

Abrons Hill Housing Association

Remote Meeting of the Management Committee held on Wednesday 27 January 2021 via Zoom at 17:30hrs

Minutes

Present:	L Black	R Russell	I Smith
	C Burns	M McGuire	D Brown
	A Smith	W Noon	P Broadwith
In Attendance:	S Macintyre	J Daisley	F McDonald

	Agenda Item	Action
1.	<p>Apologies</p> <p>There were no apologies.</p>	
2.	<p>Declarations of Interest</p> <p>There were no declaration of interests.</p>	
3.	<p>3.1 Rent Increase Options Report</p> <p>At the Management Committee meeting held on 17 December 2020 it was agreed that the decision on whether to consult tenants on a proposed rent increase of 1.7% would be deferred to allow the committee to look at other available options. S Macintyre discussed three options with the committee: a rent freeze, an inflation only increase of 0.7% and an increase of inflation plus 1%.</p> <p>It was noted that the Association has a statutory duty to consult with tenants on any proposed rent increase and are required to give tenants one month's notice prior to increasing rents.</p> <p>This is the first year that a rent freeze has been discussed. C Burns commented that over 50% of tenants receive either housing benefit or universal credit that would automatically be increased by the agreed percentage. P Broadwith asked about the effect on the business plan of a rent freeze over the 30-year period. F McDonald confirmed that cash balance would be reduced by £284k in year 30. W Noon commented that a modest increase in rents is expected and if we freeze rents for 2021/22 then there could be an expectation that we will freeze rents in future years.</p> <p>D Brown commented that it is important to promote the difference the increase will make to the service that we can provide. S Macintyre will</p>	

	<p>detail the plans for investment in our properties. All responses to the consultation will be brought to the next committee meeting for discussion.</p>	
<p>4.</p>	<p>4.1 30 Year Projections</p> <p>F McDonald discussed the 30-year projections narrative report that had been issued to the committee prior to the meeting along with the cash flow and sensitivity analysis for years 1 to 30. The Association currently owns 222 properties and shall take ownership of 36 new build properties during the financial year 2021/22. The Association is one of the smallest Registered Social Landlords in Scotland. An issue for the Association is the mixed tenure nature of its housing stock with stock being owned by North Lanarkshire Council, owner-occupiers and private landlords that makes investment in external works difficult. The Association currently owns 112 houses and 110 flats. The flats are within 60 closes and the Association only has a majority ownership in 3 of the closes.</p> <p>The Association is in a reasonable financial position at the start of the plan period.</p> <p>F McDonald discussed the main assumptions included in the narrative report. The rent levels are largely lower than the Scottish average. The increase for 2021/22 is currently assumed at 0.7% being CPI at October 2020. In the event of a rent freeze for 2021/22, the cash balance reduces by around £284k in year 30. Gross rent arrears as at 31 December 2020 were 7.4%, which reduces to 6.3% once technical arrears are accounted for. Former tenant arrears of £19,203 are included in the overall arrears and this represents 27% of total arrears.</p> <p>Void losses are projected at 2.8% in year 1 (due to Covid restrictions) and at a level of 1% thereafter.</p> <p>Bad debts are projected at 1% in year 1 and 2% for the remainder of the plan period.</p> <p>Major, Cyclical and reactive repairs costs are modelled on the basis of a 0.5% annual real cost rise.</p> <p>Management and Administration costs are assumed as increasing in real terms by 0.5% per annum until year 10.</p> <p>W Noon asked about the inflation level of 2% over the plan period. F McDonald advised that 2% inflation is used, as this is the Bank of England target.</p>	

	<p>F McDonald discussed the sensitivity analysis, which is based on a number of both positive and adverse scenarios.</p> <p>The annual budget will monitor the financial performance of the Association.</p> <p>W Noon asked S Macintyre if a risk register would be presented to the committee to look at. S Macintyre confirmed this would be brought to the committee before March 2021.</p> <p>4.2 Refinancing Tender Report</p> <p>F McDonald discussed the tender report that was issued to the committee. In November 2020 the Management Committee agreed that discussions should commence with six lenders regarding funding of £3.1m to refinance the Cooperative Bank debt and to provide funding of £2.1m to support the purchase of 36 new build units from Clyde Valley HA. Requests for terms were issued to 6 lenders on 14 December 2020 with a return date of 15 January 2021. Bank of Scotland, CAF Bank and Royal Bank of Scotland provided terms. F McDonald discussed the terms offered by each lender and recommended Bank of Scotland as the preferred funder based on the overall terms but in particular the ability of the Bank of Scotland to offer longer term fixed rate debt.</p> <p>F McDonald confirmed that there was no concerns regarding the covenants with the preferred funder. S Macintyre and F McDonald will discuss the loan covenants with the preferred funder in more detail.</p> <p>The committee approved the recommendation of the Bank of Scotland as the preferred funder.</p>	
5.	5.1 Any Other Competent Business	
6.	Date of Next Meeting: Thursday 4 February 2021 at 5pm via Zoom	

Signed as a true record by the Chairperson

..... **Date**

Copies of committee reports are available on request.