WEST HIGHLAND HOUSING ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

Financial Conduct Authority Number: 1691R (S)

Scottish Housing Regulator Registration Number: HEP 163

Registered Scottish Charity Number: SC017357

WEST HIGHLAND HOUSING ASSOCIATION

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ASSOCIATION INFORMATION

Directors	G Boyle L Houston J Degnan D Mackie D Sloss J Tolmie D Cargill Councillor D McFadzean P Barnes J McKie J Turner R Pfeifer
Secretary	B Sadler
Registered office	Crannog Lane Oban Argyll PA34 4HB
Auditor	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL
Internal auditor	TIAA Artillery House Fort Fareham Industrial Site Fareham PO14 1AH
Bankers	Nationwide Building Society Commercial Division Caledonia House Carnegie Avenue Dunfermline KY11 8PE
	Bank of Scotland Station road Oban PA34 4LL
	Virgin Money 19 Longrow Campbeltown PA28 6ER
	CAF Bank 25 Kingshill Avenue West Malling Kent ME19 4JQ
	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD

WEST HIGHLAND HOUSING ASSOCIATION

ASSOCIATION INFORMATION

Solicitors T C Young Solicitors
7 West George Street
Glasgow
G2 1BA

The Board presents its report and audited financial statements for year ended 31 March 2026.

Legal Status

West Highland Housing Association Limited (the Association) is a registered non-profit making body under the Co-operative and Community Benefit Societies Act 2014 No. 1691R (S).

The Association is governed under its rules and registered with the Financial Conduct Authority, the Scottish Housing Regulator as a Registered Social Landlord and with the Office of the Scottish Charities Regulator as a Scottish charity.

Principal Activity

The Association's principal activity is the provision of affordable, well-maintained, high-quality housing in the Oban, Lorn and Island area. In doing this we support fragile communities within the local area.

Mission, Objectives and Values

Our Mission Statement and Values reflect our work in supporting local communities and our tenants.

Our Mission

Providing and maintaining quality homes to support local communities to thrive.

Objectives

The Association plans activities around the following strategic objectives:

- Providing High Quality Sustainable Homes
- Delivering Excellent Services
- Keeping the Organisation Safe and Secure
- Valuing Our People
- Strengthening Positive Community Partnerships

Our Values

Our Values underpin everything we do:

- Responsibility – We all take responsibility for our actions.
- Empathy – We work hard to understand how people feel as individuals and treat them with dignity.
- Social Impact – We strive to ensure that there is a positive social impact from our activities and work with others who share these aims.
- Participation – We are proactive in providing opportunities for people to engage with us and help us to improve our services.
- Equity – We are all equal and different, and we aim to provide inclusive environments for work and for living.
- Challenge – We challenge ourselves and others towards excellence and innovation in all we do.
- Transparency – We wish to be open and honest about what we do and how we do it.

Board and Executive Officers

The members of the Board and the Executive Officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board. The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Corporate Structure

The association is a subsidiary of Link Group Limited (the Group), a Registered Social Landlord. Ultimate responsibility for the conduct and the control of the Group and its subsidiaries rests with the Link Group Board, while an Independence and Responsibilities Agreement sets out conditions for the autonomous operation of the Association within the Group.

The Association has its own subsidiary West Highland Futures Limited which has its own Board of Directors split equally between independent members and West Highland Housing Association board members.

Corporate Governance

Link Group submits Group assurance statements to the Regulator confirming compliance with:
- All relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework
- All relevant standards and outcomes in the Scottish Social Housing Charter
- All relevant legislative duties
- The Standards of Governance and Financial Management

The Association's Chair, Linda Houston, is also a member of the Link Group Board as part of the Link Group governance structure.

Board and Governance

On an operational day to day basis the Association is managed by the Chief Executive who reports to the Board. Board Meetings are held approximately every 2 months. The current governance structure includes an overall Board, an Audit & Risk Committee, a Performance & Health & Safety Committee and a Nominations Committee.

The Board sets the strategic direction of the organisation and monitors the operational activities. As at the year end, there were 12 Board Members, one of which was Council nominated.

At the AGM in September 2025, Linda Houston was appointed as the new Board Chair and Jim Tolmie as Board Vice Chair.

The Board held its annual in-person away day (split over two days) in October 2025 where the main themes were:
- 30 Year Plan / Investment Plans / Assumptions
- Rent Affordability
- Innovation

Corporate Plan 2023-2028

The Corporate Plan was approved in 2023 for a five-year period. Alongside the Corporate Plan, an annual Delivery Plan is produced. The 2025/26 Delivery Plan included the headline actions and projects planned to be undertaken during the year with progress on achieving the Delivery Plan reported on a quarterly basis to Board. The Delivery Plan actions were aligned to the Association's five Corporate Plan Objectives which are:

- Providing high quality homes
- Delivering excellent services
- Keeping the organisation safe and secure
- Valuing our people
- Promoting positive community partnerships

Business Plan 2026-2029

As the vast majority of the identified actions in the Corporate Plan were completed by 2025/26, the Board approved the development of a new Business Plan from 2026. This also aligned the Business Plan development with Link Group and its partners, ensuring there is a more consistent Business Plan approach and layout across the group. The new three-year WHHA Business Plan was approved in March 2026 and included consultation and feedback from staff, tenants and Board Members. The new Business Plan runs from 2026-2029.

Development Strategy 2023-2028

The current five-year Development Strategy was approved in 2023. As with previous years, a number of developments were started on site during the last year, along with progressing a number of potential future developments. The developments on site at year end 2025/26 were:

- 20 units on site at Port Ellen, Islay
- 6 units at Port Appin
- 10 units at Tobermory, Mull

One development was also completed during the 2025/26 year:

- 16 units on site at Port Charlotte, Islay

A number of other sites are in the process of being confirmed in our future association Development Programme, including the purchase of several future development sites. These sites enable the development risk to be reduced and for the association to be in better control of when developments will start on site in the future.

West Highland Futures Limited

West Highland Futures Limited is a wholly-owned subsidiary of the Association and operates biomass heating systems providing heat to the Association's tenants and at the Mull Progressive Care Centre to NHS Highland and Argyll and Bute Council. West Highland Futures Limited has a separate Board of Directors which meets regularly through the year to review performance, consisting currently of 2 independent and 2 association Board Members.

The Association has taken advantage of the exemption within section 400 of the Companies Act which allows the accounts for West Highland Futures Limited not to be consolidated within these financial statements, but they are consolidated within the financial statements of Link Group Limited.

Risk

As part of the Link Group, the Association shares their risk approach and utilises the Link Group Risk Management Framework. The Association has a full risk register which is reported on a quarterly basis to the Audit & Risk Committee, and on an annual basis to Board. The quarterly report to Audit & Risk Committee includes details of any changes to risk ratings, actions and controls that have taken place.

The Association has 29 risks on its corporate risk register and has identified the following as its highest key risks:

- Being unable to meet Social Housing Net Zero Targets – The Association are awaiting the Scottish Government announcement on the new proposed Social Housing Net Zero standard. In the meantime, the Association continues to upgrade housing stock to improve energy efficiency, whilst awaiting final details regarding the new Standard.
- Introduction of new systems (Housing Management System & Finance System) – in 2025/26 the Association identified the need to introduce a new Housing Management System, alongside moving over to the Link Group finance system. Both represent significant projects to undertake during 2026/27.
- Increased costs affecting the delivery of the business plan – whilst the Association is a financially sound and robust organisation, the Association recognises that there continues to be increased cost pressures on our future finances. The Association will continue to pay close attention to current and anticipated costs across the business.
- Not being able to provide a quality Grounds Maintenance service to tenants and factored owners – in late 2025/26 the Association identified that the grounds maintenance contract required to be retendered. The Association recognises that the current grounds maintenance service needs to improve and links directly to overall customer satisfaction.

Financial Performance

The financial statements reflect the requirements of the Statement of Recommended Practice (SORP) for registered social housing providers, the Housing SORP 2018.

The financial statements show total comprehensive income for the year of £653k (2025: £1,161k). This surplus was after taking account of a gain on the Association's pension liability of £112k (2025: gain of £11k).

Turnover increased in the year to £7,489k from £7,225k in 2025. The majority of the increase is in relation to rent and service charge increases.

The Association's core income from property rents increased by 6.4% to £5,277k from £4,961k, the majority of the increase reflecting the rent increase of 5.5%, which took effect in April 2025, together with additional rental income from recently completed properties.

Operating costs increased to £6,480k from £5,657k in 2025. This is due to an increase in Service costs and Planned and Cyclical Maintenance costs in line with budgeted planned works.

On the Statement of Financial Position, the Association's housing properties amount to £82,816k (2025: £79,589k). Investment in housing property during the year amounted to £5,898k (2025: £6,643k) which included both the development of new properties and the upgrade of existing properties.

Net current assets fell slightly from £2,746k in 2025 to £2,738k.

At 31 March 2026 the Association's capital and reserves stood at £15,198k (2025: £14,545k).

The Board consider that these reserves are necessary to fund the cost of future major repairs and improvements to the Association's housing properties.

Financing and Liquidity

The Association manages its borrowings and cash investments in accordance with the Treasury Management Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. During the year, the Association continued to utilise the Flagstone Charity Deposit Scheme to increase returns from investment.

The Association does not enter transactions of a speculative nature. At 31 March 2026 the Association had a mix of fixed (68%) and variable (32%) debt. The level of fixed loans was a higher % than when compared to 31 March 2025 (48%). This is due to taking a new fixed rate loan during the year. The association also reduced the overall number of lenders during the year.

Properties in Management

As of 31 March 2026, the Association had 863 properties including 12 under shared ownership. In addition, it managed 353 properties and 43 rent to buy properties on behalf of Link Group and provided a property factoring service to a further 218 properties.

Tenant Participation

In 2025, the Association launched a new Tenants Panel, to improve tenant involvement across the organisation and the panel have since met a number of times to discuss a range of subjects within its terms of reference. Alongside this, in 2025 a tenant was appointed to join the Association's Board of Management, further strengthening tenant involvement at Board level.

In early 2026, the Association launched a new Tenant Participation Strategy for 2026-29, with an associated action plan. As part of developing the new Strategy, tenants provided a range of feedback, including what their top tenant engagement priorities are for the next three years. The top three of which are:

- Affordable rent;
- Maintaining and upgrading homes and estates; and
- Opportunities to participate and feel heard

Staffing

Overall staffing levels have remained consistent throughout the year.

Following the resignation of the Director of Finance & Business Support in late 2024, an external recruitment exercise was undertaken, supported by consultants, to find prospective candidates to fulfil the role. Despite interested applicants, the Association was unable to appoint to the role. In conjunction with the Board, the CEO reviewed the staffing structure and created an interim staffing structure, including a new Interim Head of Finance role which was appointed to internally in May 2025. Following a successful probation period, this role was made permanent in December 2025.

Team West Highland whole staff team meetings continue to be held monthly and throughout the year quarterly staff satisfaction pulse surveys were sent out to all staff, to gather staff satisfaction feedback. The staff pulse survey results were shared with all staff at the Team West Highland meetings with 100% of staff responses stating they are satisfied with the Association as an employer.

Investors in People

During 2025, a twelve month review meeting was held with the Investors in People (IIP) assessor.

The IIP assessor noted that significant progress had been made in addressing the identified areas raised in the 2024 IIP review.

Performance

The Performance and Health & Safety Committee monitors performance in terms of operations, business services and asset management on behalf of the main Board. A range of financial ratios and indicators were produced on a quarterly basis for the Audit & Risk Committee. The performance information was used by both Committees to monitor how the organisation is performing and, more importantly, initiate corrective action in underperforming areas.

The Association reports to the Scottish Housing Regulator each year on performance that is required for the Annual Return on Charter (ARC). To ensure the Board has some external assurance regarding the data, an external validator is used. This provides some additional assurance for the Board but also provides the staff team with challenge around their understanding of ARC definitions and their collection of data.

This year the Association's overall performance has remained at similar high level to last year and generally compared favourably when benchmarked against other housing associations operating in the area. In particular, satisfaction with rent being value for money has increased, as has overall tenant satisfaction levels.

To draw on some specific areas:

- **Allocations**

In 2025/2026 there were 55 allocations, of which 7 were mutual exchanges.

- **Voids**

Our void performance has continued to be at an excellent level as compared to Scottish average.

- **Rents**

We know that the Association's rents are higher than other Argyll Registered Social Landlord (RSL's). There are several reasons for this to do with build date, type of stock and size of house and we know that our new build rents are set at a similar level to other RSL's. The Association has been utilising a rent tool developed by consultants which provides a deeper level of understanding of the issues around rent affordability and to also utilise the affordability information during Board discussions. Rent setting proposals are also run through the Association's 30-year financial plan as a modelling tool to ensure the Association's long term viability.

- **Compliance/Health & Safety**

The Association has continued to provide a Compliance Update Report on a quarterly basis to Performance and Health & Safety Committee. Performance in key compliance areas has continued to improve over the course of the year. Alongside this, an external Compliance audit was completed, providing a useful check on areas the Association can improve on further.

- **Maintenance**

The Association has taken a prudent approach in terms of its planned maintenance both in the short/medium term and over the 30 years of the Business Plan to ensure financial viability.

During 2025/26 the Association committed significant capital investment into new windows, heat pumps, solar PV and battery storage to 20 properties in Mull and Jura. Alongside this, a window replacement programme was undertaken across three schemes in Islay, for a total of 17 properties.

Focus has continued around damp, mould and condensation where both the reporting and monitoring of reports made by tenants is reported on a regular basis to both Board and the Performance & Health & Safety Committee. An internal audit report on damp, mould and condensation was also carried out across Link Group (including WHHA as a subsidiary company), providing a number of future actions to be undertaken across the group going forward.