

**CALVAY HOUSING ASSOCIATION MINUTES OF 2022/2023
MANAGEMENT COMMITTEE:19 JANUARY 2023**

1 SEDERUNT

Present: Jim Gourlay - Chair
Alison A'Hara - Vice Chair
Chris Warwick - Secretary
Bryce Wilson - Treasurer
Steven Blomer - Committee Member
Julia Okun - Committee Member (via Zoom)
Jim Munro - Co-opted Member
Geri Mogan - Co-opted Member

Apologies: Sandra McIlroy - Committee Member
Stacy Shaw - Committee Member

In Attendance: Nick Dangerfield - Director
Tracy Boyle - Corporate Services Manager
Fettes McDonald - Finance Consultant (Item 1-5)

2 DECLARATIONS OF INTEREST

Jim Munro and Geri Mogan expressed an interest in Item 12, Applications for Membership.

3 MINUTES OF MANAGEMENT COMMITTEE MEETING HELD ON 24 NOVEMBER 2022 APPROVED

The minutes of the Management Committee meeting held on 24 November 2022 were circulated prior to the meeting and noted. During consideration of these minutes the following items were noted:-

Matters Arising

7. HR Support for Committee

The Chair and Director have had a meeting with Margery McBain from Gravitare HR and have agreed to bring in a Performance Management system. In response to a question no formal timeline has been set. They are also looking at the current 1-1 and appraisal formats.

Some discussion took place regarding the Business Plan and it was noted that Management Team will agree the strategic priorities which will be passed to the Chair to share with the rest of Committee. A delivery plan for these priorities will then be developed.

Gravitare HR will also review the job descriptions across the organization.

Director/Chair will provide an update on progress at February's Management Committee meeting.

8. Quarter 2 Reporting – ARC Validation

In response to a question regarding the appointment of Christine Dugan to validate our ARC data, the Director advised that she did not have capacity to do pre-submission

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verification, but will do checks on our return, post-submission. Christine will start work with us in July 2023. A Committee Member advised that Christine did similar work with their association, starting in July but gradually moving back and she now starts pre-submission work with them in February. He advised Committee that this will be a tough process, but very worthwhile. This will also satisfy the Regulator that the Association is testing the validity of its ARC data.

12. Notifiable Event – Failure of Render

In response to a question about keeping the tenants up to date, the Director advised that flyers were sent to the 2 affected blocks. The engineers do not think that any more render will come off, however a scaffold shelter has been erected. The surveyor has looked at other properties/streets and has stated verbally that he does not consider it such a big risk that we need to erect shelters anywhere else. A written report is due to follow and the Regulator have advised they want to see a copy.

Some discussion took place regarding the possibility of doing an external wall insulation (EWI) project, but we need good data first, e.g. energy performance certificates (EPC's) and physical inspections. This will help determine available funding.

Some discussion took place regarding the importance of keeping the tenants updated and it was agreed that will go back to the affected tenants with an update. In response to a question from a Committee Member, the Director confirmed that the Regulator has not closed off neither this notifiable event, nor the one regarding the balconies. The Director did advise that there is a plan to roll in the balcony work with any EWI project, so the Regulator may close this notifiable event down. A Committee Member advised that the Regulator may wish to see a clear action plan for dealing with these two issues, particularly as resident health and safety is high on their agenda. In terms of funding the projects, it is possible that the Association could get as much as 50%.

Otherwise the minutes were approved on a motion by Bryce Wilson, seconded by Alison A'Hara.

4 MINUTES OF MANAGEMENT COMMITTEE MEETING HELD ON 1 DECEMBER 2022 APPROVED

The minutes of the Management Committee meeting held on 1 December 2022 were circulated prior to the meeting and noted. As there were no matters arising the minutes were approved on a motion by Bryce Wilson, seconded by Alison A'Hara.

5 MINUTES OF MANAGEMENT COMMITTEE MEETING HELD ON 15 DECEMBER 2022 APPROVED

The minutes of the Management Committee meeting held on 15 December 2022 were circulated prior to the meeting and noted. As there were no matters arising the minutes were approved on a motion by Bryce Wilson,

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seconded by Alison A'Hara.

6 MATTERS ARISING FROM PREVIOUS MEETINGS

There were no further matters arising.

7 DRAFT BUDGET 2023-24 – WRITTEN REPORT BY FINANCE CONSULTANT APPROVED

A written report by the Finance Consultant was circulated prior to the meeting and noted. The Finance Consultant took Committee through his report and draft budget for 2023/24, noting the salient points.

Committee were advised that this has been an unusual year in terms of inflation, rent freeze, etc. A 5% rent increase has been assumed in the budget, however CPI was 10.7% in November and 10.5% in December.

In response to a question regarding 2.4 in the report, about when the render work might go to tender, Committee were advised that indicative costs could be obtained by the end of February. In response to a question from a Committee Member about whether anyone else has done a similar project, it was noted that Provanhall Housing Association had, but this was about 11 years ago. It was suggested that the question could be asked via GWSF and this would maybe allow us to get broad costs. The Finance Consultant advised that if the render works went ahead on current costs, this would breach the Association's covenants.

In terms of cash, the association currently has healthy reserves of £2.3M, however reactive costs are 25% higher.

On going through the remainder of the accounts, the Finance Consultant noted the salient points:

- Substantial debt on new build
- Higher interest rates
- Rental income assuming a 5% increase
- Staffing costs lower than local peers in 2021/22
- Potential covenant breaches, dependent on render works

With regard to the narrative of the Business Plan, due to February's meeting for approval, it is anticipated the decisions on render works and wider role funding will be known.

In response to a question from a Committee Member regarding reactive costs, the Finance Consultant advised that Calvay costs are relatively low and these are not likely to go back down, even after Covid catch-up, etc. and this has been acknowledged by FMD.

In response to a question from a Committee Member regarding the future of SDM, it was agreed that this should be included in the Risk Register.

In response to a question from a Committee Member about whether the new posts were included in the budget, it was noted that the Director and Finance Consultant are to have further discussion about this. It was noted that Gravitare HR, the company appointed to assist the Association with HR issues, have suggested that the replacement for the Finance Officer (due to

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retire at the end of the year) be appointed earlier to allow a long enough handover period.

In response to a question from a Committee Member regarding whether there would an increase in the landscape contract costs, it was noted that we'd need to check where we are in the contract.

Following discussion about General Expenses, it was noted that the allowance for Professional Fees will have to increase.

The Chair advised that he could not sign off on a budget that allowed for any covenant breach. The Finance Consultant advised that this will be dependent on finalising arrangements for the render works. A Committee Member suggested that cost savings could possibly be made on the planned maintenance programme. It was noted that once more information is available, it may be worthwhile having a conversation with the banks in terms of the loan covenants.

Otherwise the draft Budget was approved by Committee.

8 RENT INCREASE – WRITTEN REPORT BY INTERIM PROPERTY SERVICES MANAGER APPROVED

A written report by the Interim Property Services Manager was circulated to Committee prior to the meeting and noted. It was noted that Committee had debated the options at November's meeting and had subsequently asked for a further consultation event to be held. This took place on 11 January and 11 people attended. The Director ran through a presentation about the association, how it was funded and what could/couldn't happen with both the 3% and 5% options. Discussion took place regarding how difficult a 3% increase would be to manage. The Chair advised that any increase would need to reflect the increase in costs for everything else. He had recently attended the SFHA Finance Conference, where other associations were starting with 5% as the absolute minimum option. The average increase is 6.1%. Other Committee Members advised their own associations were consulting with tenants on 5%/7% and 5% only. It was acknowledged that most organisations going with a lower option had a caveat to catch up in later years, but obviously do not know what inflation will be like in the future.

It was noted that a couple of attendees at the event had stated that even though their own income was not going up by 5%, this would be their preference for the rent increase.

A Committee Member questioned the reliability of the SFHA Affordability Tool and expressed their disappointment that more information was not provided on the 3% option. It is their view that 5% was being pushed more and asked if staff had looked hard enough at delaying internal works. They also held the view that staff had not properly identified those who will struggle with the 5% increase.

A Committee Member acknowledged the fact that there had not been substantial engagement this time, however a 3% increase would put the Association in serious jeopardy and could affect investment going forward.

A Committee Member stated that the Association might lose credibility if it goes against the outcome of the initial consultation, where the majority

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expressed a preference for 3%. However, another Committee Member stated it was more about risk management.

The Committee then moved to vote on the matter with the following result:

6	for	5%
1	for	3%
1	abstention	

It was noted that the Association will have to provide more context in future when consulting with its tenants on the rent increase. Committee acknowledged that a lesson had been learned and it was noted that there are plans to set up a Scrutiny Panel which could assist in areas like this. A Committee Member stated the importance of doing tenant engagement. This is a regulatory requirement and needs to be started as soon as possible.

In response to a question from a Committee Member, it was confirmed that the Scottish Government has lifted the rent freeze for social landlords. A Committee Member noted that this shows the Government is assured that the sector will take a proportional response.

Following some discussion, it was agreed that a letter will be sent to all tenants, explaining why the Association has gone for a 5% rent increase.

9 NATIONWIDE – MANDATE – WRITTEN REPORT BY DIRECTOR APPROVED

A written report by the Director was circulated to Committee prior to the meeting and noted. The mandate and relevant signatories were approved. A Committee Member advised that the financial regulations will have to be changed to reflect this.

The Finance Consultant left the meeting at this point.

10 EXTERNAL AUDIT – AZETS ENGAGEMENT LETTER – WRITTEN REPORT BY DIRECTOR APPROVED

A written report by the Director was circulated to Committee prior to the meeting and noted. The engagement letter was subsequently signed by the Chair.

11 COSTS FOR STAFF AWAY DAY/WELLBEING – WRITTEN REPORT BY SENIOR PROPERTY SERVICES OFFICER APPROVED

A written report by the Senior Property Services Officer was circulated to Committee prior to the meeting and noted. This was unanimously approved.

Jim Munro and Geri Mogan left the meeting at this point.

12 APPLICATIONS FOR MEMBERSHIP

Applications for membership from Jim Munro and Geri Mogan were unanimously approved. Share certificate nos. 1088 and 1089 were signed and sealed.

Jim Munro and Geri Mogan rejoined the meeting at this point.

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13 DEVELOPMENT UPDATE – WRITTEN REPORT BY DEVELOPMENT CONSULTANT NOTED

A written report by the Development Consultant was added to Decision Time following issue of the papers. This report was noted.

14 RISK MANAGEMENT – STANDING ITEM

It was agreed that the following items are added to the register:

SDM

Health & Safety

- Dampness/Mould
- Rendering failure

15 TRAINING AND EVENTS

i. GDPR/Freedom of Information

The Corporate Services Manager advised that the Data Protection Officer had strongly recommended a short session to give Committee an overview of where the Association is at in terms of its compliance with the GDPR/Freedom of Information requirements. It was agreed that a few dates will be suggested for Committee. This will be an evening session, via Zoom and is expected to last approximately 30 minutes.

ii. Decision Time

It was agreed that another online training session will be arranged for any Committee who wish to attend.

16 SCOTTISH HOUSING REGULATOR – UPDATE – VERBAL REPORT BY DIRECTOR NOTED

The Director advised there had been no formal response to the letter. They had been in touch regarding a couple of the ARC questions, which have subsequently been resolved.

17 NOTIFIABLE EVENTS TO THE REGULATOR

The Director advised there had been no new notifiable events since the last meeting.

18 SIGNING OF MINUTES BY CHAIRPERSON

The minutes were duly signed by the Chair at the meeting.

19 MINUTES OF OTHER MEETINGS

i. Draft Minutes of the Property Services Sub Committee meeting held on 6 December 2022 noted

The draft minutes of the Property Services Sub Committee meeting held on 6 December 2022 were circulated to Committee prior to the meeting and noted.

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20 OUTSIDE BODIES

i. Employers in Voluntary Housing

The representative advised that papers had been uploaded to Decision Time. She also advised of the upcoming Annual Conference.

ii. Glasgow and West of Scotland Forum

The Director reminded Committee that there was an open invitation to attend these meetings if anyone was interested.

iii. Easterhouse Housing and Regeneration Alliance

It was noted that a planning day is scheduled, to look at the future of EHRA.

iv. SHARE

The representative advised they had been struggling with attending these meetings on a hybrid basis, but is happy to continue to go to SHARE.

APPROVED _____

DATE _____