



DRAFT MINUTES OF THE MANAGEMENT COMMITTEE MEETING

HELD ON WEDNESDAY 22 FEBRUARY 2023 at 6.30p.m.

MEETING HELD IN THE COMMITTEE ROOM OF THE CO-OPERATIVE'S OFFICES

1. SEDERUNT

PRESENT:

P. Waddell (Chairperson), D. Barnes, A. Cushingam, G. McNaught
c. Douglas (Co-optee), R. Hartness (Co-optee)

IN ATTENDANCE:

K. Mollins – Director; A. Ali – Governance & Business Improvement Manager;
F. Nicholl – FMD Financial Services Ltd.

Apologies: M. Davidson, C. Harvey

Leave of absence: J. Gracey

The Chairperson advised the Committee that D. McNulty will attend the meeting in March 2023 as an observer with an interest of a co-option to the Management Committee.

The Chairperson advised the Committee the Director had sent 2 reports separate to the papers by e-mail, which were as listed:

- Agenda Item 12 – A report on the Staff Structure Review
- Agenda Item 14 – A report on a staffing matter to be attended at agenda item 14- Confidential Business

2. MEETING OF THE MANAGEMENT COMMITTEE

a) 25 January 2023

i) Minute

The minutes of the Management Committee meeting on 25 January 2023 were approved by G. McNaught and seconded by D. Barnes.

ii) Matters Arising:

- a) Page 5, Agenda Item 10, Correspondence – Letter from the SHR on Dampness / Mould

The Director advised the Committee that the Maintenance Manager was attending a sector conference on Dampness / Mould by the SFHA, thereafter he would provide a report and action plan

There were no other matters arising

b) Master Tracker

The Director presented the progress report on the Master Tracker from the meeting in January 2023. He advised there had been good progress with achievement of many tasks on the Master Tracker. There were two on-going tasks, the report on our Duty to Co-operate and to inform the Regulator on the Co-operative's rent increase by 28 February 2023.

There was no other business and Committee noted the content of the report

3. DECLARATIONS OF INTEREST AND NOTIFIABLE EVENTS

It was noted that Committee and staff will declare an interest as follows:

Staff Members would leave the meeting for agenda for the following agenda Items:

- Item 12 – Staff Structure Review
- Agenda 14 – Confidential Business - All staff as directed by the Chairperson

Committee Members - There are seen to be no Committee with a declaration of interest.

Notifiable Events - The Director advised there were 2 on-going notifiable events.

4. DRAFT ANNUAL BUDGET 2023-24

F. Nicholl presented a first draft of the annual budget 2023-24 and highlighted the following information and outturns;

- The Baseline assumptions in the draft budget i.e. rent increase, void lost rent, staff salary increase, insurance and the general inflation rate. These will be subject to decisions by the Management Committee in February / March 2023
- Turnover in the year was expected to be £4.047m with operating costs being deducted of £3.526m
- A surplus of £304k in the year
- Cash in the bank would decrease by £282k to £2.54m
- Loans would reduce by £411 with £5.23m outstanding at the year end.
- Compliance with all loan covenants, specifically £228k for the interest cover with RBS
- Interest receivable was £32k and interest payable of £243k on loans. There would a report to the MC in March to deposit cash in high interest account.
- Cyclical maintenance expenditure was £125k and Planned maintenance was £316k
- Some of the office overheads were explained and specifically where these had increased from the current year.
- Planned major repairs was £476k on kitchens, bathrooms, boilers, etc in the year
- Benchmarking performance against EHRA organisations in 2022-23
- The statement of financial position is showing that total housing fixed assets are £54m with depreciation of £20.5m. Other fixed assets are £659k and total fixed assets of £34.12m. Current assets are expected to be £2.7m at the year end and current liabilities £1.6m, resulting in a net assets position of £1.09m. Long term creditors of loans and grants will be £25.2m and the pension liability of £109k. This results in a total net assets position of £9.873m.

F. Nicholl advised that she is continuing to work with the SMT to finalise the budget.

The Committee raised the following queries or questions in relation to the draft Annual Budget 2023-24

- A Committee member asked about the RBS Debt Service Covenant and whether this had recently changed. F. Nicholl advised this had changed due to revised loan agreements.

F. Nicholl advised the Committee that the final draft budget would be presented to the them in March with the 5 & 30 Year Financial Plans.

The Committee noted the content of the report.

5. REPORT ON RENT, MANAGEMENT FEE & ESTATE SERVICE CHARGE 2023-24

The Director presented the Housing Manager's report on the rent, management fee and estate service charge 2023-24 and highlighted the following:

- The Committee gave 'in principle' agreement at their meeting for the following increases, which would be subject to consultation with tenants and owners:
 - Rent Management Fee- Consult tenants on 5%, 5.5% and 6% increase;
 - Management Fee – Consult owner-occupiers on a 5.25% increase; and
 - Estate Service Charge – Consult owner-occupiers on a 5.25% increase (This service is included in the rents for tenants)
- There were 108 responses to the consultation, 72% of respondents favouring a 5% increase, 18.5% wanting an increase of 5.5% or 6%.
- The tenants' views on affordability and value for money:
 - 65% (71 respondents) felt the rent was affordable; and
 - 69% (75 respondents) felt the rent was good value for money.
- The Director drew Committee's attention to appendix 1 and tenants' comments on the proposed rent increase.
- The rent increase of 5% favoured by tenants is comparable to other housing organisations in Easterhouse as listed in section 7 of the report.
- There was a poor response from owners to the consultation.
- The Director recommended the Committee decide on the rent, management fee and estate service charge increase as follows:
 - Rent - 5%
 - Management Fee – 5.25%
 - Estate Service Charge – 5.25%

The Committee raised the following queries or questions in relation to the consultation on the proposed increases for 2023-24:

- A Committee member asked whether text messages were issued seeking tenants and owners' views on the proposed increase. The Director advised they were not issued, although there was a very positive response to the rent increase consultation. It was agreed these would be issued in future years to supplement consultation questionnaires.

- There was discussion on rent levels across the housing stock, where they varied due to the development programme and the position with HAG, as well as the property characteristics. The Director advised that the Housing Manager was scheduled to undertake an assessment of rents in 2023-24 and would then report to the Committee.
- A Committee member asked about arrangements for the delivery of rent increase letters to ensure compliance with legal guidance. The Director confirmed that the staff will hand deliver the rent increase letters by Tuesday 28 February, but not before 26 February 2023

The Committee approved the following increases for 2023-24:

- Rent - 5%
- Management Fee – 5.25%
- Estate Service Charge – 5.25%

6. REPORT ON MEMBERSHIP

The Governance & Business Improvement Manager presented the report and sought Committee approval for the memberships issued and cancelled.

- New Shares – Member Numbers 1474, 1475, 1476
- Cancelled Shares – Member Numbers 1453, 935, 1128, 545, 766

The Committee approved the report.

7. HEALTH & SAFETY UPDATE

The Director presented the Governance & Business Improvement Manager's quarterly report on H&S and highlighted the following:

- There was good progress on the H&S Action Plan.
- Recommendations from the fire risk assessment of the estate caretaker's flat by ACS in November would be added to the H&S Action Plan. These recommendations to improve the Estate Caretakers' flat at Glenburnie Place e.g. PAT testing, fire safety equipment for the kitchen area; improved record keeping arrangements; and fire safety training for staff.
- ACS are agreeable to a 3 month timescale to attend to these recommendations and have stated on completion the property would be considered a 'low fire risk'

The Committee raised the following queries or questions in relation to the Health & Safety Report

- A Committee member asked whether the Co-operative requires to apply for planning permission for a change of use of the flat from domestic to business use. The Director will arrange for this to be checked with Glasgow City Council.
- There was discussion on alternative options for welfare facilities for the estate caretakers. The Director advised Committee this is being assessed by the Maintenance Manager due to the location of the flat which included portacabins.

The Committee noted the content of the report.

8. REPORT ON PROGRESS OF THE OPERATIONAL PLAN TO DECEMBER 2022

The Director presented his report on progress against the Operational Plan 2022-23 to December 2022 and outlined the following:

- There continues to be excellent progress against the work programme as outlined in appendix 1, specifically in policy development, tendering of contracts on the procurement schedule and completion of the Annual Assurance Statement and revised evidence bank.
- Good progress in key areas of the performance scheduled (appendix 2), which were stable rent arrears position, income collection, gas servicing, improvement in complaints management, and successful grant applications to help our tenants with fuel and food during the cost of living crisis.
- There are a few areas of slippage included the procurement of planned major repairs, review of the void policy; and the development of a strategy to improve financial performance.
- A few areas for improved performance included the re-active repair performance through our new network of contractors and governance targets.

The Committee raised the following queries or questions in relation to the progress report on the Operational Plan 2022-23

- A Committee member asked about the low performance in non-emergency repairs. The Director advised of new arrangements to attend to re-active repairs through local contractors, where we were competing for their time to attend to repairs. He advised that the Maintenance Manager would be meeting with contractors to propose set days for their work with the Co-operative with the aim to improve our repair response timescale. He highlighted that the quality of work is very good and this is supported by tenant satisfaction levels.
- There was discussion on attendance levels at Management Committee meetings, which have been affected by members' health issues and leave of absences. A member highlighted this is a reason to become a housing association to increase membership on the Committee and strengthen governance arrangements.

- A Committee member asked about progress with the Committee appraisals. The Chairperson confirmed that all appraisals were complete except members with health issues or on a leave of absence. SE Training would provide their report in March and the Committee Succession Plan 2023-24 will be updated for issue to the Committee in April.

The Committee noted the content of the report.

9. REPORT ON PROGRESS OF COMMITTEE SUCCESSION PLAN TO DECEMBER 2022

The Director presented his report on progress against the Committee Succession Plan to December 2022 and highlighted the following:

- A tenant has expressed an interest in a co-option to the Committee and will attend and observe a meeting of the Management Committee.
- There is good progress in gathering demographic / ethnic data which will be enhanced in the Residents Satisfaction Survey scheduled for completion in May 2023.
- The Committee had training on Risk Management
- He highlighted some areas of slippage, which included:
 - Th Committee annual performance reviews which are were completed and the report from SE Training is awaited to inform the Committee Succession Plan;
 - Committee training, which will be attended to in a training session in May and the mini-conference in October 2023; and
 - Continue to strengthen relationships between Committee and staff.

The Committee had the following comments or questions in relation to the Committee Succession Plan:

- There was discussion on the annual mini-conference 2023. The Director issued a schedule showing various options and costs. The Committee agreed to:
 - Establish a sub-group to progress the mini-conference, in particular:
 - To assess the dates of the conference
 - Venue and seek more affordable rates
 - The training programme for the conference.
 - The sub-group would be P. Waddell, A. Cushingam, and D. Barnes.

The Committee noted the content of the report

10. REPORT ON PROGRESS OF THE ANNUAL ASSURANCE STATEMENT ACTION PLAN TO DECEMBER 2022

The Director presented the Governance & BI Manager's report on progress against the AAS Action Plan, where achievement would further strengthen our compliance against the Regulatory Frameworks and Regulatory Standards. He highlighted the following:

- The progress against the plan, in particular development of policies, progress with the review of the Business Plan, Committee training and commencement of the staff structure review.
- He highlighted key areas that were to be progressed / finalised i.e. ARC Verification, publication of performance bulletins and Committee / SMT expenses on the website, and completion of Committee appraisals

The Committee raised the following queries or questions in relation to the Annual Assurance Statement Action Plan.

- A Committee member asked if there were plans for internal audit to assess the Annual Assurance Statement. The Director advised that that Quinns Internal Audit had been appointed and the draft 3 year audit programme included a review of the Annual Assurance Statement was scheduled for year 2 (2024-25).

The Committee noted the content of the report.

11. REVIEW OF FULLY MUTUAL STATUS

The Director presented his report on the review of the Co-operative fully mutual status and highlighted the following:

- The proposed review of fully mutual status was highlighted in the Strategic Options Appraisal as a consideration to strengthen governance arrangements.
- L. Little, Partner in TC Young Solicitors delivered a presentation and prepared a report on the review of the fully mutual status, which covered the following:
 - The Co-operative's constitutional status
 - An overview of the Co-operative's Rules
 - The benefits and arrangements of the current fully mutual status
 - The opportunities as a housing association and charitable organisation
 - The financial benefits of being a registered charity
 - The process to convert from a fully mutual status to a community benefits society
 - Key considerations in the change; and
 - Consent from key stakeholders
- The Director advised the Committee it is for them to decide on whether to progress with a proposed change to become a housing association and register charity, which was effectively a change of Rules and would need to be approved by members at a Special General Meeting, thereafter consents from key stakeholders as noted. He outlined the timescales for a proposed Rule change to achieve a SGM in September 2023.

The Committee had the following comments or questions in relation to the proposed review of the fully mutual status:

- There was discussion on the membership of the Committee and maintaining a balance of local and professional people. The Director advised this could be assessed through a review of the Membership Policy, which would align with the change of Rules.

- A Committee member proposed the Co-operative also rebrand the organisation with the aim to improve the connection with our communities e.g. a new name, logo. The members discussed this and it was agreed this should form part of the consultation with members of the Co-operative.

The Committee's decision was to progress the review of fully mutual status with the aim to become a housing association and registered to strengthen governance arrangements and our financial position.

12. STAFF STRUCTURE REVIEW

The Director presented his report on the review of the staff structure and highlighted the following:

- The commencement of the staff structure had been communicated to Eamonn Connolly – EVH; Linda Wilson – Unite and C. Heron – Regulation Manager – SHR. to reflect our full membership status with EVH and in accordance with SHR regulatory guidance
- The Director commenced the staff structure with a presentation to the staff team on 1 February 2023.
- A questionnaire on the review has been issued to all staff and he will meet with them prior to 28 February 2023
- A request for information from neighbouring housing organisations to compare and benchmark our current and proposed staff structure.
- He updated Committee on progress against the timeline, where the next key milestone is to report to the Committee on the draft staff structure in April 2023.
- He developed a draft remit for a panel / sub-Committee to oversee the development and implementation of the review of the staff structure.
- He asked Committee to decide on:
 - Whether they wish to create a panel / sub-Committee?
 - If they are agreeable they are asked to:
 - Consider for approval the draft remit and delegated authority to the panel / sub-Committee; and
 - Decide on members to serve on the panel / sub-Committee, which should take into account the Co-operative's Standing Orders

The Committee had the following comments or questions in relation to the report of the staff structure review and the development of a panel / sub-Committee.

- There was discussion on the remit for the proposed panel / sub-Committee and it was agreed the Director would take some advice on HR responsibilities. It was agreed a decision on the panel / sub-Committee would be deferred to March 2023.

The Committee noted the content of the report.

13. CORRESPONDENCE



The Director advised there was no correspondence

14. CONFIDENTIAL BUSINESS

The Committee attended to confidential business

15. ANY OTHER BUSINESS

- a) Secretary's role – The Director advised that the Secretary's role is now vacant due to impending departure of the Governance & Business Improvement Manager. The Committee decided that the Director should assume the role of Secretary with immediate effect.

- b) Energy Supplies - The Director advised the Committee that Opus Energy had served notice to end the Co-operative's contract for the energy supply for common closes. The Co-operative was working with Utility Aid to identify a new supplier for the office as this contract was also scheduled to end. The Committee agreed this should be delegated to the Director to finalise the renewal of energy supplies as long as it was within his financial spending levels, otherwise he would seek agreement of the Chairperson.

16 DATE OF NEXT MEETING

Management Committee - Wednesday 29 March 2023 at 6.30p.m. to be held in the Committee room in the Co-operative's office

Chairpersons Signature _____

Date _____