

PENTLAND HOUSING ASSOCIATION'S PROPOSED TRANSFER TO CAIRN HOUSING ASSOCIATION

STAGE 1 Consultation Notice



cairn

Pentland Housing Association's Board is proposing a transfer of our homes and services to Cairn Housing Association, which would bring new investment to your homes and affordable rents. Our team would continue to work from a local office in Thurso as part of the Cairn team.

This formal Stage 1 Consultation Notice sets out the promises to Pentland tenants from Cairn if tenants approve the transfer. We are inviting you to read through these proposals and let us know what you think about the partnership by 31 August 2021. The final decision on whether the transfer goes ahead will be yours, through a formal ballot in October.

Our transfer promises

We believe this transfer could bring considerable benefits for you, as a tenant of Pentland. If tenants vote yes in the secret ballot, these are Cairn's promises to you:

- 1 Cairn will **FREEZE** rents in the first year of the transfer and provide an affordable rent guarantee for the following four years, with lower rent increases than proposed by a stand-alone Pentland
- 2 Cairn will **invest £6,300,000** in your homes and communities over the next five years, with hundreds of new kitchens and other home improvements guaranteed
- 3 Local services from a new combined Cairn and Pentland team, with new options for getting in touch online. **Existing Pentland staff will be protected** and will transfer to Cairn
- 4 Cairn will provide **financial security** and opportunities for new services to Pentland's tenants by being part of the larger Cairn Housing Group

Your landlord your choice

	If you vote YES to Pentland joining Cairn	If Pentland does not join Cairn
Rent guarantee	<p>A rent freeze in the first year of the partnership then an affordable rent guarantee of inflationary rent increases linked to Consumer Price Index only (currently 1.9%) over the next four years</p> <p>Thereafter, the Cairn Housing Group rent policy applies with annual inflationary rent increases linked to Retail Price Index (currently 2.9%)</p>	<p>Annual inflationary rent increases of Consumer Price Index (currently 1.9%) plus 1.5% for the next five years</p> <p>Then Consumer Price Index plus an additional 1% for the following five years</p>
Money to invest in your homes	<p>£6,300,000 of investment in homes and communities over the first five years after the transfer</p> <p>In addition to significant investment in windows, doors and new energy efficient heating systems, Cairn are also committing over £850,000 in energy efficiency measures such as external wall insulation, deep retrofit and solar photo-voltaic systems</p>	<p>£4,320,000 over five years</p> <p>Challenges in meeting government energy efficiency standards</p>
Money to invest in your community	<p>£500,000 included in the investment guarantee to support environmental projects in your community, plus an additional £480,000 included for upgrades to garage sites. Tenants will be consulted on where to prioritise investment</p>	<p>Limited capacity to tackle environmental issues</p>

	If you vote YES to Pentland joining Cairn	If Pentland does not join Cairn
Money to invest in community development	<p>Tenants and voluntary groups can apply to Cairn Community Fund to receive money for projects and initiatives that benefit the community</p> <p>Cairn will provide a bursary programme which will provide six customers in each of the first five years with grants of up to £250 for training and education courses to improve skills and employability.</p>	No resources set aside
Tenancy conditions and services	<p>All your current tenancy rights will be protected</p> <p>You would become a tenant of Cairn Housing Association, with a welcome pack issued when the transfer completes</p> <p>A local office in Thurso will continue to be the base for local services</p> <p>Access to improved customer service and enhanced digital services through the Cairn Connect service and My Cairn account</p>	<p>Current tenancy rights protected</p> <p>Continued local Pentland identity</p> <p>Local office</p>
Governance	<p>Pentland would cease to operate and would no longer be registered with the Scottish Housing Regulator</p> <p>Cairn Housing Association Board would be responsible for all aspects of governance</p> <p>One place on the Cairn Board for an existing Pentland Board member, with opportunities for additional representation, or involvement through a new Tenant Panel</p>	<p>Pentland continues as a registered housing association and charity</p> <p>Pentland Board responsible for all aspects of governance, service delivery and performance</p>

The story so far ...

We want to deliver the best homes and services we can to our tenants and communities. We have been looking at how we can do this, both now and in the future.

A 'transfer of engagements' is the legal term for an agreement between two organisations, in this case Pentland and Cairn, which sees the homes, assets and staff of one organisation transferred to another organisation following tenant approval at a secret ballot.

We plan to make faster progress on modernising and upgrading our homes, to make them warm, comfortable and as energy efficient as possible. We also want to carry out more environmental improvements and expand on the quality of services we offer to our tenants and other customers.

Our voluntary Board of Management carried out a detailed strategic review of our options, which involved listening to our tenants, other customers, staff and Board members. The review concluded that to meet our goals for investment, affordability and quality services that we should seek to partner with another housing association. Cairn was identified as our preferred partner in 2019 following an openly advertised procurement exercise and since then,

other than a pause during the 2020 lockdown, staff and Board members from both organisations have been developing these proposals.

Transferring our homes and services to Cairn would allow for more investment in our homes and our communities, improve how we deliver services and get better value for money by taking advantage of the size, strength and expertise of Cairn.

This means, if tenants vote for the transfer to go ahead, Pentland Housing Association would no longer exist, Cairn Housing Association would grow by almost 500 homes, and you would become a Cairn tenant. **Your landlord would change, but your tenancy agreement, rights and responsibilities remain exactly the same.**

If you have a credit on your rent account it will go with you, so will any rent owed. If you have a transfer application or are receiving help with welfare benefit claims, this will continue too.

If you vote for the transfer our tenants will receive excellent services and investment in their homes, at a rent they can afford.

About Cairn

Cairn has been serving local communities across Scotland for 30 years. They are a not-for-profit registered charity and housing association, just like Pentland. Cairn has over 3000 homes, and offices in Edinburgh, Inverness and Bellshill. Ancho, a housing association based in North Ayrshire with almost 700 homes, are part of the Cairn Housing Group through a constitutional partnership. Cairn has a commercial subsidiary, Cairn Living, which manages garages, factoring services and mid-market rent homes.

Cairn are committed to creating thriving, well run and sustainable communities that people are proud to call home. Cairn are constantly looking to improve the quality of their homes and services, with a focus on modernisation, efficiency, value for money and enhanced customer services

To find out more about Cairn please visit www.cairnha.com or contact Neil Golightly, Cairn's Business Services Manager by emailing neil.golightly@cairnha.com or calling 0800 990 3405 for a chat.

You can also contact your independent tenant advisors, TPAS Scotland, for advice and information.



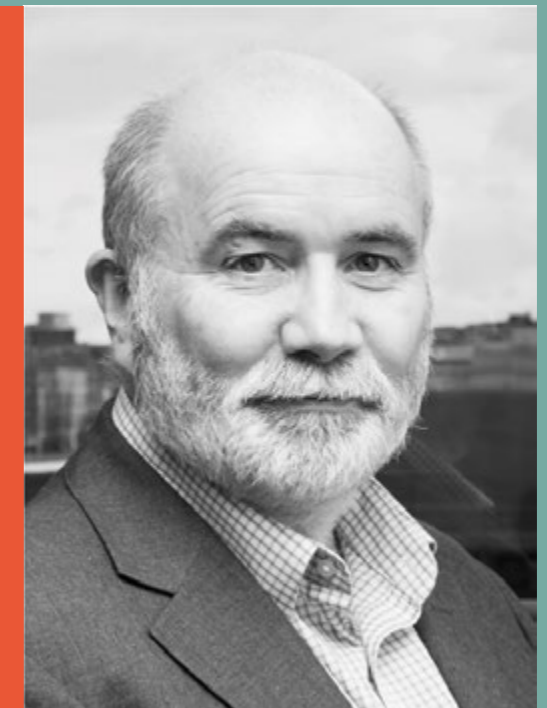
"Pentland and Cairn have distinct histories and strengths, and both feel that this proposal offers a great opportunity for tenants. Cairn is an ambitious forward-looking organisation that has a proven track record of investing in homes and modernising services. Cairn has a considerable number of homes in Caithness and the wider Highland Region and they share our vision of excellent services to our communities. I would strongly urge our tenants to vote YES to the transfer."

Jim Hair, Chair of Pentland Housing Association



"We are excited to have the opportunity to expand our services in Caithness and our team are dedicated to providing great homes and services to all tenants and residents. Cairn and Pentland share similar values and a commitment to offering the highest possible quality of services. We are looking forward to getting to know you, to provide great homes, great services, with great people."

Don Jamieson, Chair of Cairn Housing Association



1. Cairn will **FREEZE** rents in the first year of the transfer and provide an affordable rent guarantee for the following four years, with lower rent increases than proposed by a stand-alone Pentland

The proposed partnership will deliver an affordable rent guarantee for five years, with lower rent increases than proposed by a stand-alone Pentland.

Each organisation must ensure that the rents they charge meet the costs of the services you receive, plus maintenance and improvements to your homes.

The Pentland Board's business plan projects annual inflationary rent increases over the next five years linked to Consumer Price Index (currently 1.9%) plus an additional 1.5%. These increases would be required to meet the costs of providing our services. For the following five years (i.e. years 6 to 10) increases would be slightly less at Consumer Price Index plus 1%

Cairn Housing Association's rent guarantee is a rent freeze in the first year after the transfer, following by inflationary rent increases linked to Consumer Price Index only for the following four

years, followed by inflationary rent increases linked to Retail Price Index only (currently 2.9%).

The initial rent freeze and lower rent increases are possible because, as a larger organisation, Cairn can be more efficient by spreading their operating costs over more homes and achieving better value for money.

Because all of Cairn's rental income goes to providing homes and services, all the savings they can make benefit tenants.

After five years the Cairn Housing Group rent policy will apply. The policy is based on maintaining affordability for local people, with forecasted annual rent increases linked to Retail Price Index.

Pentland tenants will benefit significantly from these lower levels of rent increases but only if the transfer goes ahead.

This would mean for you:



If your monthly rent is £280, your initial monthly saving would be £9.80 in the first year, and a total cumulative saving over five years of £1,162



If your monthly rent is £320, your initial monthly saving would be £11.20 in the first year, and a total cumulative saving over five years of £1,329



If your monthly rent is £400, your initial monthly saving would be £14.00 in the first year, and a total cumulative saving over five years of £1,661



If your monthly rent is £450, your initial monthly saving would be £15.75 in the first year, and a total cumulative saving over five years of £1,869

2. Cairn will invest £6,300,000 in your homes and communities over the next five years, with hundreds of new kitchens and other home improvements guaranteed

A transfer to Cairn Housing Association will bring improvements to homes, with an additional £1,980,000 investment over the first five years than offered by a standalone Pentland.

Cairn will invest £6,300,000 in Pentland's homes and communities over five years, including £500,000 in environmental improvements including paths, paved areas and boundary treatments.

The investment guarantee includes a year one budget of £942,500 focusing primarily on kitchens, bathrooms and energy improvement measures.

Only a transfer to Cairn will see this level of investment in Pentland's homes in Caithness.

Under an accelerated programme of improvements to Pentland's 484 homes, the following upgrades are proposed over the first five years of the partnership:



Investment plans include improving the energy efficiency of homes to reach the Energy Efficiency Standard for Social Housing (ESSH) and work toward the enhanced ESSH2 standard. These improvements are important for addressing high energy costs and fuel poverty. This programme will include heating systems, insulation, installation of solar panels and measures such as triple glazing and energy efficient doors. Although guidance and regulation in this area continues to change at a rapid pace, this is kept under review and Cairn are actively reviewing options for homes that will be difficult to upgrade and working with partners on wider fuel poverty issues.

By joining Cairn, we can benefit from their bigger buying power and their in-house expertise in delivering large scale improvement programmes.

3. Local services from a new combined Cairn team, with new options for getting in touch online. Existing Pentland staff will be protected and will transfer to Cairn

A new combined Cairn and Pentland team in Caithness would manage almost 650 homes. Cairn has committed, as part of these partnership promises, that they will maintain a local area office for at least the next ten years. Pentland systems and service delivery arrangements are in need of upgrading and modernising, and we would struggle to make these changes and improvements on our own. By transferring we lock into existing, up-to-date systems and technology.

The Pentland staff team will benefit from being part of a bigger organisation, with dedicated teams for finance, human resources and I.T. This means that the new combined Cairn team in Caithness can focus on delivering quality services to tenants.

Tenants will also benefit from enhanced digital services, with all enquiries going through the Cairn Connect team. As

well as handling calls from tenants, the team pick up all enquiries by email, webchat, Facebook Messenger and Cairn's online self-service portal My Cairn, where you will be able to request repairs, report complaints or antisocial behavior, pay your rent and access other services.

Digital ways of contacting Cairn now make up over 40% of all enquiries, and they expect this to carry on increasing.

Cairn recognise that Pentland tenants value the service they receive from staff they know well and Cairn's transfer promises are to the staff team too.

Cairn has been recognised as one of the top not-for-profit employers in Scotland and has a range of progressive terms and conditions for employees. The staff team will benefit from more training and career development opportunities in a larger organisation.

"Cairn Housing Association are guaranteeing investment in our tenants' homes, better value for money and the continuation of quality local services to our tenants and the wider community.

The transfer proposals are an exciting opportunity for Pentland Housing Association and we have enjoyed working with Cairn who are very positive about creating a sustainable and modern new housing service in the county of Caithness and North Sutherland."

Corrine Mackay, Pentland Housing Association's Acting CEO



4. Cairn will provide financial security and opportunities for new services to Pentland's tenants by being part of the larger Cairn Housing Group

Cairn believe that by growing their organisation, through building new homes and the proposed partnership with Pentland, they can be more efficient and guarantee investment in tenants' homes and communities. Caithness would be an area of huge importance to Cairn, with almost 650 homes managed from a combined Pentland and Cairn team in Thurso.

Repairs and Maintenance

We understand how much tenants value a high-quality repairs service. A new combined maintenance team will continue to be based in Caithness and all existing contracts with external contractors in Caithness and North Sutherland will continue until at least 2023. We will work across the Cairn team to share good practice and tie in with wider investment activities. Within the first two years after the transfer, there will be a review, with tenant consultation and involvement, of the value for money, performance and quality of repairs and maintenance services and we will work positively with local contractors into the future to ensure a quality service.

Community Development

If Pentland tenants vote for the transfer, and as part of the investment guarantee, £500,000 will be spent in environmental improvements in your communities. Cairn will be asking you for your ideas on where that money should be prioritised.

Cairn have a Community Fund which supports local charities and community projects to help create vibrant communities. In the last year alone, Cairn supported 16 projects which were providing much needed support and services to communities during the pandemic, including a grant for the Thurso Community Café to provide a meal service to families. Cairn will also offer a bursary programme which will provide six customers in each of the five years after the transfer with small grants of up to £250 for training and education courses to improve skills and employability.

The capacity to build new homes in Caithness

Cairn has built hundreds of modern, affordable homes across Scotland and has an active programme of new schemes in the planning. If the proposed Pentland transfer receives the backing of tenants, Cairn will continue to work with the Highland Council, the Scottish Government, Highland & Islands Enterprise, and house builders to identify any future opportunities for local partnerships to deliver new homes where there is unmet needs, or investment or redevelopment of existing homes.

Pentland Community Enterprises

Our commercial subsidiary, Pentland Community Enterprises, will merge with Cairn's commercial subsidiary, Cairn Living. There will then be a combined body to take forward work on managing commercial properties, factoring, garage management and to explore the potential for new projects and business initiatives to support community development, regeneration and other business opportunities to support the strategic aims of the Group.

A Strong Tenants' Voice

Cairn seek to strengthen the customer voice in Pentland communities for feedback, service improvements and local initiatives. This will include opportunities to apply to join the Cairn Board, local engagement forums and opportunities for providing feedback and getting involved through digital consultation and engagement initiatives.

Pentland tenants have been involved throughout the transfer process, from the initial strategic review, to giving feedback on the partnership promises in this document.

The Tenant Panel's job is to be the tenants' eyes and ears in this process and to ask the questions they think that you would want answered. The Tenant Panel continue to meet regularly with Pentland and Cairn staff.

"Over the last few months it has been great to listen to tenants about your priorities for the future. I have personally met (via Zoom) the Pentland Tenants Panel a number of times already. We are really excited about the prospect of bringing our two fantastic organisations together, with guarantees for more and quicker investment in your homes, a new combined team working from a local office and a locked-in affordable rent guarantee.

We believe our proposals for this transfer is an excellent opportunity for Pentland tenants and I would urge you to read through this document carefully and take the opportunity to speak to Pentland and Cairn staff when they are out and about in the community or at our fun days in Thurso and Wick. I hope to meet some of you there. Most importantly, when the time comes, please do use your vote."

Jason MacGilp, Cairn Housing Group's Chief Executive



What happens next?

Stage 1 Consultation

August

Give us your views by 31 August



Stage 2

September

We will let you know of any changes following your feedback



Tenant Ballot

October

Ballot sent to all tenants in the post with information on how to vote



What do you think?

The publication of this document, our formal Stage 1 Notice, marks the start of a formal consultation period where we are inviting you to give us your feedback and share your views on the detailed partnership proposals. The consultation period will close on 31 August.

There are a variety of ways you can have your say:

Complete and return the feedback form with the pre-paid envelope enclosed

Email us at pha@pentlandhousing.co.uk

Call us on 01847 892507

Get in touch with your independent tenant advisors, TPAS Scotland

Staff from Pentland and Cairn will be out and about in your community over the next month chatting to you at your doorstep about the proposed transfer. If you would like to arrange a specific time for a visit please get in touch.

Pentland's Board will meet to consider your feedback, before we write to you with details of the next stage.

The final decision about the partnership will be yours, in a formal ballot in October which will be managed by an independent organisation Civica Election Services and held over 28 days.

Partnership events – come along to meet with Cairn and Pentland staff

We are hosting online video meetings to meet with Cairn senior staff and talk in more detail about some of the partnership promises, with times scheduled on each of these days for 2.30pm and 6.30pm.

9th August – Rents and Finances

16th August – Investment Programme and Repairs

23rd August – Customer Services

To book a place at any of these meetings please contact TPAS at lesley.baird@tpasscotland.org.uk or call **0800 049 5761**.

We are holding community fun days where you can come along to meet with Pentland and Cairn staff. Please join us for these free events.

Thursday 12 August from 11 am to 1pm at Messy Nessy Play on Rotterdam Street in Thurso

Teas and coffees and soft play for children.

Friday 13 August from 11am to 1pm at the Pulteney Centre on Huddart Street in Wick
Teas and coffees and a bouncy castle for children

TPAS Scotland – your independent tenant advisor

TPAS are an independent tenant led organisation. It is their job to:

1. Give you independent advice and information about the proposed transfer
2. Make sure you have a strong voice in the future of Pentland's homes and services
3. Find out what your priorities are for the future of your homes and services
4. Assess the Business Case and financial plans from your proposed new landlord to ensure the proposals are robust and affordable

5. Clarify any questions, issues or concerns you have
6. Give you a range of ways to speak to us and ask questions, and
7. Make sure you understand what you are voting for in the tenant ballot

For information and advice on any aspect of the transfer, or to offer your feedback on the transfer proposals, please contact Lesley Baird at TPAS Scotland by calling **0800 049 5761** or emailing lesley.baird@tpasscotland.org.uk

“We have assessed the business case put forward by Pentland and Cairn. The proposed transfer to Cairn offers to tenants a rent guarantee, a guarantee of investment in homes and continued local services. It is important that tenants, take this opportunity to carefully read about this transfer and share your ideas and views on the proposal. Just as importantly, it is vital that you use your vote when it is posted through your door. Only tenants can decide on the future of Pentland Housing Association”

Lesley Baird, Chief Executive of TPAS Scotland



Scottish Housing Regulator

The Scottish Housing Regulator is the independent regulator of registered social landlords and local authority housing services in Scotland. They were established in 2011 under the Housing (Scotland) Act 2010. Their objective is to safeguard and promote the interests of current and future tenants of social landlords.

Pentland and Cairn have been in contact throughout their discussions on the transfer with their Regulation Manager at the Scottish Housing Regulator. The statutory guidance on tenant consultation and approval when the transfer of homes to another registered social landlord is proposed is available on the regulator's website www.housingregulator.gov.scot.

Voting on the transfer

A tenant ballot is expected to run over 28 days in October 2021.

The ballot will be run by Civica Election Services (formerly the Electoral Reform Services). Civica are an independent provider of election and voting services. Civica will issue the ballot to all tenants and collate returns, ensuring that the ballot process is fair and has complete integrity. You will be able to vote online, by text, by phone, by post, and in ballot boxes that will be available to you during the ballot. Your vote will be anonymous.

If a majority of tenants vote YES for the transfer, you will become Cairn tenants on 1 April 2022.

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This publication can be requested in large print and community languages.

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cairn

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