

Annual Report 2013



 **Lochalsh
& Skye
Housing
Association**



Chairperson's Report

I am pleased to present this **30th Annual Report** of the Association and my fifth, and last, **Chairperson's Report** – our Rules require the Chairperson to stand down from office after 5 years service!!!

Since we were established in 1983, we have constructed **more than 700 properties** for affordable rent or low cost home ownership and we have assisted **more than 1,000** elderly and disabled households through the **Care & Repair Service**. We are also now regularly assisting **more than 800 households annually** through our **Handyperson Services** team. All of these achievements are a direct result of the vision of **Mrs Pat Walsh** and the other voluntary members of the Association who were determined to provide solutions to meet the high level of housing need in Skye and Lochalsh.



Pat Walsh

From modest beginnings, the Association has grown into a significant local employer with **25 members of staff** and a **multi-million pound turnover**. We are constantly re-inventing ourselves to meet the housing and other challenges we face. We have most recently diversified to provide **mid-market rent** properties through our subsidiary company, **North West Highland Community Enterprises Ltd**. We have also been successful in sourcing additional funding to allow us to continue to provide our **Energy Advice Service** which is actively making a difference to households by helping to reduce their energy costs.

Despite reductions in grant funding and the continuing difficulties associated with the “credit crunch”, we have managed to keep building new homes and propose to continue to do so in the future. Our **Chief Executive** will provide more details regarding this in his report.

We invested significant funding in the planned maintenance of our older housing in the last year and we are expanding the range of trades being delivered directly by our **Property Services** team. I am delighted to report that we have met the **Scottish Housing Quality Standard** for all our housing stock, **two years ahead** of the 2015 deadline.

I wish to thank the **Chief Executive and all of the staff** for their achievements during the year and to thank all of the agencies, contractors, suppliers and financial institutions for their tremendous support.

I will conclude by thanking profusely all of our **Management Committee members** who meet every month and sometimes more often if they serve on our Sub-Committees. I have greatly appreciated all the support they have given me during my time as Chairperson. The Association exists because of this voluntary input and I am sure we will continue to go forward positively in providing assistance to those with a housing need in Skye and Lochalsh.

Ian MacLean

Ian MacLean
CHAIRPERSON

Chief Executive's Report



Home Farm, Portree, Isle of Skye

It's traditional to wait until the end of the Chief Executive's report to thank everyone who has assisted the Association in its achievements during the year but I want to begin my report by thanking people and giving them the recognition they deserve up front, because, to my mind, without the dedication, professionalism and hard work of a wide variety of individuals and organisations, the Association would not have achieved what it has done over the past year.

This “thank-you” list includes our **voluntary Management Committee members**, all of our **staff**, our **consultants, contractors** and **suppliers** too numerous to mention individually and **The Highland Council, NHS Highland** and the **Scottish Government** who have worked closely in partnership with us during the year. The collective assistance of all of the foregoing has contributed hugely to our successes during the year.

Our own housing development programme has continued to be constrained by the low level of grant funding available for new construction and by the lack of availability of affordable long-term finance from commercial lenders. Despite these difficulties, we did successfully complete **15 new houses and flats** at **Dornie**, including **six houses** for **The Highland Council** and our first **four properties** for **mid-market rent** which have been leased to our subsidiary company **North West Highland Community Enterprises**. Now that this company is actively trading, we will be reporting back to our members each year on its activities and finances.

Our **development and technical staff** have been successful in securing work to act as the agent for **The Highland Council** in delivering parts of their housing development programme in Skye and Lochalsh and we are currently working on proposed new build projects in **Balmacara, Portree** and **Broadford**. The Association was also successful in purchasing a site at **Home Farm, Portree** from the Robertson Group which has the benefit of planning consent for **32 housing units**. A part of this site will shortly be used to provide a **small hostel** for **Police Scotland** and the remainder of the site will be developed out by the Association and **The Highland Council** for additional affordable housing with the first phase commencing in the Summer of 2013.

The **Scottish Government** require social landlords to ensure that all of their housing stock meets the **Scottish Housing Quality Standard** by **March 2015**. I am delighted to report that all of our stock now meets the standard, a full **two years ahead of the target date**. This is a testimony to the hard work of our **Property Services** team who are responsible for the planned maintenance work to our properties as well as day to day repairs. They dealt with **828** individual repair requests during the year and **819 (99%)** of these were completed within our tough response times. In addition, we introduced a new **“out of hours” repairs service** during the year and this has significantly improved the quality of service provided to our tenants and provided better value for money overall to the Association.





We were also accredited as a **Registered Property Factor** by the **Scottish Government** in **October 2012**.

We reviewed the performance of our small team of tradesmen who are responsible for our programme of replacing kitchens, windows and doors in our properties and, such has been the success of this arrangement and the flexibility it gives us in responding to tenants' needs, we decided to expand the team by the **addition of two painters/cleaners**. We have found that, by directly employing our own staff on these works, we are able to achieve cost savings for the Association coupled with better control of the programme of works. We propose to continue to review our activities to consider whether further expansion should take place in the future. We are also now registered with **The Highland Council** on their **framework of approved contractors** which enables us to consider providing similar services to the Council as required.

As we anticipated at our last AGM, the introduction of **welfare benefit reforms** has presented a number of challenges for all social landlords. Advice agencies across the country are reporting large increases in the number of tenants seeking advice on how to cope with the impact of the changes. We decided that, in order to assist our tenants, we wanted to be able to offer them one-to-one advice and information and we therefore employed a new **Tenant Adviser, Fiona McAdam**, who is carrying out this role for us as a member of our **Housing Services** team.

We have confirmed that **83** of our tenants are subject to a **14% loss of housing benefit** for occupying a property with one bedroom more than they need and **18** tenants have **lost 25% of their benefit** for occupying properties with 2 or more bedrooms than they need. All of these tenants have been contacted individually by our Tenant Adviser who is working closely with other key agencies like **Skye and Lochalsh CAB**, **The Highland Council** and **Am Fasgadh** to ensure that we are able to provide the best possible advice to our tenants.

Our **Housing Services** staff re-allocated a property almost every week during the year (**50 re-lets**) and they have also been dealing with increased numbers of tenants wishing to **transfer to smaller properties**, in order to avoid the effects of the '**bedroom tax**'. We are actively encouraging our tenants to consider this option where possible.

Unfortunately it is not an option for everybody as we often don't have smaller properties in the communities that our tenants are living in and they, understandably, are reluctant to consider moving away. We are continuing to **lobby the Westminster Government** through our Federation for changes to the bedroom tax but, unfortunately, I have to report that no progress on this has been made to date.

Our **Care and Repair Service** assisted **71 elderly and disabled** applicants with repairs and improvements to their homes and **£341,000** of grants were given out during the year, exceeding the target that we were set by **The Highland Council**. **Donnie Martin**, our Care and Repair Officer,

maintains an excellent working relationship with a large number of small local contractors and the Council and we thank them for their continuing financial support for this important work.

Our **Handyperson Service** completed a record number of **2,059 tasks** during the year which is truly remarkable as they were all completed within the target times that we set. Once again, we have received invaluable assistance from **Community Service Workers** and we greatly appreciate their important contribution to this work as well as the financial assistance from **NHS Highland** and **The Highland Council**.

Last year I reported that we were seeking financial assistance from external funders to support the vital work of our **Energy Advice Service**. I'm pleased to report that we were successful in an application to **Scottish Power** who have provided **£50k** of revenue grant funding to be used for the reduction of fuel poverty in Skye and Lochalsh. We were also able to take part in the **Scottish and Southern Energy New Appliance Scheme** and a total of **31 new appliances** were provided to tenants at a cost of **£15k** funded by the scheme.

Our **Management Committee** have had a busy year considering and approving a wide range of policies, including **Complaints Handling** procedures which meet the new standards required by the **Scottish Public Sector Ombudsman** and overseeing the introduction of the **Scottish Social Housing Charter** which we will be reporting on to our tenants and members next year. The Committee members also undertook a full day of training on **governance issues** in November 2012 to ensure that the Association continues to comply with the requirements of the **Scottish Housing Regulator**.

The **Management Committee** also agreed that the Association should be the **anchor organisation** for the administration of the **Scottish Government's People and Communities Fund** within Skye and Lochalsh. We successfully assisted one charitable organisation through the Grant process by the end of the financial year and they were awarded a **grant of £116k** over a 3-year period. We are assisting a number of other organisations through the same process and a special thank you has to be given to **Marion Douglas**, our **E-Business Development Officer**, who is responsible for the administration of these Grants.

I hope you will agree that this has been a year of excellent progress by the Association and we believe that we have responded well to the challenges that we and our tenants and other customers face in these difficult financial times.

Finally, I want to record my sincere appreciation of the work done by **Mr Ian MacLean** during his 5-year service as the **Chairperson** of the **Management Committee**. He has been a constant source of encouragement and support and I have thoroughly enjoyed working with him. I wish him well in his new role on the back benches.

Lachie MacDonald

Lachie MacDonald
CHIEF EXECUTIVE



Income and Expenditure Account as at 31st March 2013

	2013	2012	
	£	£	
Turnover	3,337,433	3,243,145	← Rental and Shared Equity Sales Income
Operating Costs	2,689,329	2,730,087	← Cost of managing and maintaining our properties and shared equity house sales
	648,104	513,058	
Profit/(loss) on Sale of Fixed Assets	(512)	(20,568)	← Amounts due from Shared Ownership sales
Interest Receivable & Other Income	460	440	← Interest earned on invested money
Interest Payable & Similar Charges	(273,844)	(204,329)	← Interest paid on loans
	374,208	288,601	← Amount of income left after deducting all expenses
Surplus/(Deficit) on Ordinary Activities Before Taxation	374,208	-	
Corporation Tax on Surplus on Ordinary Activities	-	-	
	374,208	288,601	←
Prior Year adjustment	-	392,774	
Total	374,208	681,375	

Guide to the Figures

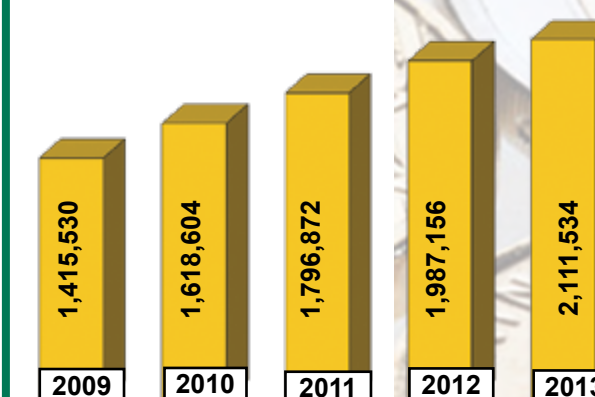
Key Features

- Rental Income grew from **£1.98 million** to **£2.11 million**, an increase of **6%**
- Our total investment in our housing stock has increased from **£60.31 million** to **£61.17 million**
- We achieved an operating surplus of **£648,104** and a net surplus of **£374,208**
- Our total Capital and Reserves grew from **£2.54 million** to **£2.92 million**

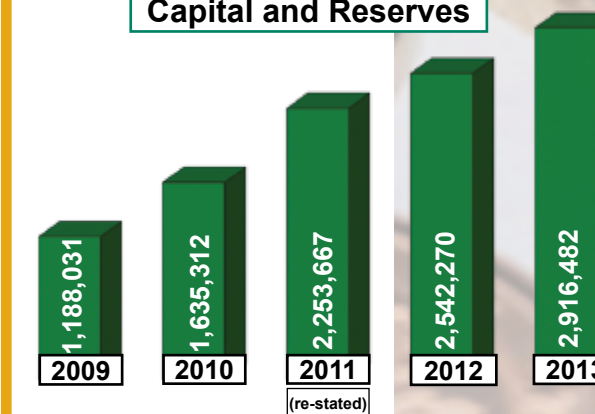
Balance Sheet as at 31st March 2013

	2013	2012	
	£	£	
Fixed Assets			
Housing Properties:			
Depreciated Cost	61,174,340	60,312,197	← The total cost of building our properties
Less: Social Housing Grant	(45,630,624)	(45,167,020)	← Grants received towards building costs
Less: Other Public Grants	(2,332,075)	(2,332,413)	←
	13,211,641	12,812,764	
Other Tangible Fixed Assets	662,754	690,981	← Cost of office premises, office equipment, vehicles, etc
	13,874,395	13,503,745	
Fixed Asset Investments:			
Shared Equity Cost	409,000	409,000	
Shared Equity Grant	(409,000)	(409,000)	
Investment in Subsidiaries	1	1	← £1 share in North West Highland Community Enterprises
	13,874,396	13,503,746	
Current Assets			
Debtors	202,408	517,462	
Development Cost of Housing Property	266,204	584,935	
Cash at Bank	1,440,246	329,383	
	1,908,858	1,431,780	← Money in the bank and money owed to us
Creditors: Amounts Falling Due within a Year	773,670	1,047,928	← Money the Association owes to others
Net Current Assets:	1,135,188	383,852	
Total Assets less Current Liabilities:	15,009,584	13,887,598	
Creditors: Amounts Falling Due after more than a Year	(12,093,102)	(11,345,328)	← Amounts of loans still to be repaid by us
	2,916,482	2,542,270	
Net Assets:	2,916,482	2,542,270	
Capital and Reserves:			
Called up Share Capital	188	184	← Shares of £1 issued to new members
Designated Reserves	48,846	50,337	← Money set aside for future repairs to our properties
Revenue Reserves	2,867,448	2,491,749	← All other surpluses to date
	2,916,482	2,542,270	

Annual Rental Income



Capital and Reserves



New Developments

Home Farm, Portree



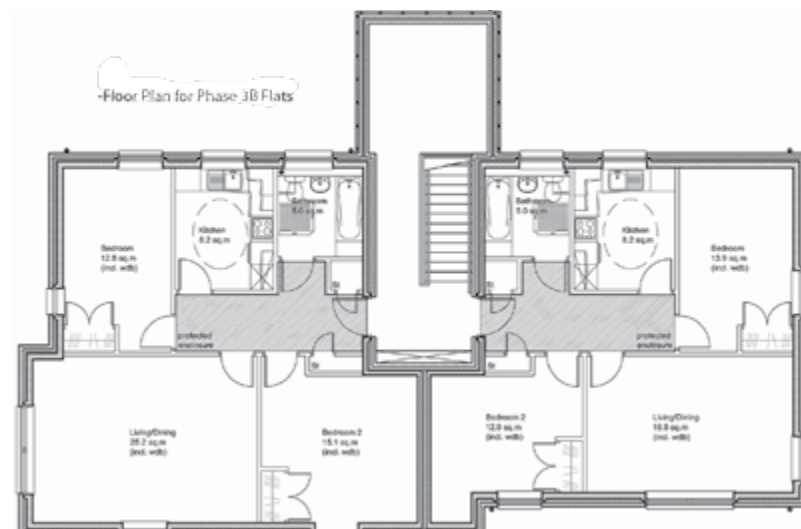
Phase 3B Flats

Twelve flats recently built by **Compass Building and Construction Services** in Portree now complete the final phase of the Association's original **Home Farm** development. These flats have been built for sale under the **New Supply Shared Equity Scheme** with the last property being sold in summer 2013. All twelve properties are now occupied.

The development comprises two blocks of six flats with a mix of two Bedroom/four Person and two Bedroom/three Person properties. The flats have been connected to the Home Farm **Biomass district heating network** which provides affordable heat and hot water to occupants on a 'pay as you go' basis.

These flats are finished to a high standard with large timber double glazed windows and nicely appointed kitchens and bathrooms.

Other specifications include high levels of insulation throughout, contemporary light beech fronted kitchen units, thermostatic shower over the bath, hardwired smoke detectors, door entry system with video link, fitted wardrobes and fresh plain internal decoration.



New Developments

Carr Brae, Dornie

Dornie Phase 2

The **Carr Brae** area of Dornie has been developed by the Association in partnership with **The Highland Council** in a planned 3 phase development. Phase 1 was completed in 2009 and comprises a day centre and eight special needs affordable rent homes for **The Highland Council**. At this time the sites for Phases 2 and 3 were cleared and serviced.

Phase 2 was completed earlier this year by **Compass Building and Construction Services** and was, again, a joint development between the Association and **The Highland Council**, with the Association undertaking the role of lead developer. A total of **15 homes** were built by **Compass Building and Construction Services** during this phase, comprising 6 homes for the Council and 9 homes for the Association.

The Council's properties consist of two family homes and four cottage flats, all for affordable rent.

The Association's properties consist of two family homes for affordable rent, four cottage flats for **Mid Market** rent and a terrace of three family homes for sale under the **New Supply Shared Equity Scheme**.

All properties in Phase 2 have been built to a high specification with exceptional levels of insulation and air tightness. Heating and hot water is delivered by a highly efficient Mitsubishi air source heat pump which is complimented by solar panels to help to reduce hot water bills.



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:

	2013 Target	2013 Actual	2012 Actual
Average percentage of members present at Management Committee Meetings	More than 80%	75%	77%
Percentage of Management Committee Meetings quorate	100%	100%	100%
Percentage of new members joining the Association	+2%	+2.0%	+2.7%
Percentage of days lost through staff sickness	Less than 1.5%	0.8%	0.66%
Number of complaints to Public Sector Ombudsman	Zero	Zero	Zero
Average time to let new properties	0 days	0 days	0 days
Average time to re-let existing properties	Less than 10 days	10 days	5 days
Number of Rental Units completed/purchased	6	6	21
Rental Income Void Loss	Less than 1%	0.23%	0.11%
Gross Rent Arrears	Less than 3.75%	3.48%	3.32%
	2013 Target	2013 Actual	2012 Actual
Emergency Repairs (8 hours completion time)	100%	98%	100%
Urgent Repairs (2 days completion time)	100%	100%	100%
Routine Repairs (10 days completion time)	100%	99%	98%
Qualifying Repairs	100%	100%	100%
Percentage of repairs pre-inspected	10%	11%	11%
Percentage of repairs post-inspected	10%	10%	10%

Sponsorship

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

Portree Baby & Toddler Group

Skye & Lochalsh Citizen Advice Bureau

Skye & Lochalsh Junior Football

Highland Hospice - D Morrison

Skye & Lochalsh Safe Highlanders

Auchtertyre Primary School

Management Committee at 31 March 2013

Management Committee

Elected Members

Ian MacLean.....Chairperson	Janette MacPherson.....Member
Richard Johnston.....Vice Chair	Gordon Wight.....Member
Donald MacKenzie.....Treasurer	Archie MacCalman.....Member
Lesley MacIntosh.....Secretary	John Laing.....Member
Pat Walsh.....Member	Tim BowditchCo-opted Member

The rising cost of energy affects everyone, and the steep increases in electricity prices over the past year have had a significant effect on household bills, causing real problems for even the lowest users.

It has never been more important, therefore, to know how much energy you use, when you use it, how much it costs and how much you are spending. The **Energy Advice Service** has, over the past year, spent an increasing amount of time helping people to begin that process, to understand their energy use and take control of their expenditure.

Getting help and support for those in difficulties has also been a key part of the service. We have forged an excellent relationship with **Citizens Advice** and exchange referrals with them (always with the client's permission) on a regular basis. We have also assisted **more than 30 people** to get new, energy efficient appliances through the **SSE Appliance Scheme** which, unfortunately, is not going to run again this year.

The advent of the **Green Deal** and **Energy Company Obligation** from the UK Government brought changes to Scottish Government schemes such as the **Energy Assistance Package**. The full impact of these changes is still not clear and we are supporting a number of clients in their journey through the new processes. We will be continuing to lobby for a better deal for those who don't have access to mains gas, who are currently disadvantaged by scheme rules.

We have continued to share our experiences locally and nationally. Our approach of looking at all aspects affecting energy costs – **heating, ventilation, building fabric, tariff and lifestyle** – is not widely used, however, it is only by looking at the whole combination of factors that you can fully understand your energy use.

During the summer months, your energy use will be much lower than during the long, dark winter nights, so it's a good time to be building up a credit for later in the year to help with larger bills later in the year.

If you would like to get advice about how to keep your bills down, keep your home warmer or what support might be available, please phone **Donnie Mackay** or **Moirra Scobbie** on **01478 612035** to arrange an appointment.

If you would like to receive this document in another format, e.g. in large print, CD, e-mail or Braille, please contact us on: 01478 612035 or e-mail: info@LSHA.co.uk and we will forward a copy to you.



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