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| MINUTES OF | : | Board of Management Meeting |
| TIME & DATE HELD | : | 30th April 2024 |
| DATE APPROVED | : | 28th May 2024 |
| BOARD MEMBERS PRESENT | : | Hugh McIntosh (Chair), Grace Barbour, Brian Barclay, Elizabeth Battersby, Rae Connelly, Marian Hassan, Gillian Johnston, Maureen Mulgrew, Eddie Robertson, Janice Saunders and Linda Sichi |
| APOLOGIES | : | None |
| STAFF PRESENT | : | Tony Teasdale (CEO) Colette McKenna (DPS) Kirsty Brown (DFCS) Craig Russell (DCCS) |
| IN ATTENDANCE | : | N/A |

1. **Apologies**

There were none.

2. **Declarations of Interest**

There were none.

3. **Minutes for Information:**

The draft minutes of the following meeting were noted:

3.1 Housing & Community Services Sub Committee: 23.04.2024

4. **Minutes for Approval**

4.1 **Board of Management Meeting: 26.03.2024 (Confidential Version)**

The draft Confidential Minute of the Board meeting held on 26th March 2024 was approved on a motion from Grace Barbour, seconded by Janice Saunders.

4.2 **Board of Management Meeting: 26.03.2024 (Non-Confidential Version)**

The draft Non-Confidential Minute of the Board meeting held on 26th March 2024 was approved on a motion from Grace Barbour, seconded by Janice Saunders.

5. Matters Arising Schedule

Members noted the content of the Matters Arising Schedule which provided an update on two areas arising from the March Board meeting, and in particular:

- The DFCS confirmed that the latest 30 year business plan workings had been shared with RBS following approval at the March Board meeting. Following this both the DFCS and FM met with our Relationship Manager at RBS to provide the usual business updates and discuss the latest business plan position. Our Relationship Manager confirmed his review of the latest business plan workings and advised that following the introduction of new internal procedures at RBS, they were now in a position to offer a more attractive covenant solution. It was agreed that he would take the revised business plan workings to the banks credit team and return to us with a new proposal. The DFCS confirmed that this would be presented to the Board when received.
- The EVH pay award of 6% for the 2024/25 year had been agreed by EVH members and the union Unite. This had now been implemented for all salary scales at SHA.

6. Compliance and Safety Update

Members noted the content of the Compliance & Safety Update Report, and in particular:

- At the time of issue of the report there had been no new Notifiable Events reported since the last meeting.
- The March 2024 approved update to the Association's 30-Year Financial Projections had been submitted to RBS on 27th March 2024 for lender review, and the latest quarterly return was submitted to the Information Commissioners Office (ICO) before the 03.05.2024 required date, with no Freedom of Information (FOI) requests received in the quarter.
- That at time the report was issued there had been no significant Health and Safety incidents to report since the last meeting date.

7. CEO Progress Report

Members noted the content of the report updating on significant issues and developments since the last meeting not covered elsewhere on the agenda. In particular:

- *Staffing:* Members noted that appointments had recently been made to the vacant posts of Welfare Rights Assistant and ICT Assistant. It was also noted that a voluntary work-experience placement had been offered in response to a request from the daughter of an Association tenant who is a student at Glasgow University. It was noted that she would be involved in taking forward some projects whilst also being given the opportunity to shadow some Association staff members, as a learning opportunity. It was agreed that the Association should review and define its future approach to work placements, and how this differs from employment situations.

- *Upkeep*: The CEO updated the Board on the ongoing negotiations regarding the annual pay claim for 2024/25 between our subsidiary, Upkeep, and UNITE the union which is acting on behalf of some of the Upkeep staff. The SHA Board would continue to be kept updated in light of any potential service delivery implications for SHA.
- Rent consultation: The CEO provided an update on action taken to date to respond to consultation responses and any comments/issues raised:
 - 193 consultation responses received in total (112 opposed).
 - From the start of consultation process staff were tasked with logging and responding to any tenancy issues raised and recording action.
 - All responses including comments were reported (anonymously) to February Board meeting. Where comments provided these related most often to affordability (50 responses) and service delivery – repairs, caretaking, estate management and ASB etc - issues (36 responses) with around 13 raising other issues.
 - In the vast majority of cases tenants had been contacted by their housing or maintenance officer or both in response to tenancy issues (in some cases it hadn't been possible to make contact with tenant). In cases where affordability issues were highlighted tenants were often offered access to our specialist advice services and offered fuel vouchers where appropriate.
 - On 23rd February a letter was sent to all 2445 tenants advising of Board's decision on rent increase; thanking all those who responses for taking part and confirming that all responses had been considered and advising that individual follow up letters would be sent out to those who had responded.
 - On 8th March a letter was sent from the CEO to most of the consultation respondents, again thanking them for their involvement and their comments and providing a more detailed breakdown of the information taken into account by the Board in arriving at the decision to proceed with the consultation proposals. An offer was extended to meet with the CEO to discuss any issues.
 - Since then, more tailored response letters have been issued in response to cases where comments were more complex/lengthy and this process is ongoing. Noted that it has taken longer than would have ideally been the case but keen to ensure that all are ultimately dealt with.
- *Acquisitions*: Members noted the update on progress with grant funded property acquisitions with four having been acquired in 2023/24 and two others still under consideration. This in addition to three properties in which we had bought back the owners' share in 2023/24. The DPS advised that our recent SDFP submission to the Council had included a bid for £1.5M to acquire up to 12 more properties in 2024/25. However the availability of funding for acquisitions in the coming year remained uncertain against the backdrop of the Scottish Government's recent decision to reduce the affordable housing budget by £200m.
- *Development projects*: The SDFP had also identified potential future development

projects at Wellshot Road and Old Shettleston Road (Clyde Gateway site). The DPS advised that a recent evaluation of the Wellshot Road project had indicated a very substantial uplift in costs per unit and that high levels of Grant would be required to make it viable, and as above, the affordable housing budget is being cut. Our annual programming meeting with the NRS team at the Council was scheduled for 14th May. A member queried progress regarding the Old Shettleston Road site and the DPS advised that a meeting is to be held with that organisation's CEO.

- *Communications:* The Spring edition of the newsletter was noted. Members were asked to indicate interest in taking part in a working group to oversee the format of the newsletter. The next briefing session for elected members had been scheduled for the morning of 31st May, with Office Bearers asked to attend.
- The *Tenant Forum* meeting on 15th April had been rescheduled to the 16th May due to lower than usual attendance. The DCCS advised that the meeting would be promoted via text and social media to try to increase numbers.
- *Scottish Housing Regulator (SHR)* The Board noted that the Association's Regulatory Status for 2024/25 had been confirmed as "compliant" by SHR. Other recent correspondence from the Regulator also noted.

8. SHA Business Plan 2024

The Board noted the content of the report. The CEO highlighted the key proposed changes to the Business Plan, which included some items that had already been specifically approved by the Board over recent months:

- Section 1: Introduction:* updated statistical information about the Association, the stock, tenants and rents.
- Section 2: Our Purpose, Vision and Values:* now including the updated organisational Values, agreed during 2023/24.
- Section 3: Review of Progress in 2023/24:* Noted that it was intended that this chapter will also form the basis of the Review of the Year section of the Annual Accounts for 2023/24.
- Section 4: Strategic Review:* including the updated SWOT analysis as per the discussion at the February meeting.

- Section 5: Our Strategic Objectives for 2024/25 – 2026/27:* Including the revised Strategic Objectives approved in March and for each of these an overview of what we want to achieve and how we intend to deliver.
- Section 6: Our Finances:* Including an overview of our financial position, forward projections and the assumptions that underpin these.
- Appendix 1: Summary of Key Risks:* as noted and approved at the March meeting.
- Appendix 2: Delivery Plan:* the proposed “SMART” action plan for how we will deliver on the Strategic Objectives in year 1, based on priority projects approved in March with specific time targets/lead responsibilities and assessed risks of non-achievement now added.
- Appendix 3: Key Performance Indicators for 2024/25:* operational targets for the year ahead.
- Appendix 4: Budget 2024/25:* as approved in March.
- Appendix 5: 5 Year Cashflow:* based on the updated 30-year projections approved in March.

In discussion members raised queries about the Delivery Plan:

- It was confirmed that some lines in the Plan were sub-headings as opposed to actions in themselves.
- Number of projects in Delivery Plan and whether this will be deliverable: the CEO acknowledged that there was again a lot in the Plan and that it would be challenging to fully deliver. However, the Executive Team members had each made their best assessment of what would be required and realistic timescales for completion. The Board agreed that it was better to aim high even if we fall short in due course for good reason.

The Board approved the final draft revised Business Plan.

9. Governance Issues

Members noted the content of the report.

It was noted that several Members had attended the recent briefing session on the role of Office Bearers and Sub-Committee Chairs. Some of those attending had indicated a willingness to take on more responsibility and it now seemed likely that we would shortly be able to fill the various vacant office bearing/committee chair positions within the Group. Janice Saunders had already been elected as Chair of the Housing & Community Services Committee.

Maureen Mulgrew was then elected to fill the vacant position of Secretary on the nomination of Hugh McIntosh, seconded by Brian Barclay. There were no other nominations.

Members noted progress in respect of this year's Annual Board Review, with Member appraisal meetings now having been scheduled for mid-May. In the meantime the Board noted that good progress had been made with the 2023 Board Development Plan that was approved following last year's annual review. Key outstanding issues were identified as follows:

- The need for further recruitment, despite that which has already taken place since the Plan was approved.
- The need to complete the governance review that is underway, to deliver on the aim of streamlining meeting/reporting arrangements.

It was also noted that no buddying/mentoring arrangements had been entered into and a reminder was given that experienced Members had previously indicated a willingness to help in this regard if any newer recruits would like it.

The Board also noted that the review of governance arrangements was also progressing and reminded that a special meeting of the Board is due to take place on 7th May to hear initial proposals from Freya Lees of North Star consultants. Members were reminded that as part of her review Freya had also been asked to give a view on the restrictions in the current Standing Orders placed on Office Bearers chairing sub-Committees.

10. East End Housing Development Company (Review of Loan Agreement)

The DFCS presented the paper on the review of the SHA and EEHDC loan agreement. Members noted the full detail contained in the report and the proposal to reduce the loan interest rate from the current '1 per centum above the blended rate applicable to the lender' to a flat 3%, and in particular that:

- SHA needs EEHDC to succeed; the Association needs the subsidiary as a vehicle to let out its mid-market and market rent properties; there are 32 mid-market and 13 market rent properties. The mid-market properties are leased from SHA and the market properties are owned by EEHDC.
- EEHDC had borrowed £669,359 from SHA to purchase 13 properties for renting on a market basis over the years from 2009 to 2017. The loans are over 25 years and on an interest-only repayment basis. The existing loan agreement allows for the 25 year repayment basis to be extended, if agreed by both parties.
- There are 13 separate loan agreements for each property, all worded the same.
- The loan agreement, including terms, was based on template document prepared by TC Young, the Associations solicitors.
- The interest rate in the agreement is defined as '1 per centum above the blended rate applicable to the lender'.
- SHA has 4 loan agreements of its own, totalling £41,600,000. Facilities A, B, and C are on fixed rates whilst facility D is on a variable rate. The hike in interest rates over the last few years has impacted on the overall blended rate to be applied to the EEHDC borrowings.

- The blended rate for all SHA borrowings, plus 1% equates to £39,760 (5.94%).
- SHA still has £3,400,000 of funds available for drawdown on Facility D which would further drive up the blended rate applicable to EEHDC borrowings once drawn.
- It was agreed that this interest rate charge could be considered to be inappropriate as it allows for EEHDC to be subject to an increased interest rate on SHA's future borrowing requirements. Also, when the individual loans were made to EEHDC, SHA was accessing its own Facility C loan funds at the time which has a fixed interest rate of 2.4053%. The on-lending to EEHDC would have likely been made from Facility C borrowings or cash reserves. It is excessive for EEHDC to be charged 5.94% interest when the cost to SHA was 2.4053%.
- EEHDC has been subject to adverse rent restrictions and rising costs due to inflation. This, along with the increased interest rate on the SHA loan, has added pressure to its business plan. To ensure ongoing viability, and in the interests of being fair, SHA have committed to reviewing the intra-group charging. The first review is the loan agreement, which will be followed by the lease agreement and then service sharing agreement.

The DFCS advised that the budgets for both SHA and EEHDC for the 2024/25 year had already captured the 3% rate. Board Members also noted that the 30-year projections for EEHDC would be updated to capture the new interest rate and loan repayments, as they fell due, and be presented to the next available EEHDC Board Meeting. This would help inform if they repayment dates could be met or would need extended. Board Members noted that the outputs from the lease and service sharing agreement review would also need captured.

A member commented that this direction would provide more headroom for EEHDC and increase the likelihood of loan capital repayments.

Following discussion of the risks, and regulatory and accounting requirements, the SHA Board agreed to reduce the loan interest to the proposed 3%. This amount to reflect the Facility C rate of 2.4053% plus a commercial rate of 0.5947%. The DFCS advised that this would involve a minimal change to the loan agreement which would be covered off by the production of an 'Amendment Letter' which would sit alongside the 13 loan agreements. This would be prepared by TC Young.

The Board noted the content of the report and approved the instruction of TC Young to draft the required 'Amendment Letter' to reflect the proposed change to the loan interest rate in the loan agreement between SHA and EEHDC.

The Board also agreed to delegate authority to the Executive Team to conclude the final wording of the Amendment Letter and to arrange for it to be signed by the authorised signatories once it has been presented to the EEHDC Board.

11. Membership Applications

There were none.

12. Any Other Business

There were no items raised. In accordance with standard procedure staff Members then left the meeting and the Board discussed the quality of reports that had been provided to this meeting, with any action points to be fed back by the Chair to the CEO.

Minute prepared by Tony Teasdale (CEO) and Kirsty Brown (DFCS)

SIGNED:



DATE:

28/5/2024