BOARD
MINUTES

SHETTLESTON HOUSING ASSOCIATION

MINUTES OF	:	Board of Management Meeting
TIME & DATE HELD	:	12th December 2023
DATE APPROVED	:	16th January 2024

BOARD MEMBERS PRESENT	:	Hugh McIntosh (Chair), Grace Barbour, Brian Barclay, Elizabeth Battersby, Neil Devlin, Gillian Johnston, Maureen Mulgrew, Eddie Robertson and Janice Saunders
APOLOGIES	:	Rae Connelly
STAFF PRESENT	:	Tony Teasdale (CEO) Colette McKenna (DPS) Kirsty Brown (DFCS) Lhyam Sumal (ICTBTM)
IN ATTENDANCE	:	N/A

1. Apologies

Apologies were noted as above.

2. Declarations of Interest

All tenant Board Members present (Ms Barbour, Mr McIntosh, Ms Mulgrew and Ms Saunders) declared an interest in relation to the expected discussion on rents and service charge income at Agenda Items 9.1 and 10.

Mr Mcintosh reminded members of his active involvement with Shettleston Keenagers, one of the local community Groups to have benefitted from a festive contribution from the Association (Agenda Item 7).

3. Minutes for Information:

The draft minutes of the following meeting were noted:

3.1 Housing & Community Services Meeting: 07.11.2023

It was highlighted that Gillian Johnston should have been noted as an apology. She was not present at the meeting. The CEO advised that this would be updated.

3.2 Audit & Corporate Services Meeting : 28.11.2023

4. Minutes for Approval

4.1 Board of Management Meeting: 14.11.2023

The draft Minute of the Board meeting held on 14th November 2023 was approved on a motion from Grace Barbour, seconded by Janice Saunders.

4.2 Strategy Day : 18.11.2023

It was noted that Janice Saunders was not present at the meeting. Janice had been noted as being present and also giving apologies. The CEO advised that this would be updated. Subject to the required amendment, the draft Minute of the Strategy Day meeting held on 18th November 2023 was approved on a motion from Eddie Robertson, seconded by Brian Barclay.

5. Matters Arising Schedule

Members noted the content of the Matters Arising Schedule. It was agreed that the required Health & Safety training for the Board could be scheduled for 23rd January 2024.

6. Compliance and Safety Update

Members noted the content of the Compliance & Safety Update Report which confirmed that:

- That there had been no new Notifiable Events reported since the last meeting and that the NE regarding the loan covenant situation was now closed as we were no longer forecasting a breach for the 2023/24 year.
- The Annual Return and Accounts were submitted to the Office of Scottish Charity Regulator (OSCR) in advance of the 31.12.22 filing deadline. This concludes the return filing requirements for 2023.
- 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 update*: In discussion immediately prior to the start of the Strategy Day on 18th November Board Members present had approved a proposal that the restructure of the Customer and Community Services team should be put on hold for now. Initial consultation feedback received from staff had suggested that the priority at this stage should be to first recruit to the vacant Director of Customer and Community Services (DCCS) post. Having regard to this Board Members had agreed that the current staff consultation process should be terminated.

  Members had made clear however that they continued to be in favour of the proposals and wished the restructure to proceed in due course. The incoming DCCS would be given the opportunity to help shape the proposals following which a new consultation process would be commenced. Members noted that the recruitment process for the DCCS post had since been commenced and that the deadline for applications was 18th December. Assistance with the recruitment process was again being provided by Aspen People Ltd, at a discounted fee. The Office Bearers would form part of the interview panel. Given the possibility that it may take some time for the new DCCS to come into post the temporary cover arrangements were being reviewed.

  The Board noted that recruitment was also now underway for the new Energy Adviser post with a 20th December deadline for applications. Members were reminded that this is a two-year fixed term post, being shared with Tollcross HA (THA) but with SHA as the employer. The post was being advertised at EVH Grade 6 although the funding applied for and awarded from the Energy Redress Fund was only sufficient to cover a Grade 5 post. Since the last meeting it had become clear however that there is a shortage of trained energy advisers at present and following consultation with the office bearers it had been agreed with THA that the grant award from the Energy Redress Fund should be topped up with a contribution from both organisations to increase the likelihood of a successful recruitment.

- *Christmas and festive cheer arrangements:* Members noted the Christmas/ New year office closure timings and that this year's festive cheer arrangements included the following, with up to £4,500 allocated from the wider role budget to cover costs:

  - Pantomime tickets for 25 tenant households
  - A hunt the elf competition with prizes
  - £100 each to five local community groups as a thank you to their volunteers (the Men's Shed, the Growing Project, the Keenagers, the Credit Union and the Bereavement Group)
  - A Christmas welcome event at the Hub for new SHA tenants

- *Shettleston Community Growing project (SCGP):* Support had continued to be provided to the SCGP Board. A new project Co-ordinator – Margot Devaney - had now been recruited and was due to start work in early January.

- *Shettleston Halls – potential housing development site:* The Council had recently advised of a change in the position of Planning officials that would now allow for the façade of the former Halls to be demolished. It had also made clear that it continued to be keen to sell the site to SHA for affordable housing. Members were reminded of the work undertaken by SHA in the past that had concluded that the site was unviable for development should the façade need to be retained. A holding response had been given at this stage and we had sought clarification from the Council on the situation regarding the site immediately behind the former Halls site. It is currently occupied by a health facility but it was believed that this might also become vacant in the foreseeable future.

  Combining the two sites would likely make the site far more viable. (A Member commented that he understood that the services currently delivered from the site were shortly to be transferred to the major new Parkhead Health Centre).

  The DPS advised that development costs had risen significantly in recent years, with average per unit prices for social rented homes now around £230K. For that reason many RSLs were currently delaying or putting on hold their development plans. The contractor the JR Group had been invited to carry out an initial assessment, at its own risk, of the potential viability of the Halls site if combined with both the adjacent site and the nearby former telephone exchange on Wellshot Road already in SHA ownership.

  Another Member expressed surprise that the Planners had changed its mind regarding the façade. The DPS responded that it was likely to be due to a realisation that the structure would need to be dealt with in one way or another soon for safety reasons and represented a potential liability to the Council. The Member also then asked when an updated risk assessment would be carried out on the proposed development. The DPS gave a reminder of the Association's approach to assessing risk at each stage of the development process, including prior to site acquisition. It was also noted that in this case part of any assessment would need to take into account:

  - the Association's overall capacity to take on further development-related loans and
  - whether this site should be considered the priority for investment of these resources in light of the fact that there were other possible sites in the offing (e.g. the former McKellar Watt factory site).
  - The Board noted the position and that further information and recommendations would be provided in due course.

- *Local and national housing policy:* Members noted the information provided regarding:
    - The recent declaration of a "housing emergency" by Glasgow City Council. The further growth in homelessness and the Council's inability to deal with this had been cited as significant factors. The CEO would be attending an online meeting between key Council officials and all the RSLs in the City on 14th December to discuss possible ways to address the situation.
    - The recent publication by the Scottish Government of proposals for new social housing net zero energy standards. The DPS advised that these appeared to include some easing off of the previous ("EESSH 2") timelines for transition and an acceptance that not all homes would be able to achieve net zero. It also proposed a move away from reliance on EPC ratings and towards assessment of the energy required to heat a home. No further information was being provided at this stage however regarding the very significant funding support that would be required to support social landlords to improve their homes to net zero standards. The consultation will run to March and the Association will input into responses from the sector and in particular GWSF.

8. Business Plan: the Association's Strategy

Members noted the content of the report which:

- Gave a reminder of the annual business planning process
- Referred to the structure and content of the existing Plan, including the SWOT analysis of the Association (strengths, weaknesses, opportunities and threats).
- Picked out the key issues from the note by consultant Alison Smith of the Member-only discussion at the recent Strategy Day regarding:
    - How Members see the Association at present
    - Where Members would like to see the Association in five years' time

To help take forward the development of the Plan Members were asked to discuss how last year's SWOT analysis should be updated and to give any more specific thoughts about where the Association should aim to be in five years' time.

A number of Members commented that the description of the Association in the consultant's note of the Strategy Day as "dated and stuck in the past", and "stagnant", did not reflect their views of the organisation. They felt that the Association had continued to be forward-looking and that significant progress had been made in recent years to address the Association's financial position and make other improvements, despite the challenging background of Covid and the cost of living crisis.

It was agreed however that continued improvement was required going forward and the Chair suggested a number of key areas including:

- The development of our ICT /digital strategy (as illustrated in the reports to agenda Item 9)
- Harmonisation of the rent structure
- Increased cohesiveness of the community and addressing issues to do with poor quality environment in some areas
- The fact that external perceptions of the Association were not all positive and the need for the Association to raise its profile

The CEO drew Members' attention to the existing SWOT analysis. He highlighted some aspects of this that required updating e.g. the fact that tenant satisfaction levels had dipped significantly in the latest Survey and that the listed weakness of "high sickness absence" was no longer accurate. He also highlighted similarities between issues being highlighted now and those in the SWOT analysis which also fed through into the Strategic Objectives/Delivery Plan in the current Plan.

Members were reminded of the proposed timetable for review of the Business Plan by the end of March (as agreed at the Strategy Day and re-stated in the report).

The Board then agreed that staff be tasked with re-drafting the Strategic Review section of the Business Plan , having regard to Member discussion so far. This to be considered by the Board at the January meeting.

The Chair sought feedback from Members as to whether they felt that they were being given sufficient opportunity to drive the Strategy. There were no alternative suggestions received.

9. Finance

9.1 First draft Budget for 2024/25

Members noted the contents of the report and the draft budget workings. The DFCS confirmed that all budget holders had been involved in preparing the draft figures; as such it did capture all known costs for the year ahead, however some cost estimates were required as we were still 4 months away from the start of the new financial year. The DFCS also noted that the work that had been done over the 2022/23 year to review all costs and business plan assumptions had been beneficial. The budget setting process this year had been easier and increased our ability to better determine financial results/ provide more accurate forecasting. The key points noted were:

- The draft budget presented incorporated a 5% rent increase, being the recommended minimum rent increase for the 2023/24 year. There had been discussion on rent levels at the recent Board Strategy Day and it had been agreed to wait until the November 2023 inflation rate was released on 20th December before a final recommendation was made on the rent proposal for the 2024/25 year. This would be made to the January Board meeting. It was noted that there would be further discussion on this at Agenda Item 10
- The EVH inflationary salary uplift had been estimated at 5% for the purposes of the draft budget. The DFCS detailed that this was thought to be a realistic, not prudent estimate. Members noted that the Union had requested a double-digit increase and although the final award was not expected to reach these levels, it was expected to be on or around inflation. The DFCS reminded Members that the pay award in the previous year had been significantly below inflation.
- The draft budget presented assumed no severance payments arising from the proposed changes to the Customer and Community Services Team structure.
- Insurance costs had been estimated with a 10% uplift. Members noted that the Association was just about to tender for the provision of insurance broker services and insurance cover requirements. Market conditions were discussed and a 10% uplift was considered reasonable.
- The draft budget presented no issues with cash-flow. Members noted that no loan draw downs were expected and that the cash balance was expected to be over £2m for the duration of the year.

- The draft budget provided covenant compliance for the 2024/25 year. The DFCS confirmed that this was based on existing loan covenant calculations. Members were reminded of the new covenant proposal from RBS and the DFCS highlighted that updated business plan workings would be provided to RBS once the rent increase proposal for the 2024/45 year was confirmed at the January Board meeting. The DFCS stated that there was now less urgency to resolve the covenant issue as the Association was no longer forecasting a covenant breach for the 2023/24 year.

Members then raised queries about the assumptions regarding rent and service charge increases for the year ahead and it was agreed that the agenda be re-jigged to move the scheduled Item 10 up to item 9 and to take the previously scheduled Items 9.2, 9.3 and 9.4 regarding IT procurement after that.

Before doing so Members noted that the final budget would be presented to the March 2024 Management Board for approval. It would capture the outcome of the rent consultation and decision on the level of investment going forward.

The Board approved the draft budget for the 2024/25 year subject to receiving more detail on varying rent increase options at the January 2024 Board meeting.

9. <u>Rents and Service Charges updates and issues</u>

Members noted the content of the report which provided information about the annual rent and service charge setting process and highlighted a number of recent developments and other issues for consideration by the Board in advance of the January meeting when a decision will be required on the specific level of increase to be applied from 1st April 2024, subject to tenant consultation. Issues noted included:

- That unlike last year the Scottish Government was not seeking to directly influence RSLs' rent setting process.
- A reminder of last year's 7% increase – higher than in other recent years but significantly below inflation.
- A reminder that the rent harmonisation process had been delayed again and that there continued to be significant variances in the rents paid by tenants across the stock.
- That CPI inflation for the 12 months leading up to the end of October had fallen significantly to 4.6% and the November rate was due to be announced on 20th December.

The Board also noted:

- Information held on Decision Time about the rent increase intentions of a wide range of Scottish social landlords, as gathered by GWSF and the Scottish Housing Network (SHN) respectively, and that this showed that most were currently proposing increases above the current inflation rate. It was understood that many are looking to claw back some of the lost income from the below inflation increase that was necessary last year.
- Information in the report regarding comparative rent levels at the end of March 2023 which showed that SHA's average rents continued to be below sector averages and made the point that the costs of maintaining our stock and delivering services are no less than elsewhere.
- The proposals in the report that:
    - The Board consider an above inflation rent rise this year in light of the above factors, to ensure that the needs of the business plan can be met going forward.

- That, in advance of rent harmonisation, that differential rent increases be applied again this year, as in 2019, 2020 and 2021, so that those currently paying significantly less than the average rent for their property type and size are given a higher annual increase from 1st April to help bridge the gap and slightly reduce the standard increase to be applied to the majority.

- Information in the report regarding the following services where it was proposed that action be taken this year, in advance of the overall rent restructure, to amend service charges:

    - The Retirement Housing Service (RHS): to address issues raised as part of the staff restructure proposals in October).

    - The Private Garden Maintenance service (PGM), following an assessment of the costs of this service and in light of the fact that it would no longer be legible for Housing Benefit from April 2024.

Members discussed the information regarding rents and service charges contained in this report and that on the draft budget.

A Member highlighted the general issue regarding the under-recovery of costs through service charges and in particular the landscaping income and costs comparison. The CEO advised that we were in the process of reviewing service charges and in particular those provided by the subsidiary Upkeep. Part of the deficit was due to the fact that some tenants (ex-GHA tenants who had continued in their stock transfer homes) were not charged a separate service charge and some of their rent payment should really be apportioned to services. Another very significant factor was that the cost of the Private Garden Service had not previously been separated out from the more general landscaping cost, appearing to make that look much higher than it would otherwise be. The true costs of these had only more recently been properly assessed and it was clear that the relatively small number of recipients of the PGM (around 120) were being heavily subsidised by the general rent charge. It was estimated that the cost of the service was in the region of £1k per annum per customer. The DFCS confirmed that although this did seem excessive, it could not realistically be compared to a 'man with a van' as the distribution of overheads was not comparable to those of Upkeep.

Furthermore it was noted that from 1st April 2024 Housing Benefit was no longer going to cover the PGM cost that is currently being applied. Most tenants in receipt of the service are on HB and were unlikely to be able to pay the charge themselves. As such, the Association would need to make a decision on whether or not to continue this service. Tenants would be contacted in the coming weeks and further information reported to the January meeting to enable a decision to be made on the future approach.

Another Member queried the recommendation in the Budget report that a 5% minimum rent increase be applied. He referred to reported predictions that inflation would continue to drop going forward. He also highlighted that a 4% rent increase had been presented to the Board Strategy Day and it had been indicated that this would work in terms of cashflow and covenant compliance for that year. The DFCS confirmed that whilst a 4% increase would work for 2024/25 year, the long-term impact of below or inflation only increases needed to be considered given the overall financial position and the Association's objectives. If a lower rent increase was set for the year ahead, it would mean more difficult decision in the years that follow.

The DFCS added that the budget and business plan workings had little slack; all excess/comfort spend assumptions had been stripped out in the prior year.

The CEO agreed that the anticipated reduction in inflation was good news but suggested that what mattered at this time was the actual increase in our business costs that had been experienced when inflation had been higher in the past year rather than what the rate would be going forward.

We had to ensure income was rising at the same rate where possible. The CEO reminded all Members that we had a significantly below inflation rent increase in the prior year resulting in lost revenue of around £300k per annum. The DFCS reminded Members that the published CPI rate was not our business rate of inflation. Members were also reminded that interest rates were significantly higher than had been expected and were likely to remain so for the year ahead. The impact of a 1% rate change is currently £66k per annum; not insignificant. The DFCS also highlighted that if the Association was going to actively consider developing new homes again, it would have to ensure that the rental income would be sufficient to cover the increased debt repayments for any new project. Whilst development should strengthen the business plan over the long term, it can add cashflow pressures in the early years. In response to a Member query, the DFCS confirmed that the current business plan did not include any development assumption.

Following further discussion the Board decided that Staff should report back to the January meeting with:

- **Scenarios showing the respective impacts of a 4, 5 and 6% increase and an indication of what could be delivered with each of these in the longer term.**
- **Proposals for differential rent rises.**
- **Proposals in relation to the Retirement Housing Service and the Private Garden Maintenance service and the charges for these.**
- **Finalised proposals for how tenants should be consulted on the agreed proposals regarding rent and service charges for 2024/25.**

10.1 Procurement of IT upgrade: eBIS & V1 for Open Accounts

The ICT and Business Transformation manager (ICTBTM) provided an overview of the eBIS & V1 IT upgrade for Open Accounts. There was detailed discussion and positive feedback from Board Members on the enhancements and the impact it would have for the organisation.

eBIS will provide an online portal where the Finance team can publish and share financial information, invoices, and quotes with other staff members. This then enables teams to approve payment requests in a more timely and accurate manner whilst providing full audit trail. There was a discussion around how at present the Finance team are e-mailing files to the Maintenance team which then requires invoices to be printed and issued manually to maintenance officers before being collated, re-scanned and returned to the Finance team. There was agreement that eBIS will provide efficiencies, increased accuracy, and better reporting across the Association.

V1 was explained as being a tool that will automatically scan invoices that the Association receives from its suppliers and then read these files, extract the information, and generate the invoice on to the accountancy system. It was estimated that this will free up significant staff time within the Finance team. There was discussion around the improvements that automatic invoice processing will result in invoices being processed quicker and more accurately but combined with eBIS, this would result in faster access to more detailed reporting.

The Board approved the procurement of the eBIS and V1 modules.

10.2 Procurement of IT upgrade: Pay 360

The ICTBTM provided an overview Pay 360, the alternative to the current Allpay payment system. There was detailed discussion and positive feedback from Board Members on the enhancements and the impact it would have for both the organisation and tenants.

It was recognised that the current arrangement with Allpay has been in place for more than 20 years and the improvements that Pay 360 can bring to the Association would benefit tenants, owners, and staff alike. There were some questions around the upfront costs of Pay 360, in particular around implementation fees. However, the ICTBTM assured that once the implementation costs are paid within the first 5 years, the Association then stands to benefit from reduced costs in terms of transaction fees and annual licences. There was discussion around staff savings and the ICTBTM explained that estimated savings on staff time were based solely on time to be saved from rents processing as these steps will become automated. Further savings are to be gained from reduced time by the reception team and Housing Officers when processing payment enquiries.

The ICTBTM also explained that further improvements can be made in the future with things like a payment kiosk in reception for self-service, or mobile payments on the go by Housing Officers and/or Maintenance Officers. However, to make this possible, it is necessary to switch from Allpay to a system such as Pay 360 which makes these types of integrations available.

There was a question around the staffing cost not being reduced with the staff savings and it was explained by ICTBTM that the staff savings can be used to deliver other areas of service, around Factoring where the staff member here is currently dealing with Rent Processing issues. The Chairperson also asked the CEO that no jobs will be lost as a result of these IT improvements which the CEO confirmed there would not be.

The Board approved the procurement of Pay 360.

10.3 <u>Procurement of IT upgrade: Tenancy Portal</u>

The ICTBTM provided an overview of the proposed new Tenancy Portal. There was detailed discussion and positive feedback from Board Members on the enhancements and the impact it would have for both the organisation and tenants.

The ICTBTM explained that several other tenancy portal software packages were investigated. However, choosing to procure the Tenancy Portal from Capita meant better system integration with the existing Housing Management System which would mean less change for staff: the new Portal would really be an online system for tenants and would not affect the systems that staff use, or require secondary systems or any additional training, other than how to use the Portal from a tenant's perspective.

The Board approved the procurement of the new Tenancy Portal.

11. <u>Governance Issues</u>

Members noted the content of the report from the CEO.

The confirmed dates for the January, February and March Board meetings were **noted**.

The Board then considered proposals in respect of a number of the action points from this year's *Board Development Plan*:

<u>Action point 1.1</u>: *Board Recruitment*: The Board **approved the proposed co-option to the Board of Marian Hussain**, an SHA tenant, on the basis that she met a number of the agreed recruitment targeting criteria, including: increasing tenant representation; recruiting those with relevant professional knowledge / experience; and improving the diversity of the Board to better represent the community.

<u>Action point 4.2</u>: *Succession Planning*: The Board was reminded of the objective to identify experienced Members willing to step in at short notice to cover office bearer positions, on even a temporary basis as "caretakers", should that be required.

It was **noted** that the following Members had agreed to take on additional responsibility in such circumstances should it be required:

- Brian Barclay
- Gillian Johnston
- Elizabeth Battersby

Action point 9.1: *Streamlining governance:* The Board was reminded of the objective to explore whether the number of meetings per year can be reduced whilst still enabling the Board to have the necessary scrutiny, oversight and assurance. It was **noted** that following on from the Strategy Day, consultant Alison Smith had been invited to submit a proposal for carrying out a review of the Association's governance arrangements. Due to illness Alison had not been able to provide the proposals in time for this meeting and they would instead be reported for consideration at the January meeting.

12. Membership Applications

The Board noted the content of the report and **approved the following applications for share-holding membership** of the Association:

- **Mr Robyn Greenfield,** [redacted]
- **Miss Elzbieta Mikrut,** [redacted]

It was noted that both are tenants of the Association.

13. 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), Kirsty Brown (DFCS) and Lhyam Sumal (ICTBTM)

SIGNED: ....
(Chairperson)

DATE: 16/1/2024.