BOARD AGENDA –

25 MARCH 2025

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MEETING GOES INTO PRIVATE SESSION

Board Meeting Attendance 2024/25

Board Members	Notes	28-Aug-24	19-Nov-24	11-Feb-25	25-Mar-25	22-May-25	22-Jun-25	02-Sep-25
Gordon Macleod								
Helen Mackenzie								
Iain M Macleod								
Gary Lamont	1							
Fiona Macleod								
Alison MacCorquodale								
Calum Mackay								
Norman Macdonald								
Duncan Macinnes	2							
Valerie Russel	3							

1 Appointed as Tenant Member 28 August 2024
2 Appointed as Council Appointed Member 21 October 2024
3 Appointed as Community Member 19 November 2024

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

hebridean housing partnership

ITEM NO 3.1

HEBRIDEAN HOUSING PARTNERSHIP
Board Minutes of Meeting held via Microsoft Teams on Tuesday, 11 February 2025 at 5.30pm

PRELIMINARY ITEM	
ATTENDANCE & APOLOGIES	
1	Attendance & Apologies Attendees via MS Teams Gordon Macleod (Chair) Alison Maccorquodale Calum Mackay Duncan Macinnes (Joined the meeting after Item 6.1) Fiona Macleod Helen Mackenzie Norman Macdonald Valerie Russell Apologies Received Iain M Macleod Apologies Not Received Gary Lamont Staff & Consultants in Attendance Dena Macleod (Chief Executive) Donald Macleod (Director of Finance & Corporate Services) John Maciver (Director of Operations) Angus E MacNeil (Assets & Contracts Manager) Monika Fortagh (Debt Management Officer) Iona France (Governance Officer) Joel Martin (Corporate Services Officer) Michael Libby (Corporate Services Officer – Minute Taker) In attendance for Public Items Only Angus Smith (Corporate Resources Manager) Donalda Mackinnon (Area Manager) Gary Macleod (Digital Transformation Manager) James Morrison (Finance Manager) Katrina Rowlands (Service Development Manager) Katie Walker (Area Manager) Sawan Morrison (Development Manager)
PRELIMINARY PROCEDURAL MATTERS	
2	Declaration of Interest Calum Mackay declared an interest in item 6.4.
3.1	Minute of Board Meeting 19 November 2024 The minute of the Board meeting of 19 November 2024 was submitted and approved as a true and accurate record.
3.3	Action Sheet The Chief Executive advised there were no updates to report on the Action Sheet. The Director of Operations advised the Board of FES having been acquired by OCS, a large international Facilities Management company. Business has continued as normal with no advised changes in management arrangements, reporting arrangements, or local autonomy in decision-making. A meeting was planned with Alec Blakely, FM Director with FES and following this meeting an update would be provided to the board. The Action Sheet was noted.
4	Date of Next Meeting The date of the next meetings will be Tuesday 25 March 2025.
5	Health & Safety Nothing to report.

ITEMS FOR DECISION	
6.1	<u>Business Plan</u> Duncan Macinnes joined the meeting The Chief Executive presented the annual review of the Business Plan 2024/25 to 2028/29, incorporating feedback from tenants and the Board self-assessment. The new actions included rent guarantees, estate visits for Board members and further engagement with the Young Islanders Network. Work was concluded on the Culture Audit as well as a thorough review of the Risk Register which resulted in a new risk being added 'Long Term Financial Viability'. The Risk Appetite was updated with a focus remaining on poverty. Updates were made to the Investment Plan and the Development Plan. Tenants and Partners will be consulted before the final Business Plan is presented to the Board on 25 March 2025 Fiona Macleod suggested a system be in place to track board and partner comments, and if they have been incorporated into the business plan. Helen Mackenzie suggested we look at the option of using Priority Search Services. She also asked that we consider including some "leading indicators" along with our current indicators which are all "lagging". The Board approved: a) the draft 2025 update to the Business Plan 2024/25 to 2028/29 as the basis for the consultation document with a final Plan brought to the Board in March 2025; and b) the reviewed Risk Register 11 February 2025.
6.2	<u>Rent Setting & Cash Planning Limits 2025/26</u> The Director of Finance and Corporate Services (DFCS) presented the Rent Setting & Cash Planning Limits report. The report included a proposed rent increase for house rents at RPI plus 1% (4.4%) and the same increase for garage and garage site rents. Other service charges were proposed to increase by 3.4%. There was a substantial increase in the number of responses for the rent consultation, rising from 16 responses in 2024 to 125 in 2025, primarily from tenant portal users. The cash planning limits were outlined. The total increase in dwelling rents, taking into account the increase in housing stock and the rent rise, is 6.7%'. There is a reduction of 9% in grant funding reflecting the closure of the RHI Scheme. The Chair commented that it was encouraging to see the dramatic increase in consultation responses due to the introduction of the Tenant Portal. The Board: a) approved the cash planning limits; b) approved the increase of house rents for 2025/26 at RPI plus 1% (4.4%), an average increase of £4.18 per week to £99.19 per week; c) approved garage rents and garage site rents for 2025/26 be increased by RPI plus 1% (4.4%); d) approved all other services and charges for 2025/26 be increased by 3.4%(October RPI); and e) noted that detailed budgets will be submitted to the Board for approval on 25 March 2025.
6.3	<u>Appointment of External Auditor</u> The DFCS advised the Board that due to ill health, the previous external auditor, CIB services had tendered their resignation, and a tendering process was conducted in November 2024 resulting in two responses. Members of the Audit & Risk Committee conducted a scoring exercise, and at the Audit & Risk Committee meeting earlier in the day, recommended approval of the appointment of CT Audit for a four-year period. This covers the audit of our Financial Statements ended 31 March 2025 through to 31 March 2028, and to provide tax services over the same period to the Board. Helen Mackenzie, Audit & Risk Committee Chair, highlighted the experience of CT Audit in the housing sector. The Board approved the appointment of CT Audit for a 4-year period for the audit of Financial Statements ended 31 March 2025 to 31 March 2028 and to provide tax services over the same period.
6.4	<u>Disposals & Licence Agreement</u> This item was taken in Private and Confidential.

6.5	<u>Void Properties – Decoration Allowance</u> The Director of Operations proposed a revised and increased level of decoration allowances for void properties. The new allowances were increased in line with inflation and rounded up from previous amounts. An upper limit was proposed on the level of decoration allowance that would be paid for any one property. When determining the level of increase, the practices of other Registered Social Landlords (RSLs) were considered. Calum Mackay commented that this was the first increase to decoration allowance that he was aware of and expressed his approval of the revision. Alison MacCorquodale inquired about the re-use of items left by former tenants such as floor coverings. The Director of Operations advised that a revised approach to the re-use of items would be introduced from 31 March 2025 to allow certain items to be left, if they were determined to be in good condition. Helen Mackenzie raised concern for new tenants who may not be able to decorate due to age or mobility and asked if there was any support in this case. Ms Mackenzie also asked if funds would be paid to tenants in advance of decoration works or once works had been complete. The Director of Operations advised that payments would only be made to tenants once works have been finished, and acknowledged the challenge of those who may not be able to carry out decoration works due to age or mobility limitations. Ongoing efforts were being made to find ways to assist less able tenants, including potential community support. Alison MacCorquodale asked if assistance with decorations is something that could be looked at in terms of a community benefit provided by contractors. The Director of Operations advised that as part of the contract extension with FES FM, they have agreed to provide new tenants with decorating supplies such as paint brushes, rollers and dust sheets as part of their community benefit commitment. The Board approved the proposed level of decoration allowances for 2025/26 of up to: a) £500 available to new tenants; and b) £700 for new tenants in difficult to let properties.

POLICIES & STRATEGIES	
7.1	<u>Special Leave Policy</u> The Chief Executive presented the updated Special Leave Policy noting that although it was not due for renewal, changes were necessary around unpaid leave to ensure clarity. The Board approved the Special Leave Policy.

MONITORING REPORTS	
8.1	<u>Quarterly Treasury Report</u> The Director of Finance & Corporate Services presented the Treasury management activities for the third quarter of 2024/25 and confirmed our cash balances were £10.062M, a decrease of £1.392M compared to the previous quarter. All covenants were forecast to be complied with for 2024/25. The Board noted the: a) quarterly report on the Analysis of Investment and Borrowing; b) outstanding loans at 31 December 2024 of 17M; and c) cash balance at 31 December 2024 of £10.062M.
8.2	<u>Management Report to 31 December 2024</u> The Finance Manager presented the Management Report to 31 December 2024 highlighting a reduction in interest paid of £80K partially due to a recent reduction in the Bank of England base rate. No further issues were noted. The Board noted the Management Report at 31 December 2024 and revised forecast out turn at 31 March 2025.

8.3	<u>Development Report</u> The Development Manager provided an update on the following developments: Grimsay – Progressing with planning application and discussions were ongoing with the landowner regarding peat reclamation. Melbost West – Public Consultations were undertaken with positive feedback received as well as concerns regarding infrastructure. Scott Road – The first draft of the hydrology study was received which was generally positive, with some mitigations required. Helen Mackenzie emphasised the importance of considering the infrastructure and services that support housing developments, such as shops, doctors' surgeries, and schools. The Board noted the Development Report.
8.4	<u>Investment Report</u> The Investment Manager advised the current Investment Plan is due to complete by the end of March with the exception of one property which will be completed in April 2025. The Aids and Adaptations budget is now committed, and ongoing works are being managed with Occupational Therapy. The Board noted the: a) progress on the 2024/25 Investment Programme; and b) update on Aids & Adaptations and the waiting list.
8.5	<u>Health and Safety Annual Review</u> The Corporate Resources Manager presented the Health and Safety Annual Review noting that all staff training modules had been completed with further training to be scheduled for 2025. Helen Mackenzie emphasised the importance of capturing 'near misses' when reporting on health and safety issues. The Director of Operations advised that 'near misses' are recorded and would review the reporting on these. Helen Mackenzie commented on the importance of addressing driving safety, particularly during winter when the sun is low and suggested that a risk assessment and guidance should be provided for staff who are required to drive as part of their job, to ensure they are prepared for the challenges posed by low sun conditions. The Director of Operations advised a driving risk assessment is undertaken by staff and checks will be carried out to make sure that this covers driving in low sun conditions. The Board noted the Health and Safety Annual Review.
8.6	<u>Business Plan Monitoring Report</u> The Governance Officer presented the Business Plan Monitoring Report highlighting 90% of the business plan actions are progressing towards completion by 31 March 2025. The Board noted the Business Plan Monitoring Report.
8.7	<u>CX Housing System Update</u> The Digital Transformation Manager provided an update on the implementation of the Civica CX Housing Management System and its impact on operational processes. It was highlighted that the Tenant Portal which launched in May 2024 now has over 550 users and this, along with the CX Housing Management System had led to improved efficiency across departments. Efficiencies were achieved by introducing self-service options for tenants, reducing interactions with Customer Services, automation of account charges and the implementation of full electronic invoicing with FES FM. Helen Mackenzie acknowledged the efforts in getting the CX system and Tenant Portal live and emphasised the importance of continuing onto future phases to ensure the systems works to its full potential. The Board noted the CX Housing System Update
MEETING GOES INTO PRIVATE SESSION	

Chairperson Mr Gordon Macleod

SIGNED ....

DATE ....

hebridean housing partnership

ITEM NO 3.2

BOARD ACTION SHEET

ACTION POINT	MINUTE NUMBER	ACTION TO BE TAKEN	DEADLINE/ TIMESCALE	ACTION BY	PROGRESS
1	27 Jun 24 (6.2)	Finance overview session to be held with Board Members (and an invite to be given to Councillors).	30 June 2025	Director of Finance & Corporate Services	Training being arranged for Board members through Internal Auditor.
2	27 Jun 24 (6.7)	Disposal of Garage, Garrabost, to be progressed.	31 March 2025	Executive Office	Offer received – Sale progressing
3	28 Jun 23 (6.7)	Scott Road Development to proceed to full planning permission.	31 March 2025	Development Manager	Interim Hydrology study received and reviewed. Proceeding to planning application.

hebridean housing partnership

Making our house your home

ITEM NO 6.1

BUSINESS PLAN 2025 UPDATE

Board 25 March 2025

Report by Chief Executive

Purpose of Report

1.1 To review and approve the 2025 Update to the Business Plan (2024/25 to 2028/29) at Appendix 1 following consultation.

Summary

2.1 We consulted on the draft Business Plan from 14 February 2025 to 12 March 2025. We received 69 responses with 67 from tenants which is around 2% of all tenants. A summary of the responses we received along with our reply is at Appendix 2. This will be made available on our website.

2.2 The consultation consisted of two elements; people were asked:

a) If they agreed with a list of priorities highlighted during the rent consultation and to prioritise each one: and
b) if they agreed with a number of new actions which arose from Board Business Planning sessions

2.3 The top two priorities from the consultation are Investment and Affordability and actions are already captured in the Business Plan, so no adjustments are required. The third priority is the re-introduction of Right to Buy which is a matter for the Scottish Government.

Competence

3.1 The financial, legal or other implications arising directly from the consideration of this report are at para 8.1.

Recommendations

4.1 It is recommended that the Board:

a) approve the 2025 update to the Business Plan 2024/25 to 2028/29 at Appendix 1; and
b) note the outcome of the consultation at Appendix 2 and our response to the issues raised.

APPENDIX 1	Business Plan (2024/25 to 2028/29)	
APPENDIX 2	Consultation Outcome & HHP Response	
APPENDIX 3	Business Plan Summary	
Background Papers	None	
Writer of Report	Dena Macleod	Tel: 0300 123 0773

Dena Macleod 5 March 2025

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The Business Plan is supported by 30 year financial projections, 5 year projections and the annual budget for 2025/26. The annual budget for 2025/26 will be agreed at this meeting. The Development Plan reflects the requirements of the Comhairle's SHIP that we are able to fund. We have not been able to provide for all the houses in the SHIP at this stage. Funding for development will be obtained as it is affordable and required. This will ensure we remain compliant with our current funding arrangements whilst allowing the time to explore affordable funding options for an increased development programme and keep our rents affordable. Our current funding facility is for £25m. We can borrow up to 91% of the value of our stock this means based on 2024 Valuation we can borrow up to £56m. The Board have set a threshold for our borrowing at £11,500 per house.
Legal	There are no specific legal issues relating to the approval of the Business Plan
Regulatory	The Regulator's guidance on Business Planning has been followed and the review points raised as part of our 2024 Regulation meeting.
Risk	The Risk Register has been updated to reflect the draft Business Plan. Our average risk score is 13.5 and taking controls and actions into account our net average score is 5.67. Our Risk Appetite is included within the Business Plan
ESG	The Business Plan supports our ESG strategy
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Feedback on the consultation will be made available on our Website and a copy shared with all members of staff.

APPENDIX 1

Hebridean Housing Partnership

Business Plan

2024/25 to 2028/29

2025 Update

Making our house your home

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

Email: info@hebrideanhousing.co.uk
Web: www.hebrideanhousing.co.uk
Phone:0300 123 0773

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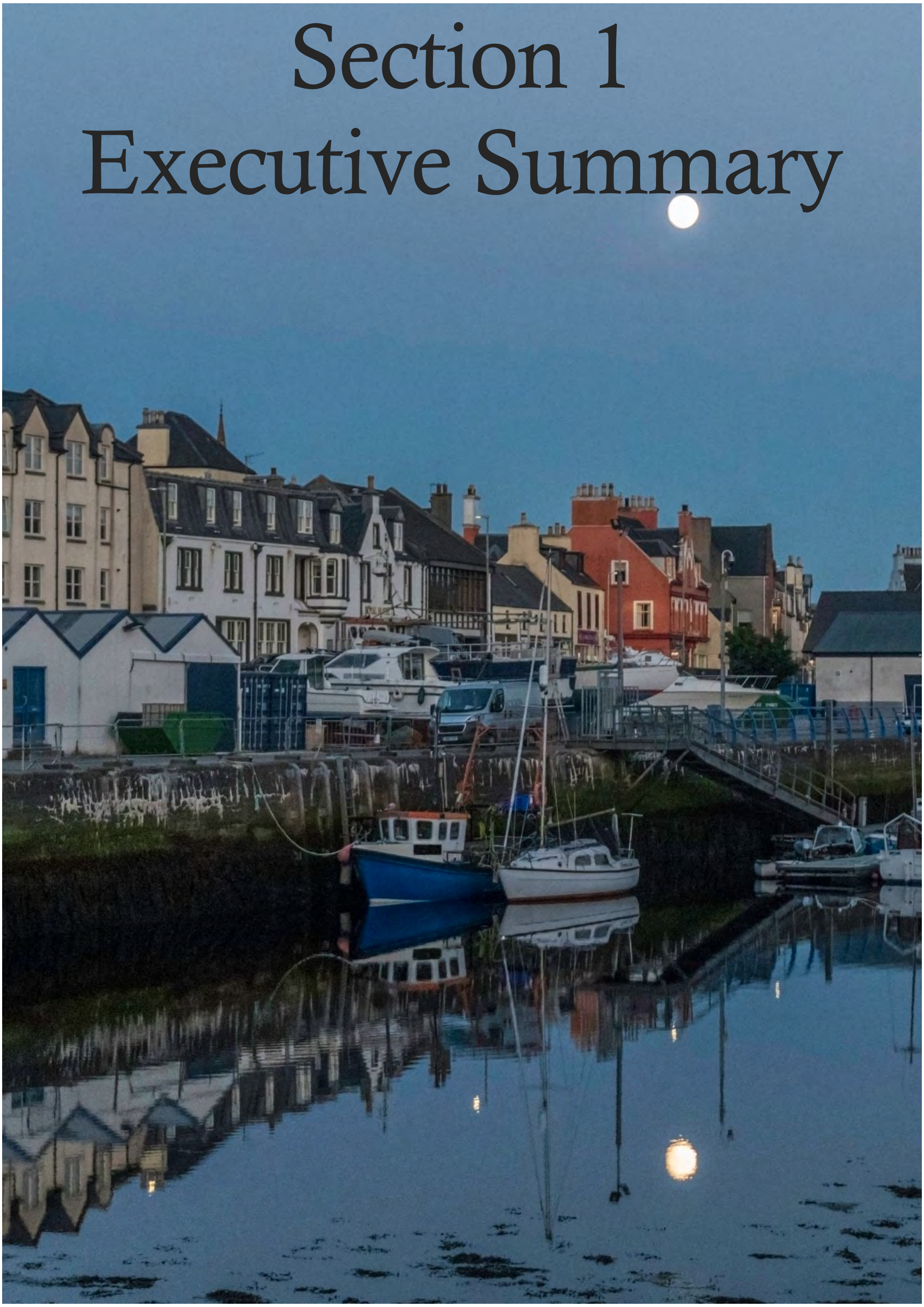
Executive Summary

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Section 1 Executive Summary

1. The Business Plan 2024/25 to 2028/29 (2025 update) outlines our vision, core value and our Strategic Goals to be delivered in the next four financial years. Future decision making will be guided by the goals and targets in this plan.

2. The Board, staff and partners were involved in developing this plan and the vision *"to provide good quality affordable homes and to secure consistently excellent housing services throughout the Outer Hebrides"* is summarised in our strapline "*Making our House your Home*". We plan to make it a reality by delivering on our four Strategic Goals over the next four years.

3. The plan is underpinned by detailed 5 year financial plans and 30 year long term financial projections which we submit to our Funder and the Scottish Housing Regulator.

4. We have been operating as a Registered Social Landlord (RSL) since September 2006 following a whole stock transfer from Comhairle Nan Eilean Siar. In 2025/26 we will be entering our 20th financial year.

5. We have improved performance since Stock Transfer in the following areas

Area	Sept 2006	Dec 2023	Dec 2024
Repairs within target	91.4%	98%	99%
Arrears	7.4%	3.32%	1.96%
Voids length of time to relet	61 days	19.5 days	31 days
Void loss	2.0%	0.78%	0.46%
New build promised in first ten years	275	391	435

Who We Are

6. We are a charitable RSL with a Board of a maximum of 15 with 10 places currently filled. We have 54 members of staff, 47.5 FTE, who work out of two offices, Balivanich and Stornoway. Our full organisational structure is at Appendix 1.

7. In November 2023, the Board revised our 4 strategic goals providing a clear direction on Tenants, Houses, Staff and Communities.
8. We deliver services throughout the chain of islands that make up the Outer Hebrides, and we have 2,427 houses on 12 of the 15 inhabited islands.
9. We are a key employer and with an annual turnover of £12.5million so we are a significant contributor to the economy of the islands.
10. We have a non-charitable subsidiary, HHP Community Ltd, which is currently dormant. However with the opportunities to provide accommodation for renewable workers, this will change over the lifetime of this Plan.

Operating Environment

11. Every year it feels as though the world is becoming a bit smaller, particularly as the key challenges facing the world are also on our doorstep. Three of those challenges are population, climate change and technological change.
12. The UK population continues to grow and age which brings its own problems, particularly around the balance of food resources and health care. The shortages of skills and labour force are one result of an aging population, with talk now of raising the retirement age to 71 in the UK within the next 15 to 20 years.
13. There is no getting away from accepting that the change in climate is affecting our islands, particularly with rising sea levels and coastal erosion.
14. The goal of the UK Government to reach Net-Zero by 2050 is under threat with funding for necessary works being reduced. In the last 4 years, we have benefited from £2.8million of Scottish Government funding. This allowed us to accelerate our air source heating programme to replace more storage and infrared heating systems and undertake external wall insulation works.
15. Technological change is happening quicker than ever, and it can be costly to keep up but may be more costly to fall too far behind. Technology will give us the opportunity to review and reshape how we deliver our services.
16. Our biggest challenges in the Outer Hebrides going forward remain:
    - Aging and declining population
    - Climate change
    - Keeping rents affordable with the cost-of-living crisis
    - Delivery of our Development Plan with the substantial increase in the build cost
    - Delivery of the requirements of Rapid Re-housing

What We Want To Deliver

17. As a key business in the Outer Hebrides, we want to have a positive contribution to our communities and the neighbourhoods our tenants live in. We believe the best way to do this is to look after our tenants, our properties and our staff within the resources available to us so that we can provide services for the long term.
18. We will strive to keep our rents affordable, and balance that with meeting the standards set by the Scottish Government and also delivering new homes. It is a fine balance, as the cost of bringing all our homes up to the new Net-Zero standard, is likely to be substantial.
19. Our houses meet the Scottish Housing Quality Standard (SHQS) excluding a few exceptions and abeyances.
20. A new tenant portal was launched in May 2024. Tenants can now manage their tenancy online with the ability to apply for a house, view real time rent balance information, raise repairs requests and manage other key aspects of their tenancy
21. We plan to deliver a further 180 new homes during the lifetime of this Plan. We will work with renewable infrastructure developers to be part of the solution by assisting with their accommodation requirements during the construction period and establishing a housing legacy beyond construction.
22. We have included a number of new actions to take account of the feedback we have received so far from tenants and other stakeholders.

Funding Our Plans

23. We have a funding facility of £25million in place with the Royal Bank of Scotland (RBS), which should enable the delivery of our Strategic Goals.
24. We will be investing £49million over the next five years in our existing stock and new build which supports our local economy.
25. Options are being explored for the use of our subsidiary, HHP Community Housing Ltd to deliver efficiency savings in some costly service areas and to support the accommodation of renewables workers.
26. The Board remains committed to a strategy of growth but are fully aware of the significant challenges we face as a business and a community, including the cost of living crisis and the worrying results of the 2022 census showing a 5% reduction in Outer Hebrides population.
27. Good governance is essential to our success both short and long term. During 2025 we will review our approach to Board recruitment, with a view to developing a Succession Plan for new Board Members and Officer Bearers.

Risk

28. Risk Appetite is set annually. We are committed to being proactive in efforts to contain and minimise the risks faced by the business. Risk Management is a balance between our appetite for risk and our ability to manage risk. Overall responsibility for risk management lies with the Board supported by Audit & Risk Committee and the Executive Team.
29. We have a more ambitious approach to Reputation and Communicating with our tenants and we remain cautious about increasing our Development Programme beyond our current commitments.
30. We manage our Risk Register using an online system. The Register was fully reviewed and has 18 Risks, with a total net average risk score of 5.67 which is broadly similar to last year's score of 5.75.

Section 2
Who We Are


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Section 2 Who We Are

Brief History

1. We were set up as Hebridean Housing Partnership (HHP) in September 2006 as a Registered Social Landlord (RSL) to own and manage the housing stock being transferred from our local authority, Comhairle Nan Eilean Siar.

2. We prepared a 30 year Business Plan showing tenants how and where we would invest and what the average rents were likely to be for the 30 years. 2025/26 will be year 20 of the Plan which is quite amazing.

3. In April 2007 we took on the stock of the five locally based RSL's (305) which brought our stock figure to 2,086.

4. In the majority of areas we have out-performed our Business Plan demonstrating the value of the decision taken by the Comhairle in 2002 to explore the benefits of housing stock transfer. It is good to be able to look back with confidence that the decision has been beneficial for tenants and for the islands as a whole.

5. As we move into our 20th year of operation we are no longer a new untested organisation, we are well established with a good track record on delivery and an important contributor to the local economy with an appetite to learn from our mistakes to become a top housing provider in Scotland.

Our Vision

6. Our 'vision' has remained fairly consistent over the years. It is to provide great homes and deliver excellent services throughout the Outer Hebrides and this is supported by our values and goals.

7. In the coming year we will be reviewing our approach to ensure it remains appropriate for our times, tenants and communities.

Our Structure

8. We exist to provide affordable social housing throughout the Outer Hebrides. To do this in the most effective and beneficial way to the islands we are set up as a charitable, not for profit housing association governed by a Board of volunteers.

9. We are registered under the Co-operative and Community Benefit Societies Act 2014.

10. Membership of HHP is open to all members of the community who are over 16 years of age and meet the membership criteria. Currently there are 83 members.

11. We are regulated by the Scottish Housing Regulator, Registration Number 359. As the main Registered Social Landlord (RSL) in the Outer Hebrides we are categorised as having ‘systemic importance’ and have medium engagement with the Regulator. We are registered with OSCR the Scottish Charity Regulator.

12. We were awarded Rural Housing Body status in September 2023 which allows us to apply a rural housing burden on any houses we sell ensuring they are kept within the affordable housing sector.

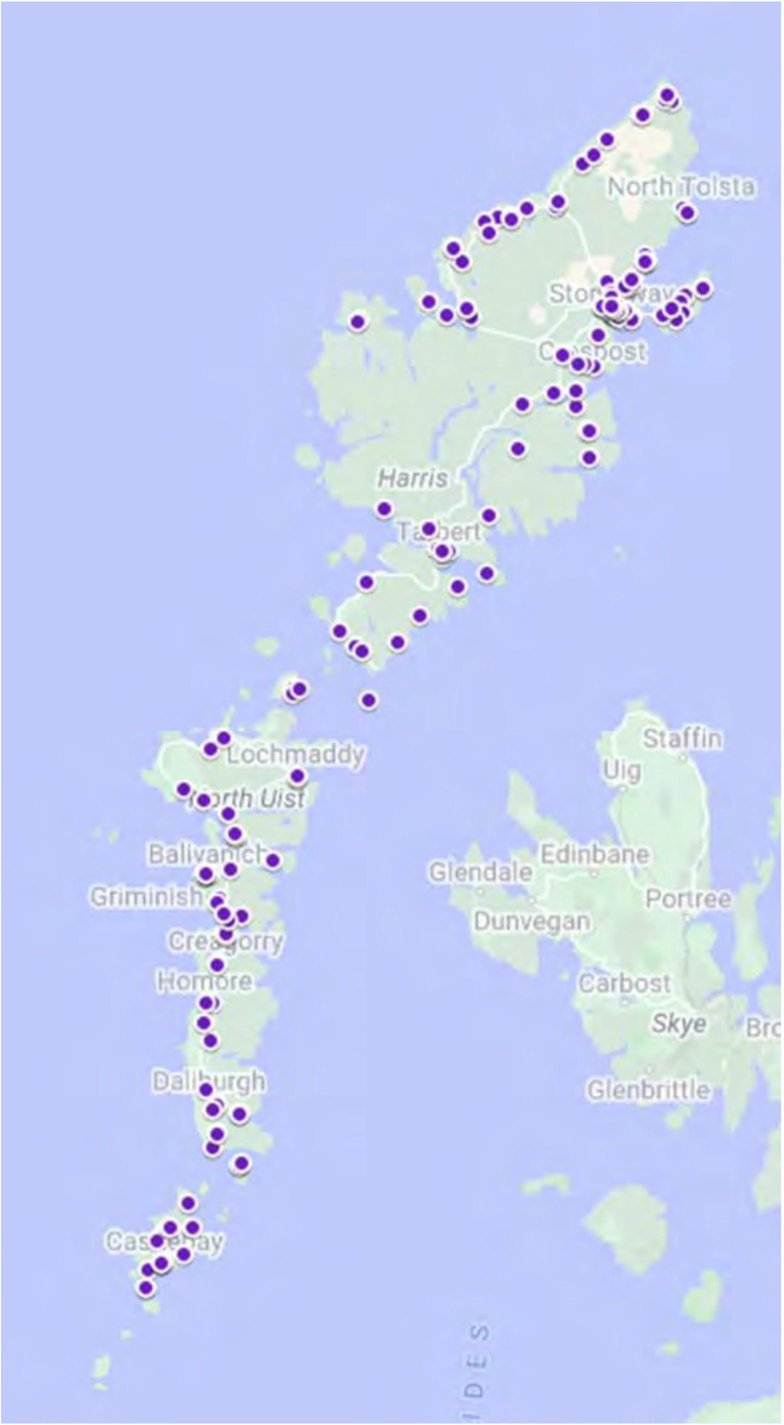
Our Service Area

13. We deliver services throughout the chain of islands that make up the Outer Hebrides. The island chain is over 130 miles long and has 15 inhabited islands. We have 2,427 homes on 12 of those islands. The islands, known for their wild beauty are connected by causeways and ferries which we are dependent on.

14. Our services are provided from two offices, one in Stornoway and the other in Balivanich. Currently the Stornoway office is responsible for 1,800 homes in Lewis and the Balivanich office is responsible for the other 627 homes.

15. We are a key employer and economic contributor in the islands with an annual turnover for 2024/25 at over £12.5 million.

16. The following map shows where our houses are:



Our Values

17. Our core value is INTEGRITY. For us to be a business of integrity we must hold each other accountable to this value. Our actions must demonstrate what we say we believe.

Our Goals

18. We have four Strategic Goals:

Governance

19. We are governed by a Board which is made up of Community, Tenant and Comhairle representatives. Board Members (other than Board Appointed Members and the three nominations from the Comhairle) are elected at the Annual General Meeting.

20. The Board is made up of a maximum of 15 Members as shown below:

21. The minimum number of Board Members required to continue operation is seven and our quorum is four.

22. Details of our current Board Members can be found at - https://www.hebrideanhousing.co.uk/about/

23. All Board Members must sign our Code of Conduct before they can take up their role on the Board. By signing the Code of Conduct the Board Members are confirming they will abide by the requirements. A copy of the Code of Conduct can be found on our website - Code-of-conduct-for-Board-Members-November-2024.pdf

24. The Board's Standing Orders govern how the Board does business including the use of Committees and Working Groups. There are currently three Committees - Audit & Risk, Development & Finance and Joint Consultative. There are two Working Groups - Personnel and Operations.

25. The Board is supported by the Chief Executive, the Director of Operations and the Director of Finance & Corporate Services.

26. We have struggled to attract our full complement of Tenant Board Members over the past 7 years with only one of the four places filled at present. Our Rules allow Community Members to take up any vacant Tenant places if we have no interest from Tenants. Currently 3 places are available.

27. Our Tenant Engagement Officer is working to encourage tenants to get involved at Board level but the preference appears to be to engage in a more informal setting, such as drop ins.

28. Our Board meetings are held in person in the summer months and online for the remainder of the year, this is to ensure maximum attendance.

29. The Board is responsible for the overall strategic direction of HHP, they want to be a Board that knows the times we live in and have the boldness to make decisions for the good of current and future tenants and our communities.

30. Our Board Members are assessed annually to ensure the Board has the relevant knowledge and experience required for effective governance and to identify any skills gaps.

31. We carried out an independent skills review in December 2024 and the Board Training Plan will ensure any gaps identified are addressed so that Board Members are able to contribute effectively to making the best decision for our tenants.

32. During 2025 we will review our approach to Board recruitment with a view to developing a Succession Plan.

Subsidiary

33. HHP Community Housing Ltd was set up in 2010 when there was the potential of taking over the ownership of some turbines sited near our estates. Following an in depth review the project did not go ahead. The Subsidiary has been dormant since 2015.

Tenant Organisations

34. Our Tenant Engagement Officer (TEO) has been working with existing tenants' and residents' groups such as Western Isles Housing Association Community Forum and the Cearns Community Association offering local drop-in sessions at the Cearns. New informal groups have been getting together to undertake small community projects such as gardening projects and our TEO assists them to apply for Community Grants.

Staff

35. The Board delegates responsibilities to the Chief Executive and the two Directors to deliver our services.

36. We have a total of 54 employees (47.5 FTE). 44 are based in Stornoway and 9 in Balivanich.

37. There are two main Departments, Operations and Resources and an Executive Office Team.

38. A copy of the full organisation structure is at Appendix 1.

Apprenticeships

39. We employed our first Modern Apprentice in 2019 and since then we have developed a Modern Apprentice programme. We work closely with the Training & Skills Team at the Comhairle and they have provided invaluable support to our Apprentices. We are also members of the Local Employability Partnership.

Terms & Conditions

40. Our Pay & Grading system was reviewed and updated in 2019 and benchmarking is carried out every three years to ensure pay scales remain appropriate. The next benchmarking will be commissioned in 2026.

41. We signed a Collective Agreement with Unison in 2019 and cost of living awards are currently agreed annually.

42. We are a Living Wage Employer and this applies to all our posts including our Modern Apprentices.

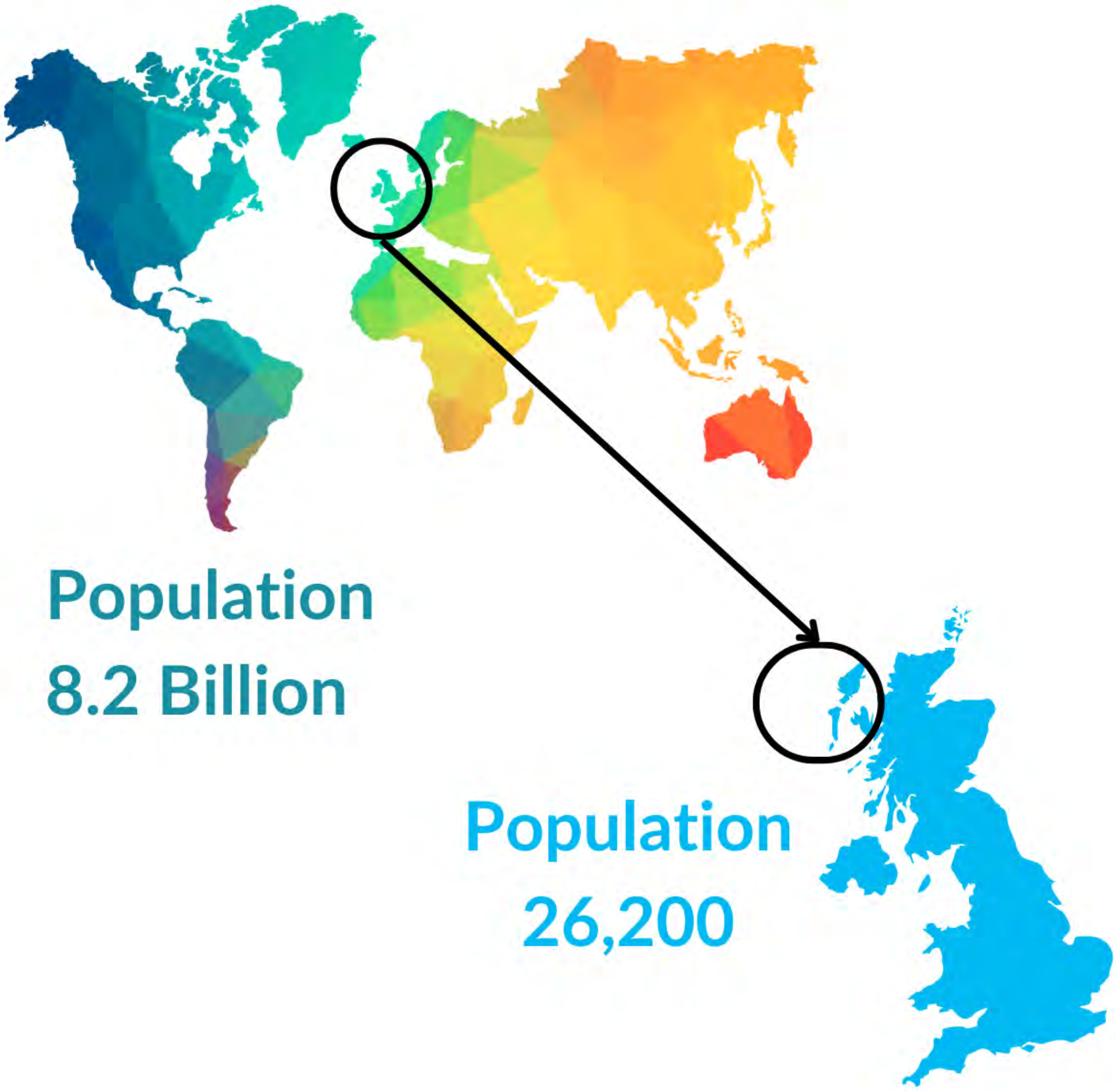
43. A Fair Work Statement has been signed with Unison and is available on our website https://www.hebrideanhousing.co.uk/?s=Fair+Work+Statement

Training & Development

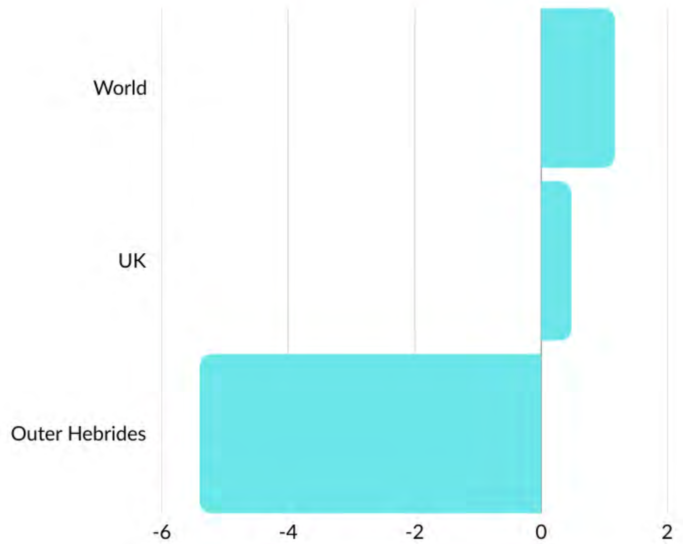
44. Our training needs are assessed each year following which a Training Plan is prepared. The Plan will cover regular refresher training for all staff, one-off training, compliance training and professional development.

45. We provide support for members of the team who want to undertake professional training and so far, five members of staff have obtained a Chartered Institute of Housing qualification with others working towards a professional qualification.

Section 3
Operating Environment



Population Growth Rates



Section 3 Operating Environment

Global

1. We are part of something much bigger than our little islands in the northwest of Scotland. What happens in the world affects us and what we do impacts the world we live in. The world is facing enormous challenges affecting everyone. But there is hope as The United Nations Secretary General said in his 2025 message "even in the darkest days, I have seen hope power change".
2. The three significant world challenges that have the most impact on us are population, climate change and the pace of technological change.

Population

3. The current world population is over 8.2 billion. The UN Report on World Population Prospects 2024 expects the population to grow over the coming 50 to 60 years reaching a peak of 10.3 billion in mid-2080 and by the end of the century it will have reduced to 10.2 billion. By 2054 life expectancy is forecast to increase from 73.3 to 77.4 years.
4. A growing population requires more resources e.g. homes, jobs, energy and food. In an ideal world the demand for each of these things would balance out e.g. more homes should increase the number of jobs available, however this is not the case. Imbalance leads to injustice which expresses itself most clearly in poverty levels.
5. Nearly every country is struggling to provide the number of houses to support its population. The key points from the World Economic Forum 2024 on the world's spiralling housing crisis estimated that the number of people affected by homelessness will rise from 1.6 billion in 2024 to 3 billion by 2030. To meet the housing need 96,000 new homes per day would be required.
6. An aging population will require more health care and support but if there is insufficient working population this will become a major crisis. In some countries this is already the case.
7. Due to war the population is also being forced to move from their homes and seek refuge in other countries which brings serious challenges for them and the countries they are fleeing to.

Climate Change

8. We have always been at the mercy of the weather, but our Government's weather experts and scientists say that the extremes we are experiencing now will not only continue, but worsen IF we don't change how we use the resources entrusted to us.

9. The climate is changing, projections are we will have warmer temperatures, more heavy rain, rising sea level and drier summers. The Global Climate Change says;

"While Earth's climate has changed throughout its history, the current warming is happening at a rate not seen in the past 10,000 years."

10. As the climate changes it affects the world's ability to grow sufficient food to support the population. Scarce resources will create major problems for every nation. 97% of scientists agree that humans are the cause of global warming and climate change. Justice means that we need to take responsibility for addressing the problem since we caused it.

Technology

11. Technology has enabled us to be part of the global community and reminds us how our lifestyle choices affect people and environments who are thousands of miles away from us, which will hopefully encourage us to amend our behaviours. It does feel that our obsession with individualism and money is working against us reaching a collective solution. If real change is to happen in the world, then we need to take responsibility for doing what we can in our own communities whilst challenging our politicians to provide the resources and infrastructure.

12. There are many, many benefits of new technologies however there are some downsides

    a) Technology is changing at what feels like an unaffordable pace with consequences which are costly not just in cash terms, but quality of life. The pace needs to be managed. The cost efficiencies hoped for when you install a new system rarely materialise as you have to put most of those savings and more, into keeping the IT infrastructure up to date.

    b) AI promises that time spent on "routine, boring but necessary" tasks will be released to be invested in more productive areas but there needs to be a check that it doesn't deskill people. Care needs to be exercised to ensure we don't become more and more dependent on fewer people and end up handing over too much control.

    c) Security of information. Senseless and cruel cyber-attacks appear to be on the increase creating a sense of trepidation for people using any IT systems.

13. Technology does however give us the opportunity to reshape how we deliver our business or services while sharpening management skills. We are quickly moving from the Industrial Age to the Intelligent Age and will need to ensure appropriate governance and security arrangements are in place for the use of new technology.

United Kingdom

Political

14. Ramifications of Brexit still haunt us with only a slight reprieve in the cost of living increase. Supply chains are being clogged up inflating the cost of many of the key components for house building.

15. There will be Scottish and local elections throughout the lifetime of this plan which will undoubtedly impact on some of what we hope to do.

7 May 2026 Scottish	6 May 2027 Local

Climate Change

16. Climate change is being felt with increased storms, flooding and the erosion of coastlines, with the cost of insurances rising as a consequence.

17. The UK Government is committed to reaching Net-Zero by 2050 - that's only 25 years away! Carbon budgets which place a restriction on the total amount of Greenhouse gases the UK can emit over a five year period are set 10 years ahead. The budgets relevant to this plan are 2023-27 (1.950 million tonnes) and 2028-32 (1.725 million tonnes). Support has been provided to switch to renewable heating but the feeling is that if we are to make a real difference, more needs to be done to support the insulation of homes to reduce emissions and provide a reliable infrastructure for green active transport. It is important that laws and provision of support take account of the very different nature of providing services in the rural areas so they are not left behind.

18. We are on the way to reaching Net-Zero but not as far along the road as we need to be.

Population

19. The UK has an aging population with most of the growth coming from inward migration. The challenges that come with an expanding aging population are seen particularly in the health & care sector and now in the building industry where recruitment is proving to be a real struggle.

Economy

20. We are still not out of the cost of living crisis that followed Covid-19 with projections that it will be 2026 before inflation (CPI) is brought back to the target of 2%. The drop from a high of 11.1% in October 2022 to 2.5% in December 2024 was a welcome relief but the reduction is not being translated into the cost of building a new home.

21. The Bank of England has warned that the UK is still at risk of facing a recession due to the slow down in manufacturing and concerns about stagflation.

22. Unemployment is expected to rise to 4.3% by the end of 2025 and the average annual pay growth for 2025 will reduce to between 3% - 4% from a median of 6% in 2024.

23. Increased borrowing costs and rent controls could see the private rental sector shrink or rents rise as owners are unable to afford the substantial increase in mortgage costs.

24. If the private rental sector shrinks this could place an even greater burden on social landlords to provide more homes.

Scotland

Climate Change in Scotland

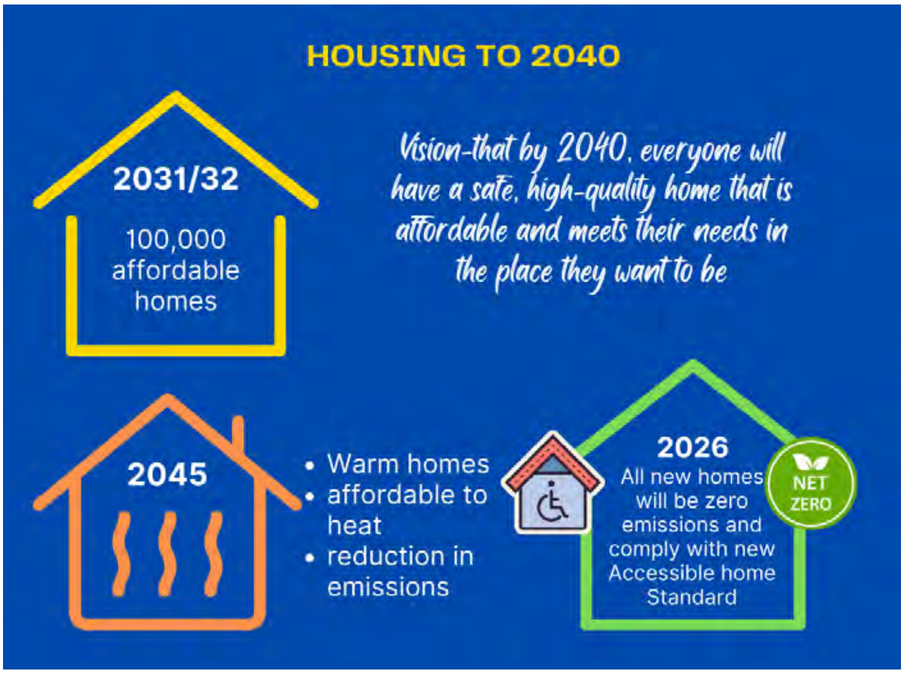
25. In April 2024 the Scottish Government confirmed that the annual and interim targets for cutting Greenhouse gas emissions would be replaced by a similar system used by the UK and Welsh Governments, namely Carbon Budgets. The change was made in recognition of the previous targets for 2030 being out of reach.

26. The Scottish Government's "Climate Change - National Adaptation Plan 2024 to 2029" has five outcomes

a) Infrastructure Resilience
b) Natural Environment
c) Community Support
d) Economic Adaptation
e) Public Awareness

Housing to 2040

27. In 2021 the Scottish Government issued 'Housing to 2040' outlining their vision for housing. Since then 'Housing Emergencies' have been declared by the Scottish Government and a number of local authorities. During 2024/25 the affordable housing budget was significantly reduced due to budgetary pressures, but this has now been re-instated for 2025/26. There is a real challenge delivering a long term strategy if there isn't long term finance to support it.



Population

28. Scotland has an aging population and similar to the rest of the UK is struggling to provide the skilled labour to support the Health & Care sector, Construction, Accommodation and Food Services.

29. The National Records of Scotland's mid-year population estimates for 2023 showed a population of 5.490 million which is an increase of 0.8% and the largest single increase in Scotland's population in at least 76 years. Migration remains the main driver for the increase in population.

30. The population demographics show that the percentage of the population that is over 65 has grown from 12.3% in 1971 to 20.3% in 2023.

Poverty

31. The Institute for Fiscal Studies reported in August 2024 that average monthly earnings grew by 1.5% in Scotland compared to 5% in the rest of the UK outside London. The employment rate in the Highlands, Islands and Northeast was at 75% for (2020-2022) which is above the Scottish average.

32. JRF produced a report in October 2024 "Poverty in Scotland 2024".

> Poverty in Scotland 2024 | Joseph Rowntree Foundation
>
> Our social security system should ensure that everyone in our country is free from want. Yet it is not currently up to the task. Austerity and welfare reform have bitten viciously in many ways across Scotland and the wider UK. The outcomes are writ large in this report and across the plethora of evidence of increased destitution and hardship. Almost 4 million people across the UK experience destitution, including 1 million children (Fitzpatrick et al., 2023) and survey after survey highlights how many people are going without essentials.

33. The biggest cost that families usually face is housing, and the report highlights the contribution the provision of affordable homes is making to reducing poverty. The number of people experiencing in-work poverty has reduced from one in three in 2014 to one in five in 2023.
34. There is a responsibility on HHP to keep rents affordable whilst making sure as an employer we are not contributing to the increased poverty levels in Scotland.

35. Rent arrears in Scotland were at their highest in 2022/23 but the SHR report for 2024 shows there has been a slight reduction in rent arrears from 6.9% to 6.7%.

Homelessness

36. In December 2023 Shelter reported that there was a growing 'systemic failure' in council services for homelessness with 14 out of the 32 Councils admitting they did not always fully comply with their statutory duties to the homeless.

37. Councils which have declared a 'Housing Emergency' are attributing the core problem to the continued reduction in public sector funding. Another common thread is the reduction in private sector lets due to houses being used for holiday lets. In rural areas this is exacerbated by second homes which are only occupied for a short time during the year.

38. Homeless applications increased to 40,685 in 2023/24 (4%) and there were 10,110 children in temporary accommodation which is an increase of 5%. There has been no reduction in the length of time people spend in temporary accommodation.

Outer Hebrides

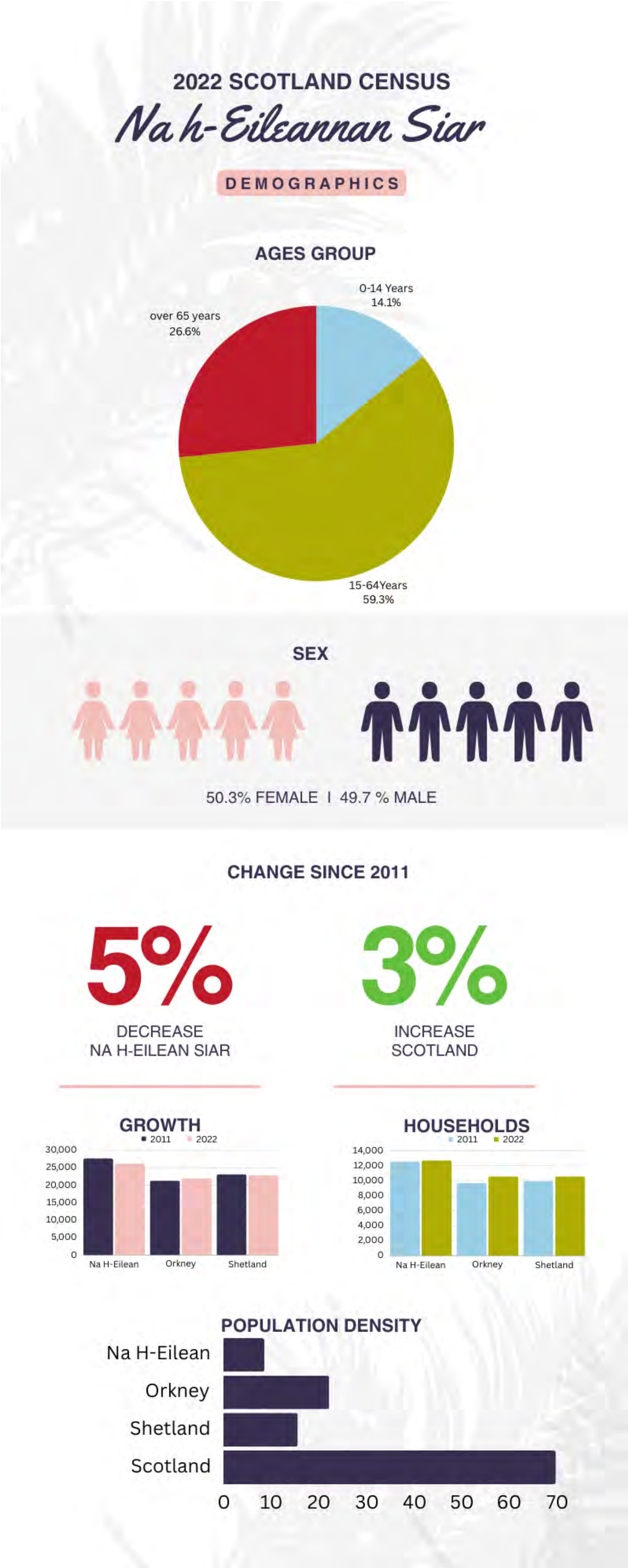
39. Visit Scotland describes the Outer Hebrides as;
"A *group of islands that sit off the west coast of Scotland, each with its own unique way of life. The Hebridean islands offer powder-white beaches, wild Atlantic waves, diverse wildlife and vibrant Gaelic culture*".
A great place to visit and a great place to live but a place that faces the same challenges as the rest of the world and some unique to the islands.

40. The ONS report that out of the 14 measures available for the Outer Hebrides 7 were better than the median and 1 was worse.

Worse than the median	Better than the median
Gigabit capable broadband Sub-national indicators explorer	Aged 16 to 64 years employment rate (Great Britain)
	Female healthy life expectancy
	Male healthy life expectancy
	Life satisfaction
	Feeling life is worthwhile
	Happiness
	Anxiety

Population

41. Over the past 10 years "population decline" has been highlighted as one of the biggest challenges facing the Outer Hebrides and sadly it remains the case. What is happening in the islands is what will happen in the rest of Scotland in the future if no action is taken to change things. There is a clear connection between the action we take as islands to stem the impact of climate change and growing our population. If we don't take action on climate change a good portion of the islands might well be under water by 2100 with little sustainable land for anyone to live on, more about that when we look at Climate Change.



42. Scotland's 2022 Census results provide the following contextual information about the Outer Hebrides (Na h-Eileannan Siar).

43. Our under 15 year age group is comparable with the rest of Scotland at 14.1% but our working population is nearly 5% less than the Scottish average meaning that our retired population is growing at nearly 27%. This change in demographics is due to the continuing decline in the birth rate.

44. The balance of male and females is broadly similar to the national average.

45. The most worrying result of the census is the decline in our overall population. While Scotland has seen an increase of 3% there has been a decrease of 5% in our population.

46. The forecasts for the population change in the next 10 years don't show any change in the pattern of decline.

47. Population may be declining but the number of households has gone up but only slightly in comparison with Orkney and Shetland.

48. We have the lowest population density per square kilometre of any local authority in Scotland.

49. The one area that is bucking the trend of population decline is Barra.

Climate Change

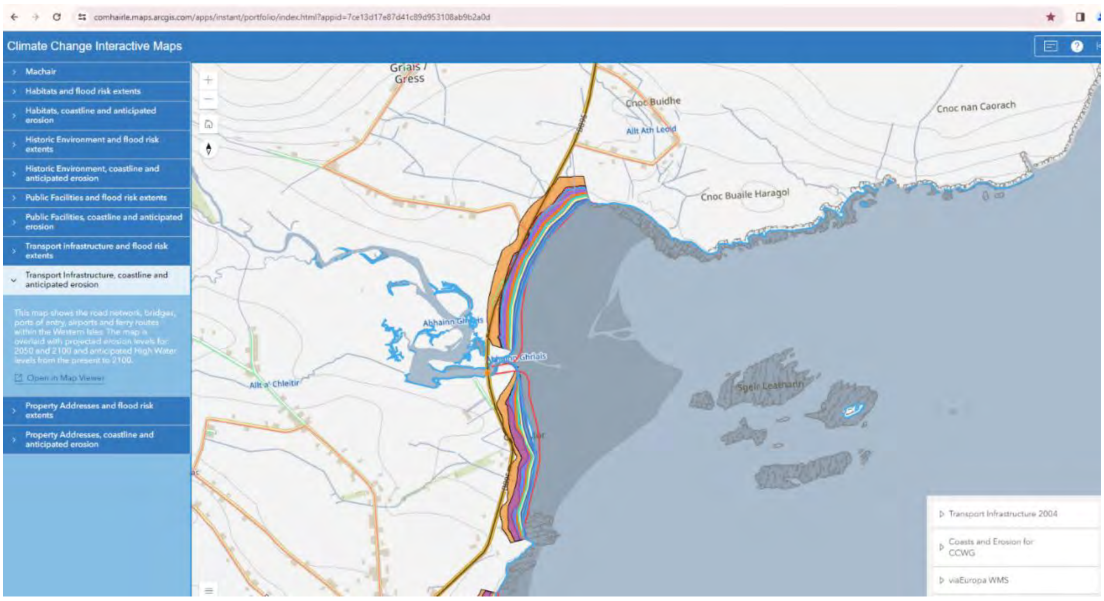
50. The impact of the change in climate is seen in our coastlines, our weather and the inability of our infrastructure to cope with continual heavy rain. Drainage is more important than ever.

51. The Outer Hebrides Community Planning Partnership (OHCPP)'s Climate Change Working Group in collaboration with Adaptation Scotland have produced a Climate Rationale and a Case for Action. We are members of the Climate Change Working Group.

52. Climate Hebrides CIC was formed in 2022 as part of the Case for Action and they have developed the Outer Hebrides Climate Hub. We became a member of Climate Hebrides CIC in 2024. The first Outer Hebrides Climate Conference was held in October 2024 bringing together partners with a commitment to delivering on the Case for Action. A further conference is planned for 2025.

53. An extract from the Comhairle's mapping tool below shows the forecast for Gress where rising sea levels could take out the main road from Stornoway to Gress and Tolsta.

The website can be found at
https://storymaps.arcgis.com/stories/82f26e8ece054334a436d0c803841577



Homelessness

54. The number of homeless presentations to the Comhairle has remained relatively steady over the last several years. There were 150 presentations in 2023/24 which was an increase of 14 from the previous year. The main reason for homelessness 48% was disputes within households and 38% of these involved some form of abuse. 76% of applications were made by single person households.

Islands (Scotland) Act 2018

55. The Islands (Scotland) Act introduced four key provisions:

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

56. The Scottish Government created the Act to guarantee that legislation would not unfairly target the Scottish islands. While the initiative aims to promote fairness, integration, and inclusivity, it hasn't had the intended impact. An example of this was when PAS 2035 requirements were imposed without accepting the issues raised about delivering it in an island context, causing TIG a local partner to conclude that local service delivery was no longer feasible.

Islands Growth Deal

57. This is a Deal funded by the UK and Scottish Government and is a ten-year package of investment intended to increase economic growth and the number of sustainable jobs across Shetland, Orkney and the Outer Hebrides. The total value of the Islands Growth Deal is £100million. The UK and Scottish Governments will each invest £50million over 10 years, subject to approval of full business cases for each project. The Islands Growth Deal projects are supported by a wide range of partners from across the public, private and academic sectors who together will seek to invest up to a further £293million to deliver these projects. There is £33.3million being invested within each island group. There is nothing directly planned for housing but any expansion will undoubtedly have accommodation requirements.

Key Stakeholders & Partners

58. Working with partners is essential in an island community where there are added challenges of distance, population, and transportation fragility. We are committed to making our contribution to helping communities thrive as demonstrated by our strategic goals.

Tenants and Future Tenants

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

60. We welcome participation from our tenants through tenants' groups and through membership of HHP. Our Tenant Engagement Officer is working with tenants to ensure the opportunities to participate are relevant and accessible.

Outer Hebrides Community Planning Partnership

61. We recognise the value that interaction with other agencies brings particularly in delivering better value for our communities through the delivery of services which are joined up. Key to engagement with partners is the work of the Outer Hebrides Community Planning Partnership (OHCPP). There had been good progress in joining up services across the Outer Hebrides which stalled during Covid-19 and unfortunately has not recovered.

62. We are members of the OHCPP and we will seek to maximise our contribution to OHCPP and also get support from our partners.

63. In November 2018 the OHCPP approved the OHCPP Partnership Agreement 2018-2027 which takes into consideration the changes to community planning and obligations on partners arising from the Community Empowerment (Scotland) Act 2015. The structure was reviewed in 2021 and approved by the OHCPP in November 2022. There are now four new priority groups:
    - Climate Change
    - Poverty
    - Community Justice Partnership
    - Children and Young People's Planning Partnership

    The Local Outcome Improvement Plan (LOIP) is due to be updated during 2025 and as part of our commitment to partnership working we will ensure staff attend and participate in the LOIP Working Group.

64. We also work closely with Police Scotland and the Scottish Fire & Rescue Service to develop preventative measures for the benefit of our tenants.

65. We have signed up to the Armed Forces Covenant which supports individuals involved in the Armed Forces, ensuring they are not disadvantaged in the provision of housing and employment.

66. There has been a rise in requests from employers, primarily public agencies for accommodation for employees. The demand is expected to increase due to difficulties in on-island recruitment. We have supported this by providing accommodation under our Allocations Policy provisions on key workers. We have also been approached by private sector employers to lease properties to them which they in turn will lease to their employees. We have received 59 applications since the Policy was introduced in 2021 and have been able to house 35 applicants. 10 are currently active. The remainder were withdrawn or resolved by other means.

Comhairle

67. The Comhairle as the Strategic Housing Authority is a key partner and we work with them to support the development and implementation of the Local Housing Strategy (LHS) which delivers key housing priorities for the Outer Hebrides. The LHS is under review and is due to be approved in September 2025.

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

69. We are members of the Accommodation Subgroup of the Renewable Energy Major Development Forum and are exploring with partners the role that we can play in meeting the accommodation needs of the workforce.

Highlands & Islands Enterprise

70. We are an RSL and a business that makes a significant contribution to our local economy whose contribution sustains jobs both directly, in the construction sector, and indirectly through the local supply chain. As a business we value the support of the Highlands & Islands Enterprise Area Team.

71. We have been working on a number of projects throughout the islands and enjoy a positive relationship with the local Team.

Highland & Islands Regional Economic Partnership

72. HIREP formed a housing sub-group in the summer of 2023 to address the issue that housing shortages are holding back the region's economic growth. HIE are providing support to the sub-group as they are seeking a more direct involvement in the housing sector. HIE recently engaged with the local RSL's to provide a two-way channel between the RSL's who operate in the region and HIREP's housing sub-group.

Poverty Partners

73. There are hidden pockets of poverty and deprivation in the Outer Hebrides. Problems include growing isolation of older people, addiction, alcoholism, lack of literacy skills and unemployment. We work with the following partners to try and alleviate poverty and deprivation.

74. We work with partners through the CPP Anti-Poverty Group to share information and coordinate action. This included work in 2024 to promote the take up of pension credit following the withdrawal of winter fuel payments.

Western Isles Health Board

75. The Western Isles Health Board (WIHB) and the Integrated Joint Board (IJB) are key organisations locally. Our Chief Executive is a non-voting member of the IJB. In 2024 our Housing with Extra Care development was opened marking the completion of a very successful partnership with the IJB and the Comhairle. It is testament to what can be done when we have a shared vision.
76. We have assisted WIHB in getting public health information out to our tenants along with our regular Newsletter,

Membership Forums

77. We actively participate in a number of membership forums: The Scottish Federation of Housings Associations, Rural & Islands Housing Association Forum, the Highlands & Islands Liaison Group, Welfare Reform (Highlands & Islands), SHN and the Chartered Institute of Housing (Scotland).

Scottish Government

78. Our main contact with the Scottish Government is with More Homes Division based in Inverness. We have worked closely with the Inverness team and they have an invaluable understanding of the challenges being faced in rural and island areas. They have gone the extra mile to enable developments to proceed within the Government's guidance for Value for Money.

79. The Scottish Government have committed to end rough sleeping and homelessness. We are working to assist and support the Comhairle in the delivery of their Rapid Re-housing Transition Plan. We let 61% (49% in 2022/23) of vacancies in Stornoway to homeless applicants in 2023/24 including 28 one bedroom properties. This met or exceeded targets we had agreed with the Comhairle. However only 36% (14% in 2022/23) of lets in areas outwith Stornoway were taken up by homeless applicants.

80. Our challenge in contributing to the Scottish Government's Housing to 2040 Agenda will be balancing the cost of meeting ever increasing building standards whilst keeping our rents affordable and not exacerbating fuel poverty for our tenants.

Scottish Housing Regulator

81. HHP is a systemically important landlord regulated by the Scottish Housing Regulator (SHR) and has a "Compliant" regulatory status for 2024/25. The Regulator reviews the risks and challenges faced by the business and progress against the Business Plan. We provide financial and other information as required, including 30 year and 5 year financial projections. A meeting takes place annually with our Regulation Manager, to discuss and review the financial projections and matters highlighted in the Regulation Plan for the financial year.

82. Every May, an Annual Return on the Charter (ARC) is submitted to the SHR that reports to tenants on the standards and outcomes set out in the Scottish Social Housing Charter. It covers seven sections that include equalities, tenant satisfaction, customer/landlord relationship, housing quality, neighbourhood, access to housing and support, getting good value from rents and service charges, and other customers.

83. SHR reviewed the indicators during 2024 and they have removed some indicators and introduced a few new ones. From 1 April 2025 we will begin to report on our performance in responding to reports of damp and mould.

84. We submit an Assurance Statement annually in October to confirm we comply with SHR's Regulatory Framework. The framework re-affirms the Regulator's position on statutory and advisory guidance. We aim to comply with both unless there is a practical reason not to do so.

85. Our 2024 Assurance Statement provided assurance of compliance with our duties in relation to tenant and resident safety. The Statement further confirmed we had completed our assessment into the potential presence of RAAC in our stock and confirmed that none has been identified.

Our 2024 Assurance Statement can be found on our website at the following link:

https://www.hebrideanhousing.co.uk/wp-content/uploads/2024/09/Annual-Assurance-Statement-Unsigned-2024.pdf

Contractors and Developers

86. We cannot deliver our Investment or Development Plans without contractors and developers. We aim to invest in ways that benefit the local economy. Contractors build new homes and maintain existing ones with a focus on quality as demonstrated by feedback from tenants and communities.

87. Our contractors are a key point of contact with our tenants both in reactive repairs and in our investment and maintenance works. We work closely with them to ensure that the customer experience is first class. Our tenants are also involved in this process and scrutiny work has been carried out by tenants on reactive repairs and re-letting standards and processes. We will refresh this work as part of our aspiration to continually improve on what we do. In addition to this, we test customer experiences with all work through point of service surveys and through our major satisfaction surveys. These show high levels of satisfaction with 88% of tenants stating they were happy with the repair service provided in our 2024 survey and only 6% reporting being dissatisfied.

Lender

88. To finance our New Build Programme and Investment Programme, we are dependent on external funding. Our Funder is RBS. We have a £25million borrowing facility of which £17million has been used so far.

89. Communicating with the Funder, RBS, is crucial in providing timely and significant information. RBS has been supportive in providing borrowing facilities to achieve the Board's Strategic Goals.

Section 4
Where We Are

Section 4 Where we are

Introduction

1. We are almost at the end of our first year of the Plan and whilst we didn't have the turbulence of BREXIT and a pandemic to contend with we are still feeling the consequences particularly in construction costs and the reduction in public funding.
2. We have delivered on 90% of the year one plan.
3. Nothing stands still and almost every day we are dealing with change of one kind or another. We have taken the opportunity to learn lessons, particularly not taking people or circumstance for granted along with the value of balancing risk taking and prudence.

How we delivered

4. The Board are briefed at every meeting on the progress of the Delivery Plan for the Measures of Success and Actions for 2024/25. The current report shows progress to 31 December 2024 and can be found at Appendix 2.
5. On the regular performance measures such as void loss, repairs and rent arrears, delivery is on target. The majority of actions due for completion by 31 March 2025 are also on target. Overall, we are delivering but sadly this was not reflected in the results of the Tenant Satisfaction Survey carried out in the summer of 2024 with a drop in overall satisfaction to 83%. The results were a big disappointment, particularly as our performance reports show that our performance is very strong and consistent. A plan of action has been prepared to address issues raised during the survey.

GOAL ONE: Placing tenants at the heart of everything we do

6. Areas where performance is better than it was in 2023/24 are:

- Void Loss
- Responding to Complaints within SPSO target
- Current Rent Arrears
- Resolving Anti-Social Behaviour

7. Nine of the eleven tasks are on track to complete by 31 March 2025. One area we have struggled with is in the recruitment of tenant board members. We will see if we can encourage more tenants to stand as board members this year before we take the decision to review our constitution to ensure it remains appropriate.
8. The pilot project with Penumbra is underway and we will have our first report on progress in March 2025.

GOAL TWO: Investing in a sustainable way in tenants homes

9. Good progress has been made on all of the actions and with the exception of tenants who have refused new heating systems (15 to date), we will have replaced all our infra-red heating by 31 March 2025.
10. Despite the numerous challenges, we are on track with our Development Plan.

GOAL THREE: Being an excellent employer that attracts and retains high quality staff

11. All the actions for 2024/25 will be completed by 31 March 2025, and apart from 'filling vacancies on first attempt' we are meeting all our performance targets.

GOAL FOUR: Working with our partners to help our communities thrive

12. All targets and actions will be met/delivered by 31 March 2025 with the exception of "*Improve the % of tenants satisfied with the landlord's contribution to the area they live in by 2%*". Our target was 83% but the survey showed only 70% of the tenants asked were satisfied. We are exploring the reason for the drop in satisfaction but initial indications are that part of the reason is we are being judged on areas that are actually the responsibility of the Comhairle to maintain and reducing budgets are impacting their maintenance schedule.

Corporate Services

13. All tasks on target to be met by 31 March 2025 with the exception of '*benchmarking core services*' which was put on hold due to the secondment of a member of the Executive Office Team to the Housing Services Team to cover a maternity leave.

Operating Environment

14. In section 3 we explored the big picture operating environment and here we will look at what is unique to HHP including what we think future trends will be.
15. There have been two key moments where the harsh reality of climate change on our islands were brought home:

- At a Highland and Islands Liaison meeting where Officers from TIG presented the results of an arts project by Taigh Chearsabhagh Museum (A Climate Beacon). Lights were placed on building where the water mark could be in the future if no preventative action taken. The water was up to the half way mark on some buildings. https://www.taigh-chearsabhagh.org/environment/
- OHCPP's Climate Change working group presented maps showing what will happen in the Outer Hebrides if no preventative action is taken, roads are underwater and coast lines are eroded.

16. We want to make a lasting impact on our communities because we owe it to future generations. There is so much need screaming at us from all directions at present such as population decline and demographics showing an older non-working population, but even if by some miracle we were able to address those issues within the next four years, they could become irrelevant if we don't deal with the big overarching issue of what is happening to our climate.
17. We need to know our carbon footprint, we need to know that the actions we are taking are having a positive contribution, not just to satisfy the Governments requirements but so that there will be a legacy to leave those who want to make the Outer Hebrides their home.
18. The Comhairle's LHS has been delayed by a further year and is now expected to be ready for approval in September 2025. The key challenges emerging at present are population decline, fuel poverty and housing supply (including affordability, quality, connectivity and health & wellbeing).
19. Other consideration in the LHS include:
    - Health & Social Care agenda – mapping of home & social care requirements
    - House condition and fuel poverty – there has been a negative impact of grant withdrawal on the private sector house conditions
    - Climate change – requirements for decarbonising of buildings
    - Homelessness
    - Economic development – to support renewables related economic development and general business development
20. Assessing our operating environment from global to local, it would be easy to feel overwhelmed and almost paralyzed by the size of the problems facing us but there is hope and encouragement from knowing that we are not alone in the challenges we face- this means there should be a greater number of minds working to address the problem which should mean a great chance of finding a solution.
21. We can't improve if we choose to keep doing things the way we have always done them, so even changing a few things in the right direction will make a difference.

22. The Outer Hebrides is a great place to live with stunning nature on our doorstep and committed communities working to improve their area but there are challenges that threaten this.

Our Business

23. Our business is providing homes for those in need at an affordable rent and the key factors to remaining financially viable are:

a) a healthy demand for our homes

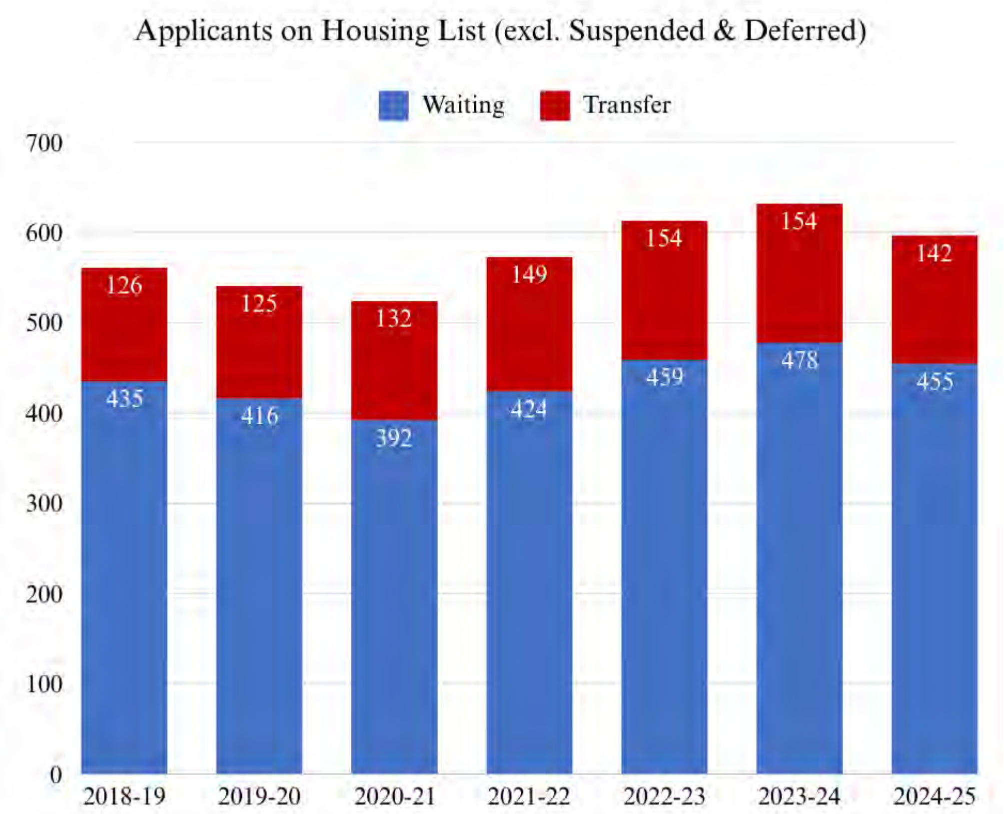
b) keeping our homes at a high-quality standard

c) being efficient in the way we deliver services

d) reviewing opportunities to grow

Demand

24. The graph below shows our demand over the years:



Standard of Homes

25. Our Stock Condition Survey indicates that the stock is in good condition with minimal catch up repairs required. Our houses achieve the SHQS with the exception of refusals and those where work cannot be carried for technical reasons.

Efficiency in Service Delivery

26. We have a Value for Money Strategy which has delivered around £110k savings in the past year which have been invested back into the organisation and helps to keep the rents affordable.

Reviewing Opportunities to Grow

27. As the world around us changes, it is important that we review how we provide our services and explore ways in which we can grow and develop as a business to provide more resources to reinvest into our services.

Skills Base

28. The recruitment market is becoming more challenging with the likelihood of being successful in the first recruitment attempt reducing.

29. The skills we need tomorrow will differ from those today and we need to continue to invest in staff training.

30. We are already seeing challenges in certain areas where we have struggled to procure services e.g. External Audit.

Business Planning Day

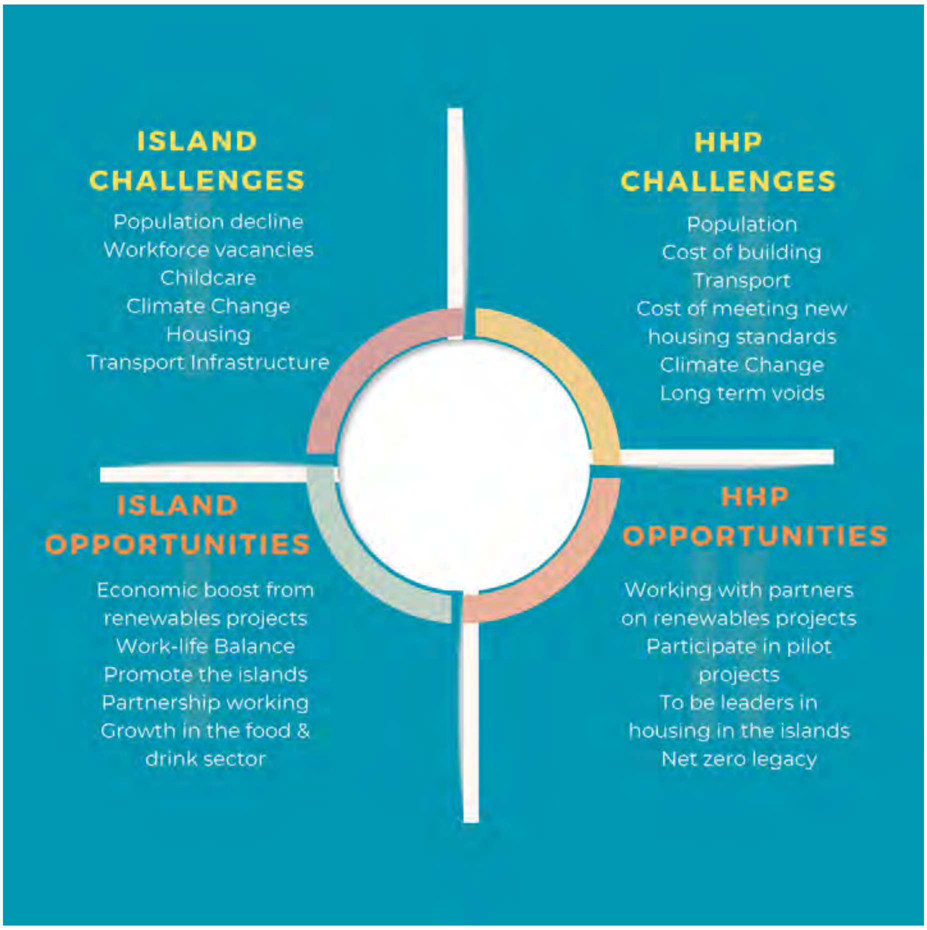
31. The Board and Management Team met on 6 November 2024 and on 13 January 2025 to review the proposed changes to the Delivery Plan, update the Risk Appetite and the SWOT, PESTLE and Three Horizons findings. The Board met with youth representatives on 14 January 2025 to hear their views which have been incorporated into the Plan.

Partner Considerations

32. Our partners asked the Board to take the following into account:

- Making more use of pilot projects
- Accommodation for the renewables projects
- Housing with Extra Care Barra
- Community landlords ambitions for housing and care provision
- Climate change projections for the islands
- Energy advice service provided by TIG
- The recruitment challenge for the care and construction sector
- Aging demographics
- Islands Growth Deal
- Encouraging apprenticeships
- Importance of robust demand data
- Homeless-additional support post tenancy

33. Following the presentations, we went into workshops and looked at the challenges facing the islands and HHP and also the opportunities available. The outcomes are below:



Strategic Analysis and Key Issues

34. Staff and Board used three different analysis tools, SWOT Analysis, PESTLE Analysis and Three Horizons.

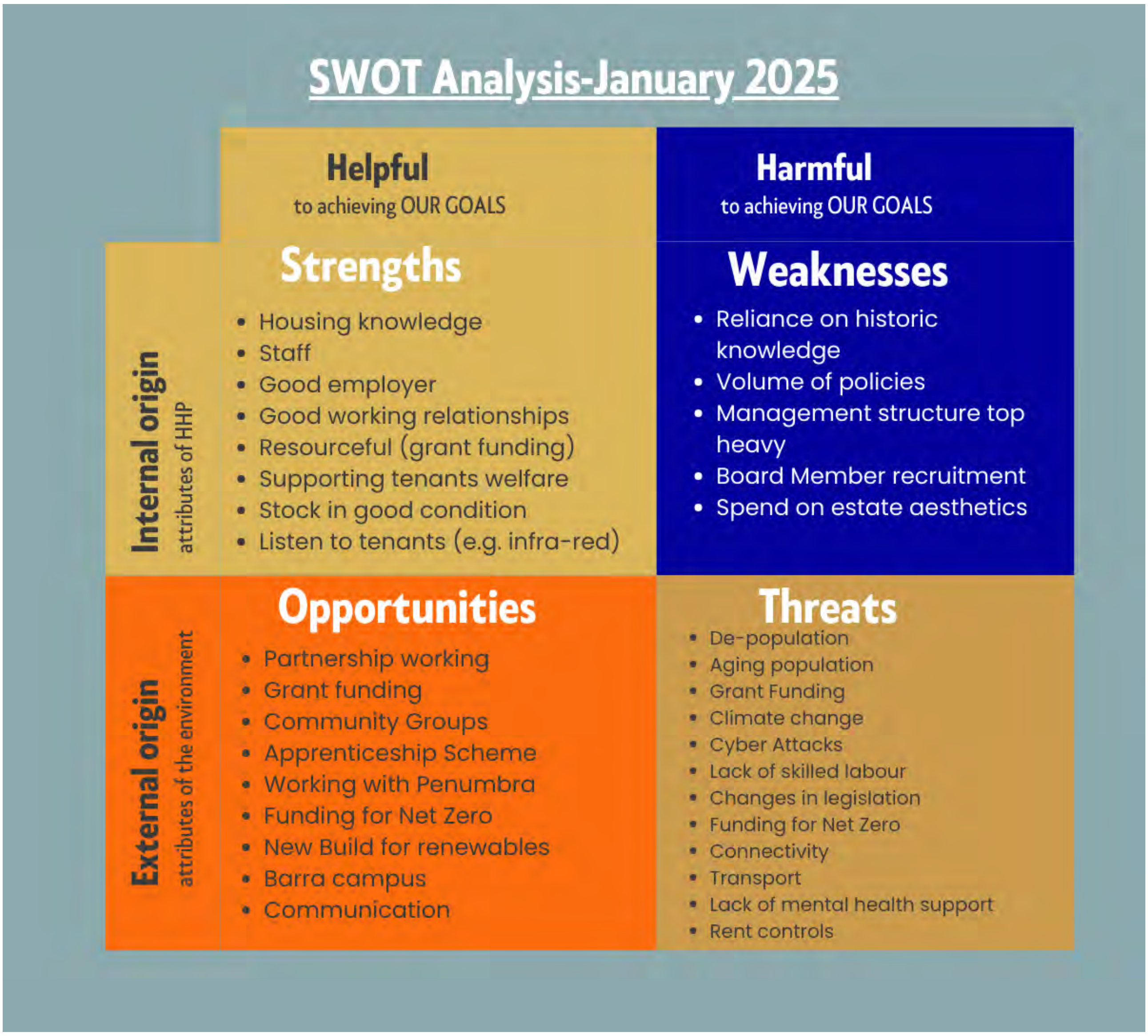
SWOT Analysis

35. The original SWOT Analysis was reviewed, and some changes were made, knowledgeable staff and their relationships with our tenants were identified as our main strength. Good relationships both within the organisation and with tenants were highlighted. Our stock is largely in good condition and our investment and new build programmes enhance this.

36. Weaknesses identified were perception of overly bureaucratic processes and structure, lack of spend on estate aesthetics and attracting new Board Members.

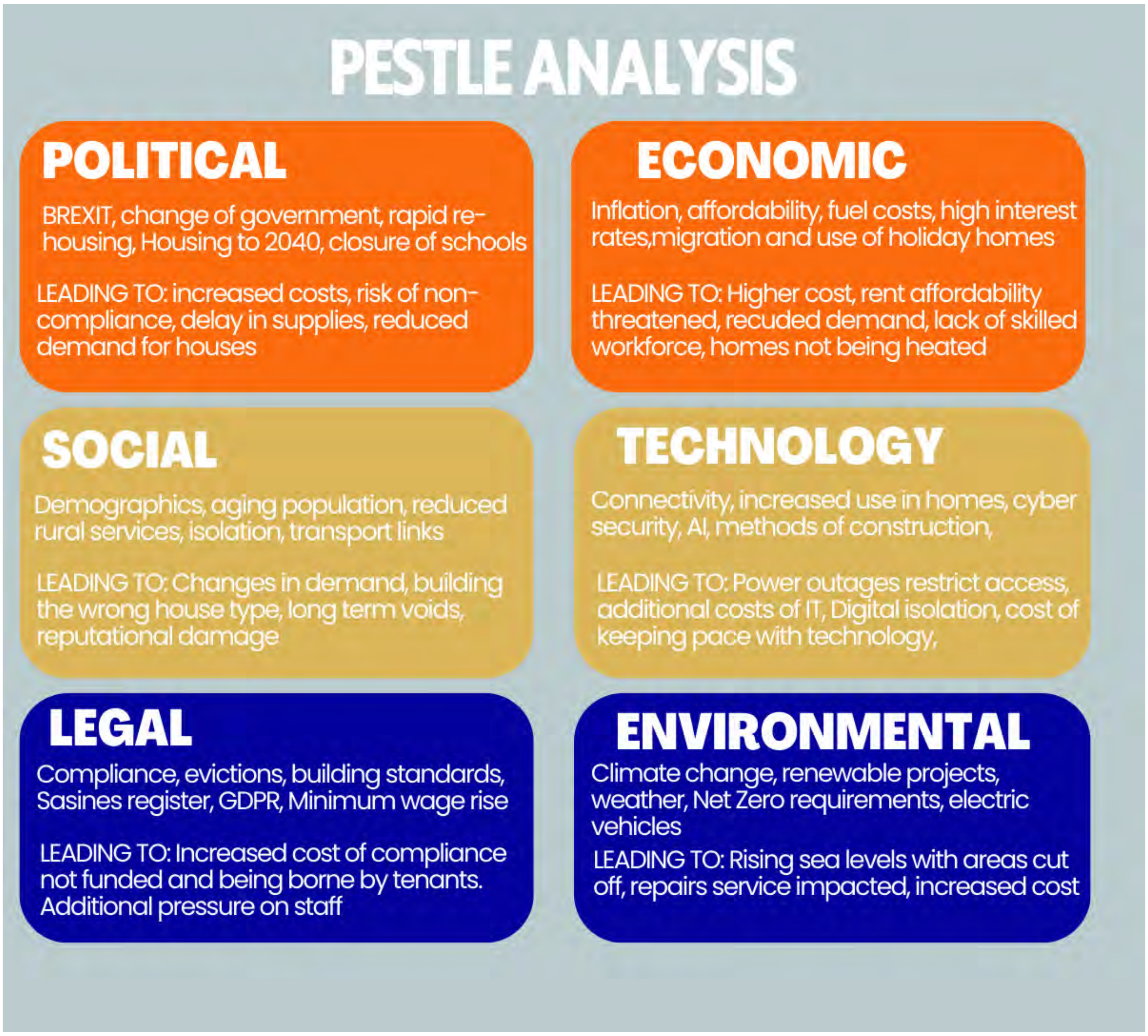
37. Working with other agencies, including community groups, Penumbra and partnership working were recognised as opportunities. Other opportunities included grant funding, the Modern Apprentice Scheme and sharing of knowledge with other agencies.

38. The aging population and decrease in population were the main threats. Other threats included, cost of living crisis, cyber security, climate change, increasingly having to deal with mental health issues and lack of skilled labour in the construction industry. Lack of connectivity and transport links in Uist and Barra also pose a threat to being able to provide our services effectively.



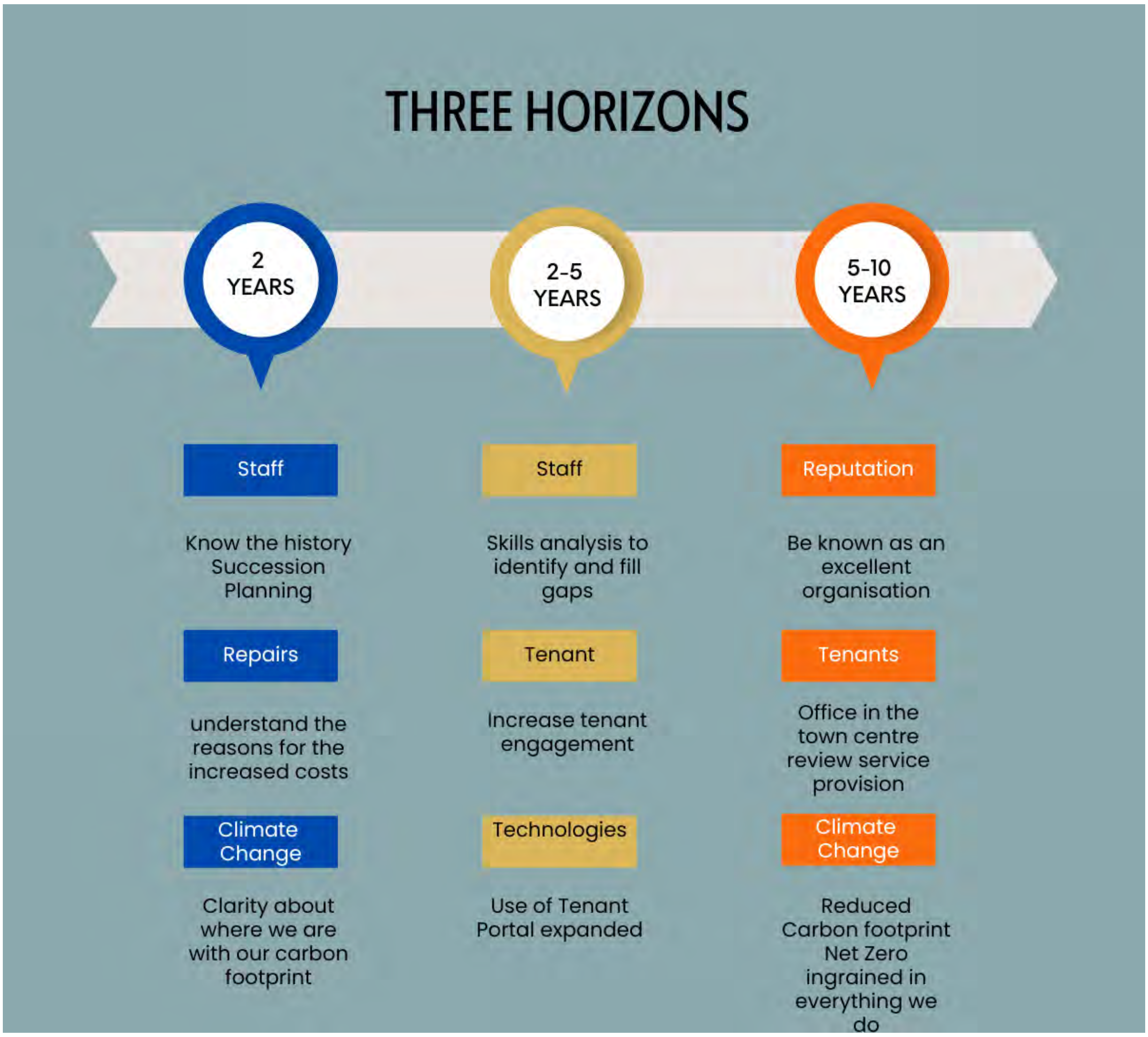
PESTLE Analysis

39. We used the PESTLE analysis for the first time last year as part of the Business Planning process. It proved useful and a summary of the outcomes is below:



Three Horizon Analysis;

40. Three Horizons was another tool we used for the first time. Three time lines were set 1-2 years, 2-5 years and 5-10 years then the question was asked “what kind of organisation do we want to be in 10 years time and what do we need to be doing now to get there?” A summary of the findings are below



41. There is a constant thread running through all three analysis: population, climate change and technology, which is what we identified as the key global challenges facing us.
42. Section 5 outlines what we want to deliver and this is supported by a Delivery Plan at Appendix 2 which has actions targeted at addressing the three main challenges.

Risk Appetite

43. On 13 January 2025, we met to review and agree our Risk Appetite for the year ahead and the outcome is in Section 7.

Culture

44. We undertook a Culture Audit during 2024 which revealed the organisation's DNA (using the lens of Jungian Archetypes). We are an organisation marked by compassion (Caregiver), optimism (Innocent), wisdom (Sage) and determination (Hero). The Executive summary of the report goes on to say "*These characteristics have created a strong foundation of trust and community connection. However, to address the unprecedented challenges of demographic decline, economic pressure, and climate change, HHP must evolve while preserving its core strengths.*"

45. The actions arising from the Culture Audit are included in Section 5.

Consultation

46. As part of the Rent consultation for 2025/26 we asked tenants to tell us if there was any burning issues they would like addressed in the Business Plan. Out of 125 responses, only 35 had something to say about the Business Plan.
47. The responses ranged from providing bigger homes, more money to be spent on externals, reintroducing Right to Buy and more priority to Investment. 31% of responses were in relation to Investment.

48. Two percent of tenants provided feedback in the second part of the consultation and investment and affordability were highlighted as their top two priorities. They were also keen to see Right to Buy re-introduced and the change of tenancy standard moving to every house being in “Walk in condition”. Actions have been included in the Delivery Plan to address the issues raised and a full response has been published on our website.

Operational

49. In 2024/25 we completed 41 homes; 8 in Lochmaddy and 33 in Stornoway. We began work on 12 houses in Leverburgh and 6 in Barra.

50. Achieving the level of new build we have achieved has only been possible through strong partnership working with the Scottish Government More Homes team and the Comhairle's Planning and Housing teams. The significant level of funding provided through the More Homes teams to enable delivery of our development programme was critical to new homes being built particularly out with Stornoway.

Repairs

51. We have continued to deliver a high quality reactive repairs service but budgets are under pressure as material and labour costs increase. Our partnership with FES has been positive but we were informed at the end of 2024 that FES were being bought over by OCS group. We are hopeful the good relationship and quality of service will continue under the new owners particularly as we have exercised a 2 year extension option on our current contract with effect from April 2025.

Damp & Mould

52. We are wherever possible, working with our tenants to ensure that they are not adversely affected by the causes of damp and mould so that they have warm, safe and healthy homes to live in.

53. We are proactive in the prevention, treatment and remediation of these issues to the benefit of our tenants. Our procedures include an end-to-end customer service from reporting and identification through to advice, guidance and support and, where required, we will install preventative technology.

Arrears

54. We focus on preventing arrears through early action and engagement with tenants. In order to help our tenants maximise their income and get assistance with energy costs, we work closely with other partners such as DWP, CNES, CAB and TIG. Taking legal action will always be a last resort and sadly when tenants choose not to engage or co-operate we have no option but to pursue legal action including eviction.

Voids

55. Maximising income is critical to the business, so we re-let properties as quickly as possible subject to them meeting the agreed lettable standard. We also support tenants moving into their new home by providing generous decoration allowances. There have been increasing challenges, with the costs of bringing some properties back into use linked to the inability of the previous tenants to cope because of issues such as health and addictions.

Rechargeable Repairs

56. We have revised our approach to rechargeable repairs and will monitor this to assess the impact on prevention and collections rates. We will review our approach where we encounter individuals whose behaviour has been impacted by health and other factors.

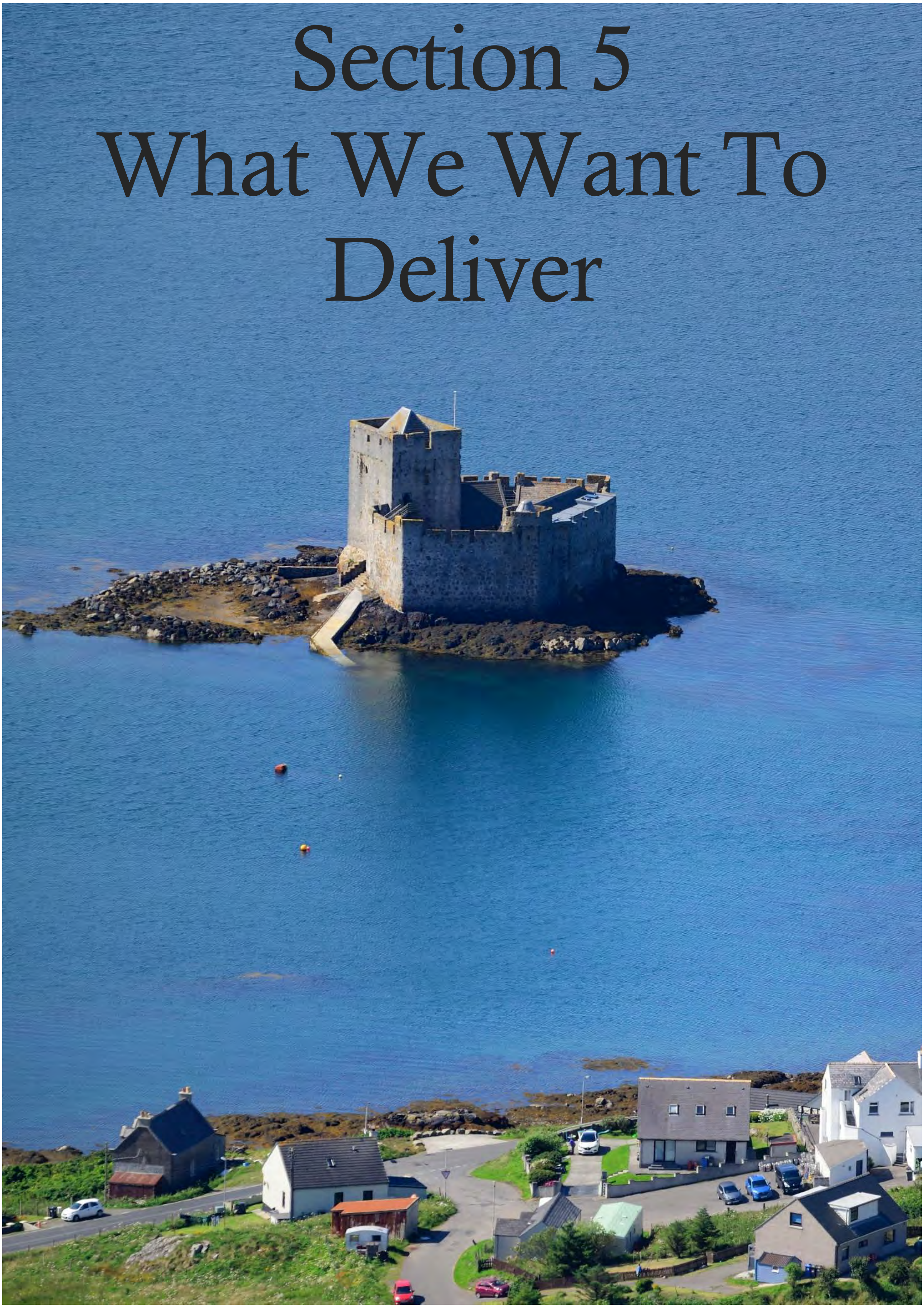
Housing System

57. We went live with a new housing system in March 2023. This has brought some cost savings through reductions in the annual licencing cost and once fully operational will bring a number of operational efficiencies. Our Tenant Portal went live in May 2024 and will allow tenants to manage all aspects of their tenancy from application through to tenancy termination. Tenants will be able to see their rent accounts online, make payments through our Allpay payments portal and diagnose and report repairs.

Rents

58. Our Board review our rents annually and we do our best to balance what we need to spend to provide an excellent service and meet our legal obligations with what is affordable for tenants. Over the last 8 years, the average annual rent increase was 3.2% compared to an annual inflation increase of 4.7% over the same period.

Section 5
What We Want To Deliver




CalMax
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Section 5 What We Want To Deliver

Introduction

1. Our Vision will be delivered through four Strategic Goals.
2. We stand at a pivotal moment in our history, poised to evolve from a traditional housing provider into a catalyst for community resilience and sustainable island living. This evolution isn't just about building homes – it's about supporting a future where island communities can thrive despite the complex challenges they face.
3. We want to improve how we deliver our services so we are known for the positive impact we have on our communities, for being a reliable and trustworthy partner who will do what is right for the islands. We want our staff to know they are valued and that they contribute to something vital and memorable in our communities.
4. To make all these things a reality the Board have set four Strategic Goals. The detailed Delivery Plan is at Appendix 2 which shows targets and timescales. A report on performance will be presented to the Board on a quarterly basis. The Performance Report is at a high level and the report to 31 December 2024 is at Appendix 3. Operational performance is be monitored by Managers on a monthly basis and these reports will be available to the Board on the online portal.
5. A number of new actions have been added to the Delivery Plan to take on board feedback from tenants.

Goal One: TENANTS - Placing tenants at the heart of everything we do

6. To deliver on our promises we will place tenants at the heart of everything we do.

Tenant Engagement

7. In the summer of 2024, we conducted a tenant satisfaction survey. Our overall satisfaction is down 3% to 83%. We noted that although satisfaction was down, there was no large increase in dissatisfaction. The main difference sits in the 'neither satisfied nor dissatisfied' category.
8. We consulted with tenants in August 2024 and updated our Tenant Participation Strategy. Previous feedback said the Strategy was difficult to read so it has been redesigned to make it more accessible https://www.hebrideanhousing.co.uk/tenant-participation-strategy-202428/
9. In December 2024 and January 2025, we ran a survey to ask tenants what type of tenant events they want to see and when was the best time to hold an event. Feedback from this survey will be used to inform and finalise a Tenant Engagement Calendar for 2025. The calendar will detail planned tenant events, TPAS conferences, our tenant consultations and estate management inspections and will be available on our website and Facebook page.

10. We will explore the possibility of providing tenants with an individual "impact statement" along with the annual Rent letter to show them what services they have received over a 12 month period.

11. We will arrange estate visits for Board members to provide an opportunity to meet with tenants and also see what is happening on the ground.

Affordability

12. We benchmark our rents through the Scottish Housing Network annual performance reports and through the SFHA affordability tool. This allows us to compare rents both across the sector and against similar landlords. This can be at a variety of levels e.g a geographic basis, organisation size or stock transfer background. A household survey was carried out as part of our Tenant Satisfaction Survey in 2024. 90% of those who participated said they were able to pay their rent and this is mirrored in our arrears levels which continue to be stable. This is an important measure of affordability. However, over 20% of those surveyed said fuel costs and food prices were a continuing concern but we will continue to assist those tenants in most need through initiatives such as fuel vouchers, access to food parcels and referrals to partner agencies.

13. One of the key ways to keep rents affordable is to ensure monies are spent wisely and deliver value for money. This does not mean we will go for the lowest price because that can sometimes work out more expensive, but we will not spend money we cannot justify.

14. Ensuring tenants homes are energy efficient is also an important contributor to affordability this will be picked up under Goal 2.

15. We will explore the benefits to tenants of providing rent guarantee for a 3 to 5 year period.

Supporting Tenants

16. Our local Health Board is struggling to recruit its full quota of staff for its mental health services and we are seeing the impact of the reduced support in the lives of some of our tenants. While we can signpost tenants to other agencies for help, that help is not always available. Our Housing Officers do not walk away when someone in one of our homes needs support and have regularly gone the extra mile to get a tenant the help they need. Sadly the consequences can be that our property is seriously damaged and very costly to repair.

17. We entered into a partnership with Penumbra in October 2024 to provide support to tenants who we identify as being in need due to mental health and behavioural disorders such as hoarding. This is in response to the increase in the number of tenants who are struggling to maintain tenancies and who are therefore at increased risk of homelessness. The partnership aims to both intervene at points of crisis but particularly to seek a preventative response at as early a stage as possible.

18. We have continued to support Health Services locally by accommodating staff through the Key Worker provision in our Allocation Policy where local recruitment is not possible.

Equalities

19. In the summer of 2024, we worked with Equal Adventure who provide training and equipment for activities that support disabled people, their communities and families. Equal Adventure run activities that will benefit our tenants who have a disability and the tenants who attended benefited from the experience. We will take what we learned from the project and incorporate it into our policies.

Tenant Portal

20. In 2023 we installed a new housing system which enables us to provide a portal for tenants to access their rent accounts.
21. The portal was launched in May 2024 allowing tenants real time access to their rent accounts, self-service with respect to repairs, tenancy management, periodic surveys e.g. tenant satisfaction surveys. We have over 540 tenants registered on the portal.

Change of Tenancies

22. The standard practice by Housing Associations is to ask outgoing tenants to remove all their furnishings including their carpets, laminate flooring and curtains however this practice is being increasingly reviewed nationally due to concerns about:
    - Sustainability
    - Recycling
    - Affordability and cost pressures for new tenants
23. Other issues that have been highlighted are the standard of decoration, heating systems and other components.
24. A review of Change of Tenancy standard, practice and timescales was undertaken in 2024/25 and the findings will be reported to the Board in March 2025.
25. We will review the Lettable Standard along with tenants.

Goal Two: HOUSES - Investing in a sustainable way in tenants' homes

Net-Zero

26. The outcome of the Scottish Government consultation on a new Net Zero standard is still awaited. It is understood that a clean heating system will be required as part of the standard and we have continued to invest heavily in the installation of renewable air source heating systems in tenants homes.
27. The Comhairle have submitted their Local Heat and Energy Efficiency Strategy and Delivery Plan showing how the islands will decarbonise its building. At present our housing stock is contributing very positively to the Comhairle's overall position as 78% of our off-gas properties have zero emissions heating systems already installed.

28. We will review our new house build standard to ensure it is meeting net zero targets. This may mean that we can build fewer houses because unless there is additional grant it will be more expensive to build to this standard.

29. We will review the effectiveness and benefit of solar panels to inform future investment programmes.

30. We will work with the Comhairle and other partners to deliver the new homes that are needed whilst ensuring there are services within reasonable travelling distance. A copy of our Development Plan is at Appendix 4.

Older Stock

31. The Stock Condition Survey completed in 2023 forms the basis for our investment planning. The detailed plan is at Appendix 5.
32. We will review the Investment Plan to provide for fencing and general environmentals e.g. paths and walls.

Damp & Mould

33. We continue to work proactively to address any reported instances of damp and mould. We also require contractors to report any observed issues even if these have not been reported. We carry out works and provide advice and assistance to tenants as appropriate and have carried out staff training and will regularly update this.

34. We monitor reports of damp and mould and report on this on a regular basis to management team and our Board. We will be required to report our performance on damp and mould to SHR from 1 April 2025.

Goal Three: STAFF - Being an excellent employer that attracts and retains high quality staff

Culture Audit

35. We carried out a Culture Audit during 2024 and the findings were presented to the Board on 13 January 2025. The results of the survey showed our organisational DNA is Caregiver, Innocent and Sage. At our staff team building day the staff designed the emblem which represents our archetypes.

36. We were asked to think about what we wanted to be remembered for as an organisation and whilst our vision captures what we want to do over the next few years it doesn't quite capture what we want to be remembered for. During the coming year we will
    - arrange a workshop for Board, staff and tenants to answer that question so we can ensure our time and resources are targeted in the right places
    - Work as teams to answer
        - Does our dedication to compassionate service prevent needed changes?
        - Is our optimistic outlook preventing us from acknowledging and addressing challenges head-on?
        - Are we fully leveraging our collective knowledge and expertise to drive innovation and continuous improvement?

Workforce Strategy

37. In the analysis undertaken the risk of not having skilled people is increasing as the workforce gets older and retires. We have a Workforce Strategy that is reviewed annually which helps to identify areas where succession planning is required. We hope our first Housing Modern Apprentice will be qualified by 2025 and our plan is to maintain the Apprentice programme and to become known in the community and the sector for being excellent at training Apprentices.

38. Part of the succession planning will be to give our managers development opportunities by taking responsibility for a cross cutting role such as Well Being, Culture and ESG.

39. As the business grows, changes and adapts for the future the structure will need to be reviewed to ensure it remains appropriate. This will include reviewing how the service is provided and to identify where there are any skills gaps e.g. do we have all the skills we need to get to Net-Zero? The review will be completed by March 2025.

40. The use of Artificial Intelligence (AI) has been described at the transition from the Industrial to the Intelligent Age. We have been trialling the use of AI to assist with preparation of summary documents, improving reports to make them easier to read, assisting in the preparation of minutes of meetings, including the Board minute. We have only dipped our toe into the water of what AI is capable of, but what is clear is the requirement to have solid governance around its use to ensure we don't inadvertently breach data protection requirements. Recommendations on how AI can be used in the business will be made to the Board by December 2025.
41. We will keep our Flexible Working Policy under regular review to ensure it remains suitable for business continuity and staff.
42. Our salaries were benchmarked in 2024 and the next review will be in 2027/28.

Training Plan

43. Our Training Plan is prepared on an annual basis taking into account training needs identified through the Appraisal process.
44. We will ensure there is sufficient budgetary provision each year to deliver our Training Plan.

Goal Four: COMMUNITIES - Working with partners to help our communities thrive

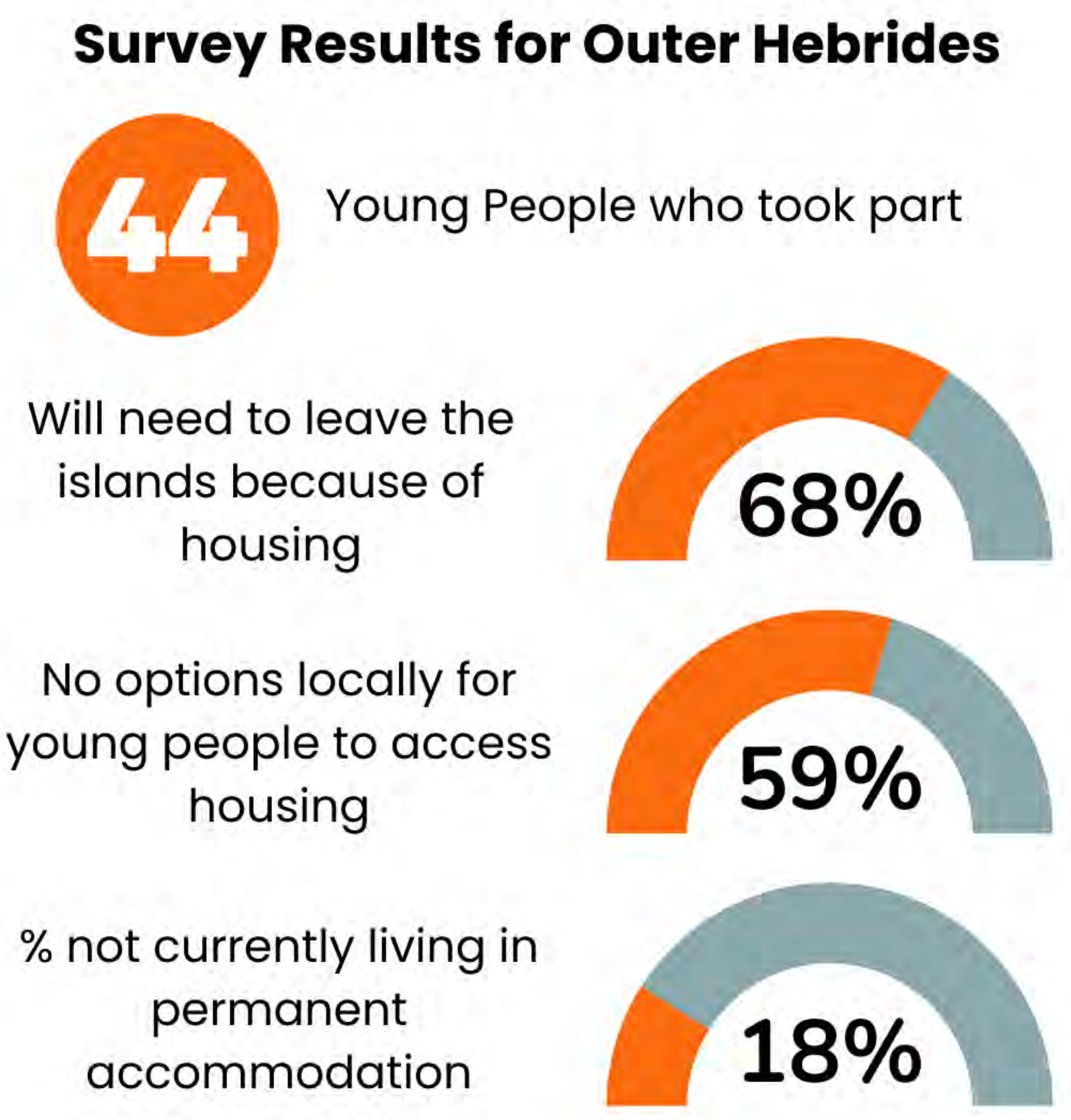
45. We continue to work with our contractors and partners to deliver Community Benefits. We work with the Community Landlords as they deliver their plans for their areas in particular with relation to housing and as an example we are currently working with the North Harris Trust to try and progress housing development in Tarbert.
46. We will consult with local communities either through the Community Council, Community Landlord or Development Companies when we have any surplus assets, before we put them on the open market.
47. Our office in Balivanich is larger than we now require and we will work with HIE with a view to enabling Third Sector organisations to come together and buy our office building so they are in one space while we move to a new smaller office space being built by HIE.
48. We will support Partnership organisations by encouraging our staff to attend meetings and with the use of Key Worker accommodation.
49. We incorporate Community Benefit requirements in our contracts and agree the specific delivery actions on a contract by contract basis taking account of local community priorities.
50. We will support Community Groups through our grant scheme which will be promoted by our TEO.
51. We will develop and produce an annual Social Value impact report.
52. We will continue to seek improvements to our factoring services including communication with owners and our supporting processes and systems.

Renewables

53. There is an incredible opportunity for the islands over the next 5 years with the renewables work planned over the next 4 to 10 years. We will work with our colleagues in Orkney and Shetland to develop a mechanism that will enable houses to be built for the workers which will then become a legacy for the islands to use in the future.

Young People

54. In December 2024 a report was published by the Young Islanders Network (YIN) on Housing which highlighted that “72% of the young people who completed the Housing Challenge Survey have said they think that they will have to leave their islands when they are older due to a lack of available/suitable housing.
55. We met with the YIN in January 2025 which was positive and has laid the foundation for how we capture the views of young people in our plans. One idea that has been suggested is that we have a Youth Adviser to the Board. We will arrange further meetings during the year and include the YIN on our list of consultees for strategies and polices.



ESG Strategy

56. We will review the best way to gather data on our carbon footprint with a view to reporting on it annually.

57. Review options for staff to minimise their travel carbon footprint through the provision of electric vehicles and supporting, where we can, the development of cycle routes and walkways. An annual report on the progress of our ESG will be presented to the Board in June.

Corporate Services

58. Every business has a team or teams that provide core services to enable other teams to deliver the main elements of the Strategic Goals and it is important that the work they do is identified and that they work to performance actions and measures.

59. The Teams providing Corporate Services are Finance, Corporate Resources and Executive Office and the areas are listed in the following paragraphs.

Finance

60. We will ensure that payments to our tenants and our suppliers are made within 7 working days of receiving valid invoices.

61. We are working with Stirling Park to maximise debt recovery and take legal action where necessary.

62. We will process Grant Claims in an accurate and timely manner.

Governance

63. We will promote Membership of the Partnership and at least one member of the Executive Office will attend every tenant event and where possible community events.

64. We will carry out a Self Assessment evaluation using SHN's assessment tool every two years.

65. We will carry out a full review of the Board process to ensure meetings can be conducted within a 2 hour time frame. The review will include exploring options to provide more "informal" meetings for Board members.

66. We will develop a recruitment campaign to recruit new Board members including a review of the constitution. We will also review the induction process for Board members.

67. Following an independent skills assessment carried out in December 2024 an action plan will be prepared to implement any recommendations.

Accreditations

68. During 2025/26 we will research suitable accreditations for the business with a view to achieving them within the lifetime of the Plan.

ICT Services

69. The Board approved in November 2024 to upgrade our ICT infrastructure which will allow us to deliver a flexible, scalable and secure solution. We will also develop and refine our defences in relation to cyberattack and ransomware to mitigate against business continuity risks.

Office Support Services

70. We will undertake the 'Continuous Improvement Program for Procurement' programme as delivered by Scotland Excel by December 2024.

71. We will ensure that appropriate investment is made in our offices.

Communications

72. We will prepare an annual Communications Plan, to ensure we keep our stakeholders informed and enhance our reputation in the community. Communications will be clear and timely and distributed appropriately to ensure the widest possible coverage. A Communications Working Group has been established to have oversight of all internal and external communications.

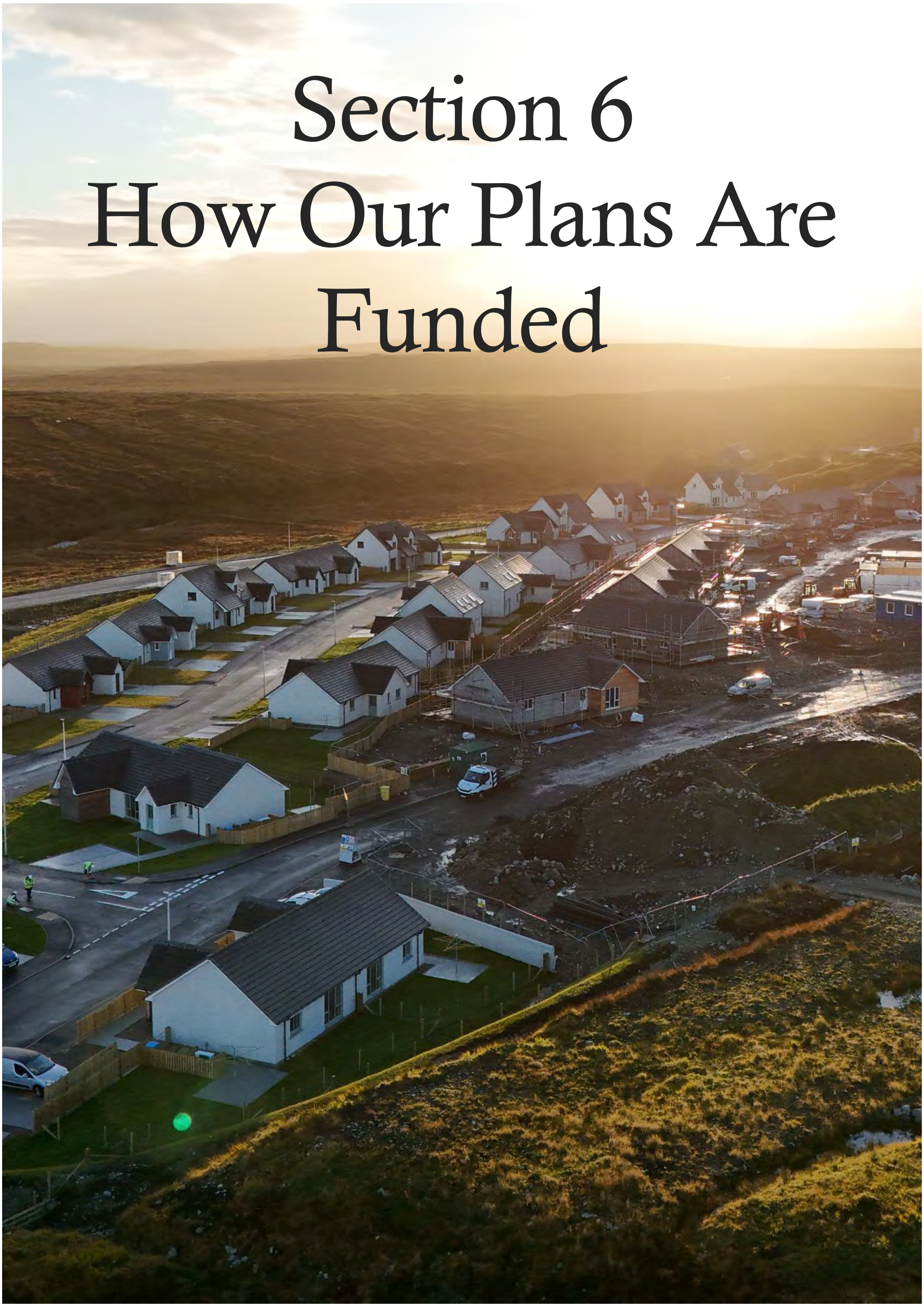
73. All information requests will be responded to within FOI/GDPR guidance/timelines, and in an open and accountable as possible, whilst maintaining confidentiality.

74. Plans to mark our 20th anniversary in September 2026 throughout the islands will be prepared.

Health & Safety

75. Our Health & Safety Committee will deliver and manage the Staff and Landlord related H&S awareness, training, and deployment.

Section 6
How Our Plans Are Funded



Section 6 How Our Plans Are Funded

Introduction

1. Our plans and aspirations have been laid out in Sections 2 to 5 but like nearly all plans they require funding to make them happen. We prepare our funding plans at three levels, annual, five yearly and 30 years.

2. As a Stock Transfer organisation, we were required to produce 30 year financials to ensure that any funds borrowed could be repaid within the 30 year time frame. Our Stock Condition survey information is generally provided for a 30 year period so we have continued the good practice of preparing 30 year projections using BRIXX software.

3. We are planning to use our Subsidiary to enable us to be part of the provision of houses for the renewables work taking place on the islands from 2026 and we will prepare a separate plan to show how it can be done.

Where the money comes from

4. Our income, which funds our expenditure plans, comes from three main sources as shown below (includes a provision for inflation);

Period: 01 April 2025 - 31 March 2054	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Rents	12,940	13,700	14,530	15,020	15,600	71,790	586,300
Other Income	470	400	120	120	120	1,230	4,100
New Build Grants	6,420	6,520	640	3,000	0	16,580	16,580
Borrowing	1,000	1,500	0	0	0	2,500	4,000
Total Income	20,830	22,120	15,290	18,140	15,720	92,100	610,980

5. The amount we can borrow is decided by the Board each year.

Where we will spend the money

6. We plan to spend a significant amount of money over the next 30 years to ensure our homes are maintained at the required standard and increase our stock. The table below which includes a provision for inflation provides an overview of our spending plans:

Period: 01 April 2025 - 31 March 2054	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Repairs	3,570	3,680	3,790	3,890	3,990	18,920	155,910
Investment	4,530	4,830	4,180	4,970	3,710	2,220	229,370
OT Adapts	30	120	120	120	120	510	3,390
New Build	11,350	10,210	910	4,110	-	26,580	31,410
Total Property Costs	19,480	18,840	9,000	13,090	7,820	68,230	420,080
Management Costs	3,280	3,330	3,450	3,550	3,660	17,270	133,940
Interest	700	840	890	890	880	4,200	9,640
Repayment of Loans	-	-	-	-	-	-	26,370
Finance Costs	700	840	890	890	880	4,200	36,010
Total costs	**23,460**	**23,010**	**13,340**	**17,530**	**12,360**	**89,700**	**590,030**

Assumptions

7. The key assumptions in our Plan are:

Period: 01 April 2025 - 31 March 2054	2025/26	2026/27	2027/28	2028/29	2029/30	Notes
Housing Stock	2471	2500	2552	2556	2566	
Base Rate of Interest	6.00%	5.85%	5.85%	5.85%	5.85%	5.85% from year 3-30
Inflation	3.40%	3.00%	2.50%	2.50%	2.50%	2.5% to Year 30
Rent Increase	4.40%	4.00%	3.50%	3.50%	3.50%	Inflation +1% to Year 9, RPI Only Year 11-23,
Void Loss	2.00%	2.00%	2.00%	2.00%	2.00%	2% of Rental income over 30 years
Bad Debts	2.00%	2.00%	2.00%	2.00%	2.00%	2% of Rental income over 30 years
Management	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to year 5
Repairs	0.25%	0.25%	0.25%	0.25%	0.25%	0.25% to Year 30
Major repairs	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to Year 5

8. The assumptions will differ to the targets we set for our performance e.g. we will have a prudent assumption on voids and bad debts, ensuring our plans can withstand future volatilities, but we will set a challenging target to be achieved.

Housing Stock

9. As part of our Asset Management Strategy, we will be assessing whether some of our housing stock should be disposed of or re-provisioned.

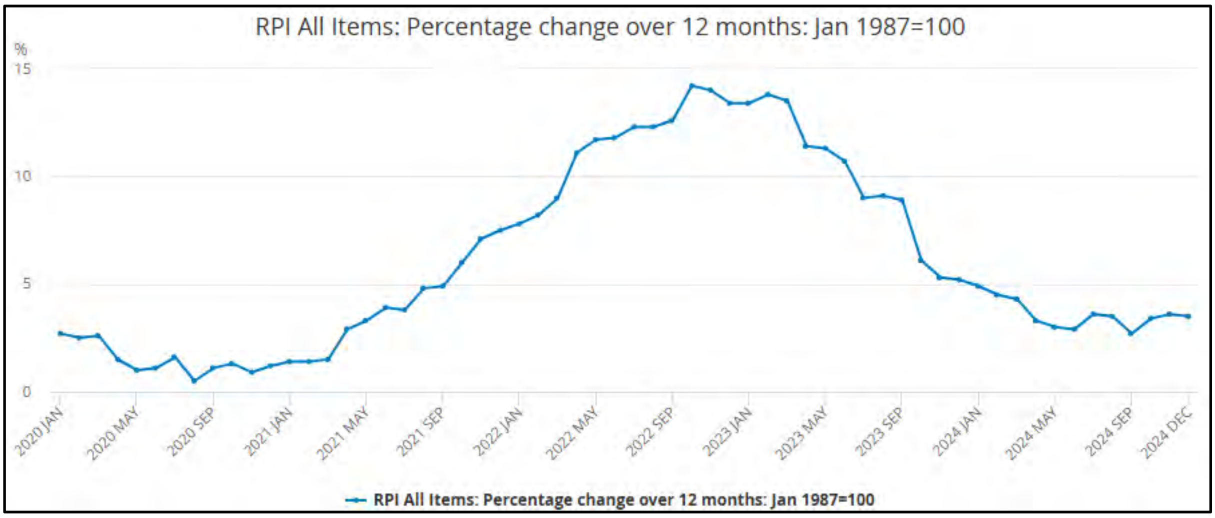
Period: 01 April 2025 - 31 March 2054	2025/26 Units	2026/27 Units	2027/28 Units	2028/29 Units	2029/30 Units	5 Year Total Units	30 year Total Units
Opening Stock	2,427	2,471	2,500	2,552	2,556	2,427	2,427
Sales/RTB	-	-	-	-	-	-	-
New Build	44	29	52	4	10	139	139
Closing Stock	2,471	2,500	2,552	2,556	2,566	2,566	2,566

10. Our new build provision is aligned with the first three years of the Comhairle’s SHIP. Scottish Government have confirmed an increase in housing budget for 2025/26 and it is anticipated that this will result in an increase in the Annual Resource Planning Assumptions going forward.

11. The SHIP includes a further 88 units which if progressed would require a minimum £6 million pounds of additional private finance to progress. The Development and Finance Committee will meet in March 2025 to model these additional units and their associated impact on the 30 year Business Plan.

Inflation

12. Inflation is a key assumption in our plan affecting our costs and our income. Whilst the last 2 years has seen a reduction in inflation from the 14.2% high in October 2022, the recent changes in Employers National Insurance Contributions are anticipated to have an upward pressure on inflation.



**Source:* www.ons.gov.uk

13. The first 2 years of the Plan has assumed that inflation remains high with a return towards the Bank of England (BOE) 2% target in year 3. The below table provides an overview of the BOE inflation (CPI) forecast:

**Source:* Monetary Policy Report - November 2024 | Bank of England

Voids and Bad Debts

14. Minimising voids is essential to a strong cashflow which contributes to long term financial stability. As mentioned Section 3, the population of the Outer Hebrides fell by 5.5% since 2011 and is projected to fall even further over the next ten years due to our age demographic. Population has an impact on our waiting list and consequentially our voids.
15. Voids are provided for in our 30 year plan at 2% of rental income. Voids loss remains low at 0.6% in 2024/25 (0.6% in 2022/23). A reducing and aging population will likely have a negative impact on demand and the risk of increasing voids.
16. Our rental income assumptions are the most critical element of our Business Plan. As a result, we annually model the potential impact of increasing voids on our rental income.

Management Costs

17. Management costs are made up as follows:

Management Costs 2025/26	£000's
Employee Costs	2,769
Supplies & Services	396
Corporate Expenses	587
Admin Costs	118
Total Costs	**3,870**
Internal Fee Income	**(590)**
Total Costs	**3,280**

18. We have assumed employee costs at £725 per unit for year 1, with overhead costs set at 11% of turnover.

19. Included within our management costs is the cost to insure our housing stock. The insurance market has become very volatile over the last few years with significant storm/flood/fire events leaving insurers increasing their premiums to cover their costs. Some insurers have left the market entirely as they are unwilling to accept the increasing exposure to these risks.

Value for Money

20. We have a Value for Money (VFM) Strategy and over the last five years we have delivered the following efficiencies:

a) Phone System - £13.7K annual savings have been realised through the new phone system;
b) IT Maintenance Costs - £37K annual savings realised on hosted services;
c) Review of our owned technology – Developed through the IT Strategy and Digital Transformation Strategy

d) Allpay – (new payment system) allows tenants to make online/phone payments without the need to go through CNES. £15.8K estimated saving per annum.
e) CX (new housing system) includes an online tenant self service portal which was launched in May 2024.
f) We were successful in securing £360K of grant funding for external wall insulation works in 2024/25.

21. Securing value for money is the responsibility of the Board and everyone who works for HHP.
22. The VFM Strategy also outlined potential efficiencies through the following:
    a) CX-New Housing System;
    b) Consultancy – reduce our dependency on third party consultants
    c) Travel – utilisation of technology to reduce business mileage and in turn our carbon footprint
    d) Repairs & Maintenance – seek to maximise planned maintenance work therefore reducing the requirement to react to repairs which can be costly.
    e) Printing – reducing our use of paper through further digitisation of processes, in turn reducing our carbon footprint.
    f) Development – exploring alternative approaches to construction e.g., modular build

Funding

23. Our total borrowing is £17million - £7,004 per house (2023/24 average RSL debt per unit £16,467).
24. Our long-term funding is with the Royal Bank of Scotland (RBS) and a loan from the Scottish Government as part of the Stock Transfer Agreement.
25. To assist with cashflow in the early years of HHP, the Scottish Government agreed we could retain £5.53 million of Right to Buy (RTB) receipts (this was in lieu of receiving a grant to cover the deficit valuation). The RTB receipts can be used to assist with our Development Plan with the remainder due for repayment in 2036.
26. The RBS loan facility was re-structured in June 2021 and allows us to borrow up to £25million.
27. In broad terms, we assume that borrowing will increase each year until the maximum of £19.5million is reached in 2026/27, reflecting the significant investment in improving our current stock and building new homes. Debt is progressively paid off in subsequent years and is projected to be fully paid off by 2046.
28. The reason the housing stock had to be transferred from the Comhairle was the high debt per house leaving little funds to invest in the homes. We want to avoid being in the same position so the Board have set a threshold for our borrowing of £11,500 per house and a requirement that all borrowing can be repaid within 30 years.

29. Our borrowing at 31 December 2024 with RBS is as follows:

BORROWINGS AT 31 DECEMBER 2024		£000's
Facilities arranged		25,000
Loans outstanding		17,000
Variable amount	8.8%	1,500
Fixed	91.2%	15,500

Scenario Planning

30. As we have seen over the past five years, plans are subject to change, some changes we have an element of control over and others we have no control at all over. A key part of our business planning process is to look at how various scenarios will affect our finances and our obligations under our funding agreement.

31. We stress tested the Plan for the following:

Scenario Testing

Interest Rates	Inflation	Rent increase	Bad Debts
+1%	+1%	RPI	5% from Year 3
+0.5%	+1.5%	RPI+0.5%	10% from Year 3
-0.5%	+2.0%	RPI-0.5%	
		RPI-1%	

And the results are as follows:

Scenario Testing

This is Base position and the outcome for Interest Rate and Inflation Scenarios

	2026/27	2045/46	2052/53	2053/54
Debt	£24.865m	Repays		
Rent Increase				
RPI	Never repays			£55.932m
RPI + 0.5%	£24.865m		Repays	
RPI - 0.5%	Never repays			£112.308m
RPI - 1%	Never repays			£168.620m
Bad Debts				
5% from Yr3	Never repays			£59.110m
10% from Yr3	Never repays			£164.470m

32. What the above table clearly shows is that if increases in costs are not covered by rental income then budgets will need to be revised to ensure that our covenants are met and that we can repay our borrowing.
33. In addition to the above stress testing, we undertake covenant compliance testing to ensure our Business Plan complies with our covenant requirements over the 30 year period. The minimum interest cover over 30 year is 189% which is well above the minimum 110% requirement with a minimum annual headroom of £606K.

Challenges

34. The following are known pressure points and have also been considered in our scenarios:

    a) Affordability;
    b) Economic uncertainty resulting in an upward pressure on inflation;
    c) Climate Change;
    d) Changes in Building Standards both on new build and current stock;
    e) Weakening demand in some peripheral areas and the general changes in the population demographic;
    f) End of HMRC development agreement where VAT will no longer be able to be claimed on investment works;
    g) Challenging Insurance Markets;

h) Cost of responsive repairs and increasing pressure on cyclical maintenance from Air Source Heat Pumps; and

i) Changes in technology

Financial Management

35. Arrangements in place for Financial Management and reporting back to Board and tenants.

36. 30 year financial projections are performed using a bespoke Financial Modelling System called HousingBRIXX. The following Reports have been generated from HousingBRIXX.
    a) Appendix 6 - Outstanding Debt including Stress Testing
    b) Appendix 7 - 30 Year Cashflow

Conclusion on Financial Position

37. We are in a good financial position due to continued efforts of officers and the Board to pursue the most cost-effective methods to deliver services.

38. Voids are currently performing well at 0.46% against the 2% assumption in our plans.

39. The Stock Condition Survey confirmed that the condition of our houses is good with minimal levels of catch-up repairs required. Provision is made within the 30 year plan to ensure we continue to reinvest in our homes.

40. Over the next 5 years we anticipate to spend £49.01M on our housing capital programme as shown:

Spending Plans

Area	Cost £m	Grant £m	Paid for by HHP £m
Investment	22.22		22.22
Development	26.58	16.58	10.00
Total	**48.80**	**16.58**	**32.22**

41. These programmes are vital to the economic prosperity of the Outer Hebrides, helping to sustain jobs in the local supply chain.

Section 7
How We Manage Risk

Section 7 How We Manage Risk

1. Our Risk Management Strategy recognises there are risks with every plan and you could argue the whole of life is a risk that needs to be balanced otherwise we exist rather than live.

2. The Strategy confirms our commitment to being proactive in efforts to contain and minimise risks faced in the business. We will learn from the times we get it wrong and adapt our appetite for risk accordingly.

3. Overall responsibility for risk management lies with the Board supported by the Executive Team.

4. We identify and score potential risks annually that could prevent us from achieving our Strategic Goals. We then set a target risk and put mitigation measures in place, including insurance or controls, to bring the score within the target. If these measures don't reduce the risk enough, we agree on further actions for the year or adjust the target risk.

5. The finalised risks form our Corporate Risk Register which is managed using cloud based software and is available online to all Board Members. The Risk Register is reviewed monthly by managers and reported to each Audit & Risk Committee meeting.

6. There are subsidiary Risk Registers for ICT projects and development which feed into the Corporate Risk Register.

Risk Appetite

7. Risk Appetite is reviewed annually and updated to reflect the Board's position on risk. The Board take into account the impact the Risk Appetite will have on our ability to deliver on our Strategic Goals.

8. The Board met on 6 November 2024 and 13 January 2025 to review the Risk Appetite for 2025/26. The outcome is summarised below with the full statement at Appendix 7. There was a strong feeling that whilst the Board have an open attitude towards 'bringing all homes to Net Zero' it comes with a caveat. The caveat is that we should adopt a more cautious approach when it comes to using technology that has not been adopted by any other housing association.

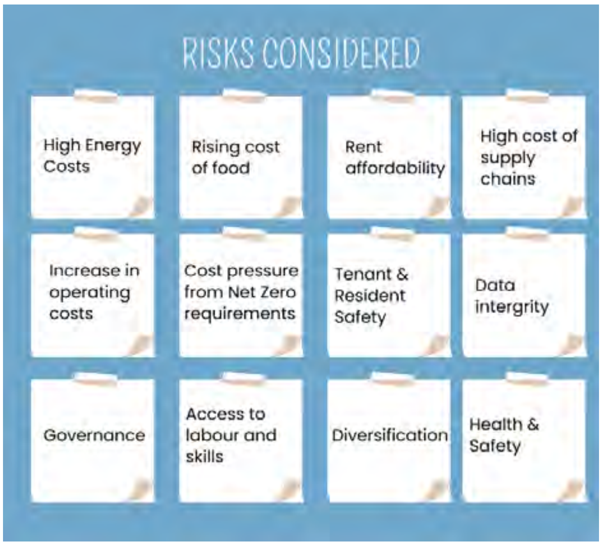
Strategic Goal		Risk level				
		No Appetite	Low	Cautious	Open	Hungry
1 – Placing tenants at the heart of everything we do	Rent Affordability					
	Supporting Vulnerable Tenants					
	Reputation					
	Communication with tenants					
2 – Investing in a sustainable way in tenants's homes	All homes to Net Zero					
	Development Plan					
	Climate Change (ESG Strategy)					
3 – Being an excellent employer that attracts and retains high quality staff	Succession Planning					
	Training Plan					
4 – Working with our partners to help our communities thrive	Population Strategy					
	Poverty Action (including fuel poverty)					
	Partnership working					

9. In our previous plan we quoted Peter Drucker who said "*Culture eats strategy for breakfast*" and recognising the truth in his statement, we carried out a Culture Audit in 2024 to provide additional resilience to our risk management. We value having a culture which encourages staff to operate within the Risk Appetite set by the Board.

10. Risk Management is also about assessing opportunities to make sure we take them when they add value for our tenants.

Risk Register

11. A review of the Risk Register was carried out in January 2025 which included consulting on the following documents
    - UK National Risk Register - August 2023
    - SHR - Risk Assessment of Social Landlords - April 2024
    - Regulator of Social Housing - Sector Risk Profile – October 2024



12. We have added 1 new risk during the year and a further risk as a result of the January 2025 review. The change in the overall risk score is shown below:

	2025	2024	Change
Total Risks	18	16	+2
Total Risk Score	102	92	+10
Average Risk Score	5.67	5.75	-0.08

13. We recognise that population decline represents a risk to the islands but we amended our approach to reflect the risk of us not doing anything about population decline. The impacts of population decline are picked up in other risks.

14. A summary of our Risk Register can be found at Appendix 8 and our Risk Appetite is at Appendix 9.

Appendices

APPENDIX 1: Organisational Structure

APPENDIX 2: Delivery Plan

APPENDIX 3: Key Performance Indicators

APPENDIX 4: Development Plan

APPENDIX 5: Investment Plan

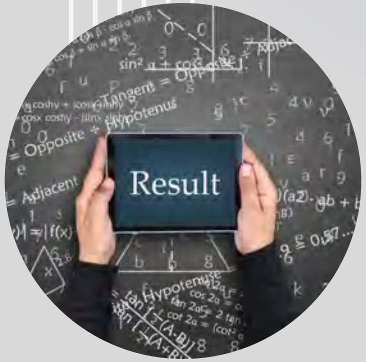
APPENDIX 6: Debt Outstanding & Stress Testing

APPENDIX 7: 30 Year Cashflow

APPENDIX 8: Risk Register

APPENDIX 9: Risk Appetite

Business Plan Consultation results

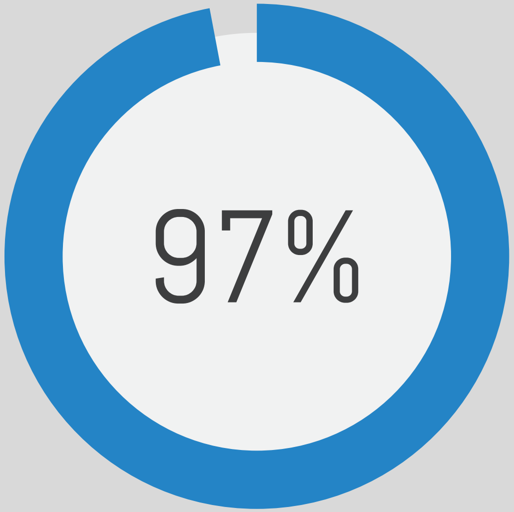


How many responded?

Responses Received

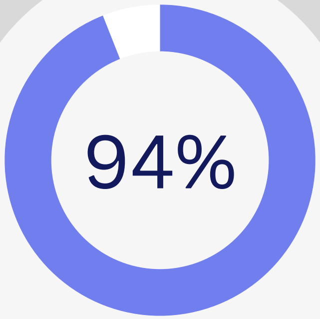
69

Responses from tenants



Priorities raised by Tenants in Rent Consultation

People were asked if they agreed with the following priorities and the % of those agreeing is shown below

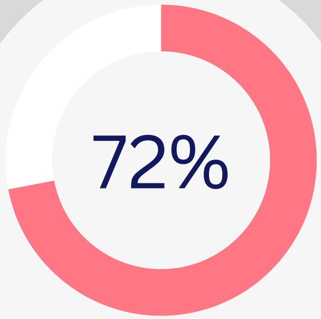


Investment

Improving heating systems, windows and roofs

HHP RESPONSE

Our 5 year detailed Investment Plan includes provision all components needing replaced in that period. A 30 year plan has also been prepared but will need to be changed once we know the Scottish Governments Net Zero Standard for housing



New Build

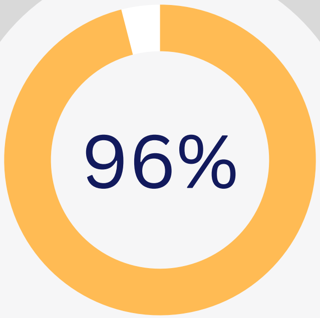
Give investment priority over

HHP RESPONSE

As there is a long lead in time for building new homes we are committed to delivering our current 5 year Development Plan but will ensure that it does not impact on the delivery of investment. Prior to the plan ending the Board will review the balance of money between investment and new build

Priorities raised by Tenants in Rent Consultation

People were asked if they agreed with the following priorities and the % of those agreeing is shown below

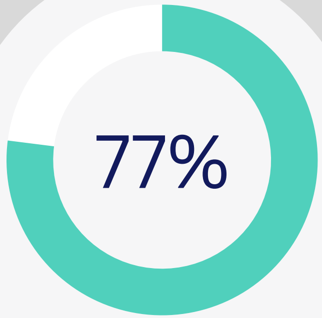


Affordability

Keeping rents as low as possible so that rents stay affordable

HHP RESPONSE

Keeping rents affordable is a key commitment from the Board. A Value for Money Strategy is in place to ensure we get the best overall price for products. Providing every home with an efficient heating system should make sure that it costs less to run for tenants. We will benchmark our rents with similar Housing Associations



External Works

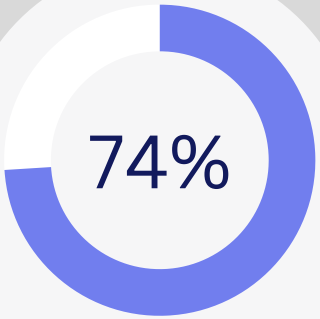
Upgrade fences and ensure there is a proper budget available for external works

HHP RESPONSE

There is a new action in the Delivery Plan Goal 2 Action 6 “Review Investment Plan to provide for fencing and externals e.g. paths and walls

Priorities raised by Tenants in Rent Consultation

People were asked if they agreed with the following priorities and the % of those agreeing is shown below

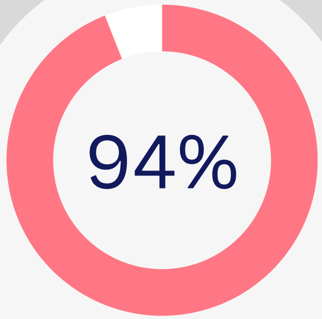


Estate Mgt

Give more attention to Estate Management and ensure tenants keep to their tenancy agreements regarding the outside of their house

HHP RESPONSE

Annual Inspections: all housing areas will be inspected and identified issues actioned. We will do this with as much tenant involvement as possible.
Tenants will be reminded of their responsibilities
Where we can we will take Enforcement Action
We will keep working with other agencies to improve areas such as grounds maintenance



Communication

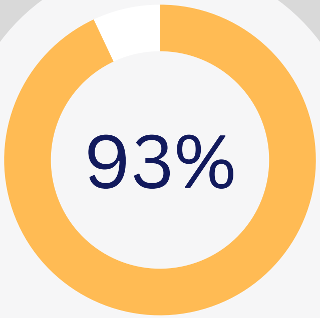
Inform tenants of when work is going to be done to their house

HHP RESPONSE

Current process will be reviewed to make sure it remains robust and that all tenants who are having work done in their homes are informed in plenty of time

Priorities raised by Tenants in Rent Consultation

People were asked if they agreed with the following priorities and the % of those agreeing is shown below

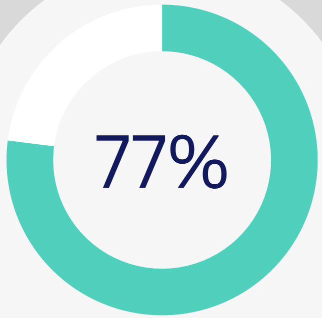


Consultation

Demonstrate that what tenants think is actually taken into account

HHP RESPONSE

Feedback on general consultation will be provided on our web page and a notification will go out through social media and the portal. Where appropriate tenants will receive an individual response



House Size

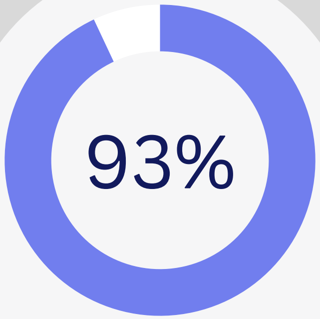
Build bigger family homes

HHP RESPONSE

This will be reviewed at the start of each new development

Priorities raised by Tenants in Rent Consultation

People were asked if they agreed with the following priorities and the % of those agreeing is shown below

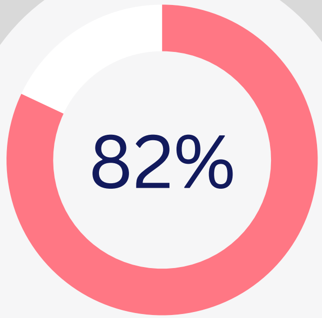


Rent Structure

Make it fairer

HHP RESPONSE

Included in Delivery Plan under Goal 2 Action 16 “Review Rent Structure”



Right to Buy

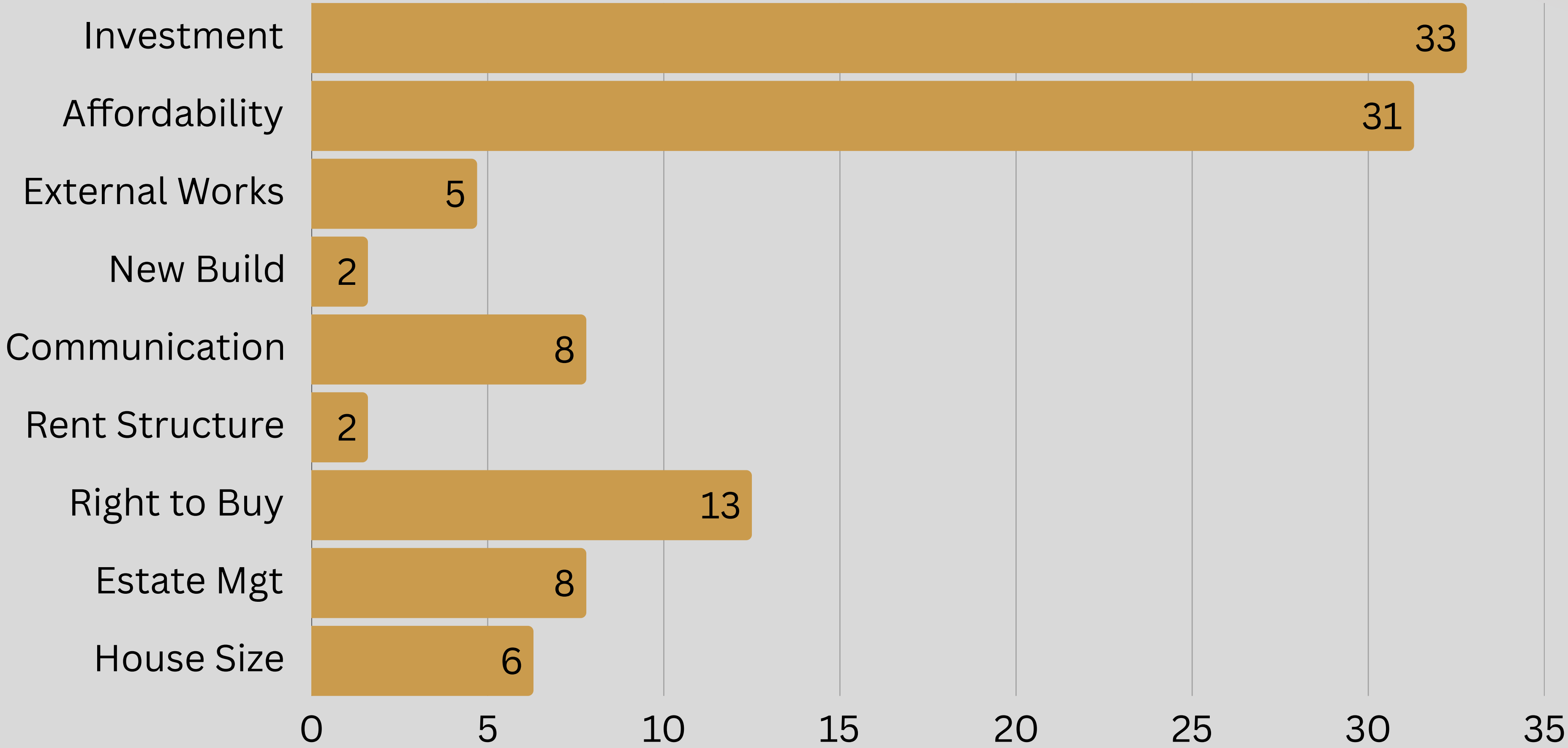
Consider re-introducing Right to Buy

HHP RESPONSE

This is something the Scottish Government would need to introduce and with the shortage of social housing it is unlikely.
We may decide to sell a house that we can’t bring up to the required standard or is no longer suitable but it will be sold at valuation

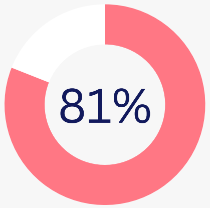
Priorities ranked

People were asked to rank which of the priorities was most important to them. Below is the % that ranked these areas as number 1



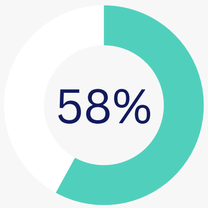
Views on new actions in the Delivery Plan

People were asked to give their view on the following



Rent Guarantee

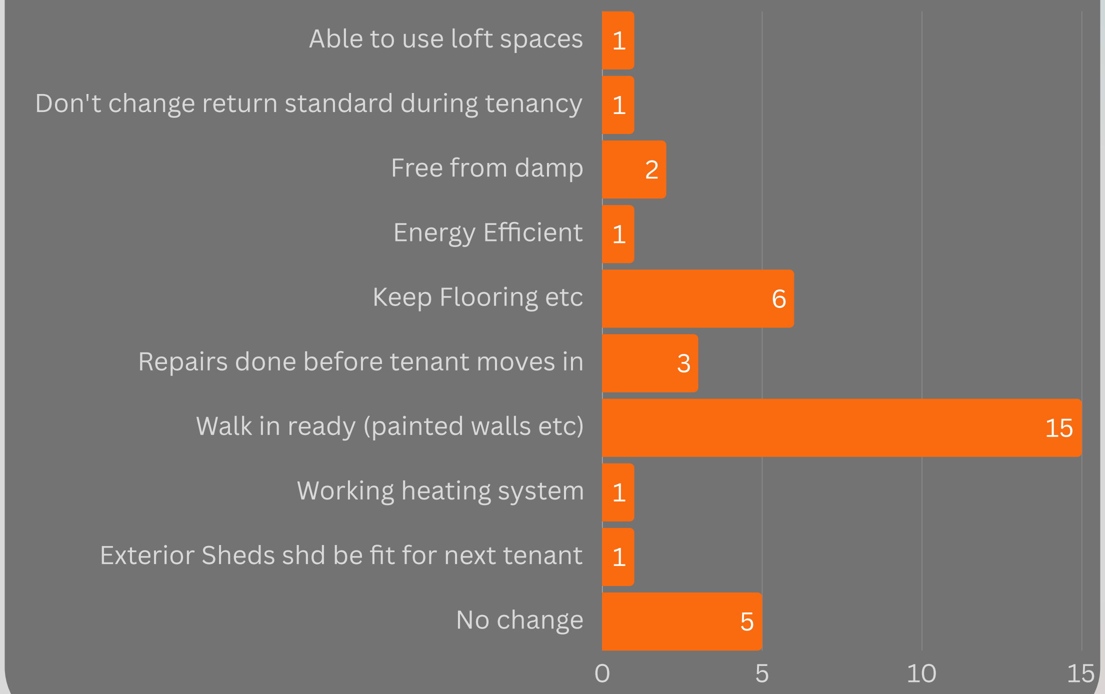
Do you think we should explore providing tenants with a 3 to 5 year rent guarantee?



Lettable Standard

Do you think we should review our lettable standard?

Lettable Standard Summary of Suggestions



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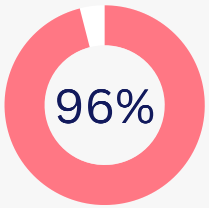
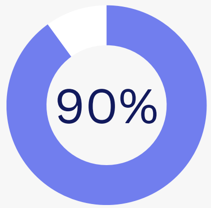


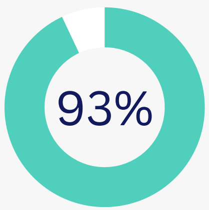
Modern Apprentices

Are you happy for us to continue with two modern apprentice posts?



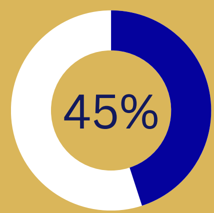
Board Member Visits

Do you think it is a good idea for Board Members to visit estates



Young Islanders

Do you support us working with Young Islanders Network to capture the voice of young people?



External Works

Would you be happy to delay a new kitchen for a year so we can renew fencing?

Big Thanks

hebridean housing partnership

Business Plan

2024/25-2028/29

2025 Update

SUMMARY

Business Plan
2024/25-2028/29
2025 update

The Business Plan for 2024/25 to 2028/29 (2025 update) outlines our vision, core value, and strategic goals for the upcoming four financial years. This plan, developed with input from the Board, staff, stakeholders and partners, aims to provide good quality affordable homes and ensure excellent housing services in the Outer Hebrides, as encapsulated in the strapline "Making our House your Home."

We plan to achieve our vision through the delivery of our four strategic goals. Crucially, the plan is supported by detailed 5-year financial plans and 30-year long-term financial projections, which are shared with the Funder and the Scottish Housing Regulator. Having operated as a Registered Social Landlord (RSL) since September 2006, In 2025/26 we will be entering our 20th financial year and we remain totally committed to fulfilling our vision and serving the community effectively.

We have improved performance since Stock Transfer in the following areas:

Area	Sept 2006	Dec 2024
Repairs within target	91.4%	99%
Arrears	7.4%	1.96%
Voids length of time to relet	61 days	31 days
Void loss	2.0%	0.46%
New build promised in first ten years	275	435

Business Plan
2024/25-2028/29
2025 update

As a charitable RSL (Registered Social Landlord) HHP has a Board with a maximum capacity of 15 members, currently filled with 10 volunteers.

We employ 54 staff members (47.5) FTE , working out of two offices located in Balivanich and Stornoway.

In November 2023, the Board revised our strategic goals, focusing on Tenants, Houses, Staff, and Communities.

We deliver services throughout the Outer Hebrides, with 2,427 houses distributed among 12 of the 15 inhabited islands. With an annual turnover of £12.5 million, we play a vital role in the local economy as a major employer.

Additionally, we have a non-charitable subsidiary, HHP Community Ltd, which is currently dormant. However with the opportunities to provide accommodation for renewable workers, we hope that will change over the lifetime of this Plan.

Our Strategic Goals

1. Tenants - Placing tenants at the heart of everything we do
2. Houses - Investing in a sustainable way in tenants' homes
3. Staff - Being an excellent employer that attracts and retains high quality staff
4. Communities - Working with partners to help our communities thrive

Operating environment

Three prominent challenges - population growth and aging, climate change, and technological advancements - are significantly shaping our future.

The expanding and aging population poses issues related to healthcare, and labour shortages, with discussions at Government level about raising retirement ages to address workforce deficits.

Climate change, evident in rising sea levels and coastal erosion, is notably impacting islands, underscoring the urgent need for environmental action.

Technological advancements, while offering opportunities, also present challenges such as job displacement and digital exclusion.

Addressing these challenges requires collective efforts and innovative solutions to create a sustainable and inclusive future for all.

Operating environment

The UK Government aims for Net-Zero emissions by 2050 but faces challenges due to reduced funding.

Embracing technological innovation is crucial to keep up with advancements, allowing for improved service delivery methods and efficiency enhancements while avoiding costly adaptation expenses and the risk of falling behind.

HHP has benefited from £2.8 million from the Scottish Government to accelerate the air source heating program for replacing outdated systems over the last 4 years.

Our biggest challenges in the Outer Hebrides going forward remain:

- Aging and declining population
- Climate change
- Keeping rents affordable with the cost of living crisis
- Delivery of our Development Plan with the substantial increase in the build cost
- Delivery of the requirements of Rapid Re-housing

Business Plan
2024/25-2028/29
2025 update

What we want to deliver

As a business in the Outer Hebrides, the focus is on contributing positively to communities by looking after tenants, properties, and staff within available resources.

Efforts include keeping rents affordable, meeting Scottish Government standards, and aiming for Net-Zero standards.

We plan to deliver a further 180 new homes during the lifetime of this Plan, and will work with renewable infrastructure developers to explore options for assisting with their accommodation requirements during the construction period.

A new tenant portal was launched in May 2024. Tenants can now manage their tenancy online with the ability to apply for a house, view real time rent balance information, raise repairs requests and manage other key aspects of their tenancy

Business Plan
2024/25-2028/29
2025 update

Funding our plans

Over the five years we plan to spend £90 million with the majority being spent in our local communities.

- Routine Repairs and compliance work - £18.9M
- Investing in current homes and building new homes - £49.3M
- Management costs (staff, governance, insurance, tenant engagement) - £17.3M

Our plans will be funded from

- Rental Income
- Scottish Government Grants
- Borrowing from Royal Bank of Scotland

Business Plan
2024/25-2028/29
2025 update

Risk

Risk Appetite is set annually to minimize risks.

The Board, Audit & Risk Committee, and Executive Team oversee risk management.

The Risk Register, managed online, shows improvement with 18 risks and an average score of 5.67, down from 5.75, due to controls and actions implemented.

hebridean housing partnership

Our Offices

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Balivanich

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Balivanich
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Contact

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ITEM NO 6.2

BUDGETS 2025/26

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present to the Board for consideration and approval the proposed 2025/26 budgets.

Summary

2.1 The budgets at Appendix 1 have been prepared, following the Board's decision to proceed with an RPI Minus plus 1% rent increase (4.4%) and taking into account the cash planning limits for 2025/26 as detailed at Appendix 2.

2.2 Total income for 2025/26 is budgeted to increase by £654K. Net dwelling rents are up by £785K due to the annual rent increase of 4.4% and an increase in the number of houses available for rent. Grant income has decreased by £145K due to RHI Payments reducing as a result of the scheme closing in addition to recognising Aids & Adaptation Grant funding at £30K until the award of grant for the year is known.

2.3 Operating expenditure is up £404K driven by a £185K increase in supervision and management costs, a £152K increase in response repairs and Planned Maintenance up by £61K. Paragraph 9.3 provides further details on the year to year movement.

2.4 Our capital programme has increased by £3.9M. This is mainly due to a £945K increase in the investment programme with development spent increasing by £2.9M as works continue at Blackwater which has fully drawn down all funding in 2024/25.

2.5 The budget was presented to the Development & Finance Committee on 24 March 2025 where stress testing and covenant compliance checks were performed.

Competence

3.1 The competence issues relating to this report are at section 6.1 of the report.

Recommendations

4.1 It is recommended that the Board:

a) approve the 2025/26 budgets at Appendix 1; and

b) note the cash planning limits and 30 year cash flow statement at Appendix 2 & 3 respectively.

APPENDIX 1: Budgets for 2025/26

APPENDIX 2: 2025/26 Cash Planning Limits

APPENDIX 3: 30 Year Cashflow Statement

Background Papers: None

Donald Macleod 07-Mar-25

Report Details

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

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

b) the strategic goals of the current approved Business Plan;

c) Regulatory requirements; and

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

5.2 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.

5.3 Material variations from 2025/26 along with explanations can be found below:

BUDGET AREA		COMMENTS
Income	Dwelling Rents	£785K increase as a result of an increase in the number of properties available for rent coupled with a 4.4% annual rent increase.
	Grant Funding	£145K decrease as the amount of Grant reduces each year due to the RHI Scheme now being closed. OT has also only been recognised at £30K as opposed to £120K until we are fully aware of what level of funding we will receive this year
	Other Income	£13K increase with a full year of service charge income for Bremner Court anticipated.
Supervision & Management	Salaries & Wages	Increase driven by annual pay award and increments due, coupled with additional NI employers contributions due this year.
	National Insurance	
	Pension Costs	
	Other Employee Costs	Decrease driven by uniform replacements completed last year.
	IT & Telecoms	£37K increase as a result of increased One Advanced costs coupled with additional Co-Pilot and Power BI licences.
	Community Support	£27K decrease due to Tenant Survey related costs incurred last year not required this year.
	Consultants	Reduction as no requirement to complete a funders valuation survey this year in addition to works completed on culture last year.
	Insurance	Increase driven by additional housing stock as well as anticipated increase in premium costs.
	Fees charged to capital	Decrease as a result of a slightly smaller investment and development programme for 25/26.

BUDGET AREA		COMMENTS
Repairs & Maintenance	Void Repairs	Increase as a result of a number of large value void repair costs.
	Redecoration Allowance	Increase to take account of the increased allowances approved by board in February 2025.
	Rechargeable Repairs (Recoverable)	Increased as irrecoverable Recharges are provided for within the Void Repairs budget.
	Insurance Repairs	A large amount of insurance repairs under the excess threshold resulting in increased costs.
	Welfare Support Services	Budget now includes 12 months of Penumbra support services.
Housing Investment		Increase of £945K.The budget reflects the Board approved investment program for 25/26 and does not include any assumptions for Grant.
Development		Increase of £2.8M net of grant.The budget reflects the Board approved Development program for 25/26.

5.4 The Cash planning limits approved by Board in February 2025 are at Appendix 2. This includes commentary on any variations between the detailed budgets and the cash planning limits. The main deviation comes on development as we have updated our development assumptions based on updated contractor cashflows and anticipated start dates for future developments.

6.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The report considers the resources required for 2025/26. The budget has been set in accordance with the current accounting standards and complies with our lenders financial covenants (110% Minimum Interest Cover and 30% Maximum Gearing). The current Royal Bank of Scotland borrowing facility will be repaid within the 30 year plan and the revolving credit facility is not forecast to be drawn in full due to delays in our development program.
Legal	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". 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.
Regulatory	The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards.
Risk	The setting of realistic budgets with robust assumptions reduces the risk of financial loss and failure as highlighted in the Risk Register. The preparation and approval of updated 30 Year cash flows ensures compliance with the Funders requirements. Increasing development costs continue to drive up the build cost per unit. Any shortfall between the unit cost and Scottish Government grant contributions will need to be met through our private finance or CNES grant. Each project will be appraised by the Director of Finance and Corporate Services before it is progressed to tender stage. Our plans are most susceptible to changes in income with the main risks being a deterioration in voids, arrears/bad debts and below inflation rent increases. Inflation whilst decreasing over the last year has seen a slight increase in recent month to 3%(CPI). Ongoing tensions in Ukraine and Middle East is likely to exacerbate the cost of living, which will in turn put pressure on tenant's disposable income and their ability to pay their rent.

ESG	The 2025/26 budget makes provision for two electric cars and delivers on a number of ESG targets e.g., replacement of storage heaters with Air Source Heat Pumps.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Once approved, finalised detailed budgets will be distributed to all budget managers.

APPENDIX 1: 2025/26 BUDGETS

Line	Heading INCOME & EXPENDITURE	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
1	Dwelling rents (net)	11,658,470	11,816,623	10,161,042	**12,443,810**	785,340	6.74%	Increased number of units in 2025/26 coupled with annual rent increase of 4.4%
2	Non Dwelling rents (net)	18,630	18,630	16,119	**19,000**	370	1.99%	4.4% increase offset with disposal of garage plus garage sites in 2024/25
3	Profit/(Loss) on Disposal of Assets	(45,000)	(100,000)	(85,070)	**(45,000)**	-	0.00%	
4	Grant Funding	610,000	594,280	467,373	**465,090**	(144,910)	(23.76%)	£145K reduction as the Renewable Heating Incentive Scheme has now closed. Initial OT budget reduced to £30K pending grant award decision
5	Other Income	205,500	209,280	173,358	**218,250**	12,750	6.20%	Annual service charge increase of 3.4% in addition to a full year of service charge income from Bremner Court
6	TOTAL INCOME	12,447,600	12,538,813	10,732,822	**13,101,150**	653,550	5.25%	
7	Supervision & Management	3,163,900	3,296,924	2,459,484	**3,348,800**	184,900	5.84%	Please refer to detailed breakdown
8	Response Repairs	2,008,820	2,140,680	1,759,243	**2,161,130**	152,310	7.58%	
9	Estate Works	139,300	139,300	115,913	**145,060**	5,760	4.13%	
10	Planned/Cyclical Maintenance	1,431,080	1,189,925	864,062	**1,492,310**	61,230	4.28%	
11	Total Operating Expenditure	6,743,100	6,766,829	5,198,703	**7,147,300**	404,200	5.99%	
12	Operating Surplus/(Deficit)	5,704,500	5,771,984	5,534,119	**5,953,850**	249,350	4.37%	
13	Interest received	90,750	189,525	149,565	**38,700**	(52,050)	(57.36%)	Less money is forecast to be placed on deposit coupled with a reduction in the deposit interest rates
14	Interest paid	1,136,000	836,000	623,500	**741,000**	(395,000)	(34.77%)	Reduction in interest rates and forecasted borrowing
15	Surplus/(Deficit)	4,659,250	5,125,509	5,060,185	**5,251,550**	592,300	12.71%	
16	Depreciation	4,844,700	4,844,700	4,006,279	**5,173,300**	328,600	6.78%	Increased investment in our housing stock coupled with new build additions in the year (Blackwater and Leverburgh)
17	Grant Amortisation	(1,588,610)	(1,858,610)	(1,604,620)	**(2,050,170)**	(461,560)	29.05%	
18	Surplus/(Deficit)	1,403,160	2,139,419	2,658,525	**2,128,420**	725,260	51.69%	
	CAPITAL INVESTMENT							
19	Aids & Adaptations	120,000	115,280	54,437	**30,000**	(90,000)	(75.00%)	
20	Housing Investment Programme	3,530,200	3,809,751	2,471,142	**4,475,200**	945,000	26.77%	As per Board approved investment programme
21	Non Housing Investment	9,040	139,940	21,370	**50,300**	41,260	456.42%	
22	Development Programme	2,047,200	1,887,989	1,362,477	**4,927,990**	2,880,790	140.72%	
23		5,586,440	5,837,680	3,854,988	**9,483,490**	3,897,050	69.76%	

APPENDIX 1: 2025/26 BUDGETS

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
	SUPERVISION & MANAGEMENT							
1	Salaries & Wages	2,019,170	2,018,790	1,568,629	**2,079,720**	60,550	3.00%	Salaries & wages have increased by 3% driven by annual pay award and removal of IT Graduate trainee from next years budget.
2	National Insurance	205,920	205,960	162,982	**270,150**	64,230	31.19%	Increase in National Insurance costs mainly as a result of the changes to the NI contribution rates and thresholds which come into effect in April 2025.
3	Pension Costs	426,900	426,380	283,379	**441,220**	14,320	3.35%	
4	Other Employee Costs	55,020	45,870	26,232	**33,610**	(21,410)	(38.91%)	All uniforms were replaced last year
5	Travel & Subsistence	17,050	16,550	2,628	**14,050**	(3,000)	(17.60%)	
6	EMPLOYEE COSTS	2,724,060	2,713,550	2,043,850	2,838,750	114,690	4.21%	
7	Premises Costs	104,720	79,190	59,192	**99,660**	(5,060)	(4.83%)	Prior year Office Electric budget included a provision for historic billing issues
8	IT & Telecoms	227,750	261,144	182,633	**265,050**	37,300	16.38%	Increase driven by changes in One Advanced pricing coupled with additional Co-pilot and Power BI licences
9	Payroll & Cashdesk	23,000	25,000	21,130	**27,050**	4,050	17.61%	As more tenants utilise the online payment tools, Allpay charges are anticipated to increase
10	Property Management Fees	5,000	4,010	3,342	**4,010**	(990)	(19.80%)	
11	SUPPLIES & SERVICES	360,470	369,344	266,297	395,770	35,300	9.79%	
12	Postage, Printing & Stationery	36,600	41,450	30,604	**38,350**	1,750	4.78%	
13	Admin Furniture & Equipment	2,000	3,500	2,714	**2,000**	-	0.00%	
14	Training Courses	34,380	34,380	15,703	**36,790**	2,410	7.01%	
15	Community Support	58,360	54,360	37,952	**31,250**	(27,110)	(46.45%)	No requirement to undertake full Tenant Satisfaction Survey in 2025/26
16	Health & Safety	9,430	7,680	2,125	**7,180**	(2,250)	(23.86%)	
17	Recruitment Costs	2,000	2,000	250	**2,000**	-	0.00%	
18	ADMINISTRATION COSTS	142,770	143,370	89,348	117,570	(25,200)	(17.65%)	
19	Legal Fees	30,000	34,500	22,573	38,500	8,500	28.33%	Increase in arrears legal fees due the cost to employee Sheriff Officers to enforce court orders
20	Consultants Fees	75,700	75,272	69,543	47,800	(27,900)	(36.86%)	No requirement to undertake a Funders valuation this year (£22.2K) / £5.7K reduction in General consultancy
21	Corporate Licences	2,100	2,100	1,628	2,070	(30)	(1.43%)	
22	External Audit Fees	11,900	15,120	-	16,560	4,660	39.16%	External Audit services re-tendered in 2024/25
23	Internal Audit Fees	10,190	10,190	9,828	10,190	-	0.00%	
24	Total Legal and Audit Fees	129,890	137,182	103,572	**115,120**	(14,770)	(11.37%)	
25	Insurance	337,710	329,941	268,164	**397,420**	59,710	17.68%	Inflationary increase assumption of 5% plus additional units completing next year at Blackwater and Leverburgh
26	Affiliation Fees	37,440	37,440	35,092	**39,440**	2,000	5.34%	
27	Charitable Donations	6,000	6,000	5,000	**5,000**	(1,000)	(16.67%)	Prior year budget included £1K carry over from prior year
28	Governance	10,750	8,254	2,232	**10,750**	-	0.00%	
29	Bank Charges	7,500	8,500	7,026	**9,000**	1,500	20.00%	
30	Public Relations / Marketing	10,230	11,230	1,078	**10,230**	-	0.00%	
31	CORPORATE EXPENSES	539,520	538,547	422,162	586,960	47,440	8.79%	
32	Fees Charged to Capital	(592,920)	(458,887)	(354,699)	**(580,250)**	12,670	(2.14%)	
33	VAT Received - Partial Exemption	(10,000)	(9,000)	(7,473)	**(10,000)**	-	0.00%	
34	MANAGEMENT INCOME	(602,920)	(467,887)	(362,172)	(590,250)	12,670	(2.10%)	
35	MANAGEMENT COST	3,163,900	3,296,924	2,459,484	3,348,800	184,900	5.84%	

APPENDIX 1: 2025/26 BUDGETS

Line	Heading REPAIRS & MAINTENANCE	CURRENT YEAR Initial Budget £	 Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
1	Responsive Repairs	1,275,530	1,213,530	968,119	**1,274,310**	(1,220)	(0.10%)	Increase of 5% compared to 2024/25 Full Year out-turn
2	Void Repairs	435,000	550,218	492,162	**550,840**	115,840	26.63%	Increased to reflect significant increases in Void repair costs
3	Handyperson	102,070	102,870	83,406	**111,500**	9,430	9.24%	Increases in National Insurance and Handyman Repair Materials budget
4	GENERAL REPAIRS	1,812,600	1,866,618	1,543,686	1,936,650	124,050	6.84%	
5	Decoration Allowance	55,640	45,640	28,000	**90,300**	34,660	62.29%	Uplifted to take into consideration the decoration allowances approved by Board in February 2025
6	Council Tax empty properties	4,420	3,620	722	**4,420**	-	0.00%	
7	Compensation	9,500	9,500	1,119	**4,500**	(5,000)	(52.63%)	Budget has been reduced to reflect actual spend
8	SPECIFIC ITEMS	69,560	58,760	29,841	99,220	29,660	42.64%	
9	Rechargeable Repairs	107,990	107,990	84,831	**108,230**	240	0.22%	
10	Rechargeable Repairs Recoverable	(74,500)	(74,500)	(61,682)	**(108,230)**	(33,730)	45.28%	Irrecoverable recharges are budgeted for within Void Repairs
11	Insurance Repairs	100,000	150,199	142,164	**141,960**	41,960	41.96%	Uplifted to reflect current performance with a significant amount of insurance repairs falling under excess
12	Insurance Claims Recoverable	(62,000)	(23,557)	(23,557)	**(62,000)**	-	0.00%	
13	RECOVERABLE EXPENDITURE	71,490	160,132	141,756	79,960	8,470	11.85%	
14	Commercial Properties	1,500	1,500	593	**1,500**	-	0.00%	
15	Communal Lighting	53,670	53,670	43,367	**43,800**	(9,870)	(18.39%)	Prior year budget included a provision for historic billing issues
16	NON DWELLING REPAIRS	55,170	55,170	43,961	45,300	(9,870)	(17.89%)	
17	Gas Servicing	77,490	77,490	69,955	**85,100**	7,610	9.82%	Increased for inflation and contingency for replacement parts
18	ASHP Servicing	264,780	264,780	207,894	**317,260**	52,480	19.82%	The budget has been increased to provide for the new ASHP installations
19	TOTAL HEATING SERVICES	342,270	342,270	277,849	402,360	60,090	17.56%	
20	Estate Management	53,860	53,860	45,151	**56,550**	2,690	4.99%	
21	Estate Management (Welfare)	34,820	34,820	17,173	**37,560**	2,740	7.87%	
22	Welfare Support Services	20,000	20,000	-	**40,000**	20,000	100.00%	Budget now includes a full 12 months of Penumbra support services
23	Other Servicing	69,910	76,260	35,247	**45,820**	(24,090)	(34.46%)	Prior year budget included Sewage system maintenance - now shown separately
24	Compliance Costs	216,390	216,390	202,117	**216,390**	-	0.00%	
25	External Property Maintenance	331,060	329,842	271,223	**331,060**	-	0.00%	
26	Drying Areas	58,650	58,650	48,227	**58,650**	-	0.00%	
27	Chimney	44,290	44,290	36,419	**44,290**	-	0.00%	
28	Environmental	26,080	26,080	21,445	**26,080**	-	0.00%	
29	Other Planned Maintenance	70,000	70,000	57,560	**70,000**	-	0.00%	
30	Stair Lifts and Door Entry Systems	12,140	12,140	5,430	**9,630**	(2,510)	(20.68%)	Budget reflects the servicing requirement for the current number of systems in use
31	Gutter Cleaning	34,820	58,493	58,214	**40,380**	5,560	15.97%	
32	Sewage Systems	18,090	18,090	-	**14,840**	(3,250)	(17.97%)	Budget reflects Scottish Water agreed discharge programme
33	Sewage Pumps	1,200	1,200	1,055	**1,200**	-	0.00%	
34	HWEC Communal Charges	97,500	97,500	74,122	**97,500**	-	0.00%	
35	CYCLICAL MAINTENANCE	1,088,810	1,117,615	873,383	1,089,950	1,140	0.10%	
36	TOTAL REPAIRS & MAINTENANCE	3,439,900	3,600,565	2,910,475	3,653,440	213,540	6.21%	

APPENDIX 1: 2025/26 BUDGETS

Line	Heading INVESTMENT	CURRENT YEAR BUDGET Initial Budget £	 Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
1	Roofs	371,250	352,269	-	**984,570**	613,320	100.00%	
2	Insulation	720,000	674,386	570,946	-	(720,000)	(100.00%)	
3	Insulation Grants	(360,000)	(314,219)	(272,541)	-	360,000	100.00%	
4	Total Roofs	731,250	712,436	298,405	984,570	253,320	34.64%	
5	Kitchen	604,760	9,267	3,767	**528,530**	(76,230)	(12.61%)	
6	Bathrooms	303,470	7,195	7,261	**137,940**	(165,530)	(54.55%)	
7	Showers	119,510	1,412	1,382	**55,540**	(63,970)	(53.53%)	
8	Heating	1,697,400	2,056,474	1,572,753	**1,175,470**	(521,930)	(30.75%)	
9	Heating Grants	(1,018,440)	-	-	-	1,018,440	100.00%	
10	Rewiring	220,000	147,658	131,230	**125,000**	(95,000)	(43.18%)	
11	Total Internals	1,926,700	2,222,006	1,716,394	2,022,480	95,780	4.97%	
12	Windows	713,300	641,056	476,112	**836,220**	122,920	17.23%	
13	Roughcast house & wall	158,950	206,565	48,142	**497,830**	338,880	213.20%	
14	Other	-	27,688	28,835	**134,100**	134,100		
15	Externals	872,250	875,308	553,089	1,468,150	595,900	68.32%	
16	Total Investment excl. Unallocated Exp/Savings	3,530,200	3,809,751	2,567,888	4,475,200	945,000	26.77%	
17	Total Investment	3,530,200	3,809,751	2,567,888	4,475,200	945,000	26.77%	Budget reflects the Board approved investment programme.

Line	Heading Estate Works	CURRENT YEAR BUDGET Initial Budget £	 Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
1	Unadopted Infrastructure	64,230	54,230	43,763	**67,440**	3,210	5.00%	
2	Grounds Maintenance	75,070	85,070	72,151	**77,620**	2,550	3.40%	
3	TOTAL ESTATE WORKS	139,300	139,300	115,913	**145,060**	5,760	4.13%	

APPENDIX 1: 2025/26 BUDGETS

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	ACTUAL to 31-Jan-25 £	2025/26 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
	NON HOUSING INVESTMENT							
1	Office equipment	2,000	2,000	-	**5,150**	3,150	0.00%	
2	IT equipment & Systems	7,040	137,940	21,370	**45,150**	38,110	541.34%	Budget includes provision for new website
3	Total	9,040	139,940	21,370	50,300	41,260	456.42%	

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	ACTUAL to 31-Jan-24 £	2024/25 INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET £	VARIANCE TO INITIAL BUDGET %	Commentary
	DEVELOPMENT							
	DEVELOPMENT - SOCIAL RENT							
1	COST	10,632,400	7,106,063	5,656,779	**11,346,520**	714,120	6.72%	
2	GRANT	(8,585,200)	(5,218,075)	(4,293,967)	**(6,418,530)**	2,166,670	(25.24%)	
3	PRIVATE FINANCE	2,047,200	1,887,989	1,362,813	**4,927,990**	2,880,790	(18.51%)	As per board approved development plan
4	TOTAL PRIVATE FINANCE	**2,047,200**	**1,887,989**	**1,362,477**	**4,927,990**	**2,880,790**	**140.72%**	

APPENDIX 2: 2025/26 CASH PLANNING LIMITS

CASH PLANNING LIMITS	BRIXX £000's	Budget £000's	Diff £000's	
Gross Income	13,800,750	13,710,750	90,000	Reduction in OT Grant pending formal Grant Award
Voids	(265,400)	(265,400)	-	
Bad Debts	(260,500)	(260,500)	-	
Net Income	13,274,850	13,184,850	90,000	
Expenditure				
Supervision & Management	3,259,100	3,283,800	(24,700)	Increases to be met by Carry over from 2024/25
Repairs	2,154,700	2,161,130	(6,430)	Planned maintenance reduction funding increases in Response Repairs and Estate Works
Planned	1,508,000	1,492,310	15,690	
Estate Works	135,800	145,060	(9,260)	
Interest	741,000	741,000	-	
Investment	4,485,500	4,525,500	(40,000)	Increased to cover website rebuild - to be funded by Carry over from 2024/25
Aids & Adapts	120,000	30,000	90,000	Reduction in OT Grant pending formal Grant Award
Development Private Finance	5,455,100	4,927,990	527,110	
Total Expenditure	17,859,200	17,306,790	552,410.00	
Net	***(4,058,450)***	***(3,596,040)***	***(462,410)***	

DATE: ***12 March 2025***

APPENDIX 3: 2025/26 30 YEAR CASHFLOW STATEMENT

Consolidated Statement of Cash Flow | 2025/26 30 Year Plan | Plan

Period: 01 April 2024 - 31 March 2054	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	15,585.50	13,211.60	13,802.20	14,368.90	14,793.90	15,389.20	15,921.20	16,546.20	17,011.20	17,631.10
Total Payments	-9,703.80	-7,185.00	-7,374.70	-7,574.00	-7,787.40	-8,005.90	-8,223.00	-8,487.00	-8,675.70	-8,745.40
Cash Paid To Employees										
Cash flow from Operating Activities	**5,881.70**	**6,026.60**	**6,427.50**	**6,794.90**	**7,006.50**	**7,383.30**	**7,698.10**	**8,059.20**	**8,335.40**	**8,885.70**
Provisions for tax										
Surplus for the year	**5,881.70**	**6,026.60**	**6,427.50**	**6,794.90**	**7,006.50**	**7,383.30**	**7,698.10**	**8,059.20**	**8,335.40**	**8,885.70**
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	5,881.70	6,026.60	6,427.50	6,794.90	7,006.50	7,383.30	7,698.10	8,059.20	8,335.40	8,885.70
Cash flow from investing activities										
Purchase of tangible fixed assets	-10,869.20	-15,821.60	-15,043.90	-5,093.80	-9,077.00	-3,713.50	-5,358.80	-6,017.30	-6,372.70	-7,476.30
Proceeds from sale of tangible fixed assets										
Grants received	5,078.50	6,418.60	6,524.50	640	2,999.90					
Interest Received (cash)	41.2	37.3	25.8	25.1	29.2	35.8	41.1	39.8	42.7	17.3
Total Cash flow from investing activities	**-5,749.60**	**-9,365.70**	**-8,493.60**	**-4,428.60**	**-6,047.90**	**-3,677.80**	**-5,317.70**	**-5,977.50**	**-6,330.00**	**-7,458.90**
Cash flow from financing activities										
Interest paid	-706.4	-741	-867.1	-917.7	-917.7	-917.7	-824.4	-690.6	-668	-645.4
Interest element of finance lease rental payment										
New secured loans		1,000.00	1,500.00				1,500.00			
Capital Repayments							-4,000.00	-800	-800.00	-800
RTB Receipts - Repayment									-5,365.30	
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	**-706.4**	**259**	**632.9**	**-917.7**	**-917.7**	**-917.7**	**-3,324.40**	**-1,490.60**	**-6,833.30**	**-1,445.40**
Cash & cash equivalents at the beginning of year	**9,476.00**	**8,901.70**	**5,821.60**	**4,388.40**	**5,837.00**	**5,877.90**	**8,665.80**	**7,721.80**	**8,312.90**	**3,485.00**
Net Change in Cash & cash equivalents	**-574.3**	**-3,080.10**	**-1,433.20**	**1,448.60**	**40.9**	**2,787.90**	**-944**	**591.1**	**-4,827.90**	**-18.6**
Cash & cash equivalents at the end of year	**8,901.70**	**5,821.60**	**4,388.40**	**5,837.00**	**5,877.90**	**8,665.80**	**7,721.80**	**8,312.90**	**3,485.00**	**3,466.40**

APPENDIX 3: 2025/26 30 YEAR CASHFLOW STATEMENT

Consolidated Statement of Cash Flow | 2025/26 30 Year Plan | Plan

Period: 01 April 2024 - 31 March 2054	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	18,076.20	18,608.90	18,951.10	19,456.90	19,940.30	20,528.30	20,906.00	21,464.30	21,997.90	22,647.00
Total Payments	-8,965.80	-9,286.80	-9,557.30	-9,772.60	-10,019.50	-10,278.00	-10,532.50	-10,845.20	-11,072.20	-11,358.10
Cash Paid To Employees										
Cash flow from Operating Activities	**9,110.40**	**9,322.20**	**9,393.80**	**9,684.30**	**9,920.80**	**10,250.30**	**10,373.50**	**10,619.10**	**10,925.80**	**11,288.80**
Provisions for tax										
Surplus for the year	**9,110.40**	**9,322.20**	**9,393.80**	**9,684.30**	**9,920.80**	**10,250.30**	**10,373.50**	**10,619.10**	**10,925.80**	**11,288.80**
Adjustment for investing or financing activities										
Proceeds from sale of tangible assets										
Government grants utilised in the year										
Interest payable (investments)										
Interest received (investments)										
Corporation Tax										
Total Adjustments for invest or financing activities										
Net cash generated from operating activities	9,110.40	9,322.20	9,393.80	9,684.30	9,920.80	10,250.30	10,373.50	10,619.10	10,925.80	11,288.80
Cash flow from investing activities										
Purchase of tangible fixed assets	-6,938.50	-7,085.60	-6,328.50	-5,948.70	-8,809.60	-9,248.80	-8,303.20	-10,390.10	-10,158.80	-9,706.00
Proceeds from sale of tangible fixed assets										
Grants received										
Interest Received (cash)	19.1	22.6	27	32.6	34.4	29.1	25.8	25.5	23.6	25
Total Cash flow from investing activities	**-6,919.40**	**-7,063.00**	**-6,301.50**	**-5,916.10**	**-8,775.10**	**-9,219.60**	**-8,277.40**	**-10,364.60**	**-10,135.20**	**-9,681.00**
Cash flow from financing activities										
Interest paid	-622.9	-600.3	-544.5	-449.5	-354.4	-259.4	-169.7	-102.5	-79.9	-57.3
Interest element of finance lease rental payment										
New secured loans										
Capital Repayments	-800	-800	-1,800.00	-1,800.00	-1,800.00	-1,800.00	-1,800.00	-800	-800	-800
Loan Working Capital Movements										
Loan Working Capital Drawdowns										
Loan Working Capital Repayments										
Capital element of finance lease rental payments										
Withdrawal from deposits										
Total Cash flow from financing activities	**-1,422.90**	**-1,400.30**	**-2,344.50**	**-2,249.50**	**-2,154.40**	**-2,059.40**	**-1,969.70**	**-902.5**	**-879.9**	**-857.3**
Cash & cash equivalents at the beginning of year	**3,466.40**	**4,234.50**	**5,093.30**	**5,841.10**	**7,359.80**	**6,351.10**	**5,322.50**	**5,448.80**	**4,800.90**	**4,711.50**
Net Change in Cash & cash equivalents	**768.1**	**858.9**	**747.8**	**1,518.70**	**-1,008.70**	**-1,028.60**	**126.4**	**-648**	**-89.4**	**750.5**
Cash & cash equivalents at the end of year	**4,234.50**	**5,093.30**	**5,841.10**	**7,359.80**	**6,351.10**	**5,322.50**	**5,448.80**	**4,800.90**	**4,711.50**	**5,462.00**

APPENDIX 3: 2025/26 30 YEAR CASHFLOW STATEMENT

Consolidated Statement of Cash Flow | 2025/26 30 Year Plan | Plan

Period: 01 April 2024 - 31 March 2054	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Receipts	23,063.90	23,680.10	23,714.00	23,830.40	23,688.90	23,742.30	23,752.20	23,869.60	23,729.10	24,005.60	593,914.00
Total Payments	-11,639.80	-11,934.60	-12,234.30	-12,441.70	-12,695.90	-13,019.30	-13,317.70	-13,571.10	-13,848.40	-14,167.20	-312,320.00
Cash Paid To Employees											
Cash flow from Operating Activities	**11,424.10**	**11,745.50**	**11,479.60**	**11,388.70**	**10,993.00**	**10,723.00**	**10,434.60**	**10,298.50**	**9,880.70**	**9,838.40**	**281,594.10**
Provisions for tax											
Surplus for the year	**11,424.10**	**11,745.50**	**11,479.60**	**11,388.70**	**10,993.00**	**10,723.00**	**10,434.60**	**10,298.50**	**9,880.70**	**9,838.40**	**281,594.10**
Adjustment for investing or financing activities											
Proceeds from sale of tangible assets											
Government grants utilised in the year											
Interest payable (investments)											
Interest received (investments)											
Corporation Tax											
Total Adjustments for invest or financing activities											
Net cash generated from operating activities	11,424.10	11,745.50	11,479.60	11,388.70	10,993.00	10,723.00	10,434.60	10,298.50	9,880.70	9,838.40	281,594.10
Cash flow from investing activities											
Purchase of tangible fixed assets	-10,396.80	-11,953.70	-11,030.00	-10,882.00	-10,142.10	-11,182.90	-9,162.30	-13,799.20	-7,658.10	-7,648.30	-271,617.40
Proceeds from sale of tangible fixed assets											
Grants received											21,661.50
Interest Received (cash)	27.6	24.1	23.6	26.4	30.3	31.7	30	28.3	24.4	36.1	882.7
Total Cash flow from investing activities	**-10,369.20**	**-11,929.60**	**-11,006.40**	**-10,855.50**	**-10,111.80**	**-11,151.20**	**-9,132.20**	**-13,771.00**	**-7,633.70**	**-7,612.20**	**-249,073.20**
Cash flow from financing activities											
Interest paid	-34.8	-12.2									-11,183.30
Interest element of finance lease rental payment											
New secured loans											4,000.00
Capital Repayments	-800	-800									-26,365.30
Loan Working Capital Movements											
Loan Working Capital Drawdowns											
Loan Working Capital Repayments											
Capital element of finance lease rental payments											
Withdrawal from deposits											
Total Cash flow from financing activities	**-834.8**	**-812.2**									**-33,548.60**
Cash & cash equivalents at the beginning of year	**5,462.00**	**5,682.10**	**4,685.80**	**5,159.00**	**5,692.20**	**6,573.40**	**6,145.20**	**7,447.50**	**3,975.10**	**6,222.00**	**9,476.00**
Net Change in Cash & cash equivalents	**220.1**	**-996.3**	**473.2**	**533.2**	**881.2**	**-428.2**	**1,302.30**	**-3,472.50**	**2,247.00**	**2,226.20**	**-1,027.80**
Cash & cash equivalents at the end of year	**5,682.10**	**4,685.80**	**5,159.00**	**5,692.20**	**6,573.40**	**6,145.20**	**7,447.50**	**3,975.10**	**6,222.00**	**8,448.20**	**8,448.20**

ITEM NO 6.3

INVESTMENT PROGRAMME

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 To provide an update on the 2024/25 and 2025/26 Investment Programmes and to consider a deviation from the heating policy position for the flats at Doig Crescent.

Summary

2024/25 Investment Programme - progress

2.1 Appendix 1 shows the position for each work type.

2.2 The programme is generally progressing well with some minor delays due to inclement weather on Lot 5B Roofing and a possible access issue on Lot 1B Window replacement.

2025/2026 Investment Programme

2.3 The 2025/2026 Investment Programme was approved by the Board on 19 November 2024.

2.4 The programme continues to tackle fuel poverty and to progress towards the anticipated requirements of the forthcoming Net Zero targets for Social Housing. The Programme also seeks to ensure that we maintain homes at the Scottish Housing Quality Standard.

2.5 The Investment framework contract is being used for the delivery of the programme. Tendering has commenced, prioritizing windows, roofing and roughcast in the first instance with remaining works following through March and April.

2.6 Doig Crescent – the heating options for the flats have been examined. It is not possible to install individual air source units and there are considered to be too many disadvantages to the installation of a communal air source heating system. It is therefore proposed that we replace the current storage heating system with Quantum storage heaters.

Aids and Adaptations 2024/25

2.7 Works are progressing to the end of March. One case is currently suspended due to tenant illness, substitute works have been instructed in lieu.

2.8 We continue to review the waiting list on a case-by-case basis in conjunction with the OT service for urgent cases.

Competence

3.1 The competence issues relating to this report are at section 10.1 of the report.

Recommendations

4.1 It is recommended that the Board:

a) approve the installation of Quantum storage heating in the Doig Crescent flats rather than air source heating as is the current policy position;

b) note the progress on the 2024/25 Investment Programme;

c) note the update on the 2025/26 Investment Programme; and

d) note the update on Aids and Adaptations and the waiting list.

APPENDIX 1:	Investment Programme update by Lot	
APPENDIX 2:	Occupational Therapy Referrals	
Background Papers:	Risk Register	
	Management Report to 31 January 2025	
Writer of Report:	Angus MacNeil	Tel: 0300 123 0773

Report Details

2024/25 Investment Programme

5.1 The position of each contract Lot is set out in Appendix 1.

Programme Progress

6.1 Lot 1B Windows – the works are progressing on site. There may be an access issue with one tenancy due to mental health and disability issues. The case is being monitored.

6.2 Lot 5A Roofing and Roughcasting – the works are on site and progressing completing end of March.

6.3 Lot 5B Roofing - the works are on site and progressing, but the final property continues to have an estimated completion on 4 April.

6.4 Lot 5C Roughcasting – the works are on site and progressing completing end of March.

6.5 The remainder of the programme is progressing well with full completion expected before the end of March.

2025/26 Investment Programme

7.1 Tendering of works is ongoing with the intention of prioritizing weather dependent works so as to achieve completion before winter 2025.

Doig Crescent Heating

8.1 9 flats at 27-36 Doig Crescent have proved problematic in terms of identifying a suitable replacement heating system. The flats are situated on the 1st to 3rd floors. The policy position is that air source systems be installed. However, after exploration of options with planning and building control the option of individual systems being installed has been discounted.

8.2 Consequently, the installation of a communal heat pump has been examined including discussions with Grampian Housing Association who have installed communal air source heating at flats in Aberdeen. This identified several challenges which adds further complexity to the works required.

8.3 There is no common void in the stairwell so any pipework would either travel around the outside of the flats which would require trench works or go up and through walls then under the flooring of multiple houses which would require potential fire-proofing.

8.4 2 separate communal heat pumps may be required but space at the lower part of the flats is restricted which will bring further complications.

8.5 Each communal heat pump would also require a new 3 phase supply, standalone switchgear and an insulated enclosure.

8.6 If works were to proceed there would need to be a bespoke metering and billing system as tenants would require having 2 energy providers, one for household electricity and one for the heat pump. A third-party provider would be required to manage this process.

8.7 It is therefore concluded that Quantum storage heaters would be the preferred option. These are 25% more efficient than the existing storage heating system and are used widely throughout Scotland. They have been installed in Murray Place for a number of years without issue. They are zero emission heating systems so will meet this aspect of Net Zero.

8.8 The main advantages for tenants of Quantum heating over the current storage heating are:

- Familiarity
- Additional controllability for time and temperature settings

- Improved insulation within heaters therefore higher heat retention
- Lower costs than existing storage
- Not restricted to THTC tariff so no reliance on radio tele switch
- Works with E10, E7 and E9 EDF tariff
- RF modules in heaters allow smartphone control over central hub (needs Wi-Fi)
- No servicing is required

8.9 Tenants were kept updated on the exploration of options to replace their current heating systems and on the challenges experienced. Further discussion will take place if the Board approve the installation of Quantum heaters as the preferred option.

Aids and Adaptations position

9.1 The current position on General Adaptations is detailed in Appendix 2.

9.2 The Scottish Government have awarded a grant of £0.151M. In addition, there was a subsequent virement for minor aids and adaptations approved by Board in November 2024 for £11k.

9.3 The budget is fully committed. Additional referrals are being placed on a waiting list and are being progressed based on prioritization agreed with the OT service within the budget available.

9.4 The waiting list referrals include:

- Wet rooms – 2
- Over bath showers - 2
- Car parking – 1
- Handrail – 1

9.5 The Scottish Government have outlined their timetable for the 2025/26 application process which is planned to run from 17 March to 11 April with a budget allocation of £20.9m.

10.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The revised programme for the 2024/25 period is within the business plan cash planning limits of £3.53M. The Scottish Government have awarded Aids and Adaptations funding for 2024/25 of £0.151M. The change of the heating type at Doig Crescent is expected to be a less expensive option than air source heating and is anticipated to deliver a unit cost saving of £2k per property. There are 9 properties in the programme.
Legal	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. Financial Regulations require that actual forecasts and progress on the Investment Programme be reported to each routine meeting of the Board.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards. This report provides ongoing assurance of evidence point AN3 (H&S) in relation to our Annual Assurance Statement.
Risk	There are a number of risks highlighted in the Risk Register concerning. • the health of the local economy and the capacity of contractors to deliver programmes. Capacity currently is limited both for contractors and elements of the supply chain. However, our 5-year term contract with FES provides some resilience in service delivery and enables resources to be aligned with maintenance requirements based on historic knowledge. Supply Chain challenges is highlighted on our Risk Register with a residual risk of 6 which is considered low. • affordability for tenants leading to increased levels of fuel poverty. This has a residual risk of 12 which is considered a moderate risk.
ESG	There is an ESG impact arising from the consideration of this report. • Social o Building Safety and Quality - maintaining Scottish Housing Quality Standard o Resident Voice - evaluate satisfaction.

	o Placemaking – sustainability embedded into contract. • Environmental o Climate Change - reducing waste, sustainability, recycling, local materials. o Resource Management - regularly review standard specifications having regard to the environmental impact of individual products and materials. • Governance o Supply Chain Management – maximise sourcing of local materials, minimize travel, Living wage through supply chain
Equalities	We are committed to promoting equality, diversity, and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Following approval of this report, tenants will be advised of programmes, and consultation will be carried out pre works and satisfaction surveys conducted on completion.

APPENDIX 1

Works	Lot	Contractor	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April - 25
LEWIS & HARRIS															
Windows & Doors	1A	Alex Murray													
Windows & Doors	1B	Alex Murray													
Heating	2A	FES													
Heating	2B	Alex Murray													
Roughcast & Roofing	5A	Alex Murray													
Roofing	5B	Alex Murray													
Roughcast	5C	Alex Murray													
Electrical	6	ACES													
OT	8	Alex Murray													
UIST & BARRA															
Windows & Doors	9A	FES													
Heating	10	Alex Murray													
OT	16	FES													
Energy Efficiency	Scotland Excel	N/A													

Work on site

Tender to be issued

Work awarded awaiting end date of programme to be confirmed

APPENDIX 2

Occupational Therapy Referrals	2024/25
Number of Properties	79
Number of Referrals received (some properties have more than one referral)	91
Number of tasks on Referrals received (a referral can have multiple tasks)	170
Number of Referrals completed	68
Number of Referral tasks completed	126
Number of Referral tasks awaiting issue/ completion	40
Total Estimate of Referrals	£0.186M
Grant Allocation – General Adaptations	£0.162M
Expenditure to 28 Feb 2025	£0.094M
Remaining spend for works	£0.068M

TENANT FURNISHINGS & FITTINGS AT TENANCY TERMINATION

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 This report provides information on the proposed revised approach at tenancy changes where the outgoing tenant wishes to leave items in the property.

Summary

2.1 At present our policy requires outgoing tenants to remove all contents from properties. This is standard practice across the social housing sector. However, this is being increasingly questioned on the grounds of sustainability where items which are in good condition are going to landfill. In addition, the increased levels of poverty and the ongoing cost of living crisis make it increasingly challenging for tenants to furnish homes.

2.2 Consequently, the Business Plan contains an action to revise our approach and to enable outgoing tenants to leave items which are judged to be in good condition. These items will then be offered to the ingoing tenants. Waivers have been prepared for both parties to sign.

2.3 The items which are identified as potentially being appropriate to leave are detailed in the body of the report. These will be agreed by Housing Officers based on an assessment of their condition, standard of fitting, cleanliness and potential risk, e.g. flea infestations in carpets.

2.4 It is proposed that this approach be implemented on a 6-month basis and reviewed at that point.

2.5 The Operations Working Group reviewed the proposal on 7 March 2025 and recommended approval to the Board.

Compliance

3.1 The competence issues relating to this report are at section 6.1of the report.

Recommendations

4.1 It is recommended that the Board approve the revised approach at tenancy changes where the outgoing tenant wishes to leave items in the property for a 6-month trial period and report back to the Board with recommendations.

Background Papers:

Writer of Report: John Maciver Tel: 0300 123 0773

Report Details

5.1 It is proposed that the following items can potentially be left in properties by outgoing tenants and subsequently offered to ingoing tenants. This will be based on an assessment by officers of factors such as their condition, hygiene and standard of fitting. This is obviously a subjective assessment and we will work to ensure a uniformity of approach.

- Floor coverings e.g. laminate, carpet, lino
- Window blinds, curtains, poles
- White goods, car chargers, electrical fittings (subject to documentation)
- Garden sheds, raised beds, garden features
- Sanitary fittings, shower screens

5.2 This list is not exhaustive and other items will be considered on a case by case basis. If ingoing tenants do not wish to accept items, or the condition when the property is empty is not as expected, then there will be a cost to remove the items. This will be identified and will form part of the 6-month review.

6.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	There is a potential for increased void costs if items left by outgoing tenants are subsequently required to be removed.
Legal	This has been discussed with Harper Macleod. Waivers have been prepared for each party to sign. However, they advise that this does not fully remove the risk of the ingoing tenant, in particular, seeking to enforce action on our part to remove or repair items which have been left or to otherwise hold us liable for these items.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	Affordability is highlighted on our Risk Register with a residual risk of 12 which is considered medium
ESG	The proposal is consistent with our ESG strategy in seeking to maximise recycling and minimise use of landfill.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	The revised approach will be addressed in communication with outgoing and ingoing tenants as they are the parties affected. Following the pilot period wider communication may be appropriate.

ITEM NO 6.5

BOARD TRAINING PLAN 2025/26

Board 25 March 2025

Report by Chief Executive

Purpose of Report

1.1 To present the 2025/26 Board Training Plans for consideration and approval.

Summary

2.1 The Board Training Plan at Appendix 1 has been prepared following the Board Skills Analysis undertaken in December 2024.

2.2 In addition, the training plan takes into account policy requirements and any legislative or regulatory requirements.

2.3 Within the Board Training Plan there is a mix of internal and external delivery scheduled. We plan to take advantage of the complimentary training sessions offered by our Internal Auditor, WBG and we will facilitate online and digital learning to maximise training opportunities.

2.4 Where a training need has not been met in 2024/25, it has been picked up as part of the 2025/26 Training Plan.

2.5 If Board Members become aware of particular training requirements throughout the year, these should be raised with the Governance Officer and will be considered accordingly.

Competence

3.1 The competence issues relating to this report are at section 5.1 of the report.

Recommendations

4.1 It is recommended that the Board approve the Board Training Plan 2025/26 as at Appendix 1.

APPENDIX 1:	Board Training Plan 2025/26	
Background Papers:	Training & Development Policy	
Writer of Report:	Iona France	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	There will be a financial cost to the implementation of the Board Training Plan which will be met from existing budgets. The allocation for Board training and conference fees for 2025/26 is £5.6K. These costs exclude travel and accommodation costs related to training.
Legal	The Training Plan recognises where we have a statutory or contractual obligation to carry out training and is in accordance with our Training and Development Policy.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards. In accordance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, the Board need to "assess annually the skills, knowledge, diversity and objectivity that it needs for its decision-making, what is contributed by continuing governing body members, and what gaps there are that need to be filled."
Risk	Recruitment and retention of Board Members is included on our Risk Register with a residual rating of 6 which is considered low. Governance of the Partnership is critical to its long-term viability. Carrying out skills assessments helps to ensure that the Board has the skills, knowledge and diversity it needs to provide capable leadership, control and constructive challenge to achieve the RSL's purpose, and helps to mitigate the risk of not delivering good tenant outcomes or manage the Partnership's affairs.
ESG	Governance of the Partnership is a key strand of our ESG Strategy.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	We report Board Training undertaken on our Monthly Performance Report

APPENDIX 1

	Training	In-house / External	Costings	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
													2026		
1	Board Member Role & contributing, Decision Making and Maintaining a strategic focus	WBG	Complimentary												
2	Sexual Harrassment	Pro-compliance	£250												
3	Disciplinary & Grievance	External - EVH	£400												
4	Finance for non Financials	WBG	Complimentary												
5	Risk Management	WBG	Complimentary												
6	Information Technolgy (including the use of AI)	TBC	TBC												
7	Communication & Tenant Engagement	External - SE Training	£1,000												
8	Induction Training for New Board Members	External -SE Training	£1,000												
9	Health & Safety	ACS	£600												
10	Board Development Session	In-house	Free												
11	Safeguarding Training	NSPCC - Webinar	£350												
12	Following AGM - 2025/26 Skills Assessment Cycle Commences								AGM						

ITEM NO 7.1

ALLOCATIONS POLICY REVIEW

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 The purpose of this report is for the Board to approve changes to the Allocations Policy for consultation with tenants.

Summary

2.1 The Allocations Policy was last approved by Board in March 2022 and is now due for review in accordance with our Policy Review Schedule.

2.2 The policy has been reviewed by Allocations staff and Area Managers in line with all relevant Housing Acts and the Scottish Government's 'Social housing allocations in Scotland: practice guide'.

2.3 Since the Allocations Policy was approved in 2022 there have been no changes in legislation that impact our policy or allocations procedures.

2.4 Some minor amendments have been made to add clarity to the policy or to streamline the policy, removing duplication of details. Amendments are listed in full at Appendix 1.

2.5 The Operations Working Group considered the amended Policy on 7 March 2025 and recommended approval to the Board subject to consideration of the changes proposed. This includes provision for those who require a home office due to the nature of their employment.

Compliance

3.1 The competence issues relating to this report are at section 5.1 of the report.

Recommendations

4.1 It is recommended that the Board:

a) approve the Allocations Policy at Appendix 1 for consultation with tenants; and
b) if there are no material comments arising from the consultation that the Allocations Policy be approved, otherwise a revised Policy will be presented to the next meeting of the Board.

APPENDIX 1:	Summary of the review of the Allocations Policy	
APPENDIX 2:	Allocations Policy	
Background Papers:	Allocations Policy 2022	
Writer of Report:	Katrina Rowlands	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	Resources to support the allocations policy will be agreed annually through the budget setting process.
Legal	Any social housing allocation policy should be compliant with a range of key legislation and statutory guidance including: Sections 19 and 20 of the Housing (Scotland) Act 1987, as amended by Sections 9 and 10 of the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2014
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	The risk of reducing demand for stock and changing demographics is highlighted on our Risk Register with a residual risk of 8 which is considered medium.
ESG	There are no ESG implications arising from this report.
Equalities	We are committed to promoting equality, diversity and inclusion. The are no equalities implications arising from the approval of this report.
Communication	There will be a consultation with tenants following approval of this report.

Allocations Policy Review

Section	Section Heading	Changes Made to Policy
4	Applications for Housing	The section was streamlined and updated to reference applications via the Portal. The ratio of allocations was updated to clarify that this is for the Stornoway letting area only and will be agreed at the June Board. Reference to the Estate Management Policy added in relation to the Mutual Exchange Scheme.
5	Property Size Entitlement	The household needs and number of bedrooms table has been simplified to ensure fairness and consistency across all allocations. The table can be found at 5.3 of the allocations policy. Provision for office space to be introduced where this is required due to the nature of the applicant's employment following the consultation exercise.
6	Assessment of Applications	The reference to National Insurance Number was removed.
10	Property Condition	Amended to clarify that Environmental Health report required to determine points. Also removed some of the detail as that will be in the EH report.
11	Overcrowded Houses	Updated to provide clarity on bedroom needs and overcrowding awarded for access to children.
12	Medical Factors	Additional wording has been added to this section at 12.2 outlining the independent process for determining medical needs.
13	Ex-Service Personnel	Wording is taken directly from the Armed Forces Covenant.

Allocations Policy Review

Section	Section Heading	Changes Made to Policy
14	Social Factors	Several amendments were made to this section. • It was updated to reference the Hate Crime and Public Order (Scotland) Act 2021. • Paragraphs referring to bypassing were removed as this was a duplication of a later section of the policy. • The final paragraph was updated to remove an outdated reference. Table was updated to remove items duplicated in medical table.
15	Adapted Housing	A minor amendment was made to the first paragraph to clarify that this includes ground floor properties with showers.
17	Lack of Secure Tenancy	Definition removed as set out in table 9 of policy appendix.
20	Housing with Extra Care	Updated as the admissions panel has now been established.
21	Accommodation to Support Applicants and Service Providers	Minor update to wording and terminology consistent with Health & Social Care usage.
22	Key worker Status	Minor amendments to add clarity to the description.
23	Property Ownership	An additional paragraph added to clarify that those with Keyworker Status may still be considered.
24	Factors not taken Into Consideration	Minor amendment to include reference to the 1987 Act.

Allocations Policy Review

Section	Section Heading	Changes Made to Policy
25	The Allocation Process	This section has been streamlined and procedural processes have been removed.
26	Creating Tenancies	This section has been streamlined to remove procedural processes.
29	Suspensions	Some minor wording amendments to add clarity.
30	Bypassing Applicants for the Offer of Housing	This section was streamlined to remove information covered elsewhere in the policy.
32	Information and Advice	Some minor amendments to add clarity.
34	Appeals & Complaints Procedure	This section has been streamlined to remove information contained within the Comments, Compliments & Complaints Policy.
35	Review of Policy	This section was streamlined
	Points Table	Some amendments in line with Section 5.

APPENDIX 1

ALLOCATIONS POLICY

APPROVED BY HHP BOARD:
March 2025
EFFECTIVE DATE:
March 2025

hhp | hebridean housing partnership

TABLE OF CONTENTS

INTRODUCTION

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

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

AIMS & OBJECTIVES

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

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

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

c) Promote social inclusion and contribute to the sustainability of balanced communities throughout the Outer Hebrides;

d) Meet all legislative and good practice requirements;

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

f) Monitor performance and satisfy the equalities agenda.

2.2 Our Allocations Policy seeks to:

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

b) be open, fair and accessible;

c) prioritise those applicants in housing need;

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

e) provide high quality outcomes for service users

f) create sustainable tenancies;

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

h) work in co-operation with Comhairle nan Eileen Siar (CnES) to respond to the accommodation and service needs of homeless persons; and

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

GENERAL PRINCIPLES

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

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

3.3 All information provided to us will be treated as confidential and will be dealt with in compliance with UK General Data Protection Regulation (UK GDPR), the Comments, Compliments and Complaints Policy, and as outlined in this policy.

3.4 We will manage and allocate our properties in line with the Matrimonial Homes (Family Protection) (Scotland) Act 1981 which protects a person's rights to live in the family home.

APPLICATIONS FOR HOUSING

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

4.2 Applications for housing must be made on our official application form. Forms are available on our website, via the Portal or by requesting a paper copy.

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

4.4 The ratio of allocations to be made within the Stornoway letting area to each category of applicant will be determined annually by our Board in the June allocations report.

4.5 We will operate a Mutual Exchange Scheme to enable tenants to move to different parts of the islands by exchanging houses. We will also enable tenants to move to any other social landlord in the United Kingdom through exchange schemes. Such requests will be considered under the terms of the Housing (Scotland) Act 2001, Housing (Scotland) Act 2014 and our Estate Management Policy . Permission to exchange will not be unreasonably withheld.

PROPERTY SIZE ENTITLEMENT

5.1 We will aim to make best use of our available housing stock. To make the most efficient use of stock, applicants will normally be included on the Housing List for a property size appropriate to their household's needs, including any medical or support circumstances. An applicant may choose to apply for a property which differs to their household size needs but such an allocation would only be made in situations of low demand, where there is no appropriate matching applicant for the property, and where the allocation would not cause overcrowding or would be otherwise unsuitable.

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

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

Household Size	**Number of Bedrooms**
Single Person	1
Two adults with no children*	2
Couple or single person with 1 child	2
Couple or single person with 2 children of the same sex under the age of 10	2
Couple or single person with 2 children of opposite sex until the elder is aged 7	2

Household Size	**Number of Bedrooms**
Couple or single person with 2 children of the same sex over the age of 10	3
Couple or single person with 2 children of opposite sex over the age of 7	3
Couple or single person with 3 children	3
Couple or single person with 4 children or more	4 (or larger if available)
**If a couple with no children indicate they would prefer a 1 bedroom house they would be placed on the waiting list for a 1 bedroom house.* *Where there are access arrangements in place, one extra bedroom will be awarded regardless of the number of children.* *Property size needs will be reassessed on the birth of a child.*	

ASSESSMENT AND PRIORTISATION OF APPLICATIONS

6.1 On receipt of a completed application form, we will assess each person's eligibility for housing and will prioritise the application according to the conditions set out in this policy.

6.2 We have an established framework to verify applications, including seeking evidence to corroborate the applicant's age and identity. To comply with this framework each applicant will be required to submit evidence confirming their identity and address.

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

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

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

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

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

6.8 In the event that applicants have equal points then the allocation of a property would be made to reflect the date order of registration on the Housing List.

FALSE OR MISLEADING INFORMATION

7.1 Applicants, who give false or misleading information that materially affects either the priority awarded to their application, or a subsequent allocation awarded to them, will have their application suspended. They will be advised of the reasons in writing and of their right to appeal. Where a tenancy has already been allocated and the misleading information has materially affected the decision to make the allocation, we may take the necessary legal steps to end the tenancy.

REASONABLE PREFERENCE

8.1 The Housing (Scotland) Act 2014, amended section 20 of the 1987 Act, requires landlords to give priority to applicants in the 'Reasonable Preference' categories: These are applicants who:

- homeless persons and persons threatened with homelessness who have unmet housing needs;
- people who are living under unsatisfactory housing conditions and who have unmet housing needs; and

- tenants of houses which are held by a social landlord and which the social landlord selecting its tenants considers to be under-occupied.

8.2 Reasonable Preference does not mean that landlords must allocate a house to people in the reasonable preference groups regardless of its suitability. The allocation should be likely to lead to a sustainable, successful tenancy and make best use of the stock.

8.3 We will use a points system to give 'Reasonable Preference' to such applicants. In addition, we will operate a separate waiting list for applicants who are assessed as being Homeless by CnES and where they wish HHP to provide permanent accommodation.

HOMELESSNESS (SEE APPENDIX A TABLE 1)

9.1 We are committed to assisting CnES in fulfilling its statutory duty to rehouse households assessed as statutorily homeless. A referral will not be refused without good reason.

9.2 We have entered into a Service Level Agreement (SLA) with CnES in respect of how the operational aspects of the homeless service will be delivered. This agreement includes performance standards and details the responsibilities of each party to seek to prevent and resolve homelessness. The SLA describes how appeals will be dealt with over issues of homelessness.

9.3 We will, in carrying out all functions associated with homeless persons, reflect the objectives of the Local Housing Strategy of CnES.

9.4 In order to create sustainable tenancies through our letting process, we ensure that there are adequate measures in place to support new tenancies including those which are created through the Service Level Agreement with CnES.

9.5 Where there is doubt about the applicant's ability to sustain a tenancy, and the level of support needed is not available, we may choose to withhold an offer until the landlord is confident that an adequate support package is in place to reduce the risk of the tenancy failing. Provision is made for this in Section 30: Bypassing Applicants.

9.6 If an applicant has been assessed as unintentionally homeless, a reasonable offer will be interpreted as one which meets the applicant's housing needs, taking into account the general availability of housing in the area, the advice provided in the Scottish Governments Code of Guidance on Homelessness, and the terms of the Service Level Agreement with CnES.

TOLERABLE STANDARD (SEE APPENDIX A TABLE 2)

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

10.2 The points will be awarded in line with the recommendation from Environmental Health report and Table 2 at Appendix A.

OVERCROWDED HOUSES (SEE APPENDIX A TABLE 3)

11.1 Part VII of the 1987 Act defines overcrowding. When the number of people sleeping in the house contravenes the room standard or the space standard, a house is overcrowded.

11.2 The definition of overcrowding, and our points table at Appendix A helps to ensure that HHP awards priority to those who are under or over occupying, as required by the legislation in connection with reasonable preference.

11.3 Occasional Overcrowding as a Result of Access to Children

Where an additional bedroom is required because of frequent and regular access visits by a child under 16 years the access arrangements can be considered in the determination of the appropriate size of property.

Note: proof of access arrangement is required (e.g. solicitor's letter, court judgement etc), however more informal arrangements will also be considered.

MEDICAL FACTORS (SEE APPENDIX A TABLE 4)

12.1 We will award reasonable preference to applicants that currently occupy unsatisfactory housing conditions under the Medical Factors pointing category.

12.2 Completed application for medical priority forms are sent to NHS Western Isles for independent assessment. They will recommend a point level in line with the table below.

12.3 The following definitions are used to award Medical Priority:

Urgent	Applicant has a serious, long term condition and their current accommodation poses a major danger to their health and this can be removed or significantly alleviated by re-housing. This priority will be considered for applicants in the most urgent medical need including those with severe mobility or extreme medical conditions. It will also be awarded where the need for re-housing results from residential, institutional or hospital care.
High	This will be awarded to applicants whose ill health is significantly affected by their current accommodation and whose condition is likely to be improved by suitable accommodation. The danger to health is less immediate, but there is still a significant health related housing need. There will need to be clear evidence that alternative housing will significantly improve the health needs of the applicant.
Medium	Where a medical condition is affected by the accommodation and where there would be a clear improvement in the medical condition or quality of life of the applicant by re-housing.
Intermediate	Where there is a housing need to move home to give or gain support or where minor improvement in quality of life can be achieved by a change of accommodation.

EX-SERVICE PERSONNEL (SEE APPENDIX A TABLE 5)

13.1 We commit to uphold the Armed Forces Covenant and support the Armed Forces Community. We recognise the contribution that Service personnel, both regular and reservist, veterans and military families make to our organisation, our community and to the country

13.2 Ex-service personnel and their families can face particular housing challenges as they leave the Armed Forces. The Scottish Government is committed to helping ex-service people and has encouraged landlords to consider their needs and to respond appropriately.

13.3 We will give applications from ex-service personnel fair and sympathetic consideration and will ensure these are not disadvantaged, compared with other applicants.

13.4 Priority will be awarded to ex-service personnel who have left the Armed Forces within the past 12 months or expect to leave within six months of submitting a Housing Application Form. This applies to service personnel who leave under honorable discharge or medical discharge and who have completed at least three years' service.

SOCIAL FACTORS (SEE APPENDIX A TABLE 6)

Harassment and Abuse

14.1 Reasonable enquiries will be made with partner agencies where an applicant wishes to move because of, for example, harassment, abuse, domestic or other violence. These enquiries will at all times be made in a sensitive and appropriate way

14.2 We recognise that some applicants are subjected to different types of abuse and harassment and that people have a right to live a life that is free from such treatment.

14.3 Some typical types of abuse include the following, although the assessment process is not limited to these:

- gender based violence, including domestic abuse;
- racial harassment;
- religious or sectarian harassment;
- homophobic harassment;
- harassment of disabled people; and
- harassment of those with learning disabilities.

The Hate Crime and Public Order (Scotland) Act 2021, implemented on 1 April 2024 provides greater protections for those who are targeted by hate crime.

14.4 The award of Social Factor points is determined based on reports from the Social Work Department, Police, or other relevant agencies.

Social Inclusion

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

14.6 Priority under health or social criteria may be awarded when a letter of support is provided by the appropriate agency. We will use the following definitions for the award of Social Factor points:

Urgent	Danger of harassment or domestic violence
Medium	Needs bigger house due to custody of children To give support or receive support from family member
Intermediate	Needs to move due to neighbour dispute/antisocial behaviour.

14.7 Priority will also be awarded to applicants who are leaving institutional or therapeutic care.

<u>Community Safety Statement</u>

14.8 We will, in the process of allocating its houses take account of issues associated with Community Safety. In allocating properties to specific categories of applicants (e.g. registered sex offenders, discharged prisoners who have committed particularly serious offences, including drug dealers, people with a record of violence or serious anti-social behaviour) We will collaborate with appropriate agencies to ensure Community Safety is protected. We will follow best practice and relevant guidance in this respect and will work closely with partner agencies such as Criminal Justice, Education and Police. Any decision regarding allocation of houses taken solely on Community Safety grounds (i.e. out-with the normal operation of the Allocation Policy) must be approved by the Director of Operations.

<u>Housing Violent Applicants and Sex Offenders</u>

14.9 In terms of the Management of Offenders etc. (Scotland) Act 2005 it our legal duty to co-operate with the Responsible Authorities (Police, Health Service, Scottish Prison Service and CnES) in the assessment and management of risk posed by violent applicants and sex offenders who are living or who may come to live in our houses. This duty is reciprocal.

14.10 The Responsible Authorities will put in place joint arrangements for assessing, monitoring and managing risk posed by sex offenders. These arrangements are known as Multi Agency Public Protection Arrangements (MAPPA) and emphasise information sharing and public safety. We will co-operate fully with MAPPA in our role as housing provider.

14.11 We are committed to working within the Scottish Government's National Accommodation Strategy for Sex Offenders (NASSO). NASSO aims to improve public safety by providing a clear and consistent framework for housing sex offenders by ensuring proper resources and procedures are in place to manage risk.

14.12 Where community safety considerations require special arrangements to be made to house a sex offender, their victim or someone at risk, pointing will be awarded in line with the Community Safety Statement in this Policy.

ADAPTED HOUISNG (SEE APPENDIX A TABLE 7)

15.1 Where properties are suitable for, designed or adapted for special needs, including ground floor and level access showers, priority consideration will be given to applications where the applicant or a household member has a mobility or medical requirement and would benefit from the type of adaptation available.

15.2 We recognise the changing needs of tenants. Where a specially adapted property is no longer required by a family, then priority and assistance can be given to relocate the family to another general needs property and to allocate the adapted house to a family with matching needs

15.3 Where we have carried out alterations or adaptations to a property, based on the current tenant's medical needs, the tenant of that property will not be eligible to apply for a transfer to another property, unless an Occupational Therapist can verify that the property no longer suits that individual's medical needs or that the property to which the applicant is moving is assessed as suitable and will not require further significant adaptations.

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

15.5 We would first seek to encourage tenants in such properties to move. This will always be handled with great sensitivity and would seek to provide assistance and support to move.

15.6 We would only take such recovery action in exceptional circumstances and this would require Board approval. Exceptional circumstances would be where the property was required for a household:

- Who are unable to occupy their current property due to its unsuitability and where it cannot reasonably be adapted;

- Where a household member is ready to leave hospital but are unable to do so until suitable accommodation is available and are bed blocking;
- Where a family member has to live separately from their family

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

UNDER OCCUPATION (SEE APPENDIX A TABLE 8)

16.1 We will work with and assist tenants We will encourage tenants who under occupy their homes and wish to move to a more suitable size of property. We will provide priority to those applicants under the Under-Occupation pointing category of this policy.

LACK OF SECURE TENANCY (SEE APPENDIX A TABLE 9)

17.1 Priority will be awarded to applicants who are living in insecure accommodation. Points will be awarded in line with Table 9 of Appendix A.

TRAVEL TO WORK DIFFICULTIES (SEE APPENDIX A TABLE 10)

18.1 Where an applicant requests accommodation in order that travel to work difficulties can be addressed, additional pointing may be awarded, subject to verification by the employer. This priority will be awarded to applicants who need to be near their place of employment where distance, transport arrangements or financial difficulties prevent ease of access.

TIME ON LIST (SEE APPENDIX A TABLE 11)

19.1 All applicants for housing will be reviewed annually to establish whether or not they wish to remain on the Housing List. On the anniversary of the Housing Application Form being received, additional pointing will be awarded for each complete year on the Housing List, up to a maximum entitlement of five years.

HOUSING WITH EXTRA CARE

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

ACCOMMODATION TO SUPPORT APPLICANTS AND SERVICE PROVIDERS

21.1 We recognise our Social Care role and the need to support other agencies and support providers. We recognise the requirement for accommodation when moving from care and supported housing and will work with other agencies to identify appropriate properties to meet this need.

21.2 Where appropriate we will allocate properties to the support provider where this is considered by partner agencies to be in the best interests of the applicant.

21.3 We will work with and support other agencies to assess and meet the needs of communities and to assist in service delivery. Properties will be leased directly to partner agencies where this is considered necessary to enable them to deliver services to the community e.g. Health and Social Care and Police Scotland.

21.4 We will work with NHS Western Isles to address and prevent 'bed blocking', where a patient is ready to return to the community but does not have access to suitable accommodation. Applicants who fall into this category will be awarded additional pointing under Medical Factors, to ensure their application is addressed on an urgent basis.

KEYWORKER STATUS

22.1 Priority will be given to those with key worker status. Key worker status is defined as where:

1. Local recruitment has not been possible for a post or where local recruitment is not likely in view of the skills required
2. And where failure to recruit will have a serious impact on the local economy or individual business or where failure to recruit will have a detrimental impact on health and wellbeing of local business.

22.2 We will enter into agreements with local employers to provide access to housing as quickly as possible after recruitment. This commitment can then be provided as part of the recruitment process.

22.3 The property location, type and size will be agreed with the employer and successful job applicant taking into account individual circumstances, the nature of the post and the availability of housing.

PROPERTY OWNERSHIP

23.1 Section 5 of the 2014 Act allows ownership of property to be taken into account when allocating properties.

23.2 Owners of property will not normally be allowed housing and will therefore be deferred from the Housing list. However, property ownership cannot be taken into account in the following circumstances:

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

23.3 Applications from homeowners with Keyworker status will be considered.

FACTORS NOT TO BE TAKEN INTO CONSIDERATION

24.1 The factors which landlords must not take into account when allocating properties are set out in section 20(2) of the 1987 Act (as amended by section 10(3) of the 2001 Act).

The following factors will not be taken into consideration in allocating housing:

a) The Housing (Scotland) Act 2001 specifies that, in allocating houses, the landlord shall not take account of whether an applicant is resident in their area if the applicant:

i) is employed, or has been offered employment, in the area;

ii) wishes to move into the area and they are satisfied that his purpose in doing so is to seek employment;

iii) wishes to move into the area to be near a relative or carer;

iv) has special social or medical reasons for requiring to be housed within the area;

v) is subject to conduct amounting to harassment, or

vi) runs the risk of domestic violence.

Applicants who satisfy the above conditions will be prioritised in terms of HHP's assessment process. Applicants who do not satisfy the above criteria will be accepted but will only be housed where there is no demand for a property.

b) Tenancy related debts:

i) for which the applicant has no legal responsibility;

ii) which no longer exist as full payment has been made;

iii) where the amount outstanding is less than one month's rent (net of Housing Benefit Credit); or

iv) where a repayment arrangement has been made and agreed with the allocations team, in accordance with which payments have been made for at least 3 months and payments are continuing.

c) Non tenancy debts;

d) Personal references;

e) Income of the applicant or his/her family; and

f) Ability to pay.

THE ALLOCATION PROCESS

25.1 Vacant properties will be allocated using a computerised matching process. Allocations will normally be made to the applicants with the highest number of points for particular vacancies:

a) where the applicant has an indicated preference for housing in the lettings area and where the property size, location and house type meet the applicant's requirements;

b) where the applicant has a need to reside in that lettings area by virtue of current residence, employment, medical, support or other reasons;

c) where provided this meets the need of community safety; and

d) does not compromise on individual safety.

25.2 Applicants will be contacted to ascertain their interest in a particular vacancy. Prospective tenants will be offered the opportunity to view the property prior to accepting the tenancy.

25.3 Where an offer matches all the criteria specified in the application form it will be treated as a formal offer.

25.4 If an applicant for housing refuses two reasonable offers of accommodation (provisional or firm offer) within one year, their application will be suspended for 12 months. An offer will be considered reasonable if it meets the applicant's choices and needs. Individual circumstances will be taken into consideration before suspension decisions are implemented.

25.6 Maximising choice for the applicant aims to reduce the number of abortive offers and refusals which contribute to increased void periods and rent loss.

25.7 If it is found that an applicant has purposely changed address or acted otherwise to worsen his/her housing circumstances to increase the award of points, the application will be assessed as if such a change has not been made. In such cases, this decision will be reviewed every 6 months by the Allocations Officer.

CREATING TENANCIES

26.1 When a prospective tenant has indicated their acceptance of a property, the date of entry to the house will be provided. This will normally be the day after the tenancy agreement is signed.

TENANCY AGREEMENT

27.1 We will in most cases, offer a Scottish Secure Tenancy to applicants being housed. A Scottish Secure Tenancy grants tenants a number of rights including Security of Tenure, Entitlement to a Joint Tenancy, Right of Succession and the Right to Sub-let, Assign or Exchange their tenancy.

27.2 The Short Scottish Secure Tenancy will be employed in statutorily appropriate situations as provided by the Housing (Scotland) Act 2014 and in line with any procedural guidelines agreed by the Board. Use of the Short Scottish Secure Tenancy is currently restricted to the following circumstances:

- lets to people evicted for anti-social behaviour within a period of 3 years;
- lets to people who are the subject of an ASBO granted after 30 September 2002;
- temporary lets to people moving into the area to take up employment;
- temporary lets pending development affecting the house;
- temporary lets to Homeless people;
- temporary lets to people requiring housing support services; and
- lets in houses leased by the landlord from another body, where the lease prevents subletting under a secure tenancy.

27.3 In the event of housing properties being let by us for non-housing use appropriate commercial leases will be used with rental levels agreed by the Board. Decisions as to whether to offer properties for non-housing use will be made by the Board.

ALLOCATION TO STAFF AND BOARD MEMBER

28.1 Board Members, staff and their close relatives will only be allocated a Partnership property under the following conditions, the allocation:

a) is permitted by Schedule 7 of the Housing (Scotland) Act 2001 or any subsequent legislation; and
b) complies with Scottish Housing Regulator guidance.

28.2 A "Board Member" is a member of HHP's main Board of Management and includes co-opted members, including those co-opted directly on to subcommittees. A "close relative" is a direct relative by blood or marriage including step-relatives and a person's spouse/partner, parent, grandparent, child, grandchild, sister or brother.

28.3 A "member of staff" is defined as an employee of ours or a directly associated company.

28.4 A recommendation to allocate a house to a Board Member, or a member of staff who has been a Board Member or a member of staff within the previous 12 months or a close relative of either will be reported to the Board for decision before being recorded in a Register in compliance with Schedule 7 of the Housing (Scotland) Act 2001. This is consistent with HHP's Disclosure of Interest Policy.

SUSPENSIONS

29.1 A suspension happens when someone has been accepted onto a Housing List but is told that they will not be eligible for an allocation until:

a) a certain period has elapsed;
b) their conduct has changed; or
c) a change in circumstances has occurred.

29.2 We will keep the use of suspensions to a minimum and in line with legal requirements and good practice guidelines.

29.3 We may in special circumstances decide not to suspend an application where the assessed needs of the household outweigh any other concerns.

29.4 We may suspend applicants from the Housing Register on the following grounds:

a) breach of tenancy conditions;

b) arrears of rent or other tenancy debt;

c) history of anti-social behaviour; or

d) violent or threatening behaviour towards staff.

Breach of Tenancy Conditions

29.5 Where a Housing List applicant is or has been a tenant of a local authority or a housing association within the previous 3 years, a tenancy reference will be requested. Where the applicant is a current tenant and the reference is unsatisfactory, the application shall be suspended. Where a suspension is made, this can be lifted at any time if the applicant provides evidence that issues have been addressed. An updated tenancy reference from the landlord will have to be provided.

Arrears of Rent or Other Tenancy Debt

29.6 Where applicants have arrears of rent, service charges or rechargeable repairs, which they incurred as tenants they will be suspended from the Housing Register unless:

a) the debt has been repaid in full;

b) the debt is more than 5 years old;

c) the debt as less than or equal to one twelfth of their annual rent; or

d) a satisfactory arrangement has been made to repay the debt and that an arrangement has been kept to for at least 3 months and is continuing to be met.

History of Anti-Social Behaviour

29.7 An applicant shall be suspended from the Housing Register where:

a) the applicant has been evicted for anti-social behaviour in the last 3 years;

b) the applicant has had an ASBO granted against them in the last 3 years relating to their conduct in a previous home;

c) the applicant has been evicted for causing substantial damage to the landlord's property within the last 3 years; or

d) where a relevant authority has taken successful legal action on the grounds of conduct in a previous home within the last 3 years, and where there is a reason to believe that the behaviour will recur.

Violent and Threatening Behaviour

29.8 We operate a zero-tolerance approach towards violence or threatening behaviour against staff. Evidence of this behaviour by any applicant or member of the applicant's family will result in immediate suspension for 12 months.

29.9 Decisions on suspensions will be made by the Area Housing Manager.

29.10 After an application is suspended the applicant will be given the following information:

- why the application is suspended;
- an explanation as to what suspension means;
- how long the suspension will last; and
- what they have to do to have the suspension removed.

29.11 A suspended applicant will have the right to appeal using the HHP Complaints Procedure.

BYPASSING APPLICANTS FOR OFFERS OF HOUSING

30.1 We will normally offer the tenancy of a vacant property to the applicant with the highest number of points and who has a need for that particular size and type of house. There may be some situations where applicants will be bypassed for an offer of housing and these are detailed below:

- there is evidence that the allocation would place the community, or an individual at risk;
- enquiries into the household's circumstances provide clear evidence that a particular allocation is unsuitable or inappropriate;
- the property is too large for the household;
- the property is too small for the household;
- the property has special features which are not required by the applicant;
- the applicant or a family member has a condition which makes the property unsuitable;
- the applicant requires support and assistance to sustain a tenancy and the support is not available or in place;
- the applicant is in supported accommodation and is not ready to move to independent living;
- the applicant's circumstances have changed and information is awaited or required to enable their application to be re-assessed; or

- any quota for that applicant group has been reached.

ANNUAL REVIEW

31.1 All applicants for housing will be asked annually in writing whether or not they wish to remain on the Housing List. If there is no response to this request within a reasonable time the application will be cancelled. The applicant will be notified of the decision in writing.

31.2 Every applicant must inform us of any change in circumstances immediately the change occurs.

31.3 All reasonable effort will be made to contact applicants.

INFORMATION AND ADVICE

32.1 We will provide applicants with appropriate and good quality information and advice regarding their housing application.

32.2 We will treat all applicants for housing with courtesy, sensitivity and in complete confidence. A member of staff will contact the applicant to discuss their housing application. Applicants will have the right to have a relative, friend or adviser present during any interview.

32.3 Under UK General Data Protection Regulation (UK GDPR) applicants have the right to access and receive a copy of their personal information and can do so by contacting their local HHP office.

32.4 Applicants will be informed of their position on the housing list following assessment or review.

PERFORMANCE AND MONITORING

33.1 To ensure compliance with equal opportunities, HHP will compile monitoring information at the point of application and each allocation. The information gathered will be recorded and kept separately and will be used for monitoring purposes only, and in accordance with Data Protection requirements.

33.2 Performance monitoring and review is an important tool in ensuring that the objectives of the Allocation Policy are met. We will ensure that performance information is used to identify barriers and gaps in the Allocations Policy and practice. Monitoring and review is therefore an integral part of the allocation process and will be accorded appropriate resources.

33.3 Monitoring information will be collated and reported to the Board annually and to the Scottish Housing Regulator as required.

33.4 Performance reports will include:

a) time taken to re-let properties;
b) rent lost as a result of properties being vacant;
c) the ratio of allocations made from the Housing List and Transfer list;
d) numbers housed from the Housing, Transfer and Homeless Lists; and
e) time to add applications to the register.

APPEALS AND COMPLAINTS PROCEDURE

34.1 If an applicant is not satisfied with the way in which any decision concerning their application has been reached or the way the application has been handled a complaint should be submitted as detailed in our Comments, Compliments & Complaints Policy.

REVIEW OF POLICY

35.1 This policy will be reviewed every 3 years unless legislation, business or sector developments require otherwise to ensure it meets the stated objectives and takes account of best practice developments. The next review will be March 2028.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
Allocations Officer	Staff Member
Close Relative	A direct relative by blood or marriage including step-relatives and a person's spouse/partner, parent, grandparent, child, grandchild, sister or brother.
Housing register	Waiting List
ASBO	Anti-Social Behaviour Order
HWEC	Housing with extra care
SLA	Service Level Agreement

Email: info@hebrideanhousing.co.uk

Web: www.hebrideanhousing.co.uk

APPENDIX 1 - POINTS TABLES

1. Homelessness

Unintentionally Homeless - Where an applicant is determined by CnES as being unintentionally homeless, or threatened with homelessness within two months, (as defined in Part 7 of the Housing (Scotland) Act 2001) the applicant will be added to HHP's Homeless List

2. Condition of Dwelling

Points will be awarded if the property is in poor condition as assessed by Environmental Health.	
Seriously Sub-Standard	25 Points
Severe Disrepair	20 Points
Lacking Standard Amenities	15 Points
Maximum Points Available	25 Points

3. Overcrowding

Points will be awarded for each additional bedroom required to meet HHP's eligibility criteria for adequate sized housing:		
Shortage of bedrooms		
Waiting List	- Per single bedroom - Per double bedroom	5 Points 10 Points
Transfer List	- Per single bedroom - Per double bedroom	10 Points 20 Points

4. Medical Factors

Points are awarded when current housing conditions are detrimental to the applicant's health.	
Intermediate	15 Points
Medium	20 Points

High	30 Points
Urgent	50 Points
Maximum Points Available	50 Points

5. Service Personnel

Points will be awarded to ex-service personnel who have left the Armed Forces under honourable discharge or medical discharge and who have completed at least three years service.	
Ex – service applicant	20 Points

6. Social Factors

Social points are determined by the Allocations Officer after receiving a report from the Social Work Department or other relevant agencies.	
Intermediate	10 Points
Medium	15 Points
High	20 Points
Urgent	25 Points

Priority under the Social Factors category will also be awarded to applicants who are leaving institutional or therapeutic care as follows:	
a) Young people who have been looked after by Social Work Department b) People leaving long term hospital care c) Patients who are ready to leave hospital and are 'bed blocking'	15 Points

d) People leaving residential or nursing care	
e) People leaving prison or probation hostels f) People leaving supported accommodation	10 Points

7. Adapted Housing

Transfer Applicant	Where applicant is seeking to vacate an adapted house, and tenant no longer requires use of adaptation	30 Points
	Seeking move to a suitable, adapted property, to avoid necessary adaptations to existing home	20 Points

8. Under Occupation

If an applicant is under occupying a house and wishes to move to a smaller house		
Under Occupation of Bedrooms		
Waiting List	- Per bedroom	5 Points
Transfer List	- Per bedroom	10 Points
For pointing purposes a 1 bedroom dwelling is regarded as a suitable dwelling for a single person and a 2 bedroom property for a couple		
Maximum Points Available	30 Points	

9. Lack of Secure Tenancy

Points will be awarded to applicants who are living in insecure accommodation. The definition of insecure accommodation includes people who:
a) do not have a tenancy agreement b) share facilities with another household c) live in tied accommodation d) occupy caravans e) have short assured tenancies f) are determined as having insecure occupancy rights by the Allocations Officer (only one of the above categories will be applied)

Maximum Points Available	10 Points

10. Travel to Work Difficulties

Points are awarded where there are factors that affect the applicant's ability to sustain employment. Points will be given to those who need to be near their place of employment where distance, transport arrangements or financial difficulties prevent ease of access, subject to verification by the employer.

Travel to Work Difficulties	5 Points
Maximum Points Available	5 Points

11. Time on List

For each complete year	5 Points
Maximum Points Available	25 Points

12. Key Worker Status

Points Available	25 Points

ITEM NO 7.2

LIFT SAFETY MANAGEMENT POLICY

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 To present the Lift Safety Management Policy for approval.

Summary

2.1 Following handover of the Housing with Extra Care facility at Bremner Court, a policy is required to cover the management and maintenance of the passenger lifts. Maintenance arrangements are already in place.

2.2 The aim of the policy is to ensure that all reasonable steps are taken to ensure the health, safety and welfare of tenants, employees, members of the public using the lifts. It also seeks to ensure we are compliant with our legal and regulatory obligations.

2.3 This policy will apply to all passenger lifts in properties owned or managed by us.

2.4 Stairlfts and lifting equipment installed by us in domestic dwellings as part of care and support activities are not covered by this policy.

Competence

3.1 The financial, legal or other constraints to the recommendation in this report are contained in the Compliance checklist at 7.1.

Recommendations

4.1 It is recommended that the Board approve the Lift Safety Management Policy at Appendix 1.

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

Report Details

Lift Safety Management Policy

5.1 We currently have 2 lifts located in the Housing with Extra Care facility at Bremner Court. There are no other lifts owned or managed by us.

Documentation

6.1 A Lift Register will be required to evidence maintenance and LOLER checks. This will be kept on site at an agreed location.

7.1 Compliance Checklist

Compliance Checklist	
Financial	There are costs associated with the bi-annual maintenance requirements for the lifts in line with the policy. At present the total cost is estimated at £1,537 per annum. In addition to the above, we need to carry out bi-annual Lifting Operations and Lifting Equipment Regulations (LOLER) thorough inspections which covers plant room equipment and the lifts. The total cost for both LOLER inspections is £1,680 per annum. Provision has been made in the 2025/26 planned maintenance budget of 3.3K to support the requirements of this policy.
Legal	HHP has a duty under: • The Health and Safety at Work etc. Act 1974; • The Management of Health and Safety at Work Regulations 1999; • Lifting Operations and Lifting Equipment Regulations (LOLER) 1998 • Provision and Use of Work Equipment Regulations (PUWER) 1998
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	Lift Safety is a significant area of risk for HHP and it is therefore critical that robust systems and processes are in place. Risk 18 on risk register: Serious breach of Health and Safety Risk of injury or death of an employee, tenant or member of the public resulting in: • Accidents and fatalities • Compensation claims • Long term absence due to ill health • Sector reputational damage
ESG	There are no ESG implications arising from this report.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	There are no communication issues arising from this report

APPENDIX 1

LIFT SAFETY MANAGEMENT POLICY

APPROVED BY HHP BOARD:

EFFECTIVE DATE:

hebridean housing partnership

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INTRODUCTION

1.1 Hebridean Housing Partnership is committed to maintaining the Health and Safety of employees, tenants and members of the public. We recognise the potential health risks associated with lift safety in our housing stock.

1.2 In meeting these responsibilities, we will ensure that we comply with the relevant legislation regarding lift safety.

AIMS

2.1 The overall aim of this policy is to ensure the safety from passenger lift failure.

2.2 We aim to protect the occupiers, as well as other residents, visitors, staff, contractors and the general public, from the risks associated with lifts so far as is reasonably practicable.

2.3 This document sets out key policy objectives, control measures and accountabilities for ensuring Lift safety to ensure we meet our obligations under the following legislation:

- The Health and Safety at Work etc. Act 1974;
- The Management of Health and Safety at Work Regulations 1999;
- Lifting Operations and Lifting Equipment Regulations (LOLER) 1998
- Provision and Use of Work Equipment Regulations (PUWER) 1998

SCOPE

3.1 This policy applies to all communal passenger lifts in properties owned or managed by us.

3.2 Lifts and lifting equipment installed by us in domestic dwellings as part of care and support activities are not covered by this policy. They are subject to annual servicing and not included under LOLER as they are not a workplace.

CONTROL MEASURES

4.1 We will:

1. Appoint a contractor who shall have the necessary skills, knowledge and experience (competent person) to provide technical support regarding the safe operation, maintenance and replacements of lifts.

2. Ensure that Thorough Examinations are undertaken in accordance with LOLER 1998
3. Enter suitable contract arrangements with competent contractors to carry out periodic inspections, servicing and maintenance
4. Prioritise and complete corrective actions identified within defined timeframes.
5. Keep records of the control measures and activities.
6. Implement appropriate training for all staff responsible for administering the controls.
7. Ensure that detailed records are kept and administered via a Lift Register [The "Register"]
8. Ensure that contracts with external contractors are managed effectively and robust contract monitoring is in place to monitor performance and promote continuous improvement.

LOLER THROUGH EXAMINATION

5.1 This is a systematic and detailed examination of the equipment and safety-critical parts, carried out at specified intervals by a competent person who must then complete a written report. This report must contain the information required by LOLER, including:

- The examination date
- The date when the next Thorough examination is due
- Any defects found which are (or could potentially become) a danger to people

Where serious defects are identified, the competent person carrying out the examination must immediately report this verbally to us. This should then be followed by the written report, a copy of which must also be sent to the relevant enforcing authority.

ACCOUNTABILITIES

6.1 The accountabilities for implementation of this policy are as set out below:

Director of Operations

a) retains overall accountability for the implementation of this policy.

Assets and Contracts Manager

a) is responsible for overall policy implementation and ensuring that adequate resources are made available to enable the objectives of the policy to be met.

Investment Manager

a) is responsible for delivery of the key policy objectives as set out herein including designing and implementing procedures, staff training, and communication to customers.
b) is responsible for maintaining the Register, and accountable for achieving the targets associated with the key policy objectives.
c) is responsible for operational delivery, including the management of all contractors carrying out works and services related to lifts.
d) is responsible for ensuring the policy is kept up to date with prevailing legislation and statutory obligations.

THOROUGH EXAMINATION – CORRECTIVE ACTIONS

7.1 The response times for corrective actions identified during a Thorough Examination are set out below:

Priority A: Immediate response (in most cases the lift will be left out of service by the examining person)

Priority B: Time qualified defects are to be addressed and the required repairs completed within the time specified by the competent person.

Priority C: General maintenance related defects and observations to be rectified within 6 months

Priority D: Recommendation to achieve current standards to be assessed and carried out in the event of major works

MONITORING AND QUALITY CONTROL

8.1 We will monitor implementation of this policy using a set of performance measures as below:

Measure	Target	Interval	Reviewed by
No. of lifts with LOLER inspection carried out within 6 months of last	100%	Monthly	Investment Manager
No. of lifts with bi-annual inspection carried out within 6 months of last	100%	Annual	Investment Manager
Number of outstanding and overdue corrective actions from insurance inspections	Zero	Monthly	Investment Manager
Number of active and overdue lift servicing visits	Zero	Monthly	Investment Manager
Number of outstanding and overdue corrective actions from service visits	Zero	Monthly	Investment Manager

INCIDENTS AND ENFORCEMENTS

9.1 All formal incidents shall be reported to Assets and Contracts Manager who shall investigate and provide a report to the Director of Operations identifying the root cause of the incident and recommendations to minimise reoccurrence.

9.2 An incident is defined as a "dangerous occurrence" under Schedule 2, Part 1 of The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 - The collapse, overturning or failure of any load-bearing part of any lifting equipment, other than an accessory for lifting.

9.3 An incident shall also be any of the following:

1. Any entrapment of more than 3 hours or

2. Any time a lift is out of service for more than 72 hours where the lift is the only lift in the building or the only remaining working lift.

REVIEW

10.1 This policy will be subject to review at least every 3 years.

INTERPRETATIONS & ABBREVIATIONS

The following interpretations and abbreviations are used in this policy:

WORD	INTERPRETATION
We	Hebridean Housing Partnership
Competent Person	A person suitably trained and qualified by knowledge and practical experience, and provided with the necessary instructions, to enable the required task(s) to be carried out correctly.
The Register	Detailed records are kept and administered via a Lift Register

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

TREASURY MANAGEMENT POLICY

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To provide the Board with an updated Treasury Management Policy for approval.

Summary

2.1 The Treasury Management Policy has been updated to take into consideration changes in Treasury Management best practice and to comply with the relevant legislation.

2.2 The main change to the policy is to include a section on Environmental, Social and Governance Requirements as outlined in the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021. This can be found at section 7 of Appendix 1.

2.3 The policy is normally updated with external input from Chatham Financial (Treasury Advisors). Chatham have sadly advised us they no longer offer limited scope retained treasury advisory services to clients in social housing. As such, the policy has not been externally reviewed and is proposed to come back to Board in 12 months when we have sourced external treasury advisors.

Competence

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

Recommendations

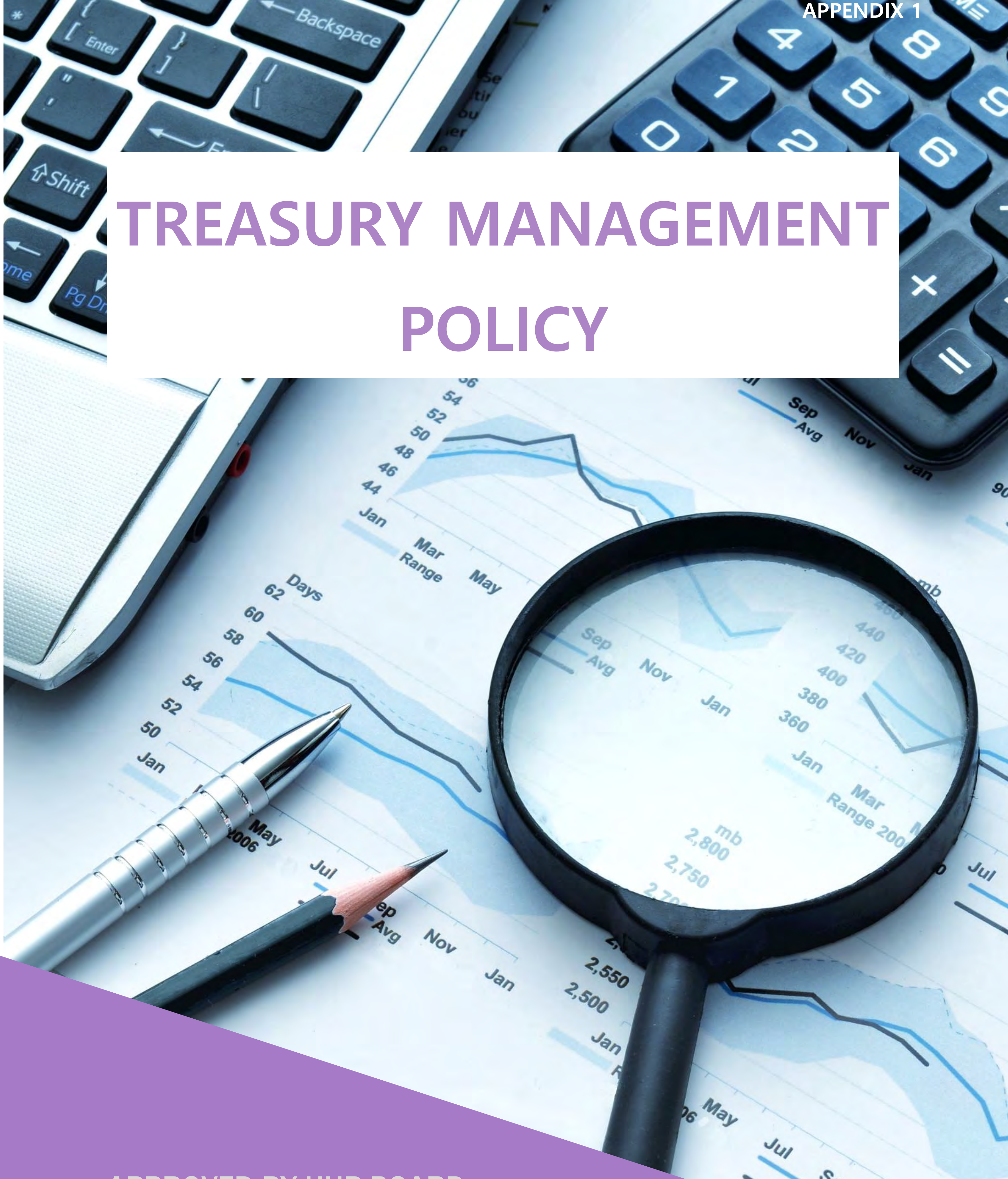
4.1 It is recommended that the Board approve the Treasury Management Policy at Appendix 1.

APPENDIX 1:	Treasury Management Policy	
Background Papers	None	
Writer of Report	Donald Macleod	Tel: 0300 123 0773

5.1 Competence

COMPLIANCE CHECKLIST	
Financial	Treasury Management' is defined as the management of all money, capital market transactions and interest rate management in connection with cash and funding resources and the control of its associated risks. Treasury management covers three main areas: a) Investment of cash surpluses; b) Core Funding Facility (funding for stock acquisition and improvement including short term borrowing for working capital; funding for new developments/initiatives); and c) Control of interest rate risk with regard to the Partnership's net debt position.
Legal	Rule 18.1-19 details the Partnership's borrowing powers. Under Part 2 of our Standing Orders, the approval of the Treasury Management Policy is reserved to the Board. The Treasury Management Policy has been prepared in accordance with the CIPFA Guidance – Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	This policy will mitigate the naturally inherent risks around treasury management. This policy together with our Annual Financing Strategy mitigates interest rate risk by ensuring we are appropriately hedged. With 91% of drawn debt fixed this risk is significantly reduced as outlined in our risk register at item 3 with an inherent risk of 9 and residual risk of 6.
ESG	The policy has been updated to reference our ESG Strategy in accordance with Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021.
Equalities	We are committed to promoting equality, diversity and inclusion. The are no equalities implications arising from the approval of this report.
Communication	Following approval of this report the strategy will be made available to all staff.

APPENDIX 1



TREASURY MANAGEMENT POLICY

APPROVED BY HHP BOARD:

EFFECTIVE DATE: MARCH 2025

hhp hebridean housing partnership

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BACKGROUND

1.1 For the purposes of this policy, 'Treasury Management' is defined as the management of all money, capital market transactions and interest rate management in connection with cash and funding resources and the control of its associated risks. In practice, treasury management covers three main areas:

- Investment of cash surpluses;
- Core Funding Facility (funding for stock acquisition and improvement including short term borrowing for working capital; funding for new developments/initiatives); and
- Control of interest rate risk with regard to the Partnership's net debt position.

The aim in these areas is to control the exposure to risk. All treasury management activities involve risk and potential reward. The policy of the partnership in the lending of cash is to achieve a satisfactory return while minimising risk. The overriding principle is to avoid risk rather than maximise return. In the case of borrowing, the objective is minimising the cost consistent with ensuring the stability of the Partnership's financial position by sound debt management techniques.

1.2 The objectives of this policy are to:

- support the quality and status of treasury management to the organisation;
- provide guidance on the proper practices to be employed for treasury management;
- ensure all investment/funding decisions balance risk and return; and
- detail reporting requirements to ensure the Board receives the appropriate level of information with which to discharge their duties.

1.3 This Treasury Management Policy has been prepared in accordance with the CIPFA Guidance – Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021.

OVERVIEW OF PROCEDURES

2.1 Overview of Procedures:

The Director of Finance and Corporate Services will prepare an 'Annual Financing Strategy which will, subject to any amendments, be approved by the Board. The Director of Finance and Corporate Services will also prepare at the close of the financial year summarising the year's treasury management activities and the year-end positions for all areas detailed in the Annual Financing Strategy.

2.2 The Partnership will not undertake currency risk and accordingly will not borrow or deposit funds held in a foreign currency.

2.3 This policy will be fully reviewed every three years.

ANNUAL FINACING STRATEGY

3.1 The Director of Finance and Corporate Services will prepare for the approval of the Board an annual 30 year financial projection. In preparing the 30 year financial projections the Director of Finance and Corporate Services will have sufficient and appropriate facilities available to cover the following:

- its long term borrowing requirements;
- its planned short term borrowing requirements;

- funding needs arising from the timing and amount of cash flows; and
- funding in place to deliver our business plan commitments.

3.2 The Director of Finance and Corporate Services should also have regard to the current levels of short term and long-term interest rates and to the market expectations of future changes in interest rates. The Director of Finance and Corporate Services will be aware of the sensitivity of the business model to changes in these rates. The maximum proportion of variable interest loans to fixed/hedged loans is set at 50% as outlined in Appendix C. More detailed guidance on the matter to be included in the Annual Financing Strategy is set out in Appendix A.

3.3 Based on the annual forecasts, the Director of Finance and Corporate Services will prepare monthly rolling forecasts of short-term surplus cash and borrowings for the purpose of applying the strategy on a day-to-day basis and for the reporting of results of the approved strategy to the Board.

3.4 External support will be provided by a Treasury Management Advisor.

INVESTMENT OF CASH SURPLUS

4.1 All investment monies in the possession of the Partnership shall be aggregated for the purposes of treasury management.

4.2 The Director of Finance and Corporate Services is responsible for all executive decisions in furtherance of the Annual Financial Strategy. Investment transactions require the counter signature of either the Chief Executive or Director of Operations. All investment decisions will be reported to the Board through the Quarterly Treasury update.

4.3 Security of the Partnership's funds is a high priority. Investment limits for each organisation will depend on their financial strength. Investment organisations will be selected based on a minimum credit rating as follows:

Rating Agency	Minimum Credit Rating
S&P	A
Moody's	A2
Fitch	A

4.4 When selecting investment organisations a benchmarking process will be used to ensure investment rates are market competitive.

4.5 The Director of Finance and Corporate Services has delegated powers to carry out the Partnership's strategy for depositing surplus funds and managing the cash flow of the organisation. In exercising these powers due regard must be given to the:

- perceived credit risk associated with the institutions with which funds may be deposited or invested;
- effect of possible changes in interest rates on the cost of borrowing; and
- return from investing and the need to maintain liquid funds to meet the Partnership's obligations.

The measure of creditworthiness used will be that deemed appropriate by the Director of Finance and Corporate Services, using recognised rating agency information, and approved by the Board.

4.6 In an effort to further reduce risk funds should be spread according to the following categories:

- £0M – £1.5M – maintained on the current account for ease of access
- £1.5M - £3M – no fewer than two interest bearing accounts including the current account for ease of access
- £3M - £4.5M – no fewer than three interest bearing accounts including the current account for ease of access
- £4.5M - £6M – no fewer than four interest bearing accounts including the current account for ease of access.
- £6M - £7.5M – no fewer than five interest bearing accounts including the current account for ease of access.

4.7 The Board will receive quarterly reports providing an update on treasury performance. This will include how we have performed against initial cashflow forecasts. Any excess funds to be placed on deposit will be identified, and how long these amounts will be available for investment.

CAPITAL FUNDING

5.1 Borrowings for the Core Funding Facility will be to fund the purchase and investment programme, additional ongoing finance requirements and funding for new developments and initiatives. Risk management considerations and therefore hedging decisions will be based on the aggregation of amounts received from external funders.

5.2 ***Core Funding Facility*** - The Partnership's core funding is obtained through a competitive tendering exercise. This funding may be received from a single funder and/or form part of a syndicated funding arrangement with a lead arranger. Drawdowns, repayments and risk management considerations for this facility should form part of the 'Annual Financing Strategy'. The Director of Finance and Corporate Services will have the primary responsibility for the day to day management of the relationship between the Partnership and lead funder. The Board will also have the opportunity to meet and discuss and changes to the funding facility with the lead funder.

5.3 Monitoring and compliance with covenants and information requirements in relation to this facility is crucial and systems and ledgers should be designed to make information readily available.

5.4 The 'Annual Financing Strategy' will confirm whether the core funding facility should be subject to review and should recommend whether refinancing be considered. The review should take into account the efficiency of the borrowing in terms of covenants and any restrictions they impose as well as the margin rates relative to current market conditions.

5.5 A lender may be removed where their terms and covenants are not acceptable to the Partnership. Any review of limits or removal will be covered in the 'Annual Financing Strategy'.

INTEREST RATE EXPOSURE

6.1 The Director of Finance and Corporate Services is responsible for monitoring the Partnership's interest rate exposure and for determining the interest rate exposure policy within the limits set by the 'Annual Financing Strategy'.

6.2 The principal factor governing the exposure of surplus funds to interest rate movements is the Partnership's cashflow forecasts. Where surplus funds are required to meet possible cash outflows in the near future they will be deposited for short periods that will ensure the funds are available when required. Where surplus funds are expected to be available for investment for longer periods the 'Annual Financing Strategy' will give guidance on the interest rate exposure policy. Where surplus funds are to be used to repay borrowing on maturity, the maturity for which funds are deposited should match as closely as possible the maturity of the related borrowings.

6.3 The 30 year Business Plan and cashflow forecasts will be reviewed within the context of the current private finance facility on a regular basis.

6.4 Appendix C set out the guidance on policy governing the exposure of borrowings to interest rate movements the outcome of which covered in the 'Annual Financing Strategy'. Appendix B discusses the hedging instruments currently approved by The Scottish Housing Regulator that may be used by the Partnership to manage interest rate risk.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REQUIREMENTS (ESG)

7.1 We will adopt sustainable investment strategies that align with our broader ESG goals outlined in our ESG Strategy. This will include seeking grant funding through Net Zero & Social funding opportunities.

7.2 To measure our ESG performance we will use the Sustainability Reporting Standard for Social Housing (SRS) by Sustainability for Housing and The Good Economy as best practise.

REVIEW REQUIREMENTS

8.1 The Board will receive a monitoring statement of treasury management activities on a quarterly basis. The statement will take the format as described in Appendix D.

8.2 Training – The Director of Finance and Corporate Services will commit to ensuring all Board Members receive appropriate training in understanding general Treasury Management and so ensure decision making is made with a full understanding of the implications for the Partnership's financial position.

APPENDIX A – MATTERS TO BE INCLUDED IN THE ANNUAL FINANCING STRATEGY

1) Forecast cash flows for the next financial year.
2) Details of principal borrowing maturities over the next three financial years.
3) Maturity profile of existing borrowings.
4) Analysis of present levels of short and long term interest rates, comparison with historical trends and estimated trend movements in interest rates over the next financial year.
5) Sensitivity of business model to changes in these rates.
6) Proposals for information and approval:
    - Total outstanding borrowing
    - Maximum short-term borrowing (if any) included in total maximum outstanding borrowing
    - Maximum proportion of loan interest payable on variable rate borrowing
7) Strategy for refinancing maturing borrowings (if any) and for financing new borrowing requirements over the next three years and/or refinancing existing borrowings to take advantage of more favourable market conditions.
    - Proposed sources of finance
    - Proposed maturities and maturity structure
    - Whether fixed or floating rate (etc) and if floating rate, proposed rollover periods
    - Suggested mechanisms for controlling interest rate exposure
    - Estimated rates of interest
    - Effect of proposed borrowings on the partnership's overall security position
    - Proposed new maturity ladder
    - Estimated effect on revenue budget of finance strategy
    - Expected maximum total outstanding and short-term borrowing
    - Expected maximum proportion of interest payable on variable rate borrowing
8) In respect of surplus funds:
    - The extent to which surplus funds are earmarked for short term requirements or to repay maturing borrowings
    - The extent to which surplus funds should be held available to meet contingencies

- The proposed strategy (type of instrument and maturity period) for each of
    a) surplus funds earmarked for the short term requirements or to repay borrowings,
    b) surplus funds to be held available to meet contingencies; and
    c) surplus funds not held against an anticipated requirement
- The revenue effect of the proposed strategy

9) Changes to the credit rating of institutions where the partnership have funds deposited or borrowing arrangement in place.

APPENDIX B – APPROVED METHODS OF RAISING CAPITAL FINANCE

Conventional Loans

The most commonly used method, including

- Borrowing at a variable rate generally linked to the base rate, mortgage rate or SONIA, or
- Borrowing at a fixed rate for a defined period.

In each case, repayment of a proportion of principal sum borrowed is made each year in addition to any interest charge. The Partnership may consider use of the following principal payment where there are demonstrable advantages in terms of balancing the portfolio:

- **Capital Holidays** – where the principal repayments normally due in one or more years during the life of the loan are deferred to a later date.
- **Bullet Repayments** – where the entire principal amount is paid at the end of the life of the loan, with only the annual interest payments payable during the term.

Interest payments can also be linked to other indexes eg. RPI

Deferred Funding

Deferred funding (alternatively called 'low start financing') may be used where this would give greater balance to the portfolio of capital finance. The interest rate is low for a defined initial period, and increases thereafter. It is generally more expensive than conventional funding over the lifetime of the loan and consideration must be given to the termination penalties attached to such structures.

Bond Issue

The Partnership can participate with other Partnerships/Institutions in raising finance via the issue of a bond on the capital markets.

Other Instruments

The following derivative instruments are permitted:

- **Interest Rate Caps and Collars** – where, for the payment of a premium, upper and lower limits can be set on variable interest rates.
- **Interest Rate SWAPs** – where one type of borrowing can be exchanged for another (e,g, variable rate loans exchanged for fixed rate or vice versa) on a temporary basis.

If incorporated into a loan agreement they do not require any alteration to the Partnership's rules but if taken as a 'stand alone' they will require an amendment.

The Partnership can consider the use of other instruments where it can be clearly demonstrated that their advantages and risk control characteristics are favourable to the Partnership's position. Any decision in this regard will be taken with the full consultation of The Scottish Housing Regulator.

Given the lack of transparency in the pricing of these instruments, the Partnership will also undertake to benchmark the cost of these instruments to the underlying market rate and provide an audit trail of decision making.

APPENDIX C – MATTERS TO BE CONSIDERED IN ESTABLISHING INTEREST RATE EXPOSURE

1) The current level and structure of interest rates.
2) Current interest rates compared with the historical trend.
3) Market expectations of future movements in the level and structure of interest rates.
4) The maturity profile of any fixed rates which may be entered into. The objective being to manage interest rate exposure to the Partnership by ensuring rate exposure does not increase rapidly.
5) The extent to which potential future movements in interest rates would affect the 30 year financial projections and the effect of potential future movements in interest rates on the revenue account if all borrowings were to be converted to floating rates.
6) The sensitivity of the 30 year financial projections to fluctuations in future interest rates.
7) The Partnership 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.
8) The absolute minimum percentage of net debt to be hedged is 50% but the target hedging level will be set out in the annual financing strategy.

APPENDIX D – ANALYSIS OF INVESTMENTS AND BORROWING PRO FORMA

Investments

	As at 1 April (£000s)	As at 30 June (£000s)	Average (£000s)
Cash Holdings			
Invested at:			
• Royal Bank of Scotland			
• Santander			
• Other Funders….			
Required number of holdings			
Actual number of holdings			

Borrowings

Core Funding Facility

£M

- Estimated debt outstanding (per Annual Financing Strategy) [x]
- Actual amount outstanding [x]
- Difference [x]

Compliance with Cash flow Forecasts

- Is the Partnership complying with the Annual Financing Strategy Projections?
- Identify any non compliance?

Loan Covenants

- Is the Partnership's complying with all loan covenants?
- Identify any non compliance?

Borrowings	As at 1 April (£000s)	As at 30 June (£000s)	Average (£000s)
Loans outstanding (including bond issues)			
Variable / Fixed:			
▪ Variable – amount			
▪ Fixed – amount ▪ Other hedged products - amount			
Variable - %			
Fixed - % Other hedged products			
Lenders – amounts:			
▪ Core Facility ▪ Additional Funding			
▪ Royal Bank of Scotland			
(Excluding Core facility):			
▪ Royal Bank of Scotland			

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	The Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
CIPFA	Chartered Institute of Public Finance Accountants
SONIA	Sterling Over-Night Index Average

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

ITEM NO 7.4

ANNUAL FINANCING STRATEGY 2025/26

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To provide the Board with an overview of our borrowing strategy for 2025/26.

Summary

2.1 The Treasury Management Policy requires a Financing Strategy to be prepared and approved by the Board on an annual basis. The 2025/26 Annual Financing Strategy is at Appendix 1.

2.2 The strategy has been updated to reflect the current economic climate and a monthly cashflow statement has been prepared for 2025/26 at Appendix 1 of the Strategy.

2.3 The previous strategy showed peak debt of £21M in 2030/31 which has now reduced by £1.5M to £19.5M in 2026/27. This is mainly driven by slippage in our development programme. The strategy now shows the first capital repayment on our drawn debt with £0.8M paid in 2030/31.

Competence

3.1 The competence issues relating to this report are at section 5.1 of the report.

Recommendations

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

APPENDIX 1	2025/26 Annual Financing Strategy	
Background Papers:	None	
Writer of Report:	Donald MacLeod	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The financial implications arising directly out of consideration of this report will be met within existing budgets. The strategy outlines a reduction in the required drawdown of £1.5M. The Annual Financing Strategy is supported by 30 year financial projections, 5 year projections and the annual budget for 2025/26. Our current funding facility is for £25m. We can borrow up to 91% of the value of our stock; this means based on 2024 Valuation we can borrow up to £56m. The Board have set a threshold for our borrowing at £11,500 per house(£27.91M).
Legal	There are no legal implications arising from the consideration of this report.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	Our strategy mitigates interest rate risk by ensuring we are appropriately hedged. With 91% of drawn debt fixed, this risk is significantly reduced as outlined in our risk register at item 3 with an inherent risk of 9 and residual risk of 6.
ESG	There is no ESG impact arising from the consideration of this report.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Following approval of this report the strategy will be made available to all staff.

APPENDIX 1

Annual Financing Strategy

APPROVED BY HHP BOARD:

EFFECTIVE DATE:
March 2025

hebridean housing partnership

TABLE OF CONTENTS

INTRODUCTION

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

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

1.3 Treasury Management activities are strictly regulated by statutory requirements and a professional code of practice. We adopted the Code of Practice on Treasury Management on April 2006 and amendments on 1 February 2012. Further amendments to the code of practice, published in 2021, are captured in our Treasury Management Policy.

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

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

REGULATORY FRAMEWORK

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

The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

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

SUMMARY

3.1 30 year cash flow forecasts are submitted to our Funders and the Scottish Housing Regulator annually following the March board meeting. These forecasts take account of the rent increase for the year and any revisions to our Investment and Development Programmes.

3.2 Cash balances at the end of December 2024 were £10.062M.

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

3.4 We have a total borrowing facility of £25M through our funder the Royal Bank of Scotland (RBS).

3.5 The below table provides a summary of our facilities agreement:

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

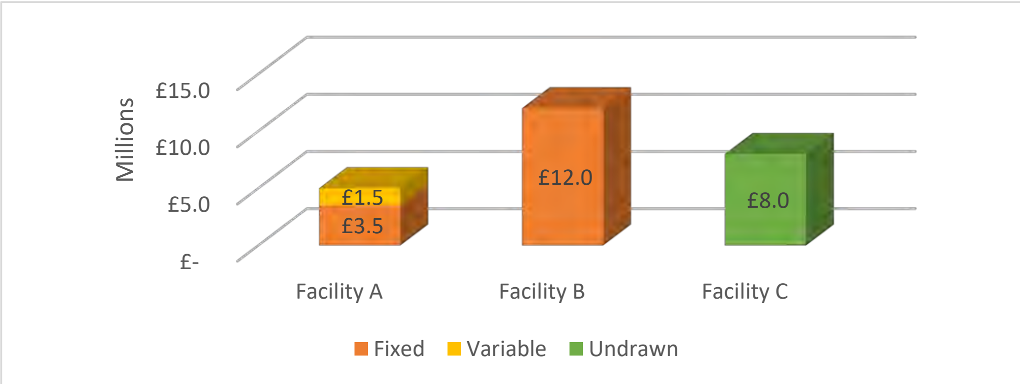
3.6 In December 2021, we entered into an accreting fixed rate loan (i.e. a fixed rate loan where the amount covered by the fixed rate increases over time). In this case the fixed rate loan increased from £5M, at December 2021, to £8M at June 2022 and to £12M at September 2022. This drawdown profile was in line with the projected drawdown of Facility B. The fixed rate payable under this fixed rate loan is 1.023% (excluding margin). Taking into account the Facility B Margin of 1.80%, the “all-in” rate payable under Facility B is 2.823% which applied from 31 December 2021 to 30 March 2046.

3.7 The total amount of drawn debt covered by fixed rate loans is currently £15.5M. Accordingly HHP is currently 91% hedged and no further hedging is recommended at this time.

3.8 The restatement incorporated the amendment of the financial covenant package and monitoring of the facility. Annual business plan approval from RBS is no longer required and covenants are now based on a minimum interest cover based on EBITDA-MRI (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) and Gearing.

CURRENT PORTFOLIO POSITION

4.1 The tables below show our treasury portfolio position at 31 December 2024:



4.2 Cash Holdings

		Dec-24
DEPOSIT ACCOUNTS		£000's
	Royal Bank	7,250
	CWS	0
	BOS	30
	Santander	92
	Total Deposit	7,373
CURRENT ACCOUNTS		
	General Account	**469**
	Standing Order	**750**
	Direct Debit	**750**
	Office/Cash	**674**
	Property Factoring	**47**
	Total current	2,689
	Total	10,062

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

4.3 Forecasts have been prepared for the period to 31 March 2055. A detailed cash flow forecast for 2025/26 is at Appendix A.

4.4 The Covenant definitions required by our funding facility are at Appendix B. Forecasts indicate that Covenants levels for 2024/25 will be met.

4.5 Our current business plan forecasts we will hit a peak debt of £24.865M (Including £5.365M of deferred Right to Buy receipts) in 2026/27. The RBS facility is forecast to be drawn down as follows:

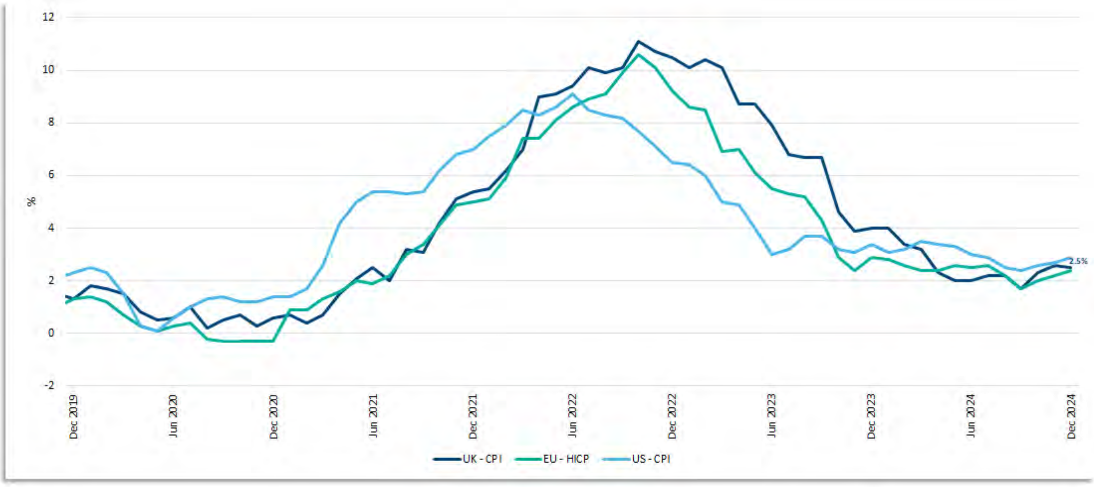
Anticipated level of RBS borrowing to 2031

Year	2025/26 Est	AFS Forecast	Variance
	£m	£m	£m
2025/26	18.000	18.000	-
2026/27	19.500	19.500	-
2027/28	19.500	19.500	-
2028/29	19.500	19.500	-
2029/30	17.000	17.000	-
2030/31	16.200	16.200	-

4.6 The underlying reference interest rate for all tranches/facilities of the RBS Facility is SONIA (the Sterling Overnight Index Average Rate). As noted, above the majority of HHP's drawn facilities reference a fixed rate as opposed to variable interest rates.

INTEREST RATES & INFLATION

5.1 The Chart below shows historic (5 years) inflation trends across major economic areas, using the Consumer Prices Index (CPI) as the benchmark rate for UK inflation.

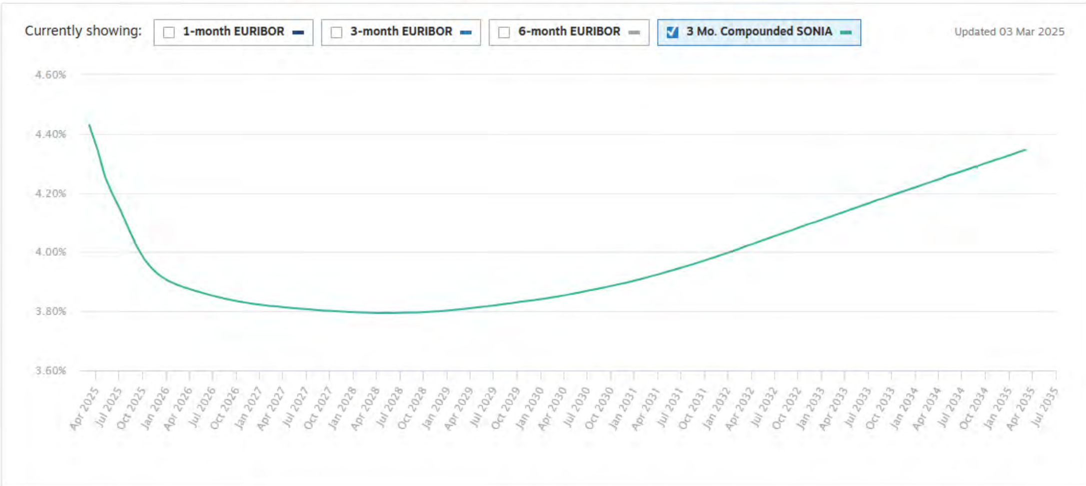


5.2 There is an inherent risk in applying short term data trends to longer term business planning in the social housing sector. However, the past quarter has undoubtedly been volatile, during the period when most RSLs are in the middle of their business planning cycle.

5.3 Following a generally downward trend in 2024 (see Chart above), inflation (CPI) increased to 3.0% for the 12 months to January 2025. This represents its highest level since March 2024. The largest contributing factors to the increase were transport and food and non-alcoholic beverages. Clearly the Government and the Bank of England were looking for a sustained downward trend in the inflation data to support further interest rates cuts.

5.4 There were two UK Base Rate cuts during 2024, both 25bps/0.25% in August and November, and a further 25bps cut in February 2025. Consequently, UK Base Rate has fallen from the high of 5.25% to the current level of 4.50%. The next Monetary Policy Committee interest rate decision is due 20 March 2025. The market is currently pricing in two further 25bps cuts by the end of 2025, although the Bank of England's commentary remains cautious, and these cuts are dependent on the path of inflation. The following Chart sets out the projected UK forward interest rates curve (using 3-

month compounded SONIA). It is worthwhile to note that current projections showing the rate falling to c3.80%. This does have implications for HA business plans as it implies an all in cost of funds at 5%+ for the short term:



5.5 On a global level, significant risks remain in respect of the Ukraine conflict, especially the extent of US commitment going forward, and the prospect of US imposed trade tariffs and the latter's inflationary impact. At a UK level, gilts (UK Government Bonds) rates increased markedly following the November 2024, due largely to the portion of increased government spending that was not covered by tax increases. The increased borrowing requirement to meet these spending commitments drove up gilts rates and in turn borrowing costs which reduces the Chancellors headroom in the upcoming Spring statement. The markets await whether further spending cuts or tax rises will be required to meet fiscal rules or if those rules will themselves be relaxed. This recently happened in Germany in response to increased defence spending which will be another factor in the allocation of UK Government spending.

5.6 Short term shifts in long term gilt pricing (and therefore longer dated interest rates) do not tend to materially impact HA business plans of themselves. However, the likely impacts in the short-to-medium term are:

- Changes in funding strategy with HAs unwilling to lock in at these levels (evidenced in reduced capital markets issuance and longer dated fixed rate borrowing).

- Refinancing strategy. The recent reliance across the sector on shorter-dated bank facilities has resulted in high volumes of this debt which are now scheduled to expire / due for refinance. Again, borrowers looking to "term out" this drawn debt on longer-dated borrowing face increased borrowing costs.
- On a positive note, there has been relative stability in HA spreads (bonds) and margins (bank debt) and strong investor demand and lender appetite. Whilst the roll out of sustainability linked and energy efficient retrofit lending is emerging.

5.7 An emerging issue over the past two years has been the relevance of the CPI/RPI inflationary measure and data for both RSLs and tenants. Social rents, although no longer explicitly linked to CPI/RPI and now devolved to Boards, are still largely "anchored" to CPI/RPI. However, the "real" inflation faced by HAs in key expenditure areas such as capex, insurance and wages (see below) and tenants, notably energy, transport and fuel compared to benefit increases, has not tracked CPI/RPI.

5.8 This has had two main consequences for RSLs over the past two financial years:

- Inflation lag. The rent settlements applicable to FY23/24 were voluntarily capped at lower than prevailing inflation. Bearing in mind the Sept-22 and Oct-22 CPI settings were 10.1% and 11.1%, respectively. Whilst inflation did fall over the period, it is unlikely that the shortfall between output (rental) income versus input (cost) inflation during that period will be recouped. That is a permanent outflow from RSL business plans.
- Differential Inflation. As a result, we expect the issue of differential inflation to persist throughout the coming year. Again, for those stakeholders that reference CPI, it is worth remembering that the Sep-24 CPI print was 1.7%. This represents the lowest point over the past twelve months. This has made FY25/26 social rent setting equally challenging.

5.9 Most RSL budgets for the coming financial year (FY25/26) have been adversely impacted by significantly increased wages costs. Whilst some of this is attributable to a legacy period of high inflation, this primarily reflects the impact of taxation increases announced in the November 24 budget: NI contributions (13.8% to 15%) and the reduction in secondary threshold, applicable from April 2025.

APPROVED INVESTMENT ORGANISATIONS

6.1 The credit rating and list of approved counterparties, currently approved for investment are set out below. The table below displays Standard & Poor's, Moody's and Fitch's long term ratings as stated at February 2025:

	Counterparty	S&P	Moody's	Fitch
1	Lloyds Bank plc*	A+	A1	AA- (Prev. A+)
2	National Westminster Group plc*	A+	A1	A+
3	Santander UK plc	A	A1	A+

*ring-fenced entity

6.2 In July 2020 Royal Bank of Scotland Group plc changed its name to National Westminster Group plc. Products and services continue to be served through the Royal Bank of Scotland brand.

6.3 The only change over the past year is where Lloyds Bank plc has decreased its Fitch rating from A+ to AA-. All the ratings are for the "ring-fenced" bank entities. Different (often lower) ratings apply to other banks within these banking groups.

APPENDIX 1 – 2025/26 CASHFLOWS

Monthly Cash Flow Forecast

Year Ended 31-Mar-26	30-Apr-25 Month 1	31-May-25 Month 2	30-Jun-25 Month 3	31-Jul-25 Month 4	31-Aug-25 Month 5	30-Sep-25 Month 6	31-Oct-25 Month 7	30-Nov-25 Month 8	31-Dec-25 Month 9	31-Jan-26 Month 10	28-Feb-26 Month 11	31-Mar-26 Month 12	Total
Cash on Hand at beginning of month	2,529,004	2,657,949	2,855,523	2,183,642	1,786,507	1,224,017	1,378,755	1,116,130	2,200,703	1,372,954	1,752,272	1,819,553	1,712,556
Cash Receipts													
Rent	1,363,513	1,231,948	802,085	1,295,163	978,517	839,013	1,385,761	1,115,072	786,807	1,328,782	1,057,986	1,142,625	13,327,271
Grant Income	222,795	193,005	208,755	180,655	275,005	178,755	468,305	677,425	1,218,755	1,214,005	1,079,875	966,255	6,883,590
Bank Interest	-	-	9,675	-	-	9,675	-	-	9,675	-	-	9,675	38,700
Transfer from Deposit	-	-	-	-	-	1,500,000	-	1,500,000	-	-	-	-	3,000,000
Total	1,586,308	1,424,953	1,020,515	1,475,818	1,253,522	2,527,443	1,854,066	3,292,497	2,015,237	2,542,787	2,137,861	2,118,555	23,249,561
Total Cash Available	4,115,312	4,082,902	3,876,038	3,659,460	3,040,029	3,751,460	3,232,821	4,408,627	4,215,940	3,915,741	3,890,132	3,938,108	
Cash Paid Out													
Payroll	232,910	232,910	232,910	232,910	232,910	232,910	235,110	235,110	235,110	235,110	235,110	235,110	2,808,120
Management Costs	71,487	71,487	71,487	71,487	71,487	396,867	71,487	71,487	71,487	71,487	71,487	71,487	1,183,223
Repairs	604,787	10,096	263,707	520,898	311,797	266,330	312,220	287,082	295,044	228,917	262,586	435,035	3,798,500
Investment	-	-	83,295	461,333	515,933	666,555	573,461	673,807	481,554	331,542	234,833	73,324	4,095,636
Development	546,179	910,886	853,747	584,324	681,884	612,794	922,413	938,438	1,557,541	1,294,414	1,264,564	1,198,046	11,365,230
Total	1,455,363	1,225,379	1,505,146	1,870,953	1,814,012	2,175,456	2,114,691	2,205,924	2,640,736	2,161,470	2,068,579	2,013,002	23,250,709
Cash Paid Out (Non P & L)													
Loan Interest	-	-	185,250	-	-	185,250	-	-	185,250	-	-	185,250	741,000
Capital Purchase	-	-	-	-	-	10,000		-	15,000	-	-	25,300	50,300
Refunds	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Total	2,000	2,000	187,250	2,000	2,000	197,250	2,000	2,000	202,250	2,000	2,000	212,550	815,300
Total Cash Paid out	1,457,363	1,227,379	1,692,396	1,872,953	1,816,012	2,372,706	2,116,691	2,207,924	2,842,986	2,163,470	2,070,579	2,225,552	
Cash Position at End of Month	2,657,949	2,855,523	2,183,642	1,786,507	1,224,017	1,378,755	1,116,130	2,200,703	1,372,954	1,752,272	1,819,553	1,712,556	-
Deposit Acct At end of Month	6,372,766	6,372,766	6,372,766	6,372,766	6,372,766	4,872,766	4,872,766	3,372,766	3,372,766	3,372,766	3,372,766	3,372,766	
Total Funds Available	9,030,715	9,228,289	8,556,408	8,159,273	7,596,783	6,251,521	5,988,896	5,573,469	4,745,720	5,125,038	5,192,319	5,085,322	

APPENDIX 2 – FINANCIAL COVENANTS

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

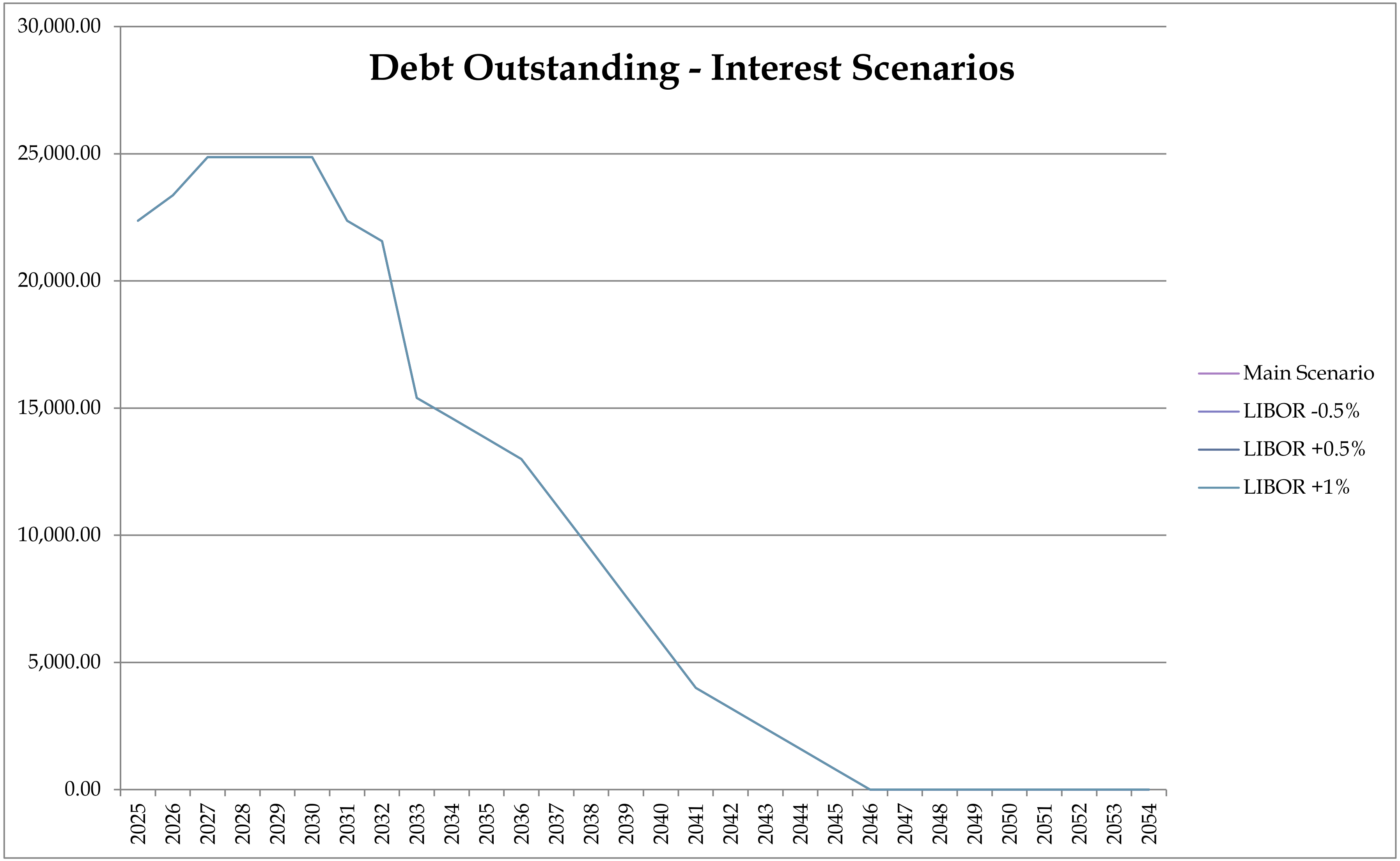
Interest Cover

- **Minimum 1.1 : 1** in any financial year, and calculated as: **Adjusted Operating Surplus : Net Interest Payable** (means Interest Payable less interest receivable that is attributable to cash deposits (for the avoidance of doubt this excludes and interest received through intracompany loans or such similar arrangements)).
- The Interest Cover covenant will be monitored on a cumulative quarterly basis by reference to the latest financial information delivered by the Borrower to the Lender, but tested annually against the Audited Accounts of the Borrower most recently delivered to the Lender.

Gearing

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

APPENDIX 3 – IMPACT OF INTEREST RATE CHANGE ON DEBT PROFILE



INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

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

If there is a conflict between this Policy and any statutory provision or regulation, the latter shall prevail.

ITEM NO 7.5

REPAIR & MAINTENANCE POLICY (RECHARGES & WELFARE)

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 The purpose of this report is to ask the Board to approve a proposed approach to recharging repairs where there are vulnerability and welfare concerns.

Summary

2.1 Situations are increasingly arising where due to vulnerabilities or a lack of control over behaviour a tenant is causing damage which would ordinarily be deemed as a rechargeable repair. However, in view of the persons condition and circumstances it may not be appropriate to recharge.

2.2 It is proposed that framework be adopted to guide decision making by officers in such cases and to ensure a consistent approach. This is provided at Appendix 1 and if approved will form an appendix to the Repairs and Maintenance Policy.

2.3 The Policy has been reviewed by Managers across the organisation and was recommended for approval by the Operations Working Group on 7 March 2025.

Compliance

3.1 The competence issues relating to this report are at section 5.1 of the report.

Recommendations

4.1 It is recommended that the Board approve the Recharges & Welfare addendum to the Repairs & Maintenance Policy.

APPENDIX 1:	Repair Recharges & Welfare Policy	
Background Papers:	None	
Writer of Report:	Katie Walker	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The costs of rectifying damage to properties is met through existing budgets.
Legal	The right to recover costs due to damage caused by tenants is set out in the Scottish Secure Tenancy Agreement.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	Affordability for tenants is highlighted on our Risk Register with a residual rating of 12 which is considered moderate.
ESG	There are no ESG implications arising from this report.
Equalities	We are committed to promoting equality, diversity and inclusion. The report seeks to ensure that we recognise personal circumstances in our decision making.
Communication	There will be a requirement on staff briefing and training if the proposed approach is adopted.

ADDENDUM TO REPAIRS & MAINTENANCE POLICY

RECHARGES & WELFARE ADDENDUM

1.1 Rechargeable repairs are defined as a repair that is the result of neglect, unauthorised works or damage caused by a tenant or member of their household. Damage that is deemed fair wear and tear will not be recharged.

1.2 Situations are increasingly arising where there is a question over the extent to which an individual has control over the behaviour that led to damage or where their vulnerability means that recharging costs could be detrimental to wellbeing and or health.

1.3 A framework is set out below to guide decision making in situations where there may be mitigating factors which indicate that the responsibility of the tenant for their action is compromised.

1.4 In making decisions, information and advice must be sought from other agencies who may be supporting the person or be otherwise engaged with them. The presence of a vulnerability or condition does not in itself mean that the person does not have control or responsibility for their actions.

1.5 Decisions not to recharge for damage will be made by Area Managers and the reasons and evidence to support this must be recorded.

MENTAL HEALTH CONDITIONS

2.1 When tenants suffer from poor and enduring Mental Health conditions and where there is a belief that they were not in control of their actions at the point that damage was caused then a decision not to recharge should be considered. Where a tenant is considered to have capacity but is demonstrating poor decision making or where help or support are being refused then a judgement needs to be made on whether a recharge is appropriate.

HOARDING

2.1.1 Hoarding disorder is a recognised mental health condition. Since the Covid 19 pandemic, we are dealing with more cases where hoarding has become an issue. Where there is a risk to the tenant and potential to negatively impact neighbours, we will intervene. Discussions will be held with the tenant and on a multi-agency basis as appropriate to seek a resolution.

2.1.2 There is significant costs to clearing houses in cases of hoarding disorders particularly where these are also unhygienic. Unfortunately, these also frequently recur. Decisions should be taken on recharging based on the circumstances of each case and advice from other agencies regarding the persons capacity

PHYSICAL DISABILITIES

3.1 Where a person has a physical impairment which has a substantial and long-term adverse effect on a person's ability to conduct day-to-day activities.

Tenants with certain disabilities/long term illnesses may inadvertently cause more damage to their home than others.

3.2 Where tenants are identified in the above groups and the damage is considered to be as a result of their disability or vulnerability and measures have been taken to try and reduce damage, "Fair wear and tear" should be considered more flexibly in such cases.

3.3 This will include cases where self-care and a person's ability to manage their home is compromised due to age related factors and where there may be a lack of support through services or family or neighbours. In such situations there may be a need to intervene and carry out works. The persons liability for such costs should be assessed based on all of the circumstances contributing to the need for intervention.

VICTIMS OF CRIME AND ANTI SOCIAL BEHAVIOUR

4.1 In cases where a tenant has been a victim of crime which has been reported to the Police, we would not seek to recharge if a tenant provides a crime reference number. If necessary, we will seek supporting evidence from Police Scotland.

VICTIMS OF DOMESTIC ABUSE

5.1 Costs will not be recharged to tenants where they are the victims of domestic abuse in that property and where this is a factor in the damage caused or in the tenant leaving the property.

PROCUREMENT STRATEGY 2025 -2029

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To advise the Board of the outcome of the review of the Procurement Strategy at Appendix 1 and to provide details on procurement activity during the year.

Summary

2.1 Since HHP produced its first annual Procurement Strategy in 2015, we have used it to drive three key priorities, namely: our internal procurement processes; the development of a strong local supplier base; and the development of strong supplier relationships.

2.2 This year, whist still retaining these objectives, we have added 2 new objectives in relation to our Environmental and Social Governance (ESG) Strategy and the requirements of Fair Work First (FWF). Our Procurement KPI's have been reference to both our Business Plan Strategic objectives and our Procurement objectives.

2.3 The Key Performance Indicators (KPI's) have been mapped to our Business Plan Strategic Goals and Procurement Strategic Objectives.

2.4 The Procurement Strategy, Procurement Plan for 2025/26, Procurement Performance Report for 2024 and our Contracts and Community Benefit Registers can be found at Appendices 1 to 5, and these will be published on the HHP Website.

Competence

3.1 The competence issues relating to this report are at section 7.1 of the report.

Recommendations

4.1 It is recommended that the Board:

a) approve the Procurement Strategy at Appendix 1;

b) note the Procurement Plan for 2025/26 at Appendix 2;

c) note the procurement performance for 2024 set out in Appendix 3; and

d) note the Contracts & Community Benefit Registers at Appendices 4 & 5.

APPENDIX 1:	Procurement Strategy	
APPENDIX 2:	Procurement Plan for 2025/26	
APPENDIX 3:	HHP Procurement Performance Report 2024	
APPENDIX 4:	Contracts Register 2025	
APPENDIX 5:	Community Benefits Register 2025	
Background Papers:	None	
Writer of Report:	Angus Smith	Tel: 0300 123 0773

Report Details

5.1 We have aligned the Procurement Strategy with our Business Plan to cover the period 2025 – 2029.

5.2 The strategy has been expanded to increase our strategic procurement objectives from three to five, to include the ESG and FWF requirements.

i) Developing our Procurement Function and Team

ii) Developing a strong supplier base (supporting local enterprise)

iii) Developing strong supplier relationships

iv) Developing Environmental and Social Governance

v) Developing Fair Work First Principles

5.3 We are currently going through an evaluation of our procurement activities through and external provider (Scotland Excel) and any recommendations which come from this will be incorporated in the next strategy.

Procurement Performance

6.1 The amount of procurement activity in 2024 was lower than our five-year average. This was mainly due to cyclical factors, with few major contracts coming up for renewal.

Type	Number
Regulated	2
Quick Quotes	3
Investment Framework	12
Total	18

6.2 The procurement performance for 2024 can be found at Appendix 3. This shows that all but 3 KPIs' have come in better than target.

7.1 Competence Checklist

COMPLIANCE CHECKLIST	
Financial	There are no financial costs arising directly from consideration of this report.
Legal	The Procurement Reform (Scotland) Act 2014 made it a requirement for an organisation with a regulated procurement spend of greater than £5M to prepare a procurement strategy. The Strategy must include details on a number of mandatory topics; these include how procurement will contribute to achieving the organisation's purposes; how we will treat economic operators equally and without discrimination; how we will act in a transparent and proportionate manner in relation to procurement; and how this procurement will be undertaken sustainably. This sustainability statement must show how we will use procurement to contribute to our global climate emergency response. It also requires statements on the use of community benefit, consultation, the Fair Work First directive, compliance with health and safety, and prompt payment provisions.
Regulatory	The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards. This report provides ongoing assurance of evidence RS2.2, RS4.6 and RS5 in relation to our Annual Assurance Statement.
Risk	There are no risks arising directly from the consideration of this report. However, it should be noted that the act of procurement itself exposes us to several potential risks. These risks are highlighted in our Risk Register. Failure to follow policy and procurement legislation could leave us open to reputational, legal and financial penalties. The Procurement Strategy aims to reduce these risks. Through better contract management and evaluation of suppliers and customer satisfaction, we will look to minimise the impact of the failure of a major contractor or supplier.
ESG	Our procurement objectives will support our ESG strategy and FWF principles where relevant.
Equalities	We are committed to promoting equality, diversity and inclusion. This is embodied in our use of FWF principles in our

COMPLIANCE CHECKLIST	
	procurement. The are no equalities implications arising from the approval of this report.
Communication	Following approval of this report, the appendices will be published on our website.

PROCUREMENT STRATEGY 2025 - 2029

APPROVED BY HHP BOARD:

EFFECTIVE DATE:
March 2025

hhp hebridean housing partnership

TABLE OF CONTENTS

INTRODUCTION

1.1 The purpose of this strategy is to support the delivery of services and high-quality homes, with an effective procurement process that supports our strategic objectives, offers value for money, takes account of best practice and meets procurement legislation.

1.2 This strategy therefore sets out our approach to regulated procurement, lists strategic goals and objectives, and highlights challenges for the period 2025 to 2029.

AIMS

2.1 Our aim in this document, in keeping with the Scottish Model of Procurement, is to:

a) Set clear strategic objectives and to ensure compliance with statutory requirements;
b) Promote innovation and best practice in our procurement;
c) Improve supplier access to our procurement opportunities, including the involvement of small and medium enterprises, third sector bodies and supported businesses;
d) Embed Environmental, Social & Governance (ESG) considerations in our procurement activities;
e) Promote the adoption of Fair Work First (FWF) Principles; and
f) Deliver Value for Money (VFM) through procurement

PROCUREMENT VISION/MISSION STATEMENT

3.1 We have four strategic goals. These are:

1. Tenants - Placing tenants at the heart of everything we do;
2. Houses - Investing in a sustainable way in tenants' homes;
3. Staff - Being an excellent employer that attracts and retains high quality staff; and
4. Communities - Working with partners to help our communities thrive.

3.2 Our Procurement Vision is to:

"*Procure goods, services and works, in an open, effective, sustainable, economic and efficient manner, and in so doing, meeting the needs of the business, our tenants, and our community.*"

3.3 Our Procurement Mission Statement is to:

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

STRATEGY RATIONALE/CONTEXT

4.1 Hebridean Housing Partnership is a charitable not-for-profit housing association governed by a Board of up to 15 members.

4.2 We became a Registered Social Landlord on 12 September 2006 following the transfer of the Local Authorities housing stock and subsequently merged with 5 smaller Housing Associations to form a single social housing provider covering the whole of the Outer Hebrides.

4.3 Over the last 19 years, we have planned and implemented a significant improvement program for the fabric of our homes and developed a new build program to meet housing demand, whilst at the same time balancing issues of affordability and access.

4.4 We now manage almost 2500 properties and factor 140 more across 12 islands in this 120-mile-long archipelago, with an aim of providing a high standard of home and service to all, irrespective of location or distance.

4.5 Procurement in this environment often raises difficulties in terms of a limited supplier base, high costs and transportation difficulties. In addition, we face significant challenges in the years ahead as a result of an aging population, economic decline, significant outward migration and depopulation, lack of existing infrastructure, climate change and fuel poverty.

4.6 We will therefore strive to work with tenants, communities, and stakeholders to address these issues, and attempt to use innovation to meet needs and create opportunity.

4.7 Our procurement of food and drink is minimal, however we will work to put in place affordable contracts, if appropriate, that meet nutritional requirements of all users who would benefit from the provision of food and drink.

STRATEGIC PROCUREMENT OBJECTIVES

5.1 There are five priority themes for action for the period 2025-29. These are:

a) Developing our Procurement function and team

i) Our Procurement function sits with the Corporate Resources Team. This allows for a separation of duties within the organisation between procurement administration and the main procurement requesters. This reinforces and promotes equality and non-discriminatory treatment of contract processes and allows for greater transparency at all stages.

ii) The tendering process has been developed consider procurement options from the outset. This will allow us to consider partnership procurement in the first instance, to expand the amount of procurement being tendered, and to consider sustainability issues, particularly where it might improve the economic, social and environmental wellbeing of the islands.

iii) Appropriate training will be provided to the Procurement Team, and those who are involved in the procurement process.

b) Developing a strong supplier base (supporting local enterprise)

i) Given our remote location, and the fragile nature of our economy, it is important for us to procure in a sustainable way, especially in relation to contracts that require a physical presence in the islands. We will look at how we can facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.

ii) We will also consider how we can promote innovation to improve service and promote value for money.

iii) We will develop and monitor local guidance on Community Benefit requirements to assist suppliers and will consult with users and suppliers on other matters to improve the procurement and contract management process.

vi) Contractors and Sub-contractors will be required to comply with relevant H&S legislation and confirm that materials/services are ethically sourced.

c) Developing strong supplier relationships

i) We view suppliers as partners, working together to improve performance, reduce costs and foster innovation.

ii) We will look to improve contract management, and to consult and seek feedback on customer and supplier satisfaction throughout the duration of the contract. We will, in discussion with the contractor, also regularly review and assess the contract process to see whether administrative improvements on either side can increase efficiency or service delivery.

d) Developing Environmental and Social Governance

i) Where applicable, we will use procurement to contribute to the goals detailed in our Environmental, Social and Governance (ESG) Strategy.

ii) We endeavour to dispose of unwanted or excess assets, materials, or goods in an ethical way, prioritizing methods that minimize environmental impact, and maximise societal benefit.

e) Developing Fair Work First (FWF) Principles

i) We adopt the 'Fair Work First' principles in relation to our regulated procurement, and in other procurement where appropriate and practical. We will require our tenderers to commit to these principles and will evaluate the tenders on this basis. These principles are:

a) Appropriate channels for effective workers' voice, such as trade union recognition;
b) Investment in workforce development;
c) No inappropriate use of zero hours contracts;
d) Action to tackle the gender pay gap and create a more diverse and inclusive workplace;
e) Payment of the real Living Wage.
f) Flexible and family friendly working practices for all workers from day one of employment; and,
g) Opposing the use of fire and rehire practice.

5.2 To help assess performance, a number of indicators have been developed and reported on (These are listed at Appendix A).

MONITORING/REVIEWING AND REPORTING ON OBJECTIVES

6.1 Any issues that arise with respect to procurement will be reported back to our Executive Team for appropriate action, helping to ensure ongoing alignment with legislation and our goals and priorities.

6.2 Our procurement process, in relation to tendered contracts, and progress on implementing the procurement action plan, will be reported to and monitored by the Board.

6.3 An Annual Procurement Report will be produced, listing all tendered procurements, their outcomes, and whether the procurements complied with the Procurement Strategy.

6.4 A Contract Register of all regulated procurement is published on our website, together with a Community Benefit Register.

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

STRATEGY OWNERSHIP AND CONTACT DETAILS

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

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

POLICIES, TOOLS AND PROCEDURES

8.1 Our Procurement Policy, and its related procedures, governs the administration of all procurement in relation to works, the supply of goods and the provision of services.

8.2 The policy is subject to the provisions of United Kingdom and Scottish legislation and is maintained and updated subject to guidance periodically issued by the UK or Scottish Governments.

8.3 Procurement will also comply with our 'Entitlements, Payments and Benefits' policy and refer to our Risk Register.

8.4 The Scottish Government Procurement Journey framework will be the key tool to ensuring best practice in procurement processes, and all procurement over £10,000 will generally be managed through the Public Contracts Scotland Website. Where possible, purchasing below this level will use the Public Contracts Scotland 'Quick Quotes' facility.

APPENDIX A – KEY PERFORMANCE INDICATORS

These indicators will be reported to Board Annually as part of the Annual Procurement Strategy and will be used to manage progress:

No	Key Performance Area/Measure	Target	Strategic Goal	Procurement Objective
1	Contract compliance (of suppliers successful completing contract.)	100%	2,3	b,c
2	Customer Satisfaction with contractor performance (Repairs Surveys)	90%	1,2,4	a, c
3	Number of electronic invoices as a % of total invoices processed	95%	4	b,c
4	Percentage of HHP spend being tendered (above the £10K threshold level)	90%	1,2,3,4	b,c
5	Percentage of Suppliers paid within 7 days (Following Delivery of good or services)	95%	2,3	b
6	Percentage of spend with local suppliers (Company defined as local if based in the Outer Hebrides or operates and employs staff from an island location)	90%	4	b,c,d,e
7	Compliance with procurement legislation (best practice) [No successful challenges regarding procurement process]	100%	4	a
8	Percentage of contracts where a local supplier submits a tender	90%	4	b
9	The number of renewal contracts which have seen savings negotiated, or improvements have been agreed and implemented	25%	1	d,e
10	Tenderers Notified within the target timescales	100%	3	a

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
FWF	Fair Work First – 7 principles that all tenderers for public works will have to commit to in order to be considered for contracts.
ESG	Environmental and Social Governance
Procurement	This will generally refer to Regulated Procurement, although the same principles will be applied to smaller procurements where possible.
Regulated Procurement	Public sector contracts for goods, services, or works that exceed a certain value, currently set at £50,000 excluding VAT for goods and services; or £2 million for works contracts, and which must be advertised on Public Contracts Scotland.
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

hebridean housing partnership

HHP PROCUREMENT PLAN 2025/26

Contract	Quantities/Length of Contract	Procurement Method	Planned Procurement Date	Planned Contract Start Date
Grimsay, North Uist Development – 8 units Low Flyer, Balivanich – 4 units	18 Months	PCS	August 2025	November 2025
Scott Road, Harris Development – 24 units	3 Years	PCS	August 2025	November 2025
Gravir, South Lochs – 4 units	8 Months	PCS	June 2025	August 2025
Breaclete, Bernera – 4 units	8 Months	PCS	June 2025	August 2025
Melbost West – 12 units	18 Months	PCS	October 2025	January 2026
Legal Services	3-5 Years	PCS	November 2025	April 2026
Insurance Brokerage Services	3 Years	PCS	May 2025	July 2025
Insurance Services	TBD	PCS	July 2025	October 2025
Electricity Contract for Landlord Supply at Bremner Court, Stornoway	Minimum fix 1 year		February 2026	April 2026

Notes:

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

HHP Procurement Performance Report 2024

1.1 Performance data for the procurement function have now been collected for the 5 calendar years up until December 2024.

No		2020	2021	2022	2023	2024	Target
1	Compliance with Procurement Legislation (tenders)	100% (23)	100% (21)	100% (29)	100% (32)	100% (17)	100%
2	% of Suppliers paid within terms (previously 30 days) (invoices)	93% (1764)	94% (1872)	95% (1871)	98% (2074)	99% (2290)	100%
3	Number of renewal contracts with savings etc.	No renewal contracts	100% (1 of 1)	50% (1 of 2)	40% (2 of 5)	0% (only 1 renewal contract)	50%
4	Tenders notified within the target timescales	100%	100%	100%	100%	100%	100%
5	% of HHP spend being tendered	96%	96 %	98%	92%	93%	90%
6	% of Tenders with local supplier involvement (number of tenders)	96% (22)	91% (21)	93% (27)	88% (28)	82% (17)	95%
7	% of spend with local suppliers	76% (1042)	96% (1074)	94% (1068)	89% (1097)	91% (1183)	90%
8	% of invoices received electronically (invoices)	93% (1474)	98% (1074)	94% (1063)	96% (1052)	91% (1974)	95%
9	Customer Satisfaction with Contractor Performance (Repairs Surveys)	99% (156)	97% (126)	98% (205)	94% (90)	91% (100)	90%
11	Contract Compliance	100%	100%	100%	100%	100%	100%

Notes

2.1 The below table provides some detail behind the above performance:

KPI No.	KPI Detail	Comment
1	Compliance with Procurement Legislation (tenders)	2024 was a fairly quiet year in relation to procurement and tendering, with only 17 formal procurement processes undertaken – 12 of which related to investment works under an existing framework agreement.
5	% of HHP spend being tendered	Not all of HHP's spending requires to go through a regulated tender process
6	% of Tenders with local supplier involvement (number of tenders)	Not all of HHP's procurement requirements can be delivered through local providers where specialist skills may be unavailable locally. A company is defined as local if based in the Outer Hebrides or operates and employs staff from an island location. The tendering of a number of service contracts e.g., External Audit, Salary Benchmarking and Hydrology Studies has resulted in a fall in the percentage of tenders with local supplier involvement.
7	% of spend with local suppliers	
8	% of invoices received electronically (invoices)	A significant increase in hard copy invoices being received for Utilities at Bremner Court is driving the reduction
9	Customer Satisfaction with Contractor Performance (Repairs Surveys)	Satisfaction with overall service is rated highly albeit on a limited sample. Sample size will increase as resources permit.

APPENDIX 4

HHP's Contract Register							
Date of Award	Description of Works/Services Supplied under Contract (Total Contract Works Exceeding £50k)	Contractor	Estimated Value (£k)	Start Date	End date	Current Extended End Date	Extension Available (Months)
02.12.2009	Legal Services	Harper Macleod	£73k	01.01.2010			
01.09.2018	ICT 2018 - 2022 Hosting & Support	Kick ICT	£106k	01.10.2018	31.09.2022	31.09.2026	
11.12.2018	Investment Framework 2023-2029	Alex Murray Construction	£16,000k	01.04.2023	31.03.2029		
		A Campbell Electrical Services					
		FES FM					
		Neil Mackay & Co					
		O'Mac Construction					
04.12.2019	Planned, Cyclical & Responsive Maintenance Services & Void Works	FES FM	£14,000k	01.04.2020	31.03.2025		48
7.6.2021	Housing Management System	Civica UK Ltd	£450k	01.05.2021	01.08.2026		
31.08.2022	Social Housing Insurance	NIG	£251k	01.10.2022	30.09.2025		
10.02.2022	Feasibility Services	TIG	No min value. £12K per annum	01.12.2021	01.12.2024	01.12.2025	
10.02.2022	Consultant Services for Design, Project Management & Administration for New Developments	TIG	No min value £450K	10.02.2022	10.02.2025	10.02.2026	
30.09.2024	Barra Ph 2 Development, Isle of Barra	Macinnes Bros	£1,776K	22.11.2024	08.09.2025		
31.03.2022	Blackwater Development, Isle of Lewis	Calmax Construction	£13,329k	14.07.2022	31.03.2025	25.02.2026	
25.03.2024	Leverburgh, Isle of Harris	Alex Murray Construction	£3,901K	10.04.2024	01.09.2025		
08.01.2025	External Auditors	CT Audit	£66K	01.04.2024	31.03.2028		
03.09.2024	Electricity Contract for HHP Offices	SSE	£80K	01.10.2024	30.09.2026		
20.02.2024	Electricity Contract for Landlord Supply at Bremner Court, Stornoway	EDF	£90k	01.04.2024	31.03.2026		

HHP COMMUNITY BENEFIT OBTAINED* IN 2024			APPENDIX 5
Project	Start Date	End Date	Community Benefit
Planned, Cyclical & Responsive Maintenance Services & Void Works	01.04.2020	31.03.2025	FES Apprenticeship Scheme New apprenticeship positions Work Placement Provide a structured period of work experience for a Nicolson Institute pupil SME Engagement Work with Scottish Enterprise and other stakeholders such as the local Chamber of Commerce on opportunities for economic development, training and other funded assistance to help support the and maximise the potential positive influences on the local communities, economies and supply chain. Social Enterprises: Our Endeavours Continually striving to work with Social Enterprises on our projects and believe strongly in the social, economic and environmental contributions which can be made to the local and wider community by doing so. Community Enhancement Deliver community projects in association with HHP Contribute to local charities and organisations
Blackwater Development, Isle of Lewis	14.07.2022	26.02.2026	•River flood defences / river bank reinforcement in two separate areas (west section at 25m length and east section at 40m length) of the Newmarket playpark. Import rock armour aggregate. and lay these stones individually at the toe of the river bank, in accordance with the SEPA green bank guidelines. Infill ground level above rock armour with clay to marry in with surrounding ground levels, capped with soil and grass seeded. Estimate costs for labour, plant and materials £35,000.00 •Gate replacement at playpark Flying Fox - £1,500 contribution towards installation costs. •Footpath repair following flooding damage sustained on the pathway to "Mexico City" - £500 costs contributed for the labour, plant and material to carry out repairs to the footpath. •The provision of a level footpath for Gleann Dubh residents to easily access bus stop in front of Newmarket playpark. Calmax contributing an estimated amount of £8K towards the total cost of the work and carrying out the work.

*The two Benefits above were not obtained in 2024, but are still being delivered alongside the relevant contracts, with full delivery to be with the terms of the contract dates.

ITEM NO 7.7

EXPENSES POLICIES

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To update the Board on the review of the Staff and Members Expenses Policies.

Summary

2.1 The Members & Staff Expenses Policies were last reviewed in March 2024, and should be reviewed on an annual basis in compliance with the Policy Review Schedule.

2.2 The review of the staff and members Expenses Policies has not resulted in any substantive changes to the policies. However, while the accommodation rates have not changed this year, we draw the Board's attention to paragraph 3.2 in the policies, which notes the possible future introduction of a Visitor Levy in Scotland from July 2026.

2.3 Depending on where you are staying, a 5% overnight levy may be applied to any stay of up to five days. The levy will be charged before VAT and will not be charged on extras like parking, meals, drinks or transport.

2.4 These levies will begin to appear in advance of bookings being made from October 2025 and should be excluded in any accommodation cost calculation. If the accommodation cost threshold is breached, then the normal approval procedure should be followed.

2.5 HMRC allowances for the private use of vans has been updated to reflect the 2025/26 thresholds.

Competence

3.1 The competence issues relating to this report are at section 5.1 of the report.

Recommendations

4.1 It is recommended that the Board note the review of the Expenses Policies.

Background Papers:	None	
Writer of Report:	Donald Macleod	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The financial implications arising directly out of consideration of this report will be met within existing budgets.
Legal	There are no legal implications arising from the consideration of this report.
Regulatory	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards.
Risk	The risk of not updating policies can lead to breaches in regulatory codes of governance and recommended practice and leave the Partnership open to legal action. Governance is highlighted on our Risk Register with a residual risk rating of 3 which if considered low risk.
ESG	These policies look to have a positive ESG impact by promoting car sharing, the use of public transport and bicycles where appropriate.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	As the changes to the policy are minor there is no requirement to consult with Staff or the Union. Following approval of this report, policies will be made available to all staff, Board members and our payroll provider (CNES).

ITEM NO 8.1

MANAGEMENT REPORT TO 28 FEBRUARY 2025

Board 25 March 2025

Report by Director of Finance & Corporate Services

Purpose of Report

1.1 To present the Management Report for the month ended 28 February 2025 to the Board for review.

Summary

2.1 The Management Report, at Appendix 1, shows that financial covenants will be met for the year ended 31 March 2025 with a headroom forecast of £619K.

2.2 A small amount of investment works on Roofs and External Wall Insulation may potentially slip into 2025/26 with weather being the main factor.

2.3 We are now working toward a site start on Barra (Cleat Road Phase 2) in March 2025.

Compliance

3.1 The competence issues relating to this report are at section 5.1 of the report

Recommendations

4.1 It is recommended that the Board note the Management Report at 28 February 2025 and revised forecast out turn at 31 March 2025 as at Appendix 1.

APPENDIX 1:	Management Report to 28 February 2025	
Background Papers:	None	
Writer of Report:	James Morrison	Tel: 0300 123 0773

5.1 Compliance Checklist

COMPLIANCE CHECKLIST	
Financial	The board approved budgets for 2024/25 in March 2024, which projected a surplus for the year of £1.40M. The current forecasted out-turn surplus is £2M. Covenants are currently forecast at £619K headroom.
Legal	The following Partnership rules are applicable: *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	The Regulatory Standards Checklist has been completed and there is nothing in this report which would breach these standards. This report provides ongoing assurance of evidence point 3,4,5 and 6 in relation to our Annual Assurance Statement.
Risk	Borrowing Arrangements & not meeting our Financial Covenants is highlighted on our Risk Register with a residual risk of 6, which is considered low. All covenants will be met for the year.
ESG	The Investment costs included in this report, which detail insulation and heating upgrades, are contributing to us delivering our ESG Strategy.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Our Facilities Agreement with RBS requires us to provide our funders with a copy our Management Report at the end of each quarter.

Appendix 1

Management Report 2024/25

To 28 February 2025

hhp | hebridean housing partnership

INTRODUCTION

The Management Report to 28 February 2025 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.

This report is an extract of the Management Report presented to the Development & Finance Committee for review and is made up of the following:

High level summary

Statement of Comprehensive Income

Statement of Financial Position

Financial Covenants

Financial Ratios

Cashflow Forecast

Stock Levels

SECTION 1: HIGH LEVEL SUMMARY

	INDICATOR	STATUS	COMMENT
INCOME	FINANCIAL COVENANTS		Covenants are forecasted to be met for the full year.
	FORECASTED SURPLUS		
	RENTAL INCOME		
	GRANT INCOME		
	DEVELOPMENT GRANTS		Due to a reduction in Scottish Government grants and delays in getting onto sites, we will be unable to deliver our full development plan this year.
	OTHER INCOME		
EXPENDITURE	DEVELOPMENT COSTS		Due to a reduction in Scottish Government grants and delays in getting onto sites, we will be unable to deliver our full development plan this year.
	INVESTMENT		Slight delay in the supply of roof tiles may affect programme.
	REPAIRS & MAINTENANCE		A number of additional large void costs have resulted in a further increase to the forecast out turn.
	MANAGEMENT COSTS		
	INTEREST		

	No Issues - On Track
	Requires Monitoring
	Issues

SECTION 2: MANAGEMENT ACCOUNTS

STATEMENT OF COMPREHENSIVE INCOME

Line	Heading	CURRENT YEAR BUDGET Initial Budget £	CURRENT YEAR BUDGET Revised Budget £	BUDGET to 28-Feb-25 £	ACTUAL to 28-Feb-25 £	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-25 £
1	Dwelling rents (net)	11,658,470	11,816,623	11,036,372	11,099,510	63,138	1%	717,113	6%	-	11,816,623
2	Non Dwelling rents (net)	18,630	18,630	16,815	17,080	265	2%	1,550	8%	-	18,630
3	Profit/(Loss) on Disposal of Assets	(45,000)	(100,000)	(96,250)	(90,829)	5,421	-6%	(9,171)	9%		(100,000)
4	Grant Funding	610,000	594,280	527,253	497,123	(30,130)	-6%	97,157	16%	-	594,280
5	Other Income	205,500	209,280	189,176	188,706	(470)	0%	20,574	10%		209,280
6	TOTAL INCOME	12,447,600	12,538,813	11,673,366	11,711,590	38,224	0%	827,224	7%	-	12,538,813
7	Supervision & Management	3,163,900	3,304,819	2,887,715	2,717,435	170,279	6%	587,383	18%	(14,589)	3,290,230
8	Response Repairs	2,008,820	2,140,245	1,966,671	1,948,004	18,667	1%	192,241	9%	9,413	2,149,658
9	Estate Works	139,300	139,300	127,757	119,074	8,683	7%	20,226	15%	-	139,300
10	Planned/Cyclical Maintenance	1,431,080	1,459,607	1,294,341	1,235,508	58,833	5%	224,099	15%	(28,937)	1,430,670
11	Total Operating Expenditure	6,743,100	7,043,970	6,276,484	6,020,021	256,462	4%	1,023,949	15%	(34,113)	7,009,857
12	Operating Surplus/(Deficit)	5,704,500	5,494,843	5,396,882	5,691,569	294,687	5%	(196,726)	-4%	34,113	5,528,956
13	Interest received	90,750	189,525	187,865	188,094	228	0%	1,431	1%		189,525
14	Interest paid	1,136,000	756,000	685,900	685,879	22	0%	70,121	9%		756,000
15	Surplus/(Deficit)	4,659,250	4,928,368	4,898,847	5,193,784	294,937	6%	(265,416)	-5%	34,113	4,962,481
16	Depreciation	4,844,700	4,844,700	4,440,975	4,446,742	(5,767)	0%	397,958	8%		4,844,700
17	Grant Amortisation	(1,588,610)	(1,858,610)	(1,726,226)	(1,790,555)	(64,329)	4%	(68,055)	4%	(50,000)	(1,908,610)
18	Surplus/(Deficit)	1,403,160	1,942,278	2,184,098	2,537,596	353,498	16%	(595,319)	-31%	84,113	2,026,391
	CAPITAL INVESTMENT										
19	Aids & Adaptations	120,000	115,280	98,615	54,573	44,042	45%	60,707	53%	-	115,280
20	Housing Investment Programme	3,530,200	3,857,034	3,634,945	2,927,805	707,140	19%	929,229	24%	-	3,857,034
21	Non Housing Investment	9,040	141,480	125,640	80,086	45,554	36%	61,394	43%	(1,000)	140,480
22	Development Programme	2,047,200	1,887,989	1,370,861	1,647,989	(277,128)	-20%	240,000	13%	-	1,887,989
23		5,706,440	6,001,783	5,230,061	4,710,453	519,608	10%	1,291,330	22%	(1,000)	6,000,783

Commentary on Performance

Income

Grant funding is £30K behind budget year to date as OT Works which will be funded by grants are being completed in March. It is anticipated that full spend and grant will be utilised.

Expenditure

An overspend on Void repairs - caused by a low number of high value repairs - is currently being offset by an underspend on Response Repairs caused by a lower number of repairs than budgeted.

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STATEMENT OF FINANCIAL POSITION

Line	Heading	Notes	28-Feb-25 £	31-Jan-25 £	31-Mar-24 £
	Fixed Assets				
1	Tangible assets-social housing	1	130,493,570	130,764,174	*132,986,858*
2	Development & Investment Programme		2,569,303	2,041,681	-
3	Tangible assets - property, plant and equipment	1	823,484	833,549	*941,393*
4	Landbank		696,343	696,343	*696,343*
5	Investments		2	2	*2*
6	Total Fixed Assets		134,582,702	134,335,749	*134,624,596*
	Current Assets				
7	Stock		24,456	24,456	*24,456*
8	Trade and other debtors due within one year	2	628,861	796,917	*1,927,773*
9	Debtors due after more than one year		146,772	149,190	*173,364*
10	Short-term deposits	3	6,378,333	6,877,550	*6,365,141*
11	Cash at bank and in hand	4	3,729,700	3,147,234	*3,301,061*
12	Loan to subsidiary		18,626	18,626	18,626
13	Total Current Assets		10,926,748	11,013,973	*11,810,421*
14	Creditors: amounts falling due within one year		(1,083,508)	(903,754)	*(2,980,523)*
15	Net current assets		9,843,240	10,110,219	*8,829,898*
16	Total assets less current liabilities		144,425,942	144,445,968	143,454,493
17	Creditors: amounts falling due after more than one year		(22,365,333)	(22,365,333)	*(22,365,333)*
18	Deferred capital grants		(74,086,023)	(74,271,957)	*(75,434,502)*
19	Pension Liability		-		-
20	Net Assets		47,974,587	47,808,678	*45,436,991*
	Capital and Reserves				
21	Share Capital		83	83	*87*
22	Revenue Reserve		47,974,504	47,808,595	*45,436,904*
23	Total Capital and Reserves		47,974,587	47,808,678	*45,436,991*

Commentary on Performance

Note 1 (Tangible Assets) A decrease of £270K as depreciation for the month exceeds the value of the investment works.

Note 2 (Trade and other debtors due within one year) Decrease of £168K from January. This is mainly due to a decrease in accrued development grant income.

Note 3 (Short-term deposits) £500K reduction as £3.5M of deposits were returned with £3M put back on deposit.

Note 4 (Cash at Bank and in Hand) £600K increase as £3.5M of deposits were returned with £3M put back on deposit in addition to more cash inflow than outflow on operating activities.

Covenants are forecast to be met for the full year with Interest cover forecast at 219% and gearing of 10%.

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	£ 3,035,381	£ 2,592,866
2	Add back Depreciation	£ 4,446,742	£ 4,844,700
3	Add back Profit/(Loss) on sale of LIFT properties	£ -	£ -
4	Deduct Capitalised Investment (inc OT)	(£ 3,205,919)	(£ 4,286,539)
5	Deduct Pension Contributions	£ -	£ -
6	Deduct Amortisation	(£ 1,790,555)	(£ 1,908,610)
7	Adjusted Operating Surplus	£ 2,485,650	£ 1,242,417
8	Interest Payable	£ 685,879	£ 756,000
9	Interest Receivable	£ 188,094	£ 189,525
10	Net Interest Payable	£ 497,785	£ 566,475
11	Covenant for 24/25	110%	110%
12	Adjusted Operating Surplus as percentage of Net interest Payable	499%	219%
13	Headroom	£ 1,938,086	£ 619,295
14	Historic Cost of Properties	£ 164,629,481	£ 168,373,733
15	Financial Indebtedness	£ 17,000,000	£ 17,000,000
16	Gearing Covenant for 24/25	30%	30%
17	Gearing	10%	10%

FINANCIAL RATIOS

Key Ratios

	Current	Forecast	2023/24
Current Ratio	9.95	4.71	3.96
(Current Assets/Current Liabilities)			
Net Debt Per Unit			
Borrowing/ stock units	£7,004.53	£7,004.53	£7,121.91
Voids%	0.56%	0.56%	0.62%
Voids as % of Rental Income Due			
Bad Debts %	0.70%	1.99%	0.38%
Bad Debts written off as % of Rental Income Due			
Staff Cost/Turnover %	19.24%	21.62%	19.91%

CASH FLOW FORECAST 2024/25

The below cash flow shows the anticipated cash position as at 28 February 2025 and a forecast for the remainder of the 24/25 Financial Year:

Monthly Cash Flow Forecast

Year Ended 31-Mar-25	31-Dec-24 Month 9	31-Jan-25 Month 10	28-Feb-25 Month 11	31-Mar-25 Month 12	Total
Cash on Hand at beginning of month	3,144,742	2,563,963	3,208,720	3,813,884	2,529,004
Cash Receipts					
Rent	753,646	1,272,780	1,013,396	926,844	12,597,961
Sale of Assets	-	-	-	-	41,458
Grant Income	540,889	256,321	544,444	614,450	6,766,824
Bank Interest	-	40,439	38,289	1,000	211,494
Insurance Claims	-	-	-	-	106,821
Other income	-	3,855	18,274	-	273,598
Transfer from Deposit	-	3,000,000	3,500,000	-	17,500,000
					-
Loan/Other cash injection	-	-	-	-	-
Total	1,294,536	4,573,395	5,114,403	1,542,294	37,498,157
Total Cash Available	4,439,277	7,137,357	8,323,123	5,356,178	
Cash Paid Out					
Payroll	209,741	212,099	211,440	232,850	2,558,289
Management Costs	68,332	61,518	131,683	62,760	1,184,558
Repairs	319,455	247,857	284,311	471,028	4,112,768
Investment	495,225	220,724	203,831	811,640	4,420,056
Development	766,368	515,849	667,455	994,896	7,502,373
Total	1,859,121	1,258,046	1,498,720	2,573,174	19,778,046
Cash Paid Out (Non P & L)					
Loan Interest	13,471	167,917	-	123,000	727,562
Capital Purchase	-	-	-	130,000	130,000
Refunds	2,723	2,675	10,519	1,000	42,993
Transfer to Deposit Account	-	2,500,000	3,000,000	-	17,500,000
Total	16,193	2,670,592	3,010,519	254,000	18,400,555
Total Cash Paid out	1,875,315	3,928,638	4,509,239	2,827,174	
Cash Position at End of Month	2,563,963	3,208,720	3,813,884	2,529,004	-
Deposit Acct At end of Month	7,372,766	6,872,766	6,372,766	6,372,766	
Total Funds Available	9,936,729	10,081,486	10,186,650	8,901,770	

STOCK LEVELS 2024/25

The below shows the current stock level position as at 28 February 2025:

Property Stock				
The number of units of accommodation owned by the Partnership was as follows:				
	Units in Management		**Units under Development**	
	2025	2024	2025	2024
Unimproved				
New Build	636	595	72	80
Improved	1,773	1,774	-	-
General Needs Housing	2,409	2,369	72	80
Shared Ownership Accommodation	3	3	-	-
Supported Housing Accommodation	15	15	-	-
Total Housing Stock	2,427	2,387	72	80
Other Property				
Garages	42	42	-	-
Commerical	6	6	-	-
Heritable-Partnership's offices	3	3	-	-
Total Other Property	51	51	-	-

Total housing stock number has increased by 40 since 31 March 2024 due to 8 new units at Ionad Dotair Macleod, 33 new units at An Allt Dubh and the sale of 1 property in Harris.

ITEM NO 8.2

DEVELOPMENT REPORT

Board 25 March 2025

Report by Director of Operations

Purpose of Report

1.1 To provide a progress update on our 5 Year Development Plan (2024-29). A revised Development Plan was consulted on with tenants as part of the Business Plan consultation.

Summary

2.1 Good progress is being made on the Development Plan for 2024-29 with 23% of planned houses completed and 32% on site or due to go on site and with work ongoing to progress future projects.

2.2 The sites at Blackwater and Leverburgh continue to make progress to achieve handovers in the next financial year. Barra phase 2 has had some delays in planning and building warrant being obtained.

Competence

3.1 The legal, financial and other considerations to the recommendations are contained in the Compliance section at 6.1 of this report.

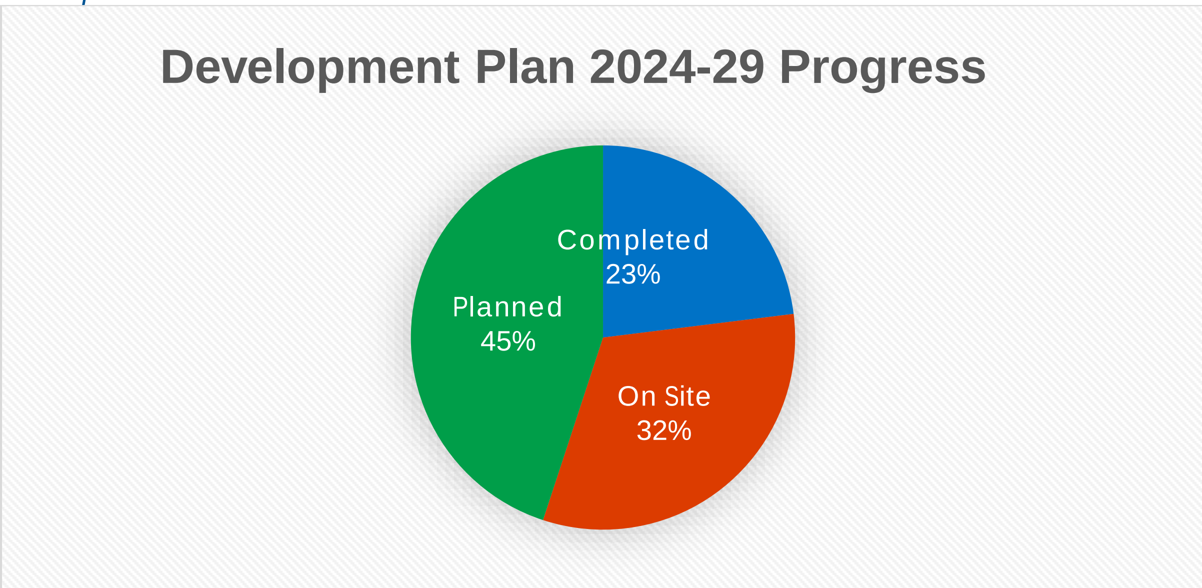
Recommendations

4.1 It is recommended that the Board note the Development Programme progress.

APPENDIX 1:	New Build Updates	
APPENDIX 2:	Development Plan Progress	
APPENDIX 3:	Projects Under Construction	
Background Papers:	Development Risk Threshold	
Writer of Report:	Sawan Morrison	Tel: 0300 123 0773

Report Details

Development Plan 2024-29



5.1 The main points to note are:

- Barra Ph 2 **–** We have not had planning and building warrant through for this site therefore contractor is looking at getting on site end of March.
- Scott Road – The hydrology study has been passed to Harris Distillery for comment and this is still awaited. Following the Board approval to homologate the decision to acquire private land for access to the NHT land, we have re-engaged our consultants to continue with a planning application. Terms are agreed for the land acquisition but title is still being clarified for an area of the site.
- Grimsay **–** Due to additional requirements from crofting shareholders which need to be resolved we have had to delay the submission of the planning application. We are awaiting contact from the landowner on how to proceed. The intention is to tender this project along with the 4 units at Low Flyer to make the tender more attractive to contractors.
- Melbost West **–** We are waiting on the finalised report from the 2 public consultations held in December 2024 and January 2025 which will form part of any planning application. We are also exploring options for taking this site to planning and we are continuing conversations with SSEN re their potential interest.

5.2 Further information on the progress of the development plan can be found at Appendices 1 and 2.

6.1 Competence Checklist

COMPLIANCE CHECKLIST	
Financial	The initial budget for development in 2024/25 was at £10.6M of expenditure, £8.584M Scottish Government (SG) Grant resulting in a private finance requirement of £2.05M. Details of the projected out-turn for the year are in the Management Report on this agenda. The RPA for 2024/25 has been confirmed at £6.33m. Some works originally planned for 2024/25 will now be re-profiled into future years once we receive confirmation of the 2025/26 RPA.
Legal	There are no legal implications arising from the consideration of this report.
Regulatory	The Regulatory Standards checklist has been completed and there is nothing in the report which would result in a breach of the standards. This report provides ongoing assurance of evidence RS2.2, RS4.3 and RS7.7 in relation to our Annual Assurance Statement.
Risk	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 carry out a Local Housing Needs Demand survey if our waiting list indicates that demand is limited for housing in the area. Our Housing Needs and Demands Analysis (HNDA) 2021 indicated weak demand in all areas and particularly in the most rural locations. However, waiting list demand has increased since then and the reason for this is being analysed further. 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. The Risk Register identifies a number of risks which can impact on the delivery of the Development Plan with a residual risk rating of high or medium: • climate change with a residual risk rating of 12 (medium); and • lack of skilled workforce with a residual risk rating of 12 (medium); and • construction process issues such as delayed or cancelled work with a residual risk rating of 12 (medium); and • housing component technology failure with a residual risk rating of 12 (medium); and • rent affordability with a residual risk rating of 12 (medium); and • impact of regulatory and legislative changes on service delivery with a residual risk rating of 10 (medium); and

COMPLIANCE CHECKLIST	
	• infrastructure failure with a residual risk rating of 8 (medium); and • Failure to adapt to changing demographics and reducing population with a residual risk rating of 8. Specific project risks have been highlighted to the Development and Finance Working Group
ESG	Our new build programme considers ESG implications at every point in the process. It does so through detailed planning feedback sought at the onset of a project and by creating homes that are designed to be affordable to ensure a sustainable tenancy in the long term. This ensures placemaking is at the heart of a development.
Equalities	We are committed to promoting equality, diversity and inclusion. There are no equalities implications arising from the approval of this report.
Communication	Two public consultation events have been held regarding the masterplan for Melbost West and findings and feedback will inform any future planning application.

New Build Plan Updates

APPENDIX 1

Development Performance – 5 Year Development Plan 2024-2029 **(Approved March 2024)**

	RENT	NSSE	HWEC	TOTAL	% of Plan	Comments
Completed 2024/25	41	0	0	41	23%	-
On Site	57	0	0	57	32%	-
Planned for 2024-2029	70	0	10	80	45%	-
	168	0	10	178		

Table 1.2 - 5 Year Development Plan Summary (**Proposed 2025-2030**)

Type	Area	Location	Total Units	Stage	2025/26	2026/27	2027/28	2027/28	2028/29
RENT	Stornoway	Blackwater	72	On Site - 33 homes completed 24/25 FY	26	13			
RENT	Harris	South Harris - Leverburgh	12	On Site	12				
RENT	Barra	Cleat Road- Phase 2	6	Under contract - awaiting site start	6				
RENT	Rural Lewis	Rural Lewis- Gravir	4	Land acquisition & tender - legals engaged		4			
RENT	Stornoway	Melbost West	12	Melbost West to be progressed		12			
RENT	Harris	Scott Road	22	Planning restarted following Hydrology Study			22		
RENT	Uist	North Uist - Grimsay	8	Planning permission WIP - on hold			8		
RENT	Rural Lewis	Rural Lewis- Bernera	4	Land acquisition - legals engaged			4		
RENT	Uist	Benbecula Low Flyer	4	To progress alongside Grimsay tender			4		
RENT	Uist	South Uist	6	Possible Iochdar Site			6		
RENT	Rural Lewis	Cross Skigersta Road	8	Developer led - planning in place. Cost review underway			8		
RENT	Rural Lewis	Point (Knock)	4	Full fesibility study received - additional planning review				4	
HWEC	Barra	Barra HWEC	10	Initial Assessment					10
		Total Units	172		44	29	52	4	10

Note 1: A revised Development Plan was consulted on with tenants as part of the Business Plan consultation.

Note 2: Schemes have been highlighted in green to show where there are differences in unit numbers to the current draft SHIP.

Note 3: The difference between the "Total Units" and the sum across financial years is the 33 homes at Blackwater which was completed in the 2024/25 financial year.

Table 1.3 – Draft CNES Strategic Housing Investment Plan February 2025

The following is a copy of the SHIP that went to Comhairle committee in February 2025.

Comhairle Nan Eilean Siar - Strategic Housing Investment Plan 2025/2026 to 2029/2030

				Tenure				YR OF PROJECT COMPLETION (TO BE INCLUDED IN SHIP)					Estimated grant draw down from RPA (£Ms)				
Project name	Area	Programme	Client	Social Rent	MMR	LCHO	Total Project Units	2025/26	2026/27	2027/28	2028/29	2029/30	2025/26	2026/27	2027/28	2028/29	2029/30
Stornoway, Blackwater	Lewis	AHSP	HHP	72			72	72									
Leverburgh	Harris	AHSP	HHP	12			12	12					0.900				
Rubha Bhuailt	South Uist	IHF	TIG			10	10	10									
Grimsay	North Uist	AHSP	HHP	8			8	8					1.180				
Barra, Cleit Road ph2	Barra	AHSP	HHP	6			6	6					1.100				
Winfield Way	Benbecula	RAKWF	TIG	5			5	5									
Open market purchases		RAKWF	TIG	4			4	4									
OTS - Stornoway	Lewis	IHF	TIG	1			1	1									
OTS - Bayhead , N Uist	North Uist	IHF	TIG	1			1	1									
OTS - Stornoway	Lewis	IHF	TIG	1			1	1									
Stornoway, Airport site ph1 - PSR	Lewis	AHSP	PD			16	16		16				0.900	0.380			
Stornoway, Airport site ph1	Lewis	IHF	TIG			6	6		6								
Gravir, South Lochs	Lewis	AHSP	HHP	4			4		4					0.600			
Bernera, Breaclete Glebe	Lewis	AHSP	HHP	4			4		4					0.600			
Miavaig	Harris	IHF	Community	2			2		2								
Tarbert, Scott Road	South Uist	AHSP	HHP	12			12			12				0.200	1.950		
Leanish - PSR	Barra	AHSP	PD			7	7			7				0.490			
Daliburgh, CoS site	South Uist	IHF	TIG	6			6			6							
Iochdar	South Uist	AHSP	HHP	6			6			6							
Cross Skigersta Road	Lewis	AHSP	HHP	4			4			4						0.600	
Balivanich, Low Flyer	Harris	AHSP	HHP	4			4			4					0.600		
Galson Trust	Lewis	IHF	Community	4			4			4							
Stornoway, Melbost	Lewis	AHSP	HHP	20		4	24				24			0.800	2.100		
Point	Lewis	AHSP	HHP	8			8				8				1.200		
Tarbert, Scott Road ph2	Harris	AHSP	HHP	14			14				14				0.500	2.000	
Carinish, CofS	North Uist	IHF	TIG	2			2		2								
							0										
							0										
							0										
			Sub-totals	**200**	**0**	**43**	**243**	120	34	43	46	0	4.080	3.070	6.350	2.600	0.000

PROJECT UPDATES

APPENDIX 2

Current Development Projects 2024/25

Scheme	Area	Units	Stage	Expected Handover	Comments by exception
Lochmaddy	Uist	8	Completed	Apr-24	-
Blackwater	Stornoway	72	On Site	Feb-26	33 homes handed over in November 2024.
Leverburgh	Harris	12	On Site	Oct-25	The contract has started on site in July 2024.
Barra Ph 2	Barra	6	Planning Application	TBC	MIB has submitted planning application in December 2024.

Future Development Projects: Reporting as per Development Plan approved March 20204

YEAR	Scheme	Area	Units	Demand (Transfer/Waiting)*	Comments by exception
2025/26	Rural Lewis – Bernera	Rural Lewis	4	0/4	Land transaction being progressed.
	Grimsay, North Uist	Uist	8	4/15	Due to landowner disagreements, planning application now on hold. Site in crofting.
2026/27	Point	Stornoway Market Area	4	2/15	Site at Seaview, Knock, full feasibility study concluded with further planning advice requested following NP4 requirements.
	Gravir	Rural Lewis	4	2/7	Board agreed to take this site to tender. Harper Macleod engaged to pursue land transaction before taking a tender forward.
	Benbecula – Low Flyer	Uist	4	10/25	To be tendered alongside the site at Grimsay.

PROJECT UPDATES APPENDIX 2

YEAR	Scheme	Area	Units	Demand (Transfer/Waiting)*	Comments by exception
2027/28	Scott Rd	Harris	24	4/29	Planning application being prepared incorporating Hydrology study recommendations.
	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.
	South Uist	Uist	6	4/24	A potential site is being explored at Iochdar.
	Cross Skigersta Road	Rural Lewis	4	1/16	This site currently has planning permission and is a developer led site. We have received updated costs that are undergoing a cost review.
2028/29	Stornoway Regeneration	Stornoway	12	89/217	Following 2 public consultation events as part of the major development process, we are awaiting quotes and funding sources to take this site to planning application.

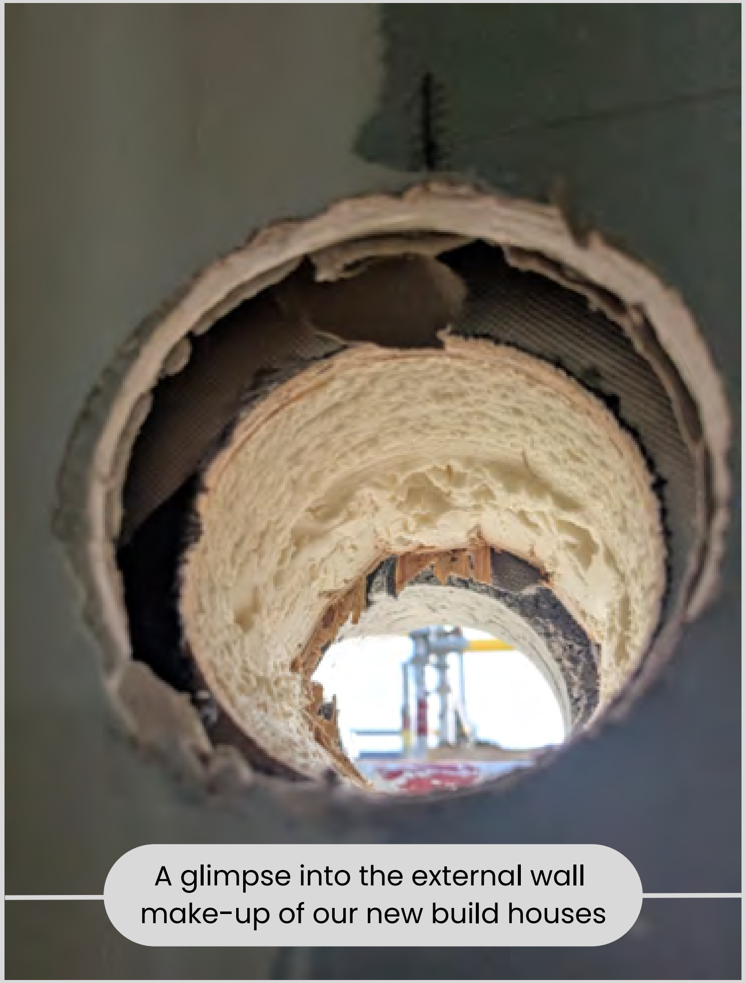
*demand figures as at 1 January 2025.

Appendix 3

Upgrading work to footpath in front of Newmarket Playpark

An Allt Dubh Blackwater (CalMax)

Leana an Sruith, Leverburgh
(Alex Murray)



A glimpse into the external wall make-up of our new build houses

Rathad Na Ceardaich – Ph 2 (Macinnes Bros)