

**MINUTES OF MEETING OF THE MANAGEMENT COMMITTEE HELD ON TUESDAY 13 OCTOBER 2020 AT 6.30 P.M. VIA A VIDEO CONFERENCING LINK (BUSINESS PLAN APPROVAL)**

**ACTION**

**Present:**

Mr J. Hillhouse	Chairperson/Treasurer	Elected Member
Ms. C. McGarrity	Vice Chairperson	Elected Member
Mr J. Calderwood		Elected Member
Mr. J. O'Donnell		Elected Member
Mrs K. Brown		Elected Member

**In Attendance:**

Mrs S. Keenan	Chief Executive
Mrs L. Lees	Head of Finance & Corporate Services
Mr. J. Farrell	Head of Housing Services

**1. Apologies**

Apologies were received from Mrs K. Tennant, Mrs. L. Breeze and Ms. D. Smith. It was noted that a quorum was present to enable the meeting to go ahead.

**2. Draft Business/Financial Plan Review 2020-2025 - Presentation**

The Chief Executive thanked those present for their attendance at the meeting and proceeded to refer to the prepared presentation.

**Draft Business Plan Review 2020-25**

**Introduction/Executive Summary**

The Chief Executive reminded the Management Committee that the Business Planning process began in February 2020 when Alan Ferguson from SHARE covered "What's on the Horizon for HA's". The session, which representatives of Dalmuir Park and Faifley Housing Associations had also attended, identified current risks as well as those which had been previously identified in our Business Plan. Risk was also covered at a further training session delivered by Gary Dalziel in February where the information and comments discussed had been included in the Draft Plan (SWOT analysis). However, the remainder of the process (normally completed in May each year) had been significantly disrupted by Coronavirus, something that we could not have predicted away back at the start of the year.

The Chief Executive also reminded the Management Committee that Governance was also discussed at these sessions and it was agreed that this represented leadership - leading the organisation, decision making and setting the strategic direction, all of which were linked to the Business Planning process. All agreed that planning was integral to the success of the organisation as was ongoing performance and monitoring of targets set. The draft Business Plan as presented included what we propose to focus on, how we will do it and when as well as containing background information on our organisation and a summary of the external environment.

The Management Committee noted that due to Coronavirus, the process this year was back to front as the detailed Draft Business Plan was presented tonight in its entirety for review and approval. It was noted that

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the following had been previously sent out to Management Committee members: -

1. One version with tracked changes to narrative
2. One clean version of narrative
3. Financial Plan

The Chief Executive referred the Management Committee to and read through the Executive Summary and emphasised that Coronavirus was and still is an ongoing challenge, however, we have demonstrated that we are well equipped to deal with the ever changing government advice/measures thus far. It was agreed that this risk was likely to remain at the forefront of our business/business operations for some time and the Association is sure to be at the heart of the community offering assistance to tenants and other customers where we can.

The Management Committee acknowledged the Association's significant efforts during the course of the past 7 months and the positive contribution made to both to the wellbeing of the community as well as our ability to continue to deliver our services.

The Chief Executive intimated that the effects and potential ongoing effects of Coronavirus had been reflected throughout the Business Plan.

At this point, the Chief Executive reviewed the contents page and indicated that we would go through the whole Plan with the Committee but that the main focus would be on those areas which required full review and agreement as follows: -

- Key Focus/Priorities for 2020/21
- Where we are/what we do?
- Mission Statement
- Strategic Objectives
- SWOT/PEST Analyses/Risk Registers
- Performance/Internal Targets 2020/21
- Financial Plan 2020-25
- Next Steps

The Chief Executive emphasised that any further additions or amendments identified by the Management Committee as we go through the document would be incorporated.

**Key Focus/Priorities**

The Management Committee reviewed the 9 priorities listed below (most of which remained unchanged from the previous Business Plan) all linked to our current objectives and unanimously agreed that these should be the focus going forward. No further priorities were identified.

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- 1) To limit the adverse impact of Covid-19 on our tenants and other service users, service delivery, financial and non-financial resources and general business operations including public access. (Linked to all 7 objectives)
- 2) To continue seeking out development and funding opportunities to increase the diversity of our stock whilst meeting the requirements of the Local Housing Strategy and contributing to the regeneration of Clydebank. (Linked to Objectives 1, 4 and 7)
- 3) To mitigate current risks to CHA, its tenants and other customers in relation to fuel poverty and to promote digital and social inclusion agendas whilst taking cognisance of our environmental impact. We will do this through the provision of support and advice, signposting and delivery of our regeneration activities and funded projects. (Linked to Objectives 2, 4, 6 and 7)
- 4) To mitigate current risks to CHA and its tenants in relation to welfare reform and maximising tenancy sustainment through provision of support and advice, digitalisation and further staffing resources. (Linked to Objectives 2, 4, 6 and 7)
- 5) To ensure continued SHR governance compliance as well as meeting the requirements of the SSHC through continued performance reporting and benchmarking and customer engagement (via tenants' panel and focus groups, consultation register and registered tenants and residents associations). (Linked to Objectives 4, 5, 6 and 7)
- 6) Exploring opportunities to address static demand at multi-storey flats including the provision of flexible housing options which meet the changing needs of older people and which may prevent or delay a move to a care home and/or reduce hospital admissions. (Linked to Objectives 1, 4 and 7)
- 7) To protect cash flows by exploring new investment opportunities and closely monitoring effects of increasing costs in relation to new energy efficiency standards, arrears and bad debts and Covid-19 and ensuring value for money from our business, especially our Major Repairs Programme through appropriate procurement practices. (Linked to Objectives 3, 6 and 7)
- 8) Participate in Investors in People (IIP and IIYP) assessments and maintain standards (Linked to Objectives 6 and 7)
- 9) Assessment and promotion of Centre81 and its activities to ensure long-term viability and sustainability (Linked to Objectives 4 and 7)

**Where we are and what we do and our Mission Statement**

The Management Committee reviewed our current legal structure and activities and unanimously agreed that our existing Mission Statement sums up what we do and remains relevant. It was agreed that we are not just about housing and therefore the Mission statement should remain unchanged.

**CHA Objectives**

The Management Committee were reminded that our Mission Statement is backed up by our 7 objectives as listed. Each objective was reviewed

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and it was unanimously agreed that these continue to be relevant and should remain unchanged except for the following addition (in bold) to Objective 6: -

“To ensure that our resources are adequate to deliver our objectives by investing in our people, **increasing digitalisation**, demonstrating value for money and through robust procurement practices”.

The Management Committee was reminded that detailed action plans in Appendices 1 and 2 of the Business Plan set out how we intend to deliver each objective as well as our equality and disability plans and progress towards delivery will be reported in our next Business Plan Performance Report.

**SWOT/PEST Analyses and Risk Registers (Appendix 4)**

The Management Committee reviewed the strengths, weaknesses, threats and opportunities and noted that the starting point had been the content agreed by the Management Committee last year. After lengthy discussion, it was agreed that future local and UK elections should be added to “Threats”. The information in the PEST analysis was reviewed and noted and no further additions to the risk registers were proposed.

**Internal Performance Targets**

The Management Committee reviewed the table of key performance indicators, previous years’ performance and proposed targets for 2020/21. It was confirmed that the targets had been purely based on last years’ results and had not been adjusted to predict potential impact of Covid-19 on certain areas including re-let times and arrears. Following discussion, the proposed targets were unanimously approved.

**Draft Financial Plan 2020-2025 (Appendix 5)**

The Head of Finance and Corporate Services referred to the draft Financial Plan which had been circulated prior to the meeting and went through it in detail. It was confirmed that these financial projections have been updated to reflect the impact of the pandemic in areas such as rent affordability, treasury management and interest rates, our planned investment programme and arrears recovery levels.

It was noted that the Financial Plan was prepared in accordance with The Scottish Housing Regulator’s (SHR) Business Planning guidance (December 2015) alongside the SHR’s Supplementary Advice in Response to Covid-19 issued in August 2020.

The following main points were noted: -

- Financial plans are reviewed on an annual basis and includes short, medium and long term projections, sensitivity analyses to

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reflect different economic/legislative scenarios as well as loan covenant information

- Updated cash flows have been prepared and include accurate Life Cycle Costing figures for Major/Cyclical repairs and the full cost of the major repairs is reflected in the cash flows
- Year 1 represents the current Budget for 2020/21
- 5-year base cash flows have been prepared in line with the Five Year Financial Plans (FYFP) return submitted to the SHR
- 30-year base cash flows have been prepared in line with the same assumptions as the 5-year cash flows in addition to a series of scenario testing which reflect the key risks currently facing the organisation, namely Covid-19, welfare reform and Brexit as well as potential changes in bank interest and lending rates and inflation increases
- Rent increase assumptions for base cash flow include a 1% real rise above inflation rate (which has been estimated at 2%) with voids, arrears and bad debts set as a deduction of 6% of income
- From 2022/23, an additional £329k has been incorporated for rental income expected for the Queens Quay development. However, no rents have been included for the Linnvale Church development or from the mid-market subsidiary company
- The Association continues to be in a healthy financial position and has the resources to deliver its current investment programme

After detailed explanation of the various scenarios, mainly based around the current main risks of rent affordability, our substantial investment programme and the risk of increasing maintenance costs, the Management Committee noted and agreed that the scenario testing demonstrated that less than inflation rent increases and higher than inflationary increases in maintenance costs given the level of major repairs scheduled in the next 7 years, would present the greatest risk to our cash position. It was agreed that we would avoid purposely going into a deficit position and that major repairs would be rescheduled as required to ensure both covenants were complied with and our cash position remained healthy. The major repairs position would be reviewed on an ongoing basis and at least annually when the financial plan and assumptions are updated.

The Management Committee agreed the assumptions behind the financial plan and information contained therein including the following: -

- £100k per annum allocation for open market/shared ownership buy back purchases over the next 5 years
- £130k expenditure over the next 3 years to update internal digitalisation which will improve services to tenants and other customers and assist in the delivery of our objectives has been factored into plan

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On closing, it was reiterated that the financial plans demonstrate that the Association remains on a sound financial footing through prudent financial planning and by ensuring income maximisation and cost efficiencies throughout the organisation.

**Next Steps**

The Chief Executive asked if there was any further information required by the Management Committee. The Management Committee confirmed that it was satisfied with the content of the draft Plans and unanimously approved the Draft Business and Financial Plans 2020-2025 as presented.

It was noted that the following would now take place: -

- Presentation to Staff
- Presentation to Tenant Panel
- Presentation to our 2 Residents' Associations
- Summary would be posted on our web page with opportunity for customers to feedback on web feedback form
- Major Repairs Plans for tenants and owners to be updated as required

All feedback received would be presented to the Management Committee at a future meeting.

**3. Date and Time of Next Meeting/Training Session**

As per the schedule.

Meeting closed.

Checked by: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED .....

PROPOSED .....

SECONDED .....

**SK/SF**

\* Indicates report issued with agenda