

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**FCA Registered number: SP2489RS**

**The Scottish Housing Regulator Registered number: 291**

**Scottish Charity number: SC037244**

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2015**

**Board, Executives and Advisers**

**Members of Board**

**Board, Executives and Advisers**

**Members of Board**

The Members of the Committee of the Association during the year to 31 March 2015 were as follows:

**Board Membership 2014/15**

1. Campbell Boyd, Chairman
2. Tom Campbell, Vice Chairman
3. John McBride, Secretary
4. John Gormley
5. Linda Scott
6. Jonathan Fair
7. Allan Murray
8. Richard Maconachie
9. Edward Harkins
10. Donna Valance
11. Andrew McFarlane
12. Alex Baird

**Observers**

13. Councillor Thomas Lunny
14. Councillor Monica Lennon

**Resignations**

15. James Muir

**Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2015**

**Board, Executives and Advisers (contd.)**

**Auditors**

Baker Tilly UK Audit LLP  
Chartered Accountants and Registered Auditors  
Breckenridge House  
274 Sauchiehall Street  
GLASGOW  
G2 3EH

**Bankers**

Barclays Bank plc  
Aurora  
1<sup>st</sup> Floor  
120 Bothwell Street  
Glasgow  
G2 7JT

**Solicitors**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

**Leadership Team**

The Leadership Team of Clyde Valley Housing Association Ltd (CVHA) during the year to 31 March 2015 was as follows:

Tom Barclay  
Shirley MacDonald  
Nareen Owens  
John Turnbull  
Stewart MacKenzie

Chief Executive  
Finance Director  
Corporate Services Director  
Investment Director  
Operations Director (resigned February 2015)

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**31 MARCH 2015**

**Committee Membership 2015**

<b>Name of Committee</b>	<b>Members</b>
Finance Committee	<ol style="list-style-type: none"><li>1. Allan Murray, Chair</li><li>2. Donna Valance</li><li>3. Richard Maconachie</li><li>4. John McBride</li><li>5. Andrew McFarlane</li><li>6. Alex Baird</li></ol>
Audit & Risk Committee (Places not limited. CVHA Chair cannot be Chair of Audit and Scrutiny but 3 Office Bearers can attend)	<ol style="list-style-type: none"><li>1. Edward Harkins, Chair</li><li>2. John Gormley</li><li>3. Tom Campbell</li><li>4. Campbell Boyd</li><li>5. John McBride</li><li>6. Alex Baird</li></ol>

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

31 MARCH 2015

### Principal activity

Clyde Valley Housing Association (CVHA) is the Group's parent company and also main operating company and was established in 1996. It sets the Group's overall direction and growth strategy and oversees Group performance. It delivers housing management services to all residents, as well as asset management and responsive repairs services. It also delivers central support services.

CVHA is registered under the Co-operative and Community Benefit Societies Act 2014 and also registered with the Office of the Scottish Charities Regulator (OSCR) and the Scottish Housing Regulator.

The table below shows the property numbers CVHA currently own and manage:

	31 March 2015	31 March 2014
Tenanted Properties	3,144	3,054
Shared Ownership Properties	5	6
<b>Total</b>	<b>3,149</b>	<b>3,060</b>

Clyde Valley Property Services (CVPS) is the Group's subsidiary property company. It provides homeowner services including property factoring and property letting, as well as consultancy support.

### Financial review

The Group has robust financial management policies and procedures in place with management of annual income and expenditure through a devolved budget process. Financial results throughout the year are considered by the Finance Committee. With a focus on the effective management of resources and partnering agreements with suppliers and contractors the Group has continued to deliver cost efficiencies without compromising the level of services to our customers.

The Group Income and Expenditure Account is set out on page 15. The Group made a surplus of £2,348,885 (2014: £2,655,383) after providing for Corporation Tax of £57,664 (2014: provision £46,324). One of the largest operating cost areas in the Group is our planned investment programme and reactive maintenance, and specifically, the direct costs which in 2014/15 accounted for about 34% of the total spend of the Association in relation to social letting activities. Spend consists mainly of maintaining and improving rented housing stock.

The Association undertakes stock condition surveys which samples our properties. The most recent survey was carried out in 2012, with 28% of the stock being sampled, and the next survey is scheduled for 2016. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment. We have also committed substantial funds from our business plan to ensure that we meet our requirements under the Scottish Housing Quality Standard (SHQS).

The total expenditure on works to existing properties was £2,042,848 of which £1,272,246 was capitalised and £770,602 recognised in the Income and Expenditure account.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

#### **Business Review**

Each year the Group revises its Corporate Plan for 2011-2016, to ensure that it is still fit for purpose. The Plan outlines the Group's Vision, Values and Strategic Themes and how they cascade to a series of ambitions. During 2014/15 the Board commenced the review of this Plan leading up to the revised ambitions and objectives to 2020. This will be further considered during the forthcoming year, led by the Board, with input from customers, partners and staff.

#### **Our Vision**

*Our vision represents the aspirations of the organisation.*

<b>Delivered Best Value</b>	<i>Made optimum use of our resources, ensuring maximum efficiency.</i>
<b>Met Housing Needs</b>	<i>Met housing needs that improve quality of life.</i>
<b>Created Opportunities For Growth</b>	<i>Made investments through working with others to enhance core services and increase the Group's sustainability.</i>

#### **Our Values**

*Our values are integral to the way in which we work. These values underpin everything that we do and the way we do it.*

<b>INNOVATION</b>	We value the importance of progress, ambition and continuous improvement.
<b>INTEGRITY</b>	We value a supportive, open, honest and positive culture.
<b>INCLUSION</b>	We value diverse engagement and contributions in our delivery.

#### **Our Strategic Themes**

*Our strategic themes are a reflection of the scale of our ambitions for the Group and our potential to achieve them.*

1.	Sustainable services for customers and communities.
2.	Excellent services and opportunities for our people.
3.	Positive opportunities for growth and diversification.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

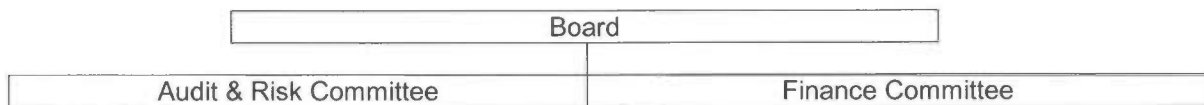
**31 MARCH 2015 (contd.)**

**Operational Review**

**Corporate Governance**

The governing body of CVHA is the Board who are elected by the Share Members of the Association. It is the responsibility of the Board to develop the strategy, set the policy and provide overall direction for the Association. They also monitor the operational activities of the Association through a structure of Committees in addition to the main Board, who have specific remits detailing their roles and responsibilities. The governing structure of the Association is as follows:

**Governing Structure**



There are also ad-hoc Committees for Corporate Services in place which deals with staff and employment matters, as well as an Operations and Investment Committee which is responsible for all matters pertaining to housing, investment and asset management.

Members of the Board of Management serve in a voluntary capacity, and in line with the Scottish Housing Regulators Regulatory Framework, must achieve high standards in all of their decision making processes, and ultimately ensuring the provision of first class service delivery to their customers.

The Leadership Team of CVHA is responsible for achieving the strategy outlined by the Board, and undertaking the associated operational activities. This report details issues that have arisen during the year ended 31 March 2015 relating to the main activities undertaken by CVHA.

**Corporate Issues**

**Customer Engagement**

The introduction of the Scottish Social Housing Charter (the Charter) in April 2012 provided tenants and other customers with the opportunity to have greater influence and the ability to hold housing association and local authority landlords to account through their involvement in scrutiny activities. During 2014/15 the Clyde Valley Customer Panel continued to scrutinise the policies and services of the Clyde Valley Group in order to identify strengths and weaknesses and provide recommendations for improvement to the senior management team and Board. Areas of consideration included rents and budgets, investment, the customer performance report and new website. Overall, we hope that the Customer Panel will ensure that the needs and priorities of tenants and other customers will be at the heart of Clyde Valley decision making processes and that they will be able to influence policies and service standards and improve satisfaction levels across the organisation.

The Association aims to deliver good quality and efficient services, and strives to achieve continuous improvement in what we do. Each month we seek independent customer feedback, look to benchmark examples of good practice from others and actively seek to engage with customers so that the Group can tailor service delivery that meets the changing needs and aspirations of our diverse customer base.

We continued to monitor complaints and sought independent customer feedback, with quarterly reporting to customers as part of our You Said, We Did programme.



## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

We also commenced our full Customer Satisfaction Survey for both tenants and homeowners and results will be published during Summer 2015. This will help reshape our Customer Engagement Strategy and develop a plan for action going forward.

CVHA has a track record of involvement in the communities where it operates and continues to support local Registered Tenant Organisations (RTOs) as well as engage with the Customer Panel.

#### **Performance Management**

Effective service delivery is a high priority for the Association and it is important that this can be measured in the most appropriate way. The organisation has a robust Performance Management Framework which details its approach to performance management. During 2014/15 the Board refreshed its performance reporting process to ensure clearer data and further clarity on key areas of strategic importance. In addition to this a staff Group who completed the organisation's Future Managers programme undertook an exercise to review the staff performance management process. Each member of staff now has a revised Performance Development Review which is reviewed at monthly 1-1's. During 2014/15 CVHA was successful in being re-accredited under the Customer Services Excellence scheme, which demonstrates excellent engagement and service delivery.

Customers were also issued with our first Annual Performance Report in response to the Charter.

#### **Best use of Resources**

The Association regularly reviews its service delivery and takes any action necessary to deliver best value based upon the results of these reviews. In line with its Procurement Strategy, services are periodically subject to tender to achieve best value. During 2014/15 the Group's Procurement Strategy and Manual were reviewed to ensure that they were robust and consistent for all areas of spend.

We have an on-going programme of major investment in our housing stock, which accounts for a significant proportion of our budget. This includes carrying out major repairs and energy efficiency works. We have undergone a major review of our stock condition information, and continue to work with this data base to ensure that our long-term financial planning reflects our future investment requirements.

Each year the Association develops its Annual Efficiency Plan, with outcomes realised in our Annual Efficiency Statement. This was enhanced during 2014/15 with the production of our Value for Money Statement for customers. This was developed in response to customer feedback to demonstrate efficiencies, spend plans and how funds are currently invested. Further work will be done to enhance this area during the coming year.

The Association also benchmarks performance against peers and is an active member of the G8 Benchmarking Group, the Scottish Housing Best Value Network and the Lanarkshire Voluntary Housing Forum.

#### **Development Issues**

During the year, 102 new homes were completed for new tenants and the satisfaction surveys of these tenants showed that they were very happy with their new homes. In addition medical adaptations meant that tenants with particular needs could remain in their own homes whilst getting a better quality of life. CVHA receives Housing Association Grant (HAG) funding in relation to investment in housing development and full details of this is in the notes to the accounts.

## **CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD**

**31 MARCH 2015 (contd.)**

#### **Housing Issues**

During the year we continued to monitor and review the roll out of the UK Government's Welfare Reform agenda and seek to mitigate the associated risks. Our Welfare Reform Working Party considered the potential impact and potential processes to response to the implementation of Universal Credit. Work continues in this area and was supported by an internal organisational structure review which saw our housing team be split into specialist areas of Revenue, Sustainment and Allocations. Competencies for roles were reviewed and these will continue to be developed over the coming year.

#### **Asset Management**

The Association seeks to maintain its properties to a good standard. To this end, programmes of cyclical maintenance are carried out in the medium term to deal with the gradual and predictable deterioration of building components. These costs are charged to the Income and Expenditure Account in the year the work is done.

In addition, the Association has a long term programme of investment to cover for renewals which have become necessary since the property was originally acquired, including works necessary due to subsequent legislative changes. This includes replacement or repairs to components of the properties that have come to the end of their economic lives. Our investment programme, which includes all the costs of maintenance work required, is operated based upon the typical life cycles of the various component parts.

Through using independent stock condition survey as a planning tool, we have a clear understanding of assets and investment priorities and this has allowed compliance with the Scottish Housing Quality Standard (SHQS).

The Association is committed to prudent investment in its housing stock and will continue to maintain its properties efficiently and to a good standard, as well as explore innovative asset management and procurement opportunities in order to optimise value for money.

#### **Information Technology**

The Association uses an Integrated Housing Management System, which incorporates all aspects of the business and efficiently allows interfaces to be imported and exported with relevant information.

The Association has an IT Strategy in place for 2011-16. Implementation of the Association's IT Strategy has allowed operating costs to be reduced and processes to become more efficient.

During 2014/15 we continued to enhance our digital working through the introduction of handheld technology for frontline officers, undertook a review of our website, enhanced our investment module and also introduced a new reporting tool which will allow effective review of data to help shape future services for customers.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

#### **Risk Management Policy**

The Group has a Risk Management Strategy and process to assess business risks and identify risk management mitigation measures. This involved identifying the types of risks the Group faces, prioritising them in terms of potential impact and likelihood of occurrence (pre and post mitigation), and identifying means of mitigating the risks. Our formal Strategic Risk Register is reviewed regularly by the Board and Audit and Risk Committee. Operational risk registers are reviewed by the Management Team and Leadership Team. The Association also has a three-year rolling Internal Audit programme, aimed at routinely reviewing the adequacy of the Association's current internal controls, the delivery of which was reviewed during the year.

#### **Volunteers**

The Association is grateful for the unstinting efforts of volunteers who are involved in the Board and Customer Panel. Every effort is made to encourage volunteering of tenants where possible, and the impact of the Customer Panel during the year has been valued by the Group overall.

#### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Purchase Ledger system is set to generate an automatic payment 30 days after the date of invoice.

#### **Rental Income**

Since April 2010, the Association has adopted the principles of 'rent harmonisation' in setting rents. This means that all rents are set on a fair, equitable and transparent basis, with like for like properties being charged the same rents.

In terms of rental strategy, the Association adopts a measured approach of seeking to balance the needs of the business financially with the need to maintain rents that remain affordable to tenants on fixed or modest incomes. Following tenant consultation, the 2014/15 rent increase was set at 3.0%.

#### **Budgetary Process**

Each year the Board approves the annual budget, five-year viability report and 30-year Business Plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year. There is quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information on the key risk areas. The Management Team are fully involved in the pre-budget setting process, using our Budget Process Manual and thereafter in the monitoring of budgets as per our Budget Monitoring Manual.

The Association operates a devolved budget system, with all managers playing a key role in controlling expenditure throughout the organisation. Approval procedures are in place in respect of major areas of risk, such as major contract tenders, expenditure and treasury management.

## **CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD**

**31 MARCH 2015 (contd.)**

#### **Treasury Management**

CVHA has an agreed loan facility of £80m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank, of which £9.608m was undrawn at 31 March 2015. In addition CVHA has an agreed overdraft facility with its Business Banker, Barclays Bank. The relationship the Association has with both banks is very important to us and we look forward to continuing to work in partnership with these key stakeholders.

CVHA has active treasury management controls, which operate in accordance with the Treasury Policy approved by the Board. In this way CVHA manages cash flow and borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

CVHA, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2015, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time. Note 27 to the Financial Statements details the Financial Instruments held by CVHA as at 31 March 2015.

#### **Reserves**

CVHA was originally set up from a series of successful Large Scale Voluntary Transfer (LSVT) initiatives and therefore from inception in 1996 has been a debt-funded organisation. Because of this, there have been limited cash reserves generated to date. However the 2015 Business Plan predicts that the Association will move into surplus during the next 30 years, which will allow full repayment of the agreed loan facility.

The total reserves position as at 31 March 2015 is £19,233,997 including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation. The total reserves include £3,834,898 which the Association has set aside representing the net present value of its agreed contribution over the coming years towards the pension deficit outlined in note 23 of these accounts.

#### **Sales of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

#### **Quality and Integrity of Personnel**

The Association is committed to the recruitment of high quality employees, as well as the retention and development of its existing people, and this is demonstrated through its Recruitment Policy. Each member of staff compiles a Performance Development Review which is reviewed at monthly 1-1's with Managers.

The Association continue to develop its Business School with the employment of 23 unemployed people during the year, including 6 housing apprentices. This has seen a number of permanent positions being secured as well as the attainment of formal qualifications and excellent experience and learning for all involved.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

#### **Employee Engagement**

The Association encourages staff involvement in initiatives and holds a Board/staff conference every 2 years, with an engagement event in between. The Association has an HR Strategy for the period 2011-2016 entitled '*Engaging to Achieve*', which is focused on engagement and a learning organisation aspiration. The Association has an intranet which is updated by all functions, both for business and personal updates. This is further complemented by ad-hoc Breakfast and Lunch Briefings, which allow teams to provide updates to their colleagues. The organisation structure review involved extensive consultation with all staff to ensure all suggestions were incorporated which resulted in a successful implementation.

#### **Equalities**

The Association is committed to the elimination of all forms of unlawful or unfair discrimination and to promoting equality in all our functions. The Association has an Equality Strategy, Policy and Action Plan in place.

#### **Health and Safety**

The Association is aware of its responsibilities on Health & Safety matters and has a detailed policy in place. Employees are provided with instruction, training and supervision to secure health and safety. The Association's Health and Safety Board meets quarterly and an annual action plan is developed and monitored.

#### **Board and Officer Insurance**

The Association has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of the organisation, as authorised by the Association's rules.

#### **Home Ownership**

CVHA sold 11 properties under the Right to Buy (RTB) in the year to 31 March 2015. The number of RTB sales has been relatively low in recent years. This has been due to the economic climate, limited availability of mortgage finance and a series of Scottish Government actions aimed at stemming the loss of affordable rented housing. The Association supports measures to limit the RTB, as this is consistent with our strategic aims in relation to stock growth and meeting housing needs. The RTB scheme ends in August 2016, albeit this might result in a short-term increase in RTB enquiries.

#### **Future Developments**

The Association has a track record of development with over £185m of development spend since it was formed and the provision of over 1,700 new build properties incorporating new sites and regeneration of communities. We will continue with this policy of improving the supply of quality housing and delivering effective housing services, working with existing and new partners as the opportunity arises. The Association recognises that the current economic climate has meant a change in the client group who may be seeking rented accommodation and this will require consideration of more flexible approaches to development and development funding in future as well as the delivery of projects with a mixed tenure. Another impact of the economic climate is that to date the Association has acquired 174 properties under the Scottish Government's Mortgage to Rent scheme, which enables homeowners who are experiencing financial difficulties to continue to remain in their own homes and rent these from the Association.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**31 MARCH 2015 (contd.)**

**Information for Auditors**

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

**Auditors**

Baker Tilly UK Audit LLP has indicated their willingness to continue acting as auditor to the Association.

**On behalf of the Board:**

Signed:  .....

Date: 3 September 2015

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF BOARD RESPONSIBILITIES**

**31 MARCH 2015**


**Statement of Board's responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a registered social landlord**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

By order of the Board



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Date: 3/09/15