



**Drumchapel
Housing**
Co-operative Limited

Annual Report 2018 to 2019



HAPPY TO TRANSLATE



SCOTTISH HOME
AWARDS 2017
CELEBRATING 10 YEARS
WINNER

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1 – Chairperson's Report



Welcome!

I would like to extend a warm welcome to everyone attending our Annual General Meeting.

It's been another successful year and our performance continues to be excellent as illustrated throughout this report.

Having moved to low engagement with the Scottish Housing Regulator last year, we have continued to consolidate our position, focusing on improved governance and financial management.

One of our key priorities has been to support tenants during the roll out of universal credit. Working with our partners in the Citizens Advice Bureau, who have provided advice, assisting to maximise income and overcome the challenges associated with this transition.

During the year we collected over 99% of rent payable and as a result of sound financial management succeeded in restricting rents to inflation only increases for the third year in a row.

We also invested over £570,000 providing modern facilities and improving the quality of our homes. This included window and bathroom replacements to 60 properties in Southdeen Road and Linkwood Drive. Thank you to everyone for their feedback, I'm delighted that the project was so successful and as always, we will incorporate the learning that has arisen into our future works.

In March we completed a further stock condition survey, and this has helped to develop an investment plan for the next five years.

We also held some fantastic events and had some fun days out, including the summer fun day, pensioners Christmas lunch, children's Christmas party and the bus trip to Largs. If you want to reminisce or see what you missed, please see our website or Facebook page.

I would like to take this opportunity to thank the staff team and my fellow board members for all their hard work over the last 12 months.

We look forward to another exciting year and thank you for your continued support.

Joan McFarlane

Joan McFarlane (Chair) Drumchapel Housing Co-operative Ltd

2 – Finance

Financially, over the last year, the Co-operative has seen an increase in its short term financial position by way of an overall surplus. The amount generated has reduced from £587,959 in 2018 to £402,136 in 2019. The main reason the overall surplus is significantly less than the previous year is largely due to the actuarial loss on the pension scheme which was £284,000 (2018 - £5,132).

The Co-operative continues to have relatively low void losses on rental income, with void loss increasing marginally from £2,908 in 2018 to only £3,170 in 2019, despite the challenges faced by the organisation due to stock type and tenants' aspirations.

There has been an increase in the operating surplus which improved by £110,788 when compared to 2018, partly due to a reduction in expenditure of £52,356. This can be largely attributed to changes in two areas namely:

- Reactive Repairs - Reduction of £89,021. Less void repairs costs incurred during the year.
- Planned & Cyclical Maintenance - reduction of £19,765.

The information below shows the Co-operative's net assets, income and expenditure for the last two financial years:

Total Comprehensive Income for the year	2019 £	2018 £
Total Income	2,571,420	2,512,988
Total Expenditure	(1,805,834)	(1,858,190)
Financial transactions	(363,450)	(66,839)
Overall Surplus/(Deficit) for the period	402,136	587,959

Total Net Assets	2019 £	2018 £
Housing properties	14,623,173	14,661,397
Other assets	326,509	333,861
Current assets	1,835,381	2,017,569
Current liabilities (<i>exc loans, pension</i>)	(209,282)	(355,746)
Housing loans (<i>all loans</i>)	(2,735,194)	(2,949,420)
Deferred Income – social housing grant	(9,015,735)	(9,448,122)
Net Pension Liability - SHAPS	(703,175)	-
Share of pension past service deficit	-	(540,000)
Total net assets	4,121,677	3,719,539

Sources of Income	2019 £	2019 %	2018 £	2018 %
Rents	2,030,080	79.0	1,970,947	78.4
Service charges	61,981	2.4	60,150	2.4
Release of deferred revenue grant	432,387	16.8	437,656	17.4
Grants – Stage 3	27,109	1.0	24,634	1.0
Grants – Other	-	0.0	2,077	0.1
Other	23,033	0.9	20,432	0.8
Less:				
Voids	(3,170)	(0.1)	(2,908)	(0.1)
Total operating income	2,571,420	100.0	2,512,988	100.0

Expenditure Costs	2019 £	2019 %	2018 £	2018 %
Service costs	59,256	3.3	58,409	3.1
Administrative and overhead costs	653,873	36.2	652,868	35.2
Reactive repairs	157,916	8.7	227,172	12.2
Bad debts	12,367	0.7	6,468	0.4
Planned & cyclical maintenance	234,746	13.0	254,511	13.7
Depreciation of social housing properties	633,599	35.1	613,364	33.0
Stage 3 – Costs	31,073	1.7	22,815	1.2
Other costs	23,004	1.3	22,583	1.2
Wider role costs	-	-	-	-
Total operating costs	<u>1,805,834</u>	100.0	<u>1,858,190</u>	100.0



Financial transactions	2019 £	2018 £
Interest receivable	10,934	7,315
Loan Interest and other financing costs	(90,384)	(79,286)
Actuarial (Loss) /Gain on pension scheme	(284,000)	5,132
Corporate tax payable	-	-
Total financial transactions	<u>(363,450)</u>	<u>(66,839)</u>





3 - Housing Management

Housing Management is the section of the organisation that deals with some of the customer facing aspects of the Co-operative's main functions. Both tenants and prospective tenants contact the Housing Management section on a daily basis for elements such as allocations, rent collection, welfare benefits advice, anti-social behaviour and general estate management.

The team monitor their performance by a number of Key Performance Indicators (KPIs), and outlined below are some of the main areas of performance for 2018/2019. There is also a comparison with our neighbouring organisations in Drumchapel grouped as Drumchapel Community Ownership Group (DRUMCOG). For benchmarking comparisons there are five Registered Social Landlords based in the Drumchapel area – Cernach, Kendoon, Kingsridge Cleddans, Pineview Housing Associations and ourselves.

We will produce a full report on our performance in the Tenants Report Card which will be issued in October 2019.

Rents				
Performance Description	DHCL 2017/2018	DRUMCOG Average 2018/2019	DHCL 2018/2019	Comparison
Rent collected as a percentage of rent due	100.39%	99.55%	99.93%	
Gross rent arrears as a percentage of income	2.04%	3.57%	1.96%	




Collecting rent and keeping arrears as low as possible is absolutely necessary as rental income pays for all of the Co-operative's activities.

This year, we have collected 99.93% of the rent due compared to 100.39% the previous year. The main reason for the decrease in rent collected from the rent collected last year is mainly down to housing benefit payment still to be received (technical arrears). Gross rent arrears have decreased, and this is the result of the housing management team engaging with tenants at an early stage and ensuring that tenants are provided with advice and information on maximising income and the changeover from housing benefit to universal credit. We recognise that many of our tenants are facing financial difficulty due to reductions in welfare benefits and income being squeezed due to low wages and zero hours contracts. We provide a confidential welfare benefits service in the office (and can also refer tenants on to other agencies) to assist tenants facing financial and/or debt problems.

We will continue to provide a sympathetic approach to rent collection whilst still expecting rent to be paid on time.

Our performance compared to DRUMCOG shows that we are above average for rent collected and for gross rent arrears.

Voids

Performance Description	DHCL 2017/2018	DRUMCOG Average 2018/2019	DHCL 2018/2019	Comparison
Average time to relet void properties (days)	6.24 days	14.87 days	8.12 days	
Percentage of rent lost through properties being empty	0.15%	0.25%	0.16%	
Percentage of lettable houses that became vacant over the last year	7.13%	6.34%	6.52%	

Over the last few years there has been a significant reduction in the time we take to re-let empty properties and, as shown above, whilst there was a slight increase in the number of days taken to relet properties from 6.24 days 2017/2018 the result of 8.12 days is still below the 14.87 days average in comparison to DRUMCOG for 2018/2019.

The reduction in the number of days that properties are empty has a positive impact on the amount of rental income we lose. The challenge now will be to maintain or to improve this position further.

Whilst we compare slightly less favourably in the number of properties that became vacant over the last year, the reduction in void days and rent loss highlights the great work being carried out by the team.

Allocations

We let 33 houses during the course of the year through our Choice Based Letting system. This allows applicants to apply for any house that they are interested in, providing they meet the eligibility criteria for that property. We use various methods to advertise the properties available to let, these are: Website, Facebook and within the office. The 33 allocations came from the following sources:




Source	Number	%
Internal transfer	4	12%
Housing list	24	73%
Section 5 referrals (homeless)	3	9%
Other (referral from other local authority)	2	6%
Total:	33	100%

Together with the other four local registered social landlords (RSLs), we joined the Glasgow Housing Register (GHR). This is a common housing register that allows applicants to apply to more than one organisation by completing one form online and selecting their preferred landlords/areas. Unfortunately GHR has been offline while some issues are resolved, hopefully the issues will be resolved some time in the following year as GHR allows Drumchapel Housing Co-operative Limited reach a wider range of applicants.

4 - Maintenance

Reactive Repairs

We completed 1,720 reactive repairs during the course of the year. These are repairs that cannot be incorporated into cyclical or planned programmes.

Performance Description	DHCL 2017/2018	DRUMCOG Average 2017/2018	DHCL 2018/2019	Comparison
Average time to complete Emergency repairs (hours)	2.10	1.93	2.12	
Average time to complete non emergency repairs (days)	2.03	2.33	2.12	
% of repairs completed right first time	99.33%	97.14%	99.61%	

There has been a small increase in the average time to complete both emergency and non-emergency repairs in comparison to the previous year's figures and the percentage of repairs completed right first time has improved slightly.

Cyclical Repairs

We spent over £207,000 on cyclical repairs during the year to ensure that properties are safe and effectively maintained.

Work	Expenditure
Gas servicing	£61,700
Roof anchor servicing	£3,600
Gutter cleaning	£5,700
Electrical safety checks	£4,900
Stair lighting to closes	£11,900
Stock condition survey	£25,400
Legionella – old water storage tank inspection and removal	£15,900
Asbestos surveys	£6,900

100% of gas safety checks were carried out within the anniversary of their previous safety check.

To reduce risk associated with legionella, we continued to disconnect cold water storage tanks within closes. Only a small number of tanks remain, and we intend to complete the disconnection programme over the course of 2019/20.

Planned Works

We invested £572,000 during 2018/19 to improve homes

Work	Number of Properties	Expenditure
Kitchen replacements	4	£14,400
Boiler replacement	3	£5,100
Heating replacements	3	£11,500
Bathroom replacements	59	£275,800
Window replacements	60	£265,900

The second first phase of window and bathroom replacement was carried out to properties in Southdeen Road and Linkwood Drive. This was completed by CCG (Scotland) Ltd. and feedback in relation to the quality and standard of completed work was excellent.

Estate Management

We spent over £67,000 to ensure that environments and common areas are clean and well maintained.

Contracts	Expenditure
Landscape maintenance	£36,700
Close cleaning	£31,000

We also provide an Estate Caretaker/Handy Man service to carry out estate improvements and ensure common areas are maintained to a high standard.

Adaptations

Over the year, we carried out 15 adaptations to tenants homes and completed works in an average time of 23 days.

Works	Nature	Expenditure
Stage 3 Adaptations	adaptation work to accommodate residents' medical conditions (level deck showers/wet floor areas etc.)	£27,100

5 - Events

The Co-operative hosted the following events in 2018/2019 for its tenants:

- Summer Fun Day
- Garden Competition
- Pensioners' Christmas Lunch
- Childrens' Christmas Party
- Bus trip to Largs
- Annual General Meeting

6 – Board and Staff

Management Board

Joan McFarlane (Chair)	Cllr Elspeth Kerr
Paul McBride (Vice Chair)	Tanith Diggory
Helen Eakin (Secretary)	Alana Durnin
George Rankin	Margaret Bowie
David Riddell	

Staff

Senior Management Team

Caroline Jardine	Director
Pauline Burke	Depute Director
Duncan McKnight	Technical Manager

Housing

Caroline Meiklejohn	Senior Housing Officer
Marisa McCarthy	Housing Officer

Property

Colin Henderson	Maintenance Officer
Lorraine Logan	Asset Management Officer
Kevin Clements	Estate Caretaker

Finance and Corporate Services

Jackie McGoran	Senior Finance Officer
Stephen Watt	Corporate Services Assistant
Chantelle Devlin	Receptionist/Admin Assistant

