

HSCHT OUTPUT AND PERFORMANCE REPORT FOR 2006/7

1. COMMUNITY ENGAGEMENT

1.1. *Communities assisted (Target: help and advise 90+ CCs/Trusts)*

Appendix A provides details of the 140 communities in the Highland Council area that the Trust has engaged with since it was established as a Charity and Company Limited by Guarantee in February, 1998. Whilst the level of engagement varies, according to the stage and demands of the response work involved, it is generally high and typically involves many visits and meetings (formal and informal) with the Community Council/Trust involved, spread out over many months and (often) years.

Although many of the informal meetings and contacts with key Community Council/Trust members take place during normal working hours, formal meetings almost invariably take place in the evening in the local community hall concerned. Housing items on the agenda always attract a great deal of local interest from other community members, as well as the Community Council members, and a typical attendance for an HSCHT item on the C.C. agenda is between 30 or 40.

During 2006/7 Trust staff were actively engaged with around 90* CCs (Target: 70+) and helped them in various practical ways (eg by providing top quality, information and advice, carrying out needs surveys and housing options “surgeries”, undertaking feasibility studies, buying and servicing sites etc – see next sections of this Report) to tackle their local housing problems in effective ways. In so doing, the Trust is always determined to ensure that each and every community it works with has had ample opportunity to discuss and agree and influence any action which they wish the Trust to take on their behalf, prior to Trust implementation.

As a result, Trust staff meet with CCs 50 weeks of the year involving at least 150 (Target: 120+) staff/evenings where one (or sometimes two, depending on the nature of the meeting) staff members attendance is requested.

** In addition to the above Trust staff also provided locally-delivered advice services to a number of other community groups outwith the Highland Council area, including the Isle of Gigha Heritage Trust, Mull and Iona Community Trust, Orkney Island Initiative at the Edge Development Officers and The Dumfries & Galloway Small Communities Housing Trust.*

1.2. *Housing needs etc surveys and options advice “surgeries” (Target: 20+)*

During 2006/7 the Trust completed and/or was in the process of carrying out 23 housing needs/aspirations/views surveys or housing options “surgeries” in the following Community Council areas (see Appendix A and table a) below).

Table a) :HOUSING NEEDS Etc. SURVEYS

No	Name of Community Council Area	Questionnaire details			Nos of households with housing needs	Survey response date
		Numbers sent out	Numbers returned	Response rate (%)		
1	Dunvegan	241	68	28.2%	28	January 2007
2	Glenuig, Roshven	96				May 2007?
3	Melvich	158	32	20.3%	6	December 2006
4	Rogart	407	65	16%	12	January 2007
5	Rum	18	14	78%	10?	October 2007
6	Tannach	309	64	20.75%	18	November 2006
	Sub-total	1229	243		120	
	(Average)	205	49	32.6%	24	
	GRAND TOTAL	1229	243		120	

Table b) : HOUSING OPTIONS “SURGERIES”

No	Name of Community Council Area	Number interviewed	Surgery Date
1	Aultbea	2	26/06/06
2	Ballachulish	4	12/07/06
3	Balnain	13	03/05/06
4	Beaully	24	04/07
5	Bettyhill	4	23/08/06
6	Gairloch	4	21/06/06
7	Glenelg and Arnisdale	2	05/04/06
8	Glenmoriston	6	20/03/07
9	Helmsdale	5	24/10/06
10	Inverarnie	13	01/08/06
11	Kincraig	26	01/07
12	Melness	7	15/02/06
13	Morar	2	19/04/07
14	SE Caithness – Lybster	24	21/06/07
15	SE Caithness – Dunbeath	17	13/06/09 ??
16	Shieldaig	7	25/07/06
17	Tannach	6	19/04/07
	Sub-total	166	
	Average	10	
	GRANT TOTAL	166	

1.3. *Initiative at the Edge Areas (Target: work closely with 2 new ones)*

a) Glenelg and Arnisdale

The Trust’s targeted outputs for this Initiative at the Edge area have been previously and largely delivered – except for the information, advice and grant loan support programme for the many private owners of houses in need of repairs and improvements (as identified by the Trust’s 2 detailed surveys of local needs and housing stock condition). The private house improvement programme is the direct responsibility of the Local Authority whose plans, in this regard, are taking longer than foreseen to implemen

b) ***South East Caithness***

Following equally extensive work by Trust staff in this Initiative at the Edge area, a good potential site in Lybster is being feasibility studied with a view to landbanking for mixed affordable housing development. Finding a similarly promising site in Dunbeath is proving more difficult although considerable staff time is being invested on this. The report on the exterior only house condition survey (of a much bigger housing stock than in Glenelg & Arnisdale) is imminent.

c) ***Other I at E Areas***

In addition, the Trust provided advice and support services during 2006/7 to various other I at E Areas (adjacent to but outwith the Highland Council area), as follows: Isle of Gigha, Mull and Iona, Isle of Colonsay, Orkney Islands and North Harris, as well as to communities in the former North Sutherland and Ardnamurchan I at E areas.

2. LANDBANKING

2.1. *Sites bought or about to be bought (Target: 12 to 15+)*

During 2006/7 the Trust bought 5 sites and secured a further 9 sites (with conveyancing in progress), as a result of clear agreements having been reached with their owners and the Planning Authorities, as follows:

Table c) : Sites landbanked during 2006/7

No	Name of site	Secured	Acquired	For what type of housing		
				H.A. Rented	RHOG plot houses	Other lcho
1	Flodigarry		✓		3	
2	Glenachulish		✓		5	
3	Inverdrue		✓	5		
4	Morar		✓		2	
5	Inverarnie		✓	5	4	
6	Cromarty	✓		20		10
7	Bettyhill	✓			2	
8	Milehouse	✓			4	
9	Portnalong	✓			2	
10	Achiltibuie	✓			3	
11	Arisaig	✓			4	
12	Invergarry	✓			1	
13	Gairloch Depot	✓		4		
14	Balmacara	✓			2	
	TOTALS	9	5	34	32	10

2.2. *Sites in pipeline/being feasibility studied (Target: 15 to 20+)*

The Trust has secured agreement in principle from their owners to buy promising-looking sites (on which feasibility work was, or was in the process of being, carried out).

Table d) : Landbanking pipeline sites

No	Name of site	For what type of housing			
		H.A. rented	RHOG plots	Other lcho	Purchase probability estimate
15	Laggan 1*		4		75%
16	Laggan 2		ditto		Nil
17	Lochaline	4	3		75%
18	Portmahomack 1*		4		75%
19	Portmahomack 2		ditto		Nil
20	Balnain 1*		4		75%
21	Balnain 2		ditto		Nil
22	Helmsdale	6	4		75%
23	Resolis	5		4	100%
24	Melness		2		50%
25	Rogart 1	4		4	Nil
26	Strathcarron	6	4		75%
27	Lybster	10		4	75%
28	Melvich		3		25%
29	Tomatin	4	2		75%
30	Mounthigh		4		75%
31	Maryburgh	10		10	75%
32	Balintore		4		50%
33	Dunbeath	6	2		25%
34	Marybank	6		4	75%
	TOTALS	61	40	26	

In addition to the above sites, and in the normal course of their work in and with communities, Trust staff look at many (over 100 a year or more) *other* sites before pinpointing, and pursuing the potentially most promising-looking and seemingly cost-effective site – which is also realistically available and developable.

**In some communities, the Trust has done all the necessary careful preparatory working before committing itself to pursuing a particular site (i.e. proper community engagement and support for site, in principle agreement with landowner, in principle support of Planners, undertaking a site feasibility study) only to be knocked back late in the day – with the result that another site must be found and worked on.*

3. **SITE SALES TO HOUSING ASSOCIATIONS (Target: 10+ sites for 60 houses)**

Although the Trust only sold 2 sites in 2006/7 for 10 rented houses in total (as opposed to 8 sites in 2005/6 for 52 rented units), the Trust had earmarked a further 3 sites, already in Trust ownership for sale to Housing Associations and had made clear it would sell on further sites to Housing Associations once they came into Trust ownership. The Trust also made the policy decision (incorporated in its House Plot Sale Strategy, as finally approved by the Board in April, 2006) to sell on some of its RHOG plot sites to Housing Associations if there was insufficient interest in the plots and/or if H.A. rented or shared equity (“Homestake”) provision would meet local needs more readily. The details are set out in the table below.

Table e) : Site sales to Housing Associations

No	Location	Already sold to HA	Available for sale to HA	Just within HA option of	
				Rented	Homestake
1	Inverarnie	✓		5	
2	Inverarnie	✓		5	
3	Durness		✓	3	
4	Kiltarlity		✓		4
5	Maryburgh		✓	8	6
6	Gorthleck		✓		6
7	Inverfarigaig		✓	4	4
8	Gairloch		✓		8
	TOTALS	2	6	25	28

4. **RHOG PLOT SALES (Revised target for 2006/7: 10 sales plus 8 legal offers made)**

Although the targeted RHOG plot sales – and offers made for 2006/7 (5 and 10 respectively) - have fallen short for the second successive year of the 2005/8 Business Plan, the policy and practise improvements that were put in place in 2006 (see Output and Performance Report for 2005/6) are clearly proving effective and bearing fruit – and there are now (see table below) solid grounds for optimism that the original annual target of 24 sales and/or offers made will be well exceeded during 2007/8, as a result of all the extra and better focused efforts that have been invested in plot marketing by Trust staff and the Trust’s Solicitor. As a result, the target shortfall for 2006/7 should be made up and exceeded by the target surplus sales in 2007/8.

Also to be noted are the numbers of plot enquiries (208) that were made to the Trust during 2006/7 and the numbers (98) of potential plot purchasers subsequently advised and assessed (though about half drop out after the advice stage) by Trust staff – which figures compare favourably with the Business Plan target of 100 per annum.

Table f) :Projected Plot/House * Sales during 2007 / 8

	Site Location	Plots/ houses available as at April 07	Enquiries received (to April 07)	Enquires processed by HSCHT staff	Plots / Houses allocated	Legal Offers made (as at May 07)	No’s of RHOG assisted offers	Anticipated completed sales (by March 08)
1	Achmore	1	1	1	1	1	1	1
2	Beaully *	10	56	25	8 **			8
3	Bettyhill	2	6	2				
4	Dornoch *	4						
5	Gairloch	2	17	7	2	2	2	2
6	Glenfinnan	2	13	7	1	1	1	2
7	Glenachulish	5	20	6	5	5	5	5
8	Inverarnie	5	13	3				5
9	Milehouse	4	33	25	4			4
10	Ratagan	4	8	6	2	2	1	2
11	Shieldaig	3	8	3	1	1		1
12	Skeabost	2	11	5	2			2
13	Strontian	1	6	4	1	1	1	1
14	West Larroch	2	16	4				1
TOTALS		47	208	98	27	13	11	34

5. **“STEPPING STONE” HOUSING FOR KEY INCOMING WORKERS ETC**
Target: 3 a year “if capital grant funding is accessible”

The Trust acquired one “stepping stone” house in 2006/7 – the former Police House in Melvich, North Sutherland which, following refurbishment work, has been let to a community nurse. Although grant funding support towards the capital costs of this project was awarded by Highlands and Islands Enterprise (HIE), it seems clear that the public funding presently available for prioritising this particular client group is very limited – notwithstanding the strategic concerns regularly expressed by the key housing agencies (Highland Council, Communities Scotland) as well as HIE, that the economic development of many Highland communities is being constrained by the lack of suitable affordable housing opportunities.

Nevertheless, the Trust will continue with its efforts to identify and acquire properties, where not only is the “stepping stone” house clearly justified but – critically – it is equally clear that one or other of the principal public funders is willing and able to invest the major share of the capital costs involved through the Trust. In this connection the Trust still hopes to acquire a former Forestry Commission office in Balmacara and convert it into key incoming worker accommodation.

The Trust will also continue to put the case to the key players that the most effective way of developing and implementing the range of solutions required to tackle key worker housing problems is to allocate enough revenue funding to employ (either directly or through a suitable partnership vehicle e.g. the Highland Housing Alliance and/or HSCHT) the skilled staff to do the project development needed to get things moving.

6. **LIAISING FULLY WITH THE KEY AGENCIES AND OTHER PARTNERS**

During 2006/7, the Trust met all its targeted commitments which included attendance (95%) of the Highlands Area Housing Development Forums (which each meet 5 or 6 times a year), the Highland Housing Alliance and all other liaison meetings called by the main agencies to discuss strategic and local housing issues.

In addition, the Trust liaised formally and regularly with all its main partners through its own partnership (Board, Development Sub-Committees, AGM/”Away Day”) meetings and the comprehensive reports which it circulates to all partners in advance of those meetings – including its detailed Development Progress Reports and quarterly Business Plan Outputs-v-Targets Reports.

7. **WIDER INFORMATIONSHARING AND ADVICE SERVICES**

7.1. ***Website***

The Trust's website www.hscht.co.uk became operational in May 2006 and is now receiving around a thousand hits a month on average.

7.2. ***CD Rom for RHOG applicants***

Communities Scotland's policy response to the independent review it commissioned of the RHOG mechanism is still awaited – and, with the full support of its Highland tri-partite revenue funders (CS, HIE and Highland Council), no action will be taken by the Trust to develop a CD Rom until the failure prospects for RHOGs are made clear.

7.2. ***Major rural housing conference***

Although some delays occurred during 2006/7 with the planning of this conference, a Trust working group is now (Spring 2007) progressing its plans to organise a conference on the theme "Growing our communities: tackling the housing issues" which will be held on a Friday and Saturday in the Drumossie Hotel, Inverness in mid-April 2008. The conference will be aimed primarily at Community Council/Trust representatives from across the Highlands and Islands but with strong representation too from all the main statutory players and other key bodies.

7.4. ***AGM/Open Forum Discussion***

The Trust's AGM and Open Forum Discussion (always held on the morning of the last Saturday in September in the Council's HQ in Inverness) for 2006 attracted just under the usual average number (40) of C.C. and other members. The traditional, "open forum" discussion which followed a keynote presentation by David Goldie, CEO of the Highland Housing Association, was as participative and lively as ever.

7.5 *Wider information-sharing and networking*

As already indicated (see Section 1), the Trust continues to help a) other communities outwith its Highland Council area “patch” to find out more about the Trust and its innovative housing solution approaches and b) keep itself engaged with innovative approaches being explored and tested outwith the Highlands by devoting a small proportion of its senior staff time to productive networking organisations and occasions.

To these ends, during 2005/6 the Trust’s Development Manager answered requests from, amongst others, the following bodies to make presentations, and/or answer questions, on the Trust and its operational methods and mechanisms : Orkney Islands Enterprise workshop on housing needs etc surveys (for its Initiative at the Edge islands Development Officers), Dumfries and Galloway Small Communities Housing Trust (on all aspects of HSCHT operations), Isle of Gigha gathering of community buy-out/landowning organisations (on Rural Housing Burdens, in particular), the Scottish Crofting Foundation’s annual conference (on getting crofter grazings committees more involved in delivering land for affordable housing) and SCOTRHIG , the Scottish Rural Housing bodies’ info-sharing group.

8. **DEVELOPING AND DELIVERING INNOVATIVE HOUSING SOLUTIONS**

8.1. *“Rural Housing Burden” delivery and advisory role*

The Trust has continued to invest a great deal of time and effort in developing, delivering and advising on the Rural Housing Burden (RHB) conditions it attaches to the house plot sales.

As the “Projected Plot/House Sales during 2007/8” table in Section 4 of this Report shows, the Trust is now experiencing much less difficulty in marketing its house plots with RHB conditions attached. The Trust’s experience is that, whilst Highland Solicitors advising potential purchasers of the first plots offered by the Trust with RHBs attached were, understandably, unsure of (and, to a limited extent, hostile to) the rather radical implications of the section of the 2004 Act introducing Rural Housing Burdens, many have now become accustomed to its usage.

Moreover, every-increasing open market plot prices, mean that fewer and fewer affordable plot opportunities are available to ordinary local households. As a result, most of them are happy to accept the RHB conditions, if it will allow them to fulfill their homeownership aspirations affordably in their own community – but still enable them to get a modest (though not a full market) return on their capital investment in their new home, should they wish to sell it and move on in the future.

However, during 2006/7, the Trust looked long and hard again at the RHB conditions it attaches in order to retain affordability in perpetuity in the houses built on Trust plots and, as a result, has decided in future to replace the “Depreciated Replacement Value “(DPR) method of calculating the buy-back price with a simpler, shared equity method.

The problem with the DPR method is that it relies on contractors build prices remaining fairly constant, in real money value terms, whereas in practice, they are rocketing at well above inflationary levels because market pressure for new houses to be built allows them to do so.

By contrast, the shared equity method captures a constant and much more clearly understood and calculated proportion of whatever increase in market value has affected the buy-back price of the house built on the Trust plot and, as a result, ensures that the re-sale price to subsequent purchasers is thus always *that same proportion less* than the full open market value.

So, if a Trust plot (valued by the District Valuer) is worth £75k on the open market but is sold at £25k then the £50k discount will be the Trust’s proportion of the overall – but shared – equity in the property (plot and house). Therefore, if the equity costs (i.e. plot sale price + Trust discount + build costs and fees etc) total £150k, then the Trust’s proportion of £50k equates to one-third of the equity – and will be retained in perpetuity, as a discount, in all subsequent sales.

In addition to its own RHB development work, the Trust has continued through 2006/7 and beyond to advise an ever-increasing number of communities (many from outwith the Highlands) on the detail and usage of RHBs and the various types of conditions that can be attached to lock in a lesser or greater degree of affordability in perpetuity.

There seems little doubt that the Trust’s expertise as the originator and main developer of Rural Housing Burdens will continue to be sought on a regular basis by interested community groups, Solicitors, other designated Rural Housing Bodies, agencies and others in the years ahead.

8.2. *The Milehouse, houses-in-the-forest pilot project*

Steady, carefully controlled, progress with this strategically important pilot project was made during 2006/7 and, as a consequence, it is now (May 2007) fairly confidently anticipated that it will proceed, as planned, later this year.

As previously reported, the main aims of the project are to provide a replicable, exemplar model of an afforested site, of little development value (and, therefore, affordable to buy) other than for strictly affordable housing only; which will be developed in an environmentally sensitive and “sustainable” way to provide (4) detached, well-designed houses, built of locally-sourced timber; which will cost no more than a conventional (and much less “sustainable”) kit house to build and heat; which will be bought, with Rural Home Ownership Grant assistance to enable local people to solve their housing problems affordably – and, in the process; which will also create 4 houses which, through the application of the Trust’s Rural Housing Burden conditions (see 8.1.) will retain a large measure of affordability in perpetuity.

Applications to the Forestry Commission for Affordable Rural Land Scheme Consent and to the Cairngorms National Park for planning consent will be considered in the next few weeks. If approved, then the project should be able to proceed later this year. If successful, then the Trust plans to build and sell more such houses in many more communities in future and rather fewer unbuilt-on house plots, as a result. This would represent a very significant strategic shift for the Trust as organisation – from landbanking facilitator to facilitator and direct housing provider.

It should be added that there has been a great deal of local community support for, and interest in, this project for which 22 local applicants were interviewed and assessed by Trust staff.

8.3. *Other innovative work*

In undertaking its “Future Options Review” (see Section 9) and related Business Plan development work, the Trust has been giving careful consideration as to how it might extend, as well improve, the nature and range of the services it delivers.

Proposals include a) providing a new “hand-holding” service for both crofter grazings committees and community buy-back/landowning organisations (like the Isles of Eigg and Gigha Trusts) who are keen to explore and develop plans to release land for various types and mixes of affordable housing and b) a similar support service for Community Councils wishing to participate as effectively as possible in the new local planning community engagement process that is about to come into play with the implementation of the brand new Planning (Scotland) Act.

Both these new areas of work will only be undertaken if the Trust can secure the additional revenue funding package it would require to employ the skilled staff needed to deliver these outreach services, taking proper account of Highlands and Islands logistics.

9. **GOOD GOVERNANCE AND MANAGEMENT**

9.1. *Trust meetings and formal reports*

The Trust met and exceeded its targeted commitments with regard to formal, internal, organisational meetings during 2006/7, which included 7 Board Meetings, 7 Development Sub-Committee Meetings, 4 Employment Sub-Committee Meetings, one AGM and an “Away Day”.

9.2. *Financial reporting*

Quarterly Management Accounts for the Trust are prepared by the Trust’s Financial Adviser (Robin Nairn, who works for Albyn Housing Society – the Highlands largest and longest established Housing Association – as their Director of Finance). The Accounts are circulated in advance of Trust Board Meetings where they are prepared by Robin Nairn and then considered and approved. Annual Accounts, prepared for the Trust’s AGM in September, are independently audited by MacKenzie Kerr, Chartered Accountants.

A copy of the Trust's Management Accounts for the last quarter of 2006/7 is appended to this report. These also provide indicative outturn figures for the whole Financial Year.

Revenue funding budgets (income and expenditure) for each new Financial Year are discussed and agreed by the Trust's Employment Sub-Committee (which includes all the Trust's Office Bearers and Robin Nairn) during the latter months of the expiring Financial Year. Budget recommendations are then put to the next Board Meeting for approval.

Regular reports are also produced for the Trust's Board on the Trust's capital assets, including its revolving landbanking fund with projections, which are subject to change, on likely income and expenditure from land sales and purchase costs.

9.3. *“Away Day”*

In May 2006, the Trust held a successful “Away Day” in Cromarty attended by 20 Directors of, or Advisers to, the Trust's Board. Trust finances were the main focus of the day – “understanding the Trust's finances” followed by “Funding the Trust in the Future” and a presentation on the Trust's Milehouse project (see 8.2.) which looked at the strategic and financial as well as the project-specific, implications of the Trust embracing a (sustainable) house-building role in the not too distant future.

9.4. *Operational and Business Plan issues*

A short Board Meeting was also held during the Away Day to consider future staffing and revenue funding issues that the Trust had to prepare for – particularly the maternity leave of its Information Services Officer (Kate Dunbar), the likely retirement of its Senior D.O. (Robin Phillips) and the requirement to secure a further 3 year revenue funding package from April 2008 after the present one runs out.

The Board agreed that a suitable consultant should be commissioned to help the Trust's Development Manager (Di Alexander) to bottom out the implications properly and, as a result, Brian Burns was appointed to undertake a two phase consultancy for the Trust and produce a) an initial “scoping study” report and b) a draft Business Plan for 2008/11, which would incorporate the conclusions of detailed exploratory work to be carried out into the nature of the Trust's operations, revenue funding sources and staffing structure from April 2008 onwards.

A great deal of (ongoing) work has been done by BB and DA since then, excluding the production of the very useful “scoping study” report in December 2006. The first draft of the new Business Plan is due in May/June 2007 and efforts continue to secure the revenue funding required not only to maintain the Trust’s existing operational effectiveness but to improve and, hopefully, extend it from the Spring of 2008.

In the meantime, the Trust has appointed a new Senior Development Officer (Ronnie MacRae, formerly D.O. for North Highland) and a Development Assistant (Morven Taylor) but now (May 2007) has a further staffing issue with the resignation of the Trust’s I.S.O. (Kate Dunbar), effective from late June 2007.

9.5 *Monitoring and evaluation*

Whilst the Trust endeavours to maintain reporting systems which provide the detail and quality of information that will enable any interested party (internal or external) to monitor and evaluate the Trust’s performance year on year, the Trust would now like to commission an independent “social audit” of its operations, in the expectation that this would demonstrate the far-reaching community development benefits that the Trust has delivered, and will continue to deliver, (provided it can secure the revenue funding required to sustain its operational effectiveness) in the Highlands and Islands of Scotland and beyond.

DA/HSCHT/May06

APPENDIX A

**Communities assisted by the Highlands Small Communities Housing Trust as at
April 2007.**

APPENDIX B

HSCHT
Management Accounts
Year to 31 March 2007