

CLYDESDALE HOUSING ASSOCIATION LIMITED

Minute of the Management Committee meeting held via Video Conferencing on Wednesday 10 November 2021 at 18:00.

Maggie Botham, Chairperson
Pauline Sandford, Vice Chair Mentor
Hazel Galbraith, Vice Chairperson
John Malone, Treasurer
Carmena Nixon, Secretary
Brian McInally
Brian Moore
Catherine McClymont
Hazel Galbraith
Jacqueline McCutcheon
Lesley McDonald
Susanne Crayton
Agne Zasiaite

A quorum was achieved.

In Attendance: The Chief Executive Officer (CEO)
The Depute Chief Executive (DCE)
Technical Services Manager (TSM)
Finance Manager (FM)
Elizabeth Miller, Corporate Services Officer (CSO) minute
Douglas Gold, Gold Consultancy
David Bonar, F3 Surveyors
Pauline McMullan, staff member – observer

The Chairperson welcomed everyone to the meeting and introduced Douglas Gold, David Bonar and Pauline McMullan to Committee.

1. Apologies

Apologies were received from Gillian Anderson, Ruth McElhinney and Ken Greenshields.

2. Application for Membership

The Chairperson asked the CSO to present the report. The CSO advised they had no further updates to report.

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| i) Committee approved the application for shareholding membership from Lesley-Ann McDonald. |
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Management Committee subsequently approved Ms McDonald's application to fill a casual vacancy on the Committee. Ms McDonald was therefore appointed to the Management Committee.

3. Approval of Previous Meeting Minutes & Matters Arising

The minute of the Committee meeting held on 27th October 2021 was checked for accuracy and was approved by the Management Committee.

Matters Arising

- Page 1, agenda item 2, Matters Arising – The CEO advised Committee that Brian McInally has agreed to participate in two Audit & Risk Sub-Committee meetings in order to determine if he would like to continue as a member of the Sub-Committee.

The Management Committee agreed to discuss the following issue under AOCB: Proposed new contractor.

4. Conflicts of Interest

Carmena Nixon and Susanne Crayton declared a conflict of interest for the Rent Review section of agenda item 9, 2022/23 Draft Budget & Rent Review.

The CEO, DCE, FM, TSM, Elizabeth Miller, Pauline McMullan and Jacqueline McCutcheon noted a conflict of interest for the EVH Annual Pay Negotiations to be discussed under agenda item 12.

5. Notifiable Events

The Chairperson asked the CEO to present the report. The CEO gave Committee an overview of the report and advised they had no further updates to report.

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| i) Committee considered the report and agreed the actions of the Association have been satisfactory in relation to Notifiable Events. |
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6. Actions from Previous Meetings

The Chairperson asked the CEO to present the report. The CEO gave Committee an overview of the report. They advised Committee of an update on page 3, meeting 26 May 2021, online Health and Safety training. The CEO advised that all Committee members had now completed the training. Committee discussed:

- Page 2, meeting 17 June 2020, create a doodle poll to check MC and MT availability for joint Governance Workshop – Committee agreed to keep this action on the register and to determine a date for the workshop at a later meeting.
- Page 3, meeting 26 May 21, Report back to MC on review and evaluation of remote working for staff – The CEO advised Committee on the current remote working arrangements in place. They advised that once they had produced Terms of Reference a staff Working Group will convene to look at future possible hybrid working arrangements. The CEO advised Committee that the group's

proposals will be discussed by the Management Team before being taken to the Staffing Sub-Committee for consideration.

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| i) Committee considered the Actions from Previous Meetings Report and agreed progress is satisfactory. |
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7. Health and Safety

The Chairperson asked the CEO to give a verbal report to Committee. The CEO advised Committee that there have been no updates on Health and Safety matters since the last report submitted to them on the 29th September 2021.

8. Tender Report

The Chairperson asked the TSM to present the report to Committee. The TSM told Committee the purpose of the report is consider the tender returns in respect of the Kitchen & Bathroom and Window & Door Replacement contracts and then reach an agreement as to whether the price and timescales are acceptable.

The TSM told Committee that the tender report had been prepared by Douglas Gold of Gold Consultancy. They outlined the procurement route taken, the methods used for the contracts and the prices returned for both contracts versus the budget previously set for both contracts.

The TSM reminded Committee that these contracts were scheduled to take place in financial year 2020/21, however, were delayed due to the Covid pandemic. They advised that both contractors submitted draft programmes as part of their tender returns and both confirmed that due to manufacture and supply issues as well as having sufficient labour to service the contracts, they are unable to make a site start until early April 2022.

The TSM advised that if both contracts are accepted and approved by Committee at the meeting, the works will not proceed this financial year. For the purposes of the 2022/2023 budget presented at this meeting, the costs for both projects had been removed from the current 2021/2022 budget and moved in to next year as that is when the spend will occur. Committee discussed:

- Page 2 of 4, the costs submitted and the winning contractor – the TSM explained the tender evaluation process to Committee.
- If the costs detailed in the report will increase if the contract goes ahead in the financial year 2022-23 – the TSM, David Bonar and Douglas Gold gave Committee their opinions and views on the current economic climate and the potential impact of going back to the market in the next financial year to re-tender for the contracts.
- How the budget allocation was calculated – the TSM advised that this was based on their procurement and supply chain knowledge helping them to assign a cost per unit.
- The number of units per contract – the TSM advised that:
 - 53 tenants will receive new kitchens
 - 40 tenants will receive new bathrooms
 - 42 tenants will receive new windows
 - 82 tenants will receive new doors

- How competitive were the tenders received - the TSM, David Bonar and Douglas Gold gave Committee their views and opinions on the procurement process, the number of tenders submitted, the scoring ratio's, the winning contractors' submissions and current labour and material shortages and costs.
- Budgets – the TSM told Committee that the budget for both projects have been carried over from the 2021-22 budget provision into the 2022-23 budget with a 5% uplift. They advised that they would be in a position to clarify costs at the Management Committee meeting (Finance - Budget & Rent Setting – 2nd Draft) scheduled to take place on the 9th February 2022.
- What action can the Association take if the contractor accepts a better offer from elsewhere and cannot fulfil the contract as agreed - David Bonar gave Committee details of conversations they had with TC Young Solicitors on this matter. They also gave Committee their views on how this would affect the contractor's reputation within the RSL sector.
- Risk Management – Committee agreed to review this risk and determine if it should be included on the risk register.

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| <ul style="list-style-type: none">i) Committee considered the information presented in the tender report and agreed to appoint contractors with a view to the works starting in April 2022.ii) Committee agreed to appoint:<ul style="list-style-type: none">• MCN (Scotland) Ltd for Lot 1 – Kitchen and Bathroom Replacements;• Sidey Solutions Ltd for Lot 2 – Window and Door Replacements. |
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Catherine McClymont, Douglas Gold and David Bonar left the meeting at 18:55

The Chairperson advised a comfort break at 18:50 and asked members to resume at 18:55

9. 2022/23 Draft Budget & Rent Review

The Chairperson invited the FM to present the report. The FM advised that she had discussed the format and content of the report to Committee at the training they conducted on the 3rd November 2021. The FM asked Committee if they needed further clarification on any of the topics discussed at the training. Committee members agreed that the training helped them greatly and no further clarification was required.

The FM gave an overview of the report focusing on:

- Page 1 - the Association's rent policy;
- Page 2 - the table summarising the results of the rent increase scenarios;
- Page 4 - budget main assumptions;
- Page 4 - Revenue expenditure;
- Page 5 - Capital expenditure;
- Page 5 - Balance sheet;
- Page 6 - Cashflow;
- Page 6 - Projected covenant compliance;
- Page 6 – Budget Ratio Analysis.

Committee discussed:

- Page 6, item 6, Site acquisition costs – The CEO advised Committee that there would be provision to pull down grant funding.

Susanne Crayton and Carmena Nixon left the meeting at 19:06.

The FM then gave Committee a detailed explanation of the Rent Review for 2022/23. They explained the scenario planning tables in the report and the impact that the scenarios would have the Association's tenants. Committee discussed:

- The Management Team's recommendation for an increase less than CPI +1% – the FM told Committee that the Management Team had been sensitive to the financial hardships faced by tenants this year including higher energy costs, Universal Credit subsidy ending etc. The FM said that they considered the CPI forecasts. Although the September CPI figure was 3.1% it is expected that CPI will continue to increase across the remainder of this financial year, with annual CPI forecast to peak at 4.6% in April 2022, and then falling back to a figure closer to the Bank of England's target figure of 2%.
- How a 2% restricted increase will impact on the Association's finances – the FM advised that the Association's cash balance at 31 March 2023 would be £68,078 less if a restricted rent increase of 2% were applied in the year to 31 March 2023 than if the increase was at CPI plus 1% and £35,926 less if the increase was CPI only.
- Increases applied by South Lanarkshire Council and other RSL's – Jacqueline McCutcheon told Committee that information obtained from Glasgow and West of Scotland Forum of Housing Associations showed a number of RSL's were consulting on a rent increase greater than 2%. It was also noted that South Lanarkshire Council were consulting on a rent increase greater than 2%.
- Rent freeze – Committee discussed the longer-term impact of a rent freeze and agreed that, on this occasion, this was not an option due to the level of planned expenditure in 2022/23.
- Rent comparability with peer group – the DCE gave Committee details of last year's 1% increase and how the Association fared extremely well against their rural peer group on average rents charged for each apartment size.

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| <ul style="list-style-type: none">i) Committee considered the draft budget for the year to 31 March 2023.ii) Committee discussed the rent increase for the year to 31 March 2023.iii) Committee agreed the rent increase proposals of 2% and 3.1% to be presented to tenants as part of the rent consultation exercise. |
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Susanne Crayton and Carmena Nixon returned to the meeting at 19:25.

10. Budget & Rent Review – Tenant Consultation

The Chairperson asked the DCE to present the report. The DCE told Committee that the Tenant Consultation will run from the week beginning 6 December 2021 until 28 January 2022 – 8 weeks in total, which is two weeks longer than the agreed consultation period contained in CHA's Tenant Participation Strategy. They made Committee aware that as part of the consultation process tenants would receive an individual letter showing the proposed weekly rent increase for their home. Consultation is also planned with the Clydesdale Tenants' & Residents' Group along with tenant-wide consultation via a newsletter and feedback return form.

The DCE advised that the newsletter would contain information on:

- Rent Affordability;
- Rent Comparability;
- Proposed Rent Increase information;
- the rent consultation process;
- information on a range of services CHA provides
- Tenant feedback;
- The deadline for Tenant comments regarding the proposed increase.

- i) Committee considered the report and agreed that it provided sufficient information.
- ii) Committee approved the rent increase consultation process and timetable as presented in the report.

11. Insurance Renewal

The Chairperson asked the FM to present the report. The FM told Committee that the Association's current insurance portfolio expires on 31 March 2022 and that the current broker, Marsh, was appointed by Management Committee on 26 February 2019 for a three-year period from 1 April 2019 to 31 March 2022 with the possibility of extension for up to a further two years. The FM made Committee aware that as the Association's claims experience has deteriorated significantly over the last three years a premium increase at renewal on 1 April 2022 is inevitable.

The FM made Committee aware of a consultation she had with an independent Business Risk Consultant and the options that were available to the Association at this time.

- i) Committee agreed that they wished to extend the current contract with Marsh for a further 2-year period.

12. Tenancy Termination Reasons

The Chairperson asked the DCE to present the report to Committee. The DCE reminded Committee that at the meeting on the 27th October 2021 Committee requested exit survey information on tenancies which have become vacant this year.

The DCE gave Committee an overview of the report and an explanation of the reasons for tenants terminating their tenancies. Committee discussed:

- Where the tenants move to – the DCE advised that there is a variety of options for tenants including, moving to another CHA property (internal transfer) or to another RSL/Council property or they could buy a property or they could move in with relatives.
- Tenancy led disputes – the DCE advised that these can be reasons for tenants terminating their tenancies. They also made Committee aware of the work carried out by the Housing Services Team to resolve these issues.

i) Committee considered the content of this report and agreed there was sufficient information provided.
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13. AOCB

The Chairperson asked the TSM to present the report. The TSM told Committee that the Association had recently been approached by a company called CR Property Maintenance to see if they could tender or quote for any works for the Association. The company are a small property maintenance company based in Rigside and have shown an interest in fencing works. The TSM advised Committee that currently the Association are finding it very difficult to get competitive fencing quotes at present.

The TSM made Committee aware that the owner of the company is the son of former Committee Member who retired from the Association's committee on 6th January 2019. Based on the information provided, Committee were satisfied that the former Committee Member had no interest in this company and derived no benefit from it.

i) Committee considered the report and agreed that C R Property Maintenance can be asked to quote for fencing works for the Association and carry out works should their prices be competitive.

Jacqueline McCutcheon, the CEO, DCE, FM, TSM, Elizabeth Miller and Pauline McMullan left the meeting at 19:52. The Chairperson took the minute for the remainder of the meeting.

12. EVH Annual Pay Negotiations

The committee discussed the content of the letter from EVH to employers regarding pay negotiations for post April 2022. It was agreed that:

- Employers would be asked to remunerate staff on the basis of discussion with the Unions and EVH;
- That our budget assumptions allowed for some uplift in the payroll for 2022 if necessary;
- That staff were subject to the same financial pressures as tenants and employers in a high inflation economy;
- That the content of the letter was a basis for discussion and there was no need for us to make a formal response to EVH on this occasion.

The Chairperson thanked everyone for attending and the meeting.

The meeting ended at 20.10.