

Annual Report 2012





Chairperson's Report

The Management Committee welcomed two new members during the year - **Archie MacCalman** was co-opted to the Committee on 13 June 2011 and

became a full member at the last AGM. **Sian Seddon** was co-opted on 12 March this year.



Archie MacCalman

Terry Harvey, who was Vice-Chairperson, resigned from the committee due to ill-health in March 2012 and **Dick Johnston** was unanimously elected Vice-Chairperson to replace Terry. Terry was a very active member and we will miss his contributions to our meetings. **Samantha Crowe** also resigned during the year due to her other commitments and we also thank her.

After almost 29 years of service as a Management Committee member **Isabel Moore** retired at our last Management Committee meeting. Isabel has attended all of the Association's AGM's since the first one in 1983. She has been a regular attendee at the monthly meetings, missing very few in these 29 years.



Isabel Moore

Isabel was the Vice-Chairperson, then Chairperson, of the Association for 6 years, only standing down from the Chair due to changes in national policy which dictated a set period of time that one person could remain as Chairperson.

Her leadership as Chairperson, her knowledge, her enthusiasm, her quiet manner, her encouragement towards new members, both committee and staff, will be enormously missed. We wish Isabel "good health", just as she leaves the Association in "good health", all due to her diligence and commitment to the Association and its objectives. **A big, big, thank you from us all, Isabel.**

2011/12 has been an "up & down" year. Our development programme has been drastically reduced compared to previous years but we were able to increase our property management activities for external clients as the Chief Executive explains in his report.

Projects in **Kyle of Lochalsh, Raasay, Kyleakin** and **Portree** were all completed during the year and 21 houses and flats were added to our housing stock.

Due to Government cuts in overall spending on housing, it looks pretty bleak on the development side of things in the next 3 years but we are doing everything we can to try and make sure that Skye and Lochalsh gets a fair share of the investment funding that is available.

The **Director of Development Services** has successfully secured contracts with **The Highland Council** and other agencies to provide a range of development and technical services which has meant that the **Development and Property Services** team has been kept in full employment.

During the year there have been quite a few consultation documents from the **Scottish Government** regarding the new **Scottish Social Housing Charter** and the new **Scottish Housing Regulator**. These consultations take up quite a considerable amount of time, not only for Management Committee members but also for senior staff members, as policies and procedures have to be updated in line with the end results of these consultations.

Despite the somewhat gloomy reading above, I am pleased to be able to say that we have again ended the year with the Association showing a healthy financial balance and all planned maintenance will go ahead in the coming year. Should Government funding allow additional new building to commence, then the Association is in the position of being able to get projects up and running very quickly as we have sites landbanked and projects that can be brought forward into the development programme.

I would like to remind members, and others, that the New Scottish Housing Regulator went live on 1st April 2012 and although Lochalsh & Skye Housing Association provides statistics about its performance on its own web site www.LSHA.co.uk, you can get more information regarding how we compare to our Peer Group at www.scottishhousingregulator.gov.uk/newregulator.

Ian MacLean, CHAIRPERSON

Chief Executive's Report

Obbeside, Kyleakin, Isle of Skye



Like many other housing associations in Scotland with an active development programme, the last year has been one of considerable change as we had to deal with the reality of drastic cuts in the level of government funding for new housing. We had planned carefully for this eventuality and were able to re-deploy most staff into other activities which I will mention later in my report. After a detailed consultation exercise with staff, the Management Committee agreed reluctantly that we had no alternative but to reduce our **Development Services** staffing level. However, as a consequence of receiving an application for voluntary redundancy from one member of staff, we were able to implement the changes with no compulsory redundancies.

As the Chair has reported, we did still have a considerable programme of works on-going during the year and we invested almost £4 million in new housing for rent and shared equity ownership as well as planned improvement works to our existing housing stock. In June 2011 we were delighted that our new houses

at **Burnside, Plockton** won the **Scottish Home Award** for the 'Rural Housing Development of the year' and our project at **Pier Road, Ardvasar** was highly commended in the 'Small Affordable Housing Development' category.

We were also successful in bidding for funding from the government to allow us to build 15 new houses at **Dornie** which includes 6 houses for **The Highland Council**. This project also contains our first properties for mid-market rent which will be leased to our non-charitable subsidiary company as well as 3 houses for shared equity sale. We expect this project to be completed and ready for occupation in **March 2013**. We congratulate our

Director of Development Services and **Development Officer** for all their achievements in the last 12 months.



As part of our strategy of trying to ensure that we can retain staff in full employment going forward, we have successfully secured a series of property management and technical services contracts with a range of other agencies including **The Highland Council, The National Trust for Scotland, West Highland Colleges, Highlands and Islands Enterprise and Link Housing Association**. We are also actively considering other ways in which we can share services with public and private sector agencies to provide more efficient services that provide improved value for money.

Our **Property Services** staff dealt with more than 850 repair orders during the year and completed 100% of emergency and urgent repairs within our target times. 98% of routine repairs were completed within our target time which is an improvement on the impressive 96% achieved the previous year. This team was also responsible for our planned maintenance programme of works which invested £248,000 in new windows, doors, kitchens and heating systems with much of this work being carried out by our own joiners. Our customer satisfaction survey results continue to record very high levels of customer satisfaction with these works. Congratulations are due to all our **Property Services** staff for the efficient way in which they deal with their ever growing workload.

There were particular challenges for our **Housing Services** team during the year as both our **Housing Services Officer** and **Assistant** were absent on Maternity Leave for part of the year. In order to ensure that we were able to continue to provide cover for the level of service that we require, it was agreed to second our **E-Business Development Officer** to this Service and to employ a temporary **Housing Services Administration Assistant**. There were a total of 21 new lets and 52 re-lets during the year but we still managed to reduce the time taken to re-let a property from 6 days last year to 5 days this year. Unfortunately, one notable first during the year that they also had to contend with was court proceedings which led to the successful eviction of a tenant from one of our properties for

possession of drugs and anti-social behaviour. Given that the workload in **Housing Services** is ever increasing, the team deserve a huge vote of thanks for their excellent work in difficult circumstances.

As many of you may be aware and as highlighted last year, there are large scale changes taking place in respect of the **Welfare Benefit** system which will have a significant impact on our tenants. We are now gearing up for potentially the most important changes that will be introduced from 2013 when tenants who receive **Housing Benefit** will receive the payment directly from the government as part of a **Universal Credit** payment. At the present time, Housing Benefit is paid directly to the Association on behalf of the tenant. We have significant concerns as to the impact that this change will have on our revenue streams and the potential difficulties that tenants may face in retaining their tenancies. For this reason, we are strengthening our **Finance Services** team with the appointment of a new **Head of Finance** and we also propose to create a **Tenancy Sustainment post** which is designed to provide additional support to our tenants, particularly those who are vulnerable. Once again, our **Finance**

Services staff have carried out their numerous duties efficiently and effectively.

Our **Care and Repair Service** assisted 60 elderly and disabled applicants with repairs and improvements to their homes and a total of £314,000 of grants were given out during the year. Our **Care and Repair Officer** is to be congratulated for his continued achievement of the targets set for him and for the excellent working relationship he maintains with The Highland Council staff and also the local contractors who are involved in carrying out the works.

The **Handyperson Service** increased the number of completed

tasks by 10% over the previous year to a record of 2038 tasks. This achievement is all the more remarkable for the fact that all of the tasks were completed within the target times set for the Service. We thank **The Highland Council and NHS Highland** for their continued funding of this invaluable service and for the support provided by Community Service Workers.

We had previously secured two-year funding for our **Energy Advice Service** from **LEADER** and the **Climate Challenge Fund** which would allow the Service to operate until June 2012, however, the Management Committee have decided that such is the importance of the work being done by this Service in tackling fuel poverty in Skye and Lochalsh that the Association will support the continuation of the Service beyond this date. New funding applications have been made to funders and we are confident that the costs of the Service will be met by external funders.

It is not possible for me in this report to thank every staff member individually for their dedicated hard work on behalf of the Association and our clients but their efforts are greatly appreciated.

I would also like to thank everyone who has assisted the Association over the last twelve months, in particular, our colleagues at **The Highland Council**.

Finally, everyone should be aware of the dedication shown and the hard work carried out by our **Management Committee** members, ably led by **Mr Ian MacLean** our Chairperson who has provided me with invaluable support over the last year.

Lachie MacDonald,
CHIEF EXECUTIVE



Performance Indicators

**The Association has set a range of targets for performance across our services.
Our performance against our key targets is set out below:**

	2012 Target	2012 Actual	2011 Actual
Average percentage of members present at Management Committee Meetings	More than 80%	77%	75%
Percentage of Management Committee Meetings quorate	100%	100%	100%
Percentage of new members joining the Association	+2%	+2.7%	+1.7%
Percentage of days lost through staff sickness	Less than 1.5%	0.66%	0.53%
Number of complaints to Public Sector Ombudsman	Zero	Zero	Zero
Average time to let new properties	0 days	0 days	1 days
Average time to re-let existing properties	Less than 10 days	5 days	6 days
Number of Rental Units completed/purchased	20	21	33
Rental Income Void Loss	Less than 1%	0.11%	0.17%
Gross Rent Arrears	Less than 3.75%	3.32%	3.09%
	2012 Target	2012 Actual	2011 Actual
Emergency Repairs (8 hours completion time)	100%	100%	100%
Urgent Repairs (2 days completion time)	100%	100%	100%
Routine Repairs (10 days completion time)	100%	98%	96%
Qualifying Repairs	100%	100%	100%
Percentage of repairs pre-inspected	10%	11%	9%
Percentage of repairs post-inspected	10%	10%	11%

Sponsorship

The Association was pleased to help support the following individuals, groups and organisations who applied to us for sponsorship during the year:

Skye & Lochalsh Mental Health Association
Auchtertyre Nursery Class
Plockton High School Sailing Club
Skye & Lochalsh Young Carers
Dannsairean an Eilein Sgitheanaich

Skye Emergency Services - Portree Helipad
Portree High School Pipe Band
Portree High School Climbing Club
Portree High School Running Club

Income and Expenditure Account as at 31st March 2012

	2012	2011 (restated)
	£	£
Turnover	3,243,145	9,369,159
Operating Costs	2,730,087	8,870,379
Operating Surplus	513,058	498,780
Profit/(loss) on Sale of Fixed Assets	(20,568)	20,302
Interest Receivable & Other Income	440	682
Interest Payable & Similar Charges	(204,329)	(170,486)
Surplus/(Deficit) on Ordinary Activities Before Taxation	288,601	349,278
Corporation Tax on Surplus on Ordinary Activities	-	-
Surplus/(Deficit) for the Year	288,601	349,278
Prior Year adjustment	392,774	-
Total	681,375	349,278

Balance Sheet as at 31st March 2012

	2012	2011 (restated)
	£	£
Fixed Assets		
Housing Properties:		
Depreciated Cost	60,312,197	58,096,039
Less: Social Housing Grant	(45,167,020)	(44,073,274)
Less: Other Public Grants	(2,332,413)	(2,498,049)
	12,812,764	11,524,716
Other Tangible Fixed Assets	690,981	712,685
	13,503,745	12,237,401
Fixed Asset Investments:		
Shared Equity Cost	409,000	409,000
Shared Equity Grant	(409,000)	(409,000)
Investment in Subsidiaries	1	1
	13,503,746	12,237,402
Current Assets		
Debtors	517,462	804,858
Development Cost of Housing Property	584,935	518,768
Cash at Bank	329,383	1,139,046
	1,431,780	2,462,672
Creditors: Amounts Falling Due within a Year	1,047,928	1,120,641
Net Current Assets:	383,852	1,342,031
Total Assets less Current Liabilities:	13,887,598	13,579,433
Creditors: Amounts Falling Due after more than a Year	(11,345,328)	(11,325,766)
Net Assets:	2,542,270	2,253,667
Capital and Reserves:		
Called up Share Capital	184	182
Designated Reserves	50,337	1,166,406
Revenue Reserves	2,491,749	1,087,079
	2,542,270	2,253,667

Guide to the Figures

- ➔ Rental and Shared Equity Sales Income
- ➔ Cost of managing and maintaining our properties and shared equity house sales
- ➔ Amounts due from Shared Ownership sales
- ➔ Interest earned on invested money
- ➔ Interest paid on loans
- ➔ **Amount of income left after deducting all expenses**
- ➔ Gain for the Year

- ➔ The total cost of building our properties
- ➔ Grants received towards building costs
- ➔ } Cost of office premises, office equipment, vehicles, etc
- ➔ £1 share in North West Highland Community Enterprises

- ➔ Money in the bank and money owed to us
- ➔ Money the Association owes to others
- ➔ Amounts of loans still to be repaid by us
- ➔ Shares of £1 issued to new members
- ➔ Money set aside for future repairs to our properties
- ➔ All other surpluses to date

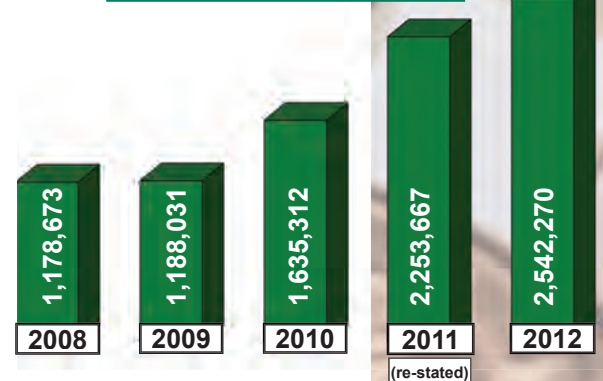
Key Features

- Rental Income grew from **£1.8 million** to **£1.98 million**, an increase of **10%**
- Our total investment in our housing stock has increased from **£58.1 million** to **£60.3 million**
- We achieved an operating surplus of **£499,000** and a net surplus of **£289,000**
- Our total Capital and Reserves grew from **£2.25 million** to **£2.54 million**

Annual Rental Income



Capital and Reserves



New Developments

Obbeside, Kyleakin



At the heart of Kyleakin stood the [Marine Hotel](#), originally a dominant two and a half storey building that could trace its origins back to the 18th century. The building evolved in size and shape over the years with the addition of annexes, external buildings and the main structure eventually converted to three storeys with a flat roof. In its latter years, the building was used as a hostel, run by the [Scottish Youth Hostel Association](#). Before the hostel was closed and placed on the open market in 2007, it was considered by many to be a local eyesore, with clutter, faded and outdated seaside facades, general patchwork and decay.

When the hostel became available for sale, the [Association](#) saw this as an opportunity and consequently acquired the site in 2009. A planning application was submitted to convert the building into 12 affordable rented flats. The local primary school was asked to re-name the building, and [Obbeside](#) was chosen after the [River Obbe](#) which runs behind the building.

The design of the building was undertaken by local architects [Wittets Limited](#), and the construction work was carried out by [Global Construction \(Scotland\) Limited](#). The project was delivered on-time and on-budget in September 2011.



New Developments

The Old Surgery, Kyle



The local housing market in [Skye](#) and [Lochalsh](#), and [Kyle](#) in particular, is highly pressured. Suitable building ground is in extremely short supply in the [Kyle](#) peninsula area, with the sea restricting expansion on three sides and steep mountains making development difficult on the landward side.

For some time, [Lochalsh & Skye Housing Association](#) had been looking for a suitable site in the [Kyle](#) area to meet the growing need for affordable housing. An opportunity arose in [2008](#) when the [Kyle NHS Medical Practice](#) re-located to a new purpose-built facility in the village.

The old surgery building on [Church Road](#) was now surplus to requirements and [Lochalsh & Skye Housing Association](#) took the opportunity to purchase the site from [NHS Highland](#) in [2010](#). The existing surgery had been built in the [early 1970s](#), and was considered dated and unsuitable for conversion. As there was considerable demand for flats in the [Kyle](#) area, the Association decided to demolish the existing building and construct a modern building containing four 2 bedroom flats with off-road parking.

The overall design approach by the architects, [Wittets Limited](#), was to create a building that would appear to be a house of traditional appearance while actually containing four flats. This development also makes use of sustainable materials such as native Scottish larch, high performance windows and doors, and high levels of thermal and acoustic insulation.

The flats were completed ahead of programme in January 2012 by [James MacQueen Building Construction Limited](#).



New Developments

Pairce na Sgoile, Isle of Raasay



The Isle of Raasay has a rich but fragile cultural heritage. The island has an ageing population and, like many of the smaller Hebridean islands, is having real difficulty retaining young families. This is due mainly to a lack of employment opportunities, but a shortage of affordable accommodation is also affecting the island's ability to retain its population. Raasay has been helped in recent years with investment in a new ferry terminal and community hall.

The Highland Council's Strategic Investment Plan 2010-2015 identified areas where the lack of affordable housing is having a detrimental impact on social and economic growth in Highland region. The plan identified Raasay as one of these areas; however, Lochalsh & Skye Housing

Association's only housing stock on the island comprised four semi-detached houses built in the 1990s. Aware that there was a pressing need to increase the housing stock, the Association purchased an area of ground adjacent to its existing four houses at School Park from Highlands and Islands Enterprise, and in 2011 submitted a planning application for a three house development comprising two 3 bedroom semi-detached houses and one larger 4 bedroom detached house.

This development was designed by G H Johnston Building Consultancy Limited. The houses incorporate a range of sustainable features including the use of native Scottish larch and highly efficient air source heat pumps. Compass Building and Construction Services Limited undertook the construction of the project. Works commenced in August 2011 and the houses were completed and occupied in February 2012.



Management Committee at 31 March 2012

Management Committee

Elected Members

Ian MacLean.....	<i>Chairperson</i>	Donald Brown
Donald MacKenzie.....	<i>Treasurer</i>	Archie MacCalman
Isabel Moore		Gordon Wight
Pat Walsh		
Janette MacPherson		
Richard Johnston		

Co-Opted Members

Sian Seddon

Telehealth Project

Skye residents with long term conditions such as Chronic Obstructive Pulmonary Disorder, diabetes and heart failure, are being offered the opportunity to have monitors in their homes so their conditions can be managed remotely.

The introduction of the monitors forms part of an **NHS Highland telehealth project**, which is being run in partnership with the Association and **The Highland Council**. The project was explained to members of **Skye and Lochalsh Health Services Reference Group** at their meeting in Broadford. The group had earlier identified telehealth as one of the major improvements they wished to see made to healthcare locally.



Ruairidh MacKinnon, Handyperson Co-ordinator of LSHA, told the group that telehealth uses technology to help patients manage their own conditions and is well suited for use in rural areas where transport is scarce and access to specialists is often at a distance. He stressed that telehealth was not a replacement for medical staff, but was about using staff and skills more effectively.

Mr MacKinnon explained that the monitors would be based in patients' own homes, with the clinician setting acceptable parameters for their readings, such as blood sugar levels. Once these are exceeded, an alert is generated to the clinician. The patient is taught how to use the equipment as well.

Mr MacKinnon pointed out that telecare has been used effectively in Skye and Lochalsh for three years and telehealth commenced last year, with the launch of a teleneurology service that meant more neurology patients could be seen locally with less having to travel to Inverness for appointments.

He added that more telehealth developments were scheduled for the coming year.

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