

**WELLHOUSE HOUSING ASSOCIATION
MINUTES OF THE COMMITTEE MEETING HELD
ON 26 May 2022 AT 6PM – VIA ZOOM**

1. Welcome, Sederunt & Apologies

Present:

Maureen Morris	Chair
Michelle Harrow	Committee Member
Jane Heppenstall	Committee Member
Gordon Kerr	Co-opted Member
Helen Lafferty	Co-opted Member

In Attendance:

Martin Wilkie-McFarlane	Director
Carol Hamilton	Housing & Customer Services Manager
Bill Black	Assets & Maintenance Manager
Robert Murray	Corporate & Finance Manager
Linda Logan	Minute Taker
John Stevenson	Customer Engagement Officer (Item 6 only)

Apologies:

Shona McKenna	Committee Member (Leave of absence)
Sarah Morris	Committee Member
Carol Torrie	Committee Member
Darron Brown	Committee Member
Clare Monteith	Vice-Chair

The Chair welcomed Gordon Kerr and Helen Lafferty to their first meeting. The Corporate & Governance Officer confirmed that the signed Code of Conduct and Declarations of Interest has been received from both Helen and Gordon.

2. Jargon Buster

Noted for information.

3. Declarations of Interest

There were no declarations of Interest.

4. Minutes of the Committee Meeting of 28 April 2022

The minutes of the committee meeting of 28 April 2022 were proposed by Michelle Harrow and seconded by Jane Heppenstall as an accurate record of the proceedings.

5. Matters arising from the minutes report.

There were no matters arising that were not covered by subsequent agenda items.

6. ARC Return and EESH Return.

The Chair welcomed John Stevenson, Customer Engagement Officer, who joined the meeting.

All members had received a copy of the ARC for their consideration prior to the meeting. John explained that every year all Registered Social Landlords/Housing Associations submit an Annual Return on the Charter (ARC) to the Scottish Housing Regulator (SHR). The ARC outlines how we have performed in the previous year against the set of standards that are set out by SHR.

He presented the Annual Return of the Charter. He drew committee attention to the ARC key comparators at appendix 1 which were grouped into service areas which included comparators from last year's ARC return for information. He took committee through the verification, highlighting variances, areas of improvement and satisfaction levels from last year. He stated that whilst most of the indicators had surpassed the targets set for 2021/22, ARC indicator 2 relating to the % of tenants who feel their landlord is good at keeping them informed about their services and decisions had fallen below target, in the main due to Covid restrictions where we were reliant on keeping the website up to date and communicating by phone, text or email. He noted that tenant satisfaction in relation to repairs had been up and down over the year and could be attributed to the various lockdown periods. Corporate Complaints had changed due to what we were now required to report on. We had responded to all stage 1 & 2 complaints within the required timescales however 3 cases reported towards the end of March had been responded to within the timescales but not during the reporting year.

John reported that the % voids and lettings and the of tenancy offers refused during the year was higher than last year, again affected by Covid restrictions on repairs and viewings which led to longer turnaround times. In addition, further delays were a result of changes in the energy market and metering issues. He noted that we had 1 eviction of 14 court actions initiated during the course of the year which were affected by legal restrictions on enforcement. He stated that our performance in the collection of Gross Rent Arrears had improved since last year however at 10.23% this still remains one the highest %'s in Scotland. He asked committee to note that the ARC calculation meant that any write offs during the year had been written back into this figure.

100% of Anti-Social Behaviour cases reported during the year had been resolved. 6 abandoned properties had been reported.

The Maintenance Manager stated that our SHQS compliance had fallen during the year. He noted that we were now required to report on cases where tenants had not given us access for electrical tests and smoke detector upgrades. Access remains an issue with other SHQS elements. Covid restrictions had impacted on our gas safety performance at the beginning of the year but with the easing of restrictions had and the option to cap or force entry again, we had not missed any services. The cases reported on last year have now been completed. Performance remains high in terms of being able to fix most qualifying repairs on the first visit.

Michelle Harrow sought clarification if forced entry was being used for ECIR where we were not gaining access. The Maintenance Manager stated not at this time. Contact had been made with the SFHA who will seek advice from the SHR and Electrical suppliers.

The Director sought committee approval to upload the ARC submission. to the Scottish Housing Regulators portal tomorrow morning

Resolution:

Committee noted and approved verification of the entries on the ARC with the exception of the validators name, job role and date of validation.

Committee approved that the Director upload the ARC submission to the SHR portal.

Michelle Harrow proposed and Jane Heppenstall seconded verification of the entries on the ARC submission.

Jane Heppenstall proposed and Michelle Harrow seconded that the Director upload the ARC submission to the SHR portal.

John left the meeting at this time. The Chair thanked him for his work on the ARC Return.

7. 30 Year Financial Projections incorporating Scottish Housing Regulator (SHR) Five Year Financial Projections (FYFP)

The Finance & Corporate Services Manager presented the report to provide committee members with detail of the projected financial position of the Association over the medium and long term.

He highlighted that the setting of the long-term projections' forms part of the annual business planning cycle which reflects the Associations current business/operational and longer-term plans. The Financial Projections will include the 5-year annual projections and will be reported and submitted to the Scottish Housing Regulator and will also be sent to our lenders to comply with financial covenant requirements

Year 1 is based upon the approved 22/23 budget, and reflect the figures included in the annual budget formally adopted by the committee at its meeting in November 2022. Proposed development activity had not been included in the long term as it would not be considered appropriated at this time to include these projections.

He noted inflation levels (CPI) have been assumed at 3.5% for the first 5 years reducing to 2% for the remainder of the 30-year term. The model included a 3.8% rent increase as per the 22/23 budget and assumes a real rent increase of 1% above inflation from years 2 until the end of the 30-year period.

Planned and reactive maintenance costs increase by 0.5% above CPI for the full plan period.

SONIA rate increases annually up until a maximum of 4%. He noted discussion with Virgin Money who have indicated that we are on one of the better base rates at present.

He noted a strong financial position with surpluses being generated annually over the 30-year period. The cash position starts at just over £3.2M reflecting the 22/23 budget position at March 2022. There are surpluses made each year as the cash balance rises steadily until year 9 when capital repayment on an RBS loan commences. He highlighted that from year 23 there are a few cash deficits however these are the years when there is expected to be considerable investment in stock with a large amount being spent on replacement components.

He led the committee through the assumptions and cash flow over the period and highlighted results thrown up by the sensitivity analysis in relation to interest rates not making a huge difference to the cash balance due to larger loans being on fixed rates. Lenders covenants are being met comfortably in the base model.

He asked committee to note pages 22 – 29, a summary of the Five-Year Financial Projections 21/22 which would be uploaded to the Scottish Housing Regulators portal tomorrow.

He asked if there were any questions relating to the assumptions within the report.

Jane Heppenstall queried that given the assumptions around inflation being at 3.5% and the current state of the economy, how exposed were we to the risk of inflation rising. The Finance & Corporate Services Manager stated that information provided on the Bank of England's website indicates that inflation will reduce to a more manageable level over the next 24 – 36 months to between 2 – 4%. Gordon Kerr concurred with the Finance Manager and given his own research considered the assumptions within the budget to be quite prudent.

Resolution:

Committee noted and approved the 30-year projections.

Gordon Kerr proposed and Jane Heppenstall seconded the 30-year projections.

Committee granted authority for the Finance Manager to electronically submit the approved figures to the SHR in their 5-year financial projections format.

Michelle Harrow proposed and Jane Heppenstall seconded submission of the % year financial projections to the Scottish Housing Regulators portal.

8. SHR Loan Portfolio Return

The Finance Manager presented the report to provide Committee with details of the Annual Loan Portfolio Return to be submitted to Scottish Housing Regulator (SHR). He noted no concern regarding any aspect of the loan portfolio return.

He highlighted that approximately 17% of all housing stock was granted as security for loans and compliance, which remains unencumbered. Total loan debt at March 2022 was £7.680M and around 86% of loan debt is on a fixed rate basis, which complies with the treasury management policy. There were no issues in terms of covenant compliance. He drew committee's attention to appendix 1 of the report and invited comments. There were none.

He sought delegated authority to submit the Loan Portfolio Return to the SHR.

Resolution:

Committee approved submission of the loan portfolio return to the SHR.

Gordon Kerr proposed and Michelle Harrow seconded submission of the loan portfolio return to the SHR.

9. Management Account to 31 March 2022.

The Finance & Corporate Services Manager presented the report to provide committee members with a comparison of the estimated and actual financial position to 31 March 2022.

He provided a brief overview of the Statement of Comprehensive Income and variances. The budgeted surplus for the period to 31 March 2022 was £454,502. The actual results for the period show a surplus of £613,473, a favourable variance for the period of £158,972.

The overall variance arises from:

Operational activities £153,116 – favourable variance
Net interest and other £5,855 – favourable variance

The Finance & Corporate Services Manager highlighted that rental income was close to budget with a slight variance of £119.00. Void losses were higher than the budget figure £26,877 as opposed to £28,667, an adverse variance in net rental income of £1,909. Commercial rent showed an adverse variance of £11,577 which was in the main to the revised rent income for 17 – 19 Newhills. Factoring income had an adverse variance of £2,375.

He asked committee to note the underspend in salaries of £12,844 in the main due staff being recruited at a lower pay scale. Repairs and Maintenance shows an underspend of £80,138 against budget over all areas for the year. He provided a detailed explanation of some of the over and underspend in relation to reactive maintenance, cyclical maintenance and major repairs/planned renewals as highlighted within the report

Cash had increased by almost £196,888 to £3,126,775. Creditors had increased by almost £223,775 since 31 March 2021 in the main due to the Phase 2 window replacement programme commencing earlier than expected

He reported no covenant compliance issues and a gearing result of 18.3%.

Maureen Morris sought clarification on the Wider Role costs at page 57 and whether the costs for wheelie bins had been recorded within the correct budget. The Finance Manager stated the wheelie bins had been purchase following complaints about the back courts and it was thought practical to apply the charges against the wider role budget. Following discussion, it was agreed, to move wheelie bin costs to the estate management budget.

Resolution:

Committee approved the management accounts for the period to date.

Jane Heppenstall proposed and Michelle Harrow seconded the management accounts to 31 March 2022.

10. Approved Contractors List

The Maintenance Manager presented the review of the approved contractors and suppliers list for 22/23. He noted the following contractors being added to the approved list over the last financial year;

Clyde Valley Landscapes Ltd

The following contractors were removed from our approved contractors list

ITAGG Ltd

Sharon Flynn Consultants
SMS Expert Ltd

Two amendments were noted, Easthall Residents would be added and Lynn McCulloch would be removed from the approved contractors list.

He re-assured that contractor performance and service delivery was reviewed on a monthly basis and that an annual report was provided on our approved contractors performance.

He sought committee approval for the contractors and suppliers list 2022/23.

The Director confirmed that the list would be distributed to staff to ensure compliance with the use of WHA guidance on the use of the Association's contractors and suppliers and expectations as set out in our Entitlements, Payments & Benefits Policy.

Resolution:

Committee approved the contractors and suppliers list for 2022/23.

Jane Heppenstall proposed and Michelle Harrow seconded the contractors and suppliers list for 2022/23.

11. Complaints update

The Housing Manager noted that the Association had received 11 complaints during the 4th Qtr. of 21/22. 6 Stage 1 complaints received during the period were completed within timescale with performance of 2.17 days against and SPSO target of 5 working days. There were 5 Stage 2 complaints, completed within timescale with performance at 10 days against an SPSO target of 20 working days. Committee noted the table at point 4.4 which detailed the main complaints and the outcomes at page 3 of the report. 4 compliments were received during the period.

Committee noted the complaints and compliments update for the 4th Qtr. of 21/22

12. KPI Target setting 22/23

The Housing Manager presented the report to bring to the attention of committee, performance targets for the financial year 22/23 considered realistic by the management team and to reflect priorities set from the operational plan. Targets remained largely unchanged for the coming year. It was proposed that the Gross Rent Arrears KPI target remain at 8% in light of the improvements in arrears performance and write off management. Committee were asked to discuss the proposed targets, consider any influencing factors and suggest responsive actions.

Resolution:

Committee agreed to 22/23 KPI targets.

Gordon Kerr proposed and Jane Heppenstall seconded the 22/23KPI targets.

13. Rent Arrears update report

The Housing Manager reported that since the last committee update, gross current rent arrears had increased by £17,385 to £296,667. During the same period net current arrears reduced by £7,796 to £250,540. Former Tenant Arrears increased by £5,205 which was attributed to the technical eviction which was carried out on 28 April 2022.

She noted that the number of tenants in receipt of Universal Credit had increased to 258 and accounted for £173,861 of total gross current rent arrears, which had increased by £17,316 since the last update.

She noted that the covid legislation has now changed and we were back to a 28-day notice period for notice of possession. 4 notice for possessions had been signed off this week and 2 more cases will progress to court.

Jane Heppenstall sought clarification if tenants were aware that the covid legislation had changed. The Housing Manager doubted, that other than those tenants in the court system, there would be awareness to the change to legislation.

Committee noted the update on the arrears position.

14. Voids performance

The Housing Manager asked committee to note that 48 voids arose during the year plus a further 8 voids that had been carried forward from the previous year. She provided an overview at point 4.1 for the reasons given for the voids arising in 21/22. 78 offers of rehousing were made to achieve 28 relets. 25 offers were refused with recorded reasons for refusals showing no underlying trend. Evidence suggests that demand for upper tenemental flats is an issue with more refusals for this stock. The Maintenance Manager highlighted that the condition of the voids being returned had been very poor with extensive repairs and decoration works required to our lettable standard. The cost of void works was £207,754 which included all safety checks and decoration to 39 properties. He noted continued issues with meters and the time taken to resolve these problems.

Michelle Harrow asked that if a tenant transferred from one property to another, were the repairs required rechargeable and if pre-termination visits been carried out.

The Maintenance Manager stated the Housing Officers carry out the pre termination visits and if work is required the maintenance team would visit the property as well. During lockdown tenants had been asked to provide photographic or video footage of the properties.

Action: The Director requested that the Finance Manager compile a list of rechargeable repairs during the period and report to the next committee meeting.

Committee noted the void performance update.

15. Operational update

Director:

The Director reported in closed session.

Housing & Customer Services Manager:

The Equalities impact assessment is ongoing and will be reported to committee in August.

She provided an update on the Estate Management consultation hosted on 24 May noting a number of representatives from GCC, Police and Fire Scotland and a couple of newly elected Councillors. The event had been well attended with suggestions and tenants' priorities being recorded. The Housing Manager noted that the majority of tenants, had indicated they thought that issues such as bulk uplift, fly tipping etc. was the responsibility of the Wellhouse HA, rather than the Council. Many tenants raised their appreciation for the work the estates team had done during lockdown and being able to engage with other stakeholders.

The Income Advice Officer continues to support tenants with the fuel poverty crisis and migrating the Universal Credit process and to begin moving legacy claimants to UC.

Assets & Maintenance Manager:

The Maintenance Manager anticipates the window and door replacement programme being completed around the middle of June provided access is granted. Tenants have been lettered.

A replacement estates team van is being sourced with Procurement for Housing Scotland, who are indicating a 12-month lead time and an increase in leasing costs.

He reported that Clyde Valley Landscapes had started the bulk uplift on 3/5/22

Finance & Corporate Services Manager:

The Finance Manager reported that HomeMaster had now been live for 7 weeks. Some amendments may be required and will be discussed with the software company.

The Finance team is working on the year end account and audit deliverables for the external auditors who will be on site 1 August to commence field work.

A review of service contracts continues to ensure value for money, with the Biffa waste cost being reduced back to 2018 values which represent a saving of approximately 35% on the 21/22 value.

16. AOBC

There was no other business. Meeting closed 8PM

Next meeting Ad Hoc Business Planning Meeting 8th June 2022 at 6PM via Zoom.