

Chairperson's Report



I'm delighted to be able to report that the Association has made excellent progress throughout the year towards meeting our aims and objectives. The **Chief Executive** will provide some facts and figures in his report which will demonstrate some of the positive outcomes that have been achieved.

Our **Management Committee meetings** have been held regularly and have been well attended. We also have a **training plan** in place to help ensure that all of our committee members are aware of their role and responsibilities. Training also helps us keep up to date with the **requirements of the regulatory and financial management framework** that we operate within. We are closely scrutinised by our regulators and it is pleasing to report that we have again been awarded "**low engagement**" status with the **Scottish Housing Regulator** which is a measure of their confidence in the way in which we conduct our business.

Good governance is a constant consideration of the **Management Committee** and we take our role as the employers of staff very seriously. It is important that we make sure that the Association has **suitably qualified and experienced staff** in place to deliver all aspects of our operations efficiently and effectively and all staff are encouraged to undertake training that is suitable for their needs. We also make sure that we have due regard to the **Health & Safety** of our staff members and others who work for us and regularly review our policies and procedures. An external audit of our health and safety arrangements was carried out during the year and resulted in a very satisfactory report.

We make a point of **regularly reviewing our staff structure** and through good forward planning we recruit new staff timeously to meet the needs of the organisation. We now employ **37 members of staff** and with a **turnover in excess of 6 million pounds**, we are now a significant business within the local economy.

The growth in our staff numbers reflects the wide range and growth in the activities that we undertake. Last year we reported that we expected to receive a **doubling of the grant money** for new housing

from the **Scottish Government**. That has now come to fruition and our Business Plan now aims to deliver **180 new houses and flats** throughout Skye and Lochalsh **within the next five years**. Many of these projects are currently under construction and we have also been working hard to land bank new sites that will be developed through the period of our Business Plan. All of this work is designed to make sure that we meet our basic aim which is to provide affordable housing solutions for those in housing need throughout the area.

There were two retirements from our Management Committee during the year and we were extremely sorry that **Archie MacCalman** and **Roddy Beaton** had to leave us. They were both extremely valued members of the Committee and we wish them well for the future.

As always, there will be a range of new challenges for the Association during the next year including changes in the political landscape at **Highland, Scotland** and **Westminster** levels and, of course, we need to be aware of the potential impacts that **Brexit** may have. We do try and make sure that we keep up to speed with all of these changes and we believe that our plans are flexible enough and we have sufficient human and financial resources to help us cope during challenging times.

Finally, I would like to thank my **fellow members of the management committee** for your support over the year and also for your interest and enthusiasm in the workings of the Association; your various specialities ensure that we have a first class Management Committee.

But most of all my special thanks to all our valued staff here at **Lochalsh & Skye Housing Association**. You are the folk that deliver the service to all our customers and ensure that we continue to deliver a first class service for **Lochalsh and Skye** and the wider Community.

And, of course, special thanks to Lachie and his senior management team; their wise counsel and sound management keep **Lochalsh and Skye** as one of the **top Housing Associations in Scotland**.

John Laing

John Laing
CHAIRPERSON

Chief Executive's Report



During 2016/17, we spent **£2.5M** on developing new housing for affordable rent on our own behalf and a further **£1.3M** on behalf of **The Highland Council** on their housing programme which we project manage for them. This funding has contributed towards **8 new flats** at

Dunvegan Road, Portree, **11 new houses and flats** at **Home Farm, Portree**, **11 flats** at **Strath House** in **Broadford** and **6 houses** at **Dornie**.



Dunvegan Road flats, Portree



Strath House flats, Broadford

A contract for a further **24 houses** at **Campbell's Farm in Broadford** has also been let and works will commence shortly.

As well as building new properties during the year, we took the opportunity to use the additional funding made available to us by the **Scottish Government** to landbank sites for future development. Our Development Services staff have secured sites at the **former Mace store** at **Main Street** in **Kyle** for housing and commercial development, a site at **Caberfeidh** in **Broadford** for **34 houses** and a site at **Sluggans** in **Portree** for **17 houses**.

We have also purchased the former **Hydro building** at **Main Street, Kyle**, for future development. In addition to this spend on our new build programme, we spent more than **£350K** of grant on our Care & Repair activities which assisted elderly and disabled clients in the private sector.

We are actively looking to add new sites to our landbank in **Staffin, Raasay, Kyleakin** and **Portree**. From all of the foregoing you can see that it has been an extremely busy period for our Development and Technical Services staff and they are to be congratulated on their performance.

I'm also delighted to report that **The Highland Council** have chosen to name the new development at **Home Farm, Portree**, "**Pat Gordon Place**", in recognition of the late **Mrs Pat Gordon MBE** who was a founder member of the Association and our long-standing **Company Secretary**.



Mrs Pat Gordon, MBE

Pat was also a tireless supporter of many organisations in the voluntary sector and this gesture by the Council is a fitting tribute to her memory.

In our **Report and Financial Statements**, you will note that we make reference to our involvement with two other housing organisations operating throughout the Highlands. The Association is a part-owner with five other Highland Registered Social Landlords and **The Highland Council** of **The Highlands Small Communities Housing Trust** and also **The Highland Alliance**.

We are represented on the Boards of both of these companies which are making a significant contribution towards meeting housing need across Highland.

The **Highland Housing Alliance** alone had a **turnover of £10.1M** in 2016 and all surpluses made by these two companies are re-invested into new housing developments in Highland.

Our Planned Maintenance expenditure (which was **£232K** last year) is designed, amongst other things, to ensure that we meet the Scottish Government's **Energy Efficiency Standard for Social Housing** by the target date of **December 2020**. We report to the **Scottish Housing Regulator** on an annual basis on the progress we are making towards meeting the standard. In the last year, **411** of our **625** houses were deemed to meet the standard and it is our ambition to fully comply with the standards well in advance of the Government's deadline.

All of our Services have had an extremely busy year and we have been recruiting new staff and re-deploying some others to help us make sure that we meet the aims and objectives of our Business Plan.

Michael Taylor joined us in **April 2016** as an additional **Handyperson** and his appointment has allowed us to widen this Service to target the individual needs of those clients with dementia.

Laura Campbell, our **Clerical Assistant**, has re-trained as an **Energy Adviser** and our Energy Advice Services team now comprises 3 members of staff, delivering affordable warmth advice not only to our tenants but also to clients in the wider community.



Alex Macleod joined us as a **Tenant Adviser** in **August 2016** from Citizens Advice and his work involves targeting those tenants affected by Welfare Benefit Reforms and, in particular, the introduction of Universal Credit. It is vitally

important that we help our tenants to sustain their tenancies through these difficult times and minimise rent arrears losses.

Anna Pophanken and **Jennifer MacInnes** have joined our busy Development Services team who are meeting the challenge of spending the additional housing grant money made available to us by the Scottish Government.



Angus Neil MacDonald joined us in **December 2016** as a replacement plumber and **Lesley Kirkwood** joined us in **February 2017** as Legal Services Manager helping to support all of our Services with advice and assistance on legal issues. We welcome the wide range of skills and experience that Lesley has brought to the organisation.

Finally, just before the end of our financial year, **Christina MacKinnon** was appointed as a Property Services Clerical Assistant and is a very welcome addition to that team.

As the Chairperson has reported, we do continually review our staffing resources to try and make sure that we are able to meet our performance targets and to provide the best possible level of service to our many customers.

Our performance against our targets is reported to the **Scottish Housing Regulator** annually and we also include the results within our **Annual Report** which is sent to all tenants and made available on our website.

I want to mention just some of the **key performance indicators** that we reported on in 2016/17:-

- We responded to **incoming telephone calls** in an **average of 3.8 seconds**
- The percentage of days lost through staff sickness was **1.22%**
- We carried out more than **1,000 reactive repairs** in an **average time of 3.76 days** (target is 5 days)
- We dealt with **108 emergency repairs** in an **average time of 3.1 hours** (target is 8 hours)
- We **kept 100% of Repair Appointments** made
- We **paid 100% of invoices** within their Payment Terms
- We **lost 0.2% of our rental income** through void properties – our target figure is less than 1%

These excellent results reflect the hard work and flexible attitude of all of our staff members.

The Association's subsidiary Company, **North West Highland Community Enterprises**, continues to lease **five mid-market rent properties at Dornie** from the Association and it made a small profit during the year.



The Accounts for the Company are available from the Association's office.

Finally, I would like to thank every member of staff for their hard work and dedication during the year and for making my job as **Chief Executive** so rewarding.

Thanks to the **Chairperson** and all of our voluntary **Management Committee members** for their continued support and encouragement.



Lachie MacDonald

Lachie MacDonald
CHIEF EXECUTIVE

Performance Reporting and The Scottish Social Housing Charter

We have used our **Annual Report** to inform tenants, members and others about our own **performance targets** that we want to achieve and how we have performed against these targets.

We also measure our performance against the outcomes and standards of the **Scottish Social Housing Charter**.

Where possible, we have also compared our outcomes to those of **The Highland Council (THC)**, the other major social housing landlordS in the area, and to the **Scottish Average**.

The outcomes cover **6 sections** of the Charter, as shown below:-

**Customer/Landlord
Relationship**

Equalities

**Access to Housing
and Support**

**Getting Value from Rents and
Service Charges**

**Housing Quality and
Maintenance**

**Neighbourhood and
Community**

Statement of Comprehensive Income as at 31st March 2017

	2017	2016
	£	£
Turnover	6,005,664	6,756,014
Operating Expenditure	4,708,910	5,935,124
Operating Surplus	<u>1,296,754</u>	<u>820,890</u>
Loss on Disposal of Property, Plant and Equipment	(95,744)	(41,317)
Interest Receivable	20,540	11,318
Interest and Financing Costs	(331,197)	(338,444)
Surplus before Tax	<u>890,353</u>	<u>452,447</u>
Taxation	-	-
Surplus for the Year	<u><u>890,353</u></u>	<u><u>452,447</u></u>

Statement of Financial Position as at 31st March 2017

	2017		2016	
	£	£	£	£
Fixed Assets				
Housing Properties		54,547,335		53,264,520
Other Fixed Assets		549,343		548,218
Investment Properties		187,500		187,500
Investment in Subsidiaries		1		1
		<u>55,284,179</u>		<u>54,000,239</u>
Current Assets				
Trade and Other Debtors	221,544		298,114	
Cash and Cash Equivalents	4,356,638		2,256,193	
	<u>4,578,182</u>		<u>2,554,307</u>	
Current Liabilities				
Amounts Falling Due within one Year	<u>1,743,817</u>		<u>1,766,789</u>	
Net Current Assets:		<u>2,834,365</u>		<u>787,509</u>
Total Assets less Current Liabilities		<u>58,118,544</u>		<u>54,787,748</u>
Creditors:				
Amounts Falling Due after more than one Year		(52,846,793)		(49,939,575)
Provisions for Liabilities:				
Pension Provision	(468,000)		(934,000)	
Other Provisions	(14,064)		(14,833)	
		<u>(482,064)</u>		<u>(948,833)</u>
Total Net Assets		<u><u>4,789,687</u></u>		<u><u>3,899,340</u></u>
Reserves				
Called up Share Capital		183		189
Income and Expenditure Reserves		4,789,504		3,899,151
Total Reserves		<u><u>4,789,687</u></u>		<u><u>3,899,340</u></u>

Our Financial Statements to 31st March 2017

Key Features

- **Rental Income** grew from **£2.43 million** to **£2.46 million**
- Our **Operating Surplus** increased from **£821,000** to **£1.29 million**
- Our **Net Surplus** increased from **£452,000** to **£890,000**
- **Interest and Financing Costs** fell from **£338,000** to **£331,000**
- Our **Fixed Assets** are as stated at **£55.28 million**
- **Current Assets** amount to **£4.57 million** of which **£4.35 million** is cash and cash equivalents
- Total **Net Assets** have increased from **£3.9 million** to **£4.8 million**

**COPIES OF THE ASSOCIATION'S
ANNUAL FINANCIAL STATEMENTS
ARE AVAILABLE FREE OF CHARGE
ON REQUEST OR CAN BE ACCESSED
ONLINE AT WWW.LSHA.CO.UK**

Sponsorship

The Association was pleased to **provide £2,398 of support** to the following individuals, groups and organisations who applied to us for sponsorship during the year:

**The Elgin Residence
Portree Junior Sports Club**

Portree & Braes Community Trust

Skye Talking Newspaper

Portree Football Club

Donnie Morrison - Loch Ness Etape 2017

Management Committee

John Laing, *Chairperson*

Audrey Sinclair, *Vice Chairperson*

Paul Carpenter, *Member*

John Ellis, *Member*

Neil Campbell, *Member*

Jon Hanley, *Member*

Janet Anderson, *Member*

John Cayley, *Member*

Roger Liley, *Member*

David Owen, *Member*

Steven Proudfoot, *Member*

Ian Young, *Member*

Advisers

Auditors

RSM UK Audit LLP
Third Floor, Centenary House
69 Wellington Street
GLASGOW G2 6HG

Solicitors

George Street Law
4 George Street, DINGWALL
IV15 9SA

Macleod & MacCallum
28 Queensgate, INVERNESS
IV1 1YN

The MacKenzie Law Practice
Highland Rail House
INVERNESS IV1 1LE

Bankers

Royal Bank of Scotland
Bank Street, PORTREE
Isle of Skye IV51 9BX

Internal Auditors

**Quinn Internal Audit & Business
Support Services**

**Management Accountant
Kenneth G Goddard CPFA**

Customer/Landlord Relationship

Communication - tenants and other customers should **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**.

We employ **37** members of staff including **8** Technical Services staff

The **average time to respond** to incoming telephone calls was **3.8 seconds**

The percentage of days lost through **staff sickness absence** was **1.22%**

We published and sent out **two editions** of our **“Homefront” newsletter**, as well as our **Annual Report**, to all of our tenants. Our website **www.LSHA.co.uk** is kept up to date with current information. We set up our **Facebook** page in **2017**.

Copies of the **Minutes of our monthly Management Committee meetings** are available in our offices and on our **website**.

Average attendance at our Management Committee meetings was **66%**.

Complaints

We dealt with **5, 1st Stage complaints** and no **2nd Stage complaints** in the year. None of the complaints were **equalities related issues**.

100% of complaints were responded to in full within the **Scottish Public Services Ombudsman** timescales.

Equalities

The Association is committed to making sure that **every tenant and other customer** has their **individual needs recognised**, is **treated fairly** and **with respect**, and receives **fair access to housing and housing services**.

We want to make sure that tenants can be **helped to make any necessary changes** to their homes if their circumstances change. We are also building **specially designed properties to meet specific needs**.

3,006 tasks were completed by our **Handyperson Service** for elderly and disabled households

Customer Comments about the Handyperson Service

“ Absolutely delighted as I have no-one else to rely on. I am truly grateful for the work carried out and the helpful personality of the handyperson

- Very pleased with service, an invaluable resource*
- Was very satisfied and grateful for the prompt and efficient way the problem was dealt with. It is an amazing service*
- The service is excellent. I found the workmanship first class and the people very polite and most helpful. They left the room clean and tidy.”*

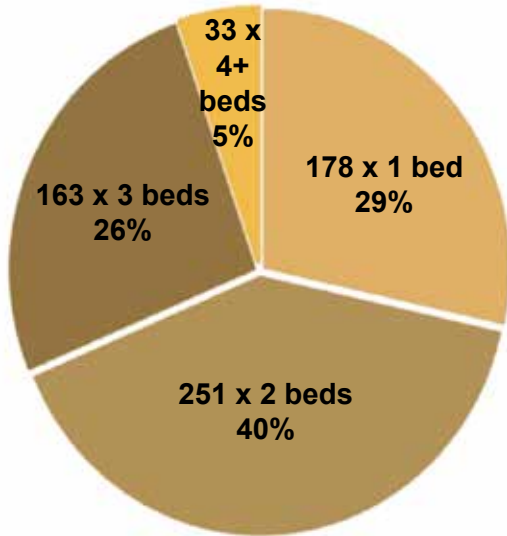
16 applications for **medical adaptations** to our houses were completed in 2016/2017

32 days is the average time taken to complete an adaptation

53 elderly and disabled households in the private sector had repair and improvement works carried out through our **Care & Repair Service** at a cost of **£341,000**

Housing Options and Access to Housing

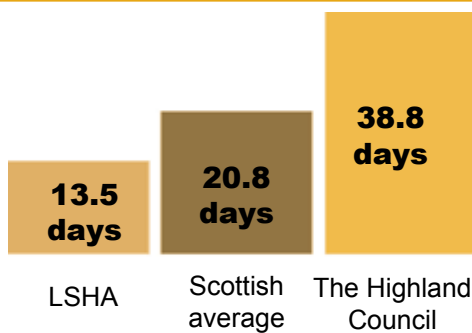
We aim to make sure that people looking for housing find it **easy to apply** for the **widest choice** of social housing available and get the information they need on **how the landlord allocates homes** and their **prospects of being housed**.



Number of **Bedrooms** per Property

In 2016/2017, we **re-let 33** properties in an **average time** of **13.5 days**

Average time to re-let



100% of **new tenants** in 2016/2017 were **still tenants** after **12 months**

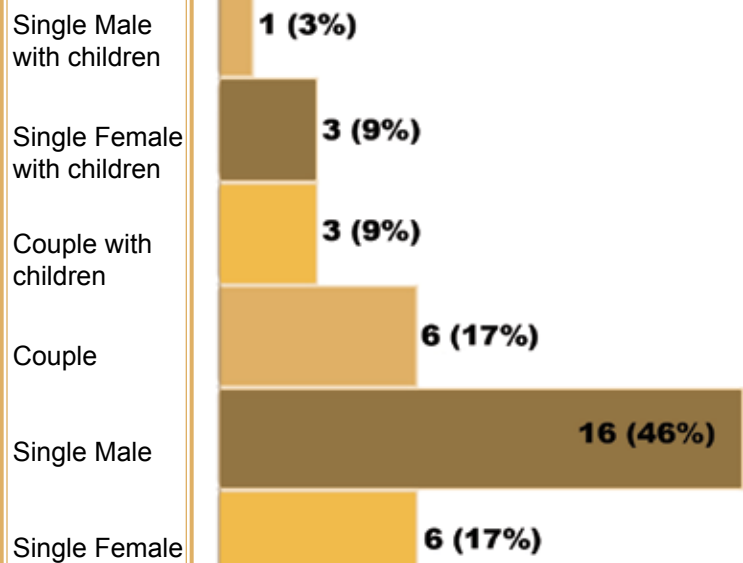
100% of our **re-lets, exchanges and transfers** were to applicants within the **Skye & Lochalsh** area

We operate a common **Highland Housing Register** jointly with **The Highland Council** and the **five Highland-based housing associations**. Existing tenants of each partner landlord of the **Highland Housing Register** can apply to exchange their property through the **Highland House Exchange website**.

The Association has **625** properties available for rent

Our property types range from **one bedroom flats** to **eight-person family houses** and our client groups include **single people, families, the elderly**, people with **support needs** and **wheelchair users**. Our stock changes year on year as new developments are completed.

Who did we house in 2016/2017?



Estate Management, Anti-Social Behaviour, Neighbour Nuisance and Tenancy Disputes

We want all of our tenants and other customers to be able to live in **well-maintained neighbourhoods** where they **feel safe**.

1 property was **abandoned** in 2016/17

1.9 cases of **anti-social behaviour** per 100 homes reported in 2016/2017

91.7% cases **resolved within our target time**

1 **eviction** was carried out in 2016/17

Getting Value for Money - Rents and Service Charges

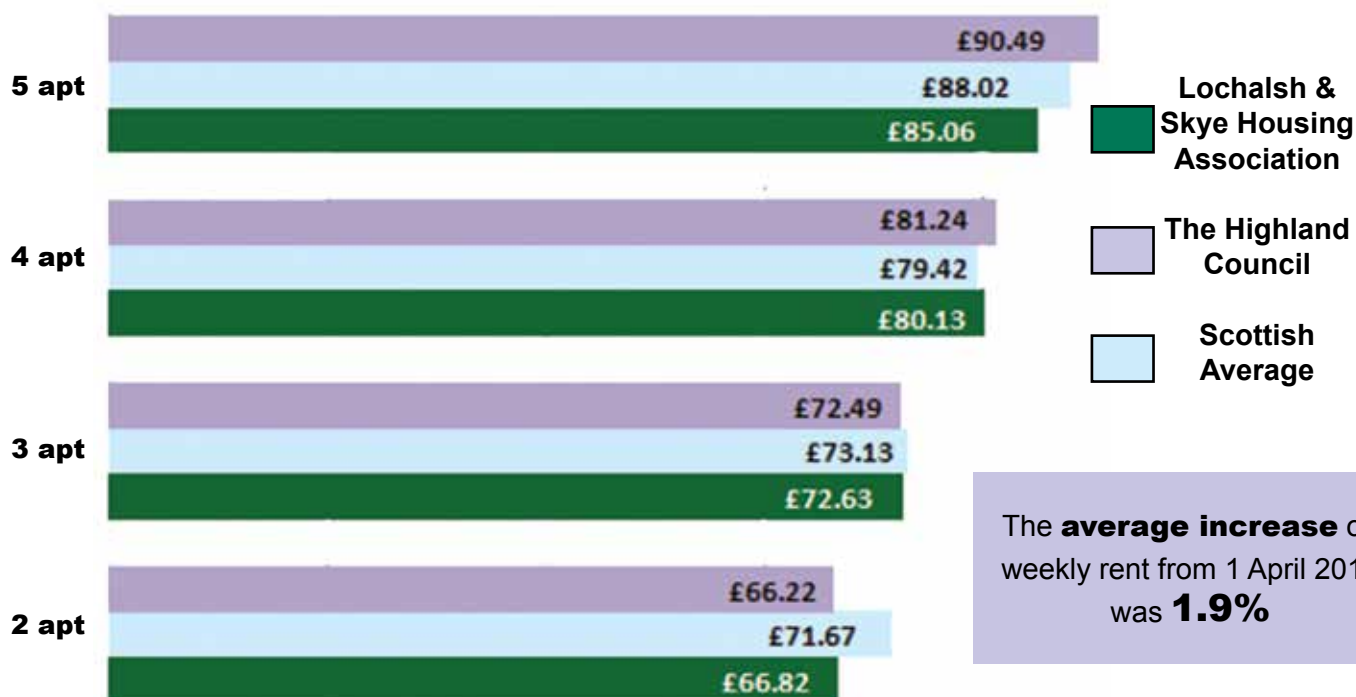
We want to make sure that our tenants, owners and other customers receive **services that provide continually improving value** for the rent and other charges they pay.

Your Rent - we receive Housing Association grant from the Scottish Government towards the cost of building new properties. The grant covers **around 60%** of the costs and the Association **borrow**s the rest from banks or building societies.

The rents we charge must cover all of our running costs to allow us to **manage and maintain our housing stock to the best possible standard** and must also repay these loans.

We also try to make sure that **our rents are comparable** to the rents charged by other social landlords in our Rural Housing Peer Group.

Average weekly rents



The **average increase** on weekly rent from 1 April 2017 was **1.9%**

The **total rent due** for the year was **£2,386,959**

We collected **101.1%** of that amount from current and past tenant rent payments

We lost rent of **£4,774 (0.2%)** from properties being empty

Under the terms of our tenancy agreements, rent is charged **monthly** and is **payable in advance** on or before the **first day of each calendar month**. This **applies to all tenancies** and does not change according to a tenants circumstances, for example, if a tenant is working and paid weekly, or is claiming a benefit such as **Universal Credit**.

If our tenants are having difficulties keeping their rent account up to date, they can contact **Alex MacLeod**, our **Tenant Adviser**, who can assist with **budgeting advice** and making sure that they're in receipt of **all the income and benefits** that they're **entitled** to.

Housing Quality and Maintenance

Our tenants' homes, as a minimum, should meet the **Scottish Housing Quality Standard (SHQS)**.

99.8% of LSHA's housing stock met the **Scottish Housing Quality Standard**

The remaining **0.2% (1 property)** that does not meet the **SHQS standard** is **exempt** as the **occupant has declined** to have improvement works carried out at this time.

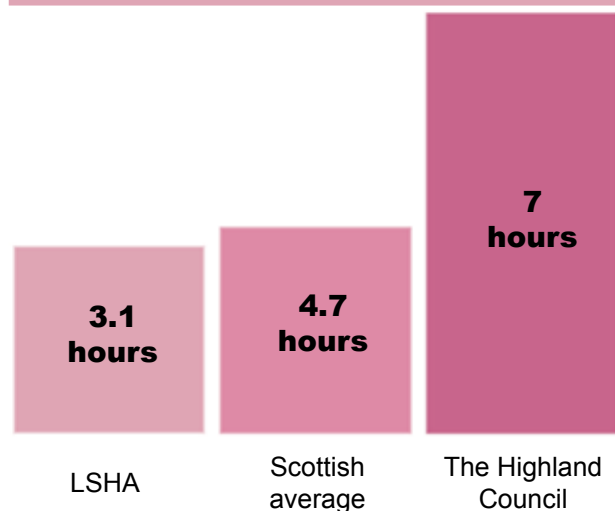
The Scottish Government has introduced the **Energy Efficiency Standard for Social Housing (EESH)**, a minimum energy standard that all Local Authorities/Registered Social Landlords have to meet by **31 December 2020**. The Association has **625** properties; **411** already meet the **EESH** standard.

How much did we spend on repairs in 2016/2017?

Repairs	£406,685
Cyclical Maintenance (Annual & Electrical Inspections, Painting, Servicing of Heating, Gutter Cleaning etc)	£148,615
TOTAL	£555,300

65.8% of LSHA's housing stock is currently **EESH compliant**

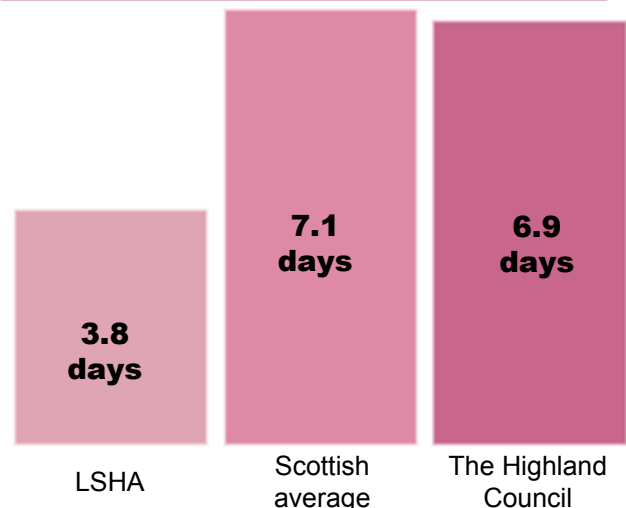
Number of **Hours** to Complete **Emergency Repairs**



We **replaced windows** in **14** of our properties in 2016/2017.

We **replaced kitchens** in **17** of our properties in 2016/2017.

Number of **Days** to Complete **Non-Emergency Repairs**



We carried out **927** routine repairs and **108** emergency repairs in the year.

100% of repairs appointments were kept. The **Scottish average** was **95.7%**.

96.0% of routine repairs completed were **right first time**. The **Scottish average** for the year was **92.4%**.

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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