



**Drumchapel
Housing**
Co-operative Limited

Annual Report 2017 to 2018

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Item No.



HAPPY TO TRANSLATE



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1 – Chairperson’s Report



Welcome!

In last year’s annual report, we reported some changes in both the Board and staff team and highlighted some of the main priorities for us in 2017/18. People said that this was useful, so I’d like to use this opportunity to give all of our tenants and their families an update on what’s been happening in the past year.

I’d first like to report that we “lost” three of our Board members when they moved outwith the area and could no longer be members of the Co-operative – Alison Kilgour and John Roche were Chair and Treasurer during a challenging

time for the Co-operative and William Wilson had served on the Board for a number of years. Their commitment and expertise are massively missed by all of us. I was honoured to be elected Chairperson of the Co-operative following Alison’s departure and would like to thank all of my Board colleagues for supporting me.

Within the staff team we are delighted that Chantelle Devlin completed her traineeship and successfully competed against external applicants for the permanent Receptionist/Admin Assistant post. Chantelle started her new job on 6 August and we are delighted that she has “hit the ground running”. We also welcomed Matthew Leach as a temporary Housing Officer covering for maternity leave. Matthew has settled in very quickly and is already proving himself a great asset to the Co-operative. We also welcomed four new Board members, Tanith Diggory, Jean Barclay, Dionne Fraser and Susan Fraser. We were delighted to welcome the new Board and staff members and give our very best wishes and thanks to those who left.

Perhaps the two main priorities for us in the past years was to (i) take steps to limit rent increases as much as possible and (ii) resume the planned maintenance programme – items such as new windows and bathrooms. The Board completely understands the impact of welfare benefit changes and low/zero hours contracts on tenants’ incomes and we have worked closely with staff to reduce increases to inflation only over the past two years. We have also completed the first phase of window and bathroom replacements and have just let the contract for the second phase.

We receive over £2 million each year from tenants’ rents and need to make sure that we use this responsibly – we continually try to cut waste without cutting services. We have had another positive year financially and generated a higher surplus than we had planned; this goes straight into our reserves so that we can manage and maintain the properties now and in the future. The turnaround in the Co-operative’s financial position was recognised by the Scottish Housing Regulator who moved us to “low engagement” in April 2018. This means that the Regulator is satisfied with the progress made and is a “vote of confidence” in the Board and staff alike.

I hope you enjoy reading this report and would be delighted if you were able to feed back any comments to our Depute Director, Pauline Burke or any of the housing or maintenance staff.

Lastly, I would like to thank our staff and Board colleagues for all their hard work over the past twelve months. Here’s to another successful year!

Joan McFarlane

Joan McFarlane (Chair)

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 £1,126,087 in 2017 to £587,959 in 2018. The main reason the overall surplus is significantly less than the previous year is largely due to the actuarial gain on the pension scheme which was £5,132 (2017 - £685,515).

The Co-operative continues to sustain relatively low void losses on rental income, with void loss reducing further from £3,757 in 2017 to only £2,908 in 2018, 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 £104,366 when compared to 2017, mainly due to a reduction in expenditure of £83,774. This can be largely attributed to changes in three areas namely:

- Management Costs - Decrease of £195,295. Reflecting first full year of new staff structure.
- Reactive Repairs - Increase of £49,952. More void repairs costs incurred during the year.
- Planned & Cyclical Maintenance - Increase of £51,499. Enhanced planned & cyclical maintenance programmes.

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	2018 £	2017 £
Total Income	2,512,988	2,492,396
Total Expenditure	(1,858,190)	(1,941,964)
Financial transactions	(66,839)	575,655
Overall Surplus/(Deficit) for the period	587,959	1,126,087

Total Net Assets	2018 £	2017 £
Housing properties	14,661,397	14,713,743
Other assets	333,861	323,770
Current assets	2,017,569	2,066,120
Current liabilities (<i>exc loans, pension</i>)	(355,746)	(249,992)
Housing loans (<i>all loans</i>)	(2,949,420)	(3,166,285)
Deferred Income – social housing grant	(9,448,122)	(9,885,778)
Share of pension past service deficit	(540,000)	(670,000)
Total net assets	3,718,599	3,131,578

Sources of Income	2018 £	2018 %	2017 £	2017 %
Rents	1,970,947	78.4	1,950,585	78.3
Service charges	60,150	2.4	59,600	2.3
Release of deferred revenue grant	437,656	17.4	468,838	18.8
Grants – Stage 3	24,634	1.0	14,937	0.6
Grants – Other	2,077	0.1	1,864	0.1
Other	20,432	0.8	329	0.0
Less:				
Voids	(2,908)	(0.1)	(3,757)	(0.2)
Total operating income	<u>2,512,988</u>	100.0	<u>2,492,396</u>	100.0



Expenditure Costs	2018 £	2018 %	2017 £	2017 %
Service costs	58,409	3.1	49,682	2.6
Administrative and overhead costs	652,868	35.2	848,163	43.7
Reactive repairs	227,172	12.2	177,220	9.1
Bad debts	6,468	0.4	(609)	-0.1
Planned & cyclical maintenance	254,511	13.7	203,012	10.5
Depreciation of social housing properties	613,364	33.0	648,659	33.4
Stage 3 – Costs	22,815	1.2	15,756	0.8
Other costs	22,583	1.2	81	0.0
Wider role costs	-	-	-	-
Total operating costs	<u>1,858,190</u>	100.0	<u>1,941,964</u>	100.0



Financial transactions	2018 £	2017 £
Interest receivable	7,315	2,960
Loan Interest and other financing costs	(79,286)	(110,810)
Actuarial gain on pension scheme	5,132	685,515
Corporate tax payable	-	(2,010)
Total financial transactions	<u>66,839</u>	<u>575,655</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 deal with 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 2017/18. There is also a comparison with our neighbouring organisations in Drumchapel grouped as Drumchapel Community Ownership Group (Drumcog). Within the group 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 2018.

Rents				
Performance Description	DHCL 2016/2017	DRUMCOG Average 2017/2018	DHCL 2017/2018	Comparison
Rent collected as a percentage of rent due	100.75%	99.89%	100.39%	
Gross rent arrears as a percentage of income	3.43%	3.52%	2.04%	




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 100.39% of the rent due compared to 100.75% the previous year. Rent collected has slightly decreased from the rent collected last year this is 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. 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 gross rent arrears.

Voids

Performance Description	DHCL 2016/2017	DRUMCOG Average	DHCL 2017/2018	Comparison
Average time to relet void properties (days)	10.64 days	10.28 days	6.24 days	
Percentage of rent lost through properties being empty	0.20%	0.20%	0.15%	
Percentage of lettable houses that became vacant over the last year	7.44%	6.94%	7.13%	

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, this has continued to improve in 207/2018.

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 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 **42** 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 42 allocations came from the following sources:

Source	Number	%
Internal transfer	5	12%
Housing list	35	83%
Section 5 referrals (homeless)	1	2.5%
Other (referral from other local authority)	1	2.5%
Total:	42	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

Performance Description	DHCL 2016/2017	DRUMCOG Average 2017/2018	DHCL 2017/2018	Comparison
Average time to complete Emergency repairs (hours)	2.36	1.93	2.10	
Average time to complete non emergency repairs (days)	2.14	2.33	2.03	
% of repairs completed right first time	97.02%	97.14%	99.33%	

We completed 1,619 reactive repairs during the course of the year. These are repairs that cannot be incorporated into cyclical or planned programmes. There has been a slight reduction 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 increased.

Planned and Cyclical Repairs

Cyclical Repairs

Work	Number of Properties	Expenditure
External painterwork	123 properties	£64,000
Gas service and maintenance	477 properties	£59,000
Gutter cleaning	46 Closes	£16,600
Roof anchor checks	To all poperties	£4,200
Removal of cold water storage tanks	27 closes	£17,500
Communal lighting	46 closes	£10,500
	Total Costs:	£171,800

To tackle the risk of legionella, we commenced a programme to remove cold water storage tanks from closes. Work was carried out within 27 of the 38 closes that contain storage tanks and the programme will continue over the course of 2018/19.

Planned Works

Work	Number of Properties	Expenditure
Kitchen replacements	2	£6,700
Heating replacements	3	£7,000
Bathroom replacements	77	£288,700
Window replacements	83	£258,600
Total		£561,000

The first phase of window and bathroom replacement was carried out within the Southdeen Avenue area and recorded very high levels of satisfaction concerning the quality and standard of the finished work.

Estate Management

We carry out an extensive programme of estate management which includes landscape maintenance and close cleaning. We also employ an Estate Caretaker/Handy Man to oversee these contracts and ensure that the area is maintained to a high standard. Expenditure on the contracts is outlined below:

Works	Expenditure
Landscape maintenance	£42,700
Close cleaning	£25,500
Total:	£68,200

Adaptations

We completed 10 adaptations to support tenants to continue to be able to live in their homes, completing works in an average time of 28 days.

Works	Nature	Expenditure
Stage 3 Adaptations	adaptation work to accommodate residents' medical conditions (level deck showers/wet floor areas etc.)	£22,400

5 - Events

The Co-operative hosted the following events in 2017/2018 for its tenants:

- Summer Fun Day
- Garden Competition
- Pensioners' Christmas Lunch
- Childrens' Christmas Party
- Annual General Meeting

6 - Board and Staff

Management Board

Joan McFarlane (Chair)
Helen Eakin (Vice Chair)
Alana Durnin (Secretary)
Dionne Fraser
John Roche (Resigned)

Paul McBride
Margaret Bowie
Fiona Russell
Susan Fraser
William Wilson (Resigned)

Cllr Elspeth Kerr
Tanith Diggory
Jean Barclay
Alison Kilgour (Resigned)

Staff

Pauline Burke
Kevin Clements
Chantelle Devlin
Colin Henderson
Liam Kernan
Matthew Leach
Lorraine Logan
Marisa McCarthy
Jackie McGoran
Duncan McKnight
Caroline Meiklejohn
Caroline Shepherd
Stephen Watt

Depute Director
Estate Caretaker
Receptionist/Admin Assistant
Maintenance Officer
Estate Caretaker Trainee
Housing Officer (maternity cover)
Asset Management Officer
Housing Officer (maternity leave)
Finance Officer
Technical Manager
Housing Officer
Director
Customer Service Advisor

