

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN
EILEIN SGITHEANAICH
LOCHALSH AND SKYE HOUSING ASSOCIATION

**MINUTES of MEETING of MANAGEMENT COMMITTEE held on
Monday, 19 November 2018 at 7.00 pm in Kyleakin Connections**

PRESENT: Mrs A Sinclair (Chairperson)
Mr I Young (Vice-Chairperson)
Mr J Cayley
Mr J Laing
Mr R Liley
Mrs M Muir
Mr S Proudfoot

IN ATTENDANCE: Mr L MacDonald (Chief Executive)
Mr I McIvor (Director of Investment)
Mrs M Douglas (Corporate Services Manager)

1. **APOLOGIES:**

Ms J Anderson.

2. **DECLARATIONS OF INTEREST**

The three members of staff declared an interest in Item 6. There were no other declarations of interest.

Management Committee Training - Development Funding

The Director of Investment handed out Development Funding Appraisal sheets and explained to members how development costs were calculated and how the actual costs were then subjected to the Scottish Government's appraisal assumptions which are used to calculate the level of Grant and private finance for each project.

Members asked a range of questions regarding site acquisition costs, fees, project management costs and on operating income and costs. Members were advised that as the Scottish Government appraisal rents are higher than the Association's actual rents, the Association has to consider carefully the level of ongoing management and maintenance costs for each project to try and meet the benchmark figure set out by the government. In reality, project costs are negotiated with the government to reflect the higher cost of developing in locations like Skye and Lochalsh. This ensures that rents are affordable but also ensures that all costs are adequately covered. Members thanked the Director of Investment for the very informative training.

3. **MINUTES OF PREVIOUS MEETING**

Management Committee Meeting (17.09.2018)

The Minutes were moved for adoption by Mr I Young, seconded by Mr S Proudfoot and **approved** unanimously.

Audit, Finance & Performance Sub-Committee Meeting (12.11.18)

The Minutes were moved for adoption by Mr J Laing, seconded by Mr S Proudfoot and **approved** unanimously.

4. **PROGRESS REPORT FROM PREVIOUS MEETINGS**

The Chief Executive advised members that the item on Succession Planning will be added to the agenda for the Management Committee meeting on 17 December 2018. All other actions are complete.

5. **OTHER MATTERS ARISING**

The Chief Executive advised members that the letter sent to tenants in flatted properties regarding fire safety had resulted in a very good response and all belongings have been removed from the communal areas. Two appeals regarding special needs equipment have been supported.

The Chief Executive advised members that the Short Life Working Group set up to test the affordability of rents within the proposed Rent Setting Policy will report on their findings to the Management Committee in February 2019.

There were no other matters arising.

6. **RECOMMENDATIONS FROM AUDIT, FINANCE AND PERFORMANCE SUB-COMMITTEE**

The Audit, Finance and Performance Sub-Committee had made a recommendation to the Management Committee in respect of the annual review of our pension arrangements.

Members **approved** a recommendation to the Management Committee for the continuation of the existing pension arrangements for staff with effect from 1 April 2019.

7. **CHIEF EXECUTIVE'S REPORT**

Data Protection Registration

The Chief Executive advised members that the Association had completed the annual renewal of our Data Protection Registration with the Information Commissioner's Office which is due on 2 December 2018. They have also been advised that the Association's Legal Services Manager has been appointed as our Data Protection Officer. **Noted.**

Scottish Letting Agent Register

The Chief Executive advised members that the Association had been added to the Scottish Letting Agent Register from 26 October 2018 for a period of three years. Our Registration Number is LARN1810015 and arrangements have been made to add the details of our registration to our documentation as required.

Noted.

Housing (Scotland) Act 2014

The Chief Executive advised members that, following the commencement of the Housing (Scotland) Act 2014, the Association had written to every tenant to explain the changes to the Scottish Secure Tenancy rights made by the Act. The changes that have been made come into effect on different dates ranging from 1 November 2018 until 1 November 2019. The Chief Executive advised members that there had been very little feedback from tenants regarding this letter. **Noted.**

Re-Classification of RSLs

The Chief Executive advised that, on 28 September 2018, the Office of National Statistics confirmed that housing associations and co-operatives in Scotland have been reclassified as private for the purposes of national accounts.

This decision removes any threat of our assets and liabilities going onto the books of the Scottish Government which would possibly have meant an element of government control over our borrowings. **Noted.**

Freedom of Information Legislation

The Chief Executive advised members that The Minister for Parliamentary Business and Veterans has now formally confirmed that, whilst the intention of Scottish Government is to proceed with extending Freedom of Information legislation to RSLs, due to continuing consideration of issues raised in consultation, the proposed commencement date of 1 April 2019 is no longer considered feasible and a new date will be announced in due course.

Members **noted** the linkages and the remainder of the report.

8. DEVELOPMENT AND PROPERTY SERVICES REPORT

The Director of Investment gave a full and detailed explanation of the content of the Development and Property Services Report.

A member asked about a difference in costs in the Care & Repair figures and the Director of Investment explained that works carried out did not always attract 100% grant towards the costs and the balance was funded by the Care & Repair client. **Noted.**

Another member asked if the Energy Advice Manager would give a presentation of the outcomes of the energy efficiency measures being put in place as the Association works towards full EESSH compliance. This will be arranged.

A member thanked the Director of Investment for the very comprehensive Development and Property Services report that he presented to members.

Noted.

ACTION:-

- (i) *The Energy Advice Manager to give a presentation on the outcomes of the energy efficiency measures being put in place.*

9. PORTREE PARKING STUDY

The Director of Investment advised members that the Portree Parking Study is a study by the Highland Council's Development & Infrastructure Services' Project Design Unit, commissioned by The Highland Council (THC), Highlands & Islands Enterprise (HIE) and the Association. The study considers options that would improve Portree's parking provision, which is insufficient during the peak tourist season. The Parking Study is following up one of the outcomes of the Portree Ideas study, which found that any housing development in Portree's centre would require an improvement of the current parking provision. The Association is represented by the Project Officer, Anna Pophanken.

Progress of Study

The study investigated existing parking provision and visitor data from several sources. Several stakeholder meetings including Portree and Braes Community Trust (PBCT) were held to investigate and discuss options, which resulted in a long list of options being considered in more detail.

Four study objectives were agreed with the stakeholders. Each option was assessed against these objectives and given a score for each objective. This scoring matrix and information on likely overall cost, impact on utilities and comments collated from the stakeholders allowed the options to be sifted. The options were also categorised as short, medium or long term.

The preferred options were taken forward (and variations on some of the options) so that an outline design could be prepared and then developed to provide an outline cost estimate. Each option was also considered in terms of the net gain in parking spaces that it would provide. Investigations were also made to establish land ownership.

Funding streams from various sources have been outlined in the study. This includes those available from The Highland Council, Scottish Government and Highlands and Islands Enterprise.

The relative merits of each of the preferred options were considered and the options were assessed against the scheme objectives. This allowed the preferred options to be ranked in order of preference.

A meeting took place with stakeholders in September 2018 and this allowed further information to be collated on the preferred options. This included any specific land ownership issues, whether the option was likely to have community support or not and the stakeholders views on which of the preferred options should be taken forward in the short, medium and longer term. A

working group including representatives of all stakeholders has been formed with the aim of implementing the recommendations. **Noted**

10. STRATEGIC HOUSING INVESTMENT PLAN 2019-2024

The Chief Executive advised members that the Strategic Housing Investment Plan 2019-2024 (SHIP) has now been approved by the Council and sets out how the Council and its partners (including LSHA) will aim to build 500 new affordable houses every year for the next five years. The Chief Executive described the plan as very fluid, and advised members that it could change considerably.

The Plan includes the Indicative Highland Programme for each geographic area which includes projects and timescales. The programme and timescales are often subject to change and projects will invariably drop out of the programme if they become undeliverable whilst others will be brought into the programme as required. The Association's on-going programme and timescales are always reported to the Management Committee in our quarterly Development and Property Services Report.

The Association uses the SHIP to help inform our own business and financial plans. Our new Business Plan 2019/2024, which is currently under development, will make reference to the priorities and actions included within the SHIP.

It is anticipated that the Association will continue to work closely with the Council and other partners through various processes to drive forward delivery of the SHIP and, in particular, by our continued involvement in the Highland Housing Development HUB through which the programme is monitored and individual site priorities agreed with the Scottish Government and the Council on a weekly basis.

A member noted that the Association had been allocated 6% of the investment and there was a discussion on the relative level of housing need. These figures are both subject to change over time and are very indicative at a single point in time.

The Director of Investment advised members that the Association were hoping to landbank in different areas of Skye and Lochalsh for future development and a questionnaire was being drawn up to gauge demand from local residents .

Noted

11. RENT SETTING POLICY 2019/2020

The Chief Executive advised members that the Association's Rent Setting Policy is due to be reviewed to enable new rents and service charges to be applied from **1 April 2019**.

The Association's Business Plan details projected rental and service charge income and the range of cost items and services funded by the rental stream, which is the most important income stream that the Association has. Any unplanned fluctuations could have a significant impact on our overall financial viability. Whilst there is no legal framework which housing associations rents must adhere to, a balance has to be struck between the viability of the

Association, affordability for tenants and the quality, impact and range of services provided.

The Association has always been committed to ensuring that our rents can be afforded by people in low paid work as far as possible. This can be achieved by keeping rent levels as low as possible whilst also ensuring that tenants' costs are reduced through the provision of good quality housing and other services such as energy advice and tenant advice that can have an impact on maximising tenant incomes and reducing their costs.

The Association is expected to set rents which are comparable with those of other similar Registered Social Landlords within our Peer Group and the Chief Executive advised members that our rent levels are generally at the lower end of the scale as measured against these RSLs.

The Association's Business Plan identifies a range of cost pressures and potential risks that we are required to plan for. The key risks that the Association is currently facing include variable development income as a consequence of the uncertainties regarding the level and timing of housing development grant funding approvals; further enhancements required by the Scottish Government to the energy efficiency standards (EESH) of our housing stock currently due to be complied with by December 2020 and the additional cost implications arising from EESH 2 will need to be accurately costed and factored into future business and financial plans.

In addition, Welfare Benefit Reforms, including the introduction of Universal Credit (UC) housing payments, are resulting in increased levels of rent arrears and consequent staff cost pressures in respect of the staff resources required to ensure the provision of detailed information and advice to tenants. These costs and associated risks are continuing to affect all RSLs. The Chief Executive advised members that Rent Administration staff will be given access to the DWP's external portal, which will allow them to access important information about the Association's tenants and also allow them to tailor their approach to individual cases.

With regard to fire safety, all Associations will have two years from January 2019 to install interlinked smoke alarms and heat detectors in all their housing. We are currently awaiting detailed guidance on the requirements but it is estimated that this is likely to cost in the region of £350-£500 per property in Skye and Lochalsh. This cost does not include the cost of enhancements to fire doors and other fire safety measures in flatted properties, details of which are also to be announced soon by the Scottish Government.

All of the above factors require the Association to plan carefully to ensure that the financial and other resources we will require to deal with the risks are in place at the appropriate time.

The Association is also required to ensure that it continues to maintain its financial reserves at a level that demonstrates that it can meet the challenges that lie ahead and continue to ensure our financial viability. It is particularly important that the Association can demonstrate to our lenders that agreed loan covenants can be met year-on-year and that our financial capacity is such that

they will continue to provide financial support for our housing development activities.

The Chief Executive recommended that members agree to continue with the existing Rent Setting Policy and, for 2019/2020, agree that rents be adjusted at a rate equivalent to the Consumer Price Index (from the October 2018 figure) plus one per cent. The October CPI figure will be published in November 2018 but, at the time of this meeting, the figure was not yet available.

The Association are committed to consulting with tenants, sharing owners and other stakeholders and we will include a consultation document on the proposed changes to the Rent Setting Policy in the next issue of our Homefront newsletter which is due to be published in December 2018. We will also carry out additional work to measure the affordability of the proposed rents to a range of household types and this information will be available when the policy is next considered by the Management Committee.

Following this consultation and affordability exercise, a further report on the Rent Setting Policy will be presented to the Management Committee in **February 2019**.

A member suggested that the September CPI figure, be used as the basis for the increase, instead of the October figure. This figure is 2.4%.

Members **approved** the use of the September CPI figure which will be used for future rent increases.

ACTION:-

- (i) *The September CPI figure of 2.4% will be used as the basis for future rent increases. The rent increase for 2019/2020 will be 3.4% subject to the outcome of the consultation exercise.*

12. HIGHLAND HOUSING REGISTER (HHR) ALLOCATIONS MONITORING REPORT 2017/2018

The Chief Executive advised members that the Highland Housing Register (HHR), which is operated by The Highland Council and the five main registered social landlords in Highland, is subject to ongoing monitoring with an annual report prepared for the Council's Care, Learning and Housing Committee and for the Management Committees of the five RSLs.

The monitoring report reviews the key issues in relation to the supply and demand for social rented housing in Highland and identified areas for further policy review including allocations monitoring, the need to reside, low demand housing in Caithness, the Armed Forces and the online form and Housing Options Website.

The Scottish Government has published final guidance in relation to the Housing (Scotland) Act 2014 which will come into effect in May 2019. The provisions in the Act are intended to increase landlord flexibility in making the best use of social housing available to them. This includes reviewing the priority awarded to applicants with an unmet housing need and also the option to take property ownership into consideration.

Highland Housing Register Partners intend to conduct a joint review of the HHR policy in line with the legislative changes over the coming year. Any proposed changes to the current policy will be reported to the Management Committee for approval.

The Scottish Government has accepted the proposals of the Homeless and Rough Sleeping Action Group which was set up to conduct a national review into homelessness and rough sleeping. Among these recommendations is the requirement for local authorities to submit a Rapid Rehousing Transition Plan by 31 December 2018. This will identify how councils can move homeless applicants into permanent accommodation as quickly as possible.

The Council's Rapid Rehousing Transition Plan will be submitted to their Members in December for their approval. As yet it is unclear what impact the Plan will have on the HHR Allocations Policy but it may provide recommendations for raising awareness of the housing options approach and increasing the scope of what constitutes a reasonable offer for homeless applicants.

One of the requirements of the Housing (Scotland) Act 2014 is a legal duty on social landlords to consult with service users on proposed amendments to allocations policies. As part of the forthcoming HHR policy review, tenants and applicants will be consulted on any potential policy changes. This will take place ahead of the May 2019 deadline for the Housing (Scotland) Act 2014 coming into effect.

Members **noted** the information contained in the Annual Monitoring Report which identifies that the policy is achieving its objectives in relation to meeting housing needs; and members **noted** that a policy review, focusing on the Housing (Scotland) Act 2014, is due to take place this year.

13. **SPONSORSHIP REQUEST**

Members **noted** the Sponsorship Feedback form from Donnie Morrison (Highland Cross) following sponsorship awarded to him in June 2018. The Chief Executive advised members that Donnie raised a total of £1,365. Members **approved** the application from Cuillin FM for £500 towards equipment for outside broadcasting.

ACTION:-

- (i) Cuillin FM to be awarded £500 towards the purchase of equipment for outside broadcasting.*

14. **MISCELLANEOUS CORRESPONDENCE**

Members **noted** the correspondence from the **Scottish Federation of Housing Associations** - Member Policy Bulletin – Issue No. 8; **Scottish Housing Regulator** - SHR Update – Our Regulation of Social Housing in Scotland; SHR Update – Regulatory Framework Consultation; SHR Update – Join Our Board; **Citizens Advice Bureau** - Annual Report 2017-18; **Employers in Voluntary Housing** - Monthly Report – October 2018; Director's Agenda - Meeting 5 November 2018; **Rural & Islands Housing Association Forum** - Minutes of

15. **A.O.C.B**

There was no other competent business.

The meeting closed at 8.55 pm and went into Private Session.

Chairperson