

**LOCHABER HOUSING ASSOCIATION  
MINUTES OF MANAGEMENT COMMITTEE MEETING HELD AT  
ASTLEY HALL, ARISAIG  
ON MONDAY, 05<sup>th</sup> OCTOBER 2009**

**Present:** Di Alexander  
Hugh Donaldson  
Alex Farquhar  
Alison Gainsford (Chair)  
Cllr. Allan Henderson  
Catriona Hunter  
Ann Martin  
Jean Sinclair

**In attendance:** Blair Allan, Director  
David Cottier, Development Manager  
Margaret Gillies, Finance Manager  
Isla Gray, Operations Manager  
Jenny MacKay, Office Co-ordinator

**1. Apologies**

Apologies were received from Keith Gadsby, John MacLeod, Drew McFarlane Slack and Cllr Brian Murphy.

**2. Declarations of Interest**

The Director presented the Declaration of Interests report. The report was noted with no further declarations of interest being made.

**3. Election of Office Bearers**

The Director invited the newly elected Management Committee to elect its Office Bearers for the subsequent year. The Director confirmed that as far as he was aware all of the Office Bearers were willing to stand for a further year. No additional nominations had been received. None were made presently and the current Office Bearers would therefore be re-appointed without the need for an election.

Accordingly, the Office Bearers for 2009/2010 were as follows:

Alison Gainsford – Chairperson  
John MacLeod – Vice Chairperson  
Di Alexander – Secretary  
Hugh Donaldson – Treasurer

**4. Minutes of the Meeting held on 03<sup>rd</sup> August 2009**

The Minutes of the Meeting of 03<sup>rd</sup> August 2009 were approved.

**5. Matters Arising from the Minutes of the Meeting held on 03<sup>rd</sup> August 2009**

**(i) Garages**

The Operations Manager reminded Members that over the summer the Association had offered the 49 garages in the Plantation for sale for the

nominal sum of £1 in line with the Association's financial strategy which included the disposal of the garages to reduce costs. The garages were offered for sale to existing garage tenants, LHA tenants and private owners living in the LHA area of the Plantation and finally the remaining garages were offered to all other residents of the Plantation.

This process had now concluded with 41 garages offered for sale. This left 7 garages planned for demolition (2 blocks – 95-97 Bruce Place and 30-33 Morven Place). It was estimated that the cost of demolition and erection of a retaining wall for one block will cost £20,000. The two remaining garages were within blocks and could be retained by the Association with a view to sale at a later date.

A deposit had been paid by 16 prospective purchasers with the remaining purchasers having until the end of October to pay the deposit and secure their purchase. It is hoped that the process will be concluded by December, subject to all purchasers completing the sale.

Members noted the report.

**(ii) ROTS**

The Director reminded Members he had been in consultation with The Highland Council with regard to it accepting 15 of the identified properties under its private sector leasing scheme. The conclusion of these discussions had been delayed but it was anticipated that resumption would be possible shortly.

Members noted the report.

**(iii) Sale of 30 Fassifern Road**

The Director reported that there was no further progress to report on the sale of the office but reminded Members that the sale of the office had not been included in our cash flow for this year.

**6. Minutes of Meeting held on 07<sup>th</sup> September 2009**

The Minutes of the Meeting of 07<sup>th</sup> September 2009 were approved.

**7. Matters Arising from the Minutes 07<sup>th</sup> September 2009**

**(i) In-House Maintenance Team**

The Operations Manager highlighted the following points with regard to the progress of the in-house maintenance team:

- a) The Community Interest Company was to be registered following the establishment of the legal entity at Companies House.
- b) The Leasing arrangement for the unit at Claggan had been concluded.
- c) An intensive period of recruitment had been completed with a forecasted start date of 19<sup>th</sup> October 2009 subject to references and disclosure checks.
- d) The signage had been agreed for the new vehicles.

- e) The Maintenance & Finance departments were meeting regularly to ensure the smooth transition of work under the new subsidiary.
- f) Sean Doherty had accepted his appointment as Maintenance Manager.
- g) 2 staff members who will be seconded to the subsidiary were continuing with a 30 day consultation period with guidance from Lesley Benfield at People in Focus.
- h) VAT registration had still to be confirmed.
- i) The need for careful planning around our press releases ensuring that apprentices are mentioned.

Members noted progress.

## **8. Items for Decision**

### **(i) Management Committee Meeting Dates 2010/2011**

The Director presented a schedule of meeting dates for the Management Committee for 2010.

Subject to minor changes the dates were agreed. The new dates would be circulated to the Management Committee.

### **(ii) Reviewed Policies**

The Director reminded Members that the Association had an extensive list of policies which were reviewed periodically. The report detailed those policies that had little or no revisions or updates. The full policies were available should Members request it. Accordingly, Members approved an updated policy in relation to Health and Safety.

### **(iii) Treasury Management Policy**

The Finance Manager presented a proposed updated Treasury Management Policy, highlighting the changes that were required in light of recent developments in financial markets.

The Finance Manager further explained that Treasury Management involved risk and this has been very apparent in the last two years. Even a very simple decision to borrow a sum of money for a given period at an agreed rate of interest could run a series of risks.

She confirmed that in relation to borrowing the objective was to keep the cost to a minimum consistent with the need to ensure stability of the Association's longer term financial position. For investment of funds there was a balance of risk against return and the Association should be more concerned to avoid risk than to maximise return.

Taking all of the above into account the policy had been updated to reflect the heightened risks now faced in the financial markets and how these risks could be minimised to avoid adversely affecting the long term viability of the Association.

Subject to minor amendments, the Management Committee approved the Treasury Management Policy.

**(iv) Development Policies**

The Development Manager sought Members' approval for the next batch of the suite of 14 new Development Policies.

Members were reminded that at the meeting of 23<sup>rd</sup> June 2008 that they approved the first three of the new suite of development policies that were prepared by Linda Ewart on behalf of all the Highland housing associations. The remaining development policies were due to be presented to Committee for approval at the following August and October meetings. However, because of the Scottish Government's reduction in HAG funding and other issues with development funding that had taken place over the last year and a half and the work involved in that, these policies had been delayed until now.

Members approved the following Development Policies subject to minor changes:

- a) D4 Land banking Policy
- b) D5 Development Risk Policy
- c) D6 Handover Policy
- d) D7 Defects Policy
- e) D10 CDM Policy

D9 Disputes Resolution Policy had a page missing and would be reviewed in November. A decision on Policy D8, Contractors Liquidation Policy, was deferred and the Development Manager asked to take advice on the possibility of producing a policy for contractors going into administration.

**(v) Annual Lettings Report**

The Operations Manager introduced the annual lettings report based on the SCORE return. A number of aspects of the report were noted by the Management Committee and the Operations Manager agreed to speak to Highland Housing Register Business Support for additional statistics.

**(vi) Permission to Evict**

The Operations Manager sought approval to proceed to evict this tenant for non-payment of rent. The detailed report provided the relevant background and summary information in the agreed format.

Members considered the details of Case Number CA064 and granted permission to evict.

**(vii) Development Funding Account**

The Finance Manager introduced a report reminding members of their approval to progress with an agreed limited development programme and to place the lending with the Royal Bank of Scotland.

In both the last financial year and the current financial year HAG funding has been limited and that in the future there would be a likelihood that there would be a requirement for Associations to front fund projects until the HAG became available. This situation had

already arisen in February of this year when there was no HAG available for the development in Arisaig and for February and March the payments were met by private finance funding from the Royal Bank of Scotland. When the funds were available from the government in April the total amount front funded was claimed and paid.

Discussions had already taken place with the Royal Bank at an earlier stage and they had agreed to allow drawdown of private finance earlier in the project. The costs of this were shown in the cash flow of the Association. Similarly agreement has been reached with The Royal Bank for the limited development programme. The Government have made it very clear that the funding this year is restricted and that the Association will likely have to front fund the developments at Newco, the Fire Station, Lochyside, Glennancross and Acharacle School.

Funds were also received as part of the funding of developments from Scottish Water and in some instances such as Arisaig from The Highland Council.

Taking all of the above in to account it was proposed that it would now be an appropriate time to set up a separate account for development funding, making it easier to identify and manage all these funding transactions for each development and keep them separate from the main account of the Association.

Members approved the setting up of a new account with the Clydesdale Bank to be used for development funding but which will be used in tandem with the General Account.

#### **(viii) Business Internet Banking**

The Finance Manager updated Members on the progress of the Association in moving further to business internet banking. The Association has for some time been looking to move forward with paying trade payments and salaries in a more efficient manner. In addition, during the internal audit of purchases and payments this matter was also highlighted as an issue that should be given consideration.

The Association currently had limited internet access with enquiry options on the main account. All trade payments were currently paid by cheque and salaries were paid through BACS using the telebank function. The telebank function of the Clydesdale Bank was however, very outdated and the bank had been looking to introduce internet banking for some time and had been piloting a new system throughout the country before introducing it to all its customers. The new business internet banking system was now available for use and it was now necessary to have a minute agreed by Members that certifies that the Terms and Conditions applicable to the Bank's Business Internet Banking Service were considered and agreed.

Members approved the setting up of the internet banking system of the Clydesdale Bank and the Terms and Conditions applicable to this service.

#### **(ix) Cheque Signatories Update**

The Finance Manager sought approval to update and amend the list of signatories.

The Association last had the list of authorised signatories updated in October 2007. The membership of the Management Committee had changed in that time and changes were required.

Members noted the report and approved the amendments

## **9. Development**

### **(i) Development Progress Report**

The Development Manager presented the Development Progress Report, highlighting the following developments.

**Canon Gillies Place, Arisaig** – Completion of the works was expected in week commencing 12<sup>th</sup> October 2009, due to delays on the part of Scottish Water in the pump station approval process.

**Upper Achintore, Fort William** – Work on site had commenced with an anticipated date of completion of June 2010.

**Morar, Glenancross** – the lowest tender was received from RE Campbell (Joinery) Ltd with a saving of 11.22% from when originally tendered in February 2008. The Scottish Government had approved the tender on the basis that there were no cost over-runs. The contractor was now looking to provide a fixed price. However, if this was not forthcoming the Management Committee were in agreement not to go ahead with the project on the Scottish Government's terms.

**Former Newco Site, Claggan** – Tender documents were almost ready. However, a potential delay had arisen because of Scottish Water issues with its existing pumping station. Further meetings were being held with Scottish Water in an attempt to reach an agreement.

**Former Fire Station, Claggan** – This scheme would almost certainly not be able to be tendered to the successful Newco contractor because the combined value of both developments would most likely exceed EU thresholds.

**Lochyside** – Negotiations were proceeding for this design and build project.

### **(ii) Developments on Site – Progress and Financial Report**

**Arisaig** – it was noted that, as reported previously, there was an anticipated deficit of £120,000. Considerable savings had already been implemented. The Scottish Government had been kept informed on the cost overrun.

## **10. Items for Information**

### **(i) Highland Wide Framework Agreement**

The Development Manager introduced a report to inform the Management Committee of the European Union Procurement Directives and the effect they have on housing associations awarding contracts to both consultants and contractors.

Due to the number and size of building projects let by Highland RSLs each year, it had now become necessary to protect associations by ensuring that they comply with European Competitive Tendering rules.

Obligations to comply with the Public Procurement Regulations rests, in the first instance, with the housing association, and although a breach of duty is not a criminal offence, proceedings may be assigned to the High Court. The High Court has powers that included setting aside a successful contract award or to award damages to unsuccessful consultants/contractors. The current threshold levels (exclusive of VAT) are as follows:

- a) Consultants' (Architects, Quantity Surveyors & Engineers) services £139,893
- b) Contractors' works £3,497,313

The Development Manager emphasised that these thresholds applied to the cumulative total of all awards made during any 12 month period. In order to protect housing associations from breaches of the EU Directives, and avoid the need to run each large project through the OJEC process, it was proposed to set up a Highland wide Joint Framework Agreement. This would result in a bank of contractors and consultants that had already pre-qualified to be selected to tender for projects which were subject to EU rules. To be considered for these lists, all interested parties were required to make a formal application.

The selection process was being coordinated on behalf of the five Highland associations by Lochalsh & Skye Housing Association which was in turn using the services of Brian Moore, Director of RIAS Consultancy, to manage the process.

The first stage pre-qualification process reduced the initial number of applications for each category down to a shortlist of 10 each. The process involved four of the five Highland associations and each association initially scored the different categories. The second stage submissions for the 10 shortlisted in each category had now been received by the four associations concerned. These would be discussed and scored at the next meeting of the group which was to take place on 9<sup>th</sup> October 2009.

It had been made clear to all consultants and contractors throughout the whole process that the five housing associations involved had reserved the right to exclude any project from the framework, and subject it to independent tendering procedures. This means that local contractors and consultants who would normally tender for works for the associations were not excluded and those that did not get on the

framework list would still have an opportunity to tender for work within the threshold levels.

Members were also further asked to note that, in the current economic climate and restriction of HAG funding, there was a reduced likelihood of projects being of sufficient size to breach the EU thresholds, certainly for the next several years and the framework Agreement was for a period of four years.

Members noted the contents of the report. A full report at the end of the process would come before the Management Committee for its consideration.

**(ii) Boundary Dispute – Kingsway, Mallaig**

*This matter has been deemed to be confidential in nature and is therefore, not available to the public.*

**11. A.O.C.B.**

**(i) Confidential Minute of the Meeting of 3<sup>rd</sup> August 2009**

The Management Committee approved the Confidential Minute.

**(ii) Matters Arising from the Confidential Minute of 3<sup>rd</sup> August 2009**

There were no matters arising from the Confidential Minute.