

MINUTES OF	:	Board of Management Meeting (Non-Confidential version)
TIME & DATE HELD	:	21st February 2023
DATE APPROVED	:	28th March 2023

BOARD MEMBERS PRESENT	:	Lesley Scoffield (Chair), Christine Thomson, Grace Barbour, Brian Barclay, Elizabeth Battersby, Sean Connor, Gillian Johnston, Hugh McIntosh & Eddie Robertson
APOLOGIES	:	Rae Connelly
STAFF PRESENT	:	Tony Teasdale, (CEO) Kirsty Brown, (Director of Finance & Corporate Services)
IN ATTENDANCE	:	None

1. Apologies

Apologies were noted as above.

2. Declarations of Interest

It was noted that, as tenants of the Association, Lesley Scoffield, Christine Thomson, Grace Barbour and Hugh McIntosh had an interest in the decision on the proposed rent increase at Item 8. Brian Barclay also noted that his sister was a tenant of SHA. In accordance with usual practice however it was agreed that this should not prevent them from taking part in the discussion or voting on the issue.

3 Minutes for Information

The draft minutes of the following meetings were noted:

- 3.1** EEHDC Board Meeting : 31.01.23
- 3.2** Audit and Corporate Committee meeting : 31.01.23
- 3.3** Housing & Community Services Committee meeting : 07.02.23

The CEO sought some clarification from Members who had attended the Housing & Community services on the following issues:

- *Community Centre consultation process:* There was some confusion as to what exactly had been agreed. The CEO therefore undertook to consult further with sub-Committee members and report back regarding the Association's participation in the next stages of the consultation.
- *Community day event:* the Minute referred to a possible event being arranged for the Spring. Members confirmed however that what had been envisaged was a summer gala – probably in early August.

4. Minutes for Approval:

4.1 The draft Minute of the Board meeting on 17th January 2023 was approved on a motion from Grace Barbour, seconded by Brian Barclay.

5. Matters Arising Schedule

Members noted the content of the Matters Arising Schedule and in particular that the two subsidiary company Boards had now adopted the Group Risk Policy and framework and adopted their own risk registers.

6. Compliance and Safety Update

Members noted the statutory and regulatory returns that had been submitted since the last meeting and that there had been no new Notifiable Events or significant health and safety issues.

7. CEO Progress Report (P&C)

Members noted the content of the report and the following in particular:

- Update on the Cost of Living campaign and latest statistics on tenants contacted and apparently positive news about a reduction in rent arrears at the end of January.
- News about the outcome of grant applications for wider role activities, including positive news about projects in partnership with Parkhead HA:
 - Investing in Communities Fund monies had been secured to enable the Pantry (including the Shettleston outlet) to be continued for a further three years. It was noted that an annual contribution in the range of £10k- 13k will be required from SHA to supplement this.
 - National Lottery Funding had been secured for the East End Winter Warmer Winter project: this would provide monies for blankets, air fryers, duvets etc.

It was also noted however that the Investing in Communities Fund bid to extend Tollcross Shettleston Money Advice Project (TSMAP) had unexpectedly been unsuccessful. The CEO reported back on initial discussions with our partner, Tollcross HA, on how the project, which employs two Money Advisers, might be maintained beyond the end of March when the current funding runs out. He suggested that the project might be extended for 12 months through increased direct contributions from the two Associations and that SHA might pay for this through savings elsewhere arising from other anticipated staffing changes. This would allow time to explore other funding options. **Members expressed in-principle support for this but asked for more information about the project outputs.** It was noted that further analysis was currently being carried out to support any decision regarding an extension to the project.

- News that the Director of Customer and Community Services, David Wilson, would shortly be ending his employment with the Association and that, in accordance with normal practice, a review is to be carried out of that senior role prior to any decisions being made regarding recruitment to the vacant post. Other staffing changes were also noted and in particular that two long-serving staff members were shortly to retire: Annette Rintoul and Theresa Allan.

8. Annual Rent and Factoring Fee Review

Members noted the content of the report which outlined the consultation processes that had been undertaken since the last meeting in respect of the proposed increases in rent and management factoring fees and gave details of the responses that had been received in various ways.

The following was noted in respect of the proposed 7% increase in rent & service charges for tenants

- All tenant households had been sent the information leaflet setting out the case for the increase along with the survey form and Freepost envelope to respond. 128 had responded (around 5% of all) – slightly up on previous years.
- Of these 89 (69.5%) had indicated they were opposed to the proposed increase and 39 (30.5%) were in favour.

All individual comments received were recorded (anonymously) within the report as was the feedback from the Tenant Forum meeting that had been held on 2nd February and attended by ten tenants. It was noted that nobody had taken up the opportunity to call into the office to speak to senior housing team members on the Open Day (9 - 7 pm) on 9th February.

Members discussed the consultation responses, many of which highlighted the financial challenges being faced by tenants under the cost of living crisis and the particularly difficult position of those not receiving assistance with rent. Some Members described the increase in living costs that they themselves were experiencing.

Other Members however commented on the continuing high level of inflation – still over 10% and much higher than the proposed rent increase. This was affecting the Association's finances despite a range of cost savings having been achieved.

The importance of continuing to invest in tenants' homes was emphasised by several Members. Without this it would become increasingly difficult to maintain property standards and carry out necessary improvements in future years. The proposed investment in replacement gas boilers in around a quarter of all homes (around 650) in the coming two years should help those tenants to control their fuel bills.

Members also commented that:

- Any reduction in rent increase this year would have to be at least compensated for by higher increases in years to come.
- Any increase was likely to be seen as difficult for some and that several of those opposing the proposed increase had indicated there should be a significantly lower increase (5% or less) which just wouldn't enable even essential investment to be delivered.

It was also noted by Members that whilst a majority of respondents had opposed the proposed increase the vast majority of tenants (around 95%) had not taken the opportunity to participate. This was the case despite the Freepost reply option provided and the regular encouragement to do so that had been given through our social media during the consultation period.

After discussion a vote was taken, with five Members voting in favour of the proposed increase and three against. **It was therefore agreed to proceed with the 7% increase in rent and service charges to take effect from 1st April 2023.**

Members emphasised that it was important that all points raised in the consultation responses are looked into and responded to. The CEO gave assurances that that would happen and a report back be given to the Board.

The following was noted In respect of the proposed increase in the factoring management fee:

- 38 owners (around 8% of the total) had responded and of these 16 (42%) were in favour and 22 (58%) opposed.
- The proposed 10.5% uplift in the management fee would increase the current charge by around £12 per year.
- Since the last meeting a comparison had been carried out with the equivalent management fees of other east end housing associations and this had confirmed that our Fee is significantly lower and this was also the case when compared more generally with other Scottish RSLs.

Following discussion the Board decided to proceed with the proposed 10.5% uplift in the management fee.

9. Subsidiaries Update

Members noted the content of the detailed report which provided an update on the Association's subsidiaries – East End Housing Development Company and Upkeep Shettleston Community Enterprises – and a reminder of the regulatory requirements upon RSLs in relation to group structures.

The Board approved the appointment of two independent subsidiary Board Members as follows:

- **Donna McGill** (Upkeep and East End Boards): a local resident who is employed by Kelvin College as a part-time lecturer and a part-time Community Connector for the Easterhouse Thriving Places Group. Donna has prior experience in relation to both employability issues and as a book-keeper/accountant which were felt to be relevant to membership of the Boards.
- **Liz Pithe (East End Board)**: a Mid-Market Rent tenant of tenant of East End since 2014.

It was noted that SHA's three yearly independent Value for Money review of services received from Upkeep was underway and being carried out by the Ewing Somerville Partnership of quantity surveyors. This was due to conclude around the end of February.

The Board then reviewed various aspects of the financial relationship between SHA and East End as detailed in the report and considered issues pertinent to the forthcoming development of both SHA and East End's 2023 Business Plans. After discussion the Board:

- **Agreed to acknowledge that it will not be possible to set the lease charge for the 32 Mid-Market Rent properties managed by East End at a level that will enable the Association to fully recover the costs it has incurred in developing these properties.**
- **Agreed that East End should not be required to generally sell off the homes it has itself acquired through loan funding from the Association. Sales should however be considered where circumstances justify this.**

- Agreed that the interest rate currently applied to the loan from SHA to East End be reviewed with a report back in due course on the basis to be applied to the rate going forward.
- Agreed that the 2023 East End Business Plan provide for the commencement of loan capital (and not just interest) repayments to the extent that this is possible.

10. Business Plan 2023 - Strategic Objectives

The Board noted the outcome of the January 2023 Strategy day and in particular the Member feedback during the independently facilitated session on the Association's Vision and Strategic Objectives.

Having regard to this it was **agreed that the wording of the Association's Vision remain unchanged** as:

Thriving and prosperous local communities where all residents enjoy great homes and services, an attractive physical environment, and good life chances.

It was also **agreed that the Strategic Objectives be slightly revised** as follows (*changes in italics*):

- A: To achieve excellent standards of governance, organisational resilience *and environmental sustainability.*
- B. *Continue to* improve the quality and value for money of our services.
- C. To effectively manage our resources to protect our assets and deliver the best possible outcomes for quality affordable *and sustainable* homes in the area.
- D. To support our tenants and the local community through the "cost of living crisis" *and seek to promote health and well-being.*
- E. To develop our staff team and refresh our working culture to ensure that SHA is a great place to work.

The CEO proposed that the broader Objective D should allow for a focus in the coming year on supporting residents to address what appears to be the deteriorating cleanliness and condition of the streets and common parts in the local area. Members indicated support for this.

It was noted that specific proposals for how each of the Strategic Objectives should be taken forward in the coming year would be brought back to Committee as part of the draft Delivery Plan.

11. Payments and Benefits Policy

Members noted the content of the report and approved the proposed offer of a tenancy. It was noted that in accordance with the Association's Policy the tenancy offer would be recorded within the Payments and Benefits Register.

12. Management Accounts

The DFCS provided an overview of the results for the period to 31st December 2022. The Board noted the surplus position of £1,583k compared to a budgeted surplus position of £849k.

It was recognised that £300k of the positive variance was due to the gift aid payment from Upkeep in quarter 1 of the 2022/23 year. The main points to note were:

- rental income was higher than the budget expectation by £17k due to the earlier completion dates achieved for the St Marks development;
- void loss was lower than expected: 0.7% v 1% budget assumption;
- the favourable operating costs position was mainly due to:
 - savings on salary costs due to vacant posts, two of which have been removed from the structure as part of the 2023/24 budget review (P/T Finance Officer and F/T Governance & Communication Officer); and
 - savings on repairs and maintenance due to tighter cost control/only instructing work that was necessary;
- loan interest was less than expected for the period to date due to there being no loan drawdowns in the period, however contra to this is the increase in non-utilisation fees compared to budget due to the delay in loan drawdowns;
- the closing cash position at the 31st December 2022 was £997k. The DFCS confirmed that the cash position on the day of the board meeting had increased to £1.5m, and the year-end forecast per the cashflow statement was £910k, higher than the £643k budget expectation; and
- all lender loan covenants were met and the main key performance indicators (KPIs) were showing no cause for concern.

A member queried the £4k adverse variance on Staff / Committee Expenses and the related comment that this was due to overspend in staff hygiene related expenses, the view being that these expenses should sit elsewhere. The DFCS agreed to provide a breakdown of this expense category.

The Board approved the management accounts to 31st December 2022.

13. Quarterly Performance Report

Members noted the content of the quarterly report which incorporated the following:

13.1 Delivery Plan Progress Update

Details of progress with each item in the current Delivery Plan. Overall 88% of action points were either complete (33%) or had been substantially progressed (55%) and the report highlighted priority outstanding projects for the remainder of the year.

13.2 Key Performance Indicators (KPI's)

Performance against the agreed KPIs for 2022/23. Performance against targets was generally good. Rent arrears had increased at the end of December but appeared to have reduced again in January. Staff sickness levels however remained significantly above target. Reasons for this were noted.

13.3 Assurance Improvement Action Plan (AIAP) - Progress Update

Progress was noted against the AIAP that had been approved in October. This showed good progress with nine (55%) of the agreed actions having already been achieved and the other seven (45%) having been substantially progressed.

13.4 Complaints Handling Performance

The overview of complaints received and performance against target response times. This appeared to show a significant reduction in the number of recorded complaints in the last three months and also a relatively poor performance (73%) in achieving target response timescales. **It was agreed that this be further investigated and a report brought back to the Board.**

14. Membership Applications

The Board noted the content of the report and approved the following applications for membership of the Association:

- Ms Jean Brannan
[REDACTED]
- Miss Fiona Lamont
[REDACTED]
- Mrs Lynne Watt
[REDACTED]
- Ms Annemarie Marshall
[REDACTED]
- Mr Tariq Hassan
[REDACTED]
- Mrs Natalie Gallagher
[REDACTED]
- Ms Gaone Mothulwe
[REDACTED]
- Ms Lyn McCarron
[REDACTED]
- Ms Caroline Taylor
[REDACTED]
- Ms Elizabeth Pithie
[REDACTED]
- Ms Debbie Richmond
[REDACTED]

15. Any Other Business

There was none.

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

SIGNED: Christina Thomson
VICE (Chairperson)

DATE: 28-03-23

