

Cernach Housing Association

Minute of special meeting of Management Committee

Thursday 10 November 2022 at 6.00pm in the boardroom



1. Present and apologies

J Brannan (Chair)	A Biddell	J McFarlane
S McDonald MBE	T Bowie	M Mellon
R McGill	S Brannan	

In attendance

C Jardine	P Baylis	P Long (FMD)
E McShane	K Dyson	F McDonald (FMD)
N Campbell	C McLellan	J O'Connor
A Parker	L Crawford	L-J Richards

Minute taker

E McShane and L Crawford

- 1.1 Apologies were received from F John, Z Saad Hassan, C Love, A El kadi and M Dabek.
- 1.2 J Brannan advised that due to personal commitments A El kadi has resigned from the Management Committee at this time but looks forward to joining our resident panel and re-joining the Management Committee in future.

Noted

2. Declaration of interest

- 2.1 All staff declared an interest in Item 5 (EVH staff pay award 2023/24).

Noted

3. Rent Review 2023/24

- 3.1 C Jardine highlighted key points from rent review cover report. Overall presumption for the purposes of this discussion is that the Scottish Government (SG) will not apply a rent freeze or cap for 2023/24. We will not know the official outcome until 14 January 2023, but C Jardine highlighted that we will likely not be able to both limit rent increases and keep spend at previously anticipated levels.
- 3.2 C Jardine acknowledged that this will not be an easy discussion and welcomes all thoughts from staff and committee at tonight's meeting.

- 3.3 P Baylis gave an overview of the rent review consultations paper, highlighting:
- Our rent increases are traditionally set to CPI, but that this year the policy would likely not apply given cost of living crisis and the high rate of CPI. The next CPI figure will be release on Wednesday 16 November and is projected to be as high as 14% by April 2023
 - The previous rent increase was 3.1% and we always seek to keep our rents fair and affordable. By comparison to other Drumchapel landlords and those in our peer groups our rents are typically lower
 - CHA is current experiencing higher costs in relation to good and services. This is particularly evident in the window replacement contract and although we have strong relationships with local contractors, larger contractors are experiencing issues and potentially falling into administration
 - Local contractors aren't passing the cost on yet, but we are seeing increase across all planned spending
 - The consequences of a rent freeze would be significant, and we would need to substantially cut back on our services
 - At our strategy away day on 9 and 10 December 2021, sustainability and supporting people were at the heart of priorities and these are areas we still seek to support
 - We are engaging with others such as Scottish Federation of Housing Associations (SFHA) and Glasgow West of Scotland Forum (GWSF) to share knowledge and engage in best practice
 - On 7 October the Scottish Housing Regulator wrote to all RSLs highlighting their preference for consultation on rent increases to take place in the traditional timescales, despite not knowing whether rents will be frozen in 2023/24
- 3.4 FMD provided a presentation on the current financial operating environment, the key assumptions/points being:
- Opening figures based on annual accounts March 2022
 - Pension deficit payments ceased in September 2022
 - Accelerate loan interest rates increases
 - Assume cost inflation at 10% Year 2 and rents at 5% for 2023/24
 - CPI increases Years 3 and 4 to 5% and 3%
 - Still to account for EESSH2/Net zero retrofitting
 - Major repairs possibly on low side (£28,237 per unit) – this may need to be revisited
- 3.5 F McDonald stated that, based on the above, Cernach is in a good financial position and debt is low. Many other HAs are in a tighter financial position and some are curtailing their planned maintenance programmes.

3.6 F McDonald explained the potential impact of changes on the association and what impact rent different rent increase would have. The headlines were:

- Cash reduction ranges from 15% to 64%
- Deficits in last 6 years in most options
- Covenants still achieved
- Debt repaid by year 8 (capable of repaying earlier)

3.7 Committee and staff had a lengthy and detailed discussion reflecting on the information presented, the outcome being:

- The Committee did not want there to be a reduction in services
- The Committee wished the major repairs programme to proceed as planned and for there to be no cutting back with day-to-day repairs
- Although another rent freeze (as we had in 2021/22) would be ideal in terms of keeping rents down, we cannot do so at the expense of the long-term stability of the Association. It was also noted that our costs were forecast to increase by at least 15% in 2023/24
- Balancing the need to keep rents down with the need to cover costs, the Committee agreed that we would consult on a 5% rent increase – this is 5.1% below current inflation and 9% below the forecast for March 2023

3.8 A key element moving forward would be about how we consult with tenants. Committee felt strongly that conversations and open forum approach would be best, and that consultation should be a two-way conversation. We will seek also to use different consultation methods and discuss how we can reach all of our tenants, including those who may have specific communication needs.

4. EVH Staff Pay award

4.1 All staff left the room and Committee discussion was held in private.

5. Date and time of next meeting

5.1 The next scheduled meeting will be on **Thursday 1 December 2022** at 6.00pm. It will be held in the boardroom with a Zoom option.

Chair: Date: