

Pentland Housing Association Group of Companies Annual Report 2012/13



Chairman's Introduction

It has been a challenging year for the Pentland Housing Association Group and all of its associated companies have each been affected in different ways by the difficult economic climate and the changing regulatory environment. While we can look back on these difficulties and anticipate that the worst may not yet be over, it is heartening to note that all of the companies have had a successful year.

Three of our companies are actively trading while the fourth, Caithness Sports Facilities, is working to develop a water sports centre at Thurso harbour.

The biggest challenges now and in the future are the welfare reforms. This has the potential to reduce the income that Pentland Housing Association receives from rents and, more significantly, to result in more evictions due to rent arrears. Of course we will do, and are doing, everything that we can to prevent evictions. However, as custodians of tenants' rents and publicly funded properties, we must ensure that we manage them prudently and effectively. Hence there must be a toolbox of options to deal with tenants who do not pay their rents and eviction is one of the tools within that toolbox.

The Association also considered its options in terms of its office accommodation. This was initiated by our lease at Traill Street, Thurso coming up for renewal. We consulted tenants, looked at the cost effectiveness of options and our regulatory responsibilities and in the end we decided to stay where we are and extend our current lease at Traill Street .

Pension arrangements are a major risk for all businesses today and Pentland Housing Association is no different. Pension arrangements for our staff are likely to be a major risk in future and we expect next year to require the Association to carefully consider its options. This will be done in full consultation with staff.

Issues like pensions and other cost centres bring into focus the issue of our operating costs. We

recognise that we must continue to do all we can to reduce these. We are working with a system called LEAN in which we examine all our processes and identify ways that we can work more efficiently and effectively. Though the process will take a number of years to complete, we hope to identify at least 20% savings by the end of the work.



Our subsidiaries continue to progress with both Pentland Energy Advice and Pentland Community Enterprises becoming ever more sustainable as this annual report will demonstrate. Our new subsidiary, Caithness Sports Facilities, is carrying out important work in the regeneration of Thurso harbour which will benefit the whole community of Caithness, and I am confident that they will reach their goals.

It would be remiss of me not to mention the excellent work that board members, staff members and our contractors have carried out on behalf of the Association and its subsidiaries. I know that our tenants and other customers value greatly the work that they do.

Finally, I hope you will enjoy reading this year's annual report, and if you are interested in becoming more involved in the running of the Association then please do get in touch.

R.S. Bell
Chairman



Christine Sinclair in her town centre flat.

Pentland Housing Association

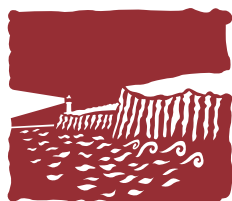
ALLOCATIONS

We allocated 62 properties in 2012/13 though it is becoming increasingly difficult to let properties as quickly as we would like, as demand for social rented properties is small relative to the total number of social rented properties in Caithness. However, we also know that in comparison to the void times of other social landlords in Caithness that our void times are considerably less. In the latter part of 2012/13 we introduced a mid-market rent scheme, creating the tenure option from our low demand properties. This has been very successful and we hope this will help reduce void losses in future.

Lets & Arrears Performance	2012/13	2011/12
Relets	57	47
New Lets	5	12
Void Loss	£35814	£7971
Current Rent Arrears	£51044	£34908

RENT COLLECTION

Although our rent collection performance has always been very good, rents are becoming more difficult to collect and more people are falling into arrears as a result of the current economic crisis. We have put in place an action plan to help collect these arrears and are focussed on providing welfare benefits advice for tenants.



PENTLAND
HOUSING ASSOCIATION

SCOTTISH SOCIAL HOUSING CHARTER

This document was published in March 2013 by the Scottish Government. The charter is based on a nationwide consultation with tenants and contains outcomes and results that landlords should achieve.



This will change the way that we record and report on our performance to the Scottish Housing Regulator.

PENTLAND HOUSING ASSOCIATION ALSO PROVIDES OTHER SERVICES...

HOUSING ADVICE AND INFORMATION

We are accredited to the Scottish Standards for Housing Advice and Information and this year we provided over 100 clients with advice on housing issues, disrepair and welfare benefits.

TENANT PARTICIPATION

We held meetings with tenants on issues which were important to them such as welfare reform and repairs and maintenance responsibilities. We also formed a partnership with the other social landlords working in the area to help enable effective tenant participation.

HEMOCARE SERVICE

We work with Pulteneytown Peoples Project Homecare service to provide support to individuals who have difficulty coping with their tenancy. This year the service was delivered to six individuals who each have successfully maintained their tenancies with the help of Homecare.



Kris Smith and Morag McLean with their family outside one of our timber-clad properties in Thurso.

Housing Repair and Maintenance

We invested £212,070 into our housing stock in 2012/13. This included improvements to ten roofs, 15 new kitchens and 25 heating systems, plus external painting of 22 of our timber-clad properties.

We also carried out 80 asbestos surveys in our older properties to ensure that work could be undertaken safely by our contractors.

Repairs Performance	2012/13	2011/12
Numbers of reactive repairs	1890	1612
% repairs completed within target response time	98.75%	98.25%

We have already achieved compliance with the Scottish Housing Quality Standard, with two years still to go before the target date of 2015, when all social landlords must have attained the standard.

We carried out our tender for reactive maintenance services this year with the result being that the majority of our existing tradesmen retained their contracts. This is testament to the good value that we provide in the costs of our maintenance and repair service.

Care and Repair and Handyman

Pentland Housing Association acts as an agency for the delivery of Care and Repair and Handyman services in the Caithness and North Sutherland area.

This year the Care and Repair service exceeded both its target spend and approval budgets. Therefore more people were helped and more money was drawn into the local economy by carrying out adaptations.

The Service also provided advice to owners concerning the removal of replacement heating systems connected to the failed Caithness Heat and Power scheme. Owners that were involved in the scheme were given grants by the Highland Council to install gas boilers as replacements to the communal heating system.

The Handyman Service operated at full capacity. Care for older adults is now the sole responsibility of the NHS after integration of some sections of the Social Works departments. This has seen a rise in referrals to the service which was ably responded to by the Handyman team.



Our Housing Team:
 Lisa Cormack, Fiona Jack, Carol Treasurer, Alan Paul, Yvonne Gunn (inset).

Care and Repair from our Handyperson service carried out in the Caithness and North Sutherland area.



Pentland Community Enterprises

The core business of Pentland Community Enterprises is the management of the Group's garage stock. We have 334 garages and although they are a little small for modern day cars, they are used largely as good quality storage units. In addition, the company also acts in a developmental and enabling role for the Group with the aim of creating jobs and opportunities for the community. This year has been a productive year in terms of its development role with many fresh and exciting projects being investigated:

The Government backed "Everyone Online" initiative funded a high tech resource centre aimed at improving the IT literacy of the community. This was launched in May 2012. Affectionately known as "The Hub" the centre provides conference style accommodation with laptops, iPads, smart TV and teleconference facilities available.

Pentland Community Enterprises assisted with the funding application to the Climate Challenge Fund for two energy advisor positions. The funding bid was successful and Pentland Housing Association was awarded £101,167 to deliver energy advice to households throughout Caithness.

The Pentland 365 service has become well established over the past year, delivering a responsive repairs service to owners and private landlords throughout Caithness. Membership continues to grow and has now passed our target of 500 members.



Pentland Community Enterprises, in partnership with Caithness Sports Facilities and The Caithness Partnership, submitted an application for funding to the Coastal Communities Fund for the development of Thurso Harbour. This initial bid was for Phase I of the project to refurbish the slipway at Thurso Harbour. The bid was successful and work will commence on this in the very near future. In addition to the bid application, Caithness Sports Facilities became a subsidiary of Pentland Housing Association and will continue to work to gain more funding to complete all phases of the Harbour Regeneration which will include the building of a water sports centre.

Demolitions were carried out on five of our garage sites where stock was classed as beyond repair. This helped rationalise our garage stock with a total of 107 garages being demolished. This has created sites for new activities. One of the projects is to support North Highland College students via a training/apprentice scheme in our development of eight new garage storage units.

Pentland Community Enterprises investigated the potential of a Micro Brewery in John o' Groats. Caithness is the only county in the UK without a locally produced ale and the venture was seen as providing sustainable jobs for the area. Building on the image of Caithness as an area of fine foods and quality produce, the initiative was investigated in partnership with the John o' Groats Brewery Company.

Pentland Community Enterprises is supporting Whirlwind Renewables with their planned wind farm on the Causeymire in Caithness. Pentland Community Enterprises and Whirlwind Renewables have a shared vision that there is full and comprehensive consultation with each member of the community and that the money that the installation raises for the area is spent in accordance with the community's wishes.

New Enterprise Assistant, Heidi Warner at The Hub,
our high tech resource centre based in Thurso.



Pentland Energy Advice

Our energy advice company continues to gather momentum as the cost of energy for consumers increases. They are becoming recognised by architects, landlords and developers as the major provider for energy advice and air tightness testing in the Highlands. In early 2013 the ATT technicians were responsible for testing the world's first Passivehaus bungalow in Inverness with great success.

Pentland Energy Advice (PEA) was successful in winning a major contract from the Highland Council to deliver energy advice to its tenants in Caithness, Sutherland and Easter Ross.

In April 2012 the company won a £4,800 grant to deliver the Affordable Warmth Strategy for Caithness.

One hundred Energy Performance Certificates were delivered for householders across Caithness, Sutherland and Ross-shire.

Thermal imaging work has been carried out, notably at Ackergill Tower – an exclusive resort close to Wick. Here old water pipes were discovered in the 13th century building for the owners who were redeveloping the building.

Staff at Pentland Energy Advice became qualified Green Deal assessors, the first to be accredited in the Highlands. This adds to their long list of qualifications in the energy advice field.

The micro renewable event that is held annually in Thurso continues to gain momentum. This is an opportunity for householders to meet installers of micro renewables and ask any questions they may have about installing the technology.

The Manager of PEA is overseeing a Carbon Challenge Fund project which is being delivered across Caithness to help households reduce their energy costs and associated carbon footprints.

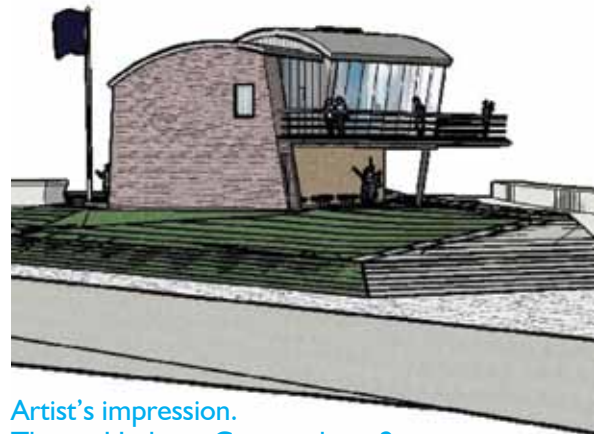
Most recently PEA has added a data logging service to their portfolio. This service is used by landlords who have tenants experiencing condensation and mould issues in their homes.



Caithness Sports Facilities

Caithness Sports Facilities (CSF) was formerly a subsidiary of the Caithness Sports Council which was created to take forward a water sports facility in Thurso. After some eight or nine years of developing the idea, gaining planning permission, holding public consultation and completing a detailed feasibility study, the group felt they had reached their limit in terms of expertise to attract funding. In December 2010 Pentland Community Enterprises and the Caithness Partnership met with CSF to suggest a merger under PHA to allow PCE to take this forward as a project and attract funding. In May 2012 CSF held an AGM where this decision was unanimously approved. Social Firms Scotland approved funding for £2000 to cover the costs of creating the company which was formally constituted in December 2012.

The Thurso Harbour Centre development will be carried out in three phases. Phase 1 involves the regeneration of the slipway at the harbour entrance, while phase 2 involves the building of the actual centre, and phase 3 is the addition of an adjoining storage facility.



Artist's impression.
Thurso Harbour Centre phase 2.

Caithness Sports Facilities, in partnership with Pentland Community Enterprises, were successful in obtaining £73,000 from the Coastal Communities Fund to complete phase 1 of the project and work on the slipway will begin in 2013. Fundraising for phase 2, the Water Sports Centre itself, is underway with the support of the local community and the Highland Council.



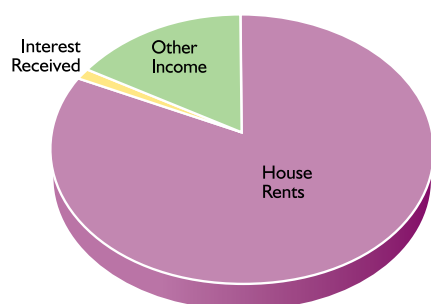
Finance

A summary of our consolidated accounts is shown below. These demonstrate the healthy position of the Pentland Housing Association Group.

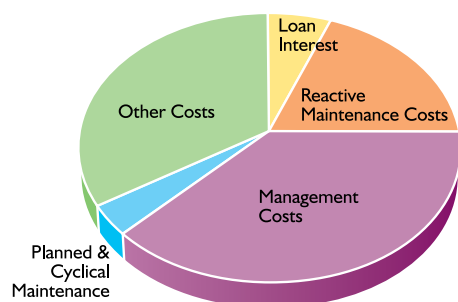
The money we receive comes from tenant's rents, garage rents and a variety of other activities including Pentland 365, Pentland Energy Advice, grant funding and interest receivable.

The money is used to provide quality services to our customers, plus payments to staff, loan interest payments, repair and maintenance costs and office overheads.

Income Received	2012/13	2011/12
House Rents	£1,729,974	£1,649,196
Interest Received	£6,024	£5,320
Other Income (CR, HP)	£391,036	£436,536
Total	£2,127,034	£2,091,052



Expenditure	2012/13	2011/12
Loan Interest	£113,106	£122,235
Reactive Maintenance Costs	£391,897	£315,705
Management Costs	£778,238	£741,692
Planned & Cyclical Maintenance*	£70,895	£98,155
Other Costs	£671,432	£571,049
Total	£2,025,568	£1,848,836



*Note. The total planned and cyclical spend for 2012/13 was £343k of which £272k has been capitalised to heritable property in the balance sheet.



David Brookfield. Chief Executive Officer

Pentland Housing Association

BOARD MEMBERS

Robert Bell (Chair)
Janice Gallacher (Vice Chair)
Jim Hair
Nicol Maclean
Jennifer Lawless
David Bremner
Andi Wakeman
Philip Arthur (co-opted Sept 2012)
Fiona Ritchie (co-opted Sept 2012)
Gill Arrowsmith (resigned Oct 2012)
Peter Body (resigned Nov 2012)
John Westmoreland (resigned July 2012)
Colin Punler (resigned Aug 2012)

Pentland Community Enterprises

BOARD MEMBERS

Neil Robertson (Chair, appointed May 2012)
Nicol Maclean
Janice Gallacher (appointed Feb 2013)
Philip Arthur (appointed Oct 2012)
Peter Body (resigned (Feb 2013)
Jane Lipa (resigned Sept 2012)
Roger Saxon (resigned Oct 2012)
James Hair (resigned Oct 2012)

Pentland Energy Advice

BOARD MEMBERS

James Kelly (Chair)
Derek Sutherland (appointed April 2012)
Andi Wakeman (appointed April 2012)
Fiona Ritchie (appointed Oct 2012)
James Hair (appointed Feb 2013)
Jennifer Lawless (resigned Sept 2012)
Peter Body (resigned Jan 2013)

Caithness Sports Facilities

BOARD MEMBERS

Formed Dec 2012
Jim Kelly, Chairperson
James Campbell
Nichol MacLean
Philip Arthur
Fiona Richie

PENTLAND HOUSING ASSOCIATION

37-39 Traill Street, Thurso, Caithness, KW14 8EG
T: 01847 892 507 F: 01847 893 221
W: www.pentlandhousing.co.uk
E: pha@pentlandhousing.co.uk

Solicitors: TC Young, Glasgow
BBM, Wick
Auditors: Findlay and Co, Dundee
Bankers: Bank of Scotland

Industrial & Provident Societies Reg. No. 2449R(S)
Communities Scotland Reg. No. HAL 273
Recognised Scottish Charity. No. SCO037286

Front cover photo: Christina McArthur and daughter Aleisha outside their Thurso home.

