

MINUTES OF	:	Board of Management Meeting
TIME & DATE HELD	:	16th January 2024
DATE APPROVED	:	20th February 2024

BOARD MEMBERS PRESENT	:	Hugh McIntosh (Chair), Grace Barbour, Rae Connelly, Elizabeth Battersby, Gillian Johnston, Maureen Mulgrew and Eddie Robertson
APOLOGIES	:	Brian Barclay, Marian Hassan and Janice Saunders
STAFF PRESENT	:	Tony Teasdale (CEO) Colette McKenna (DPS) Kirsty Brown (DFCS)
IN ATTENDANCE	:	N/A

1. Apologies

Apologies were noted as above.

A leave of absence was granted for Brian Barclay until after 20th February due to ill health.

2. Declarations of Interest

All tenant Board Members present (Ms Barbour, Mr McIntosh and Ms Mulgrew) declared an interest in relation to the expected discussion on rents and service charge income at Agenda Item 8. In accordance with usual practice however it was agreed that this should not prevent them from taking part in the discussion or voting on the issue.

3. Minutes for Information:

The draft minutes of the following meeting were noted:

3.1 Property Services Sub-Committee Meeting: 05.12.2023

4. Minutes for Approval

4.1 Board of Management Meeting: 12.12.2023

The draft Minute of the Board meeting held on 12th December 2023 was approved on a motion from Grace Barbour, seconded by Eddie Robertson.

5. Matters Arising Schedule

There were none.

6. Compliance and Safety Update

Members noted the content of the Compliance & Safety Update Report which confirmed that:

- That there had been no new Notifiable Events reported since the last meeting date.
- There had been no statutory/other return filing requirements since the last meeting date.

- That at time the report was issued there had been no significant Health and Safety incidents to report since the last meeting date.

7. CEO Progress Report

Members noted the content of the report updating on significant issues and developments since the last meeting not covered elsewhere on the agenda. In particular:

Staffing Update

Members noted that the recruitment process for both the Director of Customer and Community Services and the Energy Adviser posts were at an advanced stage with first and second round interviews scheduled over the 12th – 19th January 2024.

Festive Cheer

The Board noted the staff efforts and value added to our tenants and wider community in the lead up to Christmas. This included free pantomime tickets, donations to local voluntary groups, a Hunt the Elf competition and distribution of £50 Tesco vouchers through Cash for Kids funding. A Member queried if there had been any positive feedback received from those who had benefitted. It was noted that the Community Regeneration Officer was currently on leave but an update would be provided in due course.

Streamlining Governance

Members were reminded that it had been agreed that we would review our governance arrangements to explore whether or not we could reduce the number meetings whilst still providing the Board with the necessary oversight and control over the affairs of the Association. The CEO advised that we were still looking for an external consultant to assist with this process.

A Member asked if an Internal Auditor could conduct the review. The CEO advised that the role of Internal Auditors was usually not to establish processes but to test them and suggested that there were other consultants with specialist governance knowledge and experience who were likely to be better placed to support in this regard.

The DFCS advised that the Internal Auditor was scheduled to undertake a Governance internal audit review over the course of 2024/25; for them to be involved in shaping the arrangements going forward would seem like a conflict. The Member suggested that the timing of the internal review be considered so that it falls after this piece of work is complete.

Shettleston Community Growing Project

Members noted that the new SCGP Project Co-ordinator, Margot Devaney, started in post on 8th January 2024. Margot will use the desk space allocated within our SHA office and SHA will continue to provide support whilst she settles in to the role.

Local and National Housing Policy

The reduction in Scottish Government funding for new development in its draft budget was noted. The CEO advised that given the continuing extremely high cost of new build development, the scale back in funding from the Scottish Government is going to make it harder for SHA to resume development plans.

The Board also noted with approval that the membership of Reidvale HA had recently voted to reject plans for the Transfer of Engagement of that well -established community-based housing association to the UK-wide Places for People Group.

A Member noted that there hadn't been an SHA newsletter before Xmas. The CEO apologised for this which had been due to a need to focus on other priorities. Consideration had been given to putting out a winter edition after Xmas but it was now intended to focus on the Spring edition and ensure this is published before the end of March.

8. Annual Rent Review

Members noted the content of the report which set out options and proposals in relation to the increase in rents, service charges and factoring management fees, from 1st April 2024.

The DFCS provided an overview of the impact on the Association's business plan of the three rent increase scenarios requested by the Board at its December meeting, being 4%, 5% and 6%.

Members noted from this that:

- A 4% rent increase provides a slightly worse result than the previously agreed 30-year business plan.
- An above 5% rent increase provides a better result than the previous version of the business plan.
- All three rent increase options provide annual surpluses and positive cash balances over the 30 year business plan period.
- A 4% rent increase does not satisfy the Association's target of always having a minimum of £1m cash in bank. The lowest cash balance is £444.3k in year 10. A total of 3 years report a below £1m cash balance (years 10, 11 and 17) when a 4% rent increase is applied.
- Only a rent increase of 6% will provide existing loan covenant compliance, however all rent increase options provide covenant compliance based on the new covenant proposal from RBS (*members were reminded that work on this is yet to conclude pending the outcome of the latest business plan position following agreement on the rent proposal for the coming year*).

The DFCS confirmed that although the business plan was reporting better results than in recent years, there was no 'slack' or 'buffer' built into the figures; income and cost expectations detailed have been entered as actual expected amounts. Members noted that there was no projected spend for EESSH2/Net Zero enhancements included in the workings presented and it was also noted that some cost expectations were still estimates including:

- The 2024/25 EVH salary award is still unknown – 5% estimate used;
- The insurance renewal is also still unknown – estimated uplift based on market feedback;
- The results of the latest stock condition survey were still to be received; any uplift required to estimated unit costs for component renewals could severely impact on results; and
- The uplift to Upkeep charge-out rates is still to be finalised.

The Board considered the scope that a higher rent increase would provide to deliver added capital investment in the properties. It was noted that each 0.5% additional rent would, over 5 years, generate an extra £0.5M extra income that could be spent on priority projects which would boost energy efficiency, such as:

- Window replacements.
- Common closes (more thermally efficient common windows and front and rear close doors).
- Heating/hot water boilers (enabling us to meet last year's commitment to replace all boilers over 15 years old by April 2025).

The DFCS concluded by stating that her recommendation was for a not less than 5% rent increase; anything less would undo the work undertaken in the prior year to strengthen the business plan and would add to the limitations for investment in existing stock in future years.

Members then discussed the proposal:

- that the Association consult with tenants on an overall 5.5% increase in rental income, in order to protect the investment programme.
- that a standard 5.5% increase be applied to the majority (around 80%) of tenants but with differential increases (ranging from 2.5% to 8.5%) to be applied, to the remainder paying at least £40 more or less than the average SHA rent for the particular property type/size , as a further step toward “harmonisation”.

A Member asked about:

- the affordability of current rents and
- the implications for loan covenant compliance.

In response the CEO shared the findings of initial analysis that had been undertaken of the affordability of our rents, using the latest version of the SFHA’s Rent Setting tool. This tool allows for SHA’s rents to be compared with typical incomes for different household types. Whilst we know that many tenants are generally struggling with cost-of- living pressures the indications are that even for those tenants on low incomes, as defined by the National Living Wage, the rent for most properties represents no more (and is usually much less) than the 25-30% of income that is generally considered to be the upper affordability threshold. Further information would be provided to the February meeting.

The DFCS confirmed that the 5.5% proposed increase would enable loan covenants to be covered under the currently agreed arrangements, with the exception of year 4 of the Plan.

All Members contributed to the discussion. The importance of ensuring continued investment in the stock and protecting the overall financial viability of the Association was highlighted throughout.

Members also noted the updated position regarding the Private Garden Maintenance Service; the Retirement Housing Service and also the proposal in relation to the Factoring management Fee for 2024/25.

In conclusion the Board agreed the following:

- **Tenants to be consulted on proposals for a 5.5% increase in rental income in 2024/25.**
- **This to be delivered through the application of a standard 5.5% uplift in rents and service charges but with differential rent increases (ranging from 2.5% to 8.5%) to be applied to tenants whose rents are at least £40 per month either higher or lower than the averages for their property size and type, as set out in the report.**
- **For 2024/25 only we continue to offer the Private Garden Maintenance service to those tenants who want and can afford to pay for the service after the withdrawal of HB, with the charge to be uplifted in line with the agreed standard rent/service charge increase %. A review of the current arrangement to be carried out in the coming months, in consultation with tenants affected, with recommendations to be brought back in due course.**
- **The review of the Retirement Housing Service to be deferred into 2024/25 with the current service charge to be uplifted in line with the agreed standard rent/service charge increase %.**
- **Consultation with tenants on the proposed rent/service charge increases to commence at the earliest opportunity with the feedback to be reported to the February meeting.**
- **Factored owners also to be consulted on a 5.5% uplift in the factoring management fee.**

9. **Business Plan: the Association's Strategy**

It was agreed to defer this item to the next meeting.

10. **Governance Issues**

Members noted the content of the report and in particular:

Board Membership

Neil Devlin had unfortunately tendered his resignation from the Board citing work commitments in his new job.

The CEO tabled a proposal for a further co-option, to fill one of the two vacant places for co-optees who don't have to be resident in the area. The Board noted that Linda Sichi is a very long-serving member of staff at Milnbank HA, and is currently its Deputy CEO. She has wide ranging experience in various aspects of the work of RSLs. She is a Board member of Glasgow and West of Scotland Forum of HAs (GWSF). **The Board approved that Linda Sichi be co-opted subject to a meeting to be held with the office bearers prior to the next meeting.**

Updated Schedule of meeting and training dates

Members noted the draft schedule of dates for the remainder of the Board year. **This was provisionally approved pending the outcome of the planned review of governance arrangements,** the committee structure and meeting cycle.

Association membership

The Board noted that, in accordance with the revised Membership Policy that had been approved in September 2022 efforts had continued to promote membership. Some success had been achieved with around 26 new members recruited in the past year. However this was still limited and patchy and there was considerable scope to develop this further. **The Board agreed to set a target of a minimum 20% uplift in membership in the coming year and that further consideration would be given to the current composition of the membership base.**

The CEO also tabled a report relating to a recent allocation of a tenancy that is covered by the Association's Payments and Benefits Policy. The Board noted that whilst this should have been given consideration and approval by the Board prior to offer the fact that the allocation was covered by the terms of the Payments and Benefits Policy had not been known to staff at the time. **The Board agreed to grant retrospective approval for this allocation of a tenancy on the basis that:**

- The offer had been made in accordance with the Allocations Policy.
- The person being made the offer had had no involvement in the decision.
- The let would be recorded in the Association's Payments and Benefits policy.

It was also agreed that:

- Steps would be taken to avoid a recurrence of this issue by ensuring improved communication to staff going forward.
- The Scottish Housing Regulator should be advised of the matter.

11. **Staffing Update & Proposals**

Members noted the content of the report from the CEO and considered proposals in relation to:

- The procurement of temporary development services to pursue grant-funded property acquisition opportunities and

- The creation of a new Welfare Rights Assistant post to replace the currently vacant Welfare Rights Officer post.

The Board noted that there was a possibly time-limited opportunity to acquire suitable homes for sale on the local market with 100% grant funding from the City Council and it was felt that up to an additional ten homes might be acquired before the end of march in this way. Additional staffing resource would be required to achieve this however and options had been considered in respect of temporary development service providers and fees.

It was noted that additional acquisitions would also likely require an uplift in the previously agreed budget for post- acquisition repairs. Grant funding of up to 50% was available for necessary repairs to sandstone tenement properties but for other property types this cost needed to be fully met by the Association, and this was factored into the overall financial appraisal of any proposed acquisitions. A budget of £50,000 had been set for post-acquisition repairs at the start of the year but would be insufficient in light of the increased target.

It was noted that the temporary additional development services would also provide some capacity to take forward the exploration of the feasibility of acquiring/improving flats in the unimproved closes to on Shettleston the rear of the Association's offices.

In light of this the Board agreed:

- That the Association procure temporary development services from Macdonald and Cameron Consultancy, initially on the basis of one day per week with the option to increase this to 1.5 days if required.
- To authorise an additional £50,000 spend this financial year to cover the works required in respect of potential additional property acquisitions.

Consideration was also given to the staffing needs in respect of the Welfare Rights service.

The Board agreed that the staffing structure be amended to replace the vacant Grade 7 Welfare Rights Officer post with a new Grade 6 Welfare Rights Assistant post, and to recruit to that new post at the earliest opportunity.

12. Membership Applications

This month there were no applications for Board consideration.

13. Any Other Business

There were no items raised. In accordance with standard procedure staff Members then left the meeting and the Board discussed the quality of reports that had been provided to this meeting, with any action points to be fed back by the Chair to the CEO.

Minute prepared by Tony Teasdale (CEO) and Kirsty Brown (DFCS)

SIGNED: R Elizabeth Lettley
(Chairperson)

DATE: 20/2/24