

**Minutes of Management Committee meeting – Thursday 29th June 2023
In Southside House at 6.00pm**

Action

Present: Margaret McIntyre (MM), Betty Macneill (BM), Iain Dyer (ID), Alex Cameron (AC), Jonah Chireka (JC), Surjit Chowdhary (SC), Munir Choudry (MC), Shirley Robison (SR), Alison Devlin (AD), Elisa Campanaro (EC)

In attendance: Norma Taylor (NT), Donna Reilly (DR), Mandy Wright (MW), Des Phee (DP), Pauline Fletcher (PF), Aileen Radford (AR), Suzanne Lavelle (SL), Alison Smith (Allanpark Consultants), Alistair Berwick (ATFS)

**Item 1:
Apologies &
Attendance** Apologies received from Ruth McCluskey, Liz Ely and Paul McVey.

**Item 2:
Conflicts of
Interest** DP declared an interest as a Board member of Craigdale H.A. who receive Advice Services from SHA. The Chair noted the declaration however it was felt this was not a material conflict of interest.

**Item 3:
Treasury
Management
Strategy** Alistair Berwick from ATFS gave a brief overview of the Treasury Management Strategy. He commented that the report looked at our current borrowings and what may be needed for the future. He summarised the risks relating to high inflation, rising interest rates, energy costs and the demands of net-zero investment were also noted.

The Association has a total loan portfolio of £9.46m. This consists of three lenders:

1. Nationwide – all small loans totalling £1.4m
2. Bank of Scotland – small loan due to complete September 2027
3. Handelsbanken – facility of £25m of which £8m has been drawn down to date.

Alistair highlighted the fact that the Association has a portfolio of variable rate loans and no fixed rate loans. Longer term it is important from a risk management perspective that the Association looks to secure an element of fixed rate loans. He did touch on the option of fixing four of the current Nationwide loans rather than have them on variable rates. The other Nationwide, Bank of Scotland and Handelsbanken loans cannot be fixed based on the terms of the loans.

The four Nationwide loans amount to £728k. SHA could consider fixing these but should note that the base rate has increased from 4.5% at the beginning of June up to 5% just now.

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A fixed rate of 10-15 years could be around 4% charge rate (before the lender's margin is added).
Fixing at this point in time may risk securing at a higher rate than may be the case in a few years' time.

The financial projections are looking at what will be drawn down over the next 5 years, borrowing a maximum of £23.5m with a loan of £19.5m to make the bullet repayment at the end of the life of the facility.

The profile shows a jump in 2024/25 from £12m to approximately £19m which is due to the development projects.

Committee noted that CPI has remained at 8.7% since April this year.

The recommendations are:

- Nationwide Loans – consider putting in place fixed rates loans through to maturity for the four loans (noted at 4.2.1) amounting to £728k. There may also be the possibility of consolidating the larger number of loans (14) to reduce administration.
- Handelsbanken – the Association should use any available surplus cashflow or deposits to reduce the borrowings to reduce interest costs. The £25m Revolving Credit Facility is repayable in January 2026 on a bullet repayment basis and the Association should start the process to refinance this in Q4 2024 or early 2025.

SR asked if we should consider fixed term loans as it is not a large sum of money involved and would fees be incurred? AB commented that there would be no fees and just a lending margin of 0.3 or 0.4% added on depending on the loan terms. There would potentially be a cost if secured stock had to be revalued.

It was discussed whether this was worthwhile when there is not long to go on these loans. AB advised that if SHA changes the loans, one benefit is that we can demonstrate to the Regulator that our loans are not 100% variable and we have fixed what is suitable for fixing.

SR also asked when could SHA release security? AB advised that no valuation has taken place previously so there are a number of unencumbered properties. This could all be carried out at the same time as repaying the Handelsbanken loan.

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AB commented that a good rate from fixed to variable ratio would be on average between 60 and 70% of loans, however SHA cannot have a fixed rate on the Handelsbanken loan so this is difficult to achieve.

MC asked how Committee can be assured that the Association's business plan is safe and not susceptible to rent caps, staff costs and costs of developments and investments in stock. He asked if the Committee can be given assurance the business plan is secure and sufficiently funded. AB commented that the business planning and projections cannot cover all future outcomes, however you can plan in the business plan and carry out stress testing which will help mitigate some of the risks. He advised that the business plan takes account of the key financial indicators around inflation, interest rates etc. and is a good tool to be able to adjust future plans based on current financial and economic information.

SR noted that there are large increases in our development programme costs and can these be maintained. AB commented that this depends on interest rates, however the strategy is continually evolving. DR noted that stress testing has been carried out on the current development programme up to 2025. Committee would have to decide if any future development is carried out.

AC asked that when the Revolving Credit Facility ends in 2026 should the Association take another RCF or fixed rate. AB noted that at that time the Association should probably look at both.

Committee approved the Treasury Management Strategy – proposed by MM and seconded by ID.

Item 4: Management Committee Appraisals

Alison Smith went over the main points within the report: -

Strengths

- Real commitment and interest from members
- Enjoying the role
- Recognise improvements over the last year.
- New CEO offering a different approach.
- Improvements in knowledge basis

Alison also highlighted that the appraisal process is the Committee's self-assessment which is covered in Regulatory Standard 6.

Improvement & Development

- Attendance at training/conferences has slipped – there is interest in realigning this.

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- Personal Development Plans are used as a tool to help members focus.
- Some work could be done on the induction of committee members – help new members gain confidence in asking questions.

Wider Business Actions

- Performance management – how is this done and brought to Committee.
- SFARS strategic approach – be clear about the future of this.

Succession Planning

- Chair of SFARS is in her fifth year and will have to stand down next year. Committee should be thinking about this and planning ahead.
- Vice Chair of Committee standing down
- Also, one other member standing down at the AGM.

MM asked if the July meeting could start early to have a discussion around succession planning. Committee agreed and felt this would also be a good opportunity to look at the aging demographics of the committee and how to attract new membership. SR commented that this should be an open discussion with everyone being clear about their own intentions.

Alison also spoke about a change in how reports are presented. Some associations are now using a slightly different method with no need for staff to present reports at meetings. Some papers are not contentious so the Chairperson could put these through. Some papers could be presented by sub-committee members and not staff.

NT commented that staff have pulled back and reports are not always as detailed as previously however there is the need for key elements to be highlighted.

MC asked Alison how she felt about the skill set of the management committee. She advised that she has no concerns and that the committee compares well to others.

Alison also commented that another approach would be using Decision Time which allows people to make comments before the meeting. AC felt it would be helpful to have questions prior to the meeting however there is value in staff putting forward their own reports. SR feels there is a balance to be struck and reports could be summarised by staff.

AC thanked Alison for all her hard work and thanked committee for attending their one-to-one meetings.

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**Item 8:
Review of
Advice
Services**

Suzanne Lavelle, Advice Team Leader, gave Committee an update on the Advice Services.

There is a big issue just now with the cost of living crisis. The service has had two sets of funding for fuel vouchers. The Association has also signed up to home heating grants and food vouchers.

SL read out a variety of the feedback forms received and all are extremely positive.

The aftermath of the current crisis will be debt in fuel costs and credit cards. Funding has been received from Advice UK for an 8-month contract for a staff member to assist with money advice and will hopefully be followed by a further year of funding if the overall project is successful.

An application has been submitted for the Home Heating Fund and Universal Credit has increased which may now be available to more people. Also looking at Best Start Grants. The Energy Savings Trust have advised that the smallest bid is £1m and this is too large for the Association, however GWSF have been approached to look at a joint application. An application has been submitted to The Social Housing Fuel Support Fund for a fuel adviser.

Committee thanked Suzanne and her team for all their hard work and the money they bring in for tenants.

**Item 5:
Minutes of
Committee &
Sub-
Committees**

Management Committee – June 2023

No corrections and no further matters arising. Committee approved the minutes proposed by ID and seconded by MM.

Minutes of Audit Committee – July 2023

SR asked if the planned maintenance EESSH issues could be circulated to the committee for information.

MW

The committee asked if they could have access to the papers on Admincontrol to see documents referred to in the minutes. Following discussion this was actioned for the Audit Committee but it was agreed that it would not be appropriate for the Staffing Committee.

Minutes of SFARS Board – June 2023

Minutes for noting.

**Item 6:
Matters Arising
Schedule**

NT went through the report in detail.

PM

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SR asked if the new format for KPIs could include financial KPIs. Could committee also see the tenant satisfaction action plan.

**Item 7:
Management
Committee
Workplan**

DP advised that this is for information. Slippages are noted in the plan as well as items that have been taken sooner than planned.

**Item 9:
Net Zero
Investment
Plan – 150
Berryknowes
Avenue**

DR spoke to the report and updated Committee on the progress made with proposals for investment in the properties.

Following completion of the Feasibility Study prepared by M Four Consultants a proposal to consider a Fabric First approach for the properties was recommended.

On this basis a Grant Application has been submitted via the Scottish Governments Net Zero Fund and a response is awaited.

Committee were advised that if the grant application was successful, the maximum grant awarded is 50% of the total project costs. The remaining 50% costs would be met by SHA and a Loan from the Energy Savings Trust – Scottish District Heating Loan Fund.

Committee discussed the overall costs to the project and questioned the level of investment in the block including value for money.

The Option Appraisal Report carried out by Arneil Johnston in 2021 was discussed and it was agreed to update this report to include the current costs.

DR

Committee were advised that there was no financial commitment to the project at this stage and that further reports would be brought once a response had been received from the Scottish Government on the grant application.

Proposed by ID and seconded by AD.

**Item 10:
I.T. Strategy**

NT advised that within this Strategy there is limited focus on Orchard as this has been raised under a separate report and is under review. The server facility will be moved off site to a more secure facility. This is a more cost-effective solution than keeping on site where SHA would have to purchase two new servers.

SR asked how SHA will re-tender with 3rd party IT support for the support service if they are providing the cloud server solution. This has been discussed with Tecnica and they have given

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assurances that this would not be an issue. SR also asked if we have the skills in-house to delivery this Strategy.

NT is of the view that, in partnership with our third-party provider, we have the skills required.

Committee noted the delivery plan timeline noted within the report.

Committee approved the I.T. Strategy – proposed by JC and seconded by BM.

The Committee also specifically approved the recommendation to move the server arrangement to the cloud – proposed by JC and seconded by BM.

Item 11: Management Accounts to 31st March 2023

MW advised that the attached management accounts are up to 31st March 2023.

The surplus at the year-end is £2.281m which is £829k higher than the budget.

Income

- Grant income of £1.214m is above budget by £206k. This relates to additional monies received for the Children's Holiday Food Programme and the Energy Savings Trust.

Expenditure

- Total expenditure is lower than the budget. Reactive repairs is lower than budget while void works spend is well in excess of the budget.
- Planned maintenance spend is behind the budget due to the windows draught proofing programme which has been delayed due to problems accessing properties.
- Salary costs are slightly behind budget.
- Bad debts provision was £63k against an overstated budget of £266k.

Balance Sheet is very healthy with cash of £5m at year end.

Covenants are all compliant.

MM asked about the void costs and high council tax payments. MW advised that SHA is given 6 months exemption from council tax, however the voids were older than 6 months, hence the payments. Voids are now under tighter control.

Committee approved the management accounts – proposed by MC and seconded by MM.

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**Item 12:
Policies for
approval**

Child Protection Policy

NT advised that the policy is very detailed, however as the Association has a service registered with the Care Inspectorate, this is necessary.

The policy is significantly different to the previous policy with new areas added with more focus on trauma, grooming and child exploitation.

Staff have had training on both child and adult protection recently and in terms of the policies SHA would expect all staff to have an awareness of the policy.

Committee approved the policy – proposed by AD and seconded by BM.

Adult Protection Policy

Committee noted the policy and this was approved – proposed by AD and seconded by BM.

**Item 13:
Chief
Executive's
Report**

NT went over the report and highlighted some of the main points.

McCulloch Street/Lincluden Path (Fire) – DR advised Committee that a 'cash settlement offer' had been received from the insurers towards the reinstatement works. In addition, Glasgow City Council had agreed to fund some of the shortfall costs including the decant costs for the project, which were not being met by our insurers.

The total reinstatement cost for the project is circa £3.85m. With the offer of grant funding from GCC there remains a shortfall of circa £150,000 which Committee were asked to consider funding. This would allow the contract acceptance and allow works to start on site.

Committee were asked to note that there was no financial provision for component replacement in the current Business Plan until year 10 however it was noted that carrying out the reinstatement works now would have an impact on the 30-year Business Plan.

In addition, the properties would be reinstated to a much higher standard than they were in terms of insulation etc.

Committee agreed to approve the funding shortfall of circa £150,000 to allow a contract acceptance to be issued on the provision that a report detailing the costs, benefits and future savings would be provided at the July 2023 meeting.

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Proposed by MM and seconded by ID.

Disposals & Acquisitions – Committee noted the disposal of properties at 5 Mossview Quadrant and 1744 Paisley Road West. It was also noted that some of the sums received will be repayable to the Council.

DR advised of a letter issued to the Chief Executive regarding two properties at 40 Nithsdale Drive which had been approved for disposal.

DR provided Committee with information on the contents of the letter which had been copied to a number of Committee members and external bodies.

Spiers Gumley who factor the building have arranged an owners meeting for 19th July 2023 which the Association will attend.

A further update will be brought to Committee at the July meeting.

DP asked for standing orders to be extended due to the time – this was agreed – proposed by MM and seconded by JC.

SHR Notifiable Events – DP recently spoke with the Regulator to update on some of the outstanding notifiable events. A list of these is attached within a separate report.

MRI / Orchard – MRI were out on site on 6th June discussing some of the issues with key staff. The response received is attached for information. SHA has instructed an independent review at the end of July and a response will then be issued to MRI.

PM

NT advised that there are failings on both sides and lessons learned, however MRI are not taking much responsibility for the issues.

Committee approved the report – proposed by EC and seconded by MC.

**Item 14:
Governance
Matters**

Nothing to report.

**Item 15:
Relationship
with other
bodies**

EVH – monthly report attached along with a document on the Cost of Living Grant Scheme. These are for information.

Pollokshields Community Council - MC advised that this reconvened two months ago and there was a very successful

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Fun Day earlier this month. MC asked if SHA had contributed to this and PF advised that yes there was a donation given.

MC asked to be kept up to date as the representative on this Council.

Pollokshields Area Partnership – PF attended the last meeting.

**Item 16:
SHR Guidance
Notes etc**

SHR Regulatory Review Framework 2023 – This document is for information and it is hoped that a revised framework will be in place by April next year.

**Item 17:
Any other
competent
business**

****Minutes redacted to remove confidential information and third-party personal data****

AR asked committee for their thoughts on holding a committee meeting directly after the AGM at the end of August. This would allow office bearers to be appointed and remits of committees to be approved. There may also be an IT update for discussions. The AGM would start at 6.30pm with the committee meeting at 7.30pm. There were no objections to this.

AR advised that one third of the management committee has to stand down each year and seek renomination. EC is due to stand down as was appointed as a co-optee after the last AGM. BM and AC are due to stand down as the longest standing members. AD and SC are also required to stand down and seek renomination.