

THE NEW HOUSING ASSOCIATION LTD

**Minutes of Management Committee held at 6.15pm
on Tuesday 27 November 2007 at 83 Green Street**

Present: Charlotte Levy, Yvonne McShea, Caroline Shepherd, Anne Scott, Margaret Vass, Aileen Christie, George Alexander, Pat Bradley, Colin Porteous, Jimmy McLellan, John Jackson, Anne McIvor

Attending: Charles Turner, Willie Sinclair, Beth Reilly, Brian Gannon, John Russell, Philip Milne (Tribal), Sheena Fergusson

Observers: William McQuilliam

1. APOLOGIES

Catherine Martin, Janice Shields and Janice Hamilton

NOTED

2. DECLARATIONS OF INTEREST AND SCHEDULE 7, HOUSING (SCOTLAND) ACT 2001 – PAYMENTS TO STAFF AND COMMITTEE MEMBERS

Margaret Vass declared an interest in Agenda Item 4(a) Update on GHA Secondary Stage Transfer and item 9.2 Holmbyre LHO Sub-Committee minutes.

NOTED

3. MINUTES OF MEETING HELD ON 23rd OCTOBER 2007

The minute of the meeting held on 23rd October 2007 was accepted as a true record. The minute was proposed by Charlotte Levy and seconded by Colin Porteous.

APPROVED

4. MATTERS ARISING FROM MEETING HELD ON 23rd OCTOBER 2007

a) Update on GHA Secondary Stage Transfer

It was decided that unless Committee wanted a discussion on this item Margaret Vass would not have to leave the room.

Charles Turner updated the committee on the above report. GHA had progressed 16 local housing organisations on to the next stage of the process. This would now entail the LHOs to develop a full business plan and draw up a sale and purchase agreement with GHA. A further 17 LHOs (including Thenew) had been invited to a meeting (14th November 2007) to look at ways to progress their submission. A further meeting with GHA (19th November 2007) was held to agree what happens next in the process relating to the properties Thenew manages. The table in the report shows Thenew's 'core stock' will either be 121 (after demolition) or 43 (after demolition and structural

survey) that will require new valuations and determine the asking price. Decisions will be progressed through both the Development and Holmbyre LHO Sub-Committees with a recommendation by the Management Committee and ballot.

Colin Porteous described to committee some of the defects that could be found in the "Wilson block" properties.

It was agreed that this matter should be progressed jointly by the Development Sub-Committee and the Holmbyre LHO Committee, until a final decision was required by the Management Committee.

DECIDED

5. BUSINESS PLAN & RENT REVIEW, 2008/2009 – PRESENTATION & DISCUSSION

Yvonne informed the committee that the presentations to be given were by Philip Milne of Tribal, John Russell, Beth Reilly, Brian Gannon and Willie Sinclair.

Charles Turner noted that committee were aware that the Management Team had been working on a viable long term Business Plan for several years. This Business Plan model will allow Thenew to assess the financial implications of key policy decisions such as rent levels, investment in housing stock etc. It will also allow the association to approach lenders with a view to refinancing some or all of its existing loan debt and to put in place additional borrowing facilities. This would assist the association to move forward with the delivery of investment across all of its stock, in particular the interwar stock in Calton and Bridgeton.

The association in 2004 had appointed TRIBAL to undertake an Options Appraisal over the LSVT stock acquired from Scottish Homes in 1995. This piece of work was put on hold in late 2005. In October 2007 TRIBAL were asked to complete the exercise with an extension to their original brief.

Phil Milne from TRIBAL presented the key findings from the reports.

He pointed out that a long-term business plan is not an accurate prediction of a financial position but a useful tool to help address key policy decisions such as rent levels and investment.

The presentation looked at:

Inflation

The Business Plan looked at an inflation rate of 3.9% initially, then 2.5% which reflects the accepted long term RPI rate for business planning purposes.

Stock numbers including RTB, sales and new build projects

Projections were given on stock numbers RTB sales and new build projects.

Rental and other Income

Rental income was based on the revised rent policy in year one. Average rent levels were assumed to increase by 1% above inflation.

It was pointed out that the rent strategy is a key issue for consideration by the Management Committee. Assumed increases in the Business Plan could give rise to issues surrounding affordability and comparability with other RSLs in the area.

Void and Bad debts were also taken into consideration and assumed to be 1.5% per annum although 2% would be considered a good performance benchmark.

Other income including RTB/shared ownership sales, factoring fees, grants etc were all taken into account.

Management Costs

These included employee costs, central overheads and other costs.

Employee costs were based on the current approved staffing structure and it was assumed that salaries increase by 0.25% above RPI each year. It was also assumed that the structure stays the same.

Central Overheads were based on the 2007-08 approved budget.

Other costs which include providing services to tenants, property insurance and wider action costs were assumed to increase annually in line with inflation.

Repairs and investment expenditure

Major repairs, Scottish Housing Quality Standard, cyclical repairs, core cyclical repairs, and cyclical maintenance costs were all taken into consideration. Costs for these were calculated to reflect construction industry cost increases.

Financing costs

The presentation looked at the association's debts, interest on surplus funds and interest payable on new borrowing. The presentation showed that Thenew is a financially strong association.

The presentation looked at the sustainability of Thenew's stock and found that no estates are poor performers.

Estates within Bridgeton and Calton contributed positively to Thenew's cash position but decisions would need to be made on whether or not it was worth investing in.

Colin Porteous raised his concerns about lack of commitment to increasing energy efficiency and sustainability in the existing stock and raising standards of efficiency in new build.

It was confirmed that the financial projections were based on meeting SHSQ standard.

Margaret Vass pointed out that there was some headroom in the business plan to include some changes.

Presentation by John Russell, Head of Finance, and Beth Reilly, Head of Development and Technical illustrated the financial impact of the different key strategic objectives using the Business Plan model and highlighted the issues surrounding the Calton and Bridgeton Interwars stock.

New office premises

Committee were informed that new office premises for our staff and customers were required. The lease on the Bridgeton area office runs out in 2010 and there is no scope for the staff to move to the registered office at 83 Green Street. It was proposed that new offices are built.

Interwar stock in Bridgeton and Calton

The residents of the Bridgeton Interwar stock consist of 24 owners and 325 tenants. There is a low demand for this stock, high turnover of tenants, poor perception of stock, fewer owners, and increasing land values. The preference would be to demolish this stock.

The residents of the Calton Interwar stock consists of 54 owners and 259 tenants. The preference would be to retain this stock and change the appearance by overcladding.

John Russell presented two scenarios for the committee to consider.

Scenario 1

Scenario 1 consists of:

- Building New Office Premises in year 4
- Overcladding Calton Interwars Stock in year 3
- Demolition of Bridgeton Interwars Stock

Cash flow projections show that if new offices were built and demolition of Bridgeton stock took place Thenew would still be in a good financial position. The overcladding of Calton Interwars Stock would put Thenew's finances into a negative position. However refinancing could make savings in Thenew's existing debts to again make the organisation financially viable.

Scenario 2

Scenario 2 consists of:

- Building New Office Premises in year 4
- Overcladding Calton Interwars stock in year 3
- Retaining the Bridgeton Interwars stock and overcladding in year 8

Cash flow projections showed that the three objectives would be achievable and the association would still be viable. However the perception of stock may not change.

John then presented slides that showed the effects of alternative rent increases in 2008/09.

If Scenario 1 was the preferred option a rent increase in 2008/09 of RPI + 1% would give a surplus of £2,303m. However if a rent increase of RPI only was applied this would give a deficit of £7,113m.

If Scenario 2 was chosen as the preferred option a rent increase of RPI + 1% would give a surplus of £5,716m. However if a rent increase of RPI only was applied this would give a deficit of £4,584m.

Beth and John recommended Scenario 1 to the committee as the preferred option and asked the committee for their comments and recommendations.

Colin Porteous informed the committee that there are alternatives to cladding for example, cavity wall insulation and good masonry paint or a thin render. This would give a cost saving to the organisation.

Beth explained that the properties in Calton already have cavity wall insulation and in some places this is failing. She also explained that it is important to change the appearance of the buildings and people's perception of the buildings.

Caroline Shepherd asked if realistic assumptions on cash savings with regard to refinancing have been made. John Russell assured her that conservative estimates had been made.

Margaret Vass asked if factors such as the Commonwealth Games had been taken into consideration. Beth confirmed this had not been taken into consideration.

Yvonne McShea asked if committee could decide on a strategy first and look at the detail later and John Russell confirmed that the decisions made at the meeting need not be final and committee may want to spend more time looking at the key issues.

Brian Gannon and Willie Sinclair gave a presentation on the 2008/09 Rent Review.

The aim of the presentation was to remind committee of the key objectives of rent setting and review, present findings on affordability and comparability and assured rents and occupancy charges for tenants and sharing owners for 2008/09.

The presentation showed that Thenew rents for 1, 2, 3 and 4 apartment properties were lower than for other Glasgow RSL's but rents for 5 apartment properties were higher.

Compared to our Peer Group, Thenew's rents for 1, 2 and 3 apartment properties were lower although for 4 and 5 apartments they were higher.

Thenew's rents for 1, 2 and 3 apartment properties were lower than the Scottish average although higher than the Scottish average for 4 and 5 apartments.

The SFHA definition of affordability was questioned due to changes in benefits and tax credits. The majority of rents in Scotland for families on minimum wage have been found to be affordable with Housing Benefit dependency most likely for working families with children.

As previous income surveys and SCORE data had proved unreliable and assessment of the possible income gain from working as opposed to be reliant on benefits was used. Households living in different Thenew properties where the head of the household is on the minimum wage were assessed.

The conclusions made were that:

- All those working 29 hours and above at the minimum wage gain in income if they work, however for some higher rents they will require partial Housing Benefit.
- The SFHA definition of affordable rents suggest that if you are reliant on Housing Benefit then the rent is not affordable, however the presentation showed that all groups will be better off if they work, despite being reliant on Housing Benefit and Housing Benefit can lead to access to additional income.
- The calculations in the presentation showed that for those living in larger properties, reducing the rent will not make a significant difference, as the tenant will no longer receive partial Housing Benefit, therefore there will be a corresponding drop in income.

The recommendations made by Brian and Willie were

- No change to Rent Factors and Points
- Staff consider that the balance of points between different factors is correct
- There is no need to vary the increases in additional bedspaces.

The committee were reminded that:

- This is the 3rd and final year of rent phasing for some tenants so the rent increase will be in addition to the phased increase.
- Based on the agreed Business Plan Strategy and increases of RPI + 1% on assured rents was recommended

The Committee were asked to approve the 2008/09 Rent and Occupancy Charge review for consultation with tenants and sharing owners:

If approved the next stages would be

- Consultation with tenants and sharing owners on proposals
- Management Committee approval of rent increase on 12 February 2008
- Rent Review letters to tenants and sharing owners out before the end of February.

Committee agreed with Brian and Willie's proposals

Some concerns were raised over the tenants in Bridgeton whose properties were going to be demolished. Brian informed the committee that the tenants would all be consulted. Depending on their preferences would be put into new build properties if possible or given allocation priority to transfer to other stock in the Bridgeton area.

Caroline asked if there was any scope for further discussion to be held on 12 December and it was agreed that there was, as we had yet to establish our 2008/2009 operational objectives.

Yvonne noted that there were a lot of decisions to make in the coming months. In order to enable Thenu staff to keep momentum going and move forward it was therefore decided that

1. New offices be built, and factored into our financial projections from 2008/2009 onwards, at a cost of circa £3 million with efficiency savings of £90k, from year five.
2. Overcladding of Calton Interwars properties and Madras Street should progress, at a cost of £2.7 million, (318 units), from year three. Alternative overcladding options should be explored, which may be more cost effective.
3. More discussion to be held on demolition of Bridgeton Interwars properties. This to be progressed during 2008.

DECIDED

6. INTERNAL MANAGEMENT PLAN 2008 – 2011 - PREPARATIONS

This report sets out the arrangements for Wednesday 12th December 2007 for the Staff and Committee Induction and also for time to be set aside for the preparation of next year's Internal Management Plan.

Management Committee were asked to indicate if they were participating in the event or not. 11 Committee members present indicated that they wish to attend.

NOTED

7. RUBY STREET / BALTIC STREET – PROPOSAL FOR 24 UNIT DEVELOPMENT

These two sites have been included in the association's last two SDFP submissions and there has been a Feasibility Study completed over the sites, which indicates that it would be possible to develop approximately 24 units across both sites. This would be two-storey accommodation providing a mixture of cottage flats and houses.

Colin Porteous raised his concerns about using the same specification in this development. Committee were informed that due to the timescales involved Thenew had no choice but to go with the same specification.

Colin Porteous declared an interest in the appointment of consultants and left the room.

Committee are requested to:

- i) approve the appointment of the Design Team members (named in report) for the sites at Ruby Street / Albany Street.
- ii) authorise staff to proceed to Tender Stage subject to receiving appropriate assurances from Glasgow City Council.
- iii) approve the contractors (named in the report) for inclusion on the tender list.

DECIDED

Colin rejoined the committee.

8. POLICY REVIEW

- 8.1 Planned Maintenance Policy (previously incorporated in the repairs & maintenance policy) - approved
- 8.2 Attendance Management Policy (last reviewed in March 2005) – approved.
- 8.3 Policy on Disposal of Redundant Computer Equipment (new policy) – approved
- 8.4 Remit of Finance and Staffing Sub-Committee (last reviewed in October 2006, but minor amendment proposed in Section 10.10b) – approved
- 8.5 Remit of Development Sub-Committee (last reviewed in March 2007) – approved
- 8.6 Remit of Housing Management Sub-Committee (last reviewed in March 2006) - approved

9. SUB-COMMITTEE MEETING MINUTES:

- 9.1 Audit Committee, 22nd August 2007
- 9.2 Holmbyre LHO Sub-Committee, 29th October 2007
- 9.3 Finance & Staffing Sub-Committee, 14th November 2007

The committee noted the various sub-committee minutes.

NOTED

10. EXECUTION OF DEEDS AND CONTRACTS

None

11. APPLICATION FOR MEMBERSHIP

None

12. CORRESPONDENCE

- 12.1 Glasgow Housing Association and Secondary Stage Transfer
- 12.2 Scottish Federation of Housing Associations, Annual General Meeting
- 12.3 Scottish Federation of Housing Association, Consultation on Housing Green Paper
- 12.4 Glasgow & West of Scotland Forum of Housing Associations
- 12.5 SHARE: Notification of two new courses
- 12.6 New Publications

A letter had also been received from the Chair of Friends of the Weavers thanking Thenew for the opportunity to give a talk and to ask if the office could be used on a regular basis for their meetings and if a member of staff or committee would like to join their committee. Kevin Dunsmuir a Housing Assistant with the Calton team has agreed to be Thenew's representative on this committee and Charlotte Levy also expressed an interest in this. Committee agreed the use of the meeting room by Friends of the Weavers and Kevin joining their committee.

Margaret Layden of Playbusters had contacted the office the day before the Management Committee to advise that Playbusters had been nominated for one award but had in fact won three.

NOTED

It was agreed at this point that standing orders be suspended, as the meeting had been going for two hours. This was agreed to allow the remaining matters to be dealt with.

13. ACQUISITIONS AND DISPOSALS

Proposal to buy back shared ownership property at 54 Kerr Drive

The sharing owner had disputed the District Valuers initial valuation of £50,000. The District Valuer revalued the property and confirmed a valuation of £125,000 -£130,000. After some discussion and because of the difference in valuations it was decided to have another valuation carried out and delegate the decision of buy back to the Chief Executive – subject to valuation.

DECIDED

There were no disposals.

NOTED

14. HOUSING GREEN PAPER – THE FUTURE OF HOUSING IN SCOTLAND

This will be further discussed at the Internal Management Planning day on 12 December.

NOTED

15. ANY OTHER BUSINESS

There will be no meeting of the Wider Role Sub-Committee held until early in 2008.

NOTED

16. DATE OF NEXT MEETING

The next meeting of the Management Committee will take place on 12th February 2008 at 6.15pm.

The meeting finished at 8.25pm.

I certify that the above minute has been approved as a true record and accurate record of the proceedings.

Signature: _____
Yvonne McShea
Chairperson

Date: _____