

Cernach Housing Association

Minute of Management Committee Meeting

Held Thursday 30 January 2020, 5.30pm, Boardroom, 79 Airgold Drive, Drumchapel



Ag4

1. Present

J Brannan	T Bowie	M Mellon
S McDonald MBE	R McGill	D MacMillan
J McFarlane	A Keegan	J Mullen
F John	S Frank	A Biddell
M Wylie	K McGinley	

In attendance

C Jardine	P Baylis	P Long
A Smith	K Dyson	

Minute taker

A Smith

Prior to the meeting starting, J Brannan reminded the Committee of the importance of having one speaker at a time during discussions. It allows for everyone's opinion to be heard, those present to capture important points and permits the minute taker to minute efficiently.

2. Apologies

2.1 Apologies were received from M Wylie.

Noted

3. Declaration of interest

3.1 There were no declarations of interest.

Noted

4. Minutes of previous meetings

4.1 The minutes of the Management Committee meeting held on 5 December were proposed by T Bowie and seconded by D MacMillan. The minutes of the Management Committee meeting held on 16 January were proposed by T Bowie and seconded by J McFarlane.

Approved

5. Matters arising

- 5.1 Item 6.11: C Jardine advised that the tenders for the provision of finance manager services have been advertised on the Public Contract Scotland website.

Noted

6. Director's report

6.1 Rent review – 2020/21

- 6.1.1 P Baylis presented the report on the rent review consultation results which ran from 9 December to 13 January.
- 6.1.2 P Baylis informed committee that a total of 108 returns were received and that 89 (82%) returns opted for 1.7% (CPI) increase in rent from 1 April 2020 with only 19 (18%) opting for an increase of 2.7% (CPI+1%).
- 6.1.3 Management Committee approved the recommendation of a 1.7% increase.

Approved

6.2 Draft budget – 2020/21

- 6.2.1 P Long presented draft budget and highlighted the key points.
- 6.2.2 P Long advised that the operating costs will amount to £3.398m which still includes a Community Connector (this is grant funded), a part-time Development Officer (one day per week) and a full time Welfare Rights and Tenancy Sustainment Officer. It also includes the EVH 1.6% pay award.
- 6.2.3 Property costs include cost of living increase, reactive maintenance, including voids (£466,000) and planned maintenance and service costs (£516,500) as well as depreciation charges (£1.137m) and bad debts (£35,200). Overheads total cost is £434,200. The Association will make an estimated operating surplus of £777,500 with a net surplus of £777,800.
- 6.2.4 Rental income, net of voids, is forecast to be £3,486m, which will include the new build development rent and proposed rent increase of 1.7%. The rent increase will generate £34,000 in additional rental income.
- 6.2.4 P Long highlighted the new housing developments at Linkwood and Invercanny Drive will have been completed by March 2021 at a net cost to the Association of £5.166m. The Association will have funded this net cost entirely from its own cash resources.

- 6.2.5 P Long noted the maintenance spend assumptions for the coming year. Expenditure of new components in the year will be £683,400 and will include new windows, kitchens and heating systems throughout the stock. It was also noted that there will fire detection upgrades included in the spend.
- 6.2.6 P Long advised that the balance of negative goodwill will decrease to £2.168m, with the income at £55,300. He also took the opportunity to explain to Committee what this meant.
- 6.2.7 P Long highlighted that cash balances will decrease throughout the year as expenditure is incurred on the new housing developments and new components. The closing balance as at March 2021 will have decreased by £2.877m in the year, however, our asset base will have substantially increased due to new properties.
- 6.2.8 C Jardine explained why she was comfortable with these projections and added that we will have an additional 84 properties with little or no loan against them. When we initially decided to embark upon the second phase, it was assumed that we would borrow around half of the non-grant element. However, because (i) the development went on site slightly later than planned and (ii) we generated greater surpluses than were forecast, we have been able to finance all of the non-grant element from reserves.
- 6.2.9 It was acknowledged, however, that we will need to closely monitor our cash balances throughout the year; if need be there would be an option to borrow funds however, with careful management and no unforeseen circumstances, that will not be necessary.
- 6.2.10 P Long explained in detail the Association's pension liability. There may charges once the results of the current valuation are know, but this will not be until September 2021.
- 6.2.11 P Long explained in detail management costs per unit which, at £1,244, will decrease slightly and will be below SHR average. Reactive maintenance costs will decrease slightly, again lower than the SHR average but higher than the local Drumchapel average. Planned maintenance costs will decrease, but remain higher than the SHR average – this will fluctuate year-on-year depending on the programme and does not give rise to any concern.
- 6.2.12 P Long asked committee to note the newly introduced EBITDA (Earnings before interest, taxes, depreciation, and amortization). This was explained in detail and what it means to the Association. The SHR now publishes these figures.

6.2.13 Following discussion and agreement on some minor changes, Committee approved the draft budget. The final budget will be brought to the meeting on 5 March for approval.

Approved

6.3 Value for money - update

6.3.1 C Jardine presented report.

6.3.2 The next review of the VfM statement is scheduled for March 2021. However, given the changes in the staff structure (and resultant higher staff costs) in the past two years, C Jardine recommended that this be brought forward to March 2020.

6.3.3 Management Committee approved this proposal.

Approved

6.4 Succession plan - update

6.4.1 C Jardine presented the report and Management Committee noted the contents.

6.4.2 C Jardine advised that succession planning in relation to the Management Committee was working well. We need, however, to focus more on the staff team. She reported that a working group will be set up to address this and a report presented to the Staffing, General Purposes and Audit sub-Committee or the Management Committee (whichever is the more appropriate) later in the year.

6.4.3 Management Committee noted this and agreed to revised succession plan.

Noted

6.5 Director services – Notifiable Event

6.5.1 C Jardine presented the report on the withdrawal of Director Services from Drumchapel Housing Co-operative.

6.5.2 C Jardine raised a Notifiable Event on behalf of J Brannan. The SHR advised that they did not require any additional information and the Notifiable Event was closed on the same day.

6.5.4 Management Committee were asked to note this.

Noted

7. Policy review

7.1 There were no policy reviews this month.

Noted

8. Sub-Committee minutes and recommendations

8.1 Property Management sub-Committee

8.1.1 The minutes of the meeting on 28 November 2019 were noted.

8.1.2 There were no recommendations from the meeting on 23 January 2020.

9. Membership and use of seal

9.1 There was one new application for membership in December and no removals. The application was approved.

10. Correspondence

10.1 The SHAPS triennial review is underway and an update will be given in due course.

11. Good news spot

11.1 P Baylis advised that we completed eight handovers today for Linkwood Drive.

11.2 P Baylis was delighted to hear that staff and Committee had a great night at The Ferry and was a great team bonding session.

Noted

12. AOCB

12.1 C Jardine confirmed that we had completed the recruitment process for the Senior Maintenance Officer and had issued a formal offer to the successful candidate. The offer is subject to satisfactory references and we are in the process of obtaining these. We hope that the new SMO will start on 2 March 2020 and will be able to attend the next Committee meeting as part of their induction.

12.2 A Smith confirmed that Eamonn Connolly would provide training on appraising the senior officer on February 13 at 5.30pm in the boardroom. Although it's aimed at the SGP&A sub-Committee, anyone from the Management Committee can attend and if interested – please advise A Smith.

12.3 A Smith confirmed Chairs' retreat will take place in May at Seamill Hydro. Also there is Vice Chair/Office Bearers' retreat scheduled for 1/2 September (venue to be confirmed). Anyone who wishes to attend, please speak to Corporate Services Officer.

12.4 Staff raised funds £75 for Cash for Kids in December through Christmas jumper day. C Jardine agreed to a donation from the Association to match this contribution and Committee were asked for retrospective approval.

12.5 This was noted and agreed.

Approved

13. Date of next meeting

13.1 The next ordinary meeting will be held on **Thursday 5 March 2020** within the boardroom of Cernach HA starting at 5.30pm.

Chair: Date: