B U I D H E A N N   T I G H E A D A S L O C H   A I L L S E   A G U S   A N
E I L E I N   S G I T H E A N A I C H   L T D
L O C H A L S H   A N D   S K Y E   H O U S I N G   A S S O C I A T I O N

BUSINESS PLAN

2024/2029

CONTENTS

1. INTRODUCTION

1.1 Buidheann Tigheadas Loch Aillse agus an Eilein Sgitheanaich Limited, also known as Lochalsh and Skye Housing Association (LSHA), was set up in 1983 as an independent non-profit making housing organisation to develop, manage and maintain housing for rent, for those unable to meet their needs in the open market. Since that time there has been significant growth in the size and geographical spread of the Association's own housing stock within Skye and Lochalsh and the range of housing options and related services we provide to meet the needs of a wide range of clients and communities.

1.2 We have invested significant resources in the provision of new housing in Skye and Lochalsh and our current rented housing stock of more than 818 properties, generating an annual rental income in the region of £4.5 million in 2024-25, plus 19 shared ownership and 91 shared equity properties.

1.3 A voluntary Board provides oversight and strategic direction for the Association and we directly employ 48 members of staff. Our main activities include:-

- Affordable housing for rent
- Affordable housing for low cost home ownership (LCHO)
- Care and Repair Services
- Handyperson Services
- Technology Enabled Care Services
- Disabled Adaptations
- Property and Technical Services
- Project Management Services
- Factoring Services
- Energy Advice Services

1.4 In addition to its role in addressing housing market inequality and poverty, LSHA is a community anchor contributing towards the regeneration and resilience of communities of place and interest, and making a positive contribution towards protecting and improving the social, economic, health and cultural well-being of the whole community. Our activities are designed to assist the Scottish Government, The Highland Council and other key bodies in society, like the NHS achieve their strategic objectives.

1.5 The Association is registered with the following:-

- The Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, No. 2132 RS
- The Scottish Housing Regulator as a Registered Social Landlord, No. 324
- The Office of the Scottish Charity Regulator as a Charity, No. SC038019
- The Scottish Government as a Property Factor No. PF 000139
- Information Commissioner’s Office, Registration Reference Z6024339

The Association operates under Rules based on the Scottish Federation of Housing Associations’ Charitable Model Rules (Scotland) 2020.

2. CHAIRPERSON'S FOREWORD

2.1 Lochalsh and Skye Housing Associations' Business Plan 2024-2029 is a continuation of the previous year's strategic plan. With the recent departure of the previous Chief Executive, the appointment of an Interim and progressing with the recruitment of a new post holder, one of the Board's intentions this year is to maintain stability in these challenging times. However, we are of course still an organisation with serious ambitions, and we have set out in this plan what we want to achieve for the people we serve and how we will go about undertaking it.

2.2 What is also certain is that the financial climate will become more difficult for us all. We know that we will have to continue to take a resilient approach, adapting to any changes but providing an excellent, cost-effective service to all our tenants and service users remains an absolute top priority.

Ian H. Young

Chairperson, Lochalsh and Skye Housing Association

3. DRIVERS FOR CHANGE

3.1 We have carried out an extensive analysis of our current working environment, drawing from internal reviews and working groups, plus key documents like the Highland Housing Needs and Demand Assessment (HNDA) and strategic direction from the new Highland Local Housing Strategy and Scottish Government policy, e.g. SHQS (especially SHNZS), NPF4, National Islands Plan, and Housing to 2040. In terms of the Housing Association's next five years and beyond the following headlines set the scene:

- The lack of affordable housing in Skye and Lochalsh is significant and persistent.
- LSHA has made significant progress towards understanding housing needs at a local level, for a range of special needs and also the economy.
- We have to build or help facilitate the new supply identified in the 2021 HNDA and the Highland Local Housing Strategy 2023-28.
- The pandemic and economic stress have taught us that we must modernise how we deliver services: make them more person centred, accessible remotely, and robust in the face of future shocks.
- The climate crisis, fuel poverty and Social Housing Net Zero Standard (SHNZS) are complex and sometimes contradictory challenges, need investment and may cost more than it benefits tenants, and difficult for a small dispersed rural association.

A detailed analysis is contained in **Appendix 4** "Environmental Assessment".

4. KEY PRINCIPLES

4.1 **The Key Principles which support our Strategic Objectives are:-**

- To be a customer centred landlord, placing the needs of tenants and other stakeholders at the centre of what we do;-

- To make sure housing costs are affordable for our client groups;

- To help create balanced, successful and sustainable communities through the provision of housing that best meet local needs;

- For the Association to be a learning, efficient, effective and growing organisation;

- To be an excellent employer and to maximise staff potential through empowerment, and investing in training and development;

- To promote effective tenant involvement and ensure that tenants understand what we do, and influence service provision, policies and procedures that affect them;

- To foster a culture which commits to:-

  - treat everyone fairly, equally and sensitively
  - be courteous, friendly and efficient
  - be as open, informative and accessible as possible whilst respecting confidentiality
  - strive to continuously improve our service standards;
  - listen to our customers and act on their feedback; and
  - be open about our performance and our plans.

- To collaborate with all our stakeholders to help achieve our aims and objectives.

- To embrace our wider, community anchor role, improving and protecting the environment, economy, health and well-being of our tenants and the communities we serve.

5. PURPOSE, MISSION AND VISION FOR LSHA

5.1 Originally created in 2022, the Board reaffirms the relevance and necessity of the mission, visions and objectives set out in this Business Plan. The communities, public bodies and enterprises that Lochalsh and Skye Housing Association provides for and supports need more of what we do best, in new affordable housing, being a good landlord and investing in making our existing housing stock fit for the 21st century. LSHA also needs to innovate to address serious dysfunctionality and gaps in the housing market. A broad description of our purpose and mission follows, along with a three stage vision, starting with the current business plan period but also sketching out where we would want to be in 30 years. The Board sees the first five years (of which this Business Plan forms a part) being primarily about modernising our services and processes, driving efficiency into the business and building the financial capacity to invest and expand over 30 years. We will be building on the services we provide already, but in parallel, LSHA will work with communities of place and interest to innovate around current problems in housing, to develop new housing and service models for Lochalsh and Skye, and plan for their implementation over the next five years:-

MISSION

"Everyone has the right to a safe, well-maintained, warm place to live, and a secure and affordable home is at the heart of a civilised, caring society. To address the need for affordable housing and support, we give people dignity and equitable access to a home and key services that allow them quality of life. We want our contribution to shape balanced, sustainable and thriving communities, and improve health and well-being, education, economy, disposable income, inclusion, place and the environment across Lochalsh and Skye."

VISION TO 2028

"We will have worked with our communities to understand what housing and services they need to thrive. We will have developed bespoke solutions designed around these needs, and acquired developable land to support delivery. We have homes that are safe, well-maintained, and locally affordable. We are a proactive and agile organisation, and our people strategy is designed and resourced to put our tenants and other stakeholders at the centre of what we do. Our services are inclusive and accessible, and can demonstrate the benefits of social investment. We will be a centre of excellence for construction and related trades, delivering green technologies and helping to retain the younger generation. We will have increased the supply of affordable housing solutions at an affordable cost."

VISION TO 2033

"All our tenants will have a warm, affordable home. Through our digital and people strategies we will have achieved optimum efficiency with 100% of our services accessible 24/7 on multiple channels, and our resources to an empowered, customer centric and locational frontline. We are actively involved in helping communities of place and interest achieve their visions. We will have developed and delivered in partnership with the Council, NHS and third sector, supported housing models for a range of needs including older people."

VISION TO 2053

"In partnership with our tenants and customers, we will have substantially addressed the variety of housing needs in the communities of Lochalsh & Skye, and its housing market. We will be supporting the wider community through a range of complimentary services to address unmet needs, allowing people to live in homes longer and with dignity."

Our Strategic Themes and Objectives

The Association will turn the 2028 vision into reality through the following strategic themes and the objectives that flow from them.

Strategic Themes	Objectives
1. Resilient LSHA	Become a more efficient, digitally mature landlord, with digital tenant access, developed with their input.
2. New Homes	To build more affordable homes, in the right places, and improve tenure choice.
3. Communities	Understand the housing ambitions of our communities, engage with them in identifying critical issues, i.e. retaining young people, and adapt our plans to deliver local needs.
4. Fuel Poverty & Climate Change	Reduce fuel poverty and contribute to mitigating or adapting to climate change.
5. People Development	Maximise staff and Board member potential and satisfaction through a people investment strategy, and the skills and capacity to deliver affordable warmth and housing quality.
6. Influencing & Collaborations	Engage with government, sector policy makers, and our partners to increase the understanding of Lochalsh and Skye's needs and support for solutions.

6. OPERATIONAL OBJECTIVES

6.1 DELIVERING OUR STRATEGIC OBJCTIVES

Table 1 below sets out the actions and projects that will deliver our strategic objectives.

STRATEGIC OBJECTIVE THEME	STRATEGIC PRIORITIES (Target Year(s))

Financially and Organisationally Resilient
 	
Become a more efficient, digitally mature landlord, with digital tenant access, developed with their input.
 	
Lead: Director of Finance & Corporate Services.
 	
Supporting role: Technical Manager
	• Develop a digital strategy (2024-25)
	  o undertake process mapping and digital roadmap creation (2024)
	  o establish a tenant/customer platform and app (2025)
	  o review internal systems (2024)
	  o implement a document management system (2024-25)
	• Redesign ways of working for a customer centric model (2024-26)
	  o Bring the tenant voice into decision making, through Tenant Participation Strategy (2023-2026)
	  o develop support services and a relational approach to tenant services (Review of Tenancy Sustainment Strategy 2024-26)
	  o develop locational service delivery (Increased community outreach delivered 2023-2024. Continue to expand or monitor provision 2024-26)
	• Create a comprehensive technical services function (2026-27)
	  o Extend skills and services into ASHP installation and maintenance
	  o Explore sharing services with The Highland Council and other public bodies for commercial income streams, e.g. Technical Services, Clerk of Works where feasible, without compromising LSHA core service delivery.
	• Explore alternative income and funding streams, e.g. from local businesses/contractors offering community

	benefit and other external grant funds (2026-27)

More homes
 	
To build more affordable homes, in the right places, and improve tenure choice.
 	
Lead Officer(s): Development Manager
	• Secure a five year development programme (2024-29)
	   o Build funding capacity to support the programme (2024-29)
	   o Secure land supply and develop a land bank (2024-29)
	• Innovate and research housing models with partners to address gaps in provision (2026-27)
	   o Develop an optimum house type for maximum cost-effectiveness of construction and long-term asset management investment, tenant affordability, functionality and comfort e.g. (2027)
	   o Explore and design new supported housing models (care campus for older people, dispersed Foyer for younger people, options for other health needs and disabilities (2026-27)
	• Carry out feasibility into off-site construction, based in Skye and Lochalsh (2025-2026)
	• Explore a wider range of housing market interventions, e.g. self-build, MMR, open market sale (2024-26)
	• Engage with government to renew use of lead tenancies and RHOGS (2024-26)

Communities
 	
Understand the housing ambitions of our communities, engage with them in identifying critical issues, ie. retaining young people, addressing special needs, and adapt our plans to deliver local community needs.
 	
Lead Officer(s): Tenant Engagement & Support Manager
	• Develop a community engagement & research strategy (2024-29)
	   o To understand communities' aspirations (2024-6)
	   o Explore opportunities for LSHA wider role/provision of community services (2024-26)
	• Ensure security of long-term funding for care and repair and handyperson services (2024-29)
	• Develop a community-based approach to Climate Change (2024-29)
	   o Engage with Skye Climate Action on tenant projects/initiatives (delivered 2023)

Fuel Poverty & Climate Change
 	
Reduce fuel poverty and contribute to mitigating or adapting to climate change.
 	
Lead Officer(s): Technical Manager
	• Develop a funded energy and fuel poverty strategy focused on affordable warmth (2024-28)
	   o explore alternatives to THTC (2024-28)
	   o deliver on SHNZS where compatible with affordable warmth (2024-28)
	   o Options appraisal for difficult to heat stock, with disposal strategy if necessary (Asset Management Strategy review 2024-25)
	• Develop an Environmental Sustainability Governance (ESG) Strategy (2026-27)
	   o Reduce the carbon footprint of the corporate estate (2026-27)
	   o Work with partners on waste reduction and the circular economy (2024-28)
	   o Work with Skye Climate Action on climate mitigation and adaptation (delivered 2023-24)

Develop our People
 	
Maximise staff and Board member potential and satisfaction through a people investment strategy.
	• Create a People Strategy for skills and development, a positive and empowering learning culture and supported workforce. (ongoing implementation 2023-24)
	   o Offer a variety of work experience and career opportunities through People Strategy (2024- 26)
	   o support staff volunteering (2024-28)
	   o support professional development (training,

Lead Officer(s): Chief Executive Supporting role: Human Resources Manager	networking, study) (2024-28) ○ introduce a value, reward and recognition scheme (2026-27) ○ carry out a skills audit and increase multi-skilling with staff having tools and equipment to do their job (2024-26) ○ support staff wellbeing (flexible working, check-ins, support for change management) (2024-28) ○ Revised succession planning (2024-25) ○ Provide a programme of support, training and development for Board Members including succession planning and recruitment (2024-2026) ○ develop management skills, focusing on a mentoring and coaching approach (2023-28)
Influencing & Collaborations Engage with government, sector policy makers and our partners to increase the understanding of Lochalsh and Skye's needs and support for solutions. Lead Officer(s): Chief Executive	• Raise our profile and level of influence at a local, regional and national level ○ undertake annual stakeholder mapping exercise (with action plan) ○ promote LSHA and its knowledge and experience, as a regional exemplar (2024-28) ○ prioritise policy areas to influence (e.g. affordable warmth & SHNZS, health & social care, environment, place making & planning, housing standards, economic development, Gaelic language) (2024-28) • Develop the concept of Place Pioneer and LSHA's role in delivery (2024-28) ○ actively build better relationships, coalitions and partnerships. (2024-28)

7. FINANCIAL PLANNING

7.1 The continuing economic impact of high inflation and interest rates, and increasing concerns about climate change have made the current operating environment very challenging. Despite these challenges, the Association continues to pursue a business model designed to achieve financial resilience and capacity over the life of the current Strategic Plan. Strategically that includes understanding changing roles and opportunities for a 21st century housing association, and how that translates into supporting LSHA's purpose in the future. Two elements of that purpose pose a challenge to the Financial Plan for 2024-29 (attached as Appendix 1): the provision of affordable warmth and ensuring rents remain affordable over the long term.

7.1.1 Energy, Fuel Poverty and Asset Management

With an effective in-house maintenance resource, we are confident that we have the capacity for standard component replacement, improving stock quality, and holding high levels of tenant satisfaction. With SHNZS targets up in the air we are focused on alternative ways of achieving affordable warmth and this will be LSHA's priority in the early part of the business plan period, including investments in fabric first improvements to some of our poorest performing properties. The Interim Asset Management Strategy is attached as **Appendix 2**.

7.1.2 **Rent Affordability and Value for Money**

Our most recent tenant satisfaction survey from 2022 reported that most tenants feel their home is value for money (89.3%). However, the rent consultations from 2023 and 2024 reflect that perceptions vary widely on this, especially in relation to affordability and expectations around property modernisation investment. While our peer group comparisons show that LSHA average rents are on the lower end of the scale for remote, rural social landlords of similar stock sizes and our internal modelling of affordability measures can give assurance, the cost of living crisis has created significant financial pressures and challenged tenants' feelings on how affordable rents are. Low incomes, insecure or seasonal work, fuel poverty and fuel rationing are also affordability issues, and a significant number of our tenants struggle to pay their heating and energy costs. At this point, with continuing economic volatility, and the Association facing a significant level of investment to meet SHNZS, it is not financially responsible to move from CPI + 1% as our long term rent inflation assumption in this plan. However we recognise that rent affordability is compromised in the longer term if we do nothing. Through modernisation objectives and greater efficiencies through growth, the plan should deliver additional capacity to reconsider this position in the future.

In the short term, the most impactful thing we can do to ensure affordability is address fuel poverty through investment in our interim Asset Management Strategy to deliver affordable warmth. The experience of the pandemic and concerns about fuel poverty suggest we can and must improve the services we deliver and demonstrate value for money more effectively.

7.1.3 **Development & Innovation**

Our communities of place and interest, and our strategic partners, including the Scottish Government have made it clear that for our area, and our region, we are an important vehicle for new affordable housing supply, and for innovation in service delivery. There are no other developing associations in Skye and Lochalsh. This responsibility comes with risk and a call on resources, which is covered in the Development Strategy (attached as **Appendix 3**). In this plan period government and lenders are willing to provide sufficient capital for LSHA to deliver its planned programme, and the Financial Plan confirms we have the financial capacity.

7.1.4 **Financial Planning for Resilience**

The Financial Plan has been built up in an iterative way, with significant input from the Board and key departmental functions like Asset Management and Development. The Financial Plan reflects key elements of the Business Plan by reference to the Development Strategy, Asset Management Strategy and key strategic objectives outlined in the Business Plan. The ability of the Financial Plan to withstand sudden or systemic shocks has been critical in determining the priority given to ambitions, options, and objectives. With the current economic circumstances in mind, the Board has considered a range of options and approved a Financial Plan which focuses on financial resilience and capacity, while responding to the critical strategic challenges around Value for Money, Energy, Fuel Poverty and Asset Management.

7.1.5 **Stress Testing & Scenario Planning**

The Association recognises that its plans must be flexible enough to allow for changes which may largely be outwith the control of the Association. The Strategic Risk Register identifies a range of “actions” to be considered in the event that anticipated risks materialise. In addition, the Association’s Financial Plan covers a range of scenarios which give consideration to the key financial risks that may arise and measures their financial impact on the baseline case.

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED

LOCHALSH AND SKYE HOUSING ASSOCIATION

FINANCIAL PLAN 2024-2029

SUMMARY FINANCIAL PLAN 2024 - 2054

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED

LOCHALSH AND SKYE HOUSING ASSOCIATION

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Lochalsh and Skye Housing Association
Finance Scorecard, projected for the five-year financial plan period 2024 - 2029

Strategic Finance Measure

Sustainability

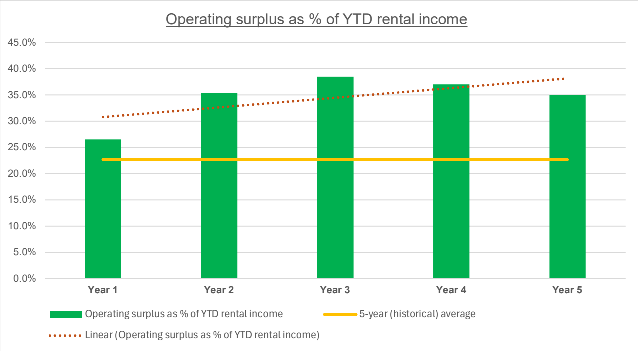
		5 year avg	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Operating surplus as % of YTD rental income		22.7%	23.7%	26.5%	35.4%	38.5%	37.0%	35.0%
Operating surplus as % of YTD total income		16.5%	15.0%	16.5%	21.7%	23.2%	23.2%	22.7%
Staff costs as % of rental income		54.9%	44.2%	48.4%	47.6%	45.4%	43.2%	41.5%
Debt per unit			£ 28,556	£ 30,793	£ 32,416	£ 34,632	£ 37,077	£ 37,082

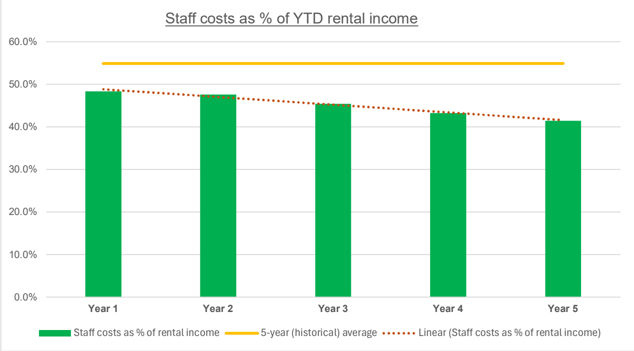
Covenant Compliance

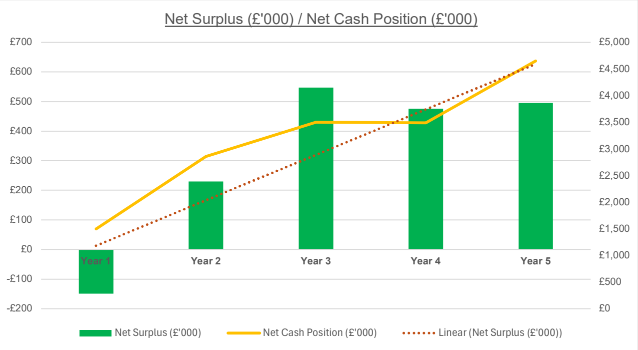
		Current	Year 1	Year 2	Year 3	Year 4	Year 5
Interest Cover	>110%	☑	143.9%	175.3%	204.4%	191.2%	195.8%
Gearing	<28%	☑	20.9%	21.1%	20.9%	21.4%	21.4%
Debt Service	>110%	☑	166.3%	181.2%	178.7%	168.9%	164.5%
Security		☑					
Negative Pledge		☑					

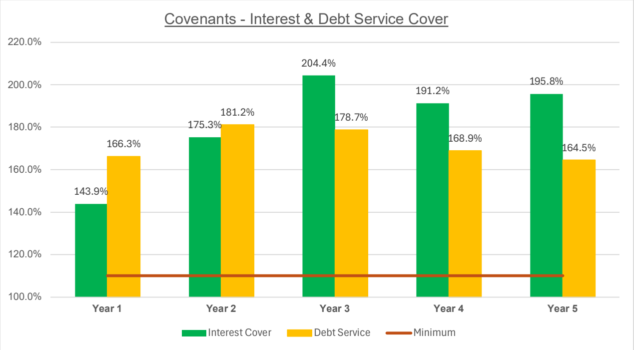
Lochalsh and Skye Housing Association
Finance Scorecard, projected for the five-year financial plan period 2024 - 2029

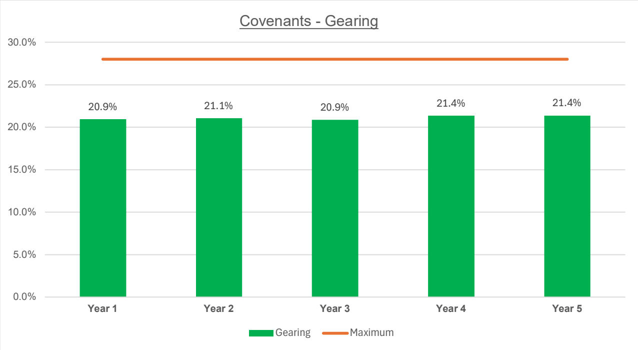
Charts

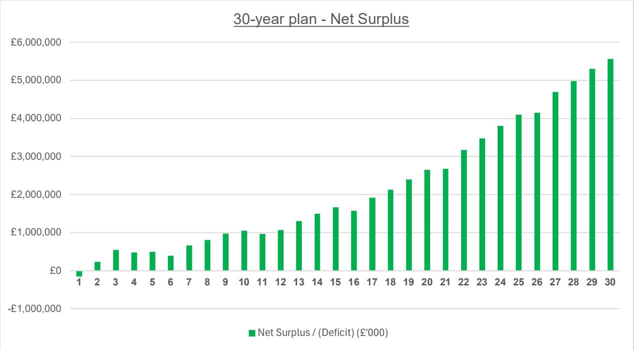


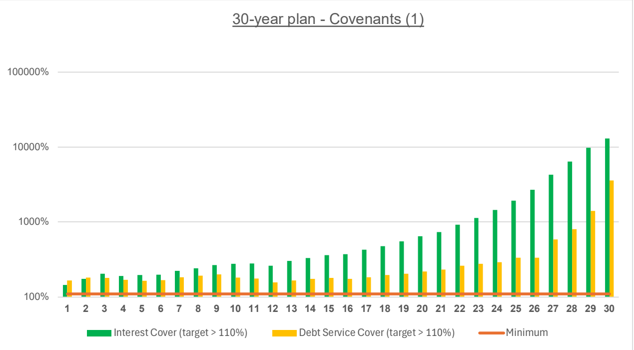


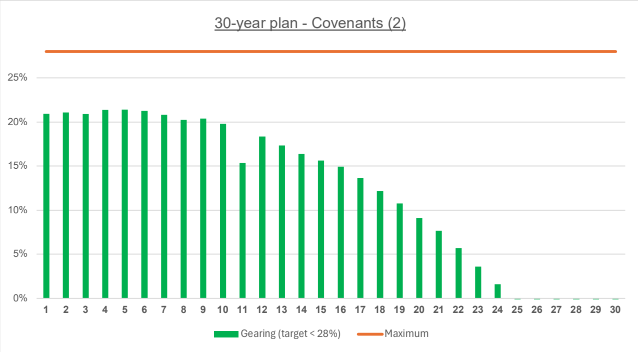












FINANCIAL PLAN 2024 ==> 2054 : BASELINE ASSUMPTIONS

GENERAL ASSUMPTIONS

1 This financial plan has been prepared in detail for a 5 year period commencing 1 April 2024.

2 Year one represents the Association's approved budget for 2024/25

3 Income is shown net of VAT. Expenditure includes VAT except those few instances where the VAT is recoverable

4 Inflation, price increases and interest rates are assumed as follows

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
General increase/CPI (Sept 2023 = 6.1%)	5.98%	3.19%	2.19%	2.00%	2.00%	2.00%
Salaries increase	6.00%	3.29%	2.29%	2.10%	2.10%	2.10%
Bank Rate	5.19%	4.25%	3.26%	3.20%	2.80%	2.80%

RENT INCOME

5 **Rents**

The annual rental income is based on the rents chargeable from 1 April 2023 with new properties coming on stream in line with the Development Plan. Annual rent increases across the period of the plan are shown below.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Annual increase (CPI+1%)	7.7%	4.2%	3.2%	3.0%	3.0%	3.0%
Rent income	£ 4,509,366	£ 4,819,170	£ 5,204,511	£ 5,596,733	£ 5,959,690	

6 **Service Charges**

Service charges are based on the full recovery of estimated costs. Annual increases have been applied in line with the increase in rents.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Annual increase in service charges	7.7%	4.2%	3.2%	3.0%	3.0%	3.0%
	£ 68,463	£ 71,351	£ 73,627	£ 75,836	£ 78,111	

7 **Shared Ownership Management Charges**

Management charges for shared ownership properties are based on the full recovery of estimated costs. There are no proposals to increase the charges over the next 5 years.
It is estimated that 1 of our shared ownership properties will be sold each year and that this income will gradually diminish over the next 20 years until all the properties have been sold

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Annual increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	£ 2,220	£ 2,100	£ 1,980	£ 1,860	£ 1,740	

GRANTS FROM THE SCOTTISH GOVERNMENT, HIGHLAND COUNCIL AND OTHER INCOME

8 **Release of Deferred Housing Grants**

Grants received for the construction and acquisition of housing properties are deferred and released as income in annual instalments over the life of the properties concerned.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Social Housing Grant	£ 1,502,310	£ 1,670,821	£ 1,899,143	£ 2,038,049	£ 2,079,723	Based on future development
Other Housing Grants	£ 56,156	£ 56,156	£ 56,156	£ 81,156	£ 94,156	
	£ 1,558,466	£ 1,726,977	£ 1,955,299	£ 2,119,206	£ 2,173,879	

9 **Project Management Fees**

Internal fees for years 1 to 5 are taken from the Development Plan and are based on the amount required to operate the plan with an annual allowance for inflation.
External fees for years 1 to 5 are based on fees receivable for projects managed for external organisations with an annual allowance for inflation.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Internal fee income	£ 135,417	£ 214,750	£ 260,984	£ 208,936	£ 105,121	£ -
External fee income	£ -	£ 11,280	£ 53,580	£ -	£ -	£ -
	£ 135,417	£ 226,030	£ 314,564	£ 208,936	£ 105,121	

10 **Care & Repair Administration Grant**

Care and Repair is funded by Highland Council in line with the agreed Care & Repair Agency Agreement.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
THC admin grant	£ 62,802	£ 62,802	£ 62,802	£ 62,802	£ 62,802	
Drawing Fees	£ 4,000	£ 4,000	£ 4,000	£ 4,000	£ 4,000	£ -
	£ 66,802	£ 66,802	£ 66,802	£ 66,802	£ 66,802	

11 **Shared Equity Admin Allowance**

The anticipated number each year and the level of allowance is assumed to be as follows:-

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Target	6	6	6	6	6	6
Grant	£ 500	£ 516	£ 527	£ 538	£ 549	Annual inflation
Total	£ 3,000	£ 3,096	£ 3,162	£ 3,228	£ 3,294	

12 **Disabled Adaptation - Admin Grant**

The target for each of the years covered and the revenue generated is shown below. Annual increases for years 6 to 30 have been estimated using our general assumptions on inflation (see above).

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Gross expenditure	£ 100,000	£ 100,000	£ 100,000	£ 100,000	£ 100,000	Annual inflation
Admin grant included above	10%	10%	10%	10%	10%	10%
Total admin grant	£ 9,091	£ 9,091	£ 9,091	£ 9,091	£ 9,091	

13 **CDM Coordinator Fees**

Years 1 to 5 are taken from the Development Plan.

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
	2024/25	2025/26	2026/27	2027/28	2028/29	2030 to 2054
Internal fee income	£ 76,960	£ 74,848	£ 84,403	£ 50,960	£ 33,443	£ -
External fee income	£ -	£ 3,525	£ 14,100	£ -	£ -	£ -
	£ 76,960	£ 78,373	£ 98,503	£ 50,960	£ 33,443	£ -

14 Clerk of Works Fees

Years 1 to 5 are taken from the Development Plan.

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Internal fee income	£ 101,563	£ 161,062	£ 195,738	£ 156,702	£ 78,841	£ -
External fee income	£ 7,601	£ 6,267	£ 29,767	£ -	£ -	£ -
	£ 109,163	£ 167,329	£ 225,504	£ 156,702	£ 78,841	£ -

15 Factoring Fees

The fees are set annually by the Association and assumed increases based on CPI plus 1%.

For details see the factoring database

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Number of properties	100	102	104	106	108	
Average charge (prior year avg adjusted for inflation)	117	121	124	126	129	Annual inflation
	£ 11,723	£ 12,338	£ 12,856	£ 13,365	£ 13,890	

16 Handyperson Income

The Handyperson Service secures its income on a year by year basis. Year 1 assumes £30k/qtr funding uplift

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
NHS grant	£ 236,197	£ 236,197	£ 236,197	£ 236,197	£ 236,197	
THC grant	£ 47,078	£ 47,078	£ 47,078	£ 47,078	£ 47,078	£ -
Total	£ 283,275	£ 283,275	£ 283,275	£ 283,275	£ 283,275	

17 Energy Advice Income

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29
EPCs	£ -	£ -	£ -	£ -	£ -
Grant income	£ -	£ -	£ -	£ -	£ -
Total	£ -	£ -	£ -	£ -	£ -

18 Commercial and Other Rents

Offices Bridge Road, Portree - £19,250 p.a. Tech Services Store - £7,000 p.a. 5 Station Road, Kyle - £10,500 p.a. Main Street Kyle Unit 1 - £5,400 p.a.

Main Street Kyle Unit 2 - £7,500 p.a.

Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
£ 49,650	£ 51,234	£ 52,356	£ 53,403	£ 54,471	Annual inflation

19 Property Management Fees

Income is received for managing properties on behalf of other organisations as follows:

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
LINK (12 Properties) £8,373 p.a						
Total	£ 8,373	£ 8,640	£ 8,829	£ 9,006	£ 9,186	Annual inflation

20 Renewable Heat Incentives

Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
£ 105,263	£ 85,348	£ 53,156	£ 31,019	£ 25,747	Per RHI schedule

21 Other income from Energy

Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
£ -	£ -	£ -	£ -	£ -	£ -

22 Other Income not included elsewhere

Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
£ -	£ -	£ -	£ -	£ -	£ -

23 Income for Projects and Services Carried out on Behalf of Other Organisations

See Note 37 below for corresponding expenditure

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
The Highland Council - Care & Repair Grants	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ -
The Highland Council - Housing Projects	£ -	£ -	£ -	£ -	£ -	£ -
	£ 300,000	£ 300,000	£ 300,000	£ 300,000	£ 300,000	£ -

24 Gains/Losses on disposal of assets

This is based on an assumption of gains arising on 1 outright shared ownership sale each year and losses arising from the disposal of housing components which are being replaced as part of the Association's asset management strategy .

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 11 2030 to 2054
Gains on shared ownership sales	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ 50,000
Less losses on disposal of components	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ 50,000
	£ -	£ -	£ -	£ -	£ -	£ -

25 Bank Interest Receivable

This is an amalgamation of all interest earned by the association and assumes an average interest rate equivalent to the prevailing bank base minus 0.5%.

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Base rate	5.19%	4.25%	3.26%	3.20%	2.80%	2.80%
Deposit rate - Aggregator (70% base rate less fees)	3.41%	2.75%	2.06%	2.02%	1.74%	1.74%
Deposit rate - RBS (25% base rate)	1.30%	1.06%	0.82%	0.80%	0.70%	0.70%
	£ 65,232	£ 34,284	£ 46,365	£ 51,729	£ 54,569	

EXPENDITURE

26 Salaries & Associated Costs

Basic Assumptions	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Overtime	0%	0%	0%	0%	0%	0%
Employers NI (average rate)	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%
Pensions Care 1/80th	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%
Pensions - other	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29
Salaries	£ 1,792,444	£ 1,882,192	£ 1,939,021	£ 1,983,647	£ 2,025,303
Employer's NI Costs	£ 237,429	£ 249,318	£ 256,847	£ 262,758	£ 268,276
Pensions - Defined Contribution Scheme	£ 17,273	£ 17,941	£ 18,453	£ 18,872	£ 19,268
Pensions - Defined Benefit Scheme	£ 146,429	£ 155,581	£ 160,174	£ 163,828	£ 167,269
Pension Deficit Contributions	£ -	£ -	£ -	£ -	£ -
Provision for accrued holiday pay	£ 4,175	£ -	£ -	£ -	£ -
Total salary costs	£ 2,197,750	£ 2,305,032	£ 2,374,494	£ 2,429,104	£ 2,480,116

Total salary costs include the following amounts which relate to Direct Labour and other salaries that have been allocated to other account areas:

Year 1	Year 2	Year 3	Year 4	Year 5
£ 597,706	£ 678,460	£ 693,967	£ 707,827	£ 722,678

27 Recruitment Costs

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
	£ 12,200	£ 5,389	£ 5,507	£ 5,617	£ 5,729	Annual inflation

28 Other Staff Costs

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
	£ 37,155	£ 1,548	£ 1,582	£ 1,614	£ 1,646	Annual inflation

29 Staff Travel & Subsistence

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
	£ 14,000	£ 14,447	£ 14,763	£ 15,058	£ 15,359	Annual inflation

30 Motor Vehicles

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Vehicle costs	£ 184,391	£ 189,915	£ 194,077	£ 197,948	£ 201,914	Annual inflation

The totals above include the following amounts which relate to Direct Labour and have been allocated to other account areas:

£ 99,279	£ 102,446	£ 104,690	£ 106,784	£ 108,919

31 Office Related Costs

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Office Rates/Water Charges	£ 2,500	£ 2,580	£ 2,640	£ 2,690	£ 2,740	
Rents payable	£ 31,000	£ 31,000	£ 31,000	£ 31,000	£ 31,000	
Office Repairs	£ 6,250	£ 6,450	£ 6,590	£ 6,720	£ 6,850	
Office Property Insurance	£ 3,080	£ 3,180	£ 3,250	£ 3,320	£ 3,390	
General Insurances	£ 29,250	£ 30,180	£ 30,840	£ 31,460	£ 32,090	
Telephone	£ 13,100	£ 12,140	£ 12,410	£ 12,660	£ 12,910	
Heat & Light	£ 22,000	£ 22,480	£ 22,970	£ 23,430	£ 23,900	
Postage	£ 4,000	£ 3,681	£ 3,572	£ 3,458	£ 3,354	
Stationery	£ 8,500	£ 8,770	£ 8,960	£ 9,140	£ 9,320	
Printing	£ 1,500	£ 1,377	£ 1,340	£ 1,302	£ 1,264	
Publicity and Advertising	£ 1,000	£ 1,030	£ 1,050	£ 1,070	£ 1,090	
Equipment Repairs & Renewals	£ 500	£ 520	£ 530	£ 540	£ 550	
ICT Costs	£ 105,175	£ 107,598	£ 104,628	£ 76,672	£ 78,696	
Courses, Seminars, & Training	£ 11,000	£ 12,000	£ 12,000	£ 12,000	£ 12,000	
Conferences	£ 1,500	£ 1,500	£ 1,500	£ 1,500	£ 1,500	
Subscriptions	£ 26,000	£ 26,830	£ 27,420	£ 27,970	£ 28,530	Annual inflation
HHR - Admin	£ 7,500	£ 7,740	£ 7,910	£ 8,070	£ 8,230	
HHR -Other	£ -	£ -	£ -	£ -	£ -	
Board Costs	£ 7,600	£ 7,770	£ 7,940	£ 8,100	£ 8,260	
Community Engagement, Collaboration & Sponsorships	£ 2,500	£ 2,550	£ 2,610	£ 2,660	£ 2,710	
Tenant Participation	£ 14,000	£ 14,450	£ 14,770	£ 15,070	£ 15,370	
Office Cleaning	£ 2,800	£ 2,890	£ 2,950	£ 3,010	£ 3,070	
Handyperson costs	£ 10,000	£ 10,220	£ 10,440	£ 10,650	£ 10,860	
Health and Safety	£ 5,000	£ 5,110	£ 5,220	£ 5,320	£ 5,430	
Room Hire	£ 1,000	£ 1,030	£ 1,050	£ 1,070	£ 1,090	
Hospitality	£ -	£ -	£ -	£ -	£ -	
Compensation	£ 1,500	£ 1,550	£ 1,580	£ 1,610	£ 1,640	
Office Consumables	£ 3,500	£ 3,580	£ 3,660	£ 3,730	£ 3,800	
Bank charges	£ 13,500	£ 13,930	£ 14,240	£ 14,520	£ 14,810	
Covid 19	£ -	£ -	£ -	£ -	£ -	
Vat recoverable	£ (1,500)	£ (1,550)	£ (1,600)	£ (1,650)	£ (1,700)	

The totals above include the following amounts which relate to Direct Labour and have been allocated to other account areas:

£ 41,900	£ 43,020	£ 43,812	£ 37,703	£ 38,457

32 Professional Costs

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Consultancy	£ 25,000	£ 25,000	£ 25,000	£ 10,000	£ 10,000	
Audit & Accountancy	£ 20,160	£ 20,800	£ 21,260	£ 21,690	£ 22,120	Annual inflation
Legal Fees	£ 20,000	£ 20,640	£ 21,090	£ 21,510	£ 21,940	

33 Housing Property Costs

Expenditure is shown net of income received from insurance recoveries.

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Reactive Repairs						
Reactive Repairs	£ 328,611	£ 109,500	£ 119,154	£ 153,682	£ 175,430	
Direct Labour	£ 350,151	£ 361,485	£ 369,609	£ 373,652	£ 381,424	
Total (to Income and Expenditure a/c)	**£ 678,762**	**£ 470,985**	**£ 488,763**	**£ 527,334**	**£ 556,854**	
Cyclical Maintenance						
Cyclical maintenance	£ 242,103	£ 264,435	£ 277,571	£ 313,832	£ 338,911	
Direct Labour	£ 200,074	£ 206,550	£ 211,192	£ 213,502	£ 217,943	
Total (to Income and Expenditure a/c)	**£ 442,177**	**£ 470,985**	**£ 488,763**	**£ 527,334**	**£ 556,854**	
Planned Maintenance (see note 38 below)						
Planned Maintenance - Capital Components	£ 1,307,609	£ 1,136,047	£ 1,140,517	£ 1,160,488	£ 1,173,280	
Direct Labour	£ 135,929	£ 140,329	£ 143,483	£ 145,043	£ 148,059	Per Asset Management Strategy
Total (to Capital a/c)	**£ 1,443,538**	**£ 1,276,376**	**£ 1,284,000**	**£ 1,305,531**	**£ 1,321,339**	
Other Planned Maintenance	£ -	£ -	£ -	£ -	£ 3,950	
Direct Labour	£ -	£ -	£ -	£ -	£ -	
Total (to Income and Expenditure a/c)	**£ -**	**£ -**	**£ -**	**£ -**	**£ 3,950**	
Property Service Charges						
Service charges - expenditure	£ 3,764	£ 4,008	£ 4,185	£ 4,355	£ 4,530	
Direct Labour	£ 52,730	£ 54,437	£ 55,660	£ 56,269	£ 57,440	
Total (to Income and Expenditure a/c)	**£ 56,494**	**£ 58,445**	**£ 59,845**	**£ 60,624**	**£ 61,970**	
Property Insurance	£ 103,739	£ 108,739	£ 113,739	£ 118,739	£ 123,739	Annual Inflation
Tenancy Sustainment Fund	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**	

34 Other Housing Costs

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Bad Debts to be Written Off - Rents	£ 11,000	£ 12,000	£ 13,000	£ 14,000	£ 15,000	Annual Inflation
Bad Debts to be Written Off - Others	£ 5,000	£ 5,160	£ 5,273	£ 5,378	£ 5,486	
Voids	£ 23,000	£ 24,000	£ 26,000	£ 28,000	£ 30,000	

35 Expendiure on Projects and Services Carried out on Behalf of Other Organisations

Expenditure is reimbursed in full - see Note 24 above for corresponding income

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
The Highland Council - Care & Repair Grants	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ -
The Highland Council - Housing Projects	£ -	£ -	£ -	£ -	£ -	£ -
	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ 330,000	£ -

36 Depreciation

Depreciation based on existing policy	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Housing Properties - % based on components	£ 2,339,961	£ 2,618,888	£ 2,974,017	£ 3,125,440	£ 3,218,116	Based on future development and other fixed assets programme
Office and other premises - % based on components	£ 13,108	£ 12,728	£ 12,359	£ 12,000	£ 11,652	
Office Equipment - 15% reducing balance	£ 1,091	£ 1,255	£ 1,389	£ 1,499	£ 1,589	
IT Equipment - 33.3% straight line	£ 12,609	£ 12,443	£ 12,632	£ 11,241	£ 9,398	
Motor Vehicles - 25% reducing balance	£ 1,019	£ 764	£ 573	£ 430	£ 322	

37 Finance Costs

The cost of finance is taken from the loans budget using detailed repayment schedules. Actual interest rates are used to forecast the cost of existing loans. The following assumptions are used to forcast the cost of future borrowing.

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Borrowing rate	5.19%	4.25%	3.26%	3.20%	2.80%	2.80%
Margin	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Total interest rate	6.69%	5.75%	4.76%	4.70%	4.30%	4.30%
Annual interest - housing properties	£ 1,408,442	£ 1,509,645	£ 1,499,300	£ 1,646,273	£ 1,639,076	
Net Interest on Pension Liability	£ -	£ -	£ -	£ -	£ -	

Ordinary Bank Interest and Bank Charges are simply estimated on present levels with an uplift for greater activity

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30
Bank interest payable	£ 500	£ 520	£ 530	£ 540	£ 550	Inflation
Loan fees	£ 4,328	£ 4,414	£ 4,502	£ 4,592	£ 4,683	
Non-Utilisation fees	£ -	£ -	£ -	£ -	£ -	
Valuation fees	£ 5,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000	
Annual loan fees etc	£ 9,328	£ 9,414	£ 9,502	£ 9,592	£ 9,683	

38 Capital Expenditure

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Housing Property - driven by Development Plan	£ 12,612,251	£ 11,074,816	£ 14,660,704	£ 11,967,625	£ 4,512,900	Based on future development
Planned Maintenance (see note 33 above)	£ 1,443,538	£ 1,276,376	£ 1,284,000	£ 1,305,531	£ 1,321,339	
Office and Other Premises	£ -	£ -	£ -	£ -	£ -	
Office Equipment	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	
IT Equipment	£ 32,016	£ 12,110	£ 13,010	£ 8,460	£ 5,710	
Motor Vehicles - net replacement costs	£ -	£ -	£ -	£ -	£ -	
Total capital expenditure	**£ 14,089,805**	**£ 12,365,302**	**£ 15,959,714**	**£ 13,283,616**	**£ 5,841,949**	

39 Finance Utilised

	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Grant	£ 11,357,183	£ 8,460,217	£ 11,294,891	£ 7,057,179	£ 2,448,976	Based on future development and other fixed assets programme
Private Finance	£ -	£ 5,000,000	£ 5,000,000	£ 5,000,000	£ 4,000,000	
Refinanced Loans	£ -	£ -	£ -	£ -	£ -	
Other funding	£ -	£ -	£ -	£ 1,136,800	£ 568,400	
Shared Equity sales income	£ -	£ -	£ -	£ -	£ -	
Total finance utilised	**£ 11,357,183**	**£ 13,460,217**	**£ 16,294,891**	**£ 13,193,979**	**£ 7,017,376**	
Shares issued	£ 10	£ 10	£ 10	£ 10	£ 10	

40 Loans repaid

Scheduled Loan Repayments	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Years 6 to 30 2030 to 2054
Private Finance - Housing	£ 712,773	£ 872,997	£ 1,279,316	£ 1,425,033	£ 1,577,275	Based on future development
Private Finance - Other	£ -	£ -	£ -	£ -	£ -	
Total scheduled loan repayments	**£ 712,773**	**£ 872,997**	**£ 1,279,316**	**£ 1,425,033**	**£ 1,577,275**	
Early Repayments/Maturities						
Alia Bond Maturity	£ -	£ -	£ -	£ -	£ -	
Total Early Repayments/Maturities	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**	

DEVELOPMENT

41 Units to be constructed

For years 1 to 5 the total number of new units has been assumed at:

	New Units
Affordable Rent	165
Shared Equity	12
Mid-Market Rent	0

From year 6 onwards the the number of new units each year has been assumed at:

	Year 6+ New Units
Affordable Rent	0
Shared Equity	0
Mid-Market Rent	0

42 Cost of construction

Unit cost - based on SG 3 person equivalent grant level achieved

Unit Cost	Total Cost
£ 235,000	£ 265,000

43 Development Funding

General needs housing	Percentage	
Grant	66.8%	£ 177,000
Private Finance	33.2%	£ 88,000
Other Funding		

OTHER FIXED ASSETS

44 Office Equipment

Years 1 to 5 per Financial Plan then £2,000 per year plus inflation

45 IT Equipment

Years 1 to 5 per Financial Plan then 5 year average plus inflation

46 Motor Vehicles

Years 1 to 5 per Financial Plan then vehicles renewed on a 3 year cycle thereafter

47 Housing furniture

Funded 100% from the Furniture Replacement Reserve.

STATEMENT OF COMPREHENSIVE INCOME

PROJECTIONS FOR FIVE YEARS TO 31/03/29

INCOME	Year to 31/03/2025 £	Year to 31/03/2026 £	Year to 31/03/2027 £	Year to 31/03/2028 £	Year to 31/03/2029 £
Rents Receivable					
Rent	4,509,366	4,819,170	5,204,511	5,596,733	5,959,690
Service Charges	68,463	71,351	73,627	75,836	78,111
Management Charges	2,220	2,100	1,980	1,860	1,740
Voids	(23,000)	(24,000)	(26,000)	(28,000)	(30,000)
	4,557,049	**4,868,621**	**5,254,118**	**5,646,429**	**6,009,541**
The Scottish Government/Highland Council Grants and Other Income					
Release of Deferred Social Housing Grant	1,502,310	1,670,821	1,899,143	2,038,049	2,079,723
Release of Other Deferred Housing Grants	56,156	56,156	56,156	81,156	94,156
Project Management Fees - Internal	135,417	214,750	260,984	208,936	105,121
Project Management Fees - External	-	11,280	53,580	-	-
Care and Repair Revenue Grants	66,802	66,802	66,802	66,802	66,802
Shared Equity Admin Allowance	3,000	3,096	3,162	3,228	3,294
Admin Grant - Disabled Adaptation	9,091	9,091	9,091	9,091	9,091
CDM Coordinator Fees	76,960	78,373	98,503	50,960	33,443
Clerk of Works Fees	109,163	167,329	225,504	156,702	78,841
Factoring Fees	11,723	12,338	12,856	13,365	13,890
Handyperson Income	283,275	283,275	283,275	283,275	283,275
Energy Advice Service - Income	-	-	-	-	-
Commercial and other rent income	49,650	51,234	52,356	53,403	54,471
Property Management Fees - Other	8,373	8,640	8,829	9,006	9,186
Renewable Heat Incentives	105,263	85,348	53,156	31,019	25,747
Other Income	-	-	-	-	-
	2,417,183	**2,718,532**	**3,083,397**	**3,004,993**	**2,857,040**
Projects for Other Organisations					
The Highland Council - Care & Repair Grants	330,000	330,000	330,000	330,000	330,000
The Highland Council - Housing Projects	-	-	-	-	-
	330,000	**330,000**	**330,000**	**330,000**	**330,000**
TOTAL INCOME	**7,304,232**	**7,917,153**	**8,667,515**	**8,981,422**	**9,196,581**
OPERATING COSTS					
Staff Related Costs					
Salaries	1,792,444	1,882,192	1,939,021	1,983,647	2,025,303
Employer's NI Costs	237,429	249,318	256,847	262,758	268,276
Pensions - Defined Contribution Scheme	17,273	17,941	18,453	18,872	19,268
Pensions - Defined Benefit Scheme	146,429	155,581	160,174	163,828	167,269
Pension Deficit Contribution	-	-	-	-	-
Accrued holiday pay	4,175	-	-	-	-
Recruitment Costs	12,200	5,389	5,507	5,617	5,729
Other Staff Costs	37,155	1,548	1,582	1,614	1,646
Staff Travel & Subsistence	14,000	14,447	14,763	15,058	15,359
Motor Vehicle Expenses	184,391	189,915	194,077	197,948	201,914
Sub total	2,445,496	2,516,331	2,590,423	2,649,341	2,704,764
Allocated to other account areas	(696,985)	(780,906)	(798,657)	(814,611)	(831,597)
	1,748,511	**1,735,426**	**1,791,766**	**1,834,730**	**1,873,167**
Office Related Costs					
Office Rates	2,500	2,580	2,640	2,690	2,740
Rents payable	31,000	31,000	31,000	31,000	31,000
Property Repairs (Non-Housing)	6,250	6,450	6,590	6,720	6,850
Office Property Insurance	3,080	3,180	3,250	3,320	3,390
General Insurances	29,250	30,180	30,840	31,460	32,090
Telephone	13,100	12,140	12,410	12,660	12,910
Heat & Light	22,000	22,480	22,970	23,430	23,900
Postage	4,000	3,681	3,572	3,458	3,354
Stationery	8,500	8,770	8,960	9,140	9,320
Printing	1,500	1,377	1,340	1,302	1,264
Publicity and Advertising	1,000	1,030	1,050	1,070	1,090
Equipment Repairs & Renewals	500	520	530	540	550
ICT Costs	105,175	107,598	104,628	76,672	78,696
Courses, Seminars & Training	11,000	12,000	12,000	12,000	12,000
Conferences	1,500	1,500	1,500	1,500	1,500
Subscriptions	26,000	26,830	27,420	27,970	28,530
Highland CHR - Admin	7,500	7,740	7,910	8,070	8,230
Highland CHR - Other	-	-	-	-	-
Board Costs	7,600	7,770	7,940	8,100	8,260
Community Engagement, Collaboration & Sponsorships	2,500	2,550	2,610	2,660	2,710
Tenant Participation	14,000	14,450	14,770	15,070	15,370
Office Cleaning	2,800	2,890	2,950	3,010	3,070
Handyperson materials etc	10,000	10,220	10,440	10,650	10,860
Health and Safety	5,000	5,110	5,220	5,320	5,430
Room Hire	1,000	1,030	1,050	1,070	1,090
Hospitality	-	-	-	-	-
Compensation	1,500	1,550	1,580	1,610	1,640
Office Consumables	3,500	3,580	3,660	3,730	3,800
Bank Charges	13,500	13,930	14,240	14,520	14,810
Covid 19	-	-	-	-	-
VAT recoverable	(1,500)	(1,550)	(1,600)	(1,650)	(1,700)
Allocated to other account areas	(41,900)	(43,020)	(43,812)	(37,703)	(38,457)
	291,855	**297,566**	**297,658**	**279,389**	**284,296**

STATEMENT OF COMPREHENSIVE INCOME

PROJECTIONS FOR FIVE YEARS TO 31/03/29

	Year to 31/03/2025	Year to 31/03/2026	Year to 31/03/2027	Year to 31/03/2028	Year to 31/03/2029
OPERATING COSTS (continued)	£	£	£	£	£
Professional Costs					
Consultancy	25,000	25,000	25,000	10,000	10,000
Audit & Accountancy	20,160	20,800	21,260	21,690	22,120
Legal Fees	20,000	20,640	21,090	21,510	21,940
	65,160	**66,440**	**67,350**	**53,200**	**54,060**
Property Costs					
Repairs and Maintenance	678,762	470,985	488,763	527,334	556,854
Cyclical Maintenance	442,177	470,985	488,763	527,334	556,854
Planned Maintenance (not capitalised)	-	-	-	-	3,950
Property Service Charges	56,494	58,445	59,845	60,624	61,970
Property Insurance	103,739	108,739	113,739	118,739	123,739
Exceptional Circumstances Fund	-	-	-	-	-
Bad Debts - rents and services charges	11,000	12,000	13,000	14,000	15,000
Bad Debts - other	5,000	5,160	5,273	5,378	5,486
	1,297,172	**1,126,314**	**1,169,383**	**1,253,409**	**1,323,853**
Biomass System					
Expenditure for Other Organisations					
The Highland Council - Care & Repair Grants	330,000	330,000	330,000	330,000	330,000
The Highland Council - Housing Projects	-	-	-	-	-
	330,000	**330,000**	**330,000**	**330,000**	**330,000**
Depreciation:					
Housing Property	2,339,961	2,618,888	2,974,017	3,125,440	3,218,116
Office Property	13,108	12,728	12,359	12,000	11,652
Office Equipment	1,091	1,255	1,389	1,499	1,589
IT Equipment	12,609	12,443	12,632	11,241	9,398
Motor Vehicles	1,019	764	573	430	322
	2,367,788	**2,646,078**	**3,000,970**	**3,150,610**	**3,241,077**
Total Operating Costs	**6,100,486**	**6,201,824**	**6,657,126**	**6,901,337**	**7,106,452**
Operating Surplus/(Deficit)	**1,203,746**	**1,715,329**	**2,010,389**	**2,080,085**	**2,090,129**
Gains/(Losses) on Disposal of Assets	**-**	**-**	**-**	**-**	**-**
Bank Interest Receivable	**65,232**	**34,284**	**46,365**	**51,729**	**54,569**
Finance Costs:					
Bank Interest	500	520	530	540	550
Annual loan fees	9,328	9,414	9,502	9,592	9,683
Private Finance Loan Interest	1,408,442	1,509,645	1,499,300	1,646,273	1,639,076
Interest on Pension Liability	-	-	-	-	-
Finance Costs	**1,418,270**	**1,519,579**	**1,509,332**	**1,656,405**	**1,649,309**
NET SURPLUS/(DEFICIT)	**(149,292)**	**230,034**	**547,422**	**475,409**	**495,389**

STATEMENT OF FINANCIAL POSITION

	31/03/2025 £	31/03/2026 £	31/03/2027 £	31/03/2028 £	31/03/2029 £
TANGIBLE FIXED ASSETS					
Housing Properties					
Hosing Properties - Cost	126,889,838	139,241,029	155,185,734	168,458,890	174,293,128
Housing properties Depreciation	(27,913,012)	(30,531,900)	(33,505,917)	(36,631,357)	(39,849,473)
	98,976,826	108,709,129	121,679,817	131,827,533	134,443,655
Other tangible fixed assets					
Investment Properties	372,500	372,500	372,500	372,500	372,500
Office Premises	438,886	426,158	413,799	401,799	390,147
Office Equipment	4,972	5,717	6,328	6,829	7,240
IT Equipment	25,219	24,886	25,264	22,483	18,795
Motor Vehicles	3,057	2,293	1,720	1,290	968
	99,821,461	**109,540,684**	**122,499,428**	**132,632,434**	**135,233,306**
INVESTMENTS	**1**	**1**	**1**	**1**	**1**
CURRENT ASSETS					
Receivables - falling due within one year					
Rent Arrears (net of bad debt provision)	60,000	66,000	73,000	77,000	80,000
Trade Debtors (net of bad debt provision)	20,000	20,000	20,000	20,000	20,000
Care & Repair debtor	25,000	25,000	25,000	25,000	25,000
Other debtors	50,000	50,000	50,000	50,000	50,000
Prepayments & Accrued Income	40,000	40,000	40,000	40,000	40,000
Funding Receivable	-	-	-	-	-
Due from group undertaking	-	-	-	-	-
	195,000	**201,000**	**208,000**	**212,000**	**215,000**
Cash & Bank	**1,494,946**	**2,860,009**	**3,501,972**	**3,490,126**	**4,647,876**
CURRENT LIABILITIES					
Payables - falling due within one year					
Loans repayable within one year	872,997	1,279,316	1,425,033	1,577,275	1,516,079
Bank Overdrafts	-	-	-	-	-
Trade Creditors	70,000	70,000	70,000	70,000	70,000
Other Creditors	20,000	20,000	20,000	20,000	20,000
Care & Repair creditor	10,000	10,000	10,000	10,000	10,000
Social Security and other taxation	35,000	35,000	35,000	35,000	35,000
Accrued Charges & Prepaid Income	50,000	50,000	50,000	50,000	50,000
	1,057,997	**1,464,316**	**1,610,033**	**1,762,275**	**1,701,079**
Deferred income -falling due within one year					
Scottish Housing Grants	1,502,310	1,670,821	1,899,143	2,038,049	2,079,723
Other Housing Grants	56,156	56,156	81,156	94,156	94,156
Non-Housing Grants					
	1,558,466	**1,726,977**	**1,980,299**	**2,132,206**	**2,173,879**
NET CURRENT ASSETS	**(926,517)**	**(130,284)**	**119,640**	**(192,355)**	**987,918**
TOTAL ASSETS LESS CURRENT LIABILITIES	**98,894,944**	**109,410,401**	**122,619,069**	**132,440,080**	**136,221,225**
LONG-TERM LIABILITIES					
Payables - falling due after more than one year					
Housing Loans repayable after more than one year	27,196,676	30,917,361	34,492,327	37,915,053	40,398,974
Other Loans repayable after more than one year					
	27,196,676	**30,917,361**	**34,492,327**	**37,915,053**	**40,398,974**
Deferred income - falling due after more than one year					
Scottish Housing Grants	64,139,509	70,760,394	79,927,820	84,808,043	85,135,624
Other Housing Grants	1,605,081	1,548,925	1,467,768	2,510,412	2,984,655
Non-Housing Grants	-	-	-	-	-
	65,744,590	**72,309,319**	**81,395,588**	**87,318,455**	**88,120,279**
Net Pension Liability	**-**	**-**	**-**	**-**	**-**
PROVISIONS					
Holiday Pay	24,000	24,000	24,000	24,000	24,000
Pension Deficit	-	-	-	-	-
	24,000	**24,000**	**24,000**	**24,000**	**24,000**
NET ASSETS	**5,929,678**	**6,159,721**	**6,707,154**	**7,182,572**	**7,677,972**
CAPITAL AND RESERVES					
Called Up Share Capital	108	118	128	138	148
Furniture Replacement Reserve	-	-	-	-	-
Revenue Reserve	5,929,570	6,159,604	6,707,026	7,182,435	7,677,825
	5,929,678	**6,159,722**	**6,707,154**	**7,182,573**	**7,677,973**

CASHFLOW FORECAST	Quarter to 30-Jun-24	Quarter to 30-Sep-24	Quarter to 31-Dec-24	Quarter to 31-Mar-25	Year to 31-Mar-25	Year to 31-Mar-26	Year to 31-Mar-27	Year to 31-Mar-28	Year to 31-Mar-29
	£000	£000	£000	£000	£000	£000	£000	£000	£000
CASH INFLOW									
Rents & Service Charges	1,139,262	1,139,262	1,139,262	1,139,262	4,557,049	4,868,621	5,254,118	5,646,429	6,009,541
Grants and Other Income	214,679	214,679	214,679	214,679	858,716	991,555	1,128,098	885,787	683,161
Other Organisations	82,500	82,500	82,500	82,500	330,000	330,000	330,000	330,000	330,000
Bank Interest Receivable	16,308	16,308	16,308	16,308	65,232	34,284	46,365	51,729	54,569
Capital Grant	257,299	1,627,741	4,018,531	5,453,611	11,357,183	8,460,217	11,294,891	7,057,179	2,448,976
Other capital funding	-	-	-	-	-	-	-	1,136,800	568,400
Private Finance	-	-	-	-	-	5,000,000	5,000,000	5,000,000	4,000,000
Sale of other assets		-		-	-	-	-	-	-
Shares				10	10	10	10	10	10
Movement in Debtors	-	-	-	513,035	513,035	(6,000)	(7,000)	(4,000)	(3,000)
Total Inflow	**1,710,049**	**3,080,491**	**5,471,281**	**7,419,405**	**17,681,225**	**19,678,686**	**23,046,481**	**20,103,935**	**14,091,658**
CASH OUTFLOW									
Staff Costs	437,128	437,128	437,128	437,128	1,748,511	1,735,426	1,791,766	1,834,730	1,873,167
Office Related Costs	72,964	72,964	72,964	72,964	291,855	297,566	297,658	279,389	284,296
Professional Costs	16,290	16,290	16,290	16,290	65,160	66,440	67,350	53,200	54,060
Property Costs	324,293	324,293	324,293	324,293	1,297,172	1,126,314	1,169,383	1,253,409	1,323,853
Other Organisations	82,500	82,500	82,500	82,500	330,000	330,000	330,000	330,000	330,000
Finance Costs	354,568	354,568	354,568	354,568	1,418,270	1,519,579	1,509,332	1,656,405	1,649,309
Development Costs	1,324,948	1,627,741	4,056,442	5,603,119	12,612,251	11,074,816	14,660,704	11,967,625	4,512,900
Capital maintenance	360,885	360,885	360,885	360,885	1,443,538	1,276,376	1,284,000	1,305,531	1,321,339
Other capital expenditure	8,504	8,504	8,504	8,504	34,016	14,110	15,010	10,460	7,710
Scheduled Loan Repayments	178,193	178,193	178,193	178,193	712,773	872,997	1,279,316	1,425,033	1,577,275
Movement in Creditors	-	-	-	469,736	469,736	-	-	-	-
Total Outflow	**3,160,272**	**3,463,065**	**5,891,766**	**7,908,179**	**20,423,282**	**18,313,623**	**22,404,519**	**20,115,781**	**12,933,908**
Net Movement in Cash	**(1,450,223)**	**(382,575)**	**(420,486)**	**(488,774)**	**(2,742,057)**	**1,365,063**	**641,963**	**(11,846)**	**1,157,750**
Opening Cash and Bank	**4,237,003**	**2,786,780**	**2,404,205**	**1,983,720**	**4,237,003**	**1,494,946**	**2,860,009**	**3,501,972**	**3,490,126**
Closing Cash and Bank	**2,786,780**	**2,404,205**	**1,983,720**	**1,494,946**	**1,494,946**	**2,860,009**	**3,501,972**	**3,490,126**	**4,647,876**

STATEMENT OF COMPREHENSIVE INCOME

Projections for 30 Years from 1 April 2024	Year 1 to 31-Mar-25 £000	Year 2 to 31-Mar-26 £000	Year 3 to 31-Mar-27 £000	Year 4 to 31-Mar-28 £000	Year 5 to 31-Mar-29 £000	Year 6 to 31-Mar-30 £000	Year 7 to 31-Mar-31 £000	Year 8 to 31-Mar-32 £000	Year 9 to 31-Mar-33 £000	Year 10 to 31-Mar-34 £000
Income										
Rents Receivable	4557	4869	5254	5646	6010	6243	6431	6624	6823	7028
Other Income	2417	2719	3083	3005	2857	2503	2474	2470	2467	2463
Projects for Other Organisations	330	330	330	330	330	330	330	330	330	330
Total Income	**7304**	**7917**	**8668**	**8981**	**9197**	**9077**	**9234**	**9424**	**9619**	**9821**
TOTAL NET INCOME	**7304**	**7917**	**8668**	**8981**	**9197**	**9077**	**9234**	**9424**	**9619**	**9821**
Operating Costs										
Staff Costs	1749	1735	1792	1835	1873	1518	1548	1579	1611	1643
Office/Admin Costs	292	298	298	279	284	290	296	302	308	314
Professional Costs	65	66	67	53	54	55	56	57	59	60
Property Costs	1297	1126	1169	1253	1324	1652	1505	1519	1508	1532
Expenditure for Other Organisations	330	330	330	330	330	330	330	330	330	330
Depreciation	2368	2646	3001	3151	3241	3288	3333	3374	3434	3490
Total Operating Costs	**6100**	**6202**	**6657**	**6901**	**7106**	**7133**	**7069**	**7161**	**7248**	**7368**
Operating Surplus/(Deficit)	**1204**	**1715**	**2010**	**2080**	**2090**	**1944**	**2166**	**2263**	**2371**	**2452**
Gain/Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Bank Interest Receivable	65	34	46	52	55	37	23	15	8	1
Less Finance Costs	1418	1520	1509	1656	1649	1586	1525	1469	1411	1398
NET SURPLUS/(DEFICIT)	**(149)**	**230**	**547**	**475**	**495**	**395**	**663**	**809**	**968**	**1055**

STATEMENT OF COMPREHENSIVE INCOME

Projections for 30 Years from 1 April 2024	Year 11 to 31-Mar-35 £000	Year 12 to 31-Mar-36 £000	Year 13 to 31-Mar-37 £000	Year 14 to 31-Mar-38 £000	Year 15 to 31-Mar-39 £000	Year 16 to 31-Mar-40 £000	Year 17 to 31-Mar-41 £000	Year 18 to 31-Mar-42 £000	Year 19 to 31-Mar-43 £000	Year 20 to 31-Mar-44 £000
Income										
Rents Receivable	7239	7456	7680	7910	8148	8393	8645	8904	9172	9447
Other Income	2460	2457	2454	2451	2449	2446	2444	2441	2439	2438
Projects for Other Organisations	330	330	330	330	330	330	330	330	330	330
Total Income	**10029**	**10243**	**10464**	**10692**	**10927**	**11169**	**11418**	**11676**	**11941**	**12215**
TOTAL NET INCOME	**10029**	**10243**	**10464**	**10692**	**10927**	**11169**	**11418**	**11676**	**11941**	**12215**
Operating Costs										
Staff Costs	1676	1709	1743	1778	1814	1850	1887	1925	1963	2002
Office/Admin Costs	320	327	333	340	347	353	361	368	375	383
Professional Costs	61	62	63	65	66	67	69	70	71	73
Property Costs	1745	1579	1591	1575	1599	1830	1643	1652	1631	1652
Expenditure for Other Organisations	330	330	330	330	330	330	330	330	330	330
Depreciation	3558	3608	3670	3733	3793	3898	4001	4086	4160	4227
Total Operating Costs	**7689**	**7615**	**7731**	**7821**	**7947**	**8329**	**8291**	**8431**	**8531**	**8667**
Operating Surplus/(Deficit)	**2339**	**2628**	**2733**	**2871**	**2979**	**2840**	**3128**	**3245**	**3411**	**3548**
Gain/Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Bank Interest Receivable	2	52	7	7	6	7	2	3	3	2
Less Finance Costs	1375	1610	1443	1382	1319	1271	1211	1123	1012	900
NET SURPLUS/(DEFICIT)	**966**	**1070**	**1297**	**1495**	**1667**	**1577**	**1920**	**2125**	**2401**	**2650**

STATEMENT OF COMPREHENSIVE INCOME

Projections for 30 Years from 1 April 2024	Year 21 to 31-Mar-45 £000	Year 22 to 31-Mar-46 £000	Year 23 to 31-Mar-47 £000	Year 24 to 31-Mar-48 £000	Year 25 to 31-Mar-49 £000	Year 26 to 31-Mar-50 £000	Year 27 to 31-Mar-51 £000	Year 28 to 31-Mar-52 £000	Year 29 to 31-Mar-53 £000	Year 30 to 31-Mar-54 £000
Income										
Rents Receivable	9731	10023	10324	10635	10954	11283	11622	11971	12331	12701
Other Income	2436	2434	2433	2432	2431	2430	2429	2429	2428	2428
Projects for Other Organisations	330	330	330	330	330	330	330	330	330	330
Total Income	**12497**	**12788**	**13087**	**13396**	**13715**	**14043**	**14381**	**14730**	**15089**	**15459**
TOTAL NET INCOME	**12497**	**12788**	**13087**	**13396**	**13715**	**14043**	**14381**	**14730**	**15089**	**15459**
Operating Costs										
Staff Costs	2042	2083	2125	2167	2211	2255	2300	2346	2393	2441
Office/Admin Costs	390	398	406	414	422	431	440	448	457	466
Professional Costs	74	76	77	79	80	82	84	85	87	89
Property Costs	1903	1692	1697	1668	1686	1957	1719	1718	1680	1693
Expenditure for Other Organisations	330	330	330	330	330	330	330	330	330	330
Depreciation	4297	4359	4415	4505	4568	4644	4723	4816	4914	5020
Total Operating Costs	**9037**	**8938**	**9050**	**9163**	**9298**	**9699**	**9595**	**9744**	**9861**	**10040**
Operating Surplus/(Deficit)	**3460**	**3850**	**4037**	**4234**	**4417**	**4344**	**4786**	**4985**	**5228**	**5420**
Gain/Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Bank Interest Receivable	6	8	21	36	50	72	91	124	162	208
Less Finance Costs	789	681	577	470	365	263	178	123	85	66
NET SURPLUS/(DEFICIT)	**2677**	**3176**	**3481**	**3800**	**4101**	**4152**	**4698**	**4986**	**5305**	**5562**

STATEMENT OF FINANCIAL POSITION

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Projections for 30 Years from 1 April 2024

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	to	to	to	to	to	to	to	to	to	to
	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fixed Assets										
Housing properties	98977	108709	121680	131828	134444	132777	130759	128695	126891	125082
Other fixed assets	845	832	820	805	790	782	773	765	1997	1988
Total Fixed Assets	**99821**	**109541**	**122499**	**132632**	**135233**	**133559**	**131533**	**129460**	**128888**	**127071**
Current assets										
Debtors	195	201	208	212	215	219	224	228	233	237
Bank	1495	2860	3502	3490	4648	3026	2094	1365	514	612
Total Current Assets	**1690**	**3061**	**3710**	**3702**	**4863**	**3246**	**2318**	**1593**	**746**	**850**
Payables - falling due within one year	1058	1464	1610	1762	1701	1645	1649	1685	2081	2165
Deferred income -falling due within one year	1558	1727	1980	2132	2174	2164	2154	2144	2134	2124
Net Current Assets	**(927)**	**(130)**	**120**	**(192)**	**988**	**(564)**	**(1485)**	**(2235)**	**(3468)**	**(3439)**
TOTAL ASSETS LESS CURRENT LIABILITIES	98895	109410	122619	132440	136221	132995	130048	127224	125420	123632
LONG-TERM LIABILITIES										
Payables - falling due after more than one year	27197	30917	34492	37915	40399	38942	37486	35997	35358	34639
Deferred income - falling due after more than one year	65745	72309	81396	87318	88120	85956	83803	81659	79525	77401
Provisions	24	24	24	24	24	24	24	24	24	24
Net Pension Liability	-	-	-	-	-	-	-	-	-	-
Net Assets	**5930**	**6160**	**6707**	**7183**	**7678**	**8072**	**8735**	**9545**	**10513**	**11568**
Furniture Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Revenue Reserve	5930	6160	6707	7182	7678	8072	8735	9545	10513	11568
Total Reserves	**5930**	**6160**	**6707**	**7182**	**7678**	**8072**	**8735**	**9545**	**10513**	**11568**

STATEMENT OF FINANCIAL POSITION

	-	( )	-	-	( )	-	-	-	-	-

Projections for 30 Years from 1 April 2024	**Year 11 to 31-Mar-35** £000	**Year 12 to 31-Mar-36** £000	**Year 13 to 31-Mar-37** £000	**Year 14 to 31-Mar-38** £000	**Year 15 to 31-Mar-39** £000	**Year 16 to 31-Mar-40** £000	**Year 17 to 31-Mar-41** £000	**Year 18 to 31-Mar-42** £000	**Year 19 to 31-Mar-43** £000	**Year 20 to 31-Mar-44** £000
Fixed Assets										
Housing properties	123654	121560	119625	117582	115422	114274	112529	110464	108272	105755
Other fixed assets	(5499)	1316	859	822	1373	1118	495	(10)	(17)	(24)
Total Fixed Assets	**118155**	**122876**	**120484**	**118404**	**116795**	**115392**	**113024**	**110454**	**108255**	**105732**
Current assets										
Debtors	242	247	252	257	262	267	273	278	284	289
Bank	6409	1214	1219	1133	1240	685	747	777	661	1149
Total Current Assets	**6651**	**1461**	**1471**	**1390**	**1502**	**953**	**1020**	**1055**	**945**	**1438**
Payables - falling due within one year	7947	2624	2586	2666	2799	2890	2846	2910	2895	2802
Deferred income -falling due within one year	2114	2104	2094	2084	2074	2064	2054	2044	2034	2024
Net Current Assets	**(3410)**	**(3267)**	**(3209)**	**(3360)**	**(3371)**	**(4001)**	**(3880)**	**(3899)**	**(3984)**	**(3388)**
TOTAL ASSETS LESS CURRENT LIABILITIES	114745	119609	117275	115044	113424	111392	109144	106554	104271	102344
LONG-TERM LIABILITIES										
Payables - falling due after more than one year	26900	32798	31260	29617	28405	26860	24746	22075	19424	16871
Deferred income - falling due after more than one year	75287	73183	71089	69005	66931	64868	62814	60770	58736	56712
Provisions	24	24	24	24	24	24	24	24	24	24
Net Pension Liability	-	-	-	-	-	-	-	-	-	-
Net Assets	**12534**	**13604**	**14902**	**16397**	**18064**	**19641**	**21560**	**23685**	**26087**	**28737**
Furniture Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Revenue Reserve	12534	13604	14902	16397	18064	19641	21560	23685	26087	28737
Total Reserves	**12534**	**13604**	**14902**	**16397**	**18064**	**19641**	**21560**	**23685**	**26087**	**28737**

STATEMENT OF FINANCIAL POSITION

Projections for 30 Years from 1 April 2024	Year 21 to 31-Mar-45 £000	Year 22 to 31-Mar-46 £000	Year 23 to 31-Mar-47 £000	Year 24 to 31-Mar-48 £000	Year 25 to 31-Mar-49 £000	Year 26 to 31-Mar-50 £000	Year 27 to 31-Mar-51 £000	Year 28 to 31-Mar-52 £000	Year 29 to 31-Mar-53 £000	Year 30 to 31-Mar-54 £000
	-	-	-	-	-	-	-	-	-	-
Fixed Assets										
Housing properties	103691	100962	98182	95923	93115	90731	88178	85736	83200	80863
Other fixed assets	(30)	(36)	(42)	(47)	(53)	(58)	(63)	(68)	(73)	(77)
Total Fixed Assets	**103661**	**100926**	**98140**	**95875**	**93062**	**90673**	**88115**	**85668**	**83128**	**80786**
Current assets										
Debtors	295	301	307	313	319	326	332	339	346	353
Bank	1320	2764	4573	6109	8710	10846	14695	19079	24345	30089
Total Current Assets	**1615**	**3065**	**4880**	**6422**	**9030**	**11172**	**15028**	**19418**	**24691**	**30442**
Payables - falling due within one year	2706	2712	2798	2598	2706	1723	1381	926	522	304
Deferred income -falling due within one year	2014	2004	1994	1984	1974	1964	1954	1944	1934	1924
Net Current Assets	**(3105)**	**(1650)**	**88**	**1840**	**4350**	**7485**	**11693**	**16548**	**22235**	**28215**
TOTAL ASSETS LESS CURRENT LIABILITIES	100556	99276	98228	97715	97412	98158	99808	102216	105363	109001
LONG-TERM LIABILITIES										
Payables - falling due after more than one year	14420	11967	9433	7105	4674	3231	2137	1502	1278	1278
Deferred income - falling due after more than one year	54698	52694	50700	48717	46743	44779	42825	40881	38947	37023
Provisions	24	24	24	24	24	24	24	24	24	24
Net Pension Liability	-	-	-	-	-	-	-	-	-	-
Net Assets	**31414**	**34590**	**38071**	**41870**	**45971**	**50124**	**54822**	**59808**	**65114**	**70676**
Furniture Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Revenue Reserve	31414	34590	38071	41870	45971	50124	54822	59808	65114	70676
Total Reserves	**31414**	**34590**	**38071**	**41870**	**45971**	**50124**	**54822**	**59808**	**65114**	**70676**

CASH FLOW

Projections for 30 Years from 1 April 2024

	Year 1 to 31-Mar-25 £000	Year 2 to 31-Mar-26 £000	Year 3 to 31-Mar-27 £000	Year 4 to 31-Mar-28 £000	Year 5 to 31-Mar-29 £000	Year 6 to 31-Mar-30 £000	Year 7 to 31-Mar-31 £000	Year 8 to 31-Mar-32 £000	Year 9 to 31-Mar-33 £000	Year 10 to 31-Mar-34 £000
INCOME										
Rents	4557	4869	5254	5646	6010	6243	6431	6624	6823	7028
Other operating income	859	992	1128	886	683	339	320	326	333	339
Other Organisations	330	330	330	330	330	330	330	330	330	330
HAG	11357	8460	11295	7057	2449	-	-	-	-	-
Other capital grants	-	-	-	1137	568	-	-	-	-	-
Private finance	-	5000	5000	5000	4000	-	-	-	-	1241
Sale of assets	-	-	-	-	-	-	-	-	-	-
Movement in debtors	513	(6)	(7)	(4)	(3)	(4)	(4)	(4)	(5)	(5)
Total cash inflow	**17616**	**19644**	**23000**	**20052**	**14037**	**6908**	**7076**	**7276**	**7481**	**8934**
EXPENDITURE										
Operating costs (excluding depreciation)	3403	3226	3326	3421	3535	3515	3405	3457	3485	3548
Other Organisations	330	330	330	330	330	330	330	330	330	330
Finance costs	1418	1520	1509	1656	1649	1586	1525	1469	1411	1398
Development	12612	11075	14661	11968	4513	-	-	-	-	-
Capitalised Maintenance	1444	1276	1284	1306	1321	1597	1290	1284	1603	1655
Other fixed assets	34	14	15	10	8	17	17	17	18	18
Loans repaid	713	873	1279	1425	1577	1516	1457	1456	1488	1881
Movement in creditors	470	-	-	-	-	6	6	6	6	6
Total cash outflow	**20423**	**18314**	**22405**	**20116**	**12934**	**8567**	**8031**	**8019**	**8341**	**8836**
Cash inflow/(outflow) for year	(2807)	1331	596	(64)	1103	(1658)	(955)	(744)	(860)	98
Cash balance b/f	4237	1495	2860	3502	3490	4648	3026	2094	1365	514
Cash balance at year end	**1430**	**2826**	**3456**	**3438**	**4593**	**2989**	**2071**	**1350**	**505**	**611**
Interest receivable	65	34	46	52	55	37	23	15	8	1
Cash balance c/f	**1495**	**2860**	**3502**	**3490**	**4648**	**3026**	**2094**	**1365**	**514**	**612**

CASH FLOW

Projections for 30 Years from 1 April 2024

	Year 11 to 31-Mar-35 £000	Year 12 to 31-Mar-36 £000	Year 13 to 31-Mar-37 £000	Year 14 to 31-Mar-38 £000	Year 15 to 31-Mar-39 £000	Year 16 to 31-Mar-40 £000	Year 17 to 31-Mar-41 £000	Year 18 to 31-Mar-42 £000	Year 19 to 31-Mar-43 £000	Year 20 to 31-Mar-44 £000
INCOME										
Rents	7239	7456	7680	7910	8148	8393	8645	8904	9172	9447
Other operating income	346	353	360	367	375	382	390	398	406	414
Other Organisations	330	330	330	330	330	330	330	330	330	330
HAG	-	-	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-	-	-
Private finance	7478	1487	1281	831	803	1361	1114	498	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Movement in debtors	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)
Total cash inflow	**15388**	**9621**	**9646**	**9434**	**9650**	**10461**	**10473**	**10125**	**9902**	**10185**
EXPENDITURE										
Operating costs (excluding depreciation)	3801	3677	3731	3758	3825	4100	3959	4015	4040	4110
Other Organisations	330	330	330	330	330	330	330	330	330	330
Finance costs	1375	1610	1443	1382	1319	1271	1211	1123	1012	900
Development	-	-	-	-	-	-	-	-	-	-
Capitalised Maintenance	2103	1487	1708	1663	1605	2723	2228	1993	1940	1682
Other fixed assets	18	19	19	19	20	20	21	21	21	22
Loans repaid	1960	7739	2412	2369	2445	2573	2660	2612	2671	2651
Movement in creditors	6	6	6	6	6	5	5	5	5	5
Total cash outflow	**9594**	**14867**	**9648**	**9527**	**9549**	**11023**	**10414**	**10098**	**10020**	**9700**
Cash inflow/(outflow) for year	5795	(5246)	(2)	(93)	101	(562)	59	26	(119)	485
Cash balance b/f	612	6409	1214	1219	1133	1240	685	747	777	661
Cash balance at year end	**6407**	**1162**	**1212**	**1126**	**1234**	**678**	**745**	**774**	**658**	**1147**
Interest receivable	2	52	7	7	6	7	2	3	3	2
Cash balance c/f	**6409**	**1214**	**1219**	**1133**	**1240**	**685**	**747**	**777**	**661**	**1149**

Buidheann Tigheadas Loch Aillse agus an Eilein Sgitheanaich Ltd.
Lochalsh and Skye Housing Association

CASH FLOW

Projections for 30 Years from 1 April 2024

	Year 21 to 31-Mar-45 £000	Year 22 to 31-Mar-46 £000	Year 23 to 31-Mar-47 £000	Year 24 to 31-Mar-48 £000	Year 25 to 31-Mar-49 £000	Year 26 to 31-Mar-50 £000	Year 27 to 31-Mar-51 £000	Year 28 to 31-Mar-52 £000	Year 29 to 31-Mar-53 £000	Year 30 to 31-Mar-54 £000
INCOME										
Rents	9731	10023	10324	10635	10954	11283	11622	11971	12331	12701
Other operating income	422	430	439	448	457	466	475	485	494	504
Other Organisations	330	330	330	330	330	330	330	330	330	330
HAG	-	-	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-	-	-
Private finance	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Movement in debtors	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)
Total cash inflow	**10477**	**10778**	**11087**	**11406**	**11735**	**12073**	**12421**	**12779**	**13148**	**13529**
EXPENDITURE										
Operating costs (excluding depreciation)	4410	4249	4305	4328	4400	4725	4542	4598	4617	4689
Other Organisations	330	330	330	330	330	330	330	330	330	330
Finance costs	789	681	577	470	365	263	178	123	85	66
Development	-	-	-	-	-	-	-	-	-	-
Capitalised Maintenance	2204	1602	1606	2216	1730	2231	2140	2344	2347	2652
Other fixed assets	22	23	23	24	24	25	25	26	26	27
Loans repaid	2553	2452	2453	2534	2328	2431	1442	1095	635	224
Movement in creditors	5	5	5	5	5	5	4	4	4	4
Total cash outflow	**10313**	**9341**	**9299**	**9907**	**9183**	**10009**	**8662**	**8520**	**8044**	**7992**
Cash inflow/(outflow) for year	164	1437	1789	1499	2552	2064	3759	4259	5104	5537
Cash balance b/f	1149	1320	2764	4573	6109	8710	10846	14695	19079	24345
Cash balance at year end	**1313**	**2756**	**4553**	**6073**	**8661**	**10774**	**14605**	**18955**	**24183**	**29882**
Interest receivable	6	8	21	36	50	72	91	124	162	208
Cash balance c/f	**1320**	**2764**	**4573**	**6109**	**8710**	**10846**	**14695**	**19079**	**24345**	**30089**

LOAN COVENANTS

The Association's ongoing development programme will result in an increase in the level of private finance. The Association is aware of the need to ensure that future financial performance will continue to meet the requirements of all the covenants required by its loans.

The table below shows a forecast how the Association expects to comply with the main financial covenants over the 30 year period. Covenants, and the way that compliance is measured, can vary between different lenders. The measurements used in the table are based on the most restrictive of those covenants.

Covenant	Requirement		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Interest cover	More than	110%	144%	175%	204%	191%	196%	198%	224%	242%	265%	278%
Gearing	Less than	28%	21%	21%	21%	21%	21%	21%	21%	20%	20%	20%
Debt service	More than	110%	166%	181%	179%	169%	165%	168%	184%	192%	199%	180%

Covenant	Requirement		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Interest cover	More than	110%	280%	261%	303%	332%	361%	373%	425%	477%	553%	646%
Gearing	Less than	28%	15%	18%	17%	16%	16%	15%	14%	12%	11%	9%
Debt service	More than	110%	176%	156%	165%	175%	179%	175%	183%	196%	205%	218%

Covenant	Requirement		Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Interest cover	More than	110%	736%	920%	1130%	1451%	1936%	2692%	4276%	6443%	9743%	13067%
Gearing	Less than	28%	8%	6%	4%	2%	-1%	-3%	-5%	-8%	-10%	-13%
Debt service	More than	110%	231%	261%	278%	290%	332%	333%	585%	802%	1405%	3592%

Notes:

Interest cover - compares operating surplus with loan interest payable

Gearing - compares net loan debt with historic cost of fixed assets. Lenders' requirements vary between 28% and 50% for this covenant

Debt service - compares adjusted operating surplus with total loan payments (capital + interest)

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LTD
LOCHALSH AND SKYE HOUSING ASSOCIATION

ASSET MANAGEMENT STRATEGY
INTERIM 2024-2029 PLAN

Service: Property Services	Date	Staff Member
Version Number: 7		
Approved by: Governing Body	25.03.2024	N/A
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Handbook(s) updated:	N/A	N/A
Document Register updated:	22.04.2024	PA
Previous Version archived:	22.04.2024	PA
SSHC: Charter Standards and Outcomes:	2, 3, 4, 5, 6 & 13	
SHR: Standards of Governance and Financial Management	1.1 / 2.3 / 3.1 / 4.1	

Scottish Social Housing Charter Relevant Standards and Outcomes

STANDARD	OUTCOME
Section: The customer/landlord relationship 2 **Communication** Social landlords manage their businesses so that:- • *Tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.*	**This outcome** covers all aspects of landlords' communication with tenants and other customers. This could include making use of new technologies such as web-based tenancy management systems and smart-phone applications. It is not just about how clearly and effectively a landlord gives information to those who want it. It also covers making it easy for tenants and other customers to make complaints and provide feedback on services, using that information to improve services and performance, and letting people know what they have done in response to complaints and feedback. It does not require landlords to provide legally protected, personal or commercial information.
Section: The customer/landlord relationship 3. **Participation** Social Landlords manage their business so that:- • *Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.*	**This outcome** describes what landlords should achieve by meeting their statutory duties on tenant participation. It covers how social landlords gather and take account of the views and priorities of their tenants, other customers, and bodies representing them such as registered tenant organisations; how they shape their services to reflect these views; and how they help tenants, other customers and bodies representing them such as registered tenant organisation to become more capable of involvement – this could include supporting them to scrutinise landlord services.
Section: Housing quality and maintenance 4 **Quality of housing** Social landlords manage their businesses so that:- • *Tenants' homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency*	**This outcome** describes what landlords should be achieving in all their properties. It covers all properties that social landlords let, unless a particular property does not have to meet part of the standard. If, for social or technical reasons, landlords cannot meet any part of these standards, they should regularly review the situation and ensure they make improvements as soon as possible.

Standard for Social Housing (EESSH) by December 2020.	
5 **Repairs, maintenance and improvements** Social landlords manage their businesses so that:- • *Tenants' homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done.*	**This outcome** describes how landlords should meet their statutory duties on repairs and provide repairs, maintenance and improvement services that safeguard the value of their assets and take account of the wishes and preference of their tenants. This could include setting repair priorities and timescales; setting repair standards such as getting repairs done right, on time, first time; and assessing tenant satisfaction with the quality of the services they receive.
Section: Neighbourhood and Community 6 **Estate Management, anti-social behaviour, neighbour nuisance and tenancy disputes** Social landlords, working in partnership with other agencies, help to ensure that:- • *Tenants and other customers live in well-maintained neighbourhoods where they feel safe.*	**This outcome** covers a range of actions that Social Landlords can take on their own and in partnership with others. It covers action to enforce tenancy conditions on estate management and neighbour nuisance, to resolve neighbour disputes, and to arrange or provide tenancy support where this is needed. It also covers the role of landlords in working with others to tackle anti-social behaviour.
Section: Getting good value from rents and service charges 13 **Value for money** Social landlords manage all aspects of their businesses so that:- • *Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.*	**This outcome** covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; giving better value for money by increasing the quality of services with minimum extra costs to tenants, owners and other customers; and involving tenants and other customers in monitoring and reviewing how landlords give value for money.

Scottish Housing Regulator Regulatory Framework

STANDARD	GUIDANCE
1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	**1.1** The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users.
2 The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.	**2.3** The governing body is open and transparent about what it does, publishes information about its activities and, wherever possible, agrees to requests for information about the work of the governing body and the RSL.
3 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.
4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.	**4.1** The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions.

ASSET MANAGEMENT STRATEGY

CONTENTS

ASSET MANAGEMENT STRATEGY

1. INTRODUCTION

1.1 Asset Management is a systematic process of operating, maintaining, upgrading and disposing of assets cost effectively.

In Lochalsh and Skye Housing Association's case, our assets comprise property, people, other non-property assets like ICT or vehicles, and our financial strength:

- Property – the land, housing stock and commercial buildings which we own to support our main business i.e. to provide access to high quality affordable housing solutions and related services and to contribute to the improvement of the social, economic and cultural wellbeing of the whole community as set out in the Association's Business Plan.

- Our People – the skilled resource that is in place to ensure that our physical assets are effectively managed, and the required services are offered to customers. Our approach to human resources will be detailed in our People Strategy.

- Other assets – the assets such as our IT systems, stock information and databases, office equipment and vehicles. Where appropriate we plan investment in, use and maintenance of these assets.

- Financial strength – the finance that underpins the Association to ensure that we achieve our strategic objectives set out in our Business Plan and our Financial Plan.

1.2 The Association's Asset Management Strategy is primarily about property and follows the SHR's Recommended Practice for Strategic Asset Management. It is strongly linked to the Business Plan and the Financial Plan and complements the suite of other Development and Property Services Policies and the Business Continuity and Disaster Recovery Plan. The Strategy has had input from other Services within the Association including Technical, Energy Advice, Housing, Finance and Corporate Services.

1.3 During the 2024-25 financial year, as part of a root and branch review of the Association's Asset Management activities, Lochalsh and Skye Housing Association will develop a new Integrated Asset Management Strategy aligned with the SHR's updated recommended practice for Integrated Asset Management. This updated strategy will ensure that the Association's assets (in particular tenants' homes) are sustainable in and remain fit for purpose in the short, medium and long term.

2. A TRANSITIONAL ASSET MANAGEMENT PLAN

2.1 Whilst this Strategy sets out our approach to asset management over the longer term, the Association needs to review how we deliver our objectives and address the operational practicalities in the present situation. Our current financial pressures, the negative implications of a potential rent freeze, the findings of the 2017-2020 energy advice tenant and stock survey, new standards for electrical inspections and fire safety, current inflationary pressures, an energy market crisis, market failure in accessing affordable accredited contractors, recruitment and retention challenges, mean that a business as usual approach is not appropriate.

We need a new asset management strategy that is affordable to both the Association and its tenants; one that is better informed and allows us to prioritise in an informed manner; we need an asset management information system that is efficient and responsive, and we need to understand our tenants' priorities better. To get there we need an interim, two-year transitional asset management programme is needed to focus on affordable warmth and future-proofing as a priority.

The Transitional Investment Programme detail is provided under section 13.

3. A WHOLE ORGANISATIONAL APPROACH

3.1 Our People

Asset Management is a core part of the business linking to customer experience, fuel poverty, and the overall financial strength of the Association, so understanding and ownership of our AMS objectives are organisation wide, staff and Board alike, supported by training and appropriate recruitment.

3.2 Policies, Procedures and Targets

We will regularly review our Strategies, Policies and Procedures to ensure that we maintain and upgrade our property assets cost effectively. Particular Policies and Procedures linked to our Asset Management Strategy are:

- Procurement Strategy
- Development Strategy and Policies
- Estate Management Policy
- Factoring Policy
- Repairs and Maintenance Policy
- Void Management Policy

We will regularly review our Performance Targets and assess actual or outturn against targets on a quarterly basis.

3.3 **The Board**

We will ensure that senior managers regularly update Plans, Strategies, Policies and Procedures within the set review dates and provide easy to understand Reports with changes highlighted, to the Association's Board for consideration and approval.

4. UNDERSTANDING CUSTOMERS

4.1 The geographical, social, economic, cultural and political environment within which the Association operates is fundamental to the formation of our aims and objectives as set out in our Business Plan.

4.2 Our Business Plan also provides details of our geographical uniqueness, demographic changes in terms of historic, current and future population change, age profiling and housing demand. We also set out Skye & Lochalsh's economic conditions and our infrastructure challenges due to our remote rural location.

4.3 In particular we detail the findings from our Local Housing System Analyses to ensure we understand the way in which our housing market works and what factors can cause change.

4.4 We have regularly surveyed tenants and other customers on housing quality and priorities for investment over the last 12 years, starting with our first comprehensive property survey in 2010, followed by a comprehensive in-house survey of all our properties and tenants in 2014/15. This survey asked six questions to ensure good information is gathered from our tenants on what is liked and disliked about their home.

With a focus on fuel poverty, we carried out an Energy Advice Affordable Warmth Stock Survey from 2017 - 2020 to identify the extent of fuel poverty and the tenants' lived experience of heating systems and the energy efficiency of their homes. These surveys helped the Association meet the Energy Efficiency Standard for Social Housing (EESSH) by 31 December 2020, but also informed Asset Management planning to deliver Affordable Warmth to all of our tenants.

With the prospect of less funding for planned maintenance, the Association surveyed tenants on their priorities for investment, and this will be a regular feature of rent consultation going forward.

4.5 In addition to the Energy Advice Affordable Warmth Stock Survey results, we have progressed and commenced (Dec 2023) and are undertaking The Scottish

Housing Quality Standard (SHQS) stock surveys which is the Scottish Government's principal measure of housing quality in Scotland.

The SHQS are a set of five broad housing criteria which must all be met if the property is to pass the SHQS standard. These criteria comprise 55 elements and nine sub-elements against which properties need to be measured.

We have also introduced Estate Management Survey/Inspection Forms (Appendix 4). Estate Management Surveys are performed on a quarterly basis by Property Services.
Our Estates Supervisor and Estates Assistant have responsibility for ensuring our Estate is regularly maintained and will report to the Technical Manager on a weekly basis on any aspects requiring attention.

4.6 Weekly Playparks inspections (Appendix 5) take place to ensure all equipment and surfaces are safe and maintained for toddlers and youths to enjoy.

4.7 All information from these surveys has been gathered electronically and the Association is building up a comprehensive database as part of our HomeMaster housing database system to provide critical information for future Asset Management Planning.

5. RISK BASED AND PROPORTIONATE

5.1 The activities undertaken by the Association are varied and often complex and our Risk Management Policy has been developed to describe how the Association will assess and manage the issues associated with its activities.

5.2 In considering its approach to risk management, the Association has been mindful of the need to balance a prudent approach to the risks associated with its business with the need to ensure an innovative and creative approach to opportunities and challenges. The Association regards effective risk management as an essential component of its Asset Management Strategy and crucial to maintaining its position as a successful and highly regarded Housing Association.

5.3 The Association’s Strategic Risk Register is reviewed quarterly by the Board and the Audit, Finance and Risk Sub-Committee, and as part of the Business Planning process annually.

5.4 The Association also recognises that its Plans must be flexible enough to allow changes which may largely be outwith the control of the Association. The Strategic Risk Register identifies a range of “actions” to be considered in the event that anticipated risks materialise. In addition, the Association’s Financial Plan has a range of scenarios included as appendices which give consideration to the key financial factors or risks that may arise and measures the sensitivity of the Financial Plan in being able to mitigate these risks.

5.5 The Association has developed a Procurement Strategy and Improvement Plan as part of the Scotland Excel pilot involving Registered Social landlords. The Association engaged in a Procurement and Commercial Improvement Programme (PCIP) for Housing Associations under the guidance of Scotland Excel. The aim of the Procurement Strategy is to ensure that it procures supplies, services and works that represent value for money for our customers and the Association itself.

6. GOOD INFORMATION

6.1 The Association has good information on its housing stock and will continuously improve and upgrade information on all its stock. In April 2005, the Association prepared its first Scottish Housing Quality Standard (SHQS) Plan with assistance from external consultants, The John Martin Partnership. A further SHQS Improvement Plan was submitted and found acceptable by Communities Scotland in April 2007. Ongoing annual reports to the Scottish Government, as part of the Annual Performance and Statistical Returns to the Scottish Housing Regulator, have also been acceptable. The Annual Return of the Charter (ARC) provides the Scottish Housing Regulator with the Association's latest position on SHQS from 2013/14 onwards.

6.2 The Association carried out a full Housing Stock Condition Survey in 2010 detailing SHQS and in-house requirements to ensure good quality management information on stock condition to inform future Planned and Cyclical Maintenance Programmes. In 2012/2013 the Association met the SHQS with the exception of properties which are exempt on the grounds that tenants refuse to have the necessary work carried out at the time. There is one property which will be upgraded at the first change of tenancy by removing the existing coal fire and replacing it with a heat pump. The household has been asked annually if they wish to accept the change but refused to do so to date.

6.3 A further Housing Stock Condition Survey of all stock commenced in October 2013 and completed in financial year 2014/2015 (Appendix 2 – Survey Form). Two teams performed this survey each comprising a member of Property Services and Energy Advice Services to capture information required by the ARC and the proposed Energy Efficiency Standard for Social Housing (EESSH). Additional Property and Energy Advice Services data over and above EESSH requirements was collected, for example, measuring affordability and warmth so that consideration can be made as to what additional measures the Association can take.

6.4 In December 2023, we commenced further detailed SHQS surveys via a mobile Software App, in order to ensure that The Association meets the Scottish Government's principal measure of housing quality in Scotland. These completed SHQS report also includes referenced photographs of each element within each property.

6.5 All survey data electronically collected is being loaded into our HomeMaster housing system where it is linked with all other relevant details held on the Association's housing stock. Reports can be created to interrogate the data gathered from the surveys, for example, the quality of insulation in a property; any tenant alterations; the number of properties with downstairs bedrooms; the properties with heat pumps and which type; and properties where components are due for replacement within the next 12 months.

6.6 Our Asset Management Programmes, past, present and future, are reflected in stock valuations prepared by independent consultant Chartered Surveyors as asset cover required by lenders providing private finance for the Association's new build development programme. Compliance with our Asset Management Strategy will result in positive stock valuations and secure future private financial investment in the Association's housing development programme.

7. JOINED UP PLANNING

7.1 The Association reviews its Asset Management Assumptions (Appendix 6) and its Improvement Standards (Appendix 7) annually and these are incorporated within the annual review of the 30 year Asset Management Programme. Year one of the 30-year Programme is the Association's budget for the following year once approved by the Board.

7.2 The Asset Management Programme is subdivided into four main categories: Planned Maintenance, Cyclical Maintenance, Repairs and Service Charges. This programme is incorporated into the Association's 30 Year Financial Plan which is approved annually.

7.3 The Financial Plan assumptions, which include the Asset Management assumptions, are reviewed annually and performance reported to the Board every three months in the form of the Quarterly Management Accounts.

These Accounts detail:-

- Income and Expenditure Account
- Balance Sheet
- Cashflow
- Budget Performance and Projections

7.4 The Association's current Asset Management Programme compares the agreed annual budget against actual spend to date and projected spend for the financial year highlighting any surplus or deficit. This programme is reported to the Board on a quarterly basis.

7.5 Our annual review of the Asset Management Strategy and Programme, Financial Plan, Business Plan and Internal Audit Plan, all articulate how the Association will deliver its aims and objectives taking into account known and estimated internal and external influences and changes.

8. LOOKING AFTER CORE STOCK

8.1 The 30-year Asset Management Programme is the key management tool used by the Association to ensure that the core stock is looked after as economically as possible. There are several Property Services Policies which underpin and support our Asset Management Strategy which are briefly outlined within this section.

8.2 The Repairs and Maintenance Policy describes how the Association will prolong the useful life of its housing stock, provide a comfortable environment for the tenant, maximise expenditure on planned maintenance, (thereby reducing expenditure on day-to-day repairs) to maintain our housing stock to the highest standards possible and ensure that adequate funding is available to achieve this. The repairs and maintenance service provided by the Association must be responsive, efficient and cost effective.

8.3 The Association recognises that an effective Estate Management Policy is a vital part of its role as a landlord and that the delivery of Estate Management, often in conjunction with other agencies, will assist greatly in promoting and sustaining safe, secure and desirable communities. Estate Management is defined as property and environmental management and services designed to give tenants and residents quiet, enjoyment of their homes in a safe, secure and decent environment. This goes beyond the physical care, repair and improvement of the built environment. It also includes the provision of good, clear advice and information to tenants and residents, effective liaison with tenants and residents and ensuring that our estates provide a safe environment for all those who may visit, use or enter Association land or property.

8.4 The Void Management Policy describes how the Association deals with re-let and vacant properties to ensure that rental loss is minimised, and the most effective use is made of the housing stock to meet housing need. The policy sets out the Association's lettable standard and void properties contractor specification.

8.5 The Factoring Policy and Statement of Factoring Service sets out the Association's regulatory and legislative requirements as a Factor registered under the Property Factors (Scotland) Act 2011. As such, the Association is bound by the terms of the statutory Code of Conduct for Property Factors to ensure repairs to external and internal common parts of blocks or estates are funded and maintained to a high standard.

8.6 The Association operates an Energy Advice Service which is available to tenants within Skye and Lochalsh. The Energy Advice Service provides a holistic five component energy advice survey (investigating the heat retention (insulation) of a building; uncontrolled ventilation (draughts); efficiency and usability of a heating system; lifestyle of occupants; and tariff selection of occupants and an innovative use of thermal imaging and temperature, humidity and energy monitoring. These techniques are incorporated within our Stock Condition Surveys to help the Association plan and fund future stock improvements which can be included in the Asset Management Programme to make our properties as affordable as possible to heat for our tenants.

9. COMPLIANCE WITH STANDARDS

9.1 The Association operates a regularly updated Database which holds information on the following categories:

- Scheme Details
- Property: Rented, Shared Equity, Mid Market, Managed and Communal Areas
- Spot and Refer – An information sharing tool for all services

9.2 Within the individual property details, information is stored on all cyclical testing and maintenance programmes to ensure that the Association complies with all legal requirements and Codes of Good Practice.

9.3 The 2014/15 (Appendix 1) and 2017/20 Surveys (Appendix 3) of our stock electronically captured imported data for Property Services and Energy Advice Services. The database can be interrogated to produce reports on a range of subjects including for example:

- How many properties have gas appliances, when tested and when the Certificate expires.
- Type of heating system – eg electric, heat pump or Biomass
- When legionella or water tank tests take place
- When chimneys were last cleaned
- What properties have asbestos materials?
- Which external consultant conducted the asbestos survey.

9.4 The Fire Safety Working Group met on a regular basis to ensure that our stock will meet the new Standard for Fire Safety which came into force from February

2019. Landlords (and homeowners) had 2 years (until February 2021) to meet the new standard, compliance of which is monitored by returns to the Scottish Housing Regulator.

9.5 The new Standard requires that every home has:-

- One smoke alarm installed in the room most frequently used for general daytime living purposes;
- One smoke alarm in every circulation space on each storey, such as hallways and landings;
- One heat alarm installed in every kitchen;
- All smoke and heat alarms to be ceiling mounted; and
- All smoke and heat alarms to be interlinked.

9.6 These new standards bring all existing homes up to the standard for fire and smoke alarms required in new build homes.

9.7 The Association already holds information on its stock regarding the items listed at 9.5 above. A new database has been devised to ensure we have accurate information centrally collected and costed on all potential fire risk items over and above that set out in the new Standard, ensuring the February 2021 deadline was met and ensuring the safety and wellbeing of our tenants.

10. DEALING WITH "CAUSE FOR CONCERN" STOCK

10.1 All of the Association housing stock meets the Scottish Housing Quality Standard (SHQS) which was achieved in 2012/13. This has been reflected in the Business Plan as well as in the Annual Return on the Charter to the Scottish Housing Regulator. There is a property which does not meet the requirements, but it is exempt on the grounds that the tenants have refused to accept the necessary work to upgrade them (removal of coal fire), and it will be addressed at the first change of tenancy.

10.2 A proportion of our stock is a cause for concern due to poor thermal or heating efficiency. Skye and Lochalsh are off-gas grid so there are no low-cost options available to heat homes in the area. Within the previous 2022 Energy Crisis, tenants have identified investment in demand reduction through insulation, and more efficient heating systems as their preference when funding is limited.

10.3 On 22 October 2013, TIAA Ltd, Internal Auditors, reviewed the Association's compliance with SHQS and reported "Substantial Assurance" on their findings.

10.4 The Association wishes to exceed the current SHQS and the Energy Efficiency Standard for Social Housing (EESSH) soon to be replaced by The Social Housing Net Zero Standard (SHNZS) which we believe will introduces new challenges for fabric improvement and further additional uncertainty about cost. In 2024-5 one of our strategic priorities for asset management is to scope the investment needed to reach this new three-part standard.

The new SHNZS is out for consultation in March 2024 and will apply from 2025. It adds fabric first targets and interim compliance milestones. We believe that all our stock meets the 2028 Minimum Standard, with the possible exception of one or two properties where tenants refused improvements. Around 65% of our stock already meets the low carbon heating requirement, easily meeting the 2030 target with compliance close to the 2040 target.

10.5 Following the current SHQS and previous Stock Condition Surveys, we wish to improve our current property database by measuring "affordability" and "warmth" levels and to identify additional measures the Association can take to achieve these. We will establish a fully costed and funded Planned Maintenance Programme of Works for proposed upgrades and improvements to deal with what the Association considers to be "cause for concern" stock identified from our surveys.

10.6 The Association has focused on Air Sourced Heat Pumps (ASHPs) as the most effective technology for improving heating affordability has provided over half of tenants with more warmth. In addition, 100 tenants benefit from a biomass district heating system. In the longer term without government support, a radical reduction in costs, or alternative funding sources, both technologies are unaffordable to the Association and this Strategy will have to be redesigned around a more challenging business environment.

11. NEW DEVELOPMENT WITH A PURPOSE

11.1 The Association intends to contribute to meeting the requirements of the Strategic Housing Investment Plan for the Highlands which will include projects for rent, low-cost home ownership and private sale. It is intended to provide any additional units over the next five years by implementing the housing development programme agreed with the Highland Council and the Scottish Government to meet the high demand for affordable housing within Skye & Lochalsh.

11.2 The new build development programme will be funded by a combination of Scottish Government grant funding and private finance as identified within the Financial Plan.

11.3 A properly funded and implemented Asset Management Strategy and Programme will ensure existing stock retains value which is reflected in the valuations required for raising future private finance to fund new build developments.

12. VALUE FOR MONEY

12.1 The Association employs its own Technical Services team comprising joiners, plumbers and technicians and an electrician and estate management staff to carry out elements of the Asset Management Programme; including:-

- Planned Maintenance: Windows, external doors and kitchens
- Cyclical Maintenance: Painting, communal cleaning, estate management and electrical inspections
- Repairs: Reactive – repairs and change of tenancies

12.2 Fully costed reports detailing the savings and improved control over the work that could be achieved have been approved by the Board to demonstrate that the Association could reduce costs by carrying out the works identified in-house. Satisfaction Surveys undertaken on completed works have provided evidence of an increase in tenant satisfaction.

12.3 All Planned and Cyclical Works are inspected by the Property Services Team and a target 10% of Reactive Repairs are pre and post inspected. The Highland Council have engaged our Clerks of Works Services and our Technical Services following successful competitive tendering submissions which provides valuable additional fee income to support our Asset Management activities.

12.4 The Asset Management Programme performance is reported to the Board on a three monthly basis and delegated powers of authorised spending for designated staff are set out in our Standing Orders.

13. INTERIM INVESTMENT PLAN 2023-2025

13.1 In summary our focus as a social landlord is on tenant safety, welfare and securing positive tenant outcomes.

Our number one priority is the ensure that all our properties have an up to date and compliant Electrical Inspection Conditional Report (EICR) and to ensure that all outstanding are addressed by June 2024.

The greatest pressure our tenants face currently are cost of living pressures, which has led to rationing of heat purchase in many homes. Energy costs in particular have a variable burden across our housing stock, with significantly different cost and warmth outcomes depending on where you live, and the type of heating system. Poor ventilation and humidity management outcomes are present in many homes.

13.2 Ahead of Government finalising policy and regulatory goals we already know that in the context of these challenges, reviewing our asset management planning procedures and developing a new energy strategy are fundamental priorities for LSHA in the next two years. These exercises need to be done in tandem.

We need a new asset management strategy that is affordable to both the Association and its tenants; one that is better informed and allows us to prioritise in an informed manner; we need an asset management information system that is efficient and responsive, and we need to understand our tenants' priorities better.

13.3 The interim two-year asset management strategy will deliver the following actions:

- Full statutory EICR compliance for all our properties.
- An investment programme prioritising the delivery of affordable warmth and focusing on LSHA stock with the worst outcomes.
- Reallocating resources to deliver affordable warmth by lowering or suspending short term investment in other areas such as kitchen and bathroom replacement and a review of service provision.
- Other planned maintenance elements will be addressed reactively based on dynamic quarterly prioritisation informed by Property Services staff and tenant interaction, within budget ceilings.
- During this two-year transition period we will prepare a longer term asset management strategy informed by the following:
    - Property Services staff will carry out a revised Component Condition Survey focusing on preparing an updated lifespan assessment of all key components;
    - We will identify the best value components to be used for replacement and the best management regime;
    - The survey will be based on a detailed survey sample and include quality outcome assessments and discussions with other social landlords to share experience;
    - Commissioning an external independent surveyor to carry out a quality assurance sample of properties surveyed; and
    - Those components which have the current highest maintenance burden identified and prioritised for replacement.
- Source and implement a new asset management software to assist with planning and populated with quality checked data.
- Prepare a new Energy Strategy with the assistance of Power Circle and/or others, to include the following:
    - Key recommendations will be piloted to test their value;
    - Review heat networks, big and small as a potential solution; to that extent we will prioritise a resolution to the future of our existing Home Farm heat network;

  - Evaluate the potential benefits of including elements of on-site generation, battery storage and micro-grids;
  - Key recommendation that homes needed affordable whole house heating systems rather than individual room heaters; and
  - Find affordable warmth and humidity management and ventilation solutions for our major property archetypes.

- Our Energy Advice Team will continue to record key performance metrics for our housing stock which, will be used as additional and complementary performance metrics to EPCs. This data will be used to support requested exemptions from our current EESSH2 / SHNZS targets based on value for money and the prioritisation of affordable warmth principles.
- Our Property Services Officers and Tenant Engagement and Support Manager will consult closely with tenants on an ongoing basis to identify their priorities.
- We will tackle contractor market failure by looking to upskill our Technical Services team to deliver holistic whole house retrofit solutions with enhanced heating and insulation outcomes.
  - We will potentially train our staff to become retrofit assessors, coordinators and delivery agents and we will aim to recruit and retain our own MCS accredited heating engineers and plumbers and fully qualified electricians. External Labour costs are the principle challenge we face when we replace and manage components or carry out repairs, particularly heating. Investing in and retaining expert staff will be important.
- Extend component life cycles with more proactive component management, review specification to increase efficiency and longevity, and support tenants to take care of them.
- Create effective partnerships with tenants, to work together, with new proactive inspection and support protocols to better ensure a healthy affordable, warm and efficient home.
- New build stock will have fabric first and simplicity as its principal design principle so that the heating systems and components we choose can be simple and longer lasting, and we will revise our shared sector Highland Firm Foundations design brief.
- Enhance the insulation envelope of all off our historic stock in parallel with assessing heating and ventilation upgrade needs. We will adopt the principle of fabric first and ensure necessary, pragmatic fabric fixes integrate with heating and ventilation upgrades on a whole home retrofit model.
- We will scope and deliver a solution for the Portree District Heating system, the 139 homes attached to it, and transition costs and timetabling planned and managed and integrated into our financial plans.

- We will continue to lobby Government for ongoing subsidy for renewable heating systems now and in the future, and we will better integrate subsidy payments and RHI payments into our asset management calculations as the current regime hides the subsidy gains.
- Gather the analysis to support an asset disposal policy if the Transitional Programme is unable to efficiently address poorly performing and hard to treat homes.

Our aim through this programme is to be significantly better informed so that we can effectively prioritise those elements which best deliver high quality social housing and which are affordable and viable for landlord and tenant.

14. RESOURCES

We propose to work within resource constraints and allocate spend based on the priorities identified within this document. We anticipate increasing our tenancy sustainment fund for the duration of this two year period to deal with any consequential tenant pressures any re-direction might cause.

Our aim over two years is to make efficiency savings by:

- finding the optimum house retrofit solutions;
- reducing our dependency on external contractors and reallocating savings to allow us to do more and quicker improvements; (Our ultimate aim should be to do all our own electrical inspections, heat pump and quantum installs, servicing, communal cleaning and painting.)
- improving work schedule planning and resource allocation through a new technical services coordination plan;
- removing from our stock those components with the most expensive maintenance burden;
- trialling new methods and protocols for refurbishing kitchens and bathrooms and integrating such work into a whole home retrofit model;
- investigating accelerated access to electric showers for homes remaining on a storage heating regime;
- upskilling our technical team and recruiting and retaining accredited plumbers and electricians, plus retraining our expert joiners and others in being whole house retrofit coordinators;
- introducing new and enhanced inspection regimes and providing enhanced support to tenants so that they can best manage their homes;
- completing our component assessment survey and populating a new asset management system; and

- prepare a short-term dynamic prioritisation policy and implement ahead of implementing a new asset management strategy for 2025-2032.

15. REVIEW

15.1 The Asset Management Strategy Interim Plan will be reviewed annually or more frequently as we develop our approach to EESSH2, Social Housing Net Zero Standard and eliminating the technical causes of fuel poverty. Supported by the Interim Plan outcomes, a full review of the AMS will take place at the end of 2024 in tandem with the review of the Business Plan and Financial Plan by CE, DoFCS and Managers, prior to consideration and approval by the Board.

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LTD
LOCHALSH AND SKYE HOUSING ASSOCIATION

ENERGY ADVICE SURVEY INFORMATION (SAMPLE)

Date:	Date:	Property Reference:	
Surveyor: EASC			
Heating			
Primary Heating System Storage Heaters		**Secondary Heating Storage Heaters**	
Storage Heaters			
Economy 7? No		THTC? No	
No. Storage Heaters		No. Panel Heaters	
What heater in bathroom?	Fan	Convector in Living Room? No	
Focal point connection available? No		Focal point connection used? No	
Electric shower on THTC? No		Does unit use supplementary electric heating No	
Balance of heating use	%	Comments:	
Gas/Oil/Wet Electric Boiler			
Gas: No	Oil: No	Wet Electric: No	
Boiler with radiators? No		Boiler with underfloor heating? No	
Type of boiler:		SEDBUK rating:	
Make of boiler:		Model:	
Normal (with HW tank)? No		Combi? No	
Condensing Combi? No		Condensing with HW tank? No	
Heating Controls			
Room Thermostat: No	Programmer: No	TRVs: No	
Wet Electric Tariff:	E10	Wet Electric Programmer Timings	Just low rate
Use Oil to heat water all year? No		Comments:	
Heat Pump			
Exhaust Air: No	Air Source: No	Ground Source: No	
Make:	Model:	How long installed?	
Downstairs:	Radiators: Yes	Underfloor Heating: Yes	
Upstairs:	Radiators: Yes	Underfloor Heating: Yes	
User documentation present? No		User comments/feedback:	
Heating Controls			
Room Thermostat: No	Programmer: No	TRVs: No	
Heat Curve:	Season settings used: Auto	Alarm log read: No	
Noise Issues? No		Filter Quality:	
Compressor Running Hours:		Electricity Running Hours:	
Tariff:	E10 Balance of heating use (if E10): %		
Use supplementary heating? No		Occupier cleans filters? No	
Solid Fuel			
Multifuel Stove? No		Open Fire? No	
Backboiler and radiators: No	Make of stove:	Model:	
Principle fuel:		Secondary fuel:	

Does the house use supplementary electric heating? No			
Loft Insulation			
Insulation attic check Yes	Depth:	Floor level: mm	Rafter level: mm
Loft boarded: %	Used for storage? No	Loft hatch insulated: No	
Insulation around ducting? No	Pipework: No	Evidence of damp or rot? No	
Quality of insulation	Satisfactory If unsatisfactory, why?		
Insufficient depth? No	Floor partly boarded, no insulation above? No		
Compressed through storage? No	Floor partly boarded, no insulation above or below? No		
Partly displaced in places? No	Pipework needs attention? No		
Fully displaced in places? No	Ducting needs attention? No		
Worn/distressed areas? No	Eaves gap: 0-50mm		
Goods stored on insulation? No	Attic permit installed? No		
General Comments:			

Energy Usage				
Electricity supplier: Scottish Hydro	Tariff:			
Single/Dual: Single	Meter/MPAN numbers:			
Cost per kwh:				
Standard p	Heat p	High p	Low p	Daily standing charge p
Meter Reading:				
Standard	Heat	High	Low	Total
Electricity monitoring agreed: None	Historic annual spend: £			
Temperature monitoring agreed: No	Cold weather thermal imaging agreed: No			
Comments**:**				
Oil: No	litres pa	£ pa		
Solid fuel: No	25k bags pa	£ pa		
Woodfuel: No	quantity pa	£ pa		
LPG: No	quantity pa	£ pa		
General Comments:				

Draughts			
Doors: No	Letterbox: No	Keyhole: No	Cat flap: No
Windows: No	Skirting/floorboards: No	Unused chimney: No	Gaps in building fabric: No
Exposure to wind: No	Beneath bath: No	Behind kitchen units: No	Through vents/utility pipes: No
Unheated Porch? N/A		Internal Porch Door Single Glazed? N/A	
General Comments:			
Householder – 3 things you like?			
1)			
2)			
3)			
Householder – 3 things you don't like?			
1)			
2)			
3)			

OTHER OBSERVATIONS		
Would you be happy for us to contact you on your mobile phone number? Yes Phone number: Do you find the information in your newsletter and annual report useful? Yes Comments: Do you have access to the internet? No		
Any other comments/observations:		
Photo Checklist		
	Completed	Comments
Meter	Yes	
Loft insulation	Yes	
Pipe insulation	Yes	
Front elevation	Yes	
Rear elevation	Yes	
Defects	Yes	
Thermal Imaging	Yes	

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LOCHALSH AND SKYE HOUSING ASSOCIATION

PROPERTY SURVEY INFORMATION (SAMPLE)

<table>
<tr><td>Date:</td><td colspan="2">Date:</td><td colspan="2">Property Reference:</td></tr>
<tr><td>Surveyor: TM</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Property Type:</td><td colspan="4">Flat</td></tr>
<tr><td>Type of Heating:</td><td>Storage Heaters</td><td>Make:</td><td colspan="2">Model:</td></tr>
<tr><td>Heat Pump Type:</td><td>N/A</td><td>Serial No:</td><td colspan="2"></td></tr>
<tr><td colspan="5">Internal</td></tr>
<tr><td>Open Fire</td><td>No</td><td>Solid Fuel Stove</td><td colspan="2">No</td></tr>
<tr><td>Check Fire Bricks</td><td>No</td><td>Check Flue/ Chimney Cleaned</td><td colspan="2">No</td></tr>
<tr><td>Date Chimney Cleaned</td><td></td><td>Check Rope Seals to Stove</td><td colspan="2">No</td></tr>
<tr><td colspan="2">Carbon Monoxide detector in place – test - Yes</td><td colspan="2">Check % test smoke detector Yes</td><td>Smoke detector expiry date</td></tr>
<tr><td colspan="2">Solar Panel Pressure Check N/A</td><td colspan="3">LSHA owned electrical appliances</td></tr>
<tr><td colspan="5">Tenant Alterations (eg shower, shed laminate)</td></tr>
<tr><td>Lock type (front)</td><td>Euro Single</td><td>Lock size:</td><td colspan="2"></td></tr>
<tr><td>Lock type (back)</td><td>Euro Single</td><td>Lock size:</td><td colspan="2"></td></tr>
<tr><td colspan="5">Hot Water Heating</td></tr>
<tr><td>Back boiler: No</td><td>Exhaust air: No</td><td>Air source: No</td><td>Oil/LPG boiler: No</td><td>Ground source: No</td></tr>
<tr><td>Wet electric: No</td><td colspan="2">Electric immersion (off peak): No</td><td colspan="2">Electric immersion (on peak): No</td></tr>
<tr><td colspan="2">Combi boiler: No</td><td colspan="3">Instant: No</td></tr>
<tr><td colspan="2">Hot water cylinder size No cylinder</td><td colspan="3">Make of cylinder:</td></tr>
<tr><td colspan="2">Model:</td><td colspan="3">Hot water cylinder insulation: up to 10mm</td></tr>
<tr><td>Insulation: None</td><td>Thermostat: No</td><td>Set to 60°: No</td><td colspan="2">How timed?</td></tr>
<tr><td colspan="2">Cold water tank size   litres</td><td colspan="3">Insulation complete (cold water tank) No</td></tr>
<tr><td colspan="2">Clean water storage tank No</td><td colspan="3">Check Bylaw 30 Kit No</td></tr>
<tr><td colspan="5">General comments: -</td></tr>
<tr><td colspan="5">Gas</td></tr>
<tr><td>Gas Appliance Present: No</td><td colspan="2">Gas Certificate Current: No</td><td colspan="2">Expiry Date of Certificate:</td></tr>
<tr><td colspan="5">Electricity</td></tr>
<tr><td colspan="2">Electrical Inspection Certificate Current: Yes</td><td colspan="3">Expiry Date of Certificate:</td></tr>
<tr><td colspan="5">Exterior</td></tr>
<tr><td>Exterior Décor Condition</td><td>Masonry: years remaining (0-9)</td><td>Woodwork: years remaining (0-3)</td><td colspan="2">No. of Flues/ Chimneys: N/A</td></tr>
<tr><td colspan="5">Condition Check and Remaining Life Cycle:</td></tr>
<tr><td colspan="2">Window: years remaining (0-25)</td><td colspan="2">Kitchen: years remaining (0-15)</td><td>Door: years remaining (0-25)</td></tr>
</table>

<table>
<tr><td>Gutters need cleaned?</td><td>No</td><td colspan="2">Guttering clips and downpipes cut away:</td><td>No</td></tr>
<tr><td>Spalding Concrete Pathways</td><td colspan="4">No If yes, sketch will be available in Property Portfolio</td></tr>
<tr><td>Garden Landscape Condition</td><td colspan="4"></td></tr>
<tr><td>Paths and Fences</td><td colspan="4"></td></tr>
<tr><td>Estate Improvements</td><td colspan="4"></td></tr>
<tr><td colspan="5">Additional Information</td></tr>
<tr><td colspan="2">Level Access to Front Yes</td><td colspan="3">Level Access to Rear Yes</td></tr>
<tr><td colspan="2">Level Access Shower No</td><td colspan="3">Wet Room No</td></tr>
<tr><td colspan="2">Step in Shower No</td><td colspan="3"></td></tr>
<tr><td>Ground Floor Accommodation:</td><td>Bedroom: No</td><td colspan="2">Shower: No</td><td>Toilet: No</td></tr>
<tr><td colspan="5">Estate Management</td></tr>
<tr><td></td><td colspan="2">Condition</td><td colspan="2">Comments</td></tr>
<tr><td>Household refuse disposal and litter</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Internal common areas in flatted developments</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Parking/roads – vehicles including caravans, boats, trailers</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Communal/landscaped areas</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Vandalism</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Graffiti</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td>Satellite dishes</td><td colspan="2">Acceptable</td><td colspan="2"></td></tr>
<tr><td colspan="5">Possible Improvements?</td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="5">Emergency/High Priority Issues</td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="5">OTHER OBSERVATIONS</td></tr>
<tr><td colspan="5"></td></tr>
</table>

B U I D H E A N N T I G H E A D A S L O C H A I L L S E A G U S A N E I L E I N S G I T H E A N A I C H L T D
L O C H A L S H A N D S K Y E H O U S I N G A S S O C I A T I O N

ENERGY ADVICE SURVEY INFORMATION (SAMPLE)

<table>
<tr><td rowspan="4">Property Reference:</td><td rowspan="4">Postcode:</td><td colspan="2">Surveyor:</td><td rowspan="4">Date:</td></tr>
<tr><td>EAM</td><td></td></tr>
<tr><td>EA(MS)</td><td></td></tr>
<tr><td>EA(LC)</td><td></td></tr>
<tr><td colspan="5">OPENER
Tell them when we last surveyed the property</td></tr>
<tr><td colspan="5">How long have you lived in the property? (number of years)</td></tr>
<tr><td colspan="5">Three things you like about your home…</td></tr>
<tr><td colspan="5">1)</td></tr>
<tr><td colspan="5">2)</td></tr>
<tr><td colspan="5">3)</td></tr>
<tr><td colspan="5">Three things you don’t like about your home…</td></tr>
<tr><td colspan="5">1)</td></tr>
<tr><td colspan="5">2)</td></tr>
<tr><td colspan="5">3)</td></tr>
</table>

<table>
<tr><td colspan="4">HEATING</td></tr>
<tr><td colspan="4">Heating Type:</td></tr>
<tr><td>Storage Heaters</td><td></td><td>Air Source Heat Pump</td><td></td></tr>
<tr><td>Ground Source Heat Pump</td><td></td><td>Exhaust Air Heat Pump</td><td></td></tr>
<tr><td>Wet Electric</td><td></td><td>Solid Fuel</td><td></td></tr>
<tr><td>Oil Boiler</td><td></td><td>LPG Boiler</td><td></td></tr>
<tr><td>Biomass</td><td></td><td>Quantum</td><td></td></tr>
<tr><td colspan="4">Heating – what do you most like and not like about your heating system?</td></tr>
</table>

Are you warm enough in winter?					
Yes		*Mostly*			
Sometimes		*Rarely*			
Never					
Do you ever use Portable Heating?		*Yes*		*No*	
Please specify:					
How good is your understanding of how to use and operate your heating system?					
Fully		*Barely*			
Mostly		*Don't*			
Partly					
How often do you change the control settings?					
Frequently		*Seasonally*			
Rarely		*Never*			
Do you have copies of instruction manuals?		*Yes*		*No*	
Which rooms do you generally heat in the Winter?					
Living Room-		*Rarely*			
Regularly		*Never*			
Occasionally		*No heater in room*			
Main Bedroom-		*Rarely*			
Regularly		*Never*			
Occasionally		*No heater in room*			
Other Bedroom-		*Rarely*			
Regularly		*Never*			
Occasionally		*No heater in room*			
Kitchen-		*Rarely*			
Regularly		*Never*			
Occasionally		*No heater in room*			
Bathroom-		*Rarely*			
Regularly		*Never*			
Occasionally		*No heater in room*			
Hall-		*Rarely*			

Regularly		*Never*	
Occasionally	*No heater in room*		
HEAT EMITTERS Are the Heat Emitters		*Fully clear*	
Partially blocked		*Fully blocked*	
If the answers to these questions are negative, provide any documentation they don't have and any immediate help possible. Offer a further visit to explain control settings if needed. **MAP HEAT EMITTERS ON SKETCH PLAN**			
ENERGY USAGE			
As a rule, are you heating to a temperature or heating to a budget?			
Temperature		*Budget*	
Do you know your annual energy bill? What **is** your best guess?			
Convert it if they give weekly or seasonally or monthly			

Are you worried about your energy costs?	*Yes*		*No*	

Do you ever feel that you are rationing your purchase of heat?			
Never		*Frequently*	
Occassionally		*Always*	
Electricity supplier:			
Scottish Hydro		*Scottish Power*	
Scottish Gas		*Eon*	
EDF		*N Power*	
Other (please specify)			
Tariff:			

Single/Dual:	*Single*		*Dual*	
Meter/MPAN numbers:				

Cost per kwh:				
Standard p	Heat p	High p	Low p	Daily standing charge p
Meter Reading:				
Standard	Heat	High	Low	Total
Historic annual spend: £				
Notes:				

Who is your electricity supplier?			
What tariff are you on?			
Write down Unit Rates and s/c. Find out and write down photograph meter and identifiers and all meter readings and photograph change of meter stickers			
Do you understand how the tariff works?			
Yes		*No*	
Not fully		*N/A*	
If not, explain THTC or E10			
Have you ever switched supplier?			
Yes		*Tried but failed*	
No			
Would you like to switch?			
Yes		*Maybe*	
No			
Notes:			

Do you want help to switch?	*Yes*		*No*	
Take meter readings and draft a switching options note and post back – say we will work out the annual costs from their meter readings and will suggest what other tariffs might be available but point out that the choice of supplier and tariff is always for them to make				
DAMPNESS AND HUMIDITY				
Do you have any concerns about damp and humidity in the property?				
Yes		*No*		
I have done in the past				
If **yes**, please specify				
Are there any visible damp spots or mould?	*Yes*		*No*	

If yes, ask occupier to show us and map location of damp and mould on sketch plan and photograph if possible			
Do you take measures to combat damp?			
Yes		*No*	
No need			

What measures do you take?			
Do you ever clean away mould with bleach and/or other cleaning materials?			
Yes		*No*	
No need			

VENTILATION				
How and when do you ventilate your home?				
Check presence, working status and ask if used				
	Present	Working	Blocked	Used
Trickle vents	☐	☐	☐	☐
Wall vents	☐	☐	☐	☐
Underfloor vents	☐	☐	☐	☐
Soffit vents	☐	☐	☐	☐
Tile vents	☐	☐	☐	☐
Ridge vents	☐	☐	☐	☐
Extractor fan	☐	☐	☐	☐
Humidistat	☐	☐	☐	☐
Exhaust Air vents	☐	☐	☐	☐
Dmev fan	☐	☐	☐	☐
Drymaster	☐	☐	☐	☐
Mev unit	☐	☐	☐	☐
Mvhr unit	☐	☐	☐	☐

How do you dry laundry? (tick all that apply)

- Tumble Drier ☐
- Outside washing line ☐
- Internal Airer or line ☐
- On or next to Heaters ☐
- Airing cupboard ☐

If you dry laundry indoors, how do you vent the humidity?			
Open window		*Mechanical ventilation*	
None			
What ventilation do you use after cooking?			
Open window		*Use cooker hood*	
Mechanical ventilation		*None*	
How do you get rid of steam and condensation from showering/bathing?			
Open window		*Mechanical ventilation*	
Open bathroom door		*None*	

LOFT INSULATION					
Insulation attic check		*Yes*		*No*	
	Depth: Floor level: mm			Rafter level: mm	
Loft boarded: %					
Used for storage?	*Yes*		*No*		*N/A*
Loft hatch insulated:	*Yes*		*No*		*N/A*
Insulation around ducting?	*Yes*		*No*		*N/A*
Pipework	*Yes*		*No*		*N/A*
Evidence of damp or rot?	*Yes*		*No*		*N/A*
Quality of insulation	*Satisfactory*		*Unsatisfactory*		
If unsatisfactory, why?					
Insufficient depth?	*Yes*		*No*		*N/A*
Compressed through storage	*Yes*		*No*		*N/A*
Partly displaced in places?	*Yes*		*No*		*N/A*
Fully displaced in places?	*Yes*		*No*		*N/A*
Worn/distressed areas?	*Yes*		*No*		*N/A*
Goods stored on insulation?	*Yes*		*No*		*N/A*
Floor partly boarded, no insulation above?	*Yes*		*No*		*N/A*
Floor partly boarded, no insulation above or below?	*Yes*		*No*		*N/A*
Pipework needs attention?	*Yes*		*No*		*N/A*
Ducting needs attention?	*Yes*		*No*		*N/A*
Attic permit installed?	*Yes*		*No*		*N/A*

Eaves gap: (in mm)	*0-50*		*50*		*50 -100*	
	100 - 300		*Over 300*			
General Comments:						
CHECK SARKING FOR MOULD/DAMP/SIGNS OF LEAKS.						
Does the sarking show signs of mould/damp or leaks?			*Yes*		*No*	
Take photo or damaged areas						
Is HWC in the loft?			*Yes*		*No*	
Is cold water tank in the loft?			*Yes*		*No*	

FINAL QUESTIONS				
Would you be interested in talking to our Tenant Adviser?	*Yes*		*No*	
Do you have any concerns about fire safety (asked from June 2018)? **Where are your smoke alarms?** **Thanks for your time – do you have any other thoughts about the work of the Housing Association?**				

WE ARE LEAVING YOU A SURVEY FORM SO THAT YOU CAN GIVE FEEDBACK ABOUT THE WORK OF THE HOUSING ASSOCIATION – PLEASE FILL IT IN AND RETURN IT USING THE PREPAID ENVELOPE.

(Hand out survey and prepaid reply envelope, encourage them to fill it in. Say we are also looking for more tenant involvement and participation in the running of the Housing Association – membership led organisation/membership/scrutiny panel etc).

If people identify repairs, ask them to phone Repairs on 01478 612035.

External
PHOTO OF HEAT PUMP AND IDENTIFICATION PANEL
PHOTO OF OIL BOILER AND OIL TANK
PHOTO OF ALL ELEVATIONS. CHECK ROOF FOR TILE & RIDGE VENTS OR SOFFIT VENTS
DO EPC IF REQUIRED

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LTD

LOCHALSH AND SKYE HOUSING ASSOCIATION

Estate Management Survey/Inspection Form (SAMPLE)

Scheme: ____________ Inspection Date: ____________ Inspected by: __________

Address:

Element					**Comments**
Roads	Adopted?	Yes	No	N/A	
Gulleys (Storm Water)	Clear?	Clear	Silted	N/A	
	LSHA/TECS ?	LSH A	TECs	N/A	
Car Parking	Adopted?	Yes	No	N/A	
Pavements	Video taken?	Yes	No	N/A	
	Condition?	Satisfactory			
		Unsatisfactory			
		N/A			
	Re-align?	Yes	No	N/A	
	Re-Fix?	Yes	No	N/A	
	Does the path need to be sprayed for weeds?	Yes	No	N/A	
Paths (private)	Video taken?	Yes	No	N/A	
	Condition?	Satisfactory			
		Unsatisfactory			
		N/A			
	Re-align?	Yes	No	N/A	
	Re-Fix?	Yes	No	N/A	
	Does the path need to be sprayed for weeds?	Yes	No	N/A	
Grass/Planting					**Comments**
Common	Condition?	Satisfactory			
		Unsatisfactory			
		N/A			
Private	Condition?	Satisfactory			
		Unsatisfactory			

		N/A	
Fences/Gates	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	
	Replace in ________ months		
	Paint/stain in _________ months		

			Comments
Communal Area/ Playparks	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	
Gutters/ Downpipes	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	
	Clean in _______ months		
Roof Coverings	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	
External Painterwork	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	
	Paint/stain in __________ months		
Communal Corridors/areas	Condition?	Satisfactory	
		Unsatisfactory	
		N/A	

Litter	Yes/No?	Yes	No	N/A	Condition?	Satisfactory
						Unsatisfactory
						N/A
Cars/Boats/ Caravans	Yes/No?	Yes	No	N/A	Condition?	Satisfactory
						Unsatisfactory
						N/A
Sheds/non Domestic debris	Yes/No?	Yes	No	N/A	Condition?	Satisfactory
						Unsatisfactory
						N/A
Vandalism	Yes/No?	Yes	No	N/A	Condition?	Satisfactory
						Unsatisfactory
						N/A

Overall Comments:

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LOCHALSH AND SKYE HOUSING ASSOCIATION

HOME FARM PLAYPARKS – WEEKLY VISUAL INSPECTION (SAMPLE)

Playpark	Location	Equipment	☺	😐	☹	Comments
1	Rathad an Fheoir (Toddler)	Spring Flower				
		Spring Horse				
		Birkdale Seat				
		Surface/Edging/Fencing				
2	Leathad na Sobhraig (Toddler)	Spring Flower				
		Spring Motorbike				
		Birkdale Seat				
		Surface/Edging/Fencing				
3	Rathad na Ciobairean (Youth)	Double Swing				
		Dish Swing				
		Birkdale seats				
		Metro Play				
		Tractor & Trailer				
		Surface/Edging/Fencing				
4	Rathad na H-Airigh (Toddler)	Motor Bike				
		Birkdale Seat				
		Surface/Edging/Fencing				
5	Cearn Romasdail (Toddler)	Spring Bird				
		Birkdale Seat				
		Surface/Edging/Fencing				

Recommendations:

Inspecting Officer: DO **Date:**

Appendix 6

ASSET MANAGEMENT STRATEGY - Main Assumptions as at February 2024

Component			***Life Cycle***	***Cost***
Electrics			50 years	£3,000
Electrics Distribution Boards to meet 18th Edition			15 years	£890
Electric Storage Heating (existing storage heating systems have 25 year cycle, but changes to 20 years when renewed from 2020/21)			20 years	£6,500
All other heating types including Heat Pumps & Ventilation (existing heating systems have 15 year cycle)			15 years	£13,000
Biomass within properties: pipework, HIU & radiators			In year 2035	£0
Biomass Replacement (Plant, Building, Network etc)			In year 2035	N/A Future loan
Kitchen	Joinery Extractors Décor allowance Flooring	£3,625 £0 £50 £0	15 years	£3,675
Bathroom	Electric Showers (disabled) 10 years	£750	10 years	£750
Bathroom	Suite Tiling Extractor	£2,975 £300 £200	25 years	£3,475
Windows			25 years	£5,000
External Doors (£1,000 x 2 per property)			25 years	£3,000
Main Roof			40 years	House: £10,000 Flat: £5,500 x no of units in block

Cyclical Maintenance Costs

Inspection Type	**Frequency**	**Cost**
Carbon Monoxide Detector	10 years	£ 60
Electrical Inspection of House	5 years	£ 240
Electrical Inspection of Communal Lighting/Fire Alarm	1 year	£ 300
Gas Service	1 year	£ 180
Ground Maintenance	1 year	
Gutter Gleaning	1 year	£ 40
Heat Pump Service	1 year	£ 243
Oil Boiler Service	1 year	N/A
Smoke & Heat Detector Replacement	10 years	£ 240
Solar Panel Service	5 years	£ 150
<u>Painting</u>		
Masonry (includes pre-paint repairs of £60)	9 years	£480
Timber (includes pre-paint repairs of £60)	3 years	£ 240
Cladding (includes pre-paint repairs of £60)	3 years	£ 270
Communal Areas	5 years	£ 650

Appendix 7

IMPROVEMENT STANDARDS

Cycle

Roof covering……………………………………………………………………………… 40 years

- To be replaced on a like for like basis upgraded to meet current standards

External doors to individual properties……………………………………………… 25 years

- Timber doors with exposure rating suitable for proposed location
- Water based factory finish on doors and frames
- Double glazing and toughened glass where applicable
- Multi point locks and thumb turn
- Lever handles
- Number in a prominent position where it is needed for access
- Viewer on front door if the door is not glazed
- Whole door draught proofed including letter box

Common external doors in blocks of flats………………………………………. 25 years

- Door entry systems will be fitted where circumstances or conditions indicate that a door entry system is required and tenants and owner occupiers in the block agree
- At the front door of the block this will be a coded door entry system with a magnetic closing system and a buzzer and intercom to each flat
- If there is a rear door to the block e.g. providing access to a common garden or drying area a manual keypad will be fitted

Windows ………………………………………………………………………………. 25 years

- Fully reversible or tilt-and-turn windows
- Timber frames with aluminium facing
- Double glazing with low emissivity glass
- Toughened glass where there is glazing below 800mm
- Safety catches to restrict opening where appropriate
- Trickle ventilation in all opening windows
- Timber finished ingoes

Bathrooms………………………………………………………………………….…... 25 years

- Vitreous china WC and close coupled cistern
- Dual flush cistern

- Enamelled steel bath with non slip finish and grip handles
- Level access showers to be provided where required
- Lined framing incorporating screwed access panel
- Tile or Respatex panel finish in bath and shower area
- Vitreous china wash hand basin and pedestal
- Tiles above the basin
- Lever taps of a modern standard
- White bath, wash hand basin, WC and cistern
- White heavy duty plastic WC seat
- Thermostatic mixing valve for baths and other properties where an occupational therapist identifies a risk
- Mechanical ventilation (unless exhaust air recovery heat pump installed)
- Heating by radiator from main heating system if possible or other heating source suitable for a bathroom
- Lighting to current standards
- Walls painted with emulsion paint and woodwork in water based gloss

Kitchens ……………………………………………………………………………….. 15 years

- Sink unit with sink and single drainer, double base unit and double wall unit, tall or single unit with a line of drawers above base units as minimum when space allows
- Space for plumbed in washing machine and fridge or fridge/freezer as a minimum as space allows
- 40mm worktop with mitred joints
- 19mm carcasses on units
- Strengthened or solid base cutlery drawer
- Stainless steel inset sink and drainer with taps
- Respatex panel between worktops and wall units and from floor to ceiling (or up to wall unit) behind cooker
- Electrical re-wiring on dedicated ring with partial re-wire if necessary
- A minimum of seven electric sockets
- Plumbing for washing machine
- Extractor fan (unless exhaust air recovery heat pump installed)
- Tenants to be given a choice of cupboard and worktop finishes. There is currently a choice of three finishes.

- Affected walls painted with emulsion paint and woodwork in water based gloss/or decoration allowance

Electrical Systems……………………………………………………………………. 50 years

- Wiring installed to conform with current edition of IEE Regulations
- Energy efficient bulbs to be provided for all light fittings
- External lighting to be provided at front and rear doors where required - bulkhead type fitted with low energy light bulbs
- Smoke detector to be replaced like for like
- Carbon monoxide detectors installed in properties where required **10 years**

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LTD
LOCHALSH AND SKYE HOUSING ASSOCIATION

Development Strategy 2024-2029

Service: Development Services	Date	Staff Member
Version Number: 4		
Approved by: Governing Body	25.03.2024	N/A
Effective From:	26.03.2024	N/A
Next Review Date:	03.2025	DM
Revision Number:		
Revision Date:	N/A	N/A
Posted on Intranet:	22.04.2024	PA
Posted on Website:	22.04.2024	PA
Publicity Material issued:	N/A	N/A
Handbook(s) updated:	N/A	N/A
Document Register updated:	22.04.2024	PA
Previous Version archived:	22.04.2024	PA
SSHC: Charter Standards and Outcomes:	4 & 13	
SHR: Regulatory Framework	1.1	

Scottish Social Housing Charter Relevant Standard Outcomes

<table>
<tr><th>STANDARD</th><th>OUTCOME</th></tr>
<tr><td>Section: Housing quality and maintenance

4. Quality of housing
Social Landlords manage their business so that:-
• tenants' homes, as a minimum, when they are allocated are always clean, tidy and in a good state of repair, meet the Scottish Housing Quality Standards (SHQS), and any other building quality standard in place throughout the tenancy; and also meet the relevant Energy Efficiency and Zero Emission Heat Standard.</td><td>This standard describe what landlords achieve in all their properties. They cover all properties that social landlords let, unless a particular property does not have to meet part of the standard.

If, for social or technical reasons, landlords cannot meet any part of these standards, they should regularly review the situation and ensure they make improvements as soon as possible.</td></tr>
<tr><td>Section: Getting good value from rents and service charges

13. Value for money
Social landlords manage all aspect of their businesses so that:

• tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.</td><td>This outcome covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers in setting rents and service charges; and i in monitoring and reviewing how landlords give value for money.</td></tr>
</table>

Scottish Housing Regulator Regulatory Framework

STANDARD	GUIDANCE
1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.	**1.1** The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's strategic and financial plans to achieve its purpose and intended outcomes for its tenants and other service users.

DEVELOPMENT STRATEGY

CONTENTS

DEVELOPMENT STRATEGY

1. INTRODUCTION

1.1 This Statement sets out the Association's **Development Strategy** for pursuing development activity over the period 2024 – 2029. It is based on the new supply and community objectives in its **Business Plan 2024 – 2029: In addition this Strategy follows these principles:**

- To work in partnership to increase the supply of high quality affordable housing;
- When developing new housing, listen to the communities we serve and our partners, providing a range of tenure options including social rent, low cost home ownership and other options that meet their needs;
- To contribute to the improvement of the social, economic, environmental and cultural wellbeing of the whole community;
- To work with remote and rural settlements to define their housing needs and support their future sustainability and prosperity through our housing investment activities;
- Balance our programme between the needs of smaller communities, those with particular needs, and our wider regional responsibilities;
- To promote energy efficiency, waste reduction and to assist in the reduction of carbon emissions and the eradication of fuel poverty;
- To deliver high quality services and standards including partnerships with third parties to provide tenure options we may not be best placed to deliver;
- To work within a policy framework and financial capacity which deliver, cost efficiency, financial viability and value for money;
- To ensure accountability, openness and compliance in the governance of the Association's activities and;
- To provide equality of opportunity and access to all our services and activities.

2. PURPOSE OF THE STRATEGY

2.1 The Development Strategy has been prepared to take account of the Association's Business Plan for the period 2024-2029 and in the context of the prevailing economic, political and operational environments that the Association is operating in. It is informed by the requirements of the regulatory regimes that the Association is subject to and by the relationships that the Association has with key partners including local and central government and funders. In addition to the current business plan, the other key strategies which integrate and complement each other are our:

- Finance Strategy
- Procurement Strategy
- Asset Management Strategy
- Energy Efficiency Standard for Social Housing Strategy and Action Plan, and
- Tenant Sustainment Strategy

2.2 The Development Strategy sets out the approach taken by Lochalsh and Skye Housing Association to housing and related development in the period 2024-2029. It will be applied to:

- Determine the role of the Association as a developer.
- Determine whether or not it is appropriate for a specific initiative to be progressed.
- Guide the Association's activity in respect of individual schemes.
- Ensure sound governance of the Association's development activities.

Its implementation will be informed by our suite of **Development Policies** including our **Development Risk Policy** and **Strategic Risk Register**, and **Treasury Management Policy.**

2.3 The Strategy also takes account of Regulatory Standard and Guidance, in particular **Regulatory Standard 1.1:** The governing body sets the Association's strategic direction. It agrees and oversees the strategic and financial plans to achieve its purpose and intended outcomes for its tenants and service users and **Business Planning Recommended Practice (BPRP) Section 4.1:** The approach to business planning should reflect the Association's vision, mission statement and strategic objectives. It should also allow the exploration of opportunities including business growth and innovation.

3. THE ASSOCIATION'S ROLE AS A DEVELOPER

3.1 In adopting its Business Plan for the period 2024 – 2029, the Association has positioned itself as a champion of new affordable housing supply within Skye and Lochalsh's communities, as a direct provider and through partnership with bodies like Highland Housing Alliance and Communities Housing Trust. The Association has identified its capacity to undertake new build development during the period of this Strategy, within the current funding regime promoted by the Scottish Government and will continue to test the impact of new funding opportunities with a view to increasing this contribution wherever possible. Economic and funding uncertainty makes long term planning difficult but the Association is committed to its developer role for as long as financial capacity allows.

3.2 The Association's core purpose includes enhancing the supply of affordable housing because it recognises that the communities it serves continue to experience acute shortages. In pursuing an active development programme the Association has determined that there is both short and medium term demand for its properties across all communities.

3.3 Rents for new build developments will be determined with reference to the national minimum living wage and, at the same time, ensure the viability of schemes being assessed for development. At the same time the Association is committed to ensuring the long term viability of the organisation and affordability for customers.

3.4 In undertaking development activity, the Association wishes to make a significant contribution to the achievement of the Scottish Government's objectives of creating a Healthier, Wealthier and Fairer, Safer and Stronger and Greener Scotland, underpinned by such initiatives such as fair work first.

3.5 The Association's partnership with The Highland Council is central to its role as a direct contributor of new affordable housing options in Skye and Lochalsh, The Association also provides Project Management, Clerk of Work and CDMA services to the Council on a scheme by scheme basis via individual agreements, as well as other bodies like Highland Housing Alliance.

4. GOVERNANCE ARRANGEMENTS

4.1 The Association's Board provides strategic direction for development activity through a set of governing principles applied to community engagement, site selection, design and programme management. The Board will approve the development programme and any amendments to it. The Association's Board receives quarterly Development Progress Reports.

4.2 In addition to overall programme approval, Board approval is required for the following stages in a project's life: (1) entry onto the programme as a possible or horizon project, and where possible in advance of them being adopted in the Highland Council's Strategic Housing Investment Plan (SHIP); (2) acquisition of the site; and (3) at point of commitment to construction at tender stage.

4.3 The Board approves and monitors arrangements for capital borrowing, keeping the Association's borrowing capacity under review and monitoring cash flow and programme activity to ensure continuing viability of both individual schemes and the organisation as a whole.

4.4 The Audit, Finance and Risk Sub-Committee provides oversight of development outcomes through periodic post-completion audits.

4.5 The Board recognises that a substantial degree of delegation to staff is essential to ensure its smooth operation. The Association's Scheme of

Delegation detail the operational remit and where it sits with officers, managers and the SMT.

5. IDENTIFYING HOUSING NEEDS

5.1 We will work with communities, statutory agencies and partners to define the short and longer term housing need across Skye and Lochalsh, and within its constituent communities and settlements.

5.2 When considering a new development we will consult with residents, community bodies, employers, and statutory agencies to establish the level of need locally, the tenures they want, and identify the prospects for suitable development. We will supplement the information gathered locally with information available from statutory and research sources, including:

- Highland Housing Register (HHR)
- Housing Need and Demand Assessment (HNDA)
- Local Development Plan
- Local Housing Strategy (LHS)
- Strategic Housing Investment Plan (SHIP)
- Other relevant strategies including those relating to homelessness, supporting people, integration of health and social care, supporting people from ethnic minority groups, fuel poverty and environmental sustainability.
- Consultation with the local office of The Highland Council's housing department
- Local Place Plans and Local Housing Needs Assessments

Where appropriate we will commission independent surveys and housing needs assessments to confirm the form and extent of housing need and demand, or carry them out ourselves. Communities may also commission surveys from us through the Rural Housing Fund.

5.3 The Association will use the information collected to prepare a five year development programme, as part of the business planning and financial planning process. Priority areas for development are agreed with Highland Council and the Scottish Government, along with the level and type of housing provided. The programme also identifies the need in these areas, the availability of suitable sites and the prospects for successful development. The Board approves the development programme annually.

5.4 Housing needs can vary over time, and during a project's timeline, so this analysis of need is refreshed on a regular basis. Areas to consider include the need for tenure mix to adapt to changing demographics or shifts in the housing priorities in a given community.

6. SECURING SITES

6.1 The Association seeks to address the needs of all communities across Skye and Lochalsh, and to acquire and develop opportunities in crofting townships with housing need as well as in centres of population. Because smaller, community specific sites often carry higher costs and risks, the programme will balance these against larger sites in Portree and other villages where there are concentrations of need. The Board will consider the relative concentrations of high and low risk sites in its annual programme approval.

6.2 Identification of sites will come from collaborations with individual communities seeking to have their needs met, using local knowledge and expertise. The Association will also work with the local authority, community bodies, Highland Housing Alliance, Communities Housing Trust and private landowners to identify suitable sites for development. Wherever possible, the Association will seek to acquire sites at not more than the valuation set by an independent valuer.

6.2 The Association will seek to minimise its exposure to risks associated with abortive costs by undertaking as much exploratory work as possible to identify the feasibility of the project and site before expenditure is committed, in accordance with our **Development Risk Management Policy**. To that end, the Association will work closely with the local planning department to ensure compliance with their requirements for specific projects and to identify any potential development problems at an early stage.

6.3 The Association will seek to acquire sites for specific projects that are included in the development plan. Where the Association becomes aware of a site that has the potential for development to meet corporate objectives, the Association may seek to landbank the site.

6.4 The Association will seek to ensure that the sites that it acquires are assured of the provision of adequate infrastructure to support the development of the site. The Association will work with Scottish Water and other utilities at the early planning stages to ensure that there is adequate capacity within local systems to enable development to proceed.

6.5 When considering the acquisition of a site, the Association will take account of its development strategy, the existing local and structure plans for the area, and housing need in determining whether or not to proceed. Note that development is both strategic and reactive, and matching need to new supply is not an exact science.

7. COMMUNITY & TENANT INVOLVEMENT

7.1 LSHA is taking a holistic approach to development to ensure sustainable communities are created; place shaping and using tools like the ‘place standard tool’ and Local Place Plans. The Association’s partnership and respect for communities is as important as the relationship with its strategic partners. Where agreed, particularly with smaller settlements, Housing and Development will collaborate with communities in developing local lettings initiatives to help sustain and support fragile places.

7.2 In developing its plans, it is important that the Association consults the local communities (settlement, village, or area of town) in which the proposed development(s) is / are located and uses local knowledge and understanding of an area's needs in developing its proposals. This is particularly important where there is some sensitivity associated with a project, for example because of:

- The scale of the development.
- Its physical characteristics (for example, its visibility, particular aspects of its design, or impact on other buildings).
- The inclusion of facilities other than housing, designed for wider community use.
- The support needs of the intended client group, where community understanding of the nature and purpose of the project is at a premium.

7.3 In all these situations, we will work through established community groups or other representative mechanisms (eg community councils and community trusts) to explain and seek views on the proposals. We will maintain a record of the views and comments received. We will be sensitive to the views expressed, and will seek where feasible to make modifications to the proposals, providing always that the integrity and overall objectives of the scheme are protected.

7.4 We will ensure through the statutory planning process that community councils and members of the public likely to be affected by our developments have the opportunity to consider our proposals make comments and raise objections.

7.5 Where we have stock, we will use feedback from existing tenants in a community to help us shape the siting, tenure, design and development of housing.

8. PROCUREMENT

8.1 All of The Association's development procurement activities will comply with our **Procurement Strategy and Policy** to ensure fairness and transparency, demonstrate probity and provide clear audit trails for decisions and actions. The Association will adopt procedures for the administration of its development activities that comply with the requirements of the Procurement Reform (Scotland) Act 2014 and the associated Regulations which were implemented in April 2016.

8.2 The Association will seek to be a good client and will adopt the most appropriate procurement method for its circumstances. All procurement opportunities relating to our development programme will be advertised via the

Public Contract Scotland (PCS) Portal, unless there the scale or circumstances allow a more suitable alternative within the Procurement Policy. The procurement routes that the Association will consider are:

- Appointment of a design team for a specific project.
- Traditional Tender
- Design and Build
- Framework Agreement
- Purchases “off the shelf”

The Association may be involved in more than one type of procurement arrangement at any one time. The factors that the Association will consider when selecting a procurement route are covered in the Association’s **Procurement Policy**.

8.3 The Association will ensure that all appointed contractors and consultants are able to satisfy the Association that they have the necessary skills and experience to undertake the relevant projects that they are invited to tender for or are otherwise appointed to undertake. All contractors must be able to satisfy the Association that adequate insurance cover is in place to minimise risk and The Association will always have appropriate insurance in place to mitigate risk.

8.4 The focus of our development activity will be on new build. The Association will consider purchasing completed properties from a developer or “off the shelf” existing properties where that represents good value for money, is approved by the Scottish Government and The Highland Council in terms of grant eligibility and is in accordance with our Procurement Strategy and business plan objectives. Properties acquired in this way must be of at least the same quality as those houses built by the Association. We will consider making land available to support the work of our partner organisations where we are unable to pursue viable development plans ourselves.

9. SECURING FUNDING

9.1 The Association will contribute to the development of the Highland SHIP in respect of the housing needs of the communities it serves. The SHIP is prepared by The Highland Council as the key planning tool that determines housing need and planned provision across the Council’s area. The Association’s contribution to meeting identified housing need will be identified in the SHIP and the investment required from the Affordable Housing Supply Programme (AHSP) to deliver it. The AHSP is the financial allocation made by the Scottish Government to support the achievement of the Government’s target of 110,000 new homes by 2032, of which 10% are to be built in rural areas.

The SHIP will identify confirmed individual projects and sites where possible and as approved by the Board, and areas for proposed development in the longer term. The Association will seek to maximise its contribution to the local authority's development of the SHIP. The Association will seek grant funding from the AHSP to contribute towards the capital costs of the proposed schemes in line with published guidance. The Association will ensure that the proposals set out in the SHIP are realistic and achievable in respect of the availability of staff resources and expertise.

9.2 The Association will seek to maximise grant funding available from the AHSP and other sources in order to reduce the Association's need for private borrowing.

9.3 The Association will borrow capital from private lenders to supplement the grant received through the AHSP and other sources. Borrowings will be in accordance with the Association's **Treasury Management Policy** and will be negotiated on the best possible terms. The terms on which private funding is secured must enable swift draw down in order that the Association can meet its contractual commitments.

The Association will ensure an ethical approach to borrowing that will not jeopardise our compliance with existing covenants. We will subscribe to Scottish Government backed Bond issues and will participate in new borrowing opportunities that are developed by and / for the sector, where we are satisfied that this is in the best interests of the Association and our tenants. The Association will not incur additional borrowing unless the Board is satisfied that it is financially viable to do so and that the funds negotiated will support the achievement of the Association's business plan objectives.

10. AFFORDABLE HOUSING

10.1 The Association will provide housing for social rent, mid-market rent, Low Cost Home Ownership (LCHO) eg. Shared Equity, Shared Ownership or Self-Build, or other tenures and housing models eg. co-housing or housing co-operatives as appropriate. The Association will assess the need for housing for rent and LCHO as part of the initial needs assessment, and consider whether the Association should own the asset or work with other bodies to deliver affordable housing.

10.2 The Association will work with developers to secure the provision of affordable housing through the implementation of SPP3, Planning Advice Note 2/2010 and the application of affordable housing policies by the local authority.

10.3 In determining affordability, the Association will take account of its **Rent Setting Policy**. Where the Association is involved in the development of LCHO, either alone or in partnership with others, it will seek to establish a development management scheme for the development in order to ensure that common maintenance obligations are fulfilled in the future. The Association will ensure that obligations in respect of common parts are set out clearly in a Deed of Conditions.

11. QUALITY

11.1 The Association is responsible for ensuring that our requirements are met in terms of the quality of individual developments. We aim to provide housing that meets the needs of our customers that is:

- High quality in its design and construction standards
- Environmentally sustainable
- Cost effective to run and maintain
- Secure

11.2 The Association will help maintain, and periodically review, a Highland wide Design Brief (Firm Foundations) and Technical Guidelines which set out the standards to be met across the Association's development programme. This brief will:

- Comply with all current legislative requirements, including building standards.
- Comply with the standards required for Housing for Varying Needs and Lifetime Homes and aim to minimise the need for subsequent adaptations during the life of the house that would impact on the long term costs.
- Take into account tenants' views
- Meet the planning conditions of the local authority.
- Seek to ensure that all houses achieve Secure By Design accreditation.
- Seek to ensure that, where appropriate, our houses are 'dementia friendly'.
- Demonstrate our commitment to sustainability in terms of environmentally friendly materials and design (see section 12 below).
- Incorporate the expectations and aspirations of our current and future customers in respect of domestic technology, for example for broadband and digital television reception.
- Demonstrate our support for innovation.
- Take into account the cost in use to the occupier, for example through the installation of effective heating systems, adequate insulation and options for energy systems.

11.3 The association will continue to monitor developments around the proposed new Scottish Passive House Standard Equivalent with legislation expected December 2024. Any statutory legislation proposed within the building regulations will be incorporated into the Associations development specifications and design brief.

11.4 When we consider Design and Build schemes, our agreement with the developer will depend on the extent to which it is possible to meet or exceed the terms of our standard design brief within benchmark costs.

11.5 Where we are procuring developments by traditional tender, our Design Brief will form part of the strategic brief for each project, but may be augmented by quality standards that are specific to that project. We will use the Design Brief as the basis for the specification of the project, to be contained in the project brief.

11.6 For projects that include LCHO (and other alternative tenures) or have been procured through a design and build arrangement, the Association will require a warranty from NHBC or equivalent and Collateral Warranties.

12. SUSTAINABILITY

12.1 We apply the principles of sustainability as set out in the Association's own **Sustainability Policy**. In all of our schemes, the Association will place significant emphasis on the use of sustainable materials and the adoption of sustainable working practices and procurement methods. In preparing the strategic brief, the requirements of our sustainability policy will be applied. Wherever possible we will use materials that are environmentally sustainable.

12.2 We will seek to minimise transportation by sourcing materials as locally as possible. We will support local communities by working with contractors to train and employ local people and reflect this in our contractual agreements.

12.3 Where practical we will reduce our carbon footprint through new build design and specification, and seek to define this through an analysis of tenant feedback and building assessments.

13. ADDITIONAL OR PARTICULAR NEEDS

13.1 In preparing development plans and individual sites the Association will engage with representative bodies, care agencies, community groups, carers' bodies, practitioners, Highland Council and the NHS to incorporate the housing needs of those with particular needs and staff for care and support in our programme, and on individual sites.

In addition to our general commitment to building to dementia friendly and Housing for Varying Needs standards, the Association will, wherever possible, incorporate additional features to accommodate the requirements for people with particular needs. If specific needs are identified at an early stage, the design brief will incorporate the requirements of the potential householder. We will liaise with NHS Highland's Occupational Therapists to ensure the adaptations meet the desired needs.

Where a site is suitable by location and scale for meeting the needs of a group of households with particular needs, or a range of needs in the same place, the Association would work with Highland Council and NHSH to design and provide supported accommodation, eg. a Core and Cluster arrangement. The Association supports individual tenancies in these situations.

13.2 Where there are likely to be revenue costs attached to the ongoing occupation of the house, the Association will enter into early discussions with NHS Highland and the local authority to ensure that the necessary funding is available.

14. WORKING WITH PARTNERS

14.1 The Association is a member of the Highland Housing Register. We will work with partners to meet the housing and support needs of the communities we serve, including regional and local community priorities. For example, we will seek to respond positively to initiatives for:

- The development of affordable housing assets for the local authority, community trusts or similar organisations as Development Agent, including commissions for feasibility studies and housing needs assessments, project management for the design and construction phases, and Clerk of Works services.
- The development of specifically designed accommodation to meet additional housing needs, where the local authority or other partner will contribute towards the capital funding.
- The development of accommodation to be leased to the local authority to meet the needs of homeless households, looked after children and other specific needs.
- The provision of accommodation for students and key workers, in partnership with a local employer or educational establishment.
- The development of hostel accommodation for Police Scotland, NHS Highland or similar organisations as Development Agent.

15. EQUALITIES IMPACT ASSESSMENT

- An Equalities impact assessment has been carried out in preparation of the development strategy. No impact or barriers were identified; therefore, activity will proceed.

16. KEY PERFORMANCE INDICATORS

16.1 Development Key Performance Indicators (KPIs) are identified in the Appendix 1 of the Development Strategy, with post-completion audit reports to the AFR Sub-Committee.

16.2 The reporting of the Development output KPIs will be on a quarterly, annual basis or on completion to the Association’s Board, depending on the measure used.

17. REVIEW OF STRATEGY

17.1 This document will be reviewed by the Board in accordance with the requirements of the Association’s Register of Policies and Procedures.

Appendix 1

Development Key Performance Indicators

Key Performance Area	Measure
Number of accidents on site	By exception
Contract compliance (Consultants, Contractors.)	No contracts terminated due to poor performance. Post-Completion Audit Assessment
Time to reach Final Account	Post-Completion Audit Assessment
Meet EESSH & Sustainability measures	All properties have an EPC pass Post-Completion Audit Assessment Reduction in LSHA carbon footprint
Tenant satisfaction – new home Tenant satisfaction – estate Contractor satisfaction with LSHA Consultant satisfaction with LSHA	Over 90% satisfaction Over 90% satisfaction Over 90% satisfaction Over 90% satisfaction
Number of contractors in liquidation/receivership	By exception

Appendix 2

1.1 Forecasted LSHA Completed Units (5yr Target 170 Units).

PROJECT	TENURE	2023/24	2024/25	2025/26	2026/27	2027/28
Caberfeidh P1	SR			15		
Caberfeidh P2	NSSE				6	
Campbell's 6	SR		18			
Dunvegan	SR				16	
Glenelg	SR		4			
Home Farm 8A	SR		14			
Home Farm 8B	SR			16		
Home Farm 8C	TBC				12	
Home Farm 8D	TBC					18
Kiltaraglen	22 SR / 6 NSSE					22
Linicro	SR				7	
Raasay	2 SR / 3 RDT AR	2				
Raasay SB Plots	SR		6			
Rockfield Phase 1	SR					14
Rockfield Phase 2	SR					
FORECASTED	**TOTALS**	2	42	31	41	54

B U I D H E A N N T I G H E A D A S L O C H A I L L S E A G U S A N E I L E I N S G I T H E A N A I C H L T D
L O C H A L S H A N D S K Y E H O U S I N G A S S O C I A T I O N

BUSINESS AND POLICY ENVIRONMENTAL ASSESSMENT : 2024

PART 1: THE PHYSICAL AND HUMAN CONTEXT

Understanding the geographical, social, economic, cultural and political environment the Association operates in is fundamental to the formulation of our aims and objectives, and their delivery. Key features of the Skye and Lochalsh, Highland and Scottish environment are described in a series of themed sections below.

Geography

Skye and Lochalsh comprises an area of 2,700 square kilometres and has a population density of 4.8 persons per square kilometre, below the average for the Highlands as a whole which is 8.0 persons per square kilometre.

The area is characterised by a large number of small, dispersed communities together with the 3 main settlements of Portree, Broadford and Kyle of Lochalsh. Larger settlements are coastal, on Skye and the mainland coastal strip from Plockton to Dornie

The natural environment and scenic beauty of the area are world renowned, as a top 50 global destination and is attractive to residents and visitors alike, supporting tourism as the area’s main economic activity. Although Skye is now accessible by bridge, the area is very remote from the Central Belt, and a 2-3 hour car journey from Inverness.

Land ownership is an issue for housing with large estates and a concentration of crofting communities across the area. Adding in the physical constraints of poor access in many areas, the prevalence of peat and rock, few areas have land that is easy to acquire or develop for affordable housing.

Population

Note that with the census data from 2022 yet to be released, we are relying on the Highland Housing Needs and Demand Assessment (HNDA). The HNDA population projections are created at regional level, and apportioned to individual Housing Market Areas (HMA) like Skye and Lochalsh. The Highland Council believes the HNDA figures may not fully reflect differences between areas, but is an indication and this is acceptable for business planning purposes.

The population in 2018 was estimated to be 13,200 people and S&L projected to grow gradually over the next 25 years by nearly 12% to 14,700 people. This is at the upper end of population growth in Highland areas, but fertility is in steep decline so deaths in the area continue to exceed births with the rise in population due to the level of in-migration. Within the gross figure, there is a substantial and sustained rise in single households. It is worth noting that at its population high point in 1841, the area supported twice as many people as it did in 2018, although occupancy rates, locations and how they were dispersed were different, for instance the Kilmuir area had as many people as the Portree parish.

The projected change in population does not occur at the same pace across all the age groups. There is net out-migration amongst the young (15-19) of -12%. The working population aged 16-64 years is projected to decrease by 5% during the plan period as the “Baby Boomer” generation reaches retirement and the following working generations are smaller.

Older people will make up a far larger proportion of the population, with those 65-84 increasing by 16%, and the age group with the greatest need for services and support, the >85’s due to increase by 41%, the highest in Highland. Skye is seen as a retirement destination but resident life expectancy is expected to go up significantly too, to the point where those over 65 will make up 30% of the population by 2030. So, although the overall population is predicted to grow by 2.6% in the plan period, it masks a hollowing out of the population, with the loss of younger people and a shrinking work force. This is already beginning to have an impact as businesses and services throughout the area, and wider region struggle to recruit. This ageing of the population has substantial implications for the provision of elderly services.

Political Context

There has been a considerable effort to develop a policy framework for island and rural communities, either as stand-alone documents like the National Islands Plan, and the Islands and Remote Rural Action Plan, but also as content within national documents like Housing to 2040, the 2019 Planning Act and the National Planning Framework 4. This the most attention that rural and island needs have seen in 3 decades.

Whilst a lot of the aspirational content is very positive, and talks for instance about re-population of some rural areas, there are also contradictory elements. For instance in NPF4 there are development principles like the 20 minute neighbourhood, where all services are accessible within that travel time, or “infrastructure first” encouraging development where infrastructure already exists, to reduce the impact on the environment. Both principles are laudable in climate change terms or protecting government budgets, but challenge development in a sparsely populated area with dispersed settlements hours from urban centres like Inverness. Within the Scottish Government's commitment to 110,000 new affordable homes in the next decade, there is only a 10% allocation for rural areas, despite housing 18% of Scotland's population. There is view that Government is still too urban centric in its thinking.

However, the 2019 Planning Act introduced more community focused approaches to planning including “Local Place Plans”, and this could be a solution to the problems faced by rural communities. Communities can fill in the gap in understanding local needs and priorities, and create their own definition of a 20 minute neighbourhood.

In terms of climate change we have the path to Net Zero, and regulatory standards based on Social Housing Net Zero Standard (SHNZS), that create a financial and reputational burden on the Association despite being motivated by all the right reasons. This is covered in more detail under the “affordable housing” section.

All housing associations are required to achieve compliance with the Procurement Reform Act 2014 and the EU Public Procurement Directive 2014. Arguably, with interest in the Preston Model of procurement, the emphasis is shifting more towards local procurement, and in Skye and Lochalsh, with a limited number of local contractors or regional/national contractors willing to properly resource working in the area, there is merit in exploring how local frameworks and the development of local capacity would work better than national scale procurement. The main challenge for smaller local contractors is having the resources to meet framework conditions, and LSHA can help.

Brexit has created a range of challenges, but in the Association's case mostly in supply chain disruption and significantly higher prices for maintenance materials. This has been exacerbated by the Covid 19 pandemic aftermath. Both, in combination with the war in Ukraine, have created significant damage to the economy and led to a combined energy and cost of living crisis.

Infrastructure

The trunk road network linking the area to main cities is generally good but distance is problematic. Public transport links are limited and infrequent. There are two rail terminals serving the area, at Kyle of Lochalsh with bus connections to Skye, and Mallaig, with a ferry to Armadale on the Sleat peninsula, but there are few services.

There are no air links within Skye and Lochalsh apart from emergency service arrangements but Inverness airport passenger numbers and services have grown year on year, and there have been discussions about expanding the use of the Broadford airstrip.

Outwith the main centres of population, water, waste water, telecommunications and energy infrastructure tends to be at capacity, of low standard or limited. However, there have been improvements in infrastructure provision in the main centres of population in recent years.

Partnership Working

The Association’s aims and objectives as described in the Business Plan can only be delivered by working closely with a wide range of public, private and third sector partners. Partnership working enables the Association to deliver a wide range of objectives efficiently, manage risks effectively, and achieve best value for money for the public pound.

In developing affordable housing we work with the Highland Housing Alliance (MMR) and the Communities Housing Trust (rent to mortgage, affordable serviced plots, conversions and other tenures), as well as community trusts of various kinds.

NHS Highland and the Highland Council fund provision of Care & Repair and Handyperson Services. The relationship between the partners is governed by Service Level Agreements. The Association has further developed this partnership into Technology Enabled Care (TEC) and the operation of Community Stores for the reuse of equipment to support those with disabilities or special needs.

Technology Enabled Care (TEC) supports discharge planning, reduces delayed discharges, supports people with dementia and their carers, reduces emergency and unplanned admissions, helps reduce the length of stay in hospital, enables people to remain at home safely for longer and supports people to self-manage their health and well-being.

LSHA is part of a wide network of third sector organisations that support each other, and for some we provide Board members, for example Skye and Lochalsh CAB, and Skye and Lochalsh Mental Health Association. There are other partnership bodies we have a working relationship with, like Skye, Lochalsh and Wester Ross Community Planning Partnership, and various regional professional and liaison bodies.

Charitable Purpose

The Association considers that these aims, objectives and key principles are consistent with and support our charitable objects, which are:-

To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and

Any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

PART 2: HOUSING NEEDS AND DEMAND

Headlines from the 2021 Housing Needs and Demand Assessment (HNDA)

The HNDA has been adjusted for worsening affordability and the persistent shortfall in affordable housing (the backlog of need) in the 2018 LHS. There's an acknowledgement that other factors like hidden households, the "young and stuck" also make the pure HNDA analysis based on past trend projections less robust. The resulting document is more robust. However, it becomes less reliable at local Housing Market Area (HMA).

Within Highland, HMA pressure is highest in Skye and Lochalsh, along with Nairn and Inverness. Compared with the Scottish average, there is a lower proportion of social rented stock in the Highland, including Skye and Lochalsh. There are fewer flats suitable for smaller households in the Skye and Lochalsh HMA, whilst 60% of the affordable housing demand is for 1 bed properties.

Covid 19 has led to greater pressure on the ownership market in rural areas, especially Skye. In addition the demand for social housing has also risen sharply, with the Highland Housing Register (HHR) applicants up 28% during the pandemic.

How effective is the Housing Market?

The Highland HNDA estimates that the housing market supply is short of 500 units across all tenures, over the next 5 years. That approximate 10% gap may have underestimated the extent of market failure. SkyeConnect, in partnership with LSHA, HIE and the Council surveyed employers in the area and established a shortfall of between 1,400 and 1,700 units across all tenures. Despite making an allowance for the different methodologies, it is difficult to judge where the true level of need lies. We can safely assume that housing pressure in Skye and Lochalsh is significant, the housing market is not working and addressing these are significant parts of the Association's purpose.

Ineffective Housing Stock

Pre-pandemic, an estimated 17.2% of dwellings were second or holiday homes and 1.9% vacant dwellings, the highest in the Highlands, with a significant number of short term lets. Anecdotally, in some settlements this ineffective stock makes up over 30% of housing, undermining the sustainability of communities, and the trend towards short term lets shows no sign of abating.

Ownership

70% of households own their home. Highland prices are now above the Scottish average. Access to home ownership for local people is chronically difficult for those on lower quartile and median incomes due to high prices, high living costs, relatively low incomes, and lack of availability. In addition there is stiff competition from those relocating from high value areas in Scotland and England, with 48% of buyers from outwith the Highlands in 2018-19 and much of the purchases for second homes, short term lets, and retirement. In most areas of employment incomes are static or falling, so affordability is getting worse.

New supply is predominantly through single plot bespoke houses, or very small developments; there is no volume house building for sale in our area. This undermines the ability of the private sector to deliver affordable housing for sale or even the volumes the HNDA identifies as necessary to meet the growing needs of those that can afford a new home.

There is a role for subsidised low cost home ownership in meeting identified need. LSHA can provide shared equity opportunities. The Communities Housing Trust provides other forms of low cost home ownership like "Rent to Mortgage" but one of the most effective models, Rural Home Ownership Grants or RHOGs was dropped from the Government's armoury some years ago. In addition the government's rules on the ratio of valuation to build cost in shared equity is a barrier to its widespread use in the area. A common development model in parts of England and Wales uses a mix of shared ownership and market sale on higher value sites to subsidise affordable housing for rent. Whilst there is doubt that local market economics make this an option for Skye, on other islands, housing associations provide serviced plots to meet some of the open market need and cross subsidise affordable housing development. The Association is also working with the Scottish Government to explore other funding models for LCHO.

Private Rented Sector (PRS)

Highland Council records showed 428 Skye and Lochalsh PRS tenancies in 2021, a 50% increase in 10 years, but also the lowest % of PRS in the Highlands. Anecdotally private renting has become less prevalent in recent years, with numbers down on the 5.7% sector share in 2015, but it is unclear by how much. Very few properties are now coming to the market and the new requirements of the Private Residential Tenancy legislation and planned minimum EPC regulations for private lets have deterred private owners from making properties available for homelessness purposes or for long term lets generally. There is a concentration of poorer quality housing in PRS, especially with regards to heating. Those who own a surplus property are looking to the holiday let market because it is much less regulated, despite the introduction of the short-term let licencing regime.

The HNDA is looking for an additional 100 PRS lets as part of the private sector supply in meeting predicted growth in need over the next 5 years. Currently this looks very unlikely, and may have to be found through Mid-Market Rent (MMR), provided by LSHA or Highland Housing Alliance (HHA).

Affordable Housing Policy

New affordable housing in most of Scotland depends to a greater or lesser degree on speculative builders and section 75 agreements, but this is not a feature of the local market here. The Scottish Land Commission recognises that the market on its own doesn't work in remote and island Scotland and has called for a return to forms of community and government led development, including a call for "place pioneer" organisations to co-ordinate land planning and new build. Despite the lack of section 75 opportunities the Association has been the most successful of all providers in the region in boosting the supply of affordable housing by 58% more than planned over last 10 years.

Mid-Market Rent (MMR)

MMR provision in Highland is concentrated in pressured areas in and around Inverness, and the Scottish Government has relied on the Highland Housing Alliance (HHA) and the National Housing Trust (NHT) scheme to build and manage the tenure. In addition to HHA building its own MMR, it also manages properties for both Cairn Housing Association and the Highland Council.

MMR is the preferred tenure for economic development purposes, typically used to supplement the PRS and provide key workers with affordable housing for rent. It now attracts a higher grant but still carries a higher operational risk than social housing. Conversations with employers suggest that a small number of employees can afford a market solution if there is one, whilst at least a third could access a mid-market tenure and over a third have incomes that make social rent the only affordable option. SkyeConnect research established that planned and future recruitment in Skye and Lochalsh needs about 70% of new housing to be affordable, the majority Social Rent, but with significant scope for MMR.

LSHA's investment in MMR was historically minimal, and located in Dornie, which in hindsight was not the best location. Due to concerns about low demand and diseconomies of scale, the Association stopped providing this tenure. However, the shortage of affordable housing for those in work, or moving to the area for employment has stimulated a rethink. The definition of key worker has been widened to include all services and enterprises of strategic importance to the local economy as well as the sustainability of local public services like education, the NHS, or fire and rescue.

If the PRS is shrinking over the next 5 years, MMR is the most likely solution and new build numbers could rival social rent. Highland Housing Alliance could be persuaded to be a partner for LSHA in delivering that level of investment should the Association decide that its capacity is limited.

<u>Social Housing</u>

Social renting makes up 14.4% of stock. The Highlands including Skye and Lochalsh has lower provision that the rest of Scotland which may explain the high demand for affordable rented housing. There is a serious mis-match between the current mix of apartment sizes and demand. One bedroom properties are seriously under-represented in stock with 26% of units but addressing 60%-70% of demand. Flats make up a comparatively low proportion too, at 29%. The grant regime incentivises the building of 2 bedroom and larger properties, so one bed flats or bungalows take more of the Association's financial capacity. Flexible allocation of 2 bed properties to one bed households is possible but the "bedroom tax" undermines its effectiveness.

The abolition of the priority need test and the requirement to provide settled accommodation for homeless applicants has resulted in far higher allocations to homelessness. Despite this the Council cannot meet its legal obligations on Skye. LSHA has a 70% target for Homelessness allocations, although the performance of most if not all social landlords in the Highlands including the Council fails to reach that level. With a focus on homelessness, other forms of housing need don't get enough attention. A lot of households, 154 or a quarter of those in need, are on the waiting list for under-occupation, but they only secure 5% of lets. Providing more opportunities for down-sizing would free up a lot of family accommodation.

A shrinking private rented sector has resulted in social rent being the only option for homelessness and other housing needs. Anecdotally shifts in allocation priorities force applicants to change their approach to applications, and the question is whether this has distorted how we use social housing and constrained who we can help? This is an especially important issue for small rural developments where settlements need a broader approach to housing need in order to remain or become sustainable.

The housing list and transfer list of The Highland Housing Register (HHR) for Skye and Lochalsh have nearly 600 applicants consistently throughout the year. This is roughly four times the housing pressure in other parts of Scotland, per capita. Turnover of 10% or around 90 Council and Association re-lets annually plus transfers means that a fraction of need is met.

Young and Stuck

There are various groups under-represented in housing need calculations and waiting lists, those with persistent but lower or moderate level need who don't bother applying for social housing as they never get enough priority.

Retaining young people is an important theme running through the Highland HNDA as more remote and fragile areas are losing a generation. Current HNDA methods are not fine-grained enough to provide insights below the Housing Market Area level, so this is hidden need.

Research at small area level by Littlewood and Evans suggests that there are higher proportions of young people unable to form households in fragile areas with high house prices relative to incomes, and called them "the Young and Stuck". Anecdotally, you don't have to be young to be stuck in Skye and Lochalsh!

There is a correlation between the mapped prevalence of Airbnb and the proportion of Young and Stuck in the Highlands and Islands, with the worst areas showing 5%-15% of young people stuck in the parental home. Skye and Lochalsh is one of areas worst affected. The other outcome is out-migration.

Local Housing Strategy (LHS) & Investment

Councils rely on the Housing Needs and Demand Assessment (HNDA) to underpin their development plans and associated Affordable Housing Policy. The document recognises and is adjusted for Highlands and Islands housing issues, but couldn't foresee the impact of Covid and doesn't necessarily pick up the ambitions of communities or businesses, or the re-population agenda now being explored by the Rural and Islands Unit within the Scottish Government. The Highland Council is developing a fresh Local Housing Strategy (LHS) from the data and analysis in the 2021 HNDA; it adopted an in-migration growth scenario in the HNDA, as did the pre-pandemic 2017 LHS.

Below Market includes Mid-market Rent and other intermediate tenures.

Predicted Housing Need 2022-2027

Region	Total Need	Ownership	PRS	Below Market	Social Rent

Highland	4,000	763	841	1,079	2,315
Skye & Lochalsh	431	36	100	95	200

The population of Skye and Lochalsh is only 5.5% of the total Highland population. Apart from open market sales, the percentage housing needs figures for the area are much higher by population size, reflecting the degree of market failure. Only two areas in Highland show increased overall housing need, one of those being Skye and Lochalsh.

Backlog need is proving stubbornly resistant to any improvement despite considerable investment in the last 5 years, and nowhere more so than in Skye and Lochalsh. Within that backlog, those in insecure accommodation, living with others, or homeless account for 187 of those registered on the HHR for the Skye and Lochalsh area, 13.9% of the Highland total and 50% higher than the Highland average.

One of the emerging priorities in the new LHS is understanding better the causes of homelessness, especially in rural communities and developing robust strategies and interventions to prevent homelessness in the first place. The role LSHA can play in this is pivotal, but it has to be a collective approach across all relevant agencies, led by the Council but bringing in Police Scotland, Health, and third sector agencies too.

Despite doubts about the PRS, the HNDA expects the private sector to provide for 100 households over the next 5 years. If most of that provision is actually MMR or other variants, not private housing then we can expect as many intermediate housing options being built as social housing. As touched on earlier, the Association needs to agree what its role is in the expansion of alternatives to social rent.

The current LHS prioritises investment for Portree, Broadford and the Plockton to Dornie corridor. Smaller communities that have had recent investment are not a priority, but the HNDA and the waiting list are not necessarily accurate predictors of local need, so the Council is committed to working with communities to identify their needs, with Communities Housing Trust as their lead agent. Originally LSHA had that role in Lochalsh and Skye, and there is an opportunity to return to a more active collaborative and community focused approach.

The Council supports non-housing objectives including support for fragile communities in remote areas, and housing for economic development. National priorities include climate change, the rural economy, the protection of fragile rural and island communities, and repopulation in many cases, and these wider objectives are now likely to be part of the new LHS. LSHA is reaching out to community bodies and working with Skye Connect, HIE and Highland Council to provide a case for new housing in support of economic development.

When it comes to investment at a Highland Council level, the LHS wants more single person accommodation across the region and the Highland Housing Register (HHR) indicates that most Skye and Lochalsh applicants need either 1 or 2 bedrooms.

The Highland Council wants to collaborate to maximise impact and develop much needed new types of investment and development solutions.

PART 3: SPECIAL NEEDS AND SPECIALIST HOUSING 2023

The lack of hard data about special needs in the area or the sorts of pressure that the NHS and Highland Council encounter at a local level creates a challenge for LSHA, if it wants to play its part in addressing the housing shortfall and help families, carers, and communities as well as its strategic partners.

The Housing Needs and Demand Assessment (HNDA) does provide some useful Highland region level analysis, as a starting point and has recently been revised. In addition SkyeLab and others, with support from LSHA are starting to look at more detailed local assessments of need, particularly for older people. The Highland Council published their latest Local Housing Strategy in 2023, and their priorities for special needs will be incorporated into the Association's future Business Plans.

The large "Baby Boomer" generation is reaching an age where frailty increases and care and support become an issue. Older people are predicted to increase by 54% by 2035, and those over 85 at a faster rate, increasing in Highland by 85% from 2020 to 2040, and 32% by 2030, with this age group being the greatest predictor of pressure on services and specialist housing.

There are shortfalls in wheelchair accessible and physically adapted housing but it varies considerably across the region, with 50% of Highland wide need on average met through allocations to adapted properties, and the balance mostly through the adaptation of existing homes. Demographic trends are generating significant numbers of additional needs including for wheelchair "liveable" housing and new build provision is an important part of solution. Skye and Lochalsh appears to have a particular shortage of wheelchair user and level-access housing, second only to Lochaber in the region.

Approximately 50% of people with learning disabilities, mental health challenges, acquired brain injury, and other conditions that need long term supported accommodation, could be provided with a new build supported housing option. Across a number of these needs groups there is also a requirement to manage behaviours that challenge services, across the age spectrum, and including dementia. There are different models considered and each would be bespoke to some degree, with dispersed, more clustered or multiple occupancy options as required.

In addition, the Council and NHS are looking for services to help reduce institutional care and hospital admissions, by shifting the balance of care to a home setting, for example with telecare or assistive technology. This could also include options for step down and rehabilitation housing. The HNDA also recognises that individuals or families in need of support who live in areas with low population density may need to move to find the right service and location. The question is how far people have to move, and how we define local provision.

The HNDA also recognises the need for non-permanent housing, not as special needs but as a specialist form of housing, for instance for people recovering from domestic abuse, alcohol and substance abuse, respite, seasonal workers, students, key workers, and temporary accommodation for homelessness in rural areas.

2018-2023 Local Housing Strategy (LHS) and the draft 2023-2027 LHS

For special needs provision, the 2018 LHS had a wish list: 20% of new housing to be to "varying needs" standard, an unspecified level of additional wheelchair housing, bespoke solutions for particular long term needs (listed above under HNDA), intermediate housing for older people, and the use of assistive technology. More detail is needed from the NHS in particular because information is not shared at Lochalsh and Skye level, and even at Highland level lacks the specific objectives that would help LSHA ensure shortfalls were planned for. SkyeLab has developed an app that maps a range of needs by area, using NHS data and profiling five communities across Skye and Lochalsh.

The lack of planned investment for particular needs and a shortage of vacant adapted housing mean that bed-blocking is a continuing concern for the NHS. Highland Council and NHS Highland have renewed their commitment to LSHA's Care and Repair service and the Handyperson Service because both reduce bed-blocking and give people with chronic and complex needs the ability to live independently longer.

Skye and Lochalsh Gaps in Provision

Taking the lead from the HNDA and LHS, we can see the regional gaps but the challenge for more rural areas and communities is to work with providers to develop supported housing models that don't need scale, or work at lower population densities, allowing those in need to find a service where they have connection with family and community.

There is no change from the Association's previous business plan, we record a lack of supported accommodation for frail older people, people with mental illness, homeless people with support needs, people recovering from substance abuse and young people. This lack of local specialist provision can create significant operational and reputational risks.

Pressure to locate those with special needs, especially younger people, in appropriate supported accommodation and the lack of local alternatives has meant that a number are housed outside of the area, or the Highlands, at great expense. To better understand where the gaps are and what they are, and to complement the data we have, the Association hosted a consultation event in January 2023 to bring together service users, carers, practitioners and service providers and statutory agencies to explore the issues in Skye and Lochalsh and provide more aspirational and practical detail.

Supported accommodation models

New models are needed to meet the challenges of better adapted individual housing, and a lack of carers, with the labour force as a percentage of the population falling. The HNDA predicts that in 20 years there will be: a 67% increase in high dependency services, a 74% increase in medium, and a 61% increase in low dependency needs.

There is a tension between the service efficiency needs of statutory agencies and their care and support providers on one side, and the desire to integrate special needs housing into society, build it to human scale, and run it with human rights and the views of service users in mind. This is not to judge but simply an observation. Planning guidance (NPF4 and others) emphasise the 20 minute neighbourhood, a largely urban concept. Skye and Lochalsh, along with other rural and island areas can develop its own understanding, and make it meaningful from the perspective of people with particular needs and their carers, in the context of their location on Skye or Lochalsh.

In addition to tackling the problem of scale, it's important for LSHA to develop an informed position on the principles that we would want to see applied to new provision. This is part of a wider research and development journey, that acknowledges that the Association may not have all the facts and understanding but wants to have a say in the shape of services it has a hand in providing, and values having a complete community, including housing those with particular needs.

A couple of examples are worth exploring. Designing for dementia has been developed by Northern European countries into sophisticated multi-generational housing with support for older people with cognitive impairment thought of in every aspect, including management and allocations. Is this possible at our settlement size? Specialist housing is not always about a single scheme or special needs. Kingdom HA is developing Fife's Foyer concept into a dispersed model, with supported apprenticeships and housing for vulnerable young people. If our young people sometimes struggle to sustain tenancies or employment, and end up leaving the area, is the dispersed foyer model worth exploring and scalable?

Care in the community

Most people want to live in their own homes, and where people have a disability, infirmity or special need, LSHA has a proud track record of developing services that re-balance care in the community, prolonging independent living and spreading the use of adaptations and assistive technologies including telecare through our Handyperson Service and Care and Repair, and also through energy advice. We have one of the strongest, most innovative approaches in the country, supporting people to remain healthy and well in their own homes for as long as possible, with an established positive relationship with OTs and the NHS.

In addressing the balance of care, these services are critical when alternate housing solutions aren't in place and it's important to work with partners like the NHS and the Council to sustain and expand them and the services they provide. There is a specific ask in Highland Council's 2018 LHS for partners like LSHA to develop alternative models of mainstream housing with support or non-institutional supported housing. The question is: where should we go for inspiration?

It is also pertinent to explore longer term trends, and whether for example the need for specialist accommodation will peak over the next 30 years as the Boomer generation matures, but then shrink as smaller generations reach old age. The other factor is changing expectations. An example might be the fate of studio or bedsit sheltered housing, where low demand is common despite an aging population. Given that the Association is investing in an asset that has a 100 year lifespan, this multi-generational approach and focus on community care is more of a priority than it might be for organisations whose purpose is based on service delivery and can be rapidly adapted to change.

<u>HNDA Assessment</u>

Although there is a shortfall in care homes per head of population, half of those in care homes do not have long term nursing care needs and many have other conditions like the above that would be better served in a housing model. Providers should explore models that delay or replace care homes, with care at home primarily. Despite these questions, with the closure of Budhmor in Portree there appears to be a real shortage of care home provision. It's not our area of expertise, but what can LSHA do to facilitate meeting this gap? There is a significant shortfall in sheltered housing in Lochalsh and Skye compared with other areas, and there is a current Highland Council review that should provide direction here.

In terms of physical disability, it asks us to build 20% of new homes as wheelchair liveable; 100% ground floor flats to Housing for Varying Needs (HVN), plus private stairs in cottage flats, for upper flats so stair lifts can be incorporated. In addition up to 11% of applicants need some degree of adaptation, or adapted new housing.

As noted above, we have a lack of specialist supported housing for mental ill-health, learning disabilities, acquired brain injury, sensory impairment or other specific needs, and there are non-special needs requirements in the area for instance, for women fleeing domestic abuse. Challenging behaviour and other severe conditions that need intensive support core and cluster or multiple occupancy. Are there local solutions?

The exact numbers are unclear, and whilst the Local Housing Strategy and HNDA give LSHA some strong indications of where we need to start exploring the area's non-mainstream needs this will be developed further by a community approach to feeding local demand information into the Associations development programme.

Part 4: Local Economy, Economic Development & Housing

<u>The Economy</u>

Nationally, the combination of a decade of austerity, Brexit and the Pandemic, the unravelling of some globalisation, and most recently the energy crisis is likely to mean a period of stagnation and recession across the UK. How it lands in Skye and Lochalsh is difficult to predict. High income earners or pensioners are shielded from much of the downturn and there is a view that sectors like tourism and hospitality will not suffer.

Tourism, crofting, fish farming and estate work provide core employment opportunities, but many of the area's more remote communities are fragile, as are businesses based in these areas. Skye and Lochalsh is characterised by a high proportion of part-time jobs, relatively low wages, high turnover and seasonality of employment linked to the tourism and hospitality industry.

Seasonality is a key income pressure, as it creates significant winter stress when income is low but energy bills are high and transport options are reduced.

The recent surge in tourism, with 2019 and 2022 high points, has been both a blessing and a curse as Brexit has reduced the availability of labour and created skill shortages in particular sectors of the hospitality industry, to the extent that many restaurants and cafes have reduced hours and closed for the winter. There is currently no definitive information available to analyse the impact of these changes.

There is high 20% self-employed (three times the Scottish average) and a lower percentage of population in economically active age bands than Highland or Scotland generally. Compared with Scotland wide figures, Skye and Lochalsh has lower average economic output, higher growth, and lower incomes.

The rise of Airbnb has shifted a significant amount of private renting into short term holiday lets, leaving few or no options for in-coming workers, or young people wishing to stay and work in S&L, if they don't get priority for social housing.

Housing-related construction and maintenance is a key element of the local economy and is particularly important to a large number of small employers. A question for LSHA is how it sees its role supporting maintenance services that are important to tenants, and increasing the supply of skilled people in other areas to ensure there is a healthy economy.

Housing and the Economy

Historically the affordable housing element of economic development in Scotland was delivered by Scottish Special Housing Association. It was broken up in the 1980's and 90's but the Highland Council, HIE and the Scottish Government recognise that there is a housing gap or issue to be addressed in the region.

There are particular issues emerging in relation to the impact of housing shortages on the recruitment and retention of specific key workers. Historically this was particularly acute in the health and social care sectors, but is being redefined to apply across all sectors including hospitality, fish farming, whisky, and other key local industries.

Anecdotally a number of businesses struggle with finding accommodation for staff or lose talent quickly because they can't find somewhere affordable to stay. Some employers fall back on Highland plan B, the on-site caravan, effectively an insecure form of low quality tied accommodation.

If communities, including their main businesses and employers, have a clear vision for their economy and jobs over 5 or even 20 years and the sorts of housing needed to make it a reality, it gives LSHA and its statutory partners an economic development ambition to work towards. What is required is better local data to support the vision.

Chambers of commerce in Badenoch and Strathspey, and in Lochaber have undertaken surveys of businesses in their areas, with the support of Highland Council to establish the need for new housing. Skye Connect has done the same in Lochalsh and Skye with LSHA as a partner.

In common with many other remote areas, Skye and Lochalsh is particularly disadvantaged by high fuel, energy and living costs. Standard measures of deprivation under-estimate poverty in rural areas because it is dispersed. Minimum Income Standard (MIS) research shows that living in rural Highlands and Islands carries an extra 10% - 40% cost of living, the case of Skye and Lochalsh around 20%+. The research shows how important social housing is in warding off poverty for those in low paid work.

Mid-Market Rent is normally the tenure of choice for key workers but 2018 research with the NHS showed that a third of their staff (based on vacancies) would find it unaffordable. Judging by salary levels in hospitality and the food and drink sectors, that proportion is likely to be higher in Skye and Lochalsh and the SkyeConnect data bears this out, with 70% of current or planned vacancies aggregated across all sectors needing affordable housing, of which nearly two thirds would require Social Rent . A case has to be made to Highland Council to secure social housing as part of the mix, and accessed through local lettings initiatives, or other leasing arrangements. In 2022 LSHA approved a Third Party Leasing and Local Lettings Policy to address this in our stock.

It is also the case that economic housing need is common to all tenures in Skye and Lochalsh and LSHA and its partners should explore all options including low cost home ownership and models like Rural Home Ownership Grants that are particularly suitable for remote and dispersed communities.

Part 5: Affordable Homes

In looking at affordability it is important to look for the most impactful measures the Association can take.

HNDA Affordability Analysis

Unemployment/employment figures for Skye and Lochalsh are included in a different regional calculation, combined with Lochaber and Argyll. Highland has higher numbers of economically active households and self-employed, about 50% above the Scottish average, and Skye higher still. S&L also has higher part-time employment.

Median Highland incomes sit at £30.7k, and bottom quartile £18.7k, and the last 14 years has seen stagnation in most areas, and this is also true of Skye and Lochalsh albeit slightly under median at £30.2k. Different data shows a narrowing of the gap between Highland and Scottish medians, so the region is now in line with the national average.

There are no areas of significant multiple deprivation in S&L. As noted above, poverty is dispersed and rural deprivation is not reflected in SIMD statistics, however other measures like the Minimum Income Standard are now accepted by Government and do demonstrate rural poverty.

Housing affordability ratios have increased, 2014 to 2018, RSL rents rising from 22% to 24% of lower quartile incomes, PRS from 31% to 33% and for those purchasing total debt from 593% to 630%. Anecdotally and by THC analysis this has become worse in the last 4 years, by as much again, so for instance up to 670% for sales. In addition for purchasers there are large loan to value deposits required.

Internal Affordability Analysis

Affordability in housing with regards to rents and incomes is closely aligned to how affordable it is to heat and power the home.

Any affordability tool used to measure and analyse affordability should be used with caution. It is a simple model that does not take into account the additional financial burdens experienced by people living in the Highlands and Islands. For example, the tool can take into account and deduct living costs from income/expenditure estimations based on the Scottish 'minimum income standard'. This does not have a rural or specific locality weighting. To more accurately calculate affordability for our tenants, the remote rural Scottish MIS was developed in 2013 by RIHAF and reviewed in 2016 and this shows an additional cost burden of between 10% and 40%. For the purpose of evaluating LSHA tenant costs we should consider that an addition of at least 20% of living costs should be applied to take this into account:

- Transport: keeping a car on the road because public transport is poor and expensive. Mileage impact on car usage is significant because of the distances between places/amenities and thus investment in repairs/fuel is higher.
- Energy costs being disproportionately high – which does not necessarily correlate to increase in usage. Typically our tenants ration their use and still pay more.
- Delivery costs/buying any item has a locational premium like postage and food shopping. Food became a more dominant element in the 2016 MIS.
- The tool's minimum income standards current energy assumptions for gas/electric are not necessarily accurate for our tenants either; excluded from mains gas and paying much more per kw than tenants in other parts of the UK for heating. Using models like this do require sense-checking, if we compare favourably with our peers this does not necessarily mean we are doing the right thing for our tenants.

➢ The cost of living crisis and hyperinflation in energy costs has made all of these issues far more important in determining whether a household is in actual poverty, and how affordable their rent now is. Recent interventions by Government to control rents have a limited impact on tenants because the biggest living costs are in heating, hot water, food, and transport.

- Any review of affordability should be considered in terms of how we can facilitate better resilience for our tenants and their households. They have a higher burden of daily living costs so how do we support them when times are tough and improve quality of life? This is likely to be a more successful approach in the short term; supporting those who most need assistance, rather than taking a universal approach that looks at reducing expenditure on rent or utilities. This is where LSHA's track record in support services like tenancy and energy advice is particularly effective.

- Any review should consider an approach that delivers the maximum amount of benefit for tenants and for the business (warmer homes/lower energy costs/reduced emissions), and greater equity for our tenants.

- Customer feedback on affordability: the last policy consultation on 'rent setting' which included both Highland Housing Register (HHR) applicants and tenants did not highlight any significant issues with current rent setting and generally respondents felt that the rent was fair. In addition, we have had no complaints in recent years related to rent nor was this a recurring concern mentioned in the conversations held during stock surveys 2017-2020. The Rents team have also not raised issues with rent affordability when addressing arrears; higher balances tend to be the result of issues with welfare benefits, insecure work, under-supported households and tenants with chaotic lifestyles. While this feedback does not necessarily reflect overall satisfaction (as with further/different engagement, responses may increase), but to date the available data indicates that the affordability of rent is not a dominant priority for tenants.

- The internal Affordability Working Group considered any review of rent, particularly if varied by house qualities to have winners and losers, and outcomes that wouldn't necessarily be consistent with overall affordability. We should recognise this and think carefully about how any change is communicated to tenants. Furthering an understanding of what we do as a housing association, involving tenants in decision-making and better explaining our decisions/thought-processes will hopefully help to develop a trusting relationship on rent review choices.

- Affordability could be considered in terms of property quality: charging higher for newer properties with better insulation, better heating systems and general quality. The Highland Council have adopted this model which could be explored further; using differential pricing for low/medium/high quality properties largely based on age, for instance new builds since 2013 have a supplement of £11.29 pw. We know our energy costs – for all our schemes – which could be used as a basis to categorise houses into similar bandings and see if these attributes also apply to different sizes or types of property. The adoption of a more sophisticated rent setting policy along these lines should also consider the ease of review as homes are improved, and ease of administration at annual review.

- Affordability is not a static assessment: it can change with time due to seasonality of usage and household income – lower heat usage in summer and seasonal work increases; the heating system type – which can be changed, individual choices about how people choose to live.

Part 6: Internal Change

To deliver our purpose and remain a strong association, we need to address under-investment in some areas, and redesign processes and services for 21st century tenant and stakeholder expectations. With the need to balance affordability and the financial capacity to build new homes and invest in existing stock, and a challenging economic and fiscal environment, there are difficulties to overcome, but there are also great opportunities with Government providing significant commitments and resources for affordable housing, and locally there being an enhanced wider role. The key is financial strength, and a smart use of resources.

<u>An empowered and flexible workforce</u>

When Darwin wrote “survival of the fittest” he meant in terms of adaptability or fit with the environment. Learning and adaptable organisations need staff with the right attitudes, commitment and curiosity, and a permissive and supportive environment to apply these qualities. This view is often quoted by tech companies but it also applies to most white collar work in a rapidly changing world.

Disengaged staff reduce productivity by a third on average. Staff who are fully engaged and appreciated bring their brains to work, contribute to the development of the business, add value, and deliver much more productivity than average. In addition, their sense of being respected and valued is passed on when they deal with tenants and other customers.

People in organisations like LSHA are motivated by three things: (1) a sense of purpose in a useful and positive organisation or business; (2) being given autonomy and trusted in decision making; and (3) supported to learn and master their role or function, to be the best they can be. We are lucky in having (1) in abundance. The other two need work, and a strategic, long term approach because some of this is cultural and takes time. The Board has a vital role in all of the above, working together with LSHA management to hold a safe space for change and innovation.

<u>Collaborative efficiency</u>

The Association needs increased operational surpluses and financial headroom to safely discharge our purpose as developer of new affordable housing, and in being a good landlord in order to meet the energy efficiency needs of our stock, and provide our wider role for the community. Becoming more efficient as a landlord and as an organisation is key.

We need to find efficiency savings to manage financial risk and keep the rent increase low as possible, but keep it proportionate to the task. Our Auditors briefed the Scottish sector some years ago about the difficult time associations south of the border had been through as the result of government rent controls. The whole sector was convulsed by rounds of mergers, cuts and efficiency drives. Analysis showed that short term tactical cuts failed to achieve lasting savings and created unwanted consequences, with reduced service quality. Even a more planned approach would find itself being reversed or knocked off track in following years, undermining the savings made. RSM suggested that the most successful associations had seized the opportunity to make transformative changes in how they did things, changing culture, structure, systems, and their whole approach to service delivery.

LSHA's challenge is partly about rents, but as noted above fuel poverty, climate change, and our development capacity to build a future for communities where the housing market is actually functional and meets their needs, are also important parts of our purpose. Changing how we do things can and should be measured, involve colleagues in creating their own solutions and improvements, and it should feel safe for those caught up in change. Above all it must put the tenant and other customers at the centre of our thinking.

ICT Systems

LSHA has to take a step back and reconsider the scope, timing and outcomes of our investment in ICT. Digital change is only transformative if it is supported by a related shift in operating model and the culture of the organisation. We want to see the technology work for us, as opposed staff spending time feeding the machine. Initial work around our Housing Management System showed that it needed a reboot, taking stock of data quality, considering what it is capable of, and getting better buy in from staff. In the last year we have also been looking at our communications systems and realised that investment was needed in equipment and connectivity. Data storage and use needs a thorough overhaul. The next stage is a comprehensive digital strategy to drive the next phase of investment.

Expertise, Management and Governance

The value of management is in its capacity to be strategic, hold competing interests together, to act as a bridge and conduit between functions because an organisation is as much affected by entropy as the universe, with a tendency towards silo working. In a smart organisation, making the best use of its talents, value is not created by administering the time of others or checking their work. Management is best as a source of expertise and mentoring to teams, a supporter of autonomy and professional judgement, an asker of questions to help others find decisions and solutions within themselves and their experience.

Culture Change

The Association has invested in change programme that includes an element of psychological profiling to help staff to understand their own strengths and weaknesses, and those of others, and how they behave when triggered by the actions of others. Learning to manage negative behaviours and appreciate colleagues is part of a learning and culture programme aimed at improving team work and individual initiative. Ultimately we want to see customer facing colleagues making operational decisions, with team work and managers supporting them. Managers are then freed to do more complex tasks, communication and service improvement, and senior managers spending the majority of their time supporting the Board and managing the strategic and governance needs of the organisation. We are in the final year of a two year programme, but will take longer than that to work on entrenched habits and customs in LSHA.