

HILLHEAD HOUSING ASSOCIATION 2000

Minutes of the Management Committee Meeting held on Wednesday 4 May at 5pm via Zoom

Present: J Jamieson (Chair)
L Scott
P O'Connell
Cllr S Murray
W Hassan
M Docherty (Item 5 onwards)
K McIntyre

In Attendance: S Macintyre, Director
M White, Head of Finance and Corporate Services
S Tait, Head of Development & Property Services
C McKiernan, Head of Housing Management
P Long, FMD Financial Services

1. APOLOGIES

Apologies were received from S Niven, R Smith, D Wilson, G Jackson, C Taylor, Cllr S MacDonald.

2. DECLARATIONS OF INTEREST

L Scott declared an interest in item 4 Directors Report

3. MINUTES AND MATTERS ARISING FROM PREVIOUS MEETINGS

Management Committee Meeting 6 April 2022

These minutes were proposed by J Jamieson and seconded by L Scott.

(3ii) Action List

Committee noted the contents of the Action List.

4(i) DIRECTOR'S REPORT

Covid Returns

S Macintyre advised that the final quarterly return to the regulator for the period to 31 March 2022 was submitted by 29 April 2022.

Corona Virus

S Macintyre suggested that Committee review how the office will operate following the changes to the covid safety regulations. It was suggested that this review take place in June when the hybrid working model was due to be reviewed anyway.

Health & Safety

The 3 yearly Health and Safety audit has been deferred until June this has resulted in the scheduled Health and Safety Subcommittee meeting to be rearranged.

Strategic planning/Away Day

S Macintyre advised Committee that evaluation forms for the recent away day have been sent out and has asked Committee members if they could return these.

Annual Return of the Charter (ARC)

S Macintyre asked Committee to give it's approval to give the Committees office bearers delegated authority to meet and approve the ARC before it can be submitted. Committee subsequently approved this. The meeting of office bearers will take place on 25 May 2022 and a copy of the submitted ARC return will be included in the papers for the June 1st Management Committee Meeting.

SHARE

S Macintyre advised that the Association's yearly SHARE membership is up for renewal and asked for Committee's approval. Membership for 22/23 will cost £4180 which is unchanged from last year. The fee has already been included in the 22/23 budget. Committee approved this.

New Build – CALA Homes/McTaggart Construction

S Macintyre explained that the Association is seeking legal advice on how best to procure this project that minimises development risk on the Associations part. S Macintyre added that further meetings are due to take place with McTaggart's construction before a tender application is made to the Scottish Government. Staff will continue to work on this over the coming weeks and report to Committee on the progress before seeking a formal decision on proceeding with the new build.

SFHA Annual Conference 14-15 June

S Macintyre Advised Committee that if anyone was looking to attend the conference to get in touch with a member of staff.

4.2 Committee Appraisal Report

S Macintyre advised Committee that SHARE had been appointed to carry out Committee appraisals on a 3 yearly basis. Last year was the final year of that 3 yearly cycle and the Association has received a proposal from SHARE to carry on these appraisals for another 3-year period. S Macintyre asked Committee if they would wish

to continue with this and therefore give its approval to this proposal. Following some discussion Committee subsequently approved SHARE's proposal.

5. Finance Reports

(i) Management Accounts to 31 March 2022

P Long presented Committee with the Management Accounts up to 31 March 2022 and note the following: -

Statement of Comprehensive Income

The Committee noted that the Association has made an operating surplus of £1.246m for the period to 31 March 2022. This is higher than the budgeted surplus of £1.111m which is mainly due to lower maintenance costs and lower voids and bad debts at this stage.

Net interest payments of £660,000 reduce the surplus to £586,000 for the year to date compared to a budgeted surplus of £276,000. Other comprehensive expenditure of £42,000 reduces the net surplus to £426,000.

P Long advised the Committee that it is expected that there will be a net surplus of £490,000 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 £650,000 and that the net cost of housing assets at March 2022 is £24.8m with the net cost of other fixed assets at £969,000.

Cash balances at March 2022 total £3.050m which is lower than the budgeted amount of £5.249m. 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. Net Current assets amount to £2.611m

The value of loans due after one year sits at just over £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 £12.138m

P Long advised therefore that the Association's net reserves at March 2022 amounted to £1.993m

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 March 2022.

(ii) Five Year Financial Projection

P Long Presented the Five-year financial Projection from 2022/23 to 2026/27 this is to be approved by Committee and Submitted to the Regulator. P Long advised that the starting point for this year's return is the annual budget to 31 March 2022 (year 0) followed by the annual budget for this year 2022/23 (year 1)

Statement of Comprehensive Income

P Long explained that inflation was 0.7% for year 0 and 4.2% for year 1 and it is expected that this will decrease to 2.0% by year 4 and beyond. Rents have increased in line with inflation (CPI) for years 0 and 1 with an expected increase of CPI+1% in years 2-4 and only CPI in year 5

Interest Payments will decrease slightly each year despite forecasted increases in interest rates. This is due to increasing loan capital repayments.

The net surplus will fluctuate over the 5 years due to changes in the planned maintenance programmes but will remain over £370k each year.

Statement of Financial Position

Committee noted that the cost of housing assets will increase only slightly. The depreciation of these costs will continue and the net cost of housing assets at the end of the period will be £22.374m

The net cost non housing assets will be £0.853m at the end of the period.

Net rent arrears are expected to increase during the five years as will other receivables.

Cash balances will increase to the end of year one before decreasing in year 2 as loans are repaid. Cash levels will start to increase again from year 4 and will be £1.15m at year 5.

Loans due after one year will decrease in line with loan repayments. The balance of loans due after one year at the end of year 5 will be £8.695m.

The value of deferred income will decrease over the five years as further amounts are released into reserves. The balance at the end of year 5 will be £9.588m

The value of the pension liability was -£203,000 at March 2021 and it has been assumed that this will not change.

Reserves will increase over the five years and will be £4.57m at the end of year 5.

Statement of Cashflow

The cashflow statement shows that the Association will continue to generate cash from its operating activities and will continue to invest in properties.

Interest payments will decrease over the period, however the Association will have enough cash to meet all of its expenditure requirements over the five years.

Additional Information

There is confirmation that no new developments are planned during the five years, (although the Association is still considering the possibility of additional housing developments) and of an increasing average cost of borrowing, in line with assumed increases in interest rates.

There is also confirmation that the Association is in good stead to complying with loan covenants.

Following some discussion Committee subsequently approved the Five Year Financial Projection for Submission.

6. Q4 Performance Report

Property Services

Committee noted that 96.87% of emergency repairs were completed on time in Q4 with the average for the year sitting at 98.75%. 97.29% of Non-emergency repairs were completed on time with the yearly average sitting at 97.74%. The average time to complete emergency repairs was 1 hour 21 minutes and non-emergency repairs was 3.51 days.

S Tait advised that there was 1 property that missed its yearly gas service check this was due to the tenant having to isolate with covid issues. All properties now have a valid CP-12 certificate with 10 properties having a capped supply.

Committee noted that the building warrant and planning applications for the pre discussed Major Adaptation has been submitted. S Tait advised that the planning application has been approved, however further information has been requested in relation to the building warrant. The structural engineers will provide this information to building standards. The Association will also be submitting an application to the Scottish Government for further funding for the adaptation.

S Tait advised that the Association's newly appointed contractor for the landscape maintenance contract Innex has now started work on site.

S Tait also advised that all 830 of the Associations stock now complies with the new standards for the Fire and Heat detection systems.

S Tait explained that there were a total of 148 properties which required an EICR test (Electrical Test) in the year 2021/22. Of the 148, 77 have been completed including any follow up work that was required and now have a valid electrical safety certificate. 52 have still to meet the standards and there are 2 properties which have been completed however the association is still awaiting the certificate.

Housing Management

C McKiernan advised that there were 8 properties that the Association let in Q4 with the average re-let time for the quarter sitting at 33 days. The Association also had 0 refusals in this quarter

Current tenant arrears were 2.78% or £106,485 at the end of Q4 compared to 3.19% or £122,263 at the end of Q3. Former tenant arrears at the end of March 2022 were £23,503.

The Association received only 2 anti-social behaviour complaints in Q4 with both cases being resolved within the timescale.

Committee noted that the welfare rights team earned £107,132.98 in additional benefits for Hillhead tenants in Q4 along with an additional £33,757 in funding for the Association.

Finance & Corporate Services

The Association received 8 stage 1 complaints and 0 stage 2 complaints in Q4 with 3 of the stage 1 complaints being upheld. M White explained that two of the complaints upheld were the responsibility of third parties who were informed of the issues.

There was 1 Freedom of information requests submitted with 0 subject access requests being received.

7. A.O.C.B

Cllr S Murray informed Committee that Cred have set up an agreement with the Citizens Advice Bureau in relation to who receives money for support with fuel costs after the Association donated £1,000 to help with the crisis.

S Tait gave an update on the progress on the potential sale of an Association property to the owner of Pulse Pharmacy in Hillhead. Committee noted that a valuation of the property has now taken place and the owner has been informed and once the cost of the valuation has been met will be released to the owner allowing him to decide whether to progress the proposal. Once there has been more progress in this development S Tait will inform Committee.

8. DATE OF NEXT MEETING

Wednesday 1 June 2022

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

Chairperson's Signature:

Date:

Copies of the above reports are available on request.