

DRAFT MINUTES OF THE MANAGEMENT COMMITTEE MEETING

HELD ON WEDNESDAY 29 MARCH 2023 at 6.30p.m.

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

1. SEDERUNT

PRESENT: P. Waddell (Chairperson), B. Hartness (Co-optee) C. Harvey, D. Barnes, G. McNaught, A. Cushingam, C. Douglas (Co-optee)

IN ATTENDANCE:

K. Mollins – Director; J. Meechan – Temporary Housing Manager;

F. Nicholl – FMD Financial Services Ltd.

D. McNulty (Observer)

Apologies: M. Davidson

Leave of absence: J. Gracey

The Chairperson welcomed D. McNulty to the meeting as an observer with an interest of a co-option to the Management Committee.

The Chairperson advised that S. Eglinton would join the meeting via zoom to discuss the Committee Performance Reviews Report at 7.15p.m.

2. MEETING OF THE MANAGEMENT COMMITTEE

a) 22 February 2023

i) Minute

The minutes of the Management Committee meeting on 22 February 2023 were approved by D. Barnes and seconded by G. McNaught.

ii) Matters Arising:

a) Page 9, Section 14 – Confidential Business

A Committee highlighted that the minutes noted there was confidential business, but there was no detail of the business attended to by the Committee. The Director informed the Committee there was a confidential and redacted version of the minute and it was likely they had been issued with the latter. It was agreed this would be carried forward to the Committee meeting in April 2023

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 are three on-going tasks: the report on our Duty to Co-operate; the report on the Co-operative's approach to dampness and mould; and the review of the fully mutual status

The Committee raised the following queries or questions in relation to the Master Tracker and progress of key tasks from previous meetings on the Committee:

- a) A Committee member asked about the delay in the report on dampness / mould growth. The Director advised the Maintenance Manager was unable to attend the SFHA seminar and prepare the report as he was on sick leave. It was agreed this would be reported to the Committee in April.

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

3. MEETING OF THE AUDIT & PERFORMANCE SUB-COMMITTEE

a) 13 February 2023

i) Minute

The minutes of the Audit & Finance Sub-Committee are for information only.

ii) Matters Arising:

- a) Page 5, Section 6 – Treasury Management
F. Nicholl advised the Committee she was to present a report to deposit cash reserves to the Committee. This will be presented in April 2023.

There were no other matters arising

4. 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 15 – Report on Committee Performance Reviews
- Item 17 – Staff Structure Review
- Agenda 19 – Confidential Business - All staff as directed by the Chairperson

Committee Members -

- Item 5 - P. Waddell declared an interest in Annual Budget and would leave the meeting for the Committee to decide on the wider role contribution

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

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

5. DRAFT ANNUAL BUDGET 2023-24

F. Nicholl presented a final draft of the annual budget 2023-24 and advised this had been refined following presentation of the first draft to the Committee in February 2023. She highlighted the key amendments and financial position:

- An uplift in insurance premiums to 30% due to the position across the sector, although the Director report highlighted the increases was 20.9%.
- The removal of the fixed term Governance & Business Improvement Manager's post, Employability & Personal Development Officer's post following an unsuccessful application to the ICF.
- Provision for additional staffing support in maintenance, governance and estate caretaking
- An update of the budget to include the rent increase of 5%, provision for a new estates van and equipment, a review of planned maintenance costs to include VAT, and revised costs for gas and electricity for the office and close lighting.
- The revised position was as follows:
 - A surplus of £172k
 - Cash reserves will be £2.7m
 - Compliance with loan covenants, with headroom of £100k on the gearing covenant.
- F. Nicholl advised the Committee that she felt there was some additional provision of circa £40-£45k in the budget, which reflected void performance, maintenance budget and comparison with Turners, salary savings due to turnover of roles, and savings in insurance.

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

- There was discussion on the maintenance spend, specifically comparison with Turners. The Director advised the Committee that there was increased expenditure in the final account with Turners due to repairs having been completed but not invoices, which was administrative issue in monitoring repair works, completion and invoicing. The Maintenance Manager's quarterly report will provide an assessment and will be reported to the Committee in April.

The Committee approved the annual budget 2023-24.

P. Waddell left the meeting and D. Barnes chaired the meeting

The Committee approved the wider role contribution of £25,000 to Easthall Residents Association in recognition of their work with the Co-operative tenants, owner-occupiers and their families. The Director will present a report to the Management Committee on the expenditure of the wider role contribution by ERA.

P. Waddell re-joined the meeting and resumed chair of the meeting.

6. 5 & 30 YEAR FINANCIAL PLANS

F. Nicholl presented her report and the 5 & 30 year financial plans, which included the submission to the Scottish Housing Regulator at appendix 2 to the report.

F. Nicholl highlighted the following on the development of the financial plans and the Co-operative's financial plans;

- The annual budget 2023-24 was the starting position for the development of the 5/30 year financial plans.
- The plans had realistic assumptions for interest rates; inflation; maintenance, staffing and energy costs; no plans for new build; void and bad debts and rent increases.
- The 30 year financial plans would demonstrate to lenders the Co-operative's ability to repay loans.
- An overview of the financial plans in key areas of the 30 Year plan e.g. inflation; i.t costs; rent arrears, maintenance costs, rent increases.
- The draft 30 year plans outlined the following:
 - The surplus in 2023-24 was £172k in 2023-24 and would increase throughout the plan;
 - Cash reserves would be £14.6m in year 30, with the lowest being £1.7m;
 - Good compliance with loan covenants with significant increase in headroom beyond 2023-24; and
 - Increase in net assets in line with the surpluses arising
- Concluded that the Co-operative is in a good financial position and the business is viable.

F. Nicholl presented the 5 year financial plans and appendix 2 which included the submission to the Scottish Housing Regulator. She highlighted:

- The figures for the submission reflected years 1-5 in the 30 Year plan.
- It did not include figures for the achievement of EESSH 2 and this would be informed by the stock condition survey and guidance and funding details awaited from the Scottish Government

The Committee raised the following queries or questions in relation to the draft 30 Year Financial Plans and 5 Year Financial Plan for submission to the Regulator.

- A Committee member asked when the last stock condition was undertaken. The Director advised that the Co-operative previously undertook a sample audit of properties each year and between 2013-19 there was circa 60% assessment of the stock condition by Brown & Wallace Surveyors. The impending stock condition survey would survey at least 50% of the housing stock, although this may be increased depending on tender submissions.

The Committee approved both the 30 year financial plans and the submission to the Housing Regulator on the 5 Year Financial Plans, subject to a minor amendment with the headroom in the gearing covenant.

K. Mollins, J. Meechan and F. Nicholl left the meeting

S. Eglinton joined the meeting via zoom

15. COMMITTEE PERFORMANCE REVIEWS 2022

S, Eglinton delivered a presentation on the Committee Performance Reviews, which covered:

- Committee composition, skills and experience
- Succession planning and committee recruitment
- The role of Committee
- Performance management
- The Committee's training needs
- Objectives for the Co-operative
- Reflections on the assessment process

In summary he highlighted the following:

- There were 31 action points in the report for assessment, consideration and action;
- The Committee had highlighted:
 - Their satisfaction with the management of the Co-operative
 - The effectiveness of the Chairperson to lead the Committee
 - Their awareness of their roles and responsibilities
- The Director will develop a training plan for Committee's approval.

The Committee noted the content of the report

S. Eglinton left the meeting

K. Mollins, J. Meechan and F. Nicholl left the meeting

The Chairperson asked the Director about the following:

- The development of the Committee Succession Plan
The Director advised the Committee he will update the Committee Succession Plan and associated actions plans to take account of the report on the Committee Performance Reviews , which will be presented to the Committee in April 2023.
- The annual mini-conference event for the Management Committee
The Director advised on costs for the preferred option of the Holiday Inn. The Committee discussed the costs of the event, which was essential to attend to the Committee Training Programme and to facilitate team building. They discussed the costs of sector conferences and felt it still represented best value, subject to good attendance at the event by Committee members. The Director will confirm the booking with the Holiday Inn for Friday 29 September to 1 October 2023.

7. REVIEW OF INSURANCE

The Director presented his report on the annual review of insurance scheduled for 1 April 2023. The Director advised the Committee on the following:

- A.J. Gallagher (Insurance Brokers) had secured quotes from circa 10 insurance companies.
- The Co-operative's insurance costs will increase from £86,027 in 2022-23 to £104,019, which equates to 20.9%
- The main increase is in Property Stock cover, although there are many areas of cover that are below current inflation.
- The Director highlighted the reasons for insurance cover that was above inflation: Property Stock; Office Combined and Crime.
- The insurer for Property Stock, QEB has offered the Co-operative a 3 year deal of an annual uplift of 2.5% and the Director outlined these rates and key considerations of this offer.
- The Co-operative's increase of 20.9% is seen by our broker as one of the lowest in the sector, with the majority of increases between 25-50%.

The Committee raised the following queries or questions in relation to the review of insurance 2023-24

- There was discussion on the level of excess and it was delegated to the Director to liaise with the broker and assess the benefits of increasing the excess.

- A Committee asked about insurance cover for owner-occupiers. The Director advised that there were 55 factored owners and the building insurance cover premium was £94 for 2023-24
- There was discussion about QEB's offer of a 3 year fixed term arrangement for Property Stock.

The Committee decision was to:

- Approve the renewal of the insurance 2023-24 with the Director delegated to assess the insurance excess arrangements.
- Approve the 3 year fixed option for the Property Stock insurance with QEB to March 2026.

F. Nicholl left the meeting

8. HOUSING MANAGEMENT QUARTERLY PERFORMANCE REPORT TO 31 DECEMBER 2022

The Housing Manager presented her report on the work and performance of the housing management service to quarter 3 of 2022-23 (April – December 2022) and highlighted the following:

- The report covered areas of achievement and any areas of slippage or for further improvement. It also highlighted key areas of work e.g. voids, factoring arrears, technical arrears and resident participation.
- The rent due by current tenants at December 2022 was 2.94% of the annual debit. She advised the Committee there were some further refinements to the technical arrears assessment, which were being discussed with SDM.
- Factoring is a key area for improvement and the housing management team had received training from a sector consultant on arrears management, key documents and policies, etc
- The letting targets were an addition to the Corporate Targets / KPI schedule listed in the Business Plan and these were distributed to the Committee.
- A new section on the financial gains and outcomes of the welfare rights service, which were very positive and making a difference to tenants and residents.
- The success in securing circa £130k of funding for tenants and owners to support them with energy and food costs.

The Committee raised the following queries or questions in relation to the Housing Management quarterly performance report to December 2022:

- The Committee acknowledged the Housing Manager's efforts to secure grants to support tenants and residents with food and energy costs.

The Committee noted the content of the report.

9. HOUSING MANAGEMENT POLICIES

a) Void Policy

The Housing Manager presented the draft Void Policy and highlighted key areas and amendments in this review:

- The scope of the policy and connection with other policies i.e. financial regulations, allocations.
- New sections on equalities, value for money and performance reporting.
- In situations where the tenant is deceased and there is no succession to tenancy a proposed review on the time relatives or friends will have a 'rent free' period to attend to their belongings and business from 14 to 10 days.

The Committee raised the following queries or questions in relation to the draft Void Policy:

- There was discussion on the reduction of the 'rent free period from 14 to 10 days. The Housing Manager advised the Committee this was based on guidance from a sector consultant on the ARC. The Committee decided that 14 days was a reasonable period.

The Committee approved the draft Void Policy subject to the amendment of the 'rent free' period in situation where the tenant is deceased and the tenancy is terminated.

b) Bad Debts & Write Off Policy

The Housing Manager presented the draft Void Policy and highlighted key areas and amendments in this review:

- A review of the amount where it is not economical to recover bad debts;
- Arrangements for bankruptcy or sequestration
- Inclusion of section on quality and complaints.

The Committee approved the Bad Debts & Write Off Policy for implementation.

10. WRITE OFF REPORT

The Housing Manager presented her report on the write off of bad debts, credits for former tenants, as well as the write off of Owners' charges for improvement work to the common property.

The Housing Manager advised on the proposed write offs as listed:

- Former tenant arrears - 4 cases equating to £3,776.99

- Former Tenant credits - 3 cases equating to £7.13

The Housing Manager advised the Committee on the proposed write offs of owners' charges for vinyl replacement and upgrade of close lighting in the common close, which were completed in 2021-22. She advised the Committee of legal opinion on compliance with the Written Statement of Services to consult with owners and the recommendation to write off these costs:

- Vinyl replacement - 4 owners - £2,076.04
- Upgrade of close lighting - 17 owners - £11,124.92

The Housing Manager advised the Committee that she would be working with TC Young Solicitors to review the Written Statement of Services, thereafter she would engage with owner-occupiers. This was a key task in the review of the factoring service.

The Committee raised the following queries or questions in relation to the write off report

- There was discussion on the reasons for the write off of factoring arrears and associated legal advice. The Housing Manager advised it was an area for improvement and the write off of arrears was due mainly to the Written Statement of Services and there being no records of consultation and agreement with owner-occupiers for works above a set threshold.

The Committee decision was to approve the write off of former tenant arrears and credits, as well as owner-occupiers' costs for major repairs.

11. REPORT ON MEMBERSHIP

The Housing Manager presented the report and sought Committee approval for the memberships issued and cancelled.

- New Shares – Member Numbers 1477, 1478
- Updated Shares – Member Number 292 (Internal transfer)
- Cancelled Shares – Member Numbers 1203, 1454

The Director advised members of 2 additional new Shares – 1479 and 1480

The Committee approved the report.

12. BUSINESS PLAN 2023-26

The Director presented the Business Plan 2023-26, which set out the Co-operative's strategic direction and the work programme for 2023-24 through delivery plans to achieve the Strategic Objectives

The Director gave an overview of Business Plan review process and key areas of the Plan as listed:

- The process commenced in November 2022 and Committee and staff were well engaged throughout the process, particularly in the development of delivery plans;
- The new Vision, Mission and Strategic Objectives
- A new set of values for the organisation to T.H.R.I.V.E and inform our culture going forward.
- Key sections of the report, which aligned to regulatory guidance and best practice i.e. risk management, financial viability and asset management
- Propose work programme for 2023-24 and work schedules for the review of policies and tendering of contracts. The Director advised that the work programme is 'challenging but achievable', but is essential to catch-up on slippage during the pandemic and to progress the business in key areas.
- The Committee will be provided with a quarterly progress on key strategic tasks and the work schedules.

The Committee raised the following queries or questions in relation to the draft Business Plan 2023-26

- A Committee member referred to the Procurement Strategy and asked whether the Co-operative had contractors to attend to planned maintenance programme. The Director advised these tenders would seek to appoint contractors and he was aware there was limited resources to attend to the sector's requirements.
- The Chairperson thanks the Director and senior staff team for their efforts to develop a robust and quality business plan, whilst attending to challenges in their day to day work.

The Committee approved the Business Plan 2023-26 for implementation.

13. CORPORATE RISK REGISTER 2023-24

The Director presented the report on the Risk Management and highlighted the following

- The process for the review of the Corporate Risk Register from the planning day, through to sessions with the SMT and Management Committee to identify the main risks, finalise scoring and identify controls to mitigate risks;
- There were 13 main risks, which reflected our income, tenants' quality of life, the impact of the cost of living crisis, financial position, regulatory status, health & safety, staff absence and governance matters.
- The Director will present a quarterly progress report on the controls within the CRR to the Audit & Finance sub-Committee

The Committee raised the following queries or questions in relation to the draft Corporate Risk Register 2023-24.

- A Committee member asked about outstanding EICRs noted on risk 7 – Tenant Safety. The Director advised the 41 outstanding EICRs were abeyances where the tenant and not provided access. He advised the Committee these would be attended to in Q1 of 2023-24 and they would force access to attend to essential servicing to ensure the electrics were safe.
- The Committee commented on the review of the risk register, where they stated it very thorough and through the training and their involvement it gave them a greater insight and involvement in setting the risks for the Co-operative.

The Committee approved the Corporate Risk Register 2023-24 for implementation

J. Meechan left the meeting

14. ANNUAL GENERAL MEETING – SEPTEMBER 2023

The Director presented his report on arrangements for the AGM, specifically to agree the members to stand down and to undertake a formal assessment of members with 9 or more continuous years' service required to stand down. He advised on the following:

- Key rules associated with the report.
- One third of members had to stand down, which equates to 3 members as there are 8 full members on the Committee. He outlined members required to stand down based on the longest serving since their last election:
 - G. McNaught and C. Cooper - last elected in 2020
 - One of 3 members elected in 2021 – A. Cushingam,

C. Harvey or P. Waddell

- To arrange the assessment of the continued effectiveness of members with 9 or more consecutive years; service either directly by the Chairperson or through SE Training.

The Committee had the following comments or questions in relation to the report on arrangements for the AGM.

- The Committee members last elected in 2021 discussed who should stand down and it was agreed P. Waddell would stand down.

The Committee's decisions were as follows:

- a) The following members would stand down for re-election at the AGM:
 - G. McNaught, C.Cooper and P. Waddell
- b) The Chairperson would undertake the assessment of members with 9 or more years consecutive service and report to the Committee in June 2023.

16. DONATIONS, GIFTS & HOSPITALITY

The Director presented his report on the summary of donations, gifts and hospitality, which was a requirement of the policy approved in June 2022. He highlighted the following:

- There were 3 donations provided by the Co-operative to good causes totalling £428
- The Co-operative received 12 donations from our contractors, consultants or supplies towards our 30th Anniversary Gala Day totalling £2,200;
- There were 5 gifts provided to Committee and staff due to significant events.
- There were 3 gifts from contractors and tenants and these were subsequently gifted onto ERA for community events / raffles.
- There was hospitality provided to Committee and staff during the following business events and in recognition of their work: Staff / Committee Xmas meal; Committee training conference and the review of the Business Plan.
- The registers have been signed off by the Chairperson.

The Committee noted the content of the report.

17. STAFF STRUCTURE REVIEW

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

- The progress of the review of the staff structure, where engagement with all staff was complete;
- Information from neighbouring housing organisations to compare and benchmark our current and proposed staff structure had been received .
- He took legal advice on the 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 next report would be to present a report to the Management Committee in April 2023 to seek their 'in principle' agreement on the draft structure to thereafter inform formal consultation with the staff team and Unite the Union.

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 advice on the remit of the panel and sub-Committee and it was decided that it should not include HR matters, which would be attended to by other members of the Committee.
- The following members were appointed to the panel / sub-Committee: A. Cushingam; D. Barnes, C. Cooper and P. Waddell.

The Committee noted the content of the report and decided on the panel / sub-Committee and associated remit to oversee the development and implementation of the staff structure.

18. CORRESPONDENCE

The Director referred to the Co-operative's Engagement Plan 2023-24 with the Scottish Housing Regulator that he had previously e-mailed to them. He advised the Committee that he had spoken to the Regulation Manager and the revised engagement was due to the following:

- The Committee's progress attending to governance and organisational matters in the last three years;

- Significant progress in the governance of the Co-operative in the last year;
- The review of their annual risk assessment considers regulatory submissions on governance, financial and service performance.

The Chairperson stated it was a major achievement for the Co-operative and thanked the Committee, senior staff and staff for their work and commitment during a very challenging period, which has made this review to standard engagement terms possible. He asked the Committee to consider how the Co-operative marks this major achievement.

19. CONFIDENTIAL BUSINESS

The Committee attended to confidential business

15. ANY OTHER BUSINESS

a) Gas Sure Contract

The Director advised the Committee that the initial term of the Co-operative's contract with Gas Sure for gas servicing, maintenance, call-outs and renewals was set to expire in March 2023. He provided an overview of the contract values and terms, where there was provision for a contract extension.

The Committee asked the following questions in relation to the contract:

- A Committee member asked if the contractor was performing well. The Director advised the Committee that the Co-operative was pleased with their service in gas servicing, repairs and renewals. He further highlighted that Gas Sure were undertaking out of hours emergency calls and works following the termination of the contact with Turners

The Committee decided to extend the contract to March 2025 and asked for the contract to be tendered in 2024-25.

16 DATE OF NEXT MEETING

Management Committee - Wednesday 26 April 2023 at 6.30p.m. to be held in the Committee room in the Co-operative's office

Chairpersons Signature _____

Date _____