

**Minutes of Management Committee meeting – Thursday 30th January 2025
In Southside House at 6.00pm.**

Action

Present: Alex Cameron (AC), Ruth McCluskey (RM), Alison Devlin (AD), Surjit Chowdhary (SC), Munir Choudry (MC), Shirley Robison (SR), Lisa Peebles (LP)

In attendance: Paul McVey (PMcV), Pauline Fletcher (PF), Paul McColgan (PMcC), Donna Reilly (DR) Des Phee (DP), Laura Brennan (LB), Aileen Radford (AR)

**Item 1:
Apologies &
Attendance** Apologies received from Betty Macneill, Jenna Monteith, Pamela McLevy and Liz Ely.

AC advised the meeting that Iain Dyer has resigned from the management committee.

****Minutes redacted to remove confidential information****

**Item 2:
Conflicts of
Interest** None declared

Item 3: No matters arising or corrections for noting.

**Minutes of
management
committee
meeting:
28.11.2024** The minutes were approved by Committee - proposed by LP and seconded RM

**Item 4:
Matters
Arising** *First Tier Tribunal* – appeal did not proceed and the Association paid £800 and which was accepted.

Eviction Report November – this was carried out on 7th January 2025 and the tenant had already vacated premises.

640 Pollokshaws Road – meeting was held in November and report is expected to go to GCC in January noting results of bore hole tests carried out. The Association has advised that unless a positive outcome is received by mid-February, our position would have to be considered. Contractors are planning to commence development in February.

SR noted that the issues seem to be related to ground conditions and GCC have asked for more bore holes to satisfy themselves. PMcV confirmed that the GeoTechnical Officer asked for further information. SEPA have advised that they are happy to move forward and will insist on this should the results be similar to all results to date. PMcV advised that nothing else has been found in this extra survey and has intimated that the Association would consider withdrawing from the development if the 'go ahead' is not given. The investment team have been liaising with the Planners advising that this would be a significant problem.

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Fire Risk Assessment – Fire Safety Policy to be approved tonight and the association has also tendered for formal risk assessments to be carried out at 33 different blocks. There are fire risk assessments in place however these have to be renewed. Berryknowes Avenue fire risk assessment has been reviewed and this will also be the first formal assessment to be carried out once awarded. PMcC will meet with the fire assessor next week.

SR asked if anything major would come out of the assessment? PMcV commented that there should not be anything not already known given recent review and the cyclical maintenance we have on the blocks does not indicate any major issues, but the formal assessment will highlight this.

MC asked about the condition of properties when we recover them through eviction. PMcV advised that they are usually in a poor state.

**Item 5:
Consent
Agenda**

Minutes of SL Board – 18.12.2024

There was concern expressed over the audit points noted, however LB advised that most of the audit points are in line with previous audits and they will be added to the Global Action Plan. LB noted that everything is moving in the right direction and hopefully at next audit the number of points will be reduced.

Minutes of Variation – MMR 001 & 002

These were signed between meetings in relation to the MMR schedule with Southside Lettings.

Eviction Reports – 20240412 & 3005505

The first eviction is scheduled for this week and the second one unfortunately has a flaw in the issuing of the decree by the court.

RM asked who pays the costs for court action, and PMcV advised that where possible legal expenses are added to any decree.

**Item 6:
Governance
Update**

Strategic Governance Outputs – Away Day

AC commented that some of the committee members attended an away day and came up with some objectives for committee to focus on. The main points are to improve financial training, look at how papers are presented and the recruitment of a new board member with financial background. This was a good opportunity for members to meet without staff attending. The output plan will be put on the portal for everyone to look over and will be updated as we go through the appraisal process. This is a good standard to set and baseline to move forward from.

SR commented that it was a good productive afternoon.

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PMcV suggested it might be good to get a speaker in to talk to members as a governing body. LP agreed as some of the discussions related to benchmarking and someone with experience would be useful for us to measure our success. PMcV talked about Scotland's Housing Network who are happy to come in and discuss what is happening throughout the sector. LP also thought the venue was good.

Committee Workplan & Proposed Meeting Dates 2025

Updated plan for the coming year.

**Item 7:
Southside
Lettings
Board –
Lease Update**

PMcV commented that the lease agreement has been amended. The minute of variation now forms part of the lease and requires both management committee and SL board to sign off.

The report provides an update regarding the Land and Buildings Transaction Tax requirements of properties included within the intercompany lease schedule and changes to the Head Lease which was previously presented to Committee in October 2024. LB took legal advice in preparation of the report.

The previous lease did not have the appropriate signing block, which has now been added.

The lease was approved by Committee

Proposed by AC and Seconded by AD

**Item 8.
First Draft
Budget**

LB advised that the Budget report is a first draft for 2025-26

The budget is made up of two areas – Income & Expenditure and the Capital Budget which is investment. Looking at these two together this determines the Association's financing requirements for the coming year. Any surplus made goes towards funding investments.

The budget has been prepared with rental increase projections of 3.7%, 4.2% and 4.7%.

With an increase of 4.2% the surplus is £595,548 with a net capital investment of £8.25m and finance required of £6.5m. This shows compliance with all covenants.

- Rent increase of 4.2%
- Insurance increase of 7% - insurance market has stabilised and increases not as high as previously. Best case scenario is 5% with worst case of 10%.
- Bad debts 2%
- Void rental loss 2.5%
- Pay award based on 5% but won't find out until March

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- Increase in NI for employers – £70k but once the salary increase is applied it will be around 80k.
- Stable interest rates – 5.9%

Income

- Rental income plus MMR – 87%.

The report shows how the Association compares with others and also looks at property types.

Expenditure

- The report details the spend in repairs and maintenance, cyclical, service costs etc.
- LB has also built the servicing budget back up and will report on this moving forward. This will be more accurate in the future.
- The number of codes used has also reduced and is now more streamlined.
- There are a few areas due for tender – guttering recently tendered which shows a saving.

Planned Maintenance

- This will vary year on year. Tied to life cycle costings. The table shows how this varies.
- Currently at Year 2 on landlord electrical supplies upgrade – highest expenditure this year.

Employment costs

- Overall the budget has increased this year. We have budgeted an increase of 5% which is a significant cost and is not in line with rental increases. NI is a blow as well and everyone will feel this increase.

Capital Budget – Investment

- £8.25m is required

Existing Homes

- Lift Replacement programme at MHA and scheduled heating programme. The Lift replacement is not running to time and some of the costs have been shifted as a result.
- Heating programme has still to go out to tender, which will be for Hartlaw/Chirnside.

Capital budget – development

- Key project is 640 Pollokshaws Road
- Other costs relate to private acquisitions

Financing

- Running with a high cash balance – £4.5-£5m which will reduce slightly before end of financial year.

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- If the financial year starts with our minimum cash balance, extra funding would be required and this would be sought through loans.

Next steps

- Look to refine some of the key areas in the budget.
- Incorporate the budget into the business plan – this will come to committee in March.
- Final budget will also come to committee in March.

SR noted that the salary budget has increased year on year. Are we confident that there will be no extra staffing posts throughout the year? It was confirmed that it is unlikely that there will be any non-funded posts this year.

SR noted that PMcC post has been added to the budget and professional fees are still high. LB added that some of the figures in this code are a provision for consultancy in relation to a pensions review and other smaller areas. LB hopes that this budget is on the high side and will reduce throughout the year.

SR asked if committee could have a cash flow attached to the budget? LB prepared the budget on a worst case scenario point of view and drawing down at the beginning of the financial year so we are not under budget later in the year. LB is happy to include a cash flow for the final budget where the cash will also be firmed up for projects.

SR noted that £6m is required for capital funding for the period of the business plan – how is this made up? LB advised that it covers a contribution for existing homes and also for development projects. SR commented that the development funding is changing so much and are we keeping to the requirement of investing in our homes. LB confirmed that where there is are large scale component replacement projects we will have to rely on loan funds. If we had a higher cash reserve we could set aside funds for this. Smaller projects will be covered with our cash reserve.

SR appreciates that there is a lot more work involved in Brixx and implementing that and would look forward to seeing what is produced in the future.

There was a query around the justification of the 4.2% rent increase. PMcV commented that the rationale is 2% above CPI with an extra 0.5%. There is the argument that the increase could be higher, however we now know what the budget shows with an increase of 4.2%. We are also looking at projected rent increases across the sector.

LP would like to understand that if we kept rents at the current level, what would we not be able to do, and PMcV confirmed that when there are increases across the business, freezing income would mean that we

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would need to not carry out same level of improvements/maintenance and/or service.

**Item 9:
Rent Increase
Proposal**

The report gives details of the additional income generated using each of the proposed rent increases – 3.7%, 4.2% and 4.7%. The net effect of not increasing rents would mean that repairs and cyclical works could not be carried out. Some associations are consulting on options and noting what could be put in place in respect of the rent increase e.g. concierge posts, caretaking etc. 4.2% allows the Association to deliver the outlined budget. This figure is for consultation and it allows tenants to put forward their concerns and comments.

MC asked if the Association can justify the increase of 4.2% given that CPI is 1.7%. PMcV noted that CPI is higher just now and the rationale is that rent increases have been under inflation in recent years and this increase is trying in some way to redress that. It is important to ensure the Association has sufficient income to carry out the works that are required. It was noted that 60% of tenants are receiving full housing benefit and may have a differing view about the increase.

SC asked if the Association's proposed increase is lower than other HAs? PMcV noted that the report shows a table of what others are proposing. Other organisations have different issues and needs. The increase should be based on what the business needs are for each organisation.

SR commented that committee need to know the impact of 4.2% given the works that are proposed e.g. Berryknowes Avenue. The last few years have been up and down with inflation being high and costs increasing. It would be helpful to see short, medium and long term finance.

PMcV commented that when the budget is presented at the end of March with the new business plan, this will hopefully give us a better picture of what we need to do and when this requires to be done. Tenants have had 2 years of higher rent increases, and the Association would like to keep this as low as possible.

AC noted that there are some assumptions in the budget at the middle figures. Will the budget float at 4.2% if insurance goes high, inflation increases and salary increase is 6.2% or will there then be a deficit. PMcV noted that we do not have this level of information currently and cannot cover all eventualities. If increased costs elsewhere become unmanageable we will need to make efficiencies within the year. AC asked if everyone is comfortable with this increase and surplus in the budget? PMcV noted that it would be preferable to have more but we have to be realistic.

LB advised that if the budget was modelled on a worst case scenario the rent increase would be much higher than 4.2%. PMcV noted that worst

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case is that efficiencies may be required and this may require staff cuts. In the budget presented there is contingency and surplus. Staff have been relatively prudent in some of the assumptions and LB advised that moving forward scenario assumptions will be much easier in BRIXX. AC noted borrowing costs for £6.5m and will these fluctuate. LB noted that these are variable and may fluctuate. The total interest that is paid is 5.9%.

SC asked how much the insurance premium would be? LB advised it will increase between 5% and 10%. The Insurance Broker will go out to the market next week. Last year only 3 insurers were willing to quote however this year there are at least 6 insurers interested in submitting a proposal.

AC asked if there are any issues with Rubixx consultancy fees? LB advised that everything is still within the proposal and on track for the budgeted spend. Implementation costs may come in slightly under budget.

The draft budget was approved.

Proposed by AC and seconded by SR.

The rent increase for consultation was approved at 4.2%.

Proposed by AC and seconded by RM

**Item 10:
150
Berryknowes
Avenue –
Update**

PMcV advised that the report is an early update regarding progress made. The Business Plan will be put to the treasury management consultant and will also come to committee in March and will include the impact of 150 Berryknowes redevelopment and Mossspark URC at that time.

PMcV advised that as things progress we could put in place a member/officer working group to look specifically at 150 Berryknowes Avenue to add more scrutiny to the project and then report back to committee.

The options that were considered are noted in Section 1 of the report, but specifically looking at Options 3 and 4 and in particular all risks and not just financial risks. The differences in Options 3 and 4 were also discussed.

It was noted that recent discussions with GCC had gone well and they were very positive asking for timescales and indicative costs.

Treasury management consultancy – a meeting has already taken place and they have looked at cash flows in detail and see no issues. It would be prudent for the Association to contact Handelsbanken to advise of the Association's position.

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A newsletter has also been issued to tenants for information.

Committee noted that the pre-planning application costs are £12k and the timeline noted in the report is very indicative.

****Minutes redacted to remove commercially sensitive information****

Committee agreed to submit a pre planning document to GCC.

Proposed RM and seconded by MC.

DP asked committee to extend Standing Orders – this was agreed

**Item 11:
Policies for
approval**

Fire Safety Policy

PMcC advised that this is a new policy for the Association. Some suggestions were given by The Social Housing Safety Network and these have been incorporated into the policy. PMcC also advised that there will be stand alone procedures for staff.

SR asked about tenant responsibilities and how these are monitored as well as the commitment to training for staff. PMcC advised that the Association cannot enforce tenant responsibilities but these can be highlighted through various means. Training for staff will also be arranged to ensure they are fire aware.

Committee approved the Fire Safety Policy

Proposed AC seconded AD

Factoring Debt Recovery Policy

LB advised that this policy is required as previously the Association has not been good at recovering factoring debt. Within the first week £35k was recovered. The debt is unacceptably high and must be reduced. The Policy has been reviewed by TC Young and it is important to implement immediately. Currently the arrears are around £500k. There are currently 955 factored owners and around 10% are commercial owners.

Committee approved this policy - proposed – AC seconded by RM

**Item 12:
Tenders for
Approval**

Roof Repairs Service & Minor Works Contract

PMcC advised that this is a contract for a new roofing contractor – previously City Building. Report shows previous costs but as this is a reactive contract it is difficult to predict the spend. Two bids were received through the normal procurement route

Committee is asked to approve KPM Contractors.

Committee approved this contract

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Proposed AC and seconded by LP

Cyclical Gutter Cleaning & Roof Inspection Contract

PMcC advised that the tender received has come in at ****Minutes redacted to remove commercially sensitive information****. The policy notes that the contractor was approached to confirm their price and assurance was given that costs are not abnormally low. They have priced on the expectation that they will get the full property list on a 2 year plus 1 plus 1 contract. Costs are fixed for the first two years.

This contract was approved by Committee

Proposed by AC and seconded by AD

**Item 13:
Eviction
Report No.
20250123**

****Minutes redacted to remove confidential information****

The eviction No. 20250123 was approved by Committee - proposed AC and seconded RM

**Item 14:
Equalities
Annual
Report**

DP advised that this is the first annual report on Equalities Diversity and Inclusion. This report will be brought every January.

There are four key headline areas

- Data collection – tenants and workplace
- EDI working group – this started in February last year and are looking to drive this work forward. Meet quarterly and very productive. Now thinking ahead on dates that can raise awareness or celebrate
- Community engagement work over the past year
- EDI focus for the year ahead

Committee noted the report.

**Item 15:
CEO Report**

Governance

- LB advised that there will be a series of Finance training over the next few months including pensions, management accounts and treasury management and strategic management.
- Committee recruitment – there is currently one vacancy and given the gap in finance skills, PMcV spoke to Lilian Peters and she is keen to come along as an observer next month with a view to joining main committee and F&CS.
- Getting the balance right – document for information

GWSF and SHR

- Capital funding has been increased as well as medical adaptations
- Still awaiting to see what the net zero funding will also look like

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- GWSF update attached for information.
- SHR has closed the consultation on the ARC and indicators – minor changes and these have been issued

HR & Staffing

- ****Minutes redacted to remove confidential information****
- Pay rise negotiations – no final numbers but EVH looking for multi year decision
- Pension information – triennial valuation expected in summer. There is a separate paper that may be brought next month regarding SPF arrangements.

Rubixx Update

- Breakdown detailed within the report.

Committee were pleased with the report and with Lilian's interest, and agreed to invite to the next meeting.

Item 16: Nothing to report
**Governance
Matters etc**

Item 17: Nothing to report.
**Relationship
with
other bodies**

Item 18: Nothing to report.
**SHR
Guidance,
Corresponde
nce
& Notifiable
Events**

Item 19: LB advised that Nationwide require an updated mandate to be completed each year and this requires to be signed and issued following the Committee meeting. Authorisation limits have been aligned with Handelsbanken.
**Any Other
Competent
Business**

AC advised that Liz Ely has applied for a leave of absence from Sept this year until June to carry out university course – this was agreed by committee.

Item 20: **Date of next meeting will be Thursday 27th February 2025.**
**Date of
next meeting**