act 1974 and the Control of Asbestos Regulations 2006 and 2012 and other related legislation appertaining to asbestos. The organisation acknowledges the health hazards arising from exposure to asbestos and will protect employees and other persons potentially exposed as far as is reasonably practicable. This will be achieved by minimising exposure through the management of asbestos-containing materials in the workplace premises.

6.2 We are committed to ensuring that all asbestos and asbestos products present within all buildings and dwellings managed by us are properly controlled so that they will not present a risk to staff, tenants, contractors or any other persons. Everyone who needs to know about the presence of asbestos will be alerted. No one will be allowed to start work that could disturb asbestos unless the correct procedures are to be employed. In pursuing this objective all relevant Health & Safety Guidance as set out in document HSG227 "A comprehensive guide to managing asbestos in premises" shall be followed. This policy requires the full co-operation of management and staff at all levels. Specific arrangements for compliance with this procedure are detailed in this Policy. The person responsible for the implementation of this policy is the Chief Executive.

ROLES & RESPNSIBILITES

7.1 Properties managed by us fall into two categories, Housing (our housing stock), and non-Housing (offices, caravans, chalets, garages, laundry blocks, Cearns Shop, and other ad-hoc premises).

7.2 The Director of Operations is responsible overall for managing all properties except our offices. There is no asbestos within our offices.

7.3 We recognise that in order to discharge our duties effectively under this policy an individual officer must be charged with the responsibility for asbestos. The Investment Manager is therefore designated as our Asbestos Manager.

DUTIES

8.1 As an employer, we are required to:

- prevent the exposure of employees to asbestos
- find out whether their building contains asbestos, what condition it is in and assess the risk, e.g. if it is likely to release fibres, employers must make a plan to manage the risk and protect employees and other persons from exposure to asbestos — if the employer is not responsible for maintaining and repairing all or part of the property, or does not have control of the building, the person who has these responsibilities must carry out the above actions

- ensure, so far as is reasonably practicable, the health and safety at work of all employees
- be licensed by the Health and Safety Executive if involved in any work with asbestos, with the exception of work in which the exposure is sporadic or of low intensity
- ensure that asbestos waste is transported in sealed, labelled containers with consignment notes, and disposed of at licensed sites
- make no use of any product that contains asbestos.

8.2 Specific responsibilities are as follows:

Asbestos Manager:

- Responsible for ensuring compliance with the Asbestos Policy and regulations relating to all aspects of the management of asbestos. This includes the drafting and revision of asbestos policies.

All Operations staff

- Ensure familiarity with location and nature of asbestos located in all premises in accordance with the asbestos register
- Be aware that the asbestos register lists known asbestos only (there may be more that has not yet been detected).
- If it is believed that the condition of asbestos has deteriorated significantly between asbestos reviews or the presence of previously unidentified asbestos is suspected, arrange for a reassessment or survey to be undertaken by competent persons.
- Ensure that no works (including plumbing and electrical) are undertaken that may disturb any asbestos present. If you are not sure if asbestos is present or not, specialist advice must be sought.
- Not to interfere with control measures that have been implemented to safeguard employees and others from exposure to asbestos.
- Co-operate with your employer’s asbestos safety arrangements
- Take reasonable care of yourself and others while working on asbestos related activities
- Follow all the procedures set out in your employer’s assessment and plan of work

- Comply with the use of control measures
- Report any problems with safety arrangements in connection with asbestos to your employer

MONITORING AND REVIEW OF POLICY

9.1 The Corporate Asbestos Policy to be reviewed every 3 years.

9.2 The policy will be amended following any change in legislation impacting upon it or following any significant change in arrangements.

9.3 Sample surveys will be reviewed and audited by the representative of the Director of Operations on a regular basis to ensure full compliance with the policy.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
ACM's	Asbestos Containing Materials
Duty Holders	Hebridean Housing Partnership Director of Operations and technical staff within Operations Team
CAR	The Control of Asbestos Regulations

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

hebridean housing partnership

Making our house your home

ITEM NO 7.2

HEALTH & SAFETY POLICY

Board 8 February 2023

Report by Chief Executive

Purpose of Report

1.1 The purpose of this report is to note the review of Health & Safety Policy has been undertaken and there are no changes.

Summary

2.1 The Health & Safety Policy is subject to an annual review. Following this year's review, no significant changes have been identified.

2.2 We now operate flexible working where we have staff in an office and home working environment. We have the responsibility of ensuring the Health & Safety of staff when they work from home, so we continue to monitor and develop our systems to mitigate risks there – in relation to slips, trips and falls, fire, electrical equipment, DSE and posture.

2.3 In our offices, we continue to review physical factors that could pose a risk to both employees and the public. Mitigations applied include reducing contact between employees, identifying areas of poor ventilation, providing & using PPE, and keeping the workplace clean.

2.4 Office Health & Safety training was last arranged or Board Members in June 2019, with Landlord's Health & Safety training in March 2021. Health & Safety training will be included for Board Members in the training plan due to come to Board for approval in March 2023.

Competence

3.1 The financial, legal and other constraints to the recommendation in this report being implemented are at paragraph 5.1 - 8.1

Recommendations

4.1 **It is recommended that the Board note the review of the Health & Safety Policy at Appendix 1.**

APPENDIX 1:	Health & Safety Policy	
Background Papers:	*None*	
Writer of Report:	Angus M Smith	Tel: 0300 123 0773

Competence

Financial

5.1 There are no financial implications arising directly from implementing the recommendations in this report.

Legal

6.1 The approval and amendment of policies is a matter reserved for 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 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 Governance of the Partnership is critical to its long-term viability. Reviewing and updating policies ensures a solid foundation for good governance and mitigates the risk of poor governance.

8.2 A serious breach of health & safety is highlighted on our Risk Register with a residual risk rating of 4 which is considered low.

HEALTH & SAFETY POLICY

APPROVED BY HHP BOARD:

EFFECTIVE DATE: February 2023

hebridean housing partnership

TABLE OF CONTENTS

AIMS

1.1 The aim of this policy is to set out the responses of the Partnership to its responsibilities to manage Health & Safety for its employees and across all its activities.

HEALTH AND SAFETY STATEMENT

2.1 The Board is responsible for the conduct of the business of the Partnership.

2.2 The Health and Safety at Work etc. Act 1974 imposes statutory duties on employers and employees. To enable these statutory duties to be carried out, it is the policy of Hebridean Housing Partnership so far as is reasonably practicable, to ensure responsibilities for safety and health are assigned, accepted and fulfilled at all levels of the Partnership. The Partnership will ensure that all practicable steps are taken to manage the health, safety and welfare of all employees and to conduct the business in such a way that the health and safety of visitors, to any premises under our control, is not put at risk

2.3 It is the intention of the Partnership, so far as is reasonably practicable, to ensure that:-

a) The working environment of all employees is safe and without risks to health and that adequate provisions are made with regard to the facilities and arrangements for their welfare at work. This includes both office and home working, and any other location that employees may be asked to work in.

b) The provision and maintenance of machines, equipment and systems of work which are safe and without risks to health to employees, contractors and any other person who may be affected with regard to any premises or operations under our control.

c) Arrangements for use, handling, storage and transport of articles and substances for use at work are safe and without risks to health.

d) Adequate information is available with respect to machines and substances used at work detailing the conditions and precautions necessary to ensure that when properly used they will be safe and without risk to health.

e) Employees are provided with such instruction, training and supervision as is necessary to secure their health and safety.

f) The Health and Safety Policy will be reviewed at least annually. Communication of any such changes will be made to all employees.

2.4 It shall be the duty of all employees at work to ensure:-

a) That reasonable steps are taken to safeguard the health and safety of themselves and of other persons who may be affected by their acts or omissions at work.

b) Co-operation with the Board of Management so far as is necessary to ensure compliance with any duty or requirement imposed on the employer, or any other person, under any relevant statutory duties.

RESPONSIBILITIES

Overview of Responsibilities

3.1 The Partnership recognises that all individuals within the organisation have a responsibility to ensure their own safety and that of others. Consequently, all employees will have the potential to be held liable if their negligent acts or omissions result in harm being caused to any other persons. Those in positions of responsibility have additional obligations, by virtue of their 'managerial' functions. Indeed, the Health and Safety Executives (HSE) Enforcement Policy Statement, HSE41, Paragraph 43 notes the following on 'Prosecution of individuals':

"enforcing authorities should identify and prosecute or recommend prosecution of individuals if they consider that a prosecution is warranted. In particular, they should consider the management chain and the role played by the Chief Executives and Directors, and should take action against them where the inspection or investigation reveals that the offence was committed with their consent or connivance or to have been attributable to neglect on their part and where it would be appropriate to do so in accordance with this policy. Where appropriate, enforcing authorities should seek disqualification of Directors under the Company Directors Disqualification Act 1986."

3.2 The following sections set out the principal Health & Safety related responsibilities of individuals within the organisation. These duties will be in addition to the general duty on all individuals to ensure the Health, Safety and Welfare of themselves and all others who may be affected by their undertakings.

Responsibilities - Board

4.1 The Board, headed by a Chairperson, comprises ‘lay persons’ from the local community, acting as a body to oversee the operations carried on by the Partnership.

4.2 It is recognised that the Board, while not actively involved in the daily running of the organisation, are collectively responsible for providing leadership and direction on Health & Safety. The Chief Executive shall be responsible for implementing any audit recommendations identified for the improvement of HHP’s Health & Safety.

4.3 The Board will endorse the Health & Safety policy and Control Manual and the Chairperson will sign the Health & Safety Policy Statement along with the Chief Executive. Where there is a change of personnel, the incoming Chairperson will sign the policy to ensure the commitment on behalf of the Board remains current.

4.4 The Board will place ‘Health & Safety’ as a standing item on the Agenda of all general meetings. This will allow the Chief Executive to report on safety performance, funding requirements, safety failures and other Health & Safety related issues. The Board will give all such issues due consideration and will make available all reasonable funding and support as may be required.

4.5 The Board will review the findings of all internal and external Health & Safety audits carried out within the organisation and will authorise the use of all reasonable support required to rectify any significant non-compliances identified by the audits.

4.6 The Board will take an active interest in the investigation of any significant safety failure, making available all reasonable resources for a full investigation and for the taking of adequate measures to rectify any deficiencies in the existing arrangements.

4.7 All Board members will undergo training in ‘Health & Safety Awareness’ and in management responsibilities. This will ensure that all members have a working knowledge of the topic, which will assist in the discussion of Health & Safety at all meetings. This should also assist the Board in determining whether the Chief Executive is managing Health & Safety adequately within the organisation.

4.8 All Board Members shall review their responsibilities at least annually.

Responsibilities – Chief Executive

5.1 The Chief Executive is responsible for the general day to day running of the Partnership. It is recognised that this function incurs the overall responsibility for Health & Safety management within the organisation and the following procedures will be adopted to ensure adequate provisions are made and maintained. In essence, the Chief Executive will fulfil the position now commonly known as 'Director Responsible for Health & Safety' and shall be responsible for implementing the Board's plan for Health & Safety.

5.2 The Chief Executive will endorse the Health & Safety policy and Health and Safety Manual and will sign the Health & Safety Policy Statement along with the Chairperson of the Board. Where there is a change of personnel, the incoming Chief Executive will sign the policy to demonstrate commitment and acceptance of responsibilities.

5.3 The Chief Executive will hold ultimate responsibility for the organisation's policy, procedures and arrangements and for the implementation of such. To this end, and to comply with the duties set out in the Management of Health and Safety at Work Regulations 1999, the Chief Executive will appoint an adequate number of competent persons to achieve and maintain legal compliance. This will include a Health & Safety Administrator. The Chief Executive will also take all appropriate action to reduce the risks to Health & Safety arising from the business undertaking and to improve the organisation's safety performance. The Chief Executive may be held liable where Health & Safety offences are committed with his/her consent or connivance or as a result of his/her negligence (Health & Safety at Work etc. Act Section 37(1)).

5.4 The Chief Executive will report on safety performance, funding requirements, safety failures and other Health & Safety related issues at each Board meeting, as well as make available all internal and external audit reports to the Board. Fully justified requests will be made to the Board for any resources, support or funding required for Health & Safety purposes.

5.5 The Chief Executive will ensure that Health & Safety considerations are taken into account for all new investment opportunities and in the organisation's purchasing policy. The objective will be to minimise risks as early in the purchasing chain as is reasonably practicable.

5.6 The Chief Executive will be responsible for maintaining an adequate programme of Risk Assessment, allocating duties and funds as appropriate to keep assessments and control measures current.

5.7 The Chief Executive will be responsible for maintaining an adequate programme of staff training in Health & Safety issues, ensuring that all staff are given appropriate instruction, information and training to reduce the risks associated with their work to an acceptable level.

5.8 The Chief Executive will ensure that adequate communication channels exist throughout the entire organisation to allow Health & Safety issues to be dealt with timeously and effectively. All staff will be given the opportunity to raise any safety related queries with appropriate management staff.

5.9 The Chief Executive will ensure that all significant safety failures are fully investigated and reported to the Board. The Chief Executive will also ensure that all necessary support is sought to adequately investigate the situation and develop suitable remedial measures to reduce the likelihood of a similar incident recurring.

5.10 The Chief Executive will give due consideration to all Health & Safety related requests from H&S Administrator, Heads of Departments and all other staff, taking appropriate action where necessary and requesting support/approval from the Board of Management where required.

5.11 The Chief Executive shall review their responsibilities at least annually.

Responsibilities - Directors

6.1 The Director of Finance & Corporate Services and Director of Operations provide operational support to the Chief Executive and discharge many of the day to day management tasks required in the running of the organisation. It is, therefore, recognised that this function incurs some significant responsibility in terms of Health & Safety. In particular, the Directors may be held liable where Health & Safety offences are committed with their consent or connivance or as a result of their negligence.

6.2 The Director of Finance & Corporate Services and Director of Operations will take an active participation in the Health & Safety Committee. This will involve advising the Chief Executive of pertinent issues for consideration by the Board.

6.3 The Director of Finance & Corporate Services and Director of Operations will take an active role in the Risk Assessment programme, arranging for the undertaking of all appropriate risk assessments and reviews, for the dissemination of findings and for seeking approval from the Chief Executive for remedial measures required to be taken. The Director of Finance & Corporate Services and Director of Operations will also ensure that any remedial measures agreed with the Chief Executive are effectively actioned.

6.4 The Director of Finance & Corporate Services and Director of Operations will give all safety related queries due consideration, liaising with the Chief Executive, H&S Administrator, Team Leaders, EVH Health & Safety Support Service and all other relevant bodies as appropriate.

Responsibilities – Managers

7.1 Due to the function performed by Managers, it is recognised that they may be held liable where Health & Safety offences are committed with their consent or connivance or as a result of their negligence.

7.2 Managers will take an active participation in the Health & Safety Committee. This will involve the identification of Health & Safety concerns within their departments, the raising of pertinent issues for consideration by the Committee and the actioning of all measures identified by the Committee and management staff as being required.

7.3 Managers will implement all relevant policies, procedures and arrangements within their departments, as required by the Health and Safety Manual, the Health & Safety Committee and management staff.

7.4 Managers will ensure that adequate communication channels exist throughout their team to allow Health & Safety issues to be dealt with timeously and effectively. All staff will be given the opportunity to raise any safety related queries with their Line Managers or Directors.

7.5 Managers will ensure that all staff adopt safe working procedures, work in accordance with any training provided and properly use any control measures, protective equipment etc. that are appropriate for the work carried out.

7.6 Where Managers identify the need for further training or any other form of risk control for staff, the issue will be reported without undue delay to the Health & Safety Committee or appropriate Director.

7.7 Where Managers identify any significant breach of Health & Safety procedures, appropriate action will be taken to reduce the risk in the short term, and the issue will be reported to the appropriate Director without undue delay.

Responsibilities – Employees

8.1 While the duties of management have been made clear in previous sections, it is recognised that ALL employees have general duties to ensure their own safety and that of others. Indeed, the Health and Safety at Work etc. Act 1974 notes the following in respect of employees' duties:

"It shall be the duty of every employee while at work –

(a) to take reasonable care for the health and safety of themselves and of other persons who may be affected by his/her acts or omissions at work; and

(b) as regards any duty or requirement imposed on his/her employer or any other person by or under any of the relevant statutory provisions, to co-operate with him/her so far as is necessary to enable that duty or requirement to be performed or complied with."

8.2 The procedures as set out in the Health and Safety Manual will, therefore, be adopted by all employees to ensure their duties are adequately discharged.

8.3 Employees will comply with the policies, procedures and arrangements set out in the Health and Safety Manual and with any information, instruction and training provided. In addition, any risk control measures and equipment provided to ensure safe working practices will be properly used.

8.4 Employees will report to their Team Leader or other member of management any identified breaches of Health & Safety procedures, any accidents or safety related incidents and any aspect which appears to them to give rise to a significant risk to the

Health & Safety of employees or other persons. Such reports will be made without undue delay.

8.5 Employees will inform their Team Leader or other member of management, without undue delay, where they believe that further training or other risk control measures would be beneficial. Tasks will not be carried out where the employee believes significant risk to be present.

8.6 Employees will co-operate in all safety programmes, training, risk assessments and other initiatives that are intended to reduce risk and will actively implement any control measures identified as being required.

8.7 Employees will not participate in horseplay, practical jokes or other acts which may result in harm being caused to themselves or to other individuals.

Responsibilities - H&S Committee

9.1 The H&S Committee will provide an open forum for the discussion of all Health & Safety related issues raised by members of the Committee and by any other relevant sources.

9.2 All Committee members will undergo suitable training, which will include as a minimum 'Health & Safety Awareness'. This will ensure that all members have a working knowledge of the topic, commensurate with their role in the Committee and within the organisation as a whole.

9.3 The Committee will suggest solutions and initiatives for issues arising, which will be minuted and presented to the Chief Executive following each meeting, without undue delay.

9.4 Where appropriate, the Committee will draft and revise policy, procedures and arrangements, for ultimate approval by the Chief Executive and Board.

9.5 The Committee will delegate, with the Chief Executive's approval, to members and to other appropriate persons within the organisation, actions required to be taken to implement policies, procedures, arrangements and any other initiatives authorised by the Chief Executive.

9.6 The Committee will review the Health & Safety performance of the organisation, analysing accident statistics, reported breaches of policy and procedures, audit and inspection reports and data from other information gathering exercises. Recommendations on options to improve safety performance will be made to the Chief Executive without undue delay.

Responsibilities - H&S Administrator

10.1 The function of the H&S Administrator is, by definition, one of ‘administration’ as opposed to ‘management’. The H&S Administrator will be fully supported by the Chief Executive, Directors and Heads of Departments.

10.2 The H&S Administrator will undergo suitable training, which will include as a minimum ‘Health & Safety Awareness’ and instruction in the implementation of the policies, procedures and arrangements set out in the Health and Safety Manual.

10.3 The H&S Administrator will maintain the master Health and Safety Manual and the record keeping system in an up to date and tidy condition. This will include the dissemination of all Manual updates to Manual holders and the filing of appropriate records.

10.4 The H&S Administrator will comply with his/her duties as set out in the Health and Safety Manual and will report the findings of any inspections, audits and other information gathering exercises to the H&S Committee without undue delay. Where the H&S Administrator has reason to believe that personnel are, or may foreseeably become, exposed to significant risk, direction will be sought from the Chief Executive without undue delay.

10.5 The H&S Administrator will provide assistance to the Chief Executive, Directors, Team Leaders and the H&S Committee in the undertaking of risk assessments, control implementation, policy development, etc. This may include expert advice on Health & Safety. It should be noted that the H&S Administrator will not be solely responsible for developing corporate policy, merely for assisting in its development and implementation.

11.1 The Partnership will pursue progressive improvements by the development and implementation of a risk management strategy in relation to health and safety, to contribute to the reduction of occupational injuries and ill health.

11.2 The Chief Executive will ensure that a risk assessment programme is drawn up. The Corporate Resources Team will implement this programme.

11.3 The Health and Safety Administrator will provide advice and, where necessary, arrange for training in risk assessment techniques.

11.4 While the Management of Health and Safety at Work Regulations 1999 require all work activities to be assessed, other more specific regulations require that particular activities receive more attention - Use of hazardous substances (COSHH), Display Screen Equipment (DSE), Manual Handling Operations (MHO), Exposure to Noise and Personal Protective Equipment.

11.5 In addition specific policies have been developed in relation to:

- Alcohol and Drug Use;
- Fire Safety;
- Lone Working;
- New and Expectant Mothers;
- Smoking at Work
- Stress Management;
- Violence and Aggression (see Section 18); and
- Young Workers.

EMERGENCY PROCEDURES

12.1 Procedures to be followed by any person at work if situations presenting serious and imminent danger arise will be established in accordance with Regulation 7 of the Management of Health and Safety at Work Regulations 1999. These procedures will set out the role and responsibilities of competent persons nominated to implement any detailed actions and will ensure that other employees know who the competent persons are and understand their own role. Where appropriate, they will also contain special action required for the evacuation of disabled persons.

HEALTH AND SAFETY MANUALS AND STANDARDS

13.1 The Chief Executive will ensure that the Policy is supported through a suitable Health and Safety Manual.

13.2 The Health and Safety Administrator will compile procedures where they are required or specific major hazards are identified in any work activity.

FIRST AID PROVISIONS

14.1 Sufficient numbers of trained First Aid Personnel will be appointed in each team to deal with workplace accidents and injuries as indicated by the results of a Risk Assessment.

14.2 A nominated First Aider will be appointed in each office.

14.3 Training will be through an HSE-approved body, selected by the Health & Safety Administrator, and each Team Leader must nominate a responsible person(s) to co-ordinate the training needs of their service and liaise with the chosen training body.

HEALTH AND SAFETY TRAINING

15.1 The Health and Safety Administrator is responsible for ensuring that all employees are trained in all the health and safety aspects of their work activities. Such training is necessary for all employees:

(a) On joining the Partnership; and

(b) When the risks faced alter or increase due to:

- a significant change in activities or responsibilities;
- a significant change in equipment or technology; and
- a significant change in the system of work.

15.2 Training must be repeated or updated as necessary. Training must extend to supervisory and managerial staff and must cover legal and organisational responsibilities as well as practical training. Relevant records must be maintained.

CONTRACTORS

16.1 The Partnership will define the standards required from and will monitor the activities of contractors carrying out work for the Partnership in order to minimise risks to employees, other persons on site and members of the public.

16.2 Contractors will be required to provide a detailed Health & Safety Method Statement and any health & safety documentation relevant to the contract.

16.3 The Partnership will develop a document on 'Safety Rules for Contractors' and distribute it to all approved Contractors

VIOLENCE AT WORK

17.1 The Partnership will establish systems and working practices that recognise the potential risk to staff from acts of violence. The Partnership will develop mechanisms by which acts of violence to the staff are eliminated or minimised wherever possible.

17.2 The Partnership realises that violence, whether physical or in the form of verbal threats, including online and social media threats, must be considered in the course of risk assessment and teams are expected to take suitable preventive and protective measures, including the drawing up of suitable written standards and the provision of training where necessary.

MONITORING AND REVIEW OF POLICY

Review of Policy

18.1 The Partnership's Health and Safety Policy and any revision of it will be drawn to the attention of every employee of the Partnership. The contents of the documents produced under the policy will be brought to the attention of all employees to which the contents are relevant.

18.2 The policy and any documentation produced under it will be added to or modified as required and will be reviewed every three years. The lists of approved Contractors and Consultants reviewed annually.

18.3 The Board of Management or relevant sub-committee will receive the annual reports on the working of this policy and Health and Safety will be a standing item on the Board's agendas.

Scheme of Delegation

19.1

Responsible Committee	**Board of Management**
	To whom delegated
Formulation and monitoring of policy	Board
Policy Amendments	Board
Implementation of policy	Chief Executive
Formulation and implementation of relevant procedures	Chief Executive

Breaches of Policy

20.1 If a Board Member knowingly breaches the conditions of this policy this will be grounds for removal from Office in accordance with the Partnership's procedures for removal of a Board Member.

20.2 If a staff member knowingly breaches the conditions of this policy this will be grounds for disciplinary action.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
COSHH	Control of Substances Hazardous to Health
DSE	Display Screen Equipment
MHO	Manual Handling Operations
Risk Assessment	A systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking.

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

hebridean housing partnership

Making our house your home

ITEM NO 7.3

POLICY CONSULTATION RESPONSE

Board 8 February 2023

Report by Chief Executive

Purpose of Report

1.1 To approve the Attendance & Absence Policy following consultation.

Summary

2.1 The Attendance & Absence Policy was approved for consultation with staff and the Union on 22 November 2022 and the consultation period was from 25 November 2022 to 16 December 2022.

2.2 Following the consultation a few amendments have been made to the policy, clarity on *Fit notes* and what happens when you fall ill during annual leave and for a six month period the travel time to Inverness for hospital appointments has been extended. The responses to the consultations, and any amendments required to the policy, are at Appendix 1.

2.3 It was agreed at the Board Meeting on 22 November 2022 consideration would be given to include carry forward of a negative leave balance in exceptional circumstances and best practice for leave taken for IVF treatment, but as it was not raised by any of the staff as an issue no changes have been made.

Competence

3.1 Financial, legal and other constraints from the recommendations to this report are at paragraph 5.1 – 8.2.

Recommendations

4.1 **It is recommended that the Board approve the Attendance & Absence Policy.**

APPENDIX 1:	Consultation Response on Attendance and Absence Policy	
Background Papers:	None	
Writer of Report:	Iona France	0300 123 0773

Competence

Financial

5.1 There are no financial implications arising directly from the consideration of this report. The Policies are all in place currently, and where there is a requirement to fund cover for an Employee taking leave in accordance with these Policies, this will be dealt with under existing budgets.

Legal

6.1 The updated Policies ensure we are compliant with legislation and best practice.

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, legislation and recommended practice, and can leave the Partnership open to legal action.

8.2 Accurate information on absences enable patterns to be identified and can be an early indication of underlying problems. The sooner problems are identified and acted upon the more likely a successful conclusion for the employee and employer alike can be achieved. Loss of Key Staff is highlighted on our Risk Register with a residual rating of 6 which is classed as a low risk.

APPENDIX 1

RESPONSES TO ATTENDANCE AND ABSENCE POLICY CONSULTATION 2022

Number of responses	**18**
Number of responses received where respondents were happy with the proposed changes	**12**
Number of responses received where no changes were made to the Policy	**1**
Number of responses were where changes were made to the Policy	**5**
Staff / Union	**17 staff / 1 Union**

Staff Responses:

Clause	Area	Comment	Management Response
2.3	Absence Reporting	Should it be your Manager's work number you call rather than personal mobile?	The important thing is that they contact their Manager and speak with them and don't want to restrict what numbers they should use. It is up to Managers if they give their personal mobiles to their team but in the first instance, they should try their work number. **No update to Policy.**
7.16	Stress Management	Should the Stress Management Policy be referenced? Stress - seems a little open ended stating it is "not an illness but a state" but is the absence regarded in the same way as an illness at work? Is there a need to link to the Stress Management Policy?	Policy to be updated to cross reference Stress Management Policy.

Clause	Area	Comment	Management Response
7.3	Annual Leave	My personal preference would be for us to move (via new starts initially perhaps) to an individual annual leave year, based on the month employment commenced. I have seen this work successfully elsewhere, and it means that the organisation does not have a log jam and difficulties of lots of untaken leave having to be taken by lots of people all at the same time (which is itself a significant holiday period). It might also help the business in making December less of a low productivity month, as things can't be progressed or delivered by that staff absence. The same carry forward rules (5 days within 3 months) could still apply.	This was considered but not convinced the benefit to the organisation would outweigh the increased admin involved in running separate leave years for a small organisation. Not sure that changing the date will improve how people manage their leave. We will discuss with Unison and consider trialing it for new starts or one team but in the meantime there are other things we can try to improve our leave management e.g. having a work plan discussed and agreed with your team in January with all the things you know are happening in the year and then working out when leave can be taken. Every team will have "unexpected" work every year and time could be built in for that as well. **No update to Policy**
7.3	Carrying Forward Annual Leave	Without wanting it to become something open to abuse, I wonder if there is any way to be able to donate a day's leave to someone each year? Perhaps just from those who over time who have accrued some enhanced days, who might not be in a position to take all their leave, and to someone of their own choosing?"	No change proposed to policy at this time but we will carry out some research to see what other organisations do and discuss it with Unison **No update to Policy.**
7.5	Carrying Forward Annual Leave	It would be beneficial if CX or Directors had some discretion to extend the carry forward period (on the same basis as the main leave period) if some business requirement made taking this leave problematic. New IT systems being installed; covering for staff illness	This discretion is already in place at Para 7.5

Clause	Area	Comment	Management Response
		or team absences might be circumstances where a staff member is willing to be flexible to help with things, and leave could be adjusted to accommodate.	**No update to Policy.**
7.6 & 7.7	Long Term Sickness & Carry Forward of Annual Leave	Not sure about paras 7.6 and 7.7, and how they read. Normally, as per this policy, we are allowed to carry forward 5 days leave. If we are certified sick as at 31st December however, we can carry statutory leave days forward 15 months; and enhanced leave days forward 4 months? Are these extension periods statutory? and how are they managed on Focus/Breathe? Not clear just a long a sick period is required prior to end of year to access these additional benefits? Does self-certification cover it?	Para 7.6 and 7.7 relates to people who are on long term sick not people who have been off for a short while and the conditions are statutory. **No update to Policy.**
7.10	Hospital Appointments	Time to attend hospital appointments to mainland should be reviewed. It is harder to travel to Raigmore (Inverness) from the Southern Isles due to no flights to Benbecula on Monday and Friday each week. There are fights to Glasgow each day of the week but more time is allowed to travel to Glasgow. Clinics appointments in Raigmore tend to be at the end of the week. Could they at least be the same?	This is really a matter for the Health Board so they have been contacted to see if there is anything that can be done to arrange for appointments that fit in with the new flight times to Inverness Policy to be amended to 10:10 max for Inverness to be reviewed on a six-monthly basis.
Additional comments:			
7.5	Carry Forward of Annual Leave	Consideration to be given to carry forward of a negative leave balance in exceptional circumstances.	**No update to Policy.**
7.15	IVF Treatment	Investigate best practice for leave when undergoing IVF treatment	**No update to Policy.**

APPENDIX 1

Union Response:

Clause	Area	Comment	Management Response
2.4	Certification	Fitness for work https://www.gov.uk/government/publications/the-fit-note-a-guide-for-patients-and-employees/the-fit-note-guidance-for-patients-and-employees The Doctor's Statement of Fitness for Work does not necessarily outline when an employee is deemed fit to return to work. It only states that they are not fit for work or may be fit for work with advisory notes. Policy to take note of this	Para 2.4 will be amended to clarify this point.
7.10	Hospital Appointment	Time taken to travel to Inverness from Uist is taking up more than the 7 hours flexi available. Although primarily an issue for health board it can have an effect on those attending Raigmore where employees can end up using annual leave for what should be a relatively straight forward trip to hospital.	Health Board have been contacted to see if there is anything that can be done to arrange for appointments that fit in with the new flight times. Policy to be amended to 10:10 max for Inverness to be reviewed on a six monthly basis.

Making our house your home

ITEM NO 8.1

DEVELOPMENT MONITORING REPORT

Board 8 February 2023

Report by Chief Executive

Purpose of Report

1.1 To provide a progress update on our 5 Year Development Plan (2021-26).

Summary

2.1 A summary of house completions this financial year can be found at Appendix 1 along with photographs of some sites under construction.

2.2 Appendix 2 provides details of progress on the Development Plan for 2021 – 2026 with 70% of planned houses completed or on site.

2.3 The land transaction for Lochmaddy has not yet concluded but the contractor is now back on site at risk, an update will be provided at the meeting.

Competence

3.1 The financial, legal and other constraints arising from the recommendations in this report are detailed at paragraph 5.1 - 8.4.

Recommendations

4.1 **It is recommended that Board note the Development Plan update.**

APPENDIX 1:	Completions 2022/23	
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 2022/23 is £13M expenditure, £8.1M Scottish Government (SG) Grant and £0.346M of shared equity sales resulting in a private finance requirement of £4.6M.

5.2 Details of the projected out-turn for the year are set out in the Management Report on this agenda.

Legal

6.1 There are no legal considerations in 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.

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. As part of the feasibility process, we will carry out a local housing needs demand survey if our waiting list indicates that there is limited demand for housing in the area being considered.

8.2 Our Housing Needs and Demands Analysis (HNDA) and our Housing Waiting List indicates weak demand in all areas and particularly in the most rural locations. We continue to monitor demand on an ongoing basis and there are indications of increases in demand over recent months. The HNDA report suggests that based on current population trends, our development plan will in broad terms meet the current identified need for social rented housing by 2026.

8.3 There is a risk of houses not being sold through the New Supply Shared Equity scheme as demand can be inconsistent. Changing demographics is included in our Risk Register with a residual risk rating of 20 which is considered high.

8.4 The Risk Register also details relevant risks which can impact on the delivery of the Development Plan including:

- risk of contractor failure with a residual risk rating of 12 (medium);
- supply chain and labour market challenges with a residual risk rating of 12 (medium);
- rent affordability with a residual risk rating of 20 (high); and
- reliability of transport links with a residual risk rating of 10 (medium).

Report Details

Development Plan 2021-2026

9.1 Good progress is being made on the delivery of the Development Plan with 33% of the planned homes completed and a further 37% currently on site. Full details of each of the developments can be found in Appendix 2, Table 1.

Development 2022/23

10.1 The main issues to note for developments on site or identified for 2022/23 are the:

- Lochmaddy land transaction has not yet finalised but the contractor has now returned to site and is working at risk.
- Barra and Crowlista developments have slipped to the new year with handover expected in February 2023. The slippage is due to a combination of factors including delays on material delivery (travel disruption) and the supply of electricity meters.

Future Plans

11.1 Appendix 3 summarises work being done on projects for future years and includes the current levels of demand in the area. The following updates are to be noted:

- **Leverburgh** – TIG are working through a planning application for this site. A land transaction will only be pursued once we are successful in obtaining planning permission.
- **Scott Road** – A water pressure study is due to be conducted in February 2023 and TIG have been engaged to work with Scottish Water on water and sewer connections. We have engaged our solicitors to formailise agreements with the North Harris Trust and Atlantic Land and Property Limited.
- **Grimsay**, Isle of North Uist – the full feasibility study has now been received. We are conducting an internal assessment on the viability of progressing with the site. The ground conditions of the southern area of the site is more favourable to development and planning have requested a linear development which would likely allow a maximum capacity of 8 units.
- Sites at **Bernera**, Isle of Lewis and **Gravir**, South Lochs are undergoing full feasibility studies. Neither site has significant level of waiting list demand. However, the HNDA indicated a small level of need in addition to that indicated by waiting lists. It

would be prudent to refresh the community consultation if the feasibility study outcome is positive.

Strategic Housing Investment Plan (SHIP)

11.2 The Strategic Housing Investment Plan (SHIP) has been updated and is awaiting feedback from Scottish Government. The council is also working through their Housing Needs Demand Assessment which will provide the backing for the development of the Local Housing Strategy. This SHIP will span financial years 2023/24 to 2027/28. Our development programme commitments are to 2025/26.

New Supply Shared Equity (NSSE)

12.1 All 6 x 3 bed homes available for sale in the second phase at Sinclair Avenue have now been sold.

12.3 The new phase has 2 x 2 bed homes available for sale through shared equity. One has a buyer awaiting settlement date and 1 house is going through assessment of applications.

Scheme	Area	Type	Units
Gleann Mor, Barvas	Rural Lewis	Rent	8
Johnstone Court, Balivanich	South Uist	Rent	10
Sinclair Avenue	Stornoway	Rent	22
Sinclair Avenue	Stornoway	NSSE	2
Total Handover to February 2023			**42**


Crowlista – 4 Units (Calmax)


Barra Cleit Road – 6 Units (Calmax)

Blackwater – Phase 1 (Calmax)

New Build Updates **APPENDIX 2**

Table 1.1 Development Performance – 5 Year Development Plan 2021-2026 (Approved March 2022)

	RENT	NSSE	HWEC	TOTAL	% of Plan	Comments
Completed 2021/22	64	14	0	**78**	22%	-
Completed 2022/23	40	2	0	**42**	11%	-
On Site	83	0	50	**133**	37%	-
Planned for 2022-26	106	0	0	**106**	30%	-
	293	**16**	**50**	**359**		

New Build Updates **APPENDIX 2**

Table 1.2 5 Year Development Plan Summary (Approved March 2022)

Type	Area	Location	Total Units	Stage	2021/22	2022/23	2023/24	2024/25	2025/26
RENT	Stornoway	Scotland Street	6	Completed 21/22	6				
RENT	Rural Lewis	Shawbost	4	Completed 21/22	4				
RENT	Harris	Police Stn Tarbert	8	Completed 21/22	8				
RENT	Rural Lewis	South Dell (Developer)	6	Completed 21/22	6				
RENT	Uist	Howmore	4	Completed 21/22	4				
RENT	Stornoway	Goathill RENT	58	Completed 22/23	36	22			
NSSE	Stornoway	Goathill NSSE	16	Completed 22/23	14	2			
RENT	Uist	Balivanich	10	Completed 22/23		10			
RENT	Rural Lewis	Barvas (Developer led)	8	Completed 22/23		8			
HWEC	Stornoway	Goathill HWEC	50	On Site		50			
RENT	Rural Lewis	Uig - Crowlista	5	On Site		5			
RENT	Barra	Barra/Vatersay	6	On Site		6			
RENT	Stornoway	Blackwater	72	On Site		12	30	30	
RENT	Uist	Lochmaddy Former Hospital	8	On Site at Risk			8		
RENT	Uist	South Harris - Leverburgh	6	Being Investigated		6			
RENT	Uist	South Uist	6	Land to be determined		6			
RENT	Harris	Scott Road	24	Being Investigated			12	12	
RENT	Rural Lewis	Rural Lewis- South Lochs	4	Feasibility			4		
RENT	Uist	Benbecula	4	Tender Preparation				4	
RENT	Uist	South Uist	6	Land to be determined				6	
RENT	Stornoway	Stornoway Regeneration	14	Land to be determined				14	
RENT	Uist	North Uist	4	Feasibility Study				4	
RENT	Stornoway MA	Point (Knock)	4	Land to be determined				4	
RENT	Rural Lewis	Rural Lewis- Bernera	4	Feasibility Study				4	
RENT	Barra	Cleat Road- Phase 2	6	Land available				6	
RENT	Uist	North Uist	6	Feasibility Study					6
RENT	Barra HWEC	Barra HWEC	10	Initial assessment					10
		Total Units	**359**		**78**	**127**	**54**	**84**	**16**

New Build Updates

APPENDIX 2

Table 2.1 Current Development Projects 2022/23

Scheme	Area	Units	Stage	Expected Handover	Comments by exception
Barvas	Rural Lewis	8	Completed	Apr-22	-
Low Flyer, Balivanich	Uist	10	Completed	May-22	-
Goathill (Phase 3)	Stornoway	22	Completed	Oct-22	Final phase saw 22 homes completed. The full site saw 58 homes made available for social rent.
Goathill NSSE (Phase 3)	Stornoway	2	Completed	Oct-22	16 houses made available for sale of which 14 houses have NOW sold, 1 house with buyer identified and 1 house going through application.
Goathill HWEC	Stornoway	50	On Site	Feb-23	-
Crowlista, Uig	Rural Lewis	5	On Site	Feb-23	-
Barra – Cleit Road	Barra	6	On Site	Feb-23	Risk to handover date due to delay in electricity meter supply being one of the main concerns.
Blackwater	Stornoway	72	On Site	Oct-25	Contractor continues on site to complete groundworks for section 1. This will be a phased handover with the first phase due to be handed over in January 2024.
Lochmaddy	Uist	8	Planning/Land Transaction	Feb-24	Awaiting land transaction. Contractor is conducting work at risk.
South Harris - Leverburgh	Harris	6	Land Negotiation	TBC	TIG working through a planning application to determine suitability for land acquisition.
South Uist	Uist	6	Land Identification	TBC	Have not had success finding suitable land in South Uist but 1 Site at North Uist, 1 site at Berneray and 1 site at Gravir, South Lochs have been progressed to full feasibility. A tender is in progress for a further 4 units at the Low Flyer site.

Future Plans

APPENDIX 3

YEAR	Scheme	Area	Units	Demand (Transfer/Waiting)*	Comments by exception
2023/24	Scott Rd	Harris	12	6/28	Land transaction negotiation ongoing. Service connection requirements being investigated with SW. A water pressure survey due to be conducted in February at the request of SW.
	Rural Lewis- South Lochs	Rural Lewis	4	1/6	Following positive planning feedback, a site at Gravir has been progressed to full feasibility. Demand figures represent South Lochs area.
2024/25	Scott Rd (Ph 2)	Harris	12	6/28	Land transaction negotiation ongoing. Service connection requirements being investigated with SW. A water pressure study due to be conducted in February at the request of SW.
	Low Flyer, Balivanich Ph 2	Uist	4	8/26	Additional 4 units Low Flyer being progressed to tender this financial year.
	South Uist	Uist	6	8/16	Site to be identified. 7 sites had an initial review with 1 progressing to a desktop feasibility study but was discounted due to land condition. CNES continue its search for suitable land for development.
	Stornoway Regeneration	Stornoway	14	84/247	Site to be determined.
	North Uist	Uist	4	4/15	Full feasibility conducted for 1 site at Grimsay which is being assessed internally. Potential capacity of 14 units.
	Point	Stornoway Market Area	4	3/12	Site to be identified with one potential site being reviewed by planning.
	Rural Lewis- Bernera	Rural Lewis	4	0/3	A site at Bernera is awaiting completed feasibility study.
	Cleat Road- Phase 2	Barra	6	8/37	Existing land available for a potential second stage of the current development.

Future Plans

APPENDIX 3

YEAR	Scheme	Area	Units	Demand (Transfer/Waiting)*	Comments by exception
2025/26	North Uist	Uist	6	4/15	Full feasibility conducted for 1 site at Grimsay and is being assessed internally. Potential capacity of 14 units.
	Barra HWEC	Barra HWEC	10	TBC	Board decision taken to support the project subject to confirmation of funding from the various departments of Scottish Government.

*demand figures as at 31 December 2022

Making our house your home

ITEM NO 8.2

QUARTERLY TREASURY REPORT TO 31 DECEMBER 2022

Board 8 February 2023

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To inform the Board of the Treasury Management activities for the third quarter of 2022/23.

Summary

2.1 The quarterly Analysis of Investment and Borrowing report required by the Treasury Management Policy is at Appendix 1.

2.2 Financial covenants are forecast to be met for 2022/23.

Competence

3.1 Financial and legal constraints arising from the recommendation to this report being implemented are detailed at 5.1 – 8.3.

Recommendations

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

a) quarterly report on the Analysis of Investment and Borrowing as at Appendix 1;
b) outstanding loans at 31 December 2022 of £17M; and
c) cash balance at 31 December 2022 of £8.728M.

APPENDIX 1:	Analysis of Investment and Borrowings	
APPENDIX 2:	Quarterly Income and Expenditure Profile	
Background Papers	None	
Writer of Report	Donald Macleod	Tel: 0300 123 0773

Competence

Financial

5.1 This report deals entirely with the cash resources utilised over the third quarter of 2022/23.

Legal

6.1 Rule 19.1 to 20.1 details the Partnership's borrowing powers.

6.2 The effecting of borrowing and lending money is in accordance with the Partnership's borrowing and lending policies and CIPFA's "Treasury Management in Housing Partnerships: A Code of Practice" and has been delegated to the Director of Finance & Corporate Services.

6.3 The Treasury Management Policy requires that as a minimum a quarterly report is provided to the Board in the form of "Analysis of Investment and Borrowing".

6.4 The Treasury Management Policy requires that if the cash balances exceed £4M the funds should be spread over no fewer than four interest bearing accounts. The cash balances are in a special interest account with Royal Bank of Scotland (RBOS). The remainder is held in the current accounts with the RBOS.

6.5 The Treasury Management Policy states that we "will ensure at least 50% of net debt is to be hedged (either through entering into fixed rates or using another acceptable instrument) at any one time and so a maximum of 50% of forecast net debt exposed to the risk of rising interest rates".

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 a number of risks highlighted in the Risk Register in relation to Treasury Management. The risk scored as "high" is the impact of increases in the interest rate and inflation rate and this has been addressed in Appendix 1.

8.2 The COVID-19 pandemic and war in Ukraine has resulted in turmoil in the financial markets. The increase in the bank interest rates mean that there will be an increased cost with respect to any variable loans held. There will also be an increase in interest received on deposit accounts.

8.3 Interest rate is managed through hedging the proportion of debt between Fixed and Variable. We are in a strong hedging position with only £1.5M of current debt drawn on a variable basis.

Report Details

Third Quarter Treasury Update

9.1 The third quarter of the year saw £5.007M expenditure of which £1.839M related to new build.

9.2 The income for the third quarter was £4.738M and comprised Rental Income (58%), Sale of Assets (5%), Government Grants including new build (33%) and Other Income (4%).

9.3 In this quarter there was no change in total borrowing (£17M drawn).

9.4 Appendix 2 summarises the income and expenditure profiles for the third quarter.

9.5 The cash balances at 31 December 2022 decreased quarter on quarter by £0.388M to £8.728M. This was mainly driven by an increase in spend in third quarter on investment and development along with the annual insurance premiums paid in October.

9.6 All covenants are forecast to be complied with for 2022/23.

31DEC22 ANALYSIS OF INVESTMENTS AND BORROWINGS

INVESTMENTS

	Mar-22	Jun-22	Sep-22	Dec-22	Average
DEPOSIT ACCOUNTS	**£000's**	£000's	£000's	£000's	£000's
Royal Bank	**750**	750	750	4,250	1,625
CWS	**0**	0	0	0	0
BOS	**4**	6	6	12	7
Santander	**85**	85	85	86	85
Total Deposit	**839**	841	841	4,348	1,717
CURRENT ACCOUNTS					
General Account	**893**	**3,544**	**6,228**	**2,117**	3,195
Standing Order	**503**	**301**	**518**	**732**	514
Direct Debit	**500**	**676**	**750**	**750**	669
Office/Cash	**537**	**645**	**750**	**750**	671
Property Factorin	**25**	**26**	**29**	**31**	28
Total current	**2,457**	5,192	8,275	4,380	5,076
Total	**3,296**	6,033	9,116	8,728	4,665

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

The cash held at the Royal Bank is split between 5 operational accounts totalling £4.380M. 5 deposit accounts held with the 4 banks shown above total £4.348M.

BORROWINGS

Core Funding Facility	£m
Estimated debt outstanding (per Business Plan)	17.00
Actual amount outstanding	17.00
Difference	-

Interest Rates

The Interest Rate that applies to the Partnership is SONIA plus an agreed margin. SONIA is the Sterling Overnight Index Average and replaces LIBOR (London Inter Bank Offer Rate). SONIA has risen from 2.19% to 3.43% at 31 December 2022.

The Base Rate increased from 2.25% to 3.5% in December 2022 as a result of the Bank of England (BOE) response to the mini-budget and weakening Pound Sterling. It is anticipated the Bank of England will increase rates further as they try to control inflation, which at 10.5%, is running significantly above their 2% target.

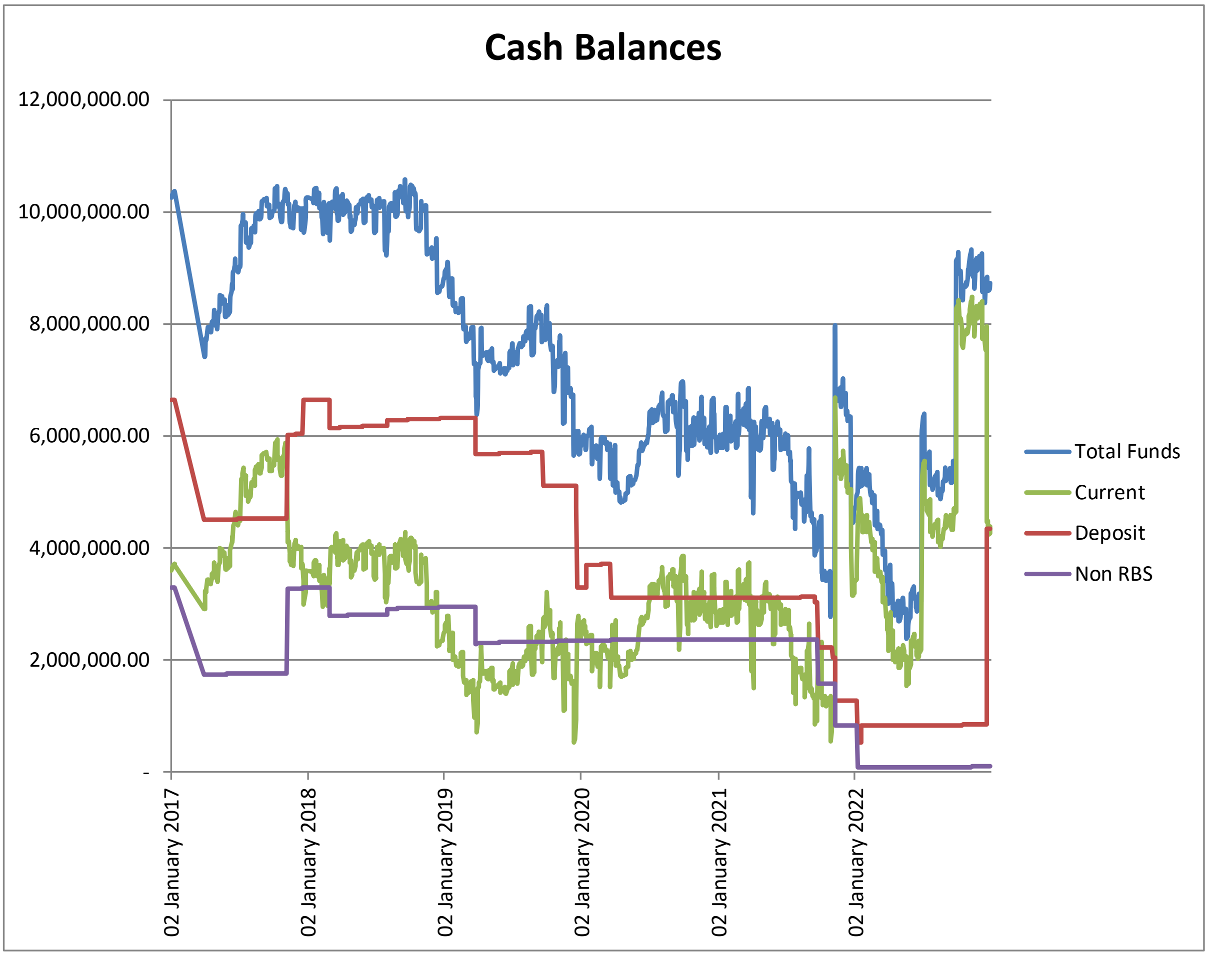
Borrowings		**Mar-22**	**Jun-22**	**Sep-22**	**Dec-22**	**Average**
		£000's	£000's	£000's	£000's	£000's
Facilities arranged		25,000	25,000	25,000	25,000	25,000
Loans outstanding		10,000	13,000	17,000	17,000	14,250
Variable/Fixed analysis-amounts						
	Variable amount	1,500	1,500	1,500	1,500	1,500
	Fixed amount	8,500	11,500	15,500	15,500	12,750
	Other Hedging	-	-	-	-	-
		10,000	13,000	17,000	17,000	14,250
Variable/Fixed analysis-Percentages						
Variable		15.00%	11.54%	8.82%	8.82%	10.53%
Fixed		85.00%	88.46%	91.18%	91.18%	89.47%
Other Hedging Products						
		100%	100%	100%	100%	100%
Lenders amounts						
	Core Facility (RBS)	10,000	13,000	17,000	17,000	14,250
	Other Borrowings	-	-	-	-	-
		10,000	13,000	17,000	17,000	14,250

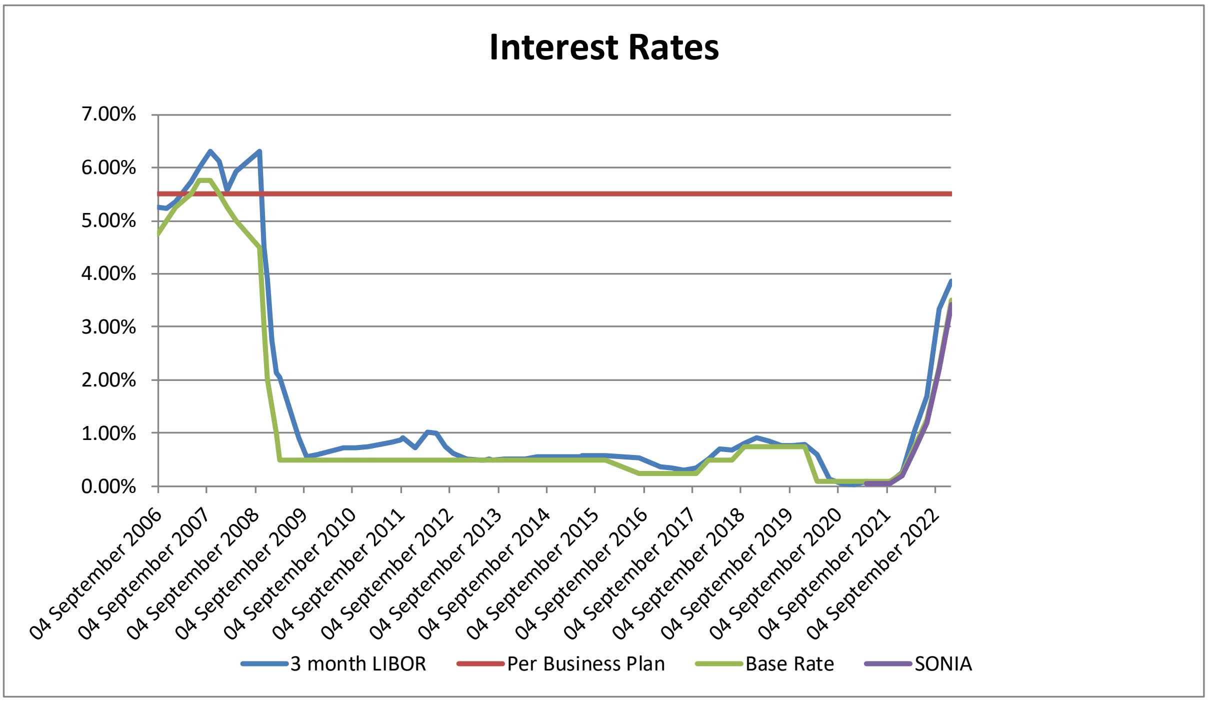
Average cost of borrowing

Amount £000's	**Interest**	**Type**	**Annual Cost**
15,500.00	3.18%	Fixed	493,447
1,500.00	4.52%	Variable	67,790
17,000.00			561,237
Average cost of funds			3.30%

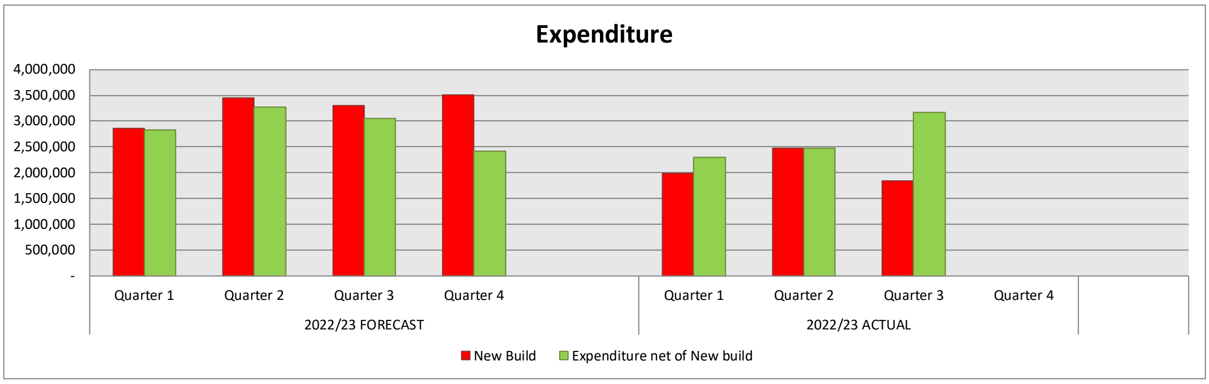
Anticipated level of borrowing over next 5 years

Year	2022/23 Est	AFS Forecast	Variance
	£m	£m	£m
2022/23	17.000	17.000	-
2023/24	22.500	22.500	-
2024/25	24.500	24.500	-
2025/26	25.000	25.000	-
2026/27	25.000	25.000	-



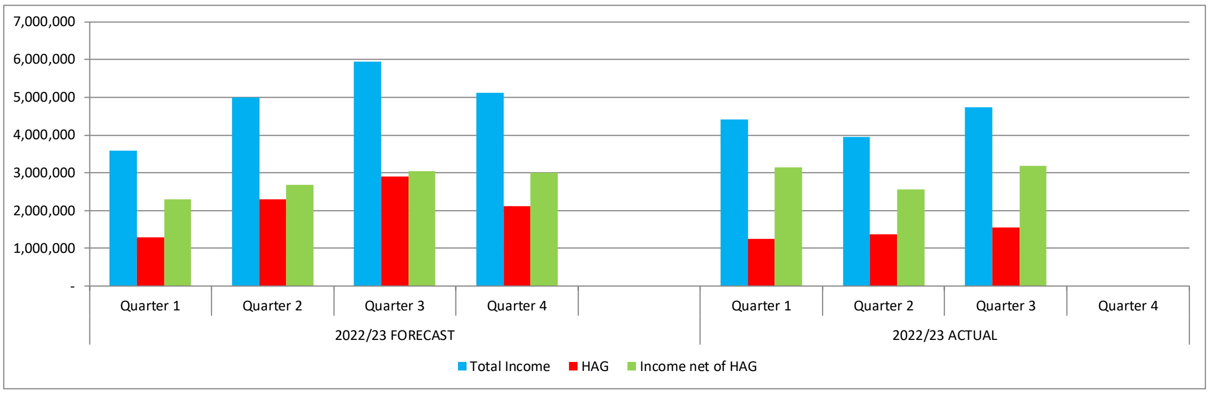

Interest Rates
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
04 September 2006
04 September 2007
04 September 2008
04 September 2009
04 September 2010
04 September 2011
04 September 2012
04 September 2013
04 September 2014
04 September 2015
04 September 2016
04 September 2017
04 September 2018
04 September 2019
04 September 2020
04 September 2021
04 September 2022
3 month LIBOR
Per Business Plan
Base Rate
SONIA

EXPENDITURE



Overall the expenditure for the third quarter (Q3) of 2022/23 is significantly lower compared to forecast. This is mainly driven by New Build, due to delays in getting onto site in a number of developments as originally planned. Increased spend on our investment programme has resulted in Q3 expenditure net of New Build to be broadly in line with forecast.

INCOME



Total Income for the third quarter of 2022/23 is broadly in line with the original budget with the exception of HAG. This is driven by delays in getting onto site in a number of developments as originally planned. We also received £100K grant funding to support tenants with the cost of living crisis in December 2022.

hebridean housing partnership

Making our house your home

ITEM NO 8.3

SHR LOAN PORTFOLIO (IN-YEAR RETURN)

Board 8 February 2023

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present the in-year Loan Portfolio return, which was submitted to the Scottish Housing Regulator (SHR) on 21 December 2022, for noting.

Summary

2.1 The SHR require RSLs to submit an in year Loan Portfolio Return when there has been a change to an RSL's borrowing arrangements or debt drawn/repaid.

2.2 We have, in accordance with our new borrowing facility, drawn £7M with respect to our Facility B availability period. This has increased our total borrowing to £17M in line with our Annual Financing Strategy.

2.3 The in-year Loan Portfolio return was submitted on 21 December 2022 through the Scottish Housing Regulator Portal as per Appendix 1.

Competence

3.1 Submission of the return at Appendix 1 ensures the Partnership's regulatory requirements are met.

Recommendations

4.1 **It is recommended that the Board note the submission of the in-year Loan Portfolio to the Scottish Housing Regulator as at Appendix 1.**

APPENDIX1: Loan Portfolio Return 2023/24

Background Papers: None

Writer of Report: Donald Macleod Tel: 0300 123 0773

Competence

Financial

5.1 The loan portfolio statement has been filed which shows debt drawn in accordance with our Restated Financing Agreement (RFA) availability period.

5.2 The level of drawn debt is in line with the Annual Financing Strategy Forecast of £17M.

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".

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 Submission of the return at Appendix 1 ensures the Partnership's regulatory requirements are met.

8.2 The cost of borrowing is highlighted on our Risk Register with a residual risk rating of 6 which is considered medium.

Loan Portfolio In-year Return 2022-2023

Scottish Housing Regulator

Landlord name	Hebridean Housing Partnership Ltd
RSL Reg. No.	359
Report generated date	18/01/2023 14:45:49

Approval	
Date approved	21/12/2022
Approver	Donald Macleod
Approver job title	Director of Finance & Corporate Services

Submission	
Date of Return	21/12/2022
Reason for return	
Drawdown	
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	
	N/A

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	Gearing = 8% / Interest Cover = 520%

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	12,000.0	0.0				
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	17,000.0	8,000.0				

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														
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	RBSFIXED1049	Fixed Rate Loan	Affordable Housing Development		3,000.0	3,000.0	Interest only followed by structured capital repayments	Fixed Rate Percentage		2.8230%	30/06/2031	31/03/2046	30/09/2022	Paid
HHPRBS2165	RBSFIXED1050	Fixed Rate Loan	Affordable Housing Development		4,000.0	4,000.0	Interest only followed by structured capital repayments	Fixed Rate Percentage		2.8230%	30/06/2031	31/03/2046	31/12/2022	Paid
HHPRBS2165 Total					12,000.0	12,000.0								
Totals					17,000.0	17,000.0								

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						No	No	No						
HHPRBS2165	RBSFIXED1047	31/12/2021	Yes			Yes	Yes	No		100.00%	47,715.0	EUV-SH without sales	31/03/2021	
HHPRBS2165	RBSFIXED1049	30/06/2022	Yes			Yes	Yes	No		100.00%	47,715.0	EUV-SH without sales	31/03/2021	
HHPRBS2165	RBSFIXED1050	30/09/2022	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
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	Gearing = 8% / Interest Cover = 520%
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 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:-	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Gearing = 8% / Interest Cover = 520%

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
				- 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%).			
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; -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)	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Gearing = 8% / Interest Cover = 520%

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
				- 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%).			
HHPRBS2165	RBSFIXED1049	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	Gearing = 8% / Interest Cover = 520%
HHPRBS2165	RBSFIXED1050	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%).	Minimum Interest Cover 110% & Maximum Gearing = 30%	Annually	Gearing = 8% / Interest Cover = 520%

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
				"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%).			

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	18.1	18.1	Working Capital		48	01/03/2018	31/03/2023	31/03/2023	No		
Totals			18.1	18.1									

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