

# The Digest

Including Loan Portfolio Bulletin

A REVIEW OF SCOTTISH REGISTERED SOCIAL LANDLORDS' FINANCIAL AND  
LOAN INFORMATION FROM COMMUNITIES SCOTLAND

Published accounts and loans for the financial year 2003–2004

## OVERVIEW

Welcome to the third issue of *The Digest* from Regulation and Inspection's Business Analysis Unit. *The Digest* gives a summary and analysis of the published accounts of registered social landlords (RSLs) in Scotland for the financial year 2003/04. This year's publication also includes information on private lending to the sector in 2003/04, which was published separately for 2002/03 as the *Loan Portfolio Bulletin*.

This has been a significant year of financial growth for the RSL sector in Scotland following the transfer of ownership of all housing stock from three local authorities (LAs) at the end of 2002/03. Glasgow Housing Association (GHA) and Scottish Borders Housing Association (SBHA) and Dumfries and Galloway Housing Partnership (DGHP) have made a significant impact on the financial position of the RSL sector in 2003/04 and we have introduced a new classification group to review their costs and financial performance. We include comments throughout *The Digest* on the impact that these LA whole stock transfer RSLs have, which will be of particular interest as we see further additions from the community ownership programme coming into the RSL sector in future years.

We report on the consolidated position of the RSL sector in Scotland and disaggregate between traditional and LSVT (large scale voluntary transfer) RSLs, which now include the three LA whole stock transfer RSLs. There is also analysis of trends in the sector over the past five years, and an in depth review of how different groups of RSLs are performing. This extends to a review of medians for each classification group and an analysis of median trends for costs and overheads, operating performance, and financing and liquidity.

A section has been added that reproduces financial ratios and administration costs for RSLs, used to underpin assessments of viability as detailed in our recently issued policy document *Assessing the Financial Viability of Registered Social Landlords*.

The *Loan Portfolio Bulletin* for 2003/04 reflects steady lending growth and continuing commitment by lending partners in social housing provision.

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## INCOME AND EXPENDITURE

Turnover now amounts to £779.9m, a 60% increase from 2002/03 and three quarters of this increase is attributed to the newly registered RSLs. Fifty-seven per cent of turnover is from the traditional HAG (Housing Association Grant) funded RSL sector contributing £444.2m, an increase of £32.9m in the year. The three new LA whole stock transfer RSLs that have joined the Scottish RSL sector contribute a substantial 32% or £249m of the sector's annual turnover with the other LSVTs accounting for £86.7m or 11% of the national RSL income.

Operating costs excluding depreciation are now £591m and represent 76% of the turnover, a slight reduction from the 77% reported in 2002/03.

Operating surplus in the year is £157.9m, just over 20% of turnover. The LA whole stock transfer RSLs recorded a 29% operating surplus (£72m) against the more conservative 15% and 16% achieved by the other LSVT and traditional RSLs respectively, and this is because of later than planned commencement of major investment in stock.

Profits from sales of assets were £23.8m (2002/03 £9.3m). Profits from LA whole stock transfer sales were £7.8m and from other LSVTs were £4.6m. Traditional RSLs recorded £11.4m profits from sales and this included

sales of office accommodation. However, we have noted that some of the RSLs recording profits from the sales of their previous office accommodation also made write downs against their new premises, as the building costs incurred were greater than the subsequent valuations. These write downs are included in the total of £5.7m, noted as exceptional items.

RSLs received £12.2m in interest and other income (2002/03 £8.5m). The majority of the increase in interest received was £3.5m for Glasgow Housing Association, the largest of all Scottish RSLs.

Net surplus in the year reported was £116.3m or just under 15% of turnover. Two thirds of this surplus was from the LA whole stock transfer organisations who themselves produced a net surplus of £80.2m in their first full year of operation, post-transfer.

Tax payable by RSLs was £2.4m (2002/03 £3.1m) with 81% of this assumed to be recoverable through tax relief grant. Fifty-three RSLs continued to claim this grant.

Reserves carried forward increased by £104m to £274.3m. The LA whole stock transfer RSLs hold £81.6m or 30% of the reserves at present, although it is expected that these reserves may reduce as GHA's maintenance and improvements expenditure accelerates.

National consolidated	2003/04 National	2002/03 National	2003/04 LSVT	2002/03 LSVT	2003/04 Traditional	2002/03 Traditional
INCOME & EXPENDITURE	£,000	£,000	£,000	£,000	£,000	£,000
Turnover	779,885	488,113	335,689	76,767	444,196	411,346
Housing depreciation	24,903	21,940	6,293	4,174	18,610	17,766
Other operating costs	591,370	378,040	243,583	59,877	347,787	318,163
<b>Operating surplus before exceptionals</b>	<b>163,612</b>	<b>88,133</b>	<b>85,813</b>	<b>12,716</b>	<b>77,799</b>	<b>75,417</b>
Exceptional items	(5,691)	(215)	(236)	(101)	(5,455)	(114)
<b>Operating surplus</b>	<b>157,921</b>	<b>87,918</b>	<b>85,577</b>	<b>12,615</b>	<b>72,344</b>	<b>75,303</b>
Profit on sale of assets	23,806	9,278	12,358	4,636	11,448	4,642
Interest receivable & other income	12,263	8,534	4,672	1,013	7,591	7,521
Interest payable	(77,285)	(70,645)	(23,344)	(18,036)	(53,941)	(52,609)
<b>Surplus before tax &amp; exceptionals</b>	<b>116,705</b>	<b>35,085</b>	<b>79,263</b>	<b>228</b>	<b>37,442</b>	<b>34,857</b>
Exceptional items	0	146	0	4	0	142
<b>Surplus before tax</b>	<b>116,705</b>	<b>35,231</b>	<b>79,263</b>	<b>232</b>	<b>37,442</b>	<b>34,999</b>
Tax	(2,408)	(3,109)	(378)	(405)	(2,030)	(2,704)
Tax grant	1,964	2,821	357	379	1,607	2,442
<b>Surplus for year</b>	<b>116,261</b>	<b>34,943</b>	<b>79,242</b>	<b>206</b>	<b>37,019</b>	<b>34,737</b>
Transfer from/(to) restricted reserves	1,340	13,331	411	0	929	13,331
Transfer (to) designated reserves	(20,004)	(35,361)	(931)	(2,378)	(19,073)	(32,983)
Prior year & other reserve adjustments	3,968	1,664	287	993	3,681	671
Revenue reserves brought forward	172,801	156,056	14,022	12,483	158,779	143,573
Revenue reserves carried forward	274,366	170,633	93,031	11,304	181,335	159,329

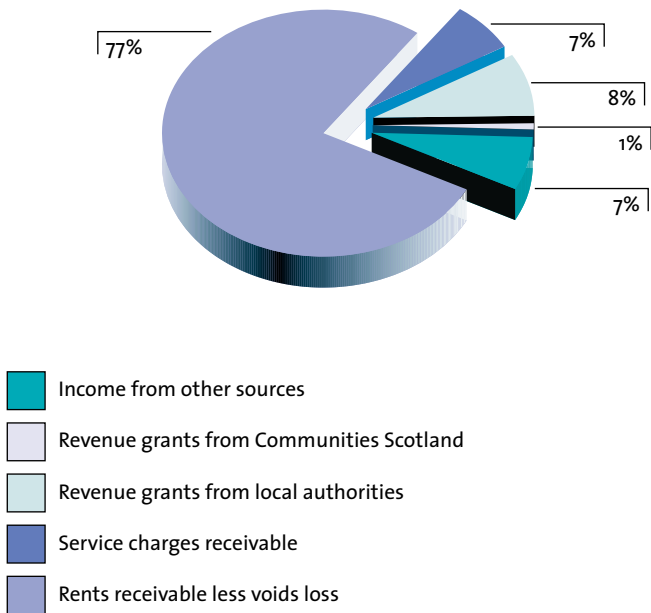
## INCOME ANALYSIS

Gross rents receivable in 2003/04 were £624.8m (£374.7m in 2002/03) representing 80% of annual turnover (77% in 2002/03) and reduces to 77% of turnover after void loss. This compares against 96% of turnover in the LSVT sector for gross rental income and 92% for rental income net of voids. By the end of 2003/04 39% of the gross rental income came from LA whole stock transfer.

Void losses increased to £21.2m (2002/03 £10.1m) and this represents a more than doubling of the figure in 2002/03. The increase can be fully attributed to the LA transfer RSLs and, without their figures, the void losses actually reduced to £9.5m, a decrease of £0.6m.

Service charge income amounted to £51.3m, a reduction on the £56m in 2002/03, and revenue grants from public bodies was a major contributor with £70.5m or 9% of turnover compared to £37.3m or 7.6% of turnover in the previous year.

### National split of income

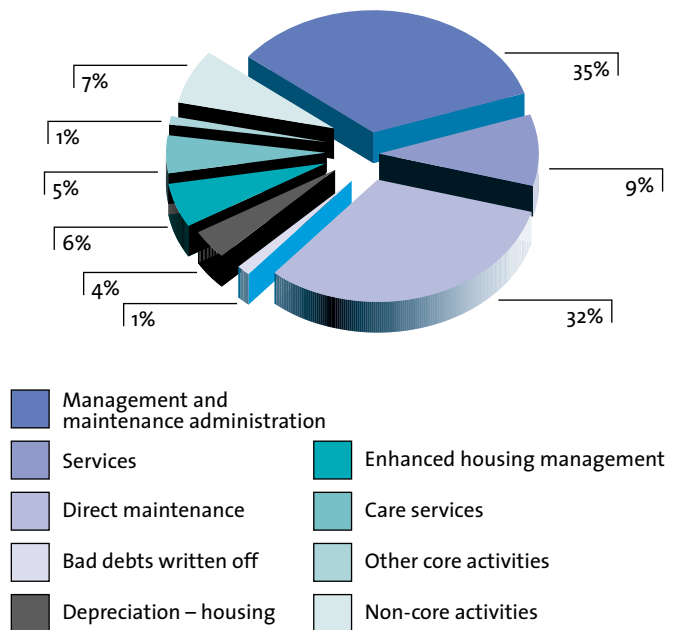


## EXPENDITURE ANALYSIS

The RSL sector in 2003/04 spent 93% of its total operating costs on core activities in housing services. The majority of cost was on management and maintenance, taking up £409m. Service costs were £58m and housing depreciation charged to income and expenditure was £24.9m, an increase of 13% from 2002/03. Staff costs for the sector as a whole totalled £229m, a 45% increase from the previous year's total of £157m and a good proportion of these staff costs will be included in the £67m recorded for the provision of care and support services in 2003/04.

Bad debts were £7.3m compared to £4.8m in 2002/03. In percentage terms, this remained 1.2% of gross rental income. Development costs in the year were £7.2m, consistent with 2002/03. Fifty-four RSLs recorded wider role activity with a total cost of £4.4m, a 91% increase from 2002/03, and 24 RSLs were involved in Care and Repair at a cost of £2.5m. A total of 86 RSLs recorded costs for factoring of £8.2m, a 75% increase in costs from the previous year. £6.2m was recorded as costs for providing agency services and, next year, we will expand our data collection to look at the proportion of activity between RSLs, and the proportion of agency service activity being carried out for clients outwith the sector.

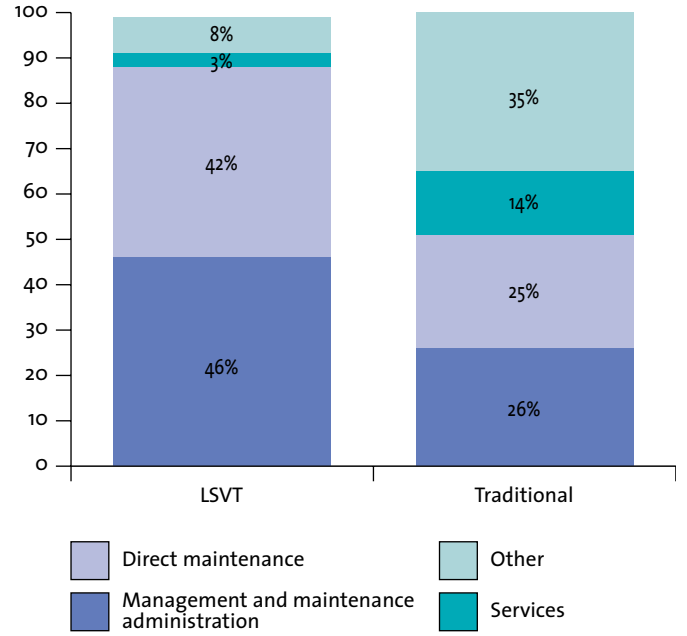
### Expenditure 2003/04



## COMPARISON BETWEEN LSVT AND TRADITIONAL RSLs

In reviewing the breakdown of costs, it can be seen that the LSVT sector spends the greatest percentage of its resources on managing and maintaining or improving its houses. The traditional sector offers a greater range of services including care and support and this accounts for 49% of their total costs in comparison to LSVTs with 11%. There is relatively little development cost incurred by LSVTs (£0.6m) and they also receive lower levels of revenue grants (£5m), although this has increased considerably from 2002/03 (£1m).

Split of operating costs between LSVT and traditional RSLs



## BALANCE SHEET

Housing properties at gross cost or valuation is now £6.1bn. Cumulative housing depreciation is now £93m representing just over 1.5% of the gross cost. HAG and other government grants now amount to £4.4bn of which 97% has been paid to traditional RSLs.

Net housing assets amount to £1.6bn which equates to £6,241 per unit. The value of traditional RSL stock is £9,446 per unit and this has increased by £415 per unit from 2002/03 which may be due, in part, to more RSLs choosing to use 'valuation' instead of 'cost' in the balance sheet. The LSVT net asset value per unit has increased from £9,045 to £9,676, excluding the LA whole stock transfer RSLs. When all RSLs are included, the value has decreased significantly to £2,962 per unit and this 67% reduction has arisen due to the nil asset value being carried in GHA's accounts for its 78,000 units.

RSLs have net current assets of £1.6bn, a huge increase from 2002/03 principally as a result of the inclusion of £1.4bn in other debtors recorded by GHA. This relates to the accounting treatment for contracted works as part of a VAT shelter agreement adopted by GHA. The debtor on their balance sheet is matched by a corresponding provision and the debtor is written down each year in line with the investment undertaken by GHA. The underlying net current assets can be restated at £215.3m (2002/03 £132.4m).

Net rental debtors is £25m with traditional RSLs having £16.8m or 67% of rent debtors owing. The Scottish RSL sector continues to hold substantial cash deposits with

£371.7m held in bank accounts at the end of the financial year. £225.5m was held by the traditional RSLs, an amount of £107.8m was held by the LA whole stock transfer RSLs and a more modest £38.3m held by other LSVTs.

Borrowings by all RSLs at the balance sheet date were £1.3bn (there is further detailed information on sector lending in the *Loan Portfolio Bulletin* at the end of *The Digest*). LSVTs have £377m outstanding including £62m owed by the new LA whole stock transfer RSLs. Traditional RSLs owed £999m, an increase of £70m from 2002/03 and 2.6 times that owed by the LSVT sector.

Revaluation reserve now stands at £59.2m. Traditional RSLs report £38.9m and LSVTs have a £20.3m share of this total. Three LSVT RSLs have revalued their stock and the most substantial reserve of £16m is recorded in Berwickshire's accounts. A small number of traditional RSLs have also revalued their housing stock and again, one of these RSLs, Grampian, has a large reserve of £16m. Most of the other traditional RSLs choosing to record their stock at valuation are based in Glasgow.

Designated reserves now stand at £283.1m and almost all of this is held by traditional RSLs with £267.7m or £2,013 per unit. Revenue reserves are almost equivalent to designated reserves and currently stand at £274.4m. A good proportion or 66% (£181.3m) of these reserves are held by traditional RSLs (2002/03 £159.3m). The LA whole stock transfer RSLs had revenue reserves of £81.6m or £850 per unit and other LSVTs held £11.4m or £335 per unit.

National consolidated	March 2004 National £,000	March 2003 National £,000	March 2004 LSVT £,000	March 2003 LSVT £,000	March 2004 Traditional £,000	March 2003 Traditional £,000
<b>BALANCE SHEET</b>						
Housing properties – gross cost or valuation	6,148,478	5,649,211	541,754	387,531	5,606,724	5,261,680
Housing depreciation	(93,200)	(68,543)	(20,018)	(13,956)	(73,182)	(54,587)
Housing association grant (HAG)	(4,284,714)	(4,024,539)	(128,919)	(80,546)	(4,155,795)	(3,943,993)
Other government grants	(129,270)	(119,745)	(7,815)	(12,623)	(121,455)	(107,122)
Fixed asset investments	9,727	8,626	86	250	9,641	8,376
Other fixed assets	93,190	61,768	25,490	6,575	67,700	55,193
<b>Total fixed assets</b>	<b>1,744,211</b>	<b>1,506,778</b>	<b>410,578</b>	<b>287,231</b>	<b>1,333,633</b>	<b>1,219,547</b>
Current assets – stock & work in progress	2,740	746	2	0	2,738	746
Net rental debtors	24,999	22,653	8,198	3,766	16,801	18,887
Other debtors	1,495,088	72,670	1,423,202	7,789	71,886	64,881
Investments, excluding cash	19,004	19,779	0	0	19,004	19,779
Cash at bank and in hand	371,702	235,012	146,141	32,413	225,561	202,599
<b>Total current assets</b>	<b>1,913,533</b>	<b>350,860</b>	<b>1,577,543</b>	<b>43,968</b>	<b>335,990</b>	<b>306,892</b>
Housing loans < 1 year	50,358	33,596	7,043	3,104	43,315	30,492
Non-housing loans < 1 year	392	936	0	0	392	936
Business overdraft	7,471	7,765	1,332	164	6,139	7,601
Bridging finance for development	18,944	18,677	1,474	21	17,470	18,656
Other creditors	229,125	157,476	86,033	22,882	143,092	134,594
<b>Total current liabilities</b>	<b>306,290</b>	<b>218,450</b>	<b>95,882</b>	<b>26,171</b>	<b>210,408</b>	<b>192,279</b>
<b>Net current assets</b>	<b>1,607,243</b>	<b>132,410</b>	<b>1,481,661</b>	<b>17,797</b>	<b>125,582</b>	<b>114,613</b>
Housing loans > 1 year	1,295,105	1,133,352	367,609	264,721	927,496	868,631
Non-housing loans > 1 year	4,333	3,638	0	95	4,333	3,543
Other long-term creditors	15,939	7,466	3,200	0	12,739	7,466
<b>Total long-term liabilities</b>	<b>1,315,377</b>	<b>1,144,456</b>	<b>370,809</b>	<b>264,816</b>	<b>944,568</b>	<b>879,640</b>
Provisions for liabilities & charges	1,397,664	2,587	1,392,678	10	4,986	2,577
<b>Net assets</b>	<b>638,413</b>	<b>492,145</b>	<b>128,752</b>	<b>40,202</b>	<b>509,661</b>	<b>451,943</b>
Share capital	43	43	6	6	37	37
Revaluation reserve	59,174	45,523	20,319	18,182	38,855	27,341
Designated reserves	283,088	255,895	15,364	10,301	267,724	245,594
Restricted reserves	21,742	20,051	32	409	21,710	19,642
Revenue reserve	274,366	170,633	93,031	11,304	181,335	159,329
<b>Total capital &amp; reserves</b>	<b>638,413</b>	<b>492,145</b>	<b>128,752</b>	<b>40,202</b>	<b>509,661</b>	<b>451,943</b>

Net housing assets per unit	£6,241	£9,034	£2,962	£9,045	£9,446	£9,031
Net rental debtors per unit	£95	£142	£63	£121	£126	£148
Total debtors per unit	£5,780	£600	£11,011	£373	£667	£654
Cash & current investments per unit	£1,486	£1,602	£1,124	£1,046	£1,839	£1,737
Housing debt per unit	£5,144	£7,388	£2,892	£8,645	£7,345	£7,084
Net housing debt per unit	£3,659	£5,786	£1,768	£7,599	£5,507	£5,346
Designated & restricted reserves per unit	£1,159	£1,736	£118	£345	£2,176	£2,072
Revenue reserves per unit	£1,043	£1,073	£716	£365	£1,364	£1,245
Designated, restricted, revenue reserves per unit	£2,202	£2,809	£834	£710	£3,540	£3,317
Number of units owned, per accounts	263,000	159,000	130,000	31,000	133,000	128,000

## INCOME AND EXPENDITURE TRENDS

In all our comparisons this year we are concentrating on the underlying growth for the sector, excluding LA whole stock transfer RSLs. In 2003/04 underlying turnover growth was 8.8%, a lower growth than 2002/03. Turnover growth in the traditional sector was 8% and the LSVT sector was 13%. Stock numbers for traditional RSLs grew by 4% while LSVT stock grew by 10%.

Operating surplus in the sector in the year was £163.6m compared to last year's £88.1m. Excluding whole stock transfers, operating surpluses were £81.5m, a reduction of 3.8% from last year's level. The LSVT operating surplus increased to £13.7m and compared with the traditional sector's £77.8m. The operating surplus, before exceptional items and as a percentage of turnover in the LSVT and traditional sectors respectively, is 16% and 17%.

Net surpluses in the year were £116.3m. A £0.9m deficit was recorded by the LSVTs (excluding LA transfers) while the whole stock transfer RSLs produced the greatest surplus in the year, more than twice that achieved in the traditional sector. Net surplus as a percentage of turnover was 14.9% overall with two thirds contributed by the whole stock transfer RSLs. When they are excluded, this was only 6.8% and down from 7.2% in 2002/03.

A review of turnover shows a continued increase in income being received by RSLs that is not from rents and £155m was received in 2003/04. An analysis of this indicates that the vast majority of this increase is coming through revenue grants which have increased since 2001/02 by £40m or 127%. The current five-year period (1999/2000 to 2003/04) compared to the last five-year period (1998/99 to 2002/03) shows that turnover has increased by 115% as against a previous five-year period of 46%. Like for like comparisons on operating costs indicate that over the same five-year review periods these costs have increased by 118% and 59% respectively. This was due almost exclusively to the first year of reporting for the LA whole stock transfer RSLs in 2003/04.

Gross rental income generally was on the increase going up £250.1m to £624.8m, and a huge increase on the previous year's figure of £374.6m. Without the LA whole stock transfer RSLs, gross rental income has risen to £383.3m and the associated void loss incurred by RSLs was £9.5m, a reduction of £0.6m from last year. Void loss recorded in the accounts for all RSLs was 3.4% or £21.2m

and this is a rise of £8m on the previous year. However, £11.7m of this void loss is specifically attributable to GHA. Housing depreciation has continued to increase and is now £24.9m, although there is a steadying of increases over a longer-term period following the introduction of depreciation to the accounts of Scottish RSLs in 1999.

The operating costs excluding housing depreciation are now £591.4m and are more than double that in 1999/2000. This is due to the huge increase in the number of units in the sector which have risen by 124,000 in the same period. Operating costs in the year increased by 56.4%, slightly less than the increase in turnover. If we ignore the LA whole stock transfer RSLs then the operating costs increased by 10%. This is above the level of turnover growth seen in the sector which was recorded at 8.8%. The LSVT operating costs increased at the greater rate of 13% in comparison to the operating cost growth in the traditional sector of 9%. Importantly, operating surpluses almost doubled from £88.1m to £163.6m. Most of this increase can be attributed to the LA whole stock transfer RSLs. Without these figures being included and for comparative purposes, the operating surplus would have been £91.6m, a 4% increase on that reported in 2002/03 (£88.1m).

Interest receivable was up by £3.7m from the previous year's £8.5m, most of this again directly receivable by the whole stock transfer RSLs who contributed £3.7m of interest receipts. Interest payable rose by 10% to £77.3m and, again excluding whole stock transfers, the amount paid by RSLs was £73.8m, an increase of £3.2m in the year. Net interest charges were £65m, interest payments are highest in the traditional RSLs with £46.4m of net interest paid compared to the LSVT sector which paid net interest on loans of £18.7m. The interest costs per unit for all RSLs is £246, for LSVT organisations is £144 and for traditional organisations is £348 which looks surprising. However, these figures are skewed because GHA had no interest payable and when the LA whole stock transfers are excluded, net interest costs for the other LSVTs is a more substantial £558 per unit.

Lower interest rates for borrowing have continued to be a feature of the sector with the average cost of borrowing reducing in 2003/04 to 6%.

Facts & figures INCOME & EXPENDITURE EXTRACTS	2003/04 £,000	2002/03 £,000	2001/02 £,000	2000/01 £,000	1999/2000 £,000
Turnover	779,885	488,113	433,763	400,546	363,131
Gross rental income	624,855	374,671	344,168	312,916	286,796
Void loss	21,217	10,144	10,340	9,513	8,754
Housing depreciation	24,903	21,940	18,825	15,968	8,573
Other operating costs	591,370	378,040	327,266	300,743	271,265
Operating surplus before exceptionals	163,612	88,133	87,672	83,835	83,293
Interest receivable	12,263	8,534	9,385	11,505	9,194
Interest payable	77,285	70,645	69,823	69,797	61,272
Surplus for year	116,261	34,943	33,931	32,075	36,531

Facts & figures TREND – GROWTH	2003/04	2002/03	2001/02	2000/01	4-year movement
Turnover	59.8%	12.5%	8.3%	10.3%	114.8%
Other operating costs	56.4%	15.5%	8.8%	10.9%	118.0%
Net interest costs	4.7%	2.8%	3.7%	11.9%	24.9%

Facts & figures TREND – PERFORMANCE	2003/04	2002/03	2001/02	2000/01	1999/2000
Operating surplus as a % of turnover	21.0%	18.1%	20.2%	20.9%	22.9%
Surplus for year as a % of turnover	14.9%	7.2%	7.8%	8.0%	10.1%
<b>Adjusted to exclude housing depreciation</b>					
Operating surplus as a % of turnover	24.2%	22.6%	24.6%	24.9%	25.3%
Surplus for year as a % of turnover	18.1%	11.7%	12.2%	12.0%	12.4%
Void loss	3.4%	2.7%	3.0%	3.0%	3.1%
Average cost of borrowing	6.0%	6.1%	6.6%	7.5%	7.4%
Total loans averaged for period	1,287,284	1,152,725	1,055,046	936,516	823,716

Facts & figures TREND – PER UNIT	2003/04	2002/03	2001/02	2000/01	1999/2000
Turnover per unit	£2,965	£3,070	£2,817	£2,688	£2,612
Operating costs (excluding housing depreciation) per unit	£2,249	£2,378	£2,125	£2,018	£1,952
Operating surplus (excluding housing depreciation) per unit	£717	£692	£692	£670	£661
Operating surplus per unit	£622	£554	£569	£563	£599
Net interest costs per unit	£247	£391	£392	£391	£375
Net surplus per unit	£442	£220	£220	£215	£263
Number of units owned, per accounts	263,000	159,000	154,000	149,000	139,000

## BALANCE SHEET TRENDS

Gross housing assets have grown in the year by £499m to £6.1bn. This is significantly more than the increase in HAG to £4.3bn from last year's £4.0bn. Housing depreciation continues to increase year on year with the increase since March 2000 being £83.8m. The increase during the year to March 2004 was £24.6m.

Cash at bank and in hand has remained above £200m every year since 2000/01 and this year (2003/04) is at its highest level yet with cash of £371.7m held at the year end. Excluding the LA whole stock transfer RSLs, this figure was £263.9m.

Net debt as a percentage of fixed assets has reduced in 2003/04 to 56.5% from 62.6% in the previous year. Net rental debtors per unit owned has decreased this year to £95. Excluding the LA whole stock transfer RSLs, this was much higher at £122 per unit although showing a slight improvement from 2002/03. Net debt per unit, including LA whole stock transfer RSLs has decreased to £3,749 whereas if you exclude these RSLs the net debt per unit owned has increased by £248 or 4.2% to £6,180 from 2002/03.

Revenue reserves per unit owned now stand at £1,043 per unit. Surprisingly, in the LA whole stock transfer group the revenue reserve per unit is currently standing at a very healthy £850 per unit following their first year

of operation post-transfer. The other LSVTs with stock principally transferred from Scottish Homes have revenue reserves per unit of only £335. Similar figures are reported by this group for designated reserves though these are slightly higher at £451 per unit. In the traditional sector designated reserves are 4.5 times that figure at £2,013 per unit. There has been a continuing trend of increasing designated reserves in the traditional sector, consistent with the asset obligations of these organisations that will require re-investment from their sinking funds in future years. This may even have been accelerated as a result of the introduction of the Scottish Housing Quality Standard (SHQS) which will also affect the LSVT sector.

Capital and reserves now stand at £638.4m or £2,427 per unit. This is a slight decrease on last year, however, when the LA whole stock transfer RSLs are excluded, this would be £3,334, an increase of £239 per unit. Other LSVTs have reserves of £1,386 per unit including £598 from revaluation and this compares to £3,832 for traditional RSLs, including £292 per unit from revaluation. Last year's figures for the traditional sector were reported as £3,530 and this is an increase of 8%.

<b>Facts &amp; figures</b> <b>BALANCE SHEET EXTRACTS</b>	<b>March 2004</b> <b>£,000</b>	<b>March 2003</b> <b>£,000</b>	<b>March 2002</b> <b>£,000</b>	<b>March 2001</b> <b>£,000</b>	<b>March 2000</b> <b>£,000</b>
Housing properties – gross cost or valuation	6,148,478	5,649,211	5,265,364	4,984,074	4,599,693
Housing depreciation	93,200	68,543	47,952	16,492	9,387
Housing association grant (HAG)	4,284,714	4,024,539	3,799,018	3,706,181	3,496,051
Other government grants	129,270	119,745	98,727	87,785	67,731
Total fixed assets	1,744,211	1,506,778	1,386,693	1,234,837	1,085,473
Net rental debtors	24,999	22,653	19,498	16,481	14,455
Cash at bank and in hand	371,702	235,012	204,900	206,997	196,429
Total borrowings	1,376,602	1,197,964	1,107,485	1,002,606	870,426
Net debt	985,895	943,173	887,038	781,869	662,625
Revaluation reserve	59,174	45,523	37,980	42,610	35,748
Designated & restricted reserves	304,830	275,946	255,096	224,497	201,191
Revenue reserve	274,366	170,633	155,812	147,193	133,326

<b>Facts &amp; figures</b> <b>TREND – GROWTH</b>	<b>March 2004</b>	<b>March 2003</b>	<b>March 2002</b>	<b>March 2001</b>	<b>4-year movement</b>
Housing properties – gross cost or valuation	8.8%	7.3%	5.6%	8.4%	33.7%
HAG & other government grants	6.5%	6.3%	2.7%	6.5%	23.9%
Total borrowings	14.9%	8.2%	10.5%	15.2%	58.2%
Designated & restricted reserves	10.5%	8.2%	13.6%	11.6%	51.5%
Revenue reserve	60.8%	9.5%	5.9%	10.4%	105.8%
Growth in net debt per unit owned	(36.8%)	3.0%	9.8%	10.1%	(21.4%)

<b>Facts &amp; figures</b> <b>TREND – PERFORMANCE</b>	<b>March 2004</b>	<b>March 2003</b>	<b>March 2002</b>	<b>March 2001</b>	<b>March 2000</b>
HAG & other government grants as a % of gross cost or valuation	98.1%	97.9%	98.5%	99.1%	99.6%
Net debt as a % of fixed assets	56.5%	62.6%	64.0%	63.3%	61.0%
Net rental debtors per unit owned	£95	£142	£127	£111	£104
Net debt per unit owned	£3,749	£5,932	£5,760	£5,247	£4,767
Net assets per unit owned	£2,427	£3,095	£2,915	£2,781	£2,664
Designated & restricted reserves per unit	£1,159	£1,736	£1,656	£1,507	£1,447
Revenue reserves per unit owned	£1,043	£1,073	£1,012	£988	£959
Number of units owned, per accounts	263,000	159,000	154,000	149,000	139,000

## SECTOR MEDIANS

Key financial ratios and management and maintenance administration costs have been calculated for all RSLs and the results have been used to establish the medians for both the sector as a whole, and for each classification group. Upper and lower quartiles have also been generated. Financial ratios are explained on page 18 and classification groups are shown on the tables at pages 19 to 22.

*Note: the median result is the middle result for a group of data, that is, 50% of the results are above the median, and 50% are below. The upper quartile has 25% of the results above the quartile and 75% below, and the lower quartile has 75% of the results above the quartile and 25% below.*

## FINANCING AND LIQUIDITY

### Interest cover

Interest cover remains strong with the median at 187%, consistent with 2002/03. The upper quartile for the sector is 256% and lower quartile is 135%, comfortably exceeding normal lending covenants. There continues to be a marked difference between the traditional and LSVT RSLs and this is to be expected as a result of the different funding arrangements. A total of 30 RSLs did not meet the generally accepted minimum interest cover of 110% this year and a high proportion of these RSLs were LSVTs investing heavily in their stock in line with their business plans.

### Net housing debt per unit

Net debt per unit gives us a useful comparator between RSLs as some Scottish RSLs hold significant cash balances and this compares debt levels, net of cash. The median has increased by £143 to £5,886 per unit and this is a continuation of the upward trend we have observed, year on year. A number of the LSVT RSLs have higher levels of debt and borrowing is also increasing for traditional RSLs that are developing. The national upper quartile is £8,767 per unit and this compares with £11,051 for LSVT RSLs with fewer than 1,000 units, who have the highest levels. This group of RSLs also has the lowest interest cover.

### Housing debt per unit

Bank confidence in lending to RSLs is confirmed by the increasing debt per unit with a new median high of £7,969 (£7,250 in 2002/03). Upper quartile debt for the sector was £10,958, the highest to date and more than £900 per unit up on last year. The lower quartile debt per unit also rose to £4,740 (£4,316 in 2002/03). LSVT RSLs have the highest median debt per unit; LSVTs with over 1,000 units have debt of £9,914 per unit, and for under 1,000 units it is £10,855 per unit.

## OPERATING PERFORMANCE

### Gross or operating surplus

The sector has a median operating surplus (excluding housing depreciation) of 27.1%, a modest reduction on last year (28.5% in 2002/03). However it is the fifth consecutive year we have seen a narrowing in operating surplus, down by 5.7% since 1999/2000. This is a result of costs increasing progressively at a faster rate than income. The upper quartile operating surplus was down from 39.4% in 2002/03 to 39% and the five-year reduction has been 4.7%. The lower quartile is 14.0%, a further 6.4% down from the 1999/2000 level of 20.4%. Median surplus was greatest in the general RSLs with fewer than 250 units and lowest for the small group of specialist RSLs, who also had the poorest record in the lower quartile with a deficit of 2.5%. The strongest performing group, the general RSLs with fewer than 250 units, predominately own new houses with little immediate maintenance costs and their upper quartile result was 48.5%.

### Net surplus

The median net surplus was 9.2%, an increase on last year's 8.8%. The median surplus after accounting for housing depreciation and interest costs is down significantly from the 14.2% recorded five years ago. However, some of the decrease has arisen due to the introduction of depreciation for housing assets since 1999. The upper quartile increased to 18.5% from last year's 15.3% but this was significantly below the 29.8% in 1999/2000. The lower quartile for the sector is now only 2.3%.

Financing and liquidity				Operating performance and efficiency				
Financial year 2003/04	Interest cover	Net housing debt/(cash) per unit	Housing debt per unit	Gross surplus	Net surplus	Voids	Arrears	Staff costs
RATIO MEDIANS	%	£	£	%	%	%	%	%
National	187	5,886	7,969	27.1	9.2	1.1	3.9	25.3
LA stock transfers	186	2,730	3,245	15.7	8.9	5.2	1.9	16.3
General > 1,000 units	198	5,231	7,177	30.8	7.9	1.9	3.4	25.3
LSVT > 1,000 units	124	9,008	9,914	25.7	4.3	1.3	4.1	20.3
LSVT < 1,000 units	122	7,906	10,855	27.5	6.6	0.9	4.1	18.0
General 250 – 1,000 units	190	6,191	8,489	31.1	12.5	0.8	3.9	27.9
General < 250 units	189	6,567	9,339	39.6	19.4	0.5	7.5	0.6
Older clients	311	2,175	3,499	13.9	10.3	4.7	3.8	36.8
Supported accommodation	740	(2,240)	4,514	10.3	6.4	4.2	6.2	63.5
Other specialist RSL	220	(3,607)	2,261	7.4	0.3	6.5	0.0	34.6

Financing and liquidity				Operating performance and efficiency				
Financial year 2002/03	Interest cover	Net housing debt/(cash) per unit	Housing debt per unit	Gross surplus	Net surplus	Voids	Arrears	Staff costs
RATIO MEDIANS	%	£	£	%	%	%	%	%
National	187	5,743	7,250	28.5	8.8	1.7	4.7	24.3
LA stock transfers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General > 1,000 units	188	5,359	6,754	28.3	8.8	2.1	4.2	24.3
LSVT > 1,000 units	101	7,800	9,536	23.1	0.1	1.6	3.9	21.2
LSVT < 1,000 units	153	7,844	10,012	39.7	8.4	1.2	4.1	17.6
General 250 – 1,000 units	184	5,884	8,059	33.0	9.9	0.9	5.1	26.6
General < 250 units	195	4,512	6,974	39.7	12.4	0.9	7.0	8.2
Older clients	273	2,595	2,956	17.2	9.9	4.8	3.8	35.6
Supported accommodation	459	461	4,418	9.7	5.5	4.0	8.0	59.9
Other specialist RSL	254	(3,970)	2,262	13.6	2.5	6.8	0.3	34.3

Financing and liquidity				Operating performance and efficiency				
Financial year 2001/02	Interest cover	Net housing debt/(cash) per unit	Housing debt per unit	Gross surplus	Net surplus	Voids	Arrears	Staff costs
RATIO MEDIANS	%	£	£	%	%	%	%	%
National	195	5,068	6,614	32.7	11.0	1.7	4.8	25.7
LA stock transfers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General > 1,000 units	188	5,064	6,498	32.0	10.5	2.3	4.2	26.1
LSVT > 1,000 units	121	7,239	9,063	25.2	1.0	1.8	4.6	19.8
LSVT < 1,000 units	145	8,499	10,238	37.2	10.1	1.7	4.5	17.4
General 250 – 1,000 units	208	5,733	7,226	36.1	12.6	1.3	5.0	28.2
General < 250 units	208	3,713	5,803	39.1	14.4	0.7	5.8	4.0
Older clients	344	2,143	2,738	11.8	5.9	3.9	3.4	33.5
Supported accommodation	379	904	3,347	7.0	2.8	5.0	5.9	64.2
Other specialist RSL	192	(2,454)	1,650	9.1	1.5	8.5	1.7	10.6

Financing and liquidity				Operating performance and efficiency				
National	Interest cover	Net Housing debt/(cash) per unit	Housing debt per unit	Gross surplus	Net surplus	Voids	Arrears	Staff costs
RATIO MEDIANS	%	£	£	%	%	%	%	%
2003/04	187	5,886	7,969	27.1	9.2	1.1	3.9	25.3
2002/03	187	5,743	7,250	28.5	8.8	1.7	4.7	24.3
2001/02	195	5,068	6,614	32.7	11.0	1.7	4.8	25.7
2000/01	178	4,445	6,045	31.8	11.2	1.5	4.6	24.9
1999/2000	197	3,537	5,720	32.8	14.2	1.4	4.3	n/a

## EFFICIENCY MEDIANS

### Voids

The national void median was very competitive at 1.1% and improved on last year's median of 1.7%. The lower quartile was exceptionally competitive at 0.5% and even the upper quartile was good, recorded as 2.9%, both improvements since last year. Improvements are evident in all groups with the exception of the RSLs providing supported accommodation. The median void loss for this group rose to 4.2% from an already high level of 4.0%. There was a slight improvement in the median voids for RSLs providing accommodation for older clients although it remained poor at 4.7%. The median void loss for the new group of RSLs, the LA whole stock transfers, is high at 5.2% as both GHA and SBHA recorded void losses greater than 5%.

### Arrears

The national median for net rent arrears was 3.9% (4.7% in 2002/03) and this is an improvement. The lower quartile was 2.8% (3.2% in 2002/03) and the upper quartile 6.3%, improved from last year's 7.2%. The median of 7.5% for RSLs with fewer than 250 units suggests that there is a problem with the collection of arrears for this group. However, looking at the accounts more closely, a number of these RSLs have not made provisions for old arrears that may need to be written off. Therefore, it is likely that the position is overstated and a review of the arrears being carried as collectable is overdue. The new LA whole stock transfer RSLs are recording lower levels of arrears, net of high provisions, with a median of 1.9%.

### Staff costs

Staff costs as a percentage of turnover is reviewed as one measure of efficiency. RSLs providing support services require large proportions of their income to cover staff costs and these RSLs cannot be readily compared against general or mainstream RSLs. For most groups of RSLs, the percentage of staff costs to turnover has risen in the year and the national median is 25.3%, up from 24.3% in 2002/03. The median for small RSLs with fewer than 250 units has reduced to 0.6% and this is due to a number of transfers of engagement taking place leaving fewer in the remaining group who employ their own staff. The indications are that the LSVT RSLs have leaner staff structures, although there is significant variation between the new LA whole stock transfer RSLs. The upper quartile for LSVT RSLs is very close to the lower quartile staff costs for general RSLs.

### Management and maintenance administration: context

As part of our financial information requirements, we ask Scottish RSLs to submit, with their annual accounts, an analysis of their operating costs. The costs are broken down, in a prescribed format, to be reconciled to the annual accounts. This is the third year that we have collected costs in the same format and we are seeing a level of consistency that gives us confidence that this data can be relied upon.

It is common for housing regulators, government and local authorities to collect and report this data, however, it is important to understand that there are some underlying differences in the data that is being collected and reported for Scottish RSLs, RSLs in different parts of the UK, and local authorities. We consider management costs to be those costs incurred to provide housing management services and maintenance overheads are the costs incurred by RSLs to administer maintenance services for tenants. We add both of these together to give an overall indicator of the costs, per unit, for providing core management and maintenance services to tenants. We call these 'management and maintenance administration costs'.

## Management and maintenance administration costs

The median cost for providing these core services in 2003/04 was £737 per unit, an increase of 3.6% or £26 per unit from 2002/03. There are significant variations in costs between RSLs as can be seen from the upper and lower quartiles. The national upper quartile is £885 per unit, £148 greater than the median and the lower quartile is £603 per unit, £134 lower than the median.

A broad observation that is evident from the medians for the different groups of mainstream RSLs is consistency over the three years. LSVTs have lower costs for core services than traditional RSLs of a similar size; LSVTs and traditional RSLs with more than 1,000 units have lower costs than smaller, traditional RSLs. The costs for the smallest RSLs with fewer than 250 units are kept low through the use of agents for services and the costs of providing core services to tenants by the 'older clients' group is also at the lower end of the scale, probably because the majority of these RSLs are fairly large and can generate some economies of scale.

The new LA whole stock transfer RSLs add a further dimension and we took the opportunity to review the costs of providing core services, based on the size of RSLs to consider whether there was any real evidence of 'economies of scale' being achieved. This was reviewed for two years only. The indications are that the cost of providing these services, per unit, reduces as the size of the RSL increases.

There are many variations within the dataset with some large RSLs having high costs and some smaller RSLs having low costs. At each end of the scale, however, the median does not fit with the trend. The smallest RSLs with fewer than 250 units have the lowest costs and the largest RSL, GHA and the only RSL in the group with more than 15,000 units, has costs per unit of £1,032. The smallest RSLs often use agency services to keep costs down, but we are seeing the number of these small stock owning RSLs reducing year on year. GHA has committed to reducing costs in its business plan and a

Financial year 2003/04 Management & maintenance administration costs per unit – by classification group	Lower quartile £	Median £	Upper quartile £	Median 2002/03 £	Median 2001/02 £
National	603	737	885	711	657
LA stock transfer	599	623	828	n/a	n/a
General > 1000 units	614	693	768	656	604
LSVT > 1,000 units	588	687	740	601	526
LSVT < 1,000 units	665	776	862	716	648
General 250 – 1,000 units	708	818	903	772	720
General < 250 units	409	641	934	762	668
Older clients	508	621	723	579	501
Supported accommodation	593	1,074	1,291	823	839
Other specialist RSL	562	1,464	2,141	824	821

Financial year 2003/04 Management & maintenance administration costs per unit – by size	Lower quartile £	Median £	Upper quartile £	Median 2002/03 £
National	603	737	885	711
> 15,000 units	1,032	1,032	1,032	n/a
2,501 – 15,000 units	518	648	723	655
1,001 – 2,500 units	605	700	783	650
501 – 1,000 units	663	791	880	715
251 – 500 units	734	843	956	787
<= 250 units	418	641	966	776

## MAINTENANCE COSTS

We collect information on planned, voids and reactive maintenance and repairs costs from RSLs, using a self-certified return that is submitted with the annual accounts. The overhead or administration cost of providing a maintenance service is also collected, to feed into the management and maintenance administration costs reported at page 15. These costs exclude any repairs costs that have been capitalised and added to the fixed assets in the balance sheet.

### Planned maintenance

Spend on planned maintenance (including major repairs and cyclical maintenance) has increased dramatically in 2003/04 to £108.8m from £66.3m in 2002/03. This is a 64% increase and can be explained by the 65% increase in the number of houses, the majority of these being transferred into the sector from three local authorities. The median planned maintenance cost per unit has increased by 11% to £301 from £270 per unit in 2002/03.

The LSVTs have pushed up the median planned maintenance costs; the median for RSLs with more than 1,000 units was £688 and for RSLs under 1,000 units was £506. The LA whole stock transfer median is £571 per unit with the highest spending of over £1,000 per unit incurred by DGHP. Some of this is a direct result of 'catch up' repairs being required following transfer from the local authority. During 2003/04, a number of the smaller Scottish Homes stock transfer LSVTs that are in their early years post-transfer were spending significant sums on improvements to meet the commitments they made to their tenants, and in line with their business plans.

RSLs that are small or provide supported accommodation spent considerably less than the national median, while general RSLs with more than 1,000 units and the RSLs providing accommodation for older clients spent greater than the national median with £323 per unit and £423 per unit respectively.

### Reactive maintenance

Reactive maintenance costs for the sector were £73.7m in 2003/04, almost double that reported for 2002/03. Forty per cent of this spend is attributed to the LA whole stock transfers which hold 36% of the stock. The median spend, per unit, for reactive maintenance has risen to £251 per unit, up 15% or £33 per unit from the previous year.

Specialist RSLs reported a high median of £446 per unit, however, on closer inspection of this very small group, it is possible that the figures may include administration costs and are therefore overstated. The LSVTs with less than 1,000 units had a higher median cost at £356 and the LA whole stock transfer RSLs median cost was £350 per unit. The general RSLs are spending less on reactive maintenance per unit than the LSVTs, and this may be a reflection of the higher proportion of new build stock that these RSLs manage.

### Voids maintenance

Costs recorded for voids maintenance in 2003/04 more than doubled from the previous year and were £14.6m. All of the LA whole stock transfer RSLs report their spend on voids maintenance and their median cost per unit was £82. However, a large proportion of RSLs, particularly the smaller RSLs, do not keep a record of void repair costs therefore the sector median is recorded as zero.

### Maintenance administration

The sector reported a total cost of £41.1m administration or overhead cost to provide a maintenance service to tenants and this is 17% of the overall cost of maintenance, including administration, of £238.3m. The LSVTs report a lower percentage of their total maintenance costs being spent on administration, and this is consistent with our more detailed findings for management and maintenance administration costs overall.

Financial year 2003/04 Planned maintenance costs per unit	Lower quartile £	Median £	Upper quartile £	Median 2002/03 £	Median 2001/02 £
National	138	301	530	270	230
LA stock transfer	405	571	814	n/a	n/a
General > 1,000 units	169	323	474	288	237
LSVT > 1,000 units	138	506	793	706	536
LSVT < 1,000 units	344	688	1,268	425	442
General 250 – 1,000 units	160	290	505	240	163
General < 250 units	9	156	345	105	66
Older clients	396	423	615	384	409
Supported accommodation	96	175	612	236	310
other specialist RSL	131	298	517	196	408

Financial year 2003/04 Reactive maintenance costs per unit	Lower quartile £	Median £	Upper quartile £	Median 2002/03 £	Median 2001/02 £
National	177	251	332	218	190
LA stock transfer	323	350	357	n/a	n/a
General > 1,000 units	177	222	298	218	179
LSVT > 1,000 units	255	293	384	318	309
LSVT < 1,000 units	240	356	408	260	271
General 250 – 1,000 units	170	229	283	200	207
General < 250 units	141	250	287	131	133
Older clients	212	286	366	210	225
Supported accommodation	103	199	424	251	181
Other specialist RSL	90	446	576	353	0

Total maintenance spend 2003/04 £,000	Planned, cyclical & major repairs	Void maintenance & repairs	Reactive repairs	Total direct maintenance & repairs	Admin	Total costs
National	108,809	14,635	73,736	197,180	41,112	238,292
LA stock transfers	34,535	8,099	29,571	72,205	4,760	76,965
General > 1,000	27,632	3,175	18,338	49,145	16,017	65,162
LSVT > 1,000 units	11,795	1,477	7,307	20,579	4,459	25,038
LSVT < 1,000 units	9,374	470	3,359	13,203	2,046	15,249
General 250 – 1,000 units	12,235	973	8,015	21,223	8,858	30,081
General < 250 units	1,222	17	992	2,231	926	3,157
Older clients	9,085	381	4,646	14,112	3,293	17,405
Supported	2,772	41	1,262	4,075	653	4,728
Other specialist RSL	156	3	248	407	100	507
National 2002/03	66,327	7,173	37,850	111,350	33,326	144,676

Total maintenance spend 2003/04 %	Planned, cyclical & major repairs	Void maintenance & repairs	Reactive repairs	Total direct maintenance & repairs	Admin	Total costs
National	46	6	31	83	17	100
La stock transfers	45	11	38	94	6	100
General > 1,000	42	5	28	75	25	100
LSVT > 1,000 units	47	6	29	82	18	100
LSVT < 1,000 units	61	3	22	87	13	100
General 250 – 1,000 units	41	3	27	71	29	100
General < 250 units	39	1	31	71	29	100
Older clients	52	2	27	81	19	100
Supported	59	1	27	86	14	100
Other specialist RSL	31	1	49	80	20	100
National 2002/03	46	5	26	77	23	100

## EXPLANATION OF RATIOS

Ratio	Calculation	Purpose
<b>Financing and liquidity</b>		
Interest cover (%)	(Cash flow from operating activities – movement in debtors – movement in creditors + interest received) ÷ interest Note: If no cash flow, I and E used	To indicate the extent by which operating cash flow covers the interest paid on loans
Net housing debt per unit (£)	(Short- and long-term housing debt + overdraft – cash – current asset investments) ÷ number of units owned (excludes bridging finance)	To show the average amount borrowed, net of cash and current investments, to finance each completed unit of accommodation
Housing debt per unit (£)	Short- and long-term housing debt ÷ number of units owned	To show the average cost of financing for each unit of housing owned

Ratio	Calculation	Purpose
<b>Operating performance and efficiency</b>		
Gross surplus/(deficit) (%)	Gross operating surplus / (deficit) (excl exceptional items and depreciation) ÷ turnover (excl exceptional items)	To provide a measure of operating performance against turnover
Net surplus/(deficit) (%)	Net surplus / (deficit) ÷ turnover (excl exceptional items)	To provide a measure of performance after financing against turnover
Voids (%)	Rent losses from voids ÷ gross rents receivable	To show the percentage of income lost through voids
Net rent arrears (%)	Net rental debtors ÷ gross rents + service charges receivable	To show the level of rent arrears that is considered collectible
Staff costs (%)	Staff costs ÷ turnover	To provide a measure of staff costs against turnover

## RSL AUDITORS

24 firms provided audit services during 2003/04 and the top 10, by numbers of audit, are noted below:

FIRM	2003/04	2002/03
Baker Tilly	47	43
Alexander Sloan	29	29
Scott-Moncrieff	23	20
Findlay and Co	18	19
Chiene and Tait	11	11
French Duncan	10	9
Armstrongs	9	9
CIB Audit	5	5
Grant Thornton	5	5
Anderson, Anderson and Brown	4	4

## MEDIAN FINANCIAL RATIOS AND COSTS 2003/04

RSL name	Interest cover %	Net housing debt/(cash) per unit £	Housing debt per unit £	Gross surplus (deficit) %	Net surplus (deficit) %	Voids %	Arrears %	Staff costs/ turnover %	Mgmt and maintenance admin costs per unit £
<b>LA whole stock transfer</b>									
Dumfries and Galloway Housing Partnership	61	2,730	3,245	3.3	(2.2)	1.4	1.6	16.3	623
The Glasgow Housing Association Ltd	N/A	(1,260)	N/A	33.4	37.8	5.2	1.9	20.8	1,032
Scottish Borders Housing Association Ltd	187	3,324	3,645	15.7	8.9	5.5	2.1	13.9	575
<b>General &gt; 1,000 units</b>									
Albyn Housing Society Ltd	36	8,578	9,565	3.6	(14.0)	2.3	5.7	25.3	735
Almond Housing Association Ltd	170	7,054	7,177	35.1	8.8	0.5	3.1	15.2	641
Angus Housing Association Ltd	113	11,619	12,039	31.0	3.7	2.9	5.9	23.6	574
Canmore Housing Association Ltd	104	10,817	11,819	19.9	7.6	2.1	1.5	38.8	1,052
Castle Rock Housing Association Ltd	145	10,107	11,056	35.4	7.4	1.6	3.5	25.6	708
Castlehill Housing Association Ltd	141	4,771	7,077	15.9	6.2	2.9	2.4	36.0	673
Clydebank Housing Association Ltd	529	562	4,251	49.6	48.4	1.0	0.8	18.4	514
Cunninghame Housing Association Ltd	136	13,841	14,279	36.4	0.8	3.6	15.7	32.8	849
Dunedin Housing Association Ltd	231	6,610	8,953	24.0	7.9	1.5	16.4	29.2	829
Edinvar Housing Association Ltd	402	5,000	5,460	36.7	25.8	4.3	5.0	22.0	705
Eildon Housing Association Ltd	242	6,248	10,299	34.6	18.4	1.1	2.3	41.6	560
Elderpark Housing Association Ltd	303	(788)	1,043	7.6	3.6	11.1	2.9	32.7	718
Fyne Homes	203	6,478	7,632	32.8	11.8	3.8	7.1	31.9	904
Govan Housing Association Ltd	(258)	297	684	(12.1)	(17.5)	6.4	3.6	38.2	744
Govanhill Housing Association Ltd	489	(838)	1,545	24.6	15.5	1.9	2.8	27.7	729
Grampian Housing Association Ltd	101	10,931	12,310	28.0	6.6	0.7	3.2	24.5	648
Hillcrest Housing Association Ltd	228	6,864	7,861	41.8	19.3	3.1	7.4	24.9	419
Home in Scotland Ltd	256	4,628	5,864	18.6	10.2	2.2	3.4	23.4	777
Kingdom Housing Association Ltd	266	8,013	9,571	37.5	24.7	2.3	2.1	39.4	392
Langstane Housing Association Ltd	(66)	7,471	8,105	30.8	(41.7)	2.8	2.8	27.0	788
Link Group Ltd	192	5,045	6,657	29.8	13.1	1.7	5.6	9.7	670
Lighthouse Housing Association Ltd	382	(170)	2,215	9.7	6.1	1.8	7.1	28.9	608
Loreburn Housing Association Ltd	211	7,802	9,623	39.6	17.8	0.7	1.5	22.5	510
New Gorbals Housing Association Ltd	243	3,839	4,970	19.6	15.6	0.3	2.4	41.7	759
North Glasgow Housing Association Ltd	217	4,337	4,761	30.8	10.0	1.9	2.5	24.7	636
Oak Tree Housing Association Ltd	322	5,185	6,360	44.9	19.4	0.6	6.3	22.5	563
Ochil View Housing Association Ltd	191	10,925	11,810	48.3	12.0	0.5	2.2	22.7	589
Paisley South Housing Association Ltd	198	5,231	7,564	37.7	22.6	3.0	6.8	18.7	727
Parkhead Housing Association Ltd	162	4,969	6,505	21.5	1.7	3.4	1.6	29.8	891
Partick Housing Association Ltd	269	262	1,727	9.3	7.9	1.0	3.2	22.1	680
Perthshire Housing Association Ltd	159	11,543	11,661	42.8	13.3	0.4	3.3	24.3	572
Port of Leith Housing Association Ltd	359	3,295	5,399	39.0	47.7	1.1	6.2	21.5	693
Queens Cross Housing Association Ltd	205	2,888	5,290	12.9	7.2	1.4	3.7	35.3	621
Sanctuary (Scotland) Housing Association Ltd	125	19,722	19,809	33.3	(2.6)	0.4	2.9	0.0	654
Shettleston Housing Association Ltd	(1)	4,255	5,275	12.4	0.3	3.5	4.5	28.2	797
Tenants First Housing Co-operative Ltd	83	10,895	12,569	23.6	(3.8)	0.8	0.2	22.6	992
Thenew Housing Association Ltd	145	3,580	4,857	17.9	0.3	2.0	4.5	29.1	834
West of Scotland Housing Association Ltd	125	6,505	7,281	27.1	2.4	2.0	6.6	21.4	737
Williamsburgh Housing Association Ltd	422	1,109	5,206	49.9	56.4	1.0	3.5	26.7	665

## MEDIAN FINANCIAL RATIOS AND COSTS 2003/04

RSL name	Interest cover %	Net housing debt/(cash) per unit £	Housing debt per unit £	Gross surplus (deficit) %	Net surplus (deficit) %	Voids %	Arrears %	Staff costs/turnover %	Mgmt and maintenance admin costs per unit £
<b>LSVT &gt; 1,000 units</b>									
Abertay Housing Association Ltd	148	5,420	6,449	22.6	9.1	0.9	2.8	18.0	544
Berwickshire Housing Association Ltd	118	10,207	10,383	20.5	4.3	0.3	4.1	21.2	531
Clyde Valley Housing Association Ltd	117	10,677	11,256	28.7	1.6	0.9	4.1	20.3	673
Cube Housing Association Ltd	243	3,959	4,757	29.7	5.5	3.0	5.5	29.1	518
Cumbernauld Housing Partnership Ltd	(134)	4,237	5,275	(13.3)	(14.9)	4.9	4.3	15.2	721
Fife Special Housing Association Ltd	140	9,878	9,843	39.0	4.2	1.1	6.8	17.7	603
Glen Oaks Housing Association Ltd	170	5,752	7,592	29.9	10.7	11.2	7.7	29.1	789
Irvine Housing Association Ltd	131	10,620	10,670	39.4	6.8	0.9	2.5	27.4	700
Linstone Housing Association Ltd	105	7,949	9,303	22.6	(0.9)	5.1	4.6	21.0	924
Melville Housing Association Ltd	70	8,647	9,984	14.4	(8.0)	0.5	3.5	19.2	835
Paragon Housing Association Ltd	36	9,370	11,020	8.2	(15.2)	1.5	3.4	17.6	602
Waverley Housing	141	13,220	14,324	47.9	18.2	3.0	4.1	20.3	724
<b>LSVT &lt; 1,000 units</b>									
Antonine Housing Co-operative Ltd	78	11,591	12,983	21.4	9.2	0.7	3.0	17.5	887
Atrium Homes	(112)	9,797	10,143	(27.9)	(53.8)	1.5	4.8	20.2	798
Ayrshire Housing	173	13,634	16,039	51.1	17.2	1.5	8.4	15.1	668
Ayrshire North Community Housing Organisation	(52)	10,970	12,373	(16.4)	(42.1)	1.4	4.5	25.4	1,066
Bellsmyre Housing Association Ltd	130	5,132	6,083	25.4	3.9	6.2	3.0	26.8	755
Bridgewater Housing Association Ltd	99	6,344	11,567	15.4	20.3	0.4	2.1	25.8	917
Cadder Housing Association Ltd	171	6,258	7,562	30.1	14.2	0.6	2.5	21.9	842
Knowes Housing Association Ltd	183	5,759	6,696	29.6	3.6	0.8	2.0	21.0	588
Larkfield Housing Association Ltd	158	12,134	12,872	46.5	12.8	0.2	4.3	18.2	833
Manor Estates Housing Association Ltd	132	10,261	12,121	34.7	11.6	0.6	5.0	16.7	860
Ore Valley Housing Association Ltd	27	8,767	16,297	9.1	(31.5)	1.9	7.1	18.6	559
Port Glasgow Housing Association Ltd	0	7,045	8,990	(6.3)	(10.3)	0.5	3.9	13.8	868
Shire Housing Association Ltd	115	11,293	12,168	37.9	(0.5)	1.8	5.0	17.6	659
Thistle Housing Association Ltd	(369)	4,216	5,419	(36.3)	(45.9)	1.5	3.0	17.8	714
<b>General 250 – 1,000 units</b>									
Aberdeenshire Housing Partnership	166	19,148	20,052	44.8	5.6	0.9	9.1	22.2	788
Ardenglen Housing Association Ltd	158	5,220	8,050	20.9	1.2	6.7	4.9	24.7	756
BT Loch Aillse agus an Eilein Sgitheanaich Ltd – Lochalsh and Skye	79	9,057	11,424	8.3	(16.0)	0.1	3.0	33.2	587
Barrhead Housing Association Ltd	128	10,297	10,934	32.8	4.4	0.9	3.2	28.6	1,153
Blairtummock Housing Association Ltd	240	6,751	8,296	39.0	30.6	0.0	6.1	28.1	708
Calvay Housing Association Ltd	132	1,657	3,528	12.3	(0.9)	1.7	4.8	29.2	818
Cassiltoun Housing Association Ltd	160	5,953	7,503	20.1	2.3	1.0	6.4	25.6	917
Cathcart and District Housing Association Ltd	164	2,644	4,347	12.0	(7.5)	0.7	5.1	39.8	804
Cernach Housing Association Ltd	256	6,398	10,102	42.2	28.1	0.1	6.0	24.5	879
Charing Cross Housing Association Ltd	179	(573)	3,815	9.5	7.6	1.0	5.1	29.6	946
Cloch Housing Association Ltd	150	6,458	7,969	27.8	3.2	0.7	10.7	31.3	856
Clydesdale Housing Association Ltd	154	5,649	7,171	20.9	7.1	1.5	6.3	30.2	656
Copperworks Housing Co-operative Ltd	257	2,125	1,508	23.5	21.3	2.7	8.0	27.9	843
Cordale Housing Association Ltd	196	9,268	10,909	39.6	13.3	0.8	4.0	26.2	707
Craigdale Housing Association Ltd	249	8,544	11,714	50.0	23.0	0.0	0.7	24.3	788
Dalmuir Park Housing Association Ltd	344	234	2,628	17.0	11.9	1.1	11.2	28.9	809
Drumchapel Housing Co-operative Ltd	189	6,109	8,805	30.1	12.5	3.5	3.3	31.7	959
Dunbritton Housing Association Ltd	213	8,944	10,972	33.8	16.3	0.2	3.6	24.2	900

RSL name	Interest cover %	Net housing debt/(cash) per unit £	Housing debt per unit £	Gross surplus (deficit) %	Net surplus (deficit) %	Voids %	Arrears %	Staff costs/ turnover %	Mgmt and maintenance admin costs per unit £
<b>General 250 – 1,000 units (continued)</b>									
East Kilbride and District Housing Association Ltd	232	8,230	10,008	42.3	16.9	2.2	3.6	18.9	885
East Lothian Housing Association Ltd	103	8,921	12,295	25.1	3.7	0.6	3.8	25.4	701
Easthall Park Housing Cooperative Ltd	245	6,250	10,017	53.1	25.5	0.6	3.5	23.8	499
Faifley Housing Association Ltd	129	7,452	10,985	20.9	(2.4)	0.3	3.4	17.4	958
Fairfield Housing Co-operative Ltd	258	(1,141)	4,147	22.2	20.2	0.4	6.1	30.7	588
Ferguslie Park Housing Association Ltd	193	5,511	7,738	26.1	9.8	1.4	7.4	27.4	1,165
Forth Housing Association Ltd	143	14,965	16,924	50.8	13.5	0.1	4.8	27.4	799
Gardeen Housing Association Ltd	187	6,992	9,898	34.9	15.8	0.3	2.4	24.8	953
Glasgow West Housing Association Ltd	469	260	3,541	23.4	19.6	5.2	3.9	27.9	791
Glen Housing Association Ltd	166	5,806	8,270	28.4	3.8	0.3	4.9	20.9	996
Hawthorn Housing Co-operative Ltd	824	484	5,684	21.8	8.6	2.5	6.2	28.3	685
Hjaltland Housing Association Ltd	97	7,699	9,366	26.6	6.7	0.1	3.0	33.9	974
Horizon Housing Association Ltd	189	9,418	11,361	37.0	10.0	0.1	2.3	34.8	845
Lanarkshire Housing Association Ltd	178	8,002	9,959	36.5	17.0	1.0	3.5	28.2	730
Lochaber Housing Association Ltd	285	6,307	8,222	49.2	34.6	1.0	4.0	23.4	489
Lochfield Park Co-operative Ltd	216	10,927	13,998	44.8	25.0	2.2	2.7	19.2	903
Loretto Housing Association Ltd	791	4,403	8,282	5.3	1.8	5.7	16.8	57.3	760
Lorne Area Housing Association Ltd	249	6,191	8,156	35.0	15.8	0.3	6.8	18.5	472
Maryhill Housing Association Ltd	154	2,049	4,257	12.6	(1.9)	1.1	4.4	31.3	764
Milnbank Housing Association Ltd	161	5,590	6,920	20.9	2.0	0.0	3.0	44.3	901
Molendinar Park Housing Association Ltd	192	4,914	5,488	25.2	16.8	8.0	1.7	20.6	605
Muirhouse Housing Association Ltd	209	11,004	14,367	62.9	49.7	0.0	3.9	13.8	584
North View Housing Association Ltd	173	9,848	11,277	42.4	8.8	0.1	3.2	23.1	728
Orkney Housing Association Ltd	149	5,886	10,010	24.6	6.6	0.4	4.3	36.0	975
Pentland Housing Association Ltd	191	8,075	8,832	44.9	19.4	1.6	2.5	28.4	884
Pineview Housing Co-operative Ltd	258	6,682	8,810	41.3	16.5	17.5	6.1	23.3	760
Prospect Community Housing	223	9,008	10,877	47.1	20.1	0.9	3.1	28.6	822
Provanhall Housing Association Ltd	301	5,603	7,365	40.8	31.9	0.0	3.2	29.0	821
Reidvale Housing Association Ltd	226	(424)	966	7.1	10.3	0.8	6.2	27.9	635
Rosehill Housing Co-operative Ltd	1,754	436	6,379	47.1	41.5	0.1	2.6	21.3	605
Rural Stirling Housing Association Ltd	233	8,772	12,650	49.5	29.2	0.3	3.1	0.0	761
Rutherglen and Cambuslang HA Ltd	83	11,346	13,388	31.1	3.6	0.1	2.0	29.2	936
Southside Housing Association Ltd	169	4,134	6,030	14.3	1.5	1.4	14.7	31.7	843
Spire View Housing Association Ltd	245	5,410	8,489	35.8	14.3	0.7	2.2	14.3	823
Tollcross Housing Association Ltd	(385)	(913)	1,163	(14.8)	(14.9)	1.0	7.4	26.6	679
Trafalgar Housing Association Ltd	288	5,404	10,240	40.1	33.9	0.2	1.9	32.7	846
Wellhouse Housing Association Ltd	176	13,660	18,591	37.4	15.8	1.6	6.8	26.0	1,003
West Highland Housing Association Ltd	101	7,389	11,454	35.0	9.1	1.6	2.7	29.5	761
West Whitlawburn Housing Co-operative Ltd	N/A	(1,492)	N/A	6.3	11.6	1.0	9.6	50.2	1,461
Whiteinch and Scotstoun HA Ltd	(34)	(1,619)	1,473	(6.4)	(8.4)	2.1	3.1	30.3	909
Wishaw and District Housing Association Ltd	159	7,625	9,352	38.9	16.1	0.4	3.2	31.0	850
Yoker Housing Association Ltd	834	(1,405)	1,002	34.3	47.3	5.0	2.4	17.4	530
Yorkhill Housing Association (1988) Ltd	288	387	2,047	18.1	13.1	0.3	3.8	38.9	1,182
<b>General &lt; 250 units</b>									
Abronhill Housing Association Ltd	139	8,200	11,139	31.9	10.8	0.5	2.8	23.4	896
Arklet Housing Association Ltd	142	8,925	9,339	9.4	(5.6)	1.6	2.4	40.7	1,521
Barra and Vatersay Housing Association Ltd	144	13,486	14,423	55.6	8.9	0.0	17.3	0.0	409
Beechwood Housing Co-operative Ltd	199	7,827	10,958	47.5	21.3	1.2	8.6	0.0	673
Berneray Housing Association Ltd	225	(588)	5,788	44.8	24.1	1.1	17.4	0.0	375
Blochairn Housing Co-operative Ltd	241	3,696	6,784	35.6	27.7	0.4	7.3	23.0	991
Blythswood Housing Association Ltd	N/A	(5,730)	N/A	1.7	(24.1)	1.6	9.7	0.0	297
Broomhouse Housing Association (1986) Ltd	432	(4,422)	1,960	43.9	52.4	0.3	1.8	19.6	615
Buidheann Taigheadais na Meadhanan (South Uist HA) Ltd	152	6,567	8,073	38.0	6.8	5.5	20.0	0.0	418

## MEDIAN FINANCIAL RATIOS AND COSTS

RSL name	Interest cover %	Net housing debt/(cash) per unit £	Housing debt per unit £	Gross surplus (deficit) %	Net surplus (deficit) %	Voids %	Arrears %	Staff costs/turnover %	Mgmt and maintenance admin costs per unit £
<b>General &lt; 250 units (continued)</b>									
Forgewood Housing Co-operative Ltd	144	6,268	7,605	24.0	3.0	0.4	5.1	31.2	1,199
Four Walls Co-operative HA Ltd	489	227	5,400	39.6	29.0	1.0	4.6	0.0	1,291
Garrion Peoples Housing Cooperative Ltd	190	5,164	6,188	26.0	4.2	0.5	7.5	36.7	1,206
Hunters Hall Housing Co-operative Ltd	161	1,286	5,833	15.4	2.2	0.9	18.2	24.9	641
Kendoon Housing Association Ltd	203	13,791	15,423	48.5	20.7	15.7	10.0	22.3	844
Kincardine Housing Cooperative Ltd	(72)	7,230	9,468	6.3	(26.3)	0.8	2.7	0.0	966
Kingsridge Cleddans Housing Association Ltd	189	8,657	10,228	41.6	19.4	0.4	7.0	26.9	833
Langstane (SP) Housing Association Ltd	295	(5,388)	8,063	59.0	90.0	0.9	1.2	0.0	219
Lister Housing Co-operative Ltd	N/A	(1,611)	N/A	(10.1)	(13.2)	0.2	1.4	21.6	882
Moray Housing Partnership Ltd, The	738	13,233	16,845	60.0	48.0	1.2	9.2	0.0	519
Muirneag Housing Association Ltd	220	6,378	9,568	43.7	26.2	0.4	12.3	0.0	359
New Lanark Association Ltd	N/A	(6,576)	367	19.4	24.7	0.4	3.9	0.0	727
Ruchazie Housing Association Ltd	145	13,330	13,702	38.0	6.3	0.1	9.4	25.9	632
Strathclyde (Camphill) Housing Society Ltd	414	(12,628)	330	51.7	43.8	5.5	20.7	0.0	1,142
Taigean Ceann a Tuath na Hearadh (North Harris HA) Ltd	187	8,450	11,429	50.2	19.5	0.3	12.5	0.0	429
West Granton Housing Co-operative Ltd	187	10,614	13,360	44.7	9.8	0.1	4.4	25.9	934
West Lothian Housing Partnership Ltd	450	21,965	23,254	80.4	66.1	3.4	3.0	0.6	334
<b>Older clients</b>									
Bield Housing Association Ltd	408	1,115	2,762	9.5	11.8	4.7	4.9	49.7	508
Bowerswell Memorial Homes (Perth) Ltd	N/A	(3,659)	N/A	37.3	17.3	2.3	8.6	0.0	430
Cairn Housing Association Ltd	149	8,243	9,037	26.4	10.3	4.2	4.9	30.5	791
Hanover (Scotland) Housing Association Ltd	112	4,291	5,351	3.8	7.7	5.1	4.4	38.0	723
Isaac S Mackie Housing Association Ltd	710	1,857	1,857	14.7	14.2	10.4	1.9	15.0	429
Servite Housing Association Ltd	182	5,411	5,906	13.0	4.3	2.0	3.0	36.8	621
Thomas Chalmers Housing Association Ltd	514	(6,061)	2,239	20.0	18.5	1.3	3.3	15.0	629
Trust Housing Association Ltd	213	2,474	3,499	4.0	0.8	5.3	3.2	45.8	895
Viewpoint Housing Association Ltd	413	2,175	5,468	13.9	6.0	12.6	3.8	45.7	512
<b>Supported accommodation</b>									
Ark Housing Association Ltd	1,614	(2,353)	1,686	4.2	3.7	4.2	8.0	78.4	551
Barony Housing Association Ltd	219	11,863	11,870	10.3	3.4	8.1	16.9	65.2	1,291
Blue Triangle (Glasgow) Housing Association Ltd	3,953	(8,758)	4,549	12.0	11.9	0.0	3.1	63.5	2,526
Key Housing Association Ltd	1,012	(10,128)	4,514	6.4	6.4	2.0	2.2	78.8	593
Margaret Blackwood Housing Association Ltd	740	(1,542)	1,293	14.0	11.6	1.4	7.3	45.0	737
Outlook Housing Ltd	N/A	(12,372)	N/A	(4.0)	0.1	18.0	0.7	65.6	1,489
St John (Glasgow) Housing Association Ltd	N/A	(2,240)	N/A	(18.9)	(16.4)	7.6	0.0	33.6	1,208
<b>Other specialist RSL</b>									
Aberdeen Soroptimist Housing Society Ltd	220	(4,933)	4,740	19.8	0.3	1.4	0.0	0.0	400
Minerva Housing Association Ltd	860	(1,950)	2,911	5.3	3.7	6.4	24.2	58.8	2,033
Scottish Veterans Housing Association Ltd	N/A	(151)	N/A	13.8	13.3	19.6	0.0	46.2	2,275
Soroptimist Housing (Dundee) Ltd	N/A	(20,335)	N/A	(10.2)	(18.1)	19.3	0.0	34.6	894

Note: This listing excludes RSLs that are no longer trading. Their financial results for 2003/04 are, however, included for consolidation purposes and median calculations.

An LSVT RSL in this context means an RSL with > 75% of current stock from large scale voluntary transfer.

# LOAN PORTFOLIO BULLETIN

year ended 31 March 2004



## LOAN PORTFOLIO BULLETIN

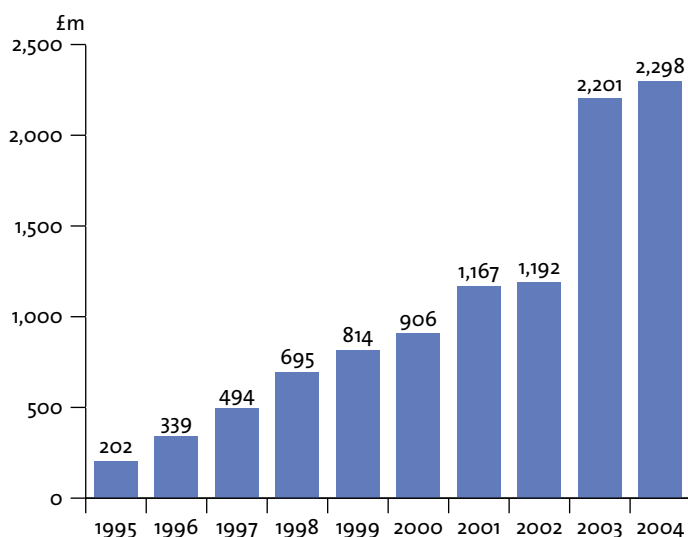
### INTRODUCTION

The Loan Portfolio Bulletin reports on committed loans by banks and building societies to Scottish RSLs as at 31 March 2004 and movements during the last financial year. This year it has been incorporated into *The Digest* as we thought that it would be helpful to lenders and RSLs to look at all of the sector's financial information and analysis in a single publication.

Total committed loans increased in the year to £2.3bn, a net increase of £97m on the previous year. It is likely that lending to RSLs will continue to increase to meet the Scottish Executive's targets of transferring an additional 70,000 houses into community ownership from local authorities, and of providing additional new and improved homes for social rent and low-cost home ownership. The pattern of future lending is beginning to become more informed as new RSLs develop business plans encompassing future funding requirements.

This bulletin provides analysis of committed loans to RSLs by purpose, type of borrowing, maturity dates and by the classification groups shown in *The Digest*. There is also an analysis of the new loans approved in the year 2003/04. It should be noted however that we reported new lending of £70m to Dumfries & Galloway Housing Partnership in last year's *Loan Portfolio Bulletin* although the transaction formally completed in the first few days of this financial year, 2003/04.

Total committed loans to RSLs



After a record year of new commitments in 2002/03, when we saw three large local authority transfers of housing to the RSL sector, 2003/04 was a lot quieter. Committed loans to RSLs rose by £97m, the combined effect of new loans of £152m and repayments of £55m.

## RANKING OF TOTAL COMMITTED LOANS BY LENDER

Position 2004		March 04 £,000	Position 2003	March 03 £,000
1	The Royal Bank of Scotland	532,517	(1)	556,970
2	HBOS	384,602	(2)	386,545
3	Dunfermline Building Society	246,168	(5)	180,125
4	Abbey	208,286	(4)	192,939
5	Nationwide Building Society	207,655	(3)	227,998
6	Lloyds TSB Scotland	186,814	(8)	110,309
7	European Investment Bank	152,900	(6)	152,900
8	Clydesdale Bank	151,583	(7)	150,941
9	Britannia Building Society	73,434	(10)	77,314
10	Bradford & Bingley	70,000	(9)	90,000
11	Northern Rock	26,582	(11)	26,582
12	Scottish Building Society	13,925	(12)	11,120
13	Bank of Ireland	12,996	(15)	7,718
14	Dexia Bank	10,300	(13)	10,300
15	Co-operative Bank	8,772	(14)	8,772
16	THFC (Housing Finance Corp Ltd)	5,264	(16)	5,263
17	Depfa Bank	5,250	(17)	5,250
18	Allied Irish Bank	207	(18)	207
19	Newcastle Building Society	178	(19)	178
20	Skipton Mortgages Ltd	154	(20)	154
	<b>Totals</b>	<b>2,297,587</b>		<b>2,201,585</b>

The biggest five lenders at 31 March 2004 are The Royal Bank of Scotland, HBOS, Dunfermline Building Society, Abbey and Nationwide Building Society. These five lenders have all individually lent over £200m to the RSL sector and, collectively, lending from the top five in Scotland is £1.58bn accounting for 69% of all lending.

A major mover in the lending position this year was Lloyds TSB Scotland increasing its loan book by £77m, an increase of 69% from 2002/03. Nationwide Building Society moved down from position three to five as their exposure reduced by £20m. This was mainly accounted for by Nationwide, along with other providers of committed facilities to Glasgow Housing Association, selling down loans to Lloyds TSB who moved into sixth place with committed loan approvals of £187m.

Bradford and Bingley reduced their lending by £20m following a refinancing by Berwickshire Housing Association of their facility to Dunfermline Building Society. The bottom seven lenders to RSLs sitting in positions 14 to 20 made no loan approvals during the year and retain their commitment at £30m.

## NEW LOANS APPROVED IN 2003/04

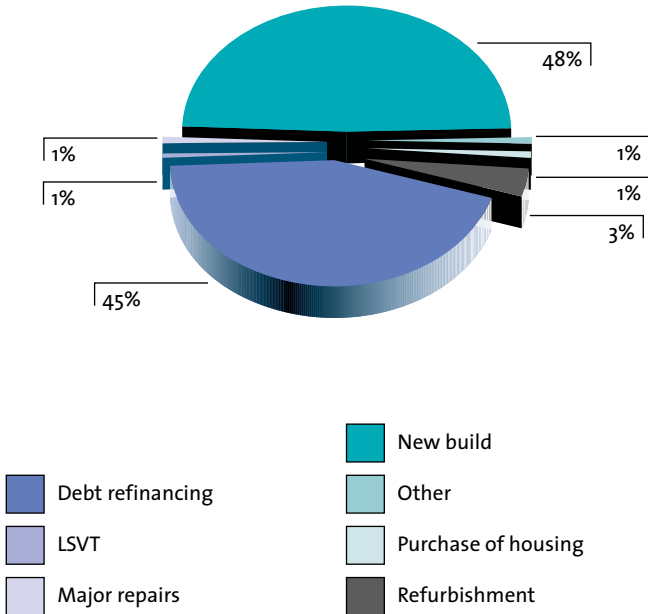
### New loans approved by purpose

New loans approved during the year totalled £152m. Almost half of new lending was for new build construction and purchases of housing. Debt refinancing continued to prove popular with RSLs taking advantage of lower interest rates in the market and renewing terms and conditions for existing loans.

There were limited approvals for refurbishment although there may be a change of emphasis in the future as RSLs prepare delivery plans to achieve the Scottish Housing Quality Standard (SHQS). These plans are due to be with Communities Scotland in April 2005 and may lead to more loans being provided for reinvestment in existing properties.

Purpose	£,000	%
New build/Purchase of housing	75,608	49
Debt refinancing	67,840	45
Refurbishment/Major repairs/LSVT	7,275	5
Other	1,500	1
	<b>152,223</b>	<b>100</b>

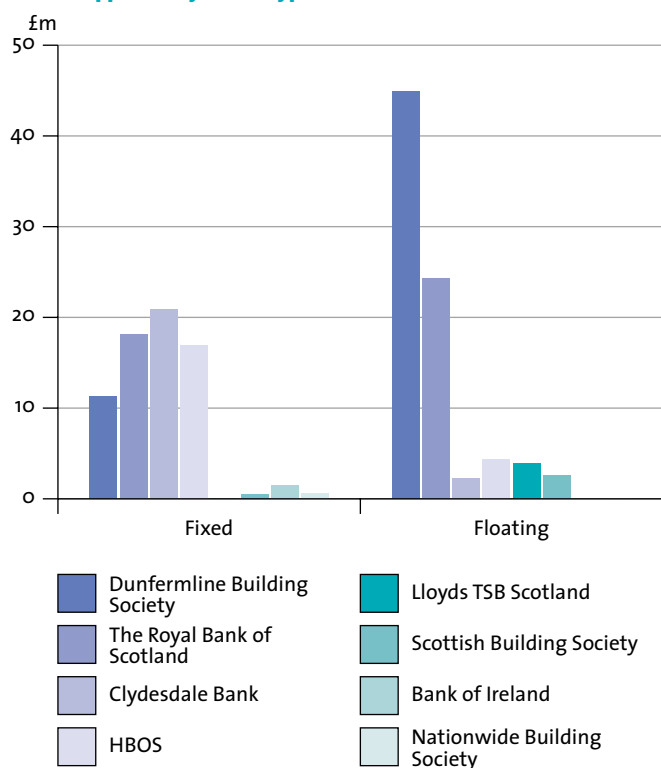
### New loans approved by purpose



## NEW LOANS APPROVED BY LENDER AND TYPE

New lending during the year was led by the Dunfermline Building Society with £56m and The Royal Bank of Scotland was second with £42m. A higher proportion of lending to RSLs, £82m, was taken at floating rates. The activity of individual lenders in the RSL sector in 2003/04 is summarised in the table below.

### New loans approved by lender type



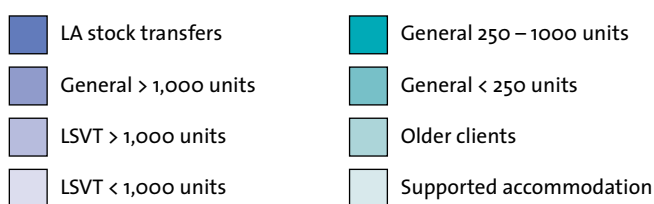
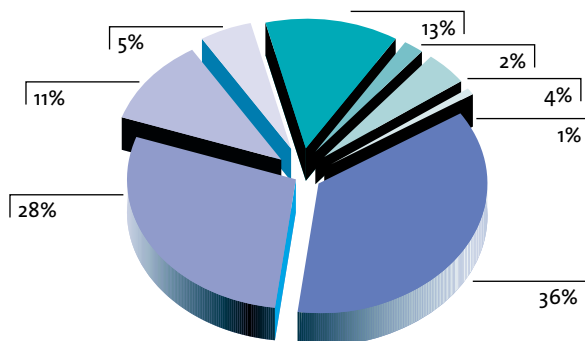
Lender	Fixed £,000	Floating £,000	Total £,000
Dunfermline Building Society	11,249	44,949	56,198
The Royal Bank of Scotland	18,127	24,294	42,421
Clydesdale Bank	20,888	2,306	23,194
HBOS	16,928	4,357	21,285
Lloyds TSB Scotland	0	3,900	3,900
Scottish Building Society	461	2,593	3,054
Bank of Ireland	1,521	0	1,521
Nationwide Building Society	650	0	650
	<b>69,824</b>	<b>82,399</b>	<b>152,223</b>

## TOTAL COMMITTED LOANS BY CLASSIFICATION GROUP

Last year's local authority stock transfers significantly increased the value of committed loans in the Scottish RSL sector and at 31 March 2004, stock transfer organisations account for 36% (39% in 2003) of committed loans.

Borrowings by organisations classed as 'General 250 to 1,000 units' and 'General with more than 1,000 units' increased in total by £69m during the year mainly due to refinancing deals and loans for new build projects.

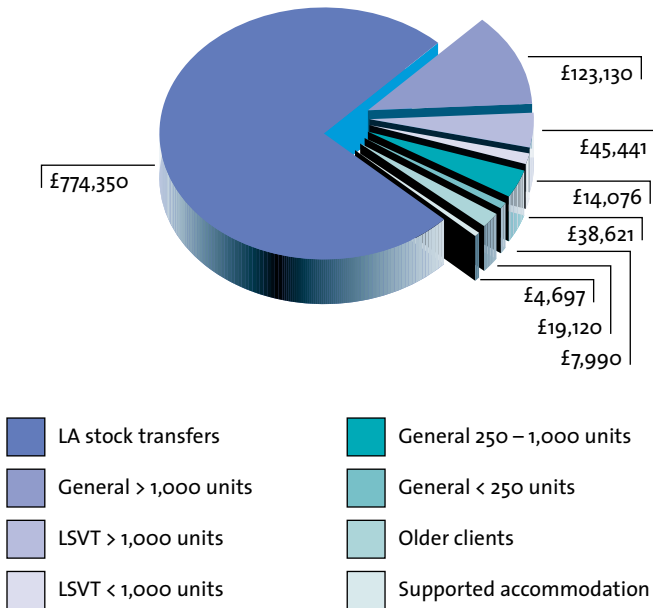
Total committed loans by classification group



## BALANCES DRAWN AND AVAILABLE BY CLASSIFICATION GROUP

The total loan commitments indicate that local authority stock transfers retained the largest amount of funding with £835m. The balance of debt drawn is £60.6m leaving undrawn facilities of 93% almost exclusively in GHA. RSLs with the greatest value of loans drawn down are those in the 'General with more than 1,000 units' classification group with £525m drawn down and a further £123m of committed lending at their disposal. Total undrawn lending, excluding local authority stock transfers, is £253m. Some of this committed lending, although not necessarily intended for SHQS improvements, may nevertheless be capable of being diverted to this use if necessary to support the Scottish Executive policy.

### Total committed loans by classification group

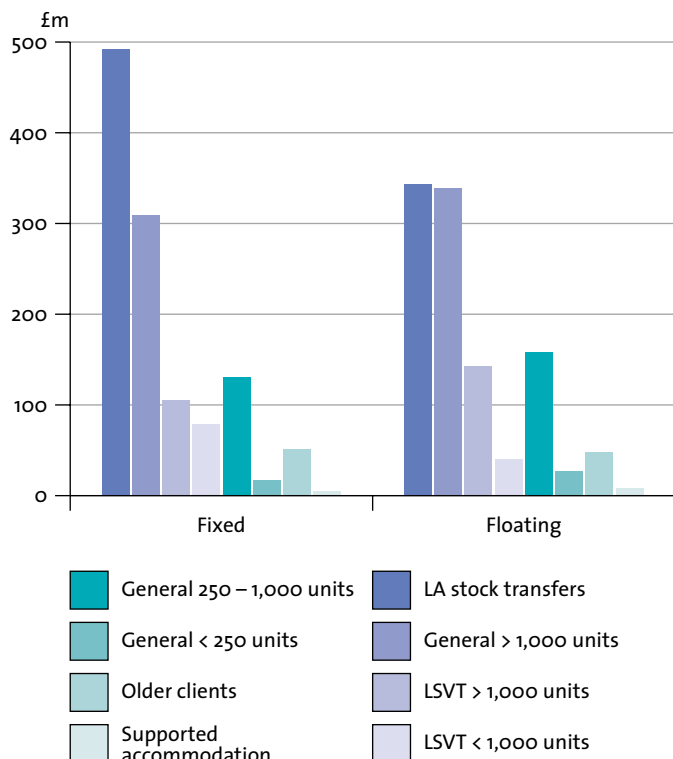


Classification group	Committed loans £,000	Balance drawn £,000	Balance undrawn £,000	Proportion undrawn %
LA stock transfers	835,000	60,650	774,350	93
General > 1,000 units	647,940	524,810	123,130	19
LSVT > 1,000 units	248,603	203,162	45,441	18
LSVT < 1,000 units	118,725	104,649	14,076	12
General 250 – 1,000 units	289,462	250,841	38,621	13
General < 250 units	44,257	36,267	7,990	18
Older clients	99,848	80,728	19,120	19
Supported accommodation	13,752	9,055	4,697	34
<b>Total</b>	<b>2,297,587</b>	<b>1,270,162</b>	<b>1,027,425</b>	<b>45</b>

## FIXED AND FLOATING INTEREST RATE LOANS BY CLASSIFICATION GROUP

During the year we saw a shift towards fixed rate loans with 52% fixed at 31 March 2004 compared to 47% fixed at 31 March 2003, as RSLs converted existing variable rate loans to fixed rates. However, as mentioned previously, variable rates on new loans approved in the year were preferable to fixed rates. The table below analyses total committed loans by classification group.

### New loans approved by lender type



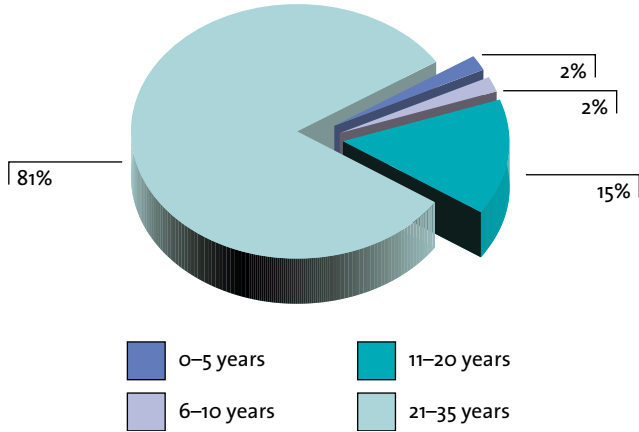
Classification group	Fixed £,000	Floating £,000	March 04 Total £,000	March 03 Total £,000
LA stock transfers	492,100	342,900	835,000	835,000
General > 1,000 units	309,428	338,512	647,940	617,269
LSVT > 1,000 units	105,746	142,857	248,603	242,293
LSVT < 1,000 units	78,954	39,771	118,725	94,978
General 250 – 1,000 units	130,853	158,609	289,462	251,303
General < 250 units	17,442	26,815	44,257	50,055
Older clients	51,658	48,190	99,848	82,676
Supported accommodation	5,486	8,266	13,752	28,011
<b>Total</b>	<b>1,191,667</b>	<b>1,105,920</b>	<b>2,297,587</b>	<b>2,201,585</b>

## MATURITY DATES

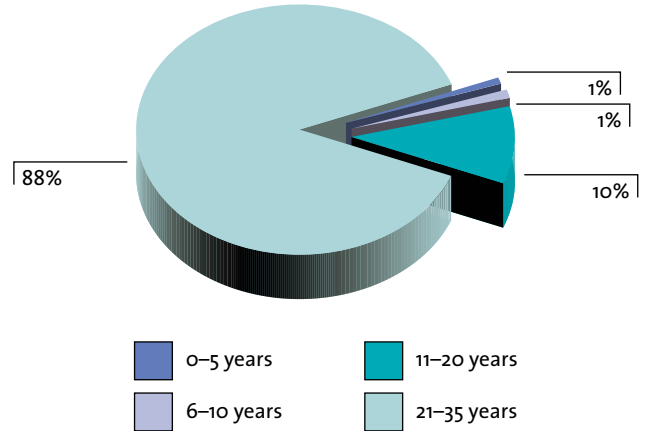
RSLs continue to enter into long-term loans with funders and the most common duration is 30 years. There were 1,900 loan agreements in place between lenders and RSLs at 31 March 2004. Loans repayable in fewer than five years totalled £35m with fixed interest rates

exceeding variable rates in the ratio 2:1. There is a similar ratio for fixed to variable rates for loans repayable within 6 to 10 years. For loans maturing between 11 and 35 years, there is more of an even split between fixed and floating interest rate loans.

### Maturity dates of fixed loans



### Maturity dates of variable loans



How to contact us:

We welcome comments on *The Digest*. Please contact Audrey Shimmons,  
Financial Analysis Manager, Regulation & Inspection, Communities Scotland  
telephone 0131 479 5710  
email [audrey.shimmons@communitiesScotland.gsi.gov.uk](mailto:audrey.shimmons@communitiesScotland.gsi.gov.uk)

Regulation & Inspection  
Communities Scotland  
Rosebery House  
9 Haymarket Terrace  
Edinburgh EH12 5YA

You can download extra copies of *The Digest* (including the *Loan Portfolio Bulletin*) from our website:

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Communities Scotland, Thistle House, 91 Haymarket Terrace, Edinburgh EH12 9HE  
telephone 0131 479 5164

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