

Pentland Housing Association ANNUAL REPORT 2013/14



Incorporating the Pentland Housing Group



Introduction from the Chair of Pentland Housing Association

There has been a great deal of change at Pentland Housing Association, and indeed across the whole of the Pentland Housing Group, during the past year. We have been reporting in our newsletters about the involvement we've been having with the Scottish Housing Regulator, and as a result of this a major review of governance and financial management effectiveness was undertaken by a specialist consultant. After considering the report, the Board approved a comprehensive Governance Improvement Plan in September 2013, and much of our effort since has been devoted to implementing this, and ensuring that we emerge from this process as a stronger organisation with the highest standards of governance so that we can be an example of good practice to others.

One important area that has now been improved is clarity of purpose and inter-organisation arrangements within the Pentland Housing Group. Following a strategy review day in November 2013, in which all board members participated from both Pentland Housing Association and its two subsidiaries, Pentland Community Enterprises and Pentland Energy Advice, a group strategy statement was agreed, with the following four key objectives:

- To enhance the social impact we make across our communities – we aim to have a wider impact on local quality of life, contributing to local regeneration through social enterprise and other means
- To enhance the services we offer to our tenants
- To protect the interests of our tenants
- To protect the business interests of Pentland Housing Association – through generating profits that can be used for the benefit of tenants, and for re-investment into other community initiatives

Subsequently, Caithness Sports Facility decided to leave the Pentland Housing Group and pursue its aim of establishing a water sports facility in Thurso Harbour as an independent charity. It is making successful progress with this, with continuing support, as volunteers, from several people who were previously involved via Pentland Housing Association.

In December 2013 David Brookfield, our Chief Executive for the previous nine years, left the organisation. I would like to thank David for all his efforts on behalf of Pentland Housing Association during that period, and wish him well for the future. We were asked by the Scottish Housing Regulator to undertake an options appraisal exercise, a standard expectation when a Chief Officer leaves, and we then took some time to consider what kind of future arrangements would be in the best interests of our current and future tenants. We looked at three alternatives:

- Continuing as an independent organisation – did we have the capacity and capability to make the changes that would be needed to maintain ourselves as a successful housing association?
- Entering into a constitutional partnership with another housing association – would our tenants benefit significantly from joining forces with another association, whether small (like us), medium-sized or large?

- Entering into other partnership arrangements – were there other types of partnership arrangements we could set up which would make running our business much more efficient, or better enable us to achieve our objectives?

We gave these questions careful, open and honest consideration, and decided that continuing as an independent organisation represented the best future for our tenants. Having now reached this view, we are, as I write, actively in the process of recruiting a new Chief Executive.

I would like to thank the staff team for maintaining their composure and their focus through a difficult and uncertain year, and recording excellent results in terms of achieving key performance targets, and maintaining such high levels of tenant satisfaction with our services as were recorded in the latest three-yearly tenants survey. They had other challenges to cope with, including the continuing impact of welfare reform changes, and the effects of a difficult local economy, followed by the uncertainty of a staff structure review. Whilst this has not resulted in major change (nor any redundancies), there are a

There is now a strong sense of renewal about the organisation

number of significant role changes and efficiency improvements, which staff are adapting to well. Another important achievement was the silver award in the National Accreditation Scheme for tenant participation – continuing to improve the effectiveness of our engagement with tenants is a high priority for us.

There were a number of changes to Board membership as well. I would like to thank Nicol Maclean, Philip Arthur, Rhona Mason and Councillor David Bremner for their contributions while they were Board members, and particularly Janice Gallagher, who was involved with Pentland Housing Association for many years, latterly as its Vice-Chair. I would like to thank my fellow Board members for their support and hard work during difficult times – extra and long meetings, strategy and training sessions, and heavyweight agendas – your commitment was tested and not found wanting! I would especially like to thank my predecessor as Chair, Bob Bell, for his sterling work in this role, who sacrificed much to ensure that Pentland Housing Association was given his full support.

Having stepped into the role of Chair in September 2013, I have enjoyed the year, although I hope it's not typical! I believe that the organisation had become a little complacent, and we have certainly had a wake-up call, to which we have responded well. We have been through a period of considerable change and consolidation. There is now a strong sense of renewal about the organisation, of having strengthened the foundations and being much readier for the future.

Andi Wakeman
Chair



Andi Wakeman

The Pentland Housing Group

PENTLAND HOUSING ASSOCIATION BOARD MEMBERS

Andi Wakeman *Chair*

Bob Bell, Ann Johnson, Jim Hair, Jenny Lawless, Colin MacDonald, Fiona Ritchie, Kate Stephenson, George Tainsh

PENTLAND COMMUNITY ENTERPRISES LTD.

Neil Robertson *Chair*

Bob Bell, Jim Hair, Colin MacDonald

PENTLAND ENERGY ADVICE CIC

Jim Kelly *Chair*

Derek Sutherland, Bob Bell, Jenny Lawless, Fiona Ritchie

AUDIT COMMITTEE MEMBERS

Jim Hair *Chair*

Jenny Lawless, Fiona Ritchie,
Neil Robertson

STAFFING COMMITTEE

Jenny Lawless *Chair*

Andi Wakeman, Ann Johnson

HEALTH & SAFETY ADVISORY PANEL

Jim Hair *Chair*

Jenny Lawless



Andi Wakeman



Bob Bell



Ann Johnson



Jim Kelly



Jenny Lawless



Colin MacDonald



Fiona Ritchie



Kate Stephenson



George Tainsh



Neil Robertson



Derek Sutherland



Jim Hair

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. Its aim is to improve services and encourage tenant involvement in the heart of their housing provider.

In April 2013, the Annual Return to the Charter (ARC) was produced which contained the basis of the recording of information now required. Some of the information areas were new and these have been integrated into our recording regimes. In May 2014 our ARC return was completed for the year 2013-2014 which will result in a report from the Scottish Housing Regulator comparing our performance against other similar organisations. We will then produce a Report Card specifically for our tenants.



Arrears Performance

Current Rent Arrears %
2013/4 5.02%
2012/13 4.76%

Former Rent Arrears
2013/4 £21 255
2012/13 £15 639

RENTS

The continuing Welfare Reform has created a lot of uncertainty for those in receipt of benefits. The Housing staff worked extremely hard last year in ensuring that all those who would be affected were aware of the changes. The introduction of Discretionary Housing Payments did alleviate a lot of concerns, but work goes on to ensure that those who are entitled do actually make the claims.

Financial strains affect all households and those in low pay also suffer hardship with rising utilities and food bills. To this end, Pentland Housing Association have always been aware of the pressures and have championed the Citizens Advice Bureau, Money Advice Service and the Highland Council's Income Maximisation Team.

We were also successful in a group bid to employ a Caithness benefit advice worker based in the Pulteneytown Peoples Project which is funded by the Scottish Legal Aid Board. We are also involved in a Big Lottery Fund bid to employ advice workers who would again be concerned with benefits advice, but also energy efficiency advice.

The collection of rent due is a mainstay of the successful running of the organisation, and currently the percentage of outstanding rent is sitting around the 5% mark. In reality, this equates to the equivalent of 25 Kitchens, or 20 boilers, or 10 roofs that could be replaced in tenants' homes if the monies were paid.



Carol Treasurer and Alan Paul with the TPAS Silver



ALLOCATIONS AND EMPTY HOUSES

We are aware that Caithness is suffering in the current economic climate, and indeed lettings for our properties have taken longer than in the past. This is also the case for the other housing providers in the county. In recognition of this we are all working together to stimulate housing demand and have brought about some small changes as to the rules to allow a greater scope of allocation. We also expect that, next year, how we offer houses will change as we are likely to pilot choice-based letting. This method advertises properties and those applicable can note their interest.

Allocations and Lettings Performance

Re-lets

2013-2014 48

2012-2013 57

Loss of income due to empty properties

2013-2014 0.88%

2012-2013 2.00%

TENANT PARTICIPATION

Tenant Participation is where you, the tenant, get involved with us and can affect how we operate for you. We have a strategy and action plan in place to encourage consultation and decision making, and our work has been recognised by the Tenant Participation Advisory Service where we achieved a Silver Award in the National Accreditation Scheme.

We wish to advance and achieve more to encourage participation from tenants to have their say on the services they receive.



HOUSING ADVICE AND INFORMATION

Pentland Housing Association achieved a re-accreditation of a national award for the Scottish Standards for Housing Advice and Information. This award recognises the work of the Association in terms of how we engage with our clients and the quality of information given. We regularly record who and what information is given as evidence to ensure compliance with the accreditation.



Housing Repair and Maintenance

PLANNED REPLACEMENTS

We are continuing with our major repairs to the properties on the Pennyland Estate and a further 27 boilers, 16 roofs, 20 kitchens were renewed at a combined cost of £364,000.

A further 40 asbestos surveys were carried out giving us a clearer picture of our stock and allowing us to correctly manage the risks to contractors and tenants.

Through third party contractors we secured funding to allow for 150 insulation upgrades to the masonry houses on the Pennyland Estate. Existing cavity fill insulation was extracted and newer insulation installed with the aim of improving the energy efficiency of the properties.

CARE AND REPAIR SERVICE

Pentland Housing Association acts as agents for the Care & Repair Service delivery in Caithness which is funded by the Highland Council. We employ one officer whose primary aim is to help owner-occupiers gain grant funding in order to carry out home alterations which may be required for medical

reasons, or to carry out essential repairs that attract grant funding such as electrics, windows and roofs.

Targets set for approvals and spend were met and exceeded which allowed 65 projects to be completed, and generated over £400,000 into the local economy – and with 100% either good or excellent rating of satisfaction.

HANDYPERSON SERVICES

Pentland Housing Association also acts as agents for the Handyperson Service in Caithness and North Sutherland, also funded by the Highland Council. We employ two staff, one of whom is concerned with the fitting of handrails, grab-rails tele-health systems and small home repairs. The other is tasked to deliver, demonstrate and collect adaptation loan equipment for individuals who are coming out of hospital or who require equipment aids to continue independent living.

Last year over 1805 projects were completed and 2262 tasks carried out. 97% of those tasks were on time and 100% with either good or excellent rating of satisfaction.

Reactive Repairs Repairs Performance

Numbers of Reactive Repairs
2013/4 2033
2012/13 1990

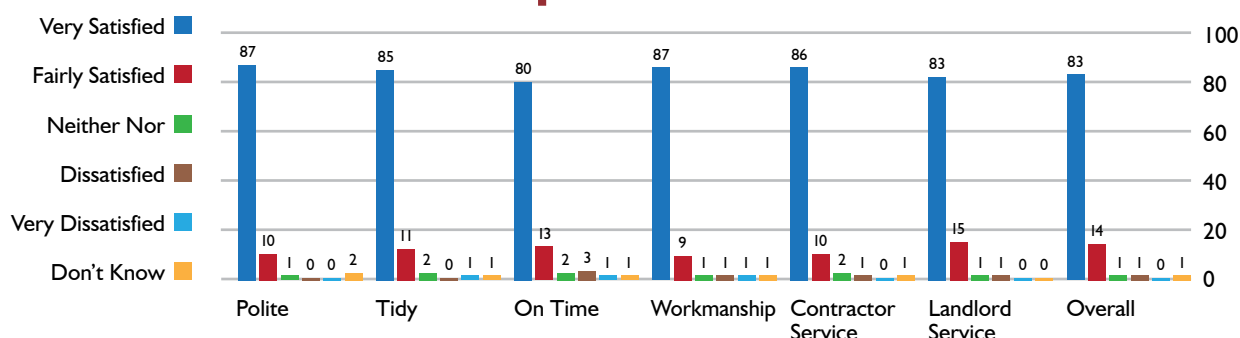
% repairs completed on time
2013/4 92.52
2012/13 95.80

Average completion time
Emergency Repair
2013/4 1.45Hrs
2012/13 2.25Hrs

Average completion time
Non emergency Repair
2013/4 8 days
2012/13 6 days



Reactive Repairs Satisfaction 2013/14





Care & Repair owner-occupiers are given assistance with essential repairs such as electrics, windows and roofs



Our Handyperson Service provides assistance in Caithness and equipment delivery in North Sutherland

Pentland Community Enterprise

Pentland Community Enterprises aims to develop, support and encourage sustainable business ventures that complement the aims of Pentland Housing Association, and contribute to the wider economy of the North Highlands. Its intention in these activities is to generate profits to build up reserves to protect against normal business risks; to generate 'seed-corn' finance to invest in new social enterprises; and to contribute cash to Pentland Housing Association, primarily to support the planned maintenance and stock re-investment programmes.

We have been going through an important phase of consolidation after a recent period of growth. Our main business is the management of the Pentland Housing Group's stock of garages. From the original 470 garages acquired by Pentland Housing Association in the 1990s and

This year's revaluation of the garage stock showed a welcome increase in value

transferred to Pentland Community Enterprises in 2006, some 200 have been successfully refurbished, and are almost fully let, with very low void rates. Some 135 have been demolished, and a similar number are un-refurbished, with high levels of voids. This year we engaged consultants to undertake an options appraisal exercise, to consider a range of alternative uses for these sites. Recently, the Board has agreed a ten year re-investment programme for the 16 garage sites which are either vacant following demolitions, or contain un-refurbished garages. Work will commence later this year on year one of this programme, including the refurbishment of eight garages on site 4A.

For some years, Pentland Community Enterprises' balance sheet has been showing a negative asset position, largely due to successive reductions in value of the garage sites, arising from the banking crisis and poor local market conditions. This year's revaluation of the garage stock showed a welcome increase in value (for the first time since transfer). Projections based on the approved garage re-investment

programme indicate that after five years we will return into a positive asset position, as a result of the planned improvement works.

Last year Pentland Housing Association obtained the consent of the Scottish Housing Regulator to temporarily transfer a number of homes for social rented housing to Pentland Community Enterprises under leasing arrangements, to be let as mid-market rented housing. The reason for this approach is because Caithness suffers, to some degree, with low demand for its social rented housing at the present time, due mainly to local economic factors.

However, there is a relatively buoyant market for mid-market rented accommodation, due to large numbers of contractors and consultants needing short-term accommodation to support local economic development and other initiatives. More houses were transferred this year from Pentland Housing Association under the same leasing arrangements.

With the addition of white goods, these houses have been relatively easy to let, and this creates a 'win-win' situation, with Pentland Housing Association receiving the full social housing rent that it would normally expect to receive, and Pentland Community Enterprise making a modest surplus on its letting activities.

As and when the social rented housing market returns to a more stable state, the properties will be returned to Pentland Housing Association.

PENTLAND 365 AND THE IT HUB

The Pentland 365 accredited repairs service to home owners and others throughout Caithness continues to grow, with membership numbers now hitting 630.

Our IT Hub, currently based at The Cottage, continues to thrive, with regular lettings to local groups for IT training programmes.

Our partnership with Citizens Online, who facilitate many of these lettings, expanded to include the provision of four iPads to be loaned out to Pentland Housing Association tenants without internet access, to support them with welfare benefit applications which increasingly must be made online.



Demand for Pentland Energy Advice's services increased significantly in its third year of trading with a small profit being recorded at the end of the financial year.

One area that saw a particularly strong increase was for the Green Deal Assessment service. It was noted that the most demand came from private home owners requiring a Green Deal Assessment who were looking to improve their energy efficiency via the Green Homes Cashback Scheme. This, along with the launch of the Green Deal, gave the company a welcome increase in revenue.

Although in previous years the airtightness testing service was not particularly sought after, in this trading year there has also been a small improvement which was due to the increase in domestic properties being built throughout the far north area.

The Energy Performance Certificate service also showed a higher demand due to government

funding becoming available to increase energy efficiency of properties in rural areas. Our staff undertook additional training to ensure new software was correctly utilised, and continued to implement this service very effectively.

Services such as thermal imaging, data-logging and energy advice have all continued to be in demand by landlords to help their tenants reduce energy costs and improve the energy efficiency of their homes.

Pentland Energy Advice also continued to oversee the Caithness Carbon Challenge which is a project delivered throughout the county and funded by the Scottish Government.

Overall, the company has had a very successful year and met its aims and objectives.

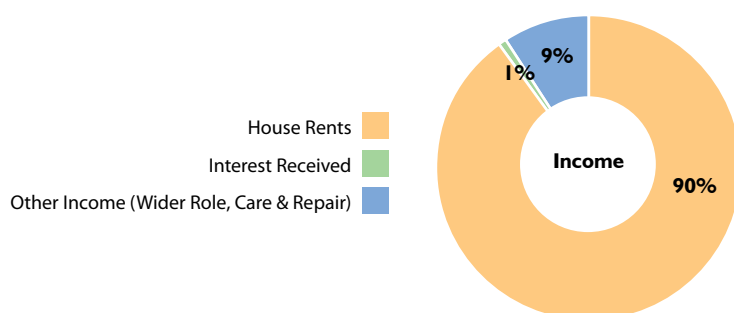
Pentland Energy Advice



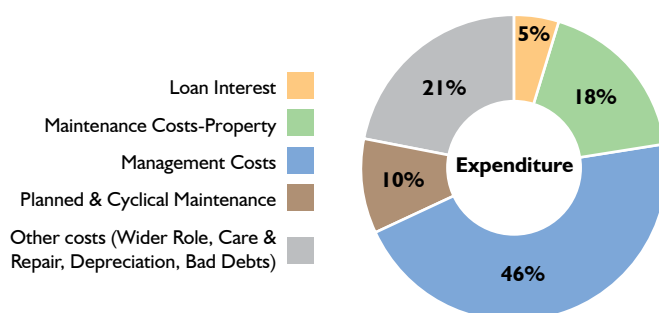
Several home owners improved their energy efficiency with the Green Deal Assessment

Finance

Pentland Housing Association: Income and Expenditure



Income Received	2013/14	2012/13
House Rents	1,801,250	1,752,862
Interest Received	19,135	19,352
Other Income (Wider Role, Care & Repair)	170,228	151,901
Total	1,990,613	1,924,115



Expenditure	2013/14	2012/13
Loan Interest	96,070	113,106
Maintenance Costs-Property	386,565	391,897
Management Costs	975,296	778,238
Planned & Cyclical Maintenance	203,582	70,895
Other costs (Wider Role, Care & Repair, Depreciation, Bad Debts)	466,819	350,193
Total	2,128,332	1,704,329

Surplus (137,720) 219,786

Turnover in the year increase of 3.5%.

Operating costs increase in year by 27.5%, mainly due to a temporary increase in management costs arising from a major governance review and improvement programme, together with increased spend on planned and cyclical maintenance. A continuing freeze on grant income has meant increasing deficits arising from the Care and Repair and Handyperson Services. Whilst this has resulted in a significant change to the surplus position this year, we have budgeted for a return to a healthy surplus in 2014/15.

Balance sheet

Increase in tangible fixed assets accounting for capitalised major replacement improvements and annual depreciation charge.

Cash flow

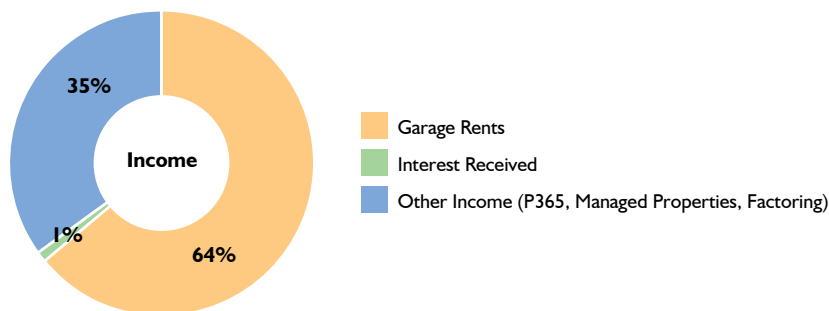
Additional spend impacted cash in hand/investments with a decrease of 33% against 2012/13.

The Future

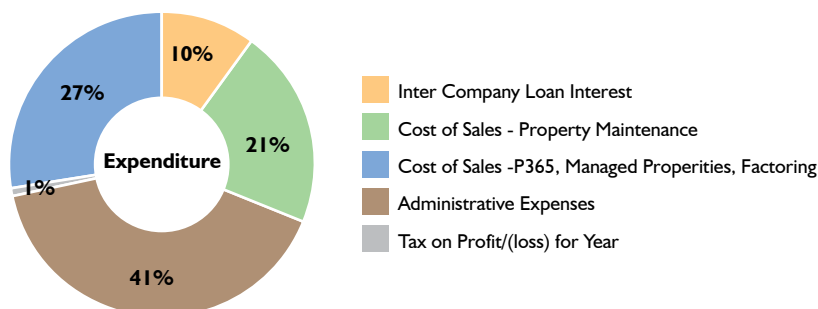
Priority to maintain the current major replacement programme whilst at the same time ensure a sound infrastructure and financial base are preserved for future investment of the stock.

Pentland Community Enterprise: Income and Expenditure

Income Received	2013/14	2012/13
Garage Rents	106,213	107,152
Interest Received	99	72
Other Income (P365, Managed Properties, Factoring)	57,647	56,993
Total	163,959	164,217



Expenditure	2013/14	2012/13
Inter Company Loan Interest	16,750	13,400
Cost of Sales - Property Maintenance	34,236	53,091
Cost of Sales -P365, Managed Properties, Factoring	44,310	55,523
Administrative Expenses	66,212	53,372
Tax on Profit/(loss) for Year	151	696
Total	161,659	176,082



Profit/Loss for Year 2,564 (113,473)

Turnover in line with the last year.

Cost of sales decrease in year of 27% which is offset by an increase in admin expenses of 24%.

Increase in profits primarily due to the effects of changes in valuation of garage stock.

Balance Sheet

Fixed assets represent an increase in the value of the stock.

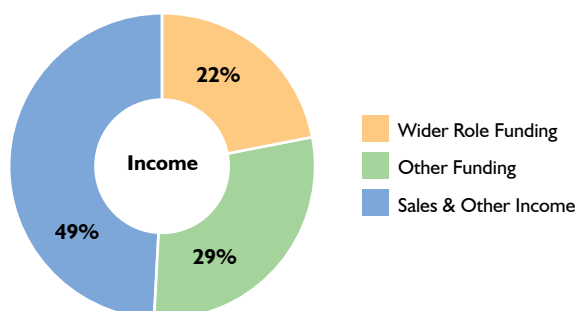
Creditors: falling within one year increased by 44%.

Creditors: greater than one year reduced to account for capital repayment made.

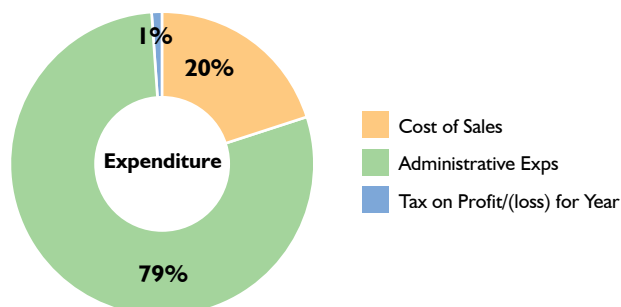
The revaluation of investment stock significantly reduces the company's negative asset position.

Pentland Energy Advice: Income and Expenditure

Income Received	2013/14	2012/13
Wider Role Funding	22,582	25,500
Other Funding	29,496	14,236
Sales & Other Income	49,828	37,866
Total	101,906	77,602



Expenditure	2013/14	2012/13
Cost of Sales	17,881	7,335
Administrative Exps	72,344	75,114
Tax on Profit/(loss) for Year	1,367	0
Total	91,592	82,449



Profit/Loss for Year 10,314 (4,847)

Income covers:

Wider role funding - PHA - 22 %.

Other funding - Green Deal Assessments (Clients/Public), Climate Challenge Fund and Affordable Warmth Grant - 29%.

Sales income - provision of energy advice under Highland Council framework agreement and EPC work (PHA, Clients/Public) - 49%.

The year end reflects an increase in turnover of 31% against 2012/13.

Overall an increase in profit of 192% against 2012/13.

PEA moved into their first year of sole trading on 1 April 2014, the company's running costs are high in relation to income generated however small surpluses are being projected over the next five years.



Tenants outside one of our Thurso properties

PENTLAND HOUSING ASSOCIATION

37-39 Traill Street, Thurso, Caithness, KW14 8EG

T: 01847 892 507

W: www.pentlandhousing.co.uk

E: pha@pentlandhousing.co.uk

Solicitors: TC Young, Glasgow

BBM, Wick

Auditors: Findlay & Co, Dundee

Bankers: Bank of Scotland

Industrial & Provident Societies Reg. No. 2449R(S)

Communities Scotland Reg. No. HAL 273

Recognised Scottish Charity. No. SCO037286

