

**Cernach Housing Association
Minute of Management Committee meeting held on
Thursday 7 December 2023 at 6.00pm in the
Boardroom**



Ag3.1

1. Present and apologies

Present

A Biddell (Chair)	M Mellon	T Bowie
R McGill	M Dabek	C Love
J Brannan	S Brannan	S McDonald MBE
F John		

In attendance

C Jardine	P Baylis	E McShane
K Dyson	S Kenna	C Brownlie
L Crawford	F McDonald (FMD)	P Long (FMD)

Minute taker

L Crawford

1.1 Apologies were received from J McFarlane.

Noted

2. Declaration of interests

2.1 There was a declaration of interest in Item 11, AOCB from Frank John.

Noted

3. Minutes of previous meetings

3.1 The minutes of the Management Committee meeting held on 26 October 2023 were proposed by T Bowie and seconded by M Mellon.

3.2 The minutes of the special rents meeting held on 9 November 2023 were proposed by M Mellon and seconded by S McDonald.

4. Matters arising from previous meetings

4.1 There were no matters arising from the previous meeting.

5. Governance report

5.1 Risk management matrix – annual review

5.1.1 E McShane presented the annual review of risk matrix and explained the new format, highlighting the key risks and methodology.

5.1.2 E McShane explored the one severe risk, which is the cost-of-living crisis. Severe risks will be reported regularly as part of the governance standing items report.

5.1.3 E McShane discussed the other high-level risks and new ones added since the last review. These included the impact of Brexit, geopolitical uncertainty, and changes to welfare benefits.

Collectively approved

5.2 **Strategy away day**

5.2.1 L Crawford presented the proposal for the strategy away day. Committee were happy with the proposal for the day.

Collectively approved

5.3 **Hybrid meetings – follow up**

5.3.1 C Jardine reflected on our recent discussions about new improving the set up for hosting hybrid meetings. Management Committee approved the proposal to install new equipment to improve sound and usability. We will aim to have this up and running for the January meeting.

Collectively approved

5.4 **Governance standing items**

5.4.1 C Jardine presented the report, which are routine standing items on which we report every month. The only update was regarding entitlements, payments, and benefits, where six payments were made to members of the Management Committee or connected persons from the SFHA fuel support fund and the Cernach tenancy sustainment fund.

5.4.2 One member asked about what happens if someone doesn't receive their letter with offer for support via Glasgow Loves Local vouchers. P Baylis assured Committee that we would make sure everyone gets the vouchers they are entitled to. We follow up with calls, texts and home visits.

Noted

6. **Director's report**

6.1 **Management accounts to September 2023**

6.1.1 P Long presented to accounts to September 2023 and stated that, overall, things were to be as expected. The cash figure is just over £2 million, which is in excess of the budgeted amount.

6.1.2 Reactive maintenance is an area where we are seeing overspend and cyclical maintenance is the main area of underspend. The operating surplus for the

period to 30 September 2023 is £664,000 and is higher than the budgeted surplus of £490,000. This is mainly due to lower management and maintenance costs at this stage. Net interest payments of £6,000 decrease the net surplus to £658,000.

6.1.3 P Long explored the wider action budget. One member asked about the £19,000 variation. P Long explained that it was an expected spend from the COPE project, but this project was ended prior to the start of the financial year, so this item will end the year with a zero spend.

6.1.4 P Long confirmed all covenants and loan requirements continue to be met.

Collectively approved

6.2 Loan redemption

6.2.1 C Jardine presented the report and advised that, as we are processing the information of the stock condition survey, we would recommend postponing the decision on loan redemption.

Collectively approved

7. Depute Director's report

7.1 Stock condition survey update

7.1.1 P Baylis confirmed the stock condition survey is now complete. The key considerations for the survey were around assessing the timing and costs for component replacements.

7.1.2 Since the surveys were previously completed in 2021, the costs have increased greatly. From Quarter 3 of 2021 to Quarter 3 of 2023 the SSHTPI shows an 18.7% increase in tenders. Therefore, we have applied this 18.7% uplift to the scheduled rates. Also, we have considered the local cost variations from recent tender information from Cernach's own tendering of component replacement works.

7.1.3 P Baylis confirmed whilst a price uplift has been applied, there are no changes required to the set timescales for component replacements.

7.1.4 P Baylis advised that the report confirms that the stock remains in good repair with no backlog in major repairs. The increased costs for planned maintenance expenditure for the 30-year period is now £29.6 million. This means the cost per unit for planned maintenance is £33,700, an increase from £26,800. This is in line with the sector with the typical per unit cost being around the £35,000 mark.

7.1.5 There was a recommendation that the window replacements at Kerfield Place be brought forward to Year 1 of the 30-year plans, after consultation with Adamsons and taking account of staff views. Following discussions, the Committee agreed with the recommendation to pull these works forward. This will not adversely affect previously reported spend/surplus figures as we added a £150,000 contingency at the mid-year point when we realised that we may have to bring forward these replacements.

7.1.6 Finally P Baylis provided an update on the Association's performance in relation to housing standards – SHQS, EESSH and EESSH2. It was noted that performance remains satisfactory. It was recognised that currently we have 27% on target to meet compliance for the targets related to EESSH2; this is line with others in the sector. It was noted that a consultation has commenced in recent days around the new Social Housing Net Zero Standard (SHNZS), which is set to replace EESSH2. We will await the results of this consultation, which is due to end in March 2024, and thereafter will take account of the work required to reach compliance under this new standard.

Noted

7.2 Rent review – 2024/25

7.2.1 P Baylis recapped on the previous meeting on 9 November and set out the approach to consulting on 2024/25 rents review.

7.2.2 P Baylis advised that three options had been stress tested to inform the discussion on this year's consultation options. These options were 4.6%, 5.1% and 5.6%, using CPI at 4.6%. We are aware there are landlords in the sector who are seeking to claw back upon their previous below inflation rent increases, and some landlords are considering increases around 6-7% for 2024/25 rents. Committee agreed to the use of the October CPI as the reference point (instead of the September CPI as outlined in the rent setting policy) as the September level was considerable higher at 6.7%.

7.2.3 P Baylis advised we are mindful that the cost-of-living situation is affecting tenants, and there are many inflationary pressures for the Association. We need to find the right balance between rent affordability and the need to maintain our high-quality services and continue investing in our homes.

7.2.4 We explored the impact upon rents with the different rent options presented to Committee. Also, Committee noted some of the support available to tenants in terms of various funding the Association has accessed and through some of the financial assistance measures from the UK Autumn Statement to include

changes to benefit rates, uplifts to the national living wage and a reduction in national insurance payments.

- 7.2.5 Committee reflected on the challenges of increasing rents. There were some discussions on the Association being able to avoid cutting back on planned maintenance programmes despite the challenges we face, whereas others in sector have made cutbacks and continue to reduce their planned investment programmes.
- 7.2.6 F McDonald recapped on the changes since the rent meeting. The maintenance costs are now being estimated at £33,000, which is more in line with sector averages. He shared his experience in the sector, advising that 4.6% rent increase is considerably lower than some other landlords.
- 7.2.7 Committee asked about whether we should be concerned with what others in the sector are doing. F McDonald advised that 5% rent increase last year affected cash reserves considerably and there has been huge challenges in the sector over recent years which we must be mindful of. We know that energy measures are coming in and we need to consider these in our plans. He advised that gradual rent increases are more sensible and palatable.
- 7.2.8 P Baylis asked Committee to consider on whether we wish to consult on: (i) 4.6% or 5.6% or (ii) only consult on 4.6%. Either option would allow the Association to achieve a balance between keeping rents as affordable as possible whilst ensuring that the Association remains financially strong in the longer term.
- 7.2.9 Committee agreed to consult on two options of 4.6% and 5.6%.

K Dyson, P Long and F McDonald left the meeting

7.3 Ground Maintenance Contract – update

- 7.3.1 C Jardine presented the report stating that is commercially sensitive and is reported in a separate confidential extract of the minute.

8. Policy review

8.1 Common allocations policy

- 8.1.2 P Baylis summarised the review of the policy. This has been to the Operations sub-Committee and is being recommended for approval.

8.2 Membership policy

- 8.2.1 L Crawford presented the Membership Policy update. Overall, there has been no significant variation to the policy, and it is aligned with the Association's Rules.

Collectively approved

9. Sub-Committee minutes and recommendations

9.1 Operations sub-Committee

- 9.1.1 The minute of the meeting on 19 October 2023 was noted.

Noted

9.2 Assurance sub-Committee

- 9.2.1 The minute of the meeting on 17 August 2023 was noted.

- 9.2.2 C Jardine provided an update on future plans to conduct an options appraisal in the event of the senior officer leaving the organisation – this is good practice and is consistent with our succession plan. It was discussed at the Assurance sub-Committee meeting that we were considering having an external consultant to conduct an assessment. C Jardine is currently progressing this and would continue to report to the Assurance sub-Committee and the Management Committee. Members noted that the revised guidance expected on 1 December had not yet been finalised, but that we will continue with our planned approach and, if appropriate, we can make any required amendments once the guidance has been published.

Collectively approved

10. Membership and use of seal

- 10.1 L Crawford presented the report and highlighted that there was one request for membership. This was approved.

Collectively approved

11. AOCB

- 11.1 E McShane highlighted that our ICT security system had detected and successfully prevented unauthorised access to our systems. We are also a significant way through our cyber essential plus qualification and we hope to report that we have achieved this accreditation at the next Management Committee meeting.

Noted

11.2 Committee training

11.2.1 C Jardine provided an update that the DRUMCOG training scheduled for 14 January 2024 has been postponed to April – this was due to be on the regulatory framework and was being delivered by the SHR and it was felt the training would be more beneficial if the new framework had been finalised.

11.2.2 There will also be training on whistleblowing and Notifiable Events before the Committee meeting on 25 January and a session for the full Committee on health & safety on 7 March; there will also be a *deeper dive* session on health & safety for the Assurance sub-Committee on 14 March.

Noted

11.3 E McShane reminded Committee of the team building event on 19 January 2024.

Noted

F John left the meeting

A Biddell asked Committee to agree to suspend Standing Orders to allow the meeting to continue beyond 8pm. This was agreed.

11.4 L Crawford presented three donation requests from Men Matters, New Hope Community and Drumchapel High School. Committee reviewed the information and agreed to donate £250 to each requester.

12. Date and time of next meeting

12.1 The next ordinary Committee meeting is due to be held on **Thursday 25 January 2024** at 6.00pm.

Signed: Date: