

**LINTHOUSE HOUSING ASSOCIATION LIMITED
MANAGEMENT COMMITTEE MEETING
Approved Minute** of a meeting held at
1 Cressy Street, Glasgow and via Zoom on
Tuesday 28 March 2023 at 6.00pm

PRESENT

Alec Leishman, AL
 Marc-Andre Schmitz, MAS
 David McGeoch, DM
 Sheila McGeoch, SM
 Collette Ness, CN
 Mary Ray, MR
 Frank Murphy, FM
 Heike Bley, HB
 Graham Gillespie, GG (via Zoom)

CO-OPTTEES

Paul Phin, PP
 William Pritchard, WP
 Carrie McCafferty, CMcC
 Fumni Fajemiseye, FF (via Zoom)

IN ATTENDANCE

Irene C. McFarlane, IM (Chief Executive Officer - CEO)
 Bryan McMahon, BM (Director of Property Services – DPS) (via Zoom)
 Alison Greig, AG (Corporate Services Manager (CSM))
 Fettes McDonald, FMD (FMD Financial Services LTD)
 Michelle Fegan, MF (Corporate Services Officer & Minute Taker)
 Emma Shaw, ES (Corporate Services Admin Asst.)

<p>1. APOLOGIES</p> <p>1.1 AL opened the meeting and thanked DM for stepping in as chair at the meeting of 14 February 2023.</p> <p>1.2 Apologies received from Christine Rush and Susan Brown.</p> <p>1.3 HB advised that she is still struggling to access the new Outlook email and will need further help with using this. MAS will also have to be contacted regarding accessing the new email system.</p>
<p>2. DECLARATIONS OF INTEREST</p> <p>2.1 No declarations of interest were raised by the attending members.</p>
<p>3. DECLARATIONS OF ETHICAL BEHAVIOUR & NOTIFIABLE EVENTS</p> <p>3.1 All those present at the meeting confirmed that there were no breaches of ethical behaviour that they were aware of.</p> <p>3.2 IM confirmed that there were no notifiable events since the previous meeting.</p>
<p>4. MINUTE OF PREVIOUS MEETING ON 14 FEBRUARY 2023</p> <p>4.1 GG asked for 9.9 to be updated to note what Option 2 was.</p> <p>4.2 GG also noted that he had requested that a complaints report be brought to each meeting to keep track of any not meeting the timescales and for this to be noted under 10.3 and that the date of next meetings should list the dates as per that meeting and not future dates.</p>

4.3	SM asked for the need at 10.3 to be changed to needed.
4.4	Subject to the amendments CN proposed the minute as accurate and this was seconded by MR.
4.5	Committee APPROVED the Minute of 14 February 2023
5.	UNAPPROVED MINUTE OF AASC MEETING HELD 21 FEBRUARY 2023
5.1	AL invited GG as Chair of AASC if there was anything he wished to bring to the Committee's attention. GG advised there was nothing to elaborate on, that the meeting had focused on the quarterly management accounts, noted a change to the audit plan and the new format of the Risk Register which was being presented tonight. GG also advised that the AS-Crip had been reviewed and that he and DM would be arranging sessions to test the links.
5.2	Management Committee NOTED the Unapproved Minute of AASC meeting held 21 February 2023.
6.	MATTERS ARISING, ACTION POINT REGISTER
6.1	No comments or questions were raised on the Action Point Register and no matters arising were raised.
6.2	Committee NOTED the Action Point Register.
7.	QUARTERLY MANAGEMENT ACCOUNTS TO 31 DECEMBER 2022
7.1	FMD presented the quarterly accounts to the Management Committee advising that they had been reviewed by AASC at the meeting of 21 February 2023 and the main points to note were that the estimated surplus was £87,000 and the actual surplus is £47,000, which is down by £46,000. The various reasons for this are contained within the cover report however FMD advised he did not feel this lower figure was caused by anything dramatic and was mainly due to reactive repairs being 30% higher than budgeted and a higher number of voids.
7.2	FMD moved onto the balance sheet advising that the cash is fine sitting at £2.8 million, there are no issues with loan covenants and that the recent loan request with Utility Bank is progressing.
7.3	AL invited questions and SM asked about the income and expenditure page where the figures are shown as #DIV/0!. FMD explained that this is a result of excel where some formulas return a Zero result and if there are a lot of zeros it will come out as this.
7.4	Committee APPROVED the Quarterly Management Accounts to 31 December 2023.
8.	FINAL BUDGET 23/24
8.1	FMD presented the Final Budget for 2023/24, advising that as with any budget the position during the year will always be affected by starting dates for projects. He noted that under 2.2 that the pilot projects have not been included as these

have still to be agreed but it is recognised that if an update is required this will be done in due course.

8.2 FMD noted that acquisitions are going well and that the budget assumes a further 40 acquisitions taking place in the 23/24 year. FMD advised that for these acquisitions the assumes going [REDACTED] [REDACTED] but the actual experience suggests this will be unlikely and that the assumed budget on repairs will be affected by the condition on the properties and may well prove to be under budget as well.
This item is confidential as it is commercially sensitive, and publication would harm commercial interests.

8.3 FMD advised that the budget assumes a deficit of £611,000 and he has no concerns about this given the points made above on the acquisitions and there are no issues with loan covenants, although he would recommend keeping a close eye on the reactive repairs budget as this has been a large part of spend in recent years.

8.4 FMD covered the day-to-day income and the impacts that will be caused by differences in interest rates, activity spend and rent arrears on the cash in bank expectations. He then highlighted the cash flow statement noting that the figures at the bottom gradually decrease due to the planned spend but that they will also be impacted by the level of acquisitions and the outcome of the phase 4 tender.

8.5 AL opened for questions and asked FMD if, given recent increases in inflation and utility prices, whether there were other inflationary upsets that LHA may struggle to absorb. FMD confirmed that there was nothing to suggest this would be the case, all indications are that inflation will begin to go down in 2023.

8.6 AL also noted that the employer pension contribution has decreased in the budget. FMD agreed that expectation would usually be for this to increase given the salaries at Linthouse and he will double check the cause of this and circulate a response to the committee by email.

8.7 SM noted a concern about the Bank of England's announcement to increase interest rates and asked FMD whether this would be an issue. FMD advised it would not as the current budget assumes a base rate of 4.5% and indications are that the actual rate will be 4.25% max.

8.8 Committee **APPROVED** the Final Budget 2023/24

9. RENT POLICY REVIEW

9.1 IM presented the report advising committee that this was not a review for the rent setting policy but rather a report setting out that there will be a need for a further review to ensure that LHA is balancing its income against the levels of investment.

9.2 IM covered the history of the 2019 rent review and noted that, at that time, Arnell Johnston could not take into account the tenement strategy as it was not yet complete. However now that LHA has a tenement strategy and is spending roughly £900,000 per close there is a need to dig deep into our income and sources of income to ensure to support the level of spend.

- 9.3 IM provided an overview of the tables included within the report for the comparison to the Scottish National Average, costs per close for the first three phases of window and sandstone repairs and estimated costs for the further four phases, CTI costs and the risks for including owners in phases four to seven.
- 9.4 IM advised would be looking to carry out projection exercises along with FMD to recover significant portions of the investments over the 30-year projections and ensuring that any increases made allow for reinvestment of rents.
- 9.5 IM explained her thinking of the rent review would be for the base rate to be based on a weighted Scottish National Average rather than the Linthouse average, which was applied in 2019, and then apply the additional calculations for Linthouse properties. Doing this should generate an additional £192,500 per year which along with the grant money being applied to acquisitions will go some way to recover the investment costs. IM confirmed that the Housing Manager is testing our rents against the SFHA average, and this will be brought back to a future committee meeting if the request to proceed with a review is approved.
- 9.6 IM moved onto an issue raised in her report which had been discussed at the meeting of 14 February 2023 advising that following the discussion on the Allocation Policy everyone who had expressed an interest in selling their property to Linthouse had received a meeting and of the 10 interested parties, six had decided to continue and of these two want to transfer and acknowledge they will have to wait until they qualify showing that the decision made by the committee was correct. IM confirmed that the committee will be kept informed of acquisition progress.
- 9.7 AL opened for questions and asked FMD if the borrowing capacity in the report was correct and if so, is this considered a generous borrowing capacity. FMD confirmed that it is correct and that it is at this level due to years of lack of investment and development.
- 9.8 AL asked IM how agitated she was about the risks posed by phase four and the costs for the owners. IM confirmed that it is a wait with bated breath for the tender return and at the moment there are a lot of unanswered questions on the contractor side for costs.
- 9.9 MR noted that while it is good to compare with the Scottish average it may be an idea to look at the city average to see how LHA compares on that basis.
- 9.10 Committee **APPROVED** recommendation to carry out a rent review.

FMD left meeting at 19:12

Meeting paused at 19:12 for comfort break. All members returned at 19:20 and meeting resumed.

10. PROPERTY SERVICES REPORT

- 10.1 BM presented the report to Committee advising that many of the items were for noting and invited questions on these.
- 10.2 AL asked whether BM would be able to cover PP's earlier question on CTI's. BM confirmed that he had some documentation prepared that provided information

on the CTI's and upcoming pilots and would circulate that round all members by email.

- 10.3 BM confirmed that the intention to purchase Vital Spark was progressing with an acceptable offer being made to the owners. BM requested delegated authority to conclude the purchase of the property and confirmed that recent drawings of the amenity flats would be shared. Committee APPROVED delegated authority to DPS to conclude the purchase of Vital Spark.
- 10.4 BM advised that following the approval to add Union Technical to the approved suppliers list and had recently used a void property to complete the pilot clause and install insulation beading between the sandstone wall and plasterboard. This work has resulted in the property going from an energy efficiency rating of D60 to C72. While this is not enough to achieve EESH2 it is a significant improvement and would be a benefit to tenants.
- 10.5 BM advised that there are still a number of checks to do on this supplier before the grant is agreed and the committee will be kept up to date with the progress.
- 10.6 SM asked who the funders were for this grant. BM advised that the grant comes from the Eco Fund which is paid into by the energy suppliers and that checks on funders is part of the further work being done to ensure that it does not impact on LHA and other grants we may receive.
- 10.7 MR asked whether the company will be able to guarantee the works. BM confirmed this is another of the checks being carried out.
- 10.8 HB asked how fire safe the product was. BM confirmed that the data sheets rate the product with the highest safest rating and confirming this will be part of the checks.
- 10.9 CN asked about the holes created to insert the bead and whether these would just be left. BM confirmed that the contractor would fill in the holes however it will have an impact on the properties decoration and a decoration grant would be available to the properties to redecorate after the works are completed. CN asked whether it would be possible to do the work from outside as part of the sandstone repairs to avoid disruption to tenants. BM advised it wasn't possible to do it externally due to thickness of the walls.
- 10.10 PP asked if this is only getting properties to an energy rating of C how do we increase to an A or B without having to rip it out. BM advised that any work done to improve energy efficiencies has to be economically viable and it is unlikely that the sandstone tenements will ever reach an A or B rating.
- 10.11 After some further discussion, AL noted that this was a topic of great interest, and any further questions can be sent directly to BM.
- 10.12 BM then moved onto the update for the EICRs and apologised to the committee for the incorrect data contained within the report advising this was a mix up on the date the report ran to. BM confirmed that the correct figures should be 911 for number of properties with an EICR and 320 for number of properties requiring an EICR. BM advised he can email the revised figures round but AL noted that these were within the margin for error and comfortable with what had been updated tonight.

10.13 Committee **NOTED** the Property Services Report

11. PROCUREMENT & CONTRACT REPORT

11.1 BM moved on to present the Procurement & Contract Report noting there were a number of items for approval.

11.2 The first item covered the updated contractors list provided with the report. Committee **APPROVED** this updated list.

11.3 BM then moved onto contract extensions for four contractors which had been raised at the meeting of 14 February 2023. Committee **APPROVED**

- 1) Extend TIMETRA contract for duration of 23/24 on **6%** increase on existing terms.
- 2) Extend MP Group contract for duration of 23/24 on **7%** increase on existing terms.
- 3) Extend John O'Conner contract for duration of 23/24 on **7%** increase on existing terms.
- 4) Extend Environtec contract for duration of 23/24 on existing terms within current contract terms.

11.4 BM provided the committee with an update on the request from CCG to [REDACTED]. Committee **APPROVED** a [REDACTED] CCGs increased costs.

This item is confidential as it is commercially sensitive, and publication would harm commercial interests.

11.5 BM advised committee that the annual building insurance was currently under negotiation and that there will be substantial increases in some areas which are covered within the report. Committee **APPROVED** delegated authority for DPS to conclude the insurance premiums.

11.6 BM moved onto development consultation and noted that there had been a number of changes in the last few weeks and was therefore seeking for Hoos to be appointed on a short-term contract. Committee considered the options contained within the report and **APPROVED** option 2 - Appoint HOOS of Hub West Framework for delivery of both confirmed studies, and any future multi-disciplinary services required thereafter, and pay applicable fee to Hub West, albeit a % of those costs are funded by NRS for the overall feasibility costs. This would also allow us to appoint HOOS on any potential future studies such as Davislea. There is no commitment to use HOOS with this option, but this option gives LHA flexibility in engaging with HOOS as and when required whilst being 100% compliant with Public Procurement Regulations.

12. STRATEGIC RISK REGISTER

12.1 MF presented the new format of the strategic risk register to the management committee, noting the changes that had been made and the new accessibility of the document.

12.2 MR asked a question about scoring as it appeared that controls had little impact on the mitigated scoring. AL invited GG to respond. GG advised that the discussion tonight was to consider and approve the new format while the contents of the risks would be considered by the AASC at their next meeting and then by the committee as part of the business plan approval.

12.3 Committee **APPROVED** the new Strategic Risk Register format.

AL suspended standing orders at 20:00

13. **POLICIES (FROM PWG 14.3.23) FOR APPROVAL**

13.1 AG noted that the policies being presented tonight had been scrutinised at the recent Policy Working Group and that the changes requested from the PWG were noted in the report.

13.2 AL invited comments. None were submitted.

13.3 Committee **APPROVED** the

- Acceptable Use Policy
- Social Media Policy
- Repairs & Maintenance Policy
- Fire Safety Policy
- Gas Safety Policy
- Asbestos Policy
- Flex Policy / Flex Framework Guide

14. **AOCB**

14.1 **Membership request**

14.1.1 Committee **APPROVED** the membership request of [REDACTED].

14.2 **Business Planning Day**

14.2.1 AG reminded committee that the Business Planning Day was taking place on 05 April 2023 at House for an Art Lover and asked for everyone who had not yet confirmed their attendance to do so as soon as possible or submit apologies.

14.3 FO thanked the committee for their donation to Glasgow Safety Awareness and confirmed as soon as a date for the event had been scheduled would get an invite circulated.

14.4 IM confirmed that Cromdale Square had been nominated for a design award and that CCG were sponsoring a table for the night with two invites open for LHA reps to attend.

14.5 IM also confirmed that a recent assessment from the Scottish Housing Regulator had been completed and LHA were deemed as compliant. Only requirement is to keep them updated on progress with EICRs.

DATES OF NEXT MEETINGS:

- **Audit & Assurance Sub-committee** – Tuesday 16 May 2023 at 6pm

- **Staff Sub-Committee meeting** – Tuesday 18 April 2023 at 6pm
- **Policy Working Group** – Tuesday 06 June 2023 at 6pm
- **Management Committee meeting** – Tuesday 23 May 2023 at 6pm

Meeting closed 20:12pm.

Alec Leishman
CHAIRPERSON