

**GOVANHILL HOUSING ASSOCIATION
DRAFT MINUTES OF MANAGEMENT COMMITTEE MEETING
WEDNESDAY 16 DECEMBER 2020 AT 6.30PM
ONLINE MEETING**

PRESENT: Annie MacFarlane
James White
Robert Findlater
Elizabeth Klein
Mujeeb Ur-Rehman
Keith Kintrea
Iain Doherty

IN ATTENDANCE: Alan McDonald, Head of Housing & Property Services (“HHPS”)
Shannon Watson, Head of Finance & IT (“HF”)
Alison Kevan, Head of Corporate Services & HR (“HCSHR”)
John Quinn, Director
Liz Campbell, Minute Secretary

1. Apologies

Ghazala Hakeem, John McLardie, Wilma Logan and Barbara Robertson

2. Declarations of Interest

None

3. Minutes of the Management Committee meeting held on 18th November 2020

Matters Arising – None

The minutes were proposed by Elizabeth Klein and seconded by Keith Kintrea.

4. Rent Increase – For Approval

It was advised the Association intends to use the September CPI figure in relation to the rent increase as this is the inflation indicator which is usually linked to changes in benefits paid to tenants. The Association’s Business Plan (BP) assumes a rent increase of 1.5% (CPI + 1%) but it was noted a number of factors need to be taken into account before options for the rent consultation are put forward:

- Inflation is 0.5%
- Government spending during and following Covid-19; increased costs of services being taken on by the Association as no longer being provided by the Council;
- EVH wage negotiations – possible 1.25% increase;
- New Developments and Component Replacements – potential large increases to project costs;
It was reported a SW Govanhill Common Repair project has seen costs rise by 13%;
- John O Connor seeking a 2% increase for years 4 and 5 of their Ground Maintenance Contract;
- Mears are currently reviewing increased costs and will provide an update shortly. The outcome of this will be known in February/March when the rents are due to be set; and
- Welfare Benefits - just under 80% of tenants are now on some form of benefit subsidy as a result of Covid-19.

The customer satisfaction survey is ongoing and previously the Association had generally scored highly but this is expected to decrease as a result of the effects of Covid-19 and residents being furloughed / losing their jobs. It is anticipated that high level results will be available prior to setting the rent increase.

The GWSF has been consulting with Associations across Glasgow to establish the level of rent increase, if any, that associations are expecting to make in 2021-22. So far 2 have responded with no rent increase and the rest will have some form of increase with most consulting on inflation +1%. The November CPI results have been published and there has been an decrease from the October CPI of 0.7% inflation, and CPI is now 0.3%.

It was advised if the Association decides to consult on +1.5% as advised in the Business Plan this would bring in extra income but there needs to be consideration given to how this will affect tenants, already under pressure as a result of the impact of Covid-19.

Financial forecasts have been provided to this meeting, providing an updated projection to the end of the financial year and onwards, using the results to September 2020 as the starting point. There has been slippage in expenditure on maintenance, planned improvements and new build activity caused by Covid-19 and there is also the legacy of the SW Govanhill project to consider.

The HF advised she has forecast the results to the end of the year and advised if the Association's activities continue at the same level as shown in the year to date there will be an underspend and additional cash resource; this is likely to affect the interest cover covenants for next year however as they might not be met due to contractor cost increases. The covenants are expected to be excellent this year and poor next year.

The HF has contacted Barclays Bank regarding the impact on the interest covenant of delayed expenditure due to Covid-19. Barclays have advised it may be possible to consider the covenants as an average over a 2-year period which might have less of a potentially negative impact. This would mean there would be potential to carry out the repairs programme next year.

Costs are increasing and there will be added costs following the changes to the bulk uplift service and a balance must be found and plan must be managed.

It was queried why no projections had been provided this year and it was advised that this is the first year that projections have been provided to this meeting as they are ordinarily only presented in February / March when the final rent increase to be applied are agreed by F&GP and then MC. Graphs showing the financial impact of various different rent increase scenarios on Cash levels and on Interest Cover covenants were not provided ahead of the meeting but were discussed in the meeting, because it was more meaningful to review these together. Unless costs rise a great deal more than anticipated there will be no major difference between the increase scenarios, assuming we revert to a CPI+1% increase in future years.

There is concern about freezing rents this year as it erodes the overall rent roll and it is likely that costs will increase. It was noted that if the BP suggested increase of CPI+1% was agreed there might be opportunities to carry out additional Major Repairs next year.

If Barclays approve the covenants being averaged over a 2-year period there will be the option to consult on all 3 options: 0.5%, 1% and 1.5%.

The £3.52m projected surplus for the current year was queried but it was advised this figure is before depreciation and surplus and does not take in to account the money spent on fixed assets which is only shown in the cashflow statement. There also loan repayment being made of £860k and it so the accounting surplus does not automatically become cash.

The savings in the Major Repairs budget were also queried as a promise has been made to tenants to carry these out and there have been savings made here. The HF advised the Association has not been able to spend the money as planned due to Covid-19 and as the covenants are so tight it is not possible to make large spends on Major Repairs in the following year. If however Barclays agrees to averaging the covenants over a 2-year period it should be possible to undertake more component replacements.

A member noted that as the Association has capacity due to underspending and has not spent what it planned in the year, a gesture of 0.5% rent increase would not impact the bottom line materially but does not feel a larger increase could be justified.

It was advised the Association has not been able to deliver on projects and the projected figures show an allocation on what can be delivered.

The HHPS advised there were 2 main areas in Major Repairs which had been affected by Covid-19 which are the Window and Kitchen Replacement Programmes. It is expected the window replacement programme will commence in the next financial year and tenders will be presented to Committee in January with the programme commencing after March 2021. Increased costs and supply issues are expected.

It was queried what the Association's capacity was to deliver a large programme next year. The HHPS advised it would be dependent on administrative and industry capability following the delays caused by Covid-19 which may affect these capabilities next year and uncertainty remains as to when things will return to normal.

It was noted other service and utility providers have been advising of larger price increases for next year, with some as much as 4%, so any rent increase proposed by the Association would seem modest in comparison.

A member noted that even an increase of £10 a month would hit many tenants hard as they do not have spare income available and more than one option must be provided to ensure there is a choice and the rent increase decision has not already been made.

It was queried if it would be possible to have no rent increase but advised that it would not be realistic to freeze the rent due to increasing costs as previously reported as well as the unknown changes resulting from the impact of Covid-19 and what might happen with Brexit.

It was suggested that each possible increase option could include what it would mean for tenants e.g. Increase equals x number of replacement kitchens etc.

The Management Committee agreed to consult on 3 options: 0.5%, 1% and 1.5% and await the results by which time there should be more information on the impacts of Covid-19, Brexit and bulk pull-through to enable Committee to make a decision before the year-end.

It was requested the benefits of each option to tenants will also be included.

It was queried when the consultation will be issued to tenants and it will be circulated the Friday after New Year and returned to Committee for a decision in at the end of February.

It was queried if this allowed enough time to respond to tenants and advised it will be.

The HHPS requested Committee endorsement and queried who would be in a position to assist with the consultation ahead of it being issued to tenants. ***It was agreed the draft consultation will be sent to all Committee members to allow them to reply with comments and suggestions.***

The HHPS also advised notification of the Association's intention to begin the rent restructure scheduled for September 2021 will also be included in the rent consultation document.

Due to Covid-19 restrictions the rent consultations will be carried out using different platforms such as post-paid envelopes, meeting remotely with registered tenant organisations, upload consultation to survey monkey and also publicise the consultation using Facebook and the Association's website.

A member also suggested a platform called CX Feedback which is a service that uses mobile phones to gather responses and was designed specifically for social housing organisations. Elderpark Housing Association uses this platform and has noted a 25-30% return rate. It costs +/-£5k per year and this cost includes an account manager. It was agreed this will be investigated further as a possible means to gather feedback on future consultation.

It was agreed the rent consultation will be drafted and circulated to Committee for comment as soon as possible.

5. Self Assurance Review 2020-21 – Development Action Plan

The Director advised the Plan was discussed at the previous meeting and has been updated to include what has not been delivered as a result of Covid-19 and this will be revisited to report on any future progress.

It was advised a section has been added in relation to SW Govanhill and managing assurances of the programme and will be reported on regularly.

The Management Committee noted the contents of the Plan.

6. SW Govanhill Property Acquisition and Repair Programme

It was reported the project with Scottish Government (SG) and Glasgow City Council (GCC) is scheduled to end on 31st March 2021. Project works have been significantly delayed due to the impact of Covid-19 restrictions and if the work does not continue over the next 2 years the project will not reach its intended target.

The Association has met with Scottish Government and Glasgow City Council to discuss the project and it has been agreed the Association is delivering but confirmation is being sought to ensure there is funding in place to cover the full costs of the project and push the end date back to at least October 2021.

GCC are continuing to encourage the Association to acquire properties in the target area. The next steps include meeting with GCC for further discussions including owners' grants and SHIP which will allow the Association to deliver the projects but the funding must be in place. At present there is no assurance from SG or GCC after March 2021.

South West Govanhill – Common Essential Repairs (Contract 1)

It was advised the above contract which involves essential and structural common repairs to 8 adjoining closes is still under discussion but approval to proceed has been given for 7 of the 8 closes by owners at close meetings. Duncan Thompson from GCC DRS has advised they will cover the unpaid share of the owners' costs for 7 closes but a further £2.25m is still to be approved from the SHIP to enable the contract to be let and contribute to the Association's share of the costs.

If the situation progresses a short Management Committee meeting may be required in January to get approval to proceed with the contract.

Andy Woodburn – End of Contract

It was advised Andy Woodburn, SW Development Co-ordinator, will be leaving the Association tomorrow and Management Committee asked that their thanks are given to Andy for all his work on the SW project over the last 5 years.

The Director noted there was a staff get together earlier today and thanks were given to Andy during the short online event.

The Management Committee noted the contents of the report.

7. Staffing Report

SW Govanhill Project

It was advised the project is scheduled to end on 31st March 2021 therefore a redundancy consultation will be required for affected staff. There is the possibility further funding may be found but the redundancy consultation process must commence in January.

It was also advised that following the issuing of the Committee papers a further 4 members of GCDT staff may also be required to commence a redundancy consultation as funding for the continuation of their posts has not yet been confirmed. The funding should come through but there has been no confirmation of the funding from Scottish Government and if it is not received by January the process will begin.

The Management Committee approved the commencement of the redundancy consultation process in January 2021.

EVH Support

The senior management team has approached EVH to seek support with both the redundancy consultation for affected SW Govanhill staff and the restructure of the Development & Regeneration team. The HCSHR & Director have met with EVH for initial discussions and as the Association is a full member of EVH and complies with their guidelines, EVH is best placed to assist with the work. It was also noted EVH are offering a reasonable daily rate for the work.

The Management Committee approved the Association employing EVH for the redundancy consultation and the restructuring of the Development & Regeneration Team.

Health & Safety Officer (6 Month Temporary Post)

The HCSHR requested approval to appoint a Health & Safety Officer on a temporary 6-month contract to identify progress towards meeting H/S standards across the Association. The tasks included in the proposed job description have been independently assessed as Grade 7 by EVH.

It is proposed the new role will undertake a review of what the Association needs in terms of Health & Safety (H&S) and produce a report at the end of the 6-month period with recommendations.

It was queried if there were possible candidates amongst existing staff who would fit the required criteria and the HCSHR advised the vacancy will first be advertised internally and if this is not successful it will then be advertised externally. We would backfill any existing post as required.

The Management Committee approved the recruitment of a Health & Safety Officer on a temporary 6-month contract.

8. Disposals – 11 Garturk Street & 71 Inglefield Street

It was reported an approach was made in early 2019 from West of Scotland Housing Association with an offer for the Association to purchase 2 properties at 11 Garturk Street and 71 Inglefield Street for £11k. There are a number of caveats in the report but the most important to highlight was the Association would become responsible for the HAG liabilities. This would not be an issue for the Association unless it was decided to sell the properties which would then make the Association liable for repayment of the full HAG.

The Management Committee approved the purchase of both properties subject to confirmation of the HAG liabilities being moved over from West of Scotland HA to the Association.

9. Minutes of Sub-Committees – For Information

Development Sub meeting held on 13th February 2020

GCDT meeting held on 17th June 2020

Development Sub meeting held on 5th November 2020

F&GP meeting held on 11th November 2020

GCDT meeting held on 25th November 2020

The minutes from these meetings were noted.

The Director advised the Development Sub Committee were presented with an offer to purchase land at 85 Westmoreland Street. The site has received a district valuation and they are willing to sell to the Association. The possible purchase has been discussed with GCC and there may be funding available for the purchase. The site has been valued at £300k but the site requires further investigation and agreement with the seller.

It was queried if the owner of the land was happy with the valuation and it was advised the owner approached the Association with the figure.

It was noted some thought would need to be given to the management of the vacant site in terms of H&S. It was reported GCC currently provide a grass cutting service and the usage of the space is minimal.

The Management Committee agreed the possible purchase of the land should be investigated and further discussions with GCC should progress.

**10. Reports from Other Organisations – For Information
Employers in Voluntary Housing (EVH)**

Glasgow and West of Scotland Forum of Housing Associations (GWSF)

It was noted all communications from GWSF are circulated to Committee as they are received.
SHARE

11. Documents for Formal Execution

2 new share applications from [REDACTED] were approved by Management Committee.

It was also reported the Director and Chair met with both share applicants as they have both expressed an interest in joining the Management Committee.

[REDACTED]

The Management Committee approved [REDACTED] application for membership of the Committee.

[REDACTED]

It was agreed the Director will forward [REDACTED] information to the Chair of GCDT for discussion with a view to a possible meeting to discuss her joining the GCDT as an external Director.

The HCSHR reported there were another 2 possible candidates for the Management Committee whom also completed the same pilot training and the Tenant Participation Officer is currently making contact with them to discuss the possibility further. The training provides participants with a good basic knowledge and is also a good opportunity to see how they interact with others.

12. Correspondence – For Information

It was advised the Association have been contacted by CCG with a proposal for a new development at a site at Turriff Street, near to the motorway and close to Laurieston. The proposal is for an 11 storey block of 1 and 2 bed flats although this is open to negotiation.

It was noted it was not an appealing site in terms of where it is situated but the developer would no doubt build to a high standard. It was also noted the site was outwith the Association's normal operational boundaries .

The Management Committee agreed the Association will continue discussions with CCG but there are developments with a higher priority to the Association in terms of what they offer accommodation wise.

13. A.O.C.B

Thanks to Association Staff

A member requested that thanks are conveyed to the staff from Management Committee for all they have done during this difficult year and the Director advised he would pass this on to staff in his weekly email to them.

Community Noticeboards

It was advised a request has been received from GCDT via the Thriving Places Board for noticeboards to be installed externally at both Samaritan House and the Govanhill Workspaces.

The Management Committee approved the request for noticeboards to be installed at the 2 sites pending appropriate approvals re installation sites.

14. DATE OF NEXT MEETING

The next meeting of Management Committee will take place on Wednesday 20th January 2021

The meeting closed at 8.35pm