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LORNA BROWN ON [REDACTED]



**West
Granton**

Housing Co-op

sustaining and championing the co-operative way

These minutes have been redacted where personal or confidential information is noted

West Granton Housing Co-operative Limited

Committee of Management

Minutes of Meeting – 12th February 2020

Present:

Lorna Brown (Chairperson)
Marilyn Dickson (Treasurer)
Fiona Marshall (Vice Chair)
Elizabeth Robertson
Jon Douglas
Wendy Riordan
Pat Cordiner

In attendance:

Larke Adger (CEO)
Alan McKee (Depute CEO)
Erin Mullen - Prospect Housing Association (Item 5 C only)

1) APOLOGIES

George Nicol, George Thomson

2) MINUTES OF MEETING 11th December 2019

Minutes approved.

3) MATTERS ARISING FROM THE MINUTES

Jon Douglas was noted as having given his apologies for the December 2019 meeting; but was in fact present. The CEO gave apologies and advised this error would be minuted.

4) DECLARATIONS OF INTEREST

None.

FINANCE & ADMINISTRATION

5a) Cash in the Bank – February 2020

Committee were advised that WGHC has £1,603,772 million in the bank and were given the breakdown between the working accounts with RBS, Santander (95 day notice account) and Bank of Scotland (32 day notice account). This balance includes the £148k interest free loan from the Scottish Government to assist with the cost of WGHC upgrading smoke alarms within existing stock.

Committee noted the report.

5b) Quarterly Financial Performance Reports

Appendix 1

Erin Mullen from Prospect Housing Association was in attendance as our Financial Agent to present the 3rd Quarterly Financial Performance Reports.

At the end of the third quarter there was a surplus of £195k, which meant the surplus was better than budgeted for. The interest cover ratio was 510% (our loan covenant with Natiowide Building Society is 110%).

A new office alarm was purchased in the period at a cost of £2k and this was capitalised along with the new PCs in the office at a cost of £5k; an upgrade in PCs was necessary due to Microsoft no longer providing security updates for Windows 7.

Cash balances had decreased by £284k since March 2019. The Statement of Financial position remains strong with net assets having increased by £284k up to 31st December 2019.

Arrears had increased by £49.6k since March but this is due to the timing of the weekly rent debit and the receipt of housing benefit. There are no concerns at this time as having taken this into account WGHC arrears remain very low.

There was capital underspend of £82k due to the timing of major contracts and a delay in planned maintenance projects. These projects have now begun.

Overall, there were no concerns raised.

Committee noted the reports.

5c) 30 Year Financial Plan and Budget Report for 2020-21

Appendix 2

The Budget Working Group met on 12.12.19 and went through the 30 Year Planned Maintenance and Component Replacement Spend, the 30 Year Cash Flow Statement and the proposed Budget for 2020-21. Committee were reminded the remit of the group was to consider the future revenue and capital expenditure of WGHC and explore/consider the proposed budgets being presented to them by the CEO. The Budget Working Group are not part of the formal decision making process; they act only as an advisory group to the main Committee of Management.

5c-1) Table 1 Planned Maintenance and Component Replacement Spend for the 30 year period 2020-2050

Committee were taken through Table 1 by the CEO.

The Table 1 was enlarged and presented on the large screen TV.

It was explained the table showed the forecasted spend each year from 2020 to 2050 on Planned Maintenance Projects and Component Replacements and an annual inflation rate of 2% was assumed.

It was highlighted that the two largest areas of spend through the 30 year plan are the replacement of central heating systems (ranging from £88k to £660k depending on the number of stock within in area of replacement) and the replacement of bathrooms including ground floor toilets (ranging from £110k to £880k again depending on the number of stock within the area of replacement).

It was pointed out that the projected figures are some 20 to 30 years in to the future and therefore the accuracy of these estimates needs to be considered. However, it was also pointed out that what is certain is that components were going to be needing replaced during the period as were planned maintenance works and so we need to ensure we have sufficient cash to pay for these.

5c-2) 30 Year Cash Flow Statement for 2020-2050 and Position of Financial Statement

Committee were reminded the importance of cash flow to the success of the organisation and it must be ensured that WGHC has sufficient cash at all times to enable it to pay its expenses, debts/loans, buy new assets, etc, i.e. remain solvent. It is also equally important that we continue to have enough cash to meet our loan covenant interest cover ratio of 110% with Nationwide Building Society.

There were lots of figures showing in the cash statement and the Statement of Financial Position but they generally involve two areas:

1. The money we expect to have coming in from rents, grants and other income sources;
and
2. The money we expect to pay out in terms of our loans, overheads, staffing, reactive repairs, planned maintenance, reactive maintenance, component replacement projects and other contracts

It was explained that according to our stock size of 372 WGHC's cash figure should ideally never go below £300k. It was highlighted that based on the current projections and forecasts, that in 2028 the cash figure is estimated to sit at £220,700. However, even this cash amount is still well above the required interest loan cover ratio of 110%. Furthermore, 8 years is quite a bit away and the budgets will be reviewed annually giving us plenty of opportunity to delay/move some major component replacement projects either backwards or forwards to improve cash flow each year.

Committee were advised that these figures are used to report the Five Year Financial Projections to the Scottish Housing Regulator.

The CEO then talked through the loan figures of £148k in 2020 and £1m in 2026 respectively. The 148K is the interest free loan secured from Scottish Government to assist WGHC with the upgrading works of the smoke alarms. This is being paid back over 5 years with an annual payment due each year on the anniversary of the draw down date (23rd January).

The proposed £1m loan in 2026 is to ensure a healthy cash flow is maintained. However, it was noted that opportunities to address the need for this loan would be looked at each year during the annual budgeting exercise and there are options to delay some component replacement projects by a couple of years if required. In addition, Committee were advised that by 2026 WGHC's loans with NBS would have also reduced so any requirement for an additional loan during 2026 would only have a marginal effect on WGHC's debt values as a result, and more importantly would not breach our loan covenant interest cover ration.

Finally, Committee were advised that the 30 year financial plan and cash flow were based on an annual rent increase of 2.5% each year. There was some discussion about how this might not sit well with the Scottish Housing Regulator who has raised concerns about any RSL raising rents above CPI. It was discussed that at the next rent consultation WGHC should consider proposing a number of options to tenants depending on the gap between the latest CPI figures and a rent increase of 2.5%.

5c-3) Tables 3a and 3b – Year 1 Budget for 2020-21

Figures were broken down by proposed revenue and expenditure for each of the 12 months in the period April 2020 to March 2021. It was explained that the CEO and Maintenance Manager went through the proposed spend with the Budget Working Group covering all areas such as Committee Training, Consultancy Fees, staffing and pension costs, reactive repairs, contract works, component replacement projects and the upgrading works to the smoke alarms.

Committee were then walked through the proposed revenue figures for 2020-21 which estimates the income WGHC expects to receive from rents, grants and interest.

Committee were notified that a budget of £35k had been proposed for replacing the climbing frame unit in the Granton Mill Crescent playpark in 2020-21, but that we had just received a quote that the actual cost, including installation, coming in at £14.8K +VAT.

Committee were advised that this was a good example to demonstrate how budgets work and be useful to the business: in estimating a figure of £35k we have comfortably provided for the actual spend of £14.8K + VAT. This underspend affects our cash available in the bank at year end. Equally, WGHC may have an unexpected increase in costs (perhaps due to the costs of repairs parts, etc post Brexit) and subsequently decrease our surplus cash. The CEO reminded Committee that budgeting was essential for business planning and viability but it was not an exact science so they should continue to scrutinise and question variances presented to them each quarter.

Based on the proposed 2020-21 Budget presented to Committee, it is expected WGHC will have just over £1.2 million in the bank at the year end. Committee were advised the Budget Working Group were satisfied with the budget and if all approved, the 30 Year Financial Plan, Cash Flow and 2020-21 Budget will be included in the 2020 Business Plan as appendices.

Committee approved:

- **The Position of Financial Statement**
- **The 30 Year Financial & Cash Flow Plan**
- **The Planned Maintenance & Component Project 30 Year Plan**
- **The 2020-21 Budget**

5d) Landscaping Maintenance and Grass Cutting Contracts

Approval was sought for the renewal of a term contract for WGHC's landscape maintenance and grass cutting service for those tenants unable to maintain their own gardens due to ill health/disability and who either live on their own or who have no able bodied household members.

Being a term contract, the annual value for providing the service has to be costed on a 3 year value. The CEO is permitted to negotiate contracts on the basis of one quote where the value is under £25k including VAT. In addition, WGHC have used MenCo as their service provider since 2007 so the CEO wanted to make Committee aware that we haven't gone to the market for an alternative quote for some time.

Committee discussed both the costs and the quality of the service provision from MenCo. They were unanimous that the benefits of MenCo providing the grass cutting service for vulnerable tenants meant that over time their workforce have established a relationship of trusts with these tenants and at the cost of £12 + VAT per garden they felt that this was considerable value for money. It was explained that the quote presented to them was based on 40 WGHC tenants receiving the service.

Committee asked to be notified if and when the number increased to 50, which they thought was likely based on the ageing population of tenants. They felt they would like to address costs and service provision at this cut off point. The CEO confirmed she would advise them if and when this became the case.

Committee considered the following quote and were again reminded their approval was required as each of the following quotes multiplied by 3 years would exceed £25k:

- Landscape Maintenance Contract for 2020-21: £9,771 + VAT

This was an increase of 1.8% from last year.

- Grass Cutting Service provision for 2020-21: £8,640 + VAT.

The cost of £12 + VAT per garden has remained the same for 4 years now.

Committee approved:

- **That MenCo should be awarded the contract for both Landscape Maintenance and the Grass Cutting Service provision for 2020-21;**
- **Committee have asked to be notified when the numbers in receipt of the grass cutting service is nearing a total of 50 as they would like to review costs and provision at this point. The CEO acknowledged and advised this would be minuted.**

5e) Short Life Working Pensions Group

Committee were advised that the first Short Life Working Pensions Group with staff members and Committee Members would be held on 20th February 2020. Eamonn Connolly, Director of EVH, would facilitate the meetings. Updates would be reported to Committee throughout the process.

Committee were reminded that this was to start the process of WGHC moving staff from a defined benefit scheme to a defined contribution scheme.

Committee were asked if the Committee Membership of the SLWG would like Gordon Birrell (Director from Chiene & Tait) to meet with them again for a further advisory session before the first meeting.

Committee noted the report and agreed that the SLWG members did not want to attend a further advisory session on Pensions with Gordon Birrell from Chiene & Tait.

5f) Scottish Government Interest Free Loan for Upgrading Works – Linked Smoke Alarms

Committee were advised that following Committee approval in December 2019, the Scottish Government had approved WGHC's late completed loan application and the interest free loan amount of £148k had been paid out to WGHC on 23rd January 2020.

Committee were reminded that the loan is interest free and will be repaid over 5 years with each annual repayment being made on the anniversary of the drawn down date.

It was re-iterated that the £148k had been included in the 2020-21 budget and the 30 year cash flow as discussed in Section 5c) of the February reports.

Committee noted the report.

5g)

[REDACTED]

Committee noted the report.

6) Governance

6a) Benchmarks 2020-21

Committee were presented with proposed 2020-21 Performance Benchmarks and were asked to note that there were no significant changes proposed between 2019-20 and 2020-21 benchmarks. It was explained this was purposeful owing to the fact WGHC had suffered high levels of long term sickness absence during 2019-20 and it is deemed unrealistic to change benchmarks when staffing levels remain unpredictable as existing staff are already working under pressure with their workload as they continue to provide cover.

It is therefore proposed to look at Performance Benchmarks again in 2020-21 for the following year, once we have recruited a new admin assistant, housing officer and the Tenancy Manager has returned to work.

Committee were also advised that WGHC's performance was still ranging from good to excellent and there were no immediate concerns or risks in leaving Benchmarks unchanged for 2020-21.

Committee noted the report, agreed to review Benchmarks again for 2021-22 once staffing levels have stabilised and approved the 2020-21 Performance Benchmarks.

6b) Draft Business Plan – Appendix 3

Committee were presented with the draft 2020-2023 Business Plan and it was proposed this will be the first year of the new Business Plan Cycle. It is further proposed the plan be updated every year and fully reviewed every three years.

The new mission statement and corporate objectives agreed by Committee at their annual Strategy Away Day are incorporated in the draft Plan along with the 30 Year Financial Plan, 2020-21 Budget, SWOT Analysis, Risk Register and 2020-21 Performance Benchmarks.

Committee agreed:

- **To approve this is the first year of the new Business Plan Cycle**
- **To approve the draft Business Plan**
- **To approve the Plan will be updated annually and reviewed every 3 years.**

In addition, Committee also noted that a hard copy of the final printed version needs to be sent to NBS as part of our loan covenant.

6c) Final Session with Governance Support Consultant

Following December's meeting when Annie Mauger-Thomson announced to Committee she was resigning as our Governance Support Consultant to take up the post of CEO of SACRO, she has since offered to do a review session of their Governance Plan with them in February 2020.

Committee were asked to consider if they would like AMT to hold this session prior to her taking up her new post.

Committee considered the offer but decided it would best to appoint a new Consultant and work through the new Governance Plan with the new Consultant to benefit from continuity.

Committee agreed

- To instruct the CEO to thank AMT for her kind offer, thank her for her amazing contribution to the Co-op and wish her all the best in her new post but to decline the offer, and expressed a preference for a new Consultant to be sought to continue with their Governance Support sessions.

6d) Approval Sought to Invite to tender for a new Governance Support Consultant

Following Annie Mauger-Thomson's resignation in December 2019 to take up the post of SACRO's new CEO, Committee were asked for approval to instruct WGHC's CEO to put out an invite to tender for a new Consultant.

Committee were presented with proposed information and requirements for the tender documents.

Committee agreed:

- For the CEO to put out an invite to tender for a new Governance Support Consultant
- To approve the proposed tender document information and requirements for the tendering exercise.

6e) Staffing Update

Committee were reminded that this item is highly confidential.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Committee noted the report and agreed that [REDACTED]

6f) ARCHIE Update

(Alliance of Registered Co-operatives and Housing Associations in Edinburgh)

ARCHIE had a meeting in January 2020. At this meeting it was decided that WGHC's CEO would take over from Stevie McAvoy (Muirhouse HA) as Chair of ARCHIE for 2020-21.

The ARCHIE AGAM is to be held in the COLSA Building, Haymarket on 25th March 2020 at 2.15p.m. Both the Chair, Lorna Brown and CEO, Larke Adger are to attend.

At the January meeting, ARCHIE members agreed it's focus over the next 12 months would be:

- To provide joint training opportunities for Committee and Board Members
- Work on a Sustainability Policy/Plan for all members to take back to their respective boards for approval. POLHA will provide the specialist skills for this and ARCHIE members will pay the staff member for the time spent on this project (again subject to individual Committee and Board approval)
- To share information amongst members with a view to learning from each other on how to improve performance in areas such as voids, relets, neighbourhood management, etc. This is to be named the Critical Friend Project. Claire Ironside from Manor Estates HA volunteered to take the lead on this project.

In addition, Committee were asked for a representative to volunteer to attend a meeting with some Board and Committee Members from other ARCHIE partners with a view to discussing future joint training opportunities.

Committee noted the report and Member Jon Douglas volunteered to represent WGHC Committee at the ARCHIE Meeting at Manor Estates.

(The CEO will advise Claire Ironside of Manor Estates and liaise directly with Jon Douglas re dates and arrangements

6g) Update – Internal Auditor Inspection

Wylie & Bisset (Internal Auditor) carried out their first on site visit in January 2020. They concentrated on looking at how we comply with our financial and corporate governance requirements under the Scottish Housing Regulatory Framework and also on WGHC's Maintenance Service Key Performance Indicators. They will return on 21st February 2020 to look at our Arrears Management and Allocations.

The first Internal Audit-Sub Committee meeting will take place on 18th March 2020.

Findings and Recommendations will be presented to the main Committee of Management thereafter.

Committee noted the report.

6h) 3rd Quarter Operational Performance Report

1st April to 31st December 2020

The report was presented to Committee.

There were 17 relets, 2 mutual exchanges and one assignment within the period. The average period to relet was 26 days.

There were 19 voids in the period matching a budgeted 19.

Arrears were 1.4% at the end of the 3rd quarter, higher than the benchmark of 1.3%. There is no doubt the expansion of Universal Credit is having an adverse effect and WGHC has found that at least half of tenants in receipt of housing costs spend the first month's rent payments which are made to them directly, before subsequent payments are paid direct to WGHC through the Scottish Flexibilities route. However, it should be noted that historically, a higher level of arrears are always noted over the Christmas and New Year period and these are expected to fall again by the end of the financial year.

There were 20 reports of ASB within the period compared with 19 during the same period last year. Only 65% of cases were resolved within the locally agreed timescales of 20 working days. This is largely attributed to high levels of staff sickness during this period and two complex cases which relied on seeking advice and information from our Solicitors and Police Scotland; both of which can be time consuming and subject to delay. There were no legal actions raised for antisocial behaviour during the period.

Of the new 17 new tenancies created within the period, all 17 tenants (100%) reported being satisfied with the condition of their new home when they moved in.

The timescales for completing non-emergency and emergency repairs were both within the benchmark. Emergency repairs were completed slightly faster when compared with the same period last year.

A total of 818 jobs were completed in the period and on average we responded to emergencies (including central heating breakdowns) in 2 hours 16 minutes.

7 medical adaptations were completed during the period and the average time taken to complete these works was 15 days (our benchmark figure).

24 complaints were received within the period, comparing with 17 for the same period last year. All but one of the complaints were resolved within timescales. The one complaint not resolved on time was due to it involving a number of different functions (housing management, maintenance and estate management) which a more detailed investigation had to be carried out before resolution could be achieved. The complaint, was however, only 1 day out of target.

Overall, WGHC was still experiencing a high number of staff absences at the end of the 3rd quarter and this has affected performance in some areas, notably the resolution of incidents of antisocial behaviour and the one complaint not being resolved within target timescale. The end of year results should reveal any significant performance issues.

Committee noted the report.

6i) Membership Changes

There were 3 new memberships and 3 memberships ended since the last report.

Committee noted the report.

6h) Health and Safety Report

It was reported there had been one incident since the last report. A staff member had fallen on West Granton Road, whilst crossing over to visit properties at the Forth Quarter. Thankfully the staff member is well and only suffered minor bruising. An entry was made in the Accident Report book and no further action is required.

Committee noted the report.

6k) New EVH Member Protect Service

Committee were advised that the CEO had signed WGHC up to the new EVH Member Protect Service for the annual fee of £875 + VAT.

The service provides EVH Members with legal advice and representation in relation to all employment tribunal claims from the very first contact from ACAS to the end of the tribunal hearing. All advice, pre-ACAS conciliation and representation in defending tribunal claims is covered. The service is provided by Paul MacMahon, Specialist Employment Law Solicitor. In addition, WGHC will receive a 25% discount for any other employment law advice sought from Paul MacMahon.

Considering the high costs which could arise from WGHC being involved in such an action the CEO believes this is a good risk management strategy and investment. Committee discussed and agreed.

Committee noted the report.

7. ASSET MANAGEMENT & MAINTENANCE

7a) Purchase of New Play Park Equipment

Committee were presented with a proposal and quote to replace the wooden climbing frame in the Granton Mill Crescent Playpark; which is currently just over 20 years old.

Photographs, illustrations and diagrams were provided of the existing and proposed new frame.

Wicksteed quoted £14,880 + VAT for the removal and replacement of the old unit and for the surfacing around the unit. Committee were advised a budget of £35k was put aside in the 2020-21 budget for the purchase of the equipment.

Committee wanted assurance that the spend would come from the 2020-21 Budget and not this year's budget. The CEO confirmed the spend would come from next year's budget as the works would not be carried out now until the weather improved in early Spring and this meant after the end of the current financial year.

Committee agreed:

- **To approve the purchase of the new climbing frame unit at a cost of £14,800 + VAT (for removal, installation and resurfacing).**

7b) Stock Condition Survey Update

Committee were advised 166 surveys had been completed to date with the remaining surveys now booked in for March 2020. Informal feedback from the Chartered Surveyor to date, is the WGHC properties are in good condition with only minor repairs identified so far. Committee will be kept updated.

Committee noted the report.

8) HOUSING MANAGEMENT

Rent Arrears

It was reported to Committee that Gross arrears (non technical) arrears are 1.22% against a benchmark of 1.30%.

Two arrears cases were upcoming with Court dates:

Case 1: Balance £1,843.90 which calls 6th March 2020. The case has been continued on numerous occasions to date to monitor payments. The tenant continues to make payments but not in accordance with the repayment plan agreed in Court. This case will be monitored and it could be WGHC request yet a further continuation to continue to monitor the irregular payments.

Case 2: Balance £ 1,250.52 which calls on 14th February 2020. The tenant has broken numerous arrangements in the last 12 months and has been advised we will not enter into further arrangements but to pay as much as possible before the case calls. It is likely a repayment plan will be agreed in Court and a 12 week continuation sought.

We have a small but increasing number of tenants (16) claiming Universal Credit. The rollout of Universal Credit has again been delayed and now has a completion target of 2024.

Allocations

We continue to have a steady turnover of voids with some being advertised through Edindex (Key to Choice) after we have exhausted our internal transfer list. Further details have been provided in the Quarterly Performance Reports so Committee were referred back to Appendix 4.

Antisocial Behaviour (ASB)

As previously reported, we have a tenant who had plead guilty to charges of Breach of the Peace and Possession of an offensive weapon in the locality. The tenant did not receive a custodial sentence but ordered to carry out 200 hours of Community Service. WGHC are currently seeking advice from TC Young Solicitors about the possible conversion to a Short Scottish Secure Tenancy. Committee will be kept updated.

Committee noted the report.

9) Donations & Sponsorships

Committee were advised WGHC had been approached by a local volunteer group run out of the West Pilton Neighbourhood Centre. The Helping Older People Excel (H.O.P.E) Club serves approximately 20 local older persons by providing return transport from the homes to the centre one day a week.

2 of the group are WGHC tenants. At the centre they are provided with breakfast, lunch and a variety of activities and they have also put on a Christmas Lunch, Burns Supper and have a Valentine's Day event coming up. Activities include sewing, knitting, dominoes, bingo, various other arts and crafts, etc.

The average transport costs for each session is approx. £50 and at the moment their only other funding source is from the West Pilton Neighbourhood Centre's Committee who also have other local projects to support and fund. H.O.P.E has asked for a donation of £1,000 which would help meet the group's transport costs for at least 20 weeks.

Committee were extremely supportive of the work and service H.O.P.E provides to the local community. Several Members were aware of the group's organiser and that she has been an active Community Volunteer Member over 20 years and has been involved in many successful projects over that time.

Committee unanimously agreed to award the donation of £1k.

Committee were advised the £3.5k budget for donations for 2019-20 has already been spent. They were asked if they would like to defer the donation until April 2020 or authorise an overspend for the 2019-20 budget.

Again Committee were unanimous that the donation should be paid as soon as possible to the Club to help them with ongoing transport costs as they felt it may be disadvantageous if they had to wait another 8 weeks before receiving the funds.

Committee agreed:

- **To an overspend in the 2019-20 budget by £1k to allow the donation to be made to the H.O.P.E. Club without delay to ensure continuity of its service provision within the local community.**

10)AOCB

There were no items raised under AOCB.

11) DATE OF NEXT MEETING – Wednesday, 11th March 2020

Committee approved:

- **that the next meeting would be on Wednesday, 11th March 2020.**

Signed  Date: 11th March 2020

Chairperson