

Prospect Community Housing
Committee Meeting – January 2023
25 January 2023, 7:00 PM — 9:00 PM BST

Present:	Naomi MacKenzie Jolly Oluka Peter Matthews Mo Connolly Chuks Ododo Amanda Miller Mary MacRaid Alan Gee Sharon-Lee Bow Shulah Allan Simon Campbell Brendan Fowler Catherine Louch Neil Munro Colin James Marianne Wilson	Chairperson Secretary Treasurer Vice Chair Committee Member Committee Member Committee Member Committee Member Committee Member Committee Member Committee Member Director Housing Manager Property Services Manager Finance Manager Corporate Services Officer
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Apologies:	Milind Kolhatkar	Committee Member
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1	<p>Welcome and Apologies</p> <p>Naomi MacKenzie welcomed all attendees to the meeting and apologies were noted for Milind Kolhatkar.</p> <p>Brendan advised Milind has requested a leave of absence from meetings up to and including the end of June 2023, this was proposed by Alan Gee, seconded by Peter Matthews, and approved by all members present.</p>
2	<p>Declaration of Interest</p> <p>There were no declarations of interest.</p>
3	<p>Minutes of Meeting held on 30 November 2022</p> <p>The minutes of the meeting held on 30 November 2022 were proposed by Shulah Allan, seconded by Peter Matthews, and approved by all members present.</p>
4	<p>Matters Arising Report</p> <p>The Matters Arising report was noted.</p>
5	<p>Register of Undertakings</p> <p>The Register of Undertakings were noted.</p>

6	<p>Policy Review</p> <p>COR20 IT System Security and Use policy was presented by Brendan Fowler, who noted there were a number of changes to this policy. Some points have been taken out that were procedural and moved to the procedure.</p> <p>A question was raised that some committee members use their own devices to access Convene and whether guidelines should be produced on this.</p> <p>Brendan advised that we would draft something for committee members to sign regarding the IT Security on their own laptops/devices when they are accessing Convene. We can also look to remove confidential items on Convene after the confidential meeting has taken place.</p> <p>Brendan also noted that Convene has a multi factor authentication option and Prospect are looking into this and the different options before rolling out.</p> <p>COR28 Freedom of Information policy was presented by Brendan Fowler, who noted that there are no significant changes to this policy.</p> <p>The decision to accept these policies was proposed by Alan Gee, seconded by Peter Matthews, and approved by all members present.</p>
7	<p>Management Team Report</p> <p>Brendan gave an overview of his section of the report, discussing the recent visit from the Cabinet Secretary, Shona Robison.</p> <p>Neil noted that the new member of the Estates Team has settled in well and we are now no longer recruiting for the Estates team.</p> <p>Catherine highlighted the funds that Caroline has managed to secure for the Energy projects.</p> <p>It was asked if tenants get in touch to say if they are needing assistance and Catherine advised we have recently issued some Warm and well packs for the over 70's and Fiona keeps a list of people that she knows are struggling with their energy costs too.</p> <p>Colin had nothing further to add to his section of the report.</p>
8	<p>Quarterly Management Accounts to 31 December 2022</p> <p>Colin James introduced the Quarterly Management Accounts for the period ending 31 December 2022.</p> <p>Colin explained that the surplus of £1.049m was £70k ahead of target at this stage, but that the expectation from recent reforecasting was for this to be £72k below budget by year end & went on to explain relevant variances in more detail.</p> <p>Colin also highlighted the capitalised spend on components, noting that in Quarter 3 there is a significant underspend of £130k which is forecast to narrow to around £84k in Quarter 4.</p>

	<p>It was questioned if there is a link between higher voids and void maintenance costs. Colin explained that the void maintenance spend is on budget, so the overspend was due to the higher number of voids during the year rather than high unit costs. It was asked if there is a reason for the higher number of voids, Catherine replied that this year there have been a lot of decants required, which will be showing through the rent loss. We should be able to get most of the rent back through insurance. We also have had some voids due to tenants passing away, so it has taken longer to get keys back and properties back into a condition to re-let.</p>
<p>9</p>	<p>Budget</p> <p>The treasurer introduced the covering paper for the Budget and advised that the Budget Working Group agreed on the 4% rent increase. Peter talked through how the Budget Working Group came to this decision.</p> <p>Scenarios were considered by the Working Group to test the assumptions that were being made around rent freezes or if rents fell significantly short of or alternatively matched continued high inflation rates.</p> <p>A discussion took place around the consequences if Prospect chose to freeze rents this year. Peter said that both costs and consequences for tenants were at the forefront of the conversations of the Budget Working Group, and a one-year rent freeze would impact tenants negatively due to likely reductions in funds available for maintenance. A longer rent freeze or greater shortfall against inflation was projected to have very serious business consequences with a requirement for deep expenditure cuts likely to curtail planned maintenance and compromise EESH2 / net zero targets. Under these extremes tenants could end up with outdated non-compliant heating systems and steep compensating future rent increases would probably be unavoidable.</p> <p>Brendan highlighted that Prospect's rent policy had generally aimed to smooth the ups and downs of rent increases. 4% is lower than most other associations in Edinburgh and elsewhere. Amanda noted that Eildon are consulting on 5% & 7%. Simon advised Cairn are looking at 7%.</p> <p>It was questioned what the impact on arrears would be with the 4% increase, Brendan replied that we cannot tell what exact impact this would have on arrears however Colin did note that the response from the tenant consultation last year was favourable towards a 4% rent cap.</p> <p>Colin took forward the discussion and went over the Budget in more detail.</p> <p>Colin highlighted the table which shows the comparison to other housing associations rent increases, with the sector average increase as compiled by the SFHA being 6.1% for 23/24.</p> <p>It was explained that the base budget forecast had been influenced by some key changes from last year. The main factors included initial inflation (as just discussed) and a net £4m of additional funding required for the Woods Centre site. These factors when combined with projected EESSH2 spend made the base model more marginal for a number of years from year 3. This meant that the exact timing of the EESSH spend between years required some manipulation to ensure enough profit each year to meet the Interest Cover covenant. This also made the model more vulnerable to negative changes included in the Scenarios considered by the Budget Working Group.</p>

	<p>It was noted that in these circumstances it was hard to go below the proposed 4% increase. Equally, the Group did not seriously consider a higher increase than 4% because this would have required immediate further consultation and meant that the rent cap would have been rescinded right at the start of the three-year period (likely a negative reaction, given the cost of living crisis).</p> <p>The Working Group also agreed that it would be helpful for the whole Committee to have a deeper strategic discussion about future priorities in the light of financial constraints: this was proposed for the forthcoming residential weekend.</p> <p>Colin further explained that since the January meeting of the Budget Working Group some slight amendments had been made to the base budget. These recognised further delay to Kingsknowe’s anticipated site start and equalised service charge income and expenditure in a way which allowed deferred income from a current year underspend to offset inflation on 2023/24 charges (latter agreed with external auditor). The outcome of these changes was a slight net positive impact to the model which did not alter any of the Group’s conclusions.</p> <p>The recommendation was for the committee to approve the 4% increase from 1st April 2023 this year.</p> <p>This was proposed by Peter Matthews and seconded by Mo Connolly and approved by all members present.</p>
<p>10</p>	<p>Developments</p>
	<p>Neil gave an overview of the report noting Brendan and Neil met with Smarts again recently and now have a note of all the contractors proposals. We have a list of additional questions to clarify and are going back to the contractor with these. We are hoping to progress to contract quickly. Neil confirmed although the site is underway, our block won’t start until next year. We should be coming to Committee for approval of the contract for Kingsknowe in either February or March,</p> <p>The Woods Centre is still progressing, with Brendan and Neil meeting with CCG today to discuss the non-carbon heating and hot water options for the site.</p> <p>A brief discussion around different heat sources available took place. One option is an exhaust heat pump solution. Further work is being done on this.</p>
<p>11</p>	<p>Information Only Items</p>
	<p>The following reports were noted:</p> <ul style="list-style-type: none"> - Annual Review of Tenant & Community Participation Strategy Action Plan - Cost of living paper
<p>12</p>	<p>AOCB</p>
	<p>Naomi MacKenzie thanked everyone for attending the meeting.</p>
<p>13</p>	<p>Date of Next Meeting: Wednesday 22 February 2023 at 19:00</p>

Signed:

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Date:

22/2/23

