

**Minutes of Management Committee meeting – Thursday 23<sup>rd</sup> November 2023  
In Southside House at 6.00pm**

	<b>Action</b>	
<b>Present:</b>	Alex Cameron (AC), Alison Devlin (AD), Surjit Chowdhary (SC), Betty Macneill (BM), Shirley Robison (SR), Liz Ely (LE)	
<b>In attendance:</b>	Paul McVey (PM), Laura Brennan (LB), Mandy Wright (MW), Norma Taylor (NT), Pauline Fletcher (PF), Des Phee (DP), Aileen Radford (AR).	
<b>Item 1: Apologies &amp; Attendance</b>	Apologies received from Ruth McCluskey and Margaret McIntyre.	
<b>Item 2: Conflict of Interest</b>	No conflicts of interest for noting.	
<b>Item 3: Minutes of meetings</b>	<p><b>Management Committee meeting - 26.10.23</b> No corrections. Minutes were approved by Committee – proposed by SR and seconded by AD.</p> <p><b>Minutes of Audit Committee – 19.10.23</b> These minutes are for information only.</p> <p><b>Minutes of Staffing Committee 20.07.23</b> These minutes are for information only.</p> <p><b>Minutes of Staffing Committee 19.10.23</b> These minutes are for information only.</p>	
<b>Item 4: Matters Arising</b>	<p><b>Single Building Assessments</b> – still awaiting an update. PM added that, subject to final checks, there is no RAAC in any of SHA's properties. SHR was advised this week.</p> <p><b>150 Berryknowes Avenue</b> – Donna Reilly is looking at this in more detail along with finance and housing management. A report will be brought in January; however, we need to ensure that the homes are fit for the next 20-30 years.</p> <p><b>Tenancy Agreement Audit</b> – <i>*Minutes redacted to remove confidential information*</i></p> <p><b>Membership Numbers</b> – this is now up to date and the lower figure is the correct one. AR will ensure finance have the up-to-date information moving forward.</p>	<p style="text-align: right;"><b>DR</b></p> <p style="text-align: right;"><b>PF</b></p>
<b>Item 5:</b>	MW went through the accounts and highlighted the main points.	

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**Management  
Accounts Qtr 2**

- Surplus reported of £248k which is higher than forecasted. The void rent loss dropped significantly due to the work in repairs and maintenance.
- Overall income down slightly – delays in St. Andrews Drive coming off site.
- Overall expenditure is higher than the budget for the period. This relates to the Queensland project spend and excludes the property gain on sales.
- Bad debt provision is overstated within the budget.
- Loan drawdown - £1m drawn down in July and a request has been submitted to draw down a further £1m.
- No loan covenant breaches.

SR enquired about cashflow for the remainder of the year as some areas are significantly over. Also has the £25m been used for what it was intended or is it subsidising other things. AC noted that money is being drawn down but is this going into the income and expenditure. Looking cash rich but at year 12 if we wanted to draw down money, it may not be available.

MW advised that the next stage is to feed the information into the Business Plan and LB will be updating this to show the fluctuations and measure what was agreed to be drawn down and what it has been used for. Some programmes are being pushed back, but some are being brought forward. Planned Maintenance has been revisited and shows some shifts.

**LB**

There was some discussion around the loan facility and committee asked for a report on what the loan was being used against. LB agreed that a report to show cash movements would be helpful and this will be brought to a future meeting, probably March with a new cashflow. At that stage, a new template will be presented.

**LB**

Are we clear on the profits from disposals and that this is being reinvested? PM commented that all profits from disposals require to be ring fenced and while these have been utilised to date, this will be reconciled in due course – the detail is there to ensure that surplus from disposals are available.

Committee approved the management accounts Qtr 2 – proposed by AC and seconded by SR.

**Item 6:  
SFARS Review**

PM noted that a decision was taken in 2022 to register SHA as the factor and de-register SFARS. Legal advice has also been taken on this.

The report details our current factoring arrangements and notes that moving factoring back into SHA would reduce the intercompany activity and improve transparency. Also noted is the impact of

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discontinuing to provide a factoring service to a number of blocks. This would result in a loss of £45k annually – in Management Fees to SFARS. However, this is before the costs of providing services to these blocks are factored in as well as the debt associated with these blocks.

It is recommended that the original decision of transferring the factoring element of SFARS back into SHA is upheld. This will involve a significant piece of work in a short period of time.

Committee agreed that it makes sense to have SFARS dealing solely with MMR and move factoring to SHA with our own staff managing the different elements of the function.

The written statement will be amended, and a new factoring policy put in place. PM will update on progress as and when.

Committee agreed this – proposed by AC and seconded by AD.

### Item 7: Mid-Year Budget Review & Draft Budget 2024/25

LB gave a presentation on this report covering the main issues.

#### *Current Landscape*

- External pressures e.g. inflationary pressures, interest rates and cost of living crisis.
- Internal pressures – poorly performing repairs contracts, void delays, backlog of stock improvement works, development delays.

However, the surplus in line with the budget is achievable.

#### *2023/24 Income*

- Base rent circa £200k below budget
- Void rent loss improvement v budget (+46%)
- Grants +£1.35m
- Other income +£44K – funding for fuel vouchers

#### *2023/24 Direct Costs*

- Reactive maintenance overspend v budget.
- City building catch-up invoicing.
- Out of contract period serviced at higher rates.
- Backlog of repairs

Moving forward – maintain reduced void levels, have a tighter control of new repairs contracts to bring back in line with budget and release City Building provision over the remainder of the year.

LB also looked at the planned maintenance and the project changes. Overheads with variances in employment costs, overheads, finance costs and fixed assets disposals. This shows a projected surplus of £304k.

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The capital budget update details key changes with new developments, major repairs/planned maintenance and business improvement and IT.

The income is based on a rent increase of between 5 and 6.5%. Base rent has also been calculated using a schedule of current stock plus the planned release of new build units.

Projected surplus for 2024/25 is between £259k and £452k.

The main developments for 2024/25 were noted as well as the major repairs/planned maintenance programme.

Timeline moving forward: -

- November 2023 – first draft of income & expenditure and capital budget
- January 2024 – further discussions with budget holders, business plan viability analysis
- February 2024 – second draft with business plan sensitivity analysis
- February 2024 – final amendments and project timeline updates
- March 2024 – final draft for approval

SR noted that further analysis, improvements, and efficiencies that can be made should be highlighted. Also, the salary budget is high and where does this sit in relation to other associations of the same size.

PM commented that there are a number of budgets where savings have been made e.g., void budget.

Committee approved the revised budget – proposed by AC and seconded by BM.

**Item 8:  
Rent  
Consultation  
Proposals  
2024/25**

PM highlighted that the last few years have proved difficult in terms of cost of living following on from the pandemic and the economic downturn which has increased levels of poverty. The rent increase of 6% was at least 4% below standard inflation rates.

The association now must consult with tenants on the rent increase for this coming year and the proposal is 5.5%.

The September CPI rate this year was 6.7% (last year 10.1%). The October CPI was 4.7%. Last year the rent increase was 6% and this was a considerable loss to the Business Plan.

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The most recent tenant satisfaction survey shows the top three priorities as i) overall quality of home, ii) repairs/maintenance and iii) keeping residents informed.

Table 1 shows the impact of the rent increase at 5%, 5.5% and 6%. The proposal is not to give tenants an option on the consultation; it will be one figure.

AC felt the figure should be pushed closer to 6%, possibly 5.75%. SR noted that in 2017 it was agreed to use CPI September figure as a starting point and why is 6.7% not the figure to use? PM noted that our financial position is based on CPI however the last couple of years has affected this. He is also conscious that the association rents are already quite high.

The proposal from the Committee is to consult on 6.7% and then in February look at the up-to-date budget which will give a better understanding.

Committee approved the consultation figure of 6.7% - proposed by AC and seconded by SR.

**Item 9:  
Chief  
Executive's  
Report**

PM went through the report and highlighted the main points.

*Saffron Project – \*Minutes redacted to remove confidential information\**

*Wayleaves/Deeds of Servitude – request to delegate authority – it was agreed to delegate authority to the leadership team to allow wayleaves and deeds of servitudes to be signed and also to enter into lease agreements with third parties – proposed by AC and seconded by AD.*

**PM**

*Albert Drive Gap Sites – \*Minutes redacted to remove commercially sensitive information\**

*St. Alberts Church and Presbytery – \*Minutes redacted to remove commercially sensitive information\**

**Item 10:  
Review of  
Lease  
Properties to  
SFARS for  
MMR**

Management Committee were presented with a report back in April with regard to the intra-company lease of properties between SHA as the charitable parent and SFARS as the subsidiary for purposes of Mid-Market Rent. TC Young solicitors provided legal advice in relation to updating the basis of the intra-company lease agreement to take account of the provisions of the Private Housing (Tenancies) (Scotland) Act 2016. Management Committee approved the new intra-company lease agreement in September, and we are asking Committee now to approve the 200+ properties at appendix 1 to have their lease to SFARS renewed on the basis of the new

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agreement. This was approved – proposed by AC and seconded by AD.

**Item 11:  
Disposal  
Strategy**

Committee were asked to approve the disposal of two properties – Flat 1/1, 10 Nithsdale Drive and Flat 3/1, 10 Nithsdale Drive. This is in line with the current disposal strategy. This was approved – proposed by AC and seconded by BM.

DP asked to extend standing orders – approved by committee.

**Item 12:  
Governance  
matters etc**

**Use of the Seal**

The following items were approved for use of the seal.

- Application membership no. 686
- Application membership no. 687

**Item 13:  
Relationships  
with other  
bodies**

Nothing for noting.

**Item 14:  
SHR guidance  
etc**

**Notifiable Event – Ref: 30678**

Management Committee are requested to note Notifiable Event Ref: 30678. This involves notification to the Scottish Housing Regulator with regard to the open market sale of three properties for receipt of over £120K in line with the Associations' Disposal Strategy

**Consultation from SHR**

Committee noted the proposed response and agreed for this to be submitted.

**DP**

**Item 15:  
Any other  
competent  
business**

**Christmas Opening Times** – committee approved to close the office at 2.00pm on 22<sup>nd</sup> December. The office will re-open on Thursday 4<sup>th</sup> January 2024. It was agreed this can be an operational decision.

**SFARS Accounts** – MW advised that the accounts would go to the SFARS Board in December, and they are looking for a letter of support from the parent company. This was agreed.

**Norma Taylor & Mandy Wright** – committee noted that this was the last committee meeting for both Mandy and Norma. Everyone passed on their good wishes for whatever the future holds and thanked them for all their hard work over many years.

**Item 17:  
Date of next  
meeting**

**Christmas Gathering** – Friday 15<sup>th</sup> December – LOKS in Shawlands. Heather Congalton will be in touch with details.

The next management committee meeting will be held on Thursday 25<sup>th</sup> January 2024.

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