

## HILLHEAD HOUSING ASSOCIATION 2000

### Minutes of the Management Committee Meeting held on Wednesday 2 February at 5pm via Zoom

**Present:** J Jamieson (Chair)  
L Scott  
C Taylor  
P O'Connell  
G Jackson  
Cllr S Murray  
W Hassan  
K McIntyre  
Cllr S MacDonald  
R Smith

**In Attendance:** S Macintyre, Director  
C McKiernan, Depute Director / Housing Manager  
S Tait, Head of Development & Property Services  
M White, Head of Corporate Services  
K Tait, Finance & Corporate Services Assistant  
L Tait, Finance Assistant  
P Long, FMD Financial services (item 5 only)

#### 1. APOLOGIES

Apologies were received from David Wilson, Stuart Niven, and Mary Docherty.

#### 2. DECLARATIONS OF INTEREST

#### 3. MINUTES AND MATTERS ARISING FROM PREVIOUS MEETINGS

##### Management Committee Meeting 1 December 2021

These minutes were approved by Cllr J Jamieson and seconded by C Taylor

#### 4(i) DIRECTOR'S REPORT

##### Regulator

S Macintyre advised that the Regulator is undertaking a survey of all RSLs and council housing departments to explore what systems of assurance are in place for overseeing issues related to tenant safety.

##### Corona virus

S Macintyre informed committee of the Association's intention to extend the hybrid working model for a further 6 months until the end of June. S Macintyre added that he intended to re-open the office to the public soon and asked Committee for their views on this. After some discussion Committee agreed that they were happy for the office to re-open and delegated the operational aspects to the Management Team.

### New Staff

S Macintyre advised that interviews had taken place for the roles of Housing Officer and Property Services Assistant. S Macintyre added that interviews for the post of Income Maximisation Assistant will take place on Monday 7 February.

Committee noted the contents of the Directors Report.

## **5. Finance Reports**

### (i) Management Accounts to 31 December 2021

P Long presented Committee with the Management Accounts up to 31 December 2021 and note the following: -

#### Statement of Comprehensive Income

The Committee noted that the Association has made an operating surplus of £888,000 for the period to 31 December 2021. This is higher than the budgeted surplus which is mainly due to lower maintenance costs and lower overheads at this stage.

Net interest payments of £498,000 reduce the surplus to £390,000 for the year to date compared to a budgeted surplus of £276,000. Other comprehensive expenditure of £42,000 reduces the net surplus to £348,000.

P Long advised the Committee that it is expected that there will be a net surplus of £341,000 compared to the budgeted surplus for the year of £370,000.

#### Statement of Financial Position

The Committee noted that housing capital expenditure in the year amounts to £562,000 and that the net cost of housing assets at December 2021 is £24.98m with the net cost of other fixed assets at £981,000.

Cash balances at December 2021 total £2.708m which is lower than the budgeted amount of £4.96m. P Long highlighted that this is due to additional funding not being drawn down resulting in a higher starting position and a higher surplus to date. He added that the forecasted cash balance for March 2022 is now £2.662m compared to a budgeted balance of £5.49m along with other changes in income and expenditure.

The value of loans due sits at £14m and this includes the Scottish Government loan of £680,000. The pension liability amounts to £203,000 at this stage and the value of Deferred income sits at £12.248m

P Long advised therefore that the Association's net assets at December 2021 amounted to £1.81m

## Covenants

P Long advised the Committee that the Association can comply with all financial covenants as stipulated in the loan agreement with the Royal Bank of Scotland.

In summary, P Long did explain to the Committee the Association remains in a strong financial position and would be able to comply with all its financial commitments and covenants.

Following discussion, Committee subsequently approved the Management Accounts to 31 December 2021.

## (ii) Draft Budget 2022/23

P Long presented the Draft Budget for 2022/23 to the Committee for approval.

### Statement of Comprehensive Income

P Long explained that a rent increase of 4.2% has been applied for this year. This will generate a total rental income including garages of £3.95m for the year. Revenue grants of £46,000 will be received via stage 3 adaptations. Capital grants amortised in the year will total £425,000.

Other income of £47,000 will be received for welfare rights and director services which are provided to other RSL's.

Total turnover for the year will be just over £4.467m

Staff costs will include an assumed 3.5% pay award on top of any increments which will mean the total staff costs for the year will amount to £925,000. The cost of indirect staff costs i.e., financial services will be £30,000

Reactive and Cyclical Maintenance costs for the year will amount to £788,000.

Overheads will amount to £407,000 and other costs will amount to £35,000.

Total operating costs will be just over £3.280m. The Association will therefore have an operating surplus of £1.87m in the year

P Long confirmed that there will be a net surplus of £450,000

### Statement of Financial Position

It was noted that capital expenditure in the year will amount to just £13,000. The total cost of housing assets after depreciation will be £23.7m. The Association's closing cash balance at March 2023 will be £6.46m

The value of debtors and short-term creditors will take the value of working capital to £6.1m.

### Long Term Liabilities

Long term liabilities will total £16.525m and will include the amount due to the Royal Bank of Scotland after one year (£15.845m) and the amount repayable to the Scottish Government (£680,000).

### Net Assets/Reserves

The net assets of the Association will be £2.283m at March 2023 and this will be matched in the reserves.

## Covenants

P Long advised that the Association will be able to comply with all the financial covenants in the loan agreement with the Royal bank of Scotland.

Following discussion Committee subsequently approved the draft budget for 2022/23. In the event of any changes a Final Budget will be presented to the Committee at the March meeting.

## 6. Rent Review 2022/23

C McKiernan presented Committee with the Rent Review Report to discuss and agree this coming year's rent increase.

Committee were advised that as with previous rent reviews tenants were consulted and asked to leave feedback on what they thought of the proposed rent increase. The consultation was on a proposed rent increase of 4.2% which reflected the October 2021 CPI measure of inflation. The survey was issued by text, email and post. The Committee noted the number of respondents totalled 88 which was just over 10% of all tenants with 45% agreeing and 55% disagreeing with the proposed rent increase.

Committee were invited to raise any points they may have about the increase. C Taylor and L Scott raised the point that this may affect tenants as the cost of living is increasing every day when people's wages are not keeping pace and that an increase of 4.2% in rent may hit hard. However, it was noted that the Association's cost will also increase, and a lower increase will have implications for the Association in the longer term and would mean the Association in years to come would be hit harder financially and could see tenants hit with higher rent increases in future years. K McIntyre added that she wanted to ensure that the Association's longer-term finances are sound and that we can continue to invest in the stock in the future and viewed that this increase was necessary. G Jackson however felt that our tenants would be hit hardest by other external cost of living pressures and this increase would add to these pressures.

S Murray & C Taylor both noted that they wished the Association to be in a sound financial position in order to provide high quality housing and services both now and in the future. S MacDonald stated that he felt the Association had demonstrated prudent financial management and that all resources are used wisely.

P O'Connell noted that he felt that there was not enough information to make a fully informed decision. It was agreed that a briefing session would be provided to Committee to assist with future decisions of this nature.

S Macintyre advised that the Association had to consider both the short and long term implications of any decision on rents. Initially the Association looked at an increase of CPI+1% as per the Business Plan which would generate an additional £199,000 on the rent roll. Given the concerns around the wider economic climate, a decision had been made to consult on CPI only. This means that the Association would forego £38,000 of projected income and that this was compounded across future years. A rent increase of less than 4.2% would result in further "loss" of rent income as against plans. S Macintyre explained that should the Association decide not to go ahead with the proposed 4.2% increase it would mean that the Association would have to sacrifice

future planned maintenance works and would likely mean bigger increases in years to come.

After a lengthy discussion, J Jamieson proposed that a vote be taken to reach a decision. 6 members voted in favour of the rent increase and 4 members voted against. Therefore, the rent increase of 4.2% for 2022/23 was approved.

## **6(ii) Eviction Case**

C McKiernan advised that since the timing of this report had been written the issue has been resolved with the tenant clearing his arrears in full.

## **7. Quarter 3 Performance Report.**

### **Property Services**

S Tait advised that the percentage of emergency repairs completed on time was 98.57% in Q3 with the year-to-date sitting at 99.43%

Non-Emergency repairs completed on time was 97.66% in Q3 with the year to date sitting at 98.16%

There were no outstanding gas services in Q3 with all services completed on time.

With regards to the major adaptation which has been discussed at previous meetings the Association is waiting to hear back from the Council after the submission of the building warrant and planning applications.

S Tait advised that tenders had been received for the works at 9 Redbrae Place. S Tait asked Committee to appoint Graham Construction for the work as they submitted the best tender at a cost of £50,989.51. Committee approved the appointment of Graham Construction for the works at 9 Redbrae Place.

S Tait advised that the procurement process to appoint a new contractor for the Landscape Maintenance contract has commenced with tenders to be submitted by 28/02/2022 and a start date of 04/04/2022.

S Tait advised that the deadline for all housing stock to meet the Government's standards for fire, heat and smoke detection has been met. A total of 821 of the Association's 830 properties now comply with these standards and staff are now focussing efforts for the these remaining 9 properties.

### **Housing Management**

C McKiernan advised that relet times for the quarter had reduced to 25 days which is an improvement from last quarter.

Committee noted that there were 3 refusals this quarter which results in a refusal rate of 25% in the quarter.

Committee also noted that there was an increase in current tenant arrears at the end of Q3 with arrears sitting at 3.19% compared to 3.09% at the end of Q2. However, arrears usually rise at the end of December, and this was therefore not unexpected.

## **Finance and Corporate Services**

M White advised that there were 12 stage 1 complaints and 0 stage 2 complaints received in Q3. Of these 12 complaints only 1 was upheld regarding debris left by a contractor. This was dealt with by the Association and the Contractor has been advised on this.

### **Development Report**

S Tait provided Committee with an update regarding the Whitehill Court which has been placed on the market for sale by Bield Housing Association. S Tait advised that following professional advice received along with a site valuation provided by JLL, it is now the Association's intention not to go ahead with an offer for the site. S Tait added that should EDC acquire this site and seek a partnership with the Association as previously proposed, then we would revert to the Committee with further information.

S Tait advised that CALA homes had hoped that their planning application would have been presented to the planning board at the scheduled meeting on either 14 December 2021 or at the meeting on 8 February 2022. However, this has not been the case and CALA are now hopeful of the application being approved at the next meeting of the board taking place in March 2022. CALA have advised that as soon as they have more news on the development, they will provide the Association with an update.

**8. A.O.C. B**

**9. DATE OF NEXT MEETING**

**Wednesday 2 March 2022**

Minutes prepared by K. Tait, Finance & Corporate Services Assistant

Chairperson's Signature:

Date:

Copies of the above reports are available on request.