

MINUTES OF	:	Board of Management Meeting (<i>confidential</i>)
TIME & DATE HELD	:	27 th June 2023
DATE APPROVED	:	15 th August 2023

BOARD MEMBERS PRESENT:	:	Grace Barbour, Brian Barclay, Elizabeth Battersby, Rae Connelly, Sean Connor, Gillian Johnston, Hugh McIntosh and Eddie Robertson
APOLOGIES	:	None
STAFF PRESENT	:	Tony Teasdale, (CEO) Colette McKenna, (Director of Property Services) Kirsty Brown, (Director of Finance & Corporate Services)
IN ATTENDANCE	:	Barbara Lanstschner, JGA Architects (Item 9 only) Eddy Graham, IBP Strategy & Research (Item 10 only) Helen Barton, North Star Consultants.

1. **Apologies**

There were none.

It was noted that Helen Barton of North Star consultants would be in attendance throughout the meeting to observe the Board as part of the 2023 annual Board appraisal.

2. **Election of Chair and Vice Chair**

Members noted the content of the report and the vacancies created by the recent resignations of the Association Chair and Vice Chair. The Board then considered the election of office bearers to fill these vacancies for the period until the October Board meeting (first after the AGM) when the annual election of office bearers is due to take place.

- **Chairperson:** Hugh McIntosh was elected as Chair on a nomination from Gillian Johnson, seconded by Eddie Robertson. No other nominations were received.
- **Vice Chairperson:** Gillian Johnson proposed Brian Barclay for the post of Vice Chairperson; Brian declined due to holiday commitments over August and September 2023. As there were no other nominations, the Board agreed that it was not an issue to leave the Vice Chairperson post unfilled until the annual election of office bearers due in October. It was noted that there were other experienced Members who would be able to stand in as Chair for particular meetings should the need arise.

3. **Declarations of Interest**

It was noted that Sean Connor is a Director of Cairn Housing Association and that Helen Barton, in attendance from North Star Consultants, was a Board Member of Cairn Housing Association. Sean had had no involvement in the appointment of North Star for this role and the Board agreed that there was no interest to declare. It had been clarified with both Sean and Helen that they were comfortable that Helen would be in attendance at Sean's review meeting.

4. **Minutes for Information:**

The draft minutes of the following meetings were noted:

4.1 Audit & Corporate Committee : 30.05.23

4.2 Property Services Committee : 06.06.23

The CEO confirmed that due to timing, the following minutes would be presented to the August 2023 Board meeting for noting:

4.3 Special Housing & Community Services Committee : 20.06.23

In the meantime the CEO provided an overview of the discussion at that meeting. Members noted that it had been focussed on progressing the new Allocations Policy. Agreement had been reached on the general policy objectives going forward. There had also been a review of the different types of allocation systems that could be adopted and a decision taken that, for the foreseeable future, the Association should continue to operate the type of system that is currently in use, but with other systems to be kept under review going forward.

5. **Minutes for Approval**

5.1 Board Meeting : 23.05.23

The draft Minute of the Board meeting on 23rd May 2023 was approved on a motion from Grace Barbour, seconded by Gillian Johnston.

6. **Matters Arising Schedule**

There were no matters raised, with all issues arising from the last meeting covered by other reports on the agenda.

7. **Compliance and Safety Update**

The CEO provided an update in relation to the recent resignation of both the Chair and Vice Chair:

- An email had been sent to the Scottish Housing Regulator (SHR) advising of both resignations.
- The Regulator had been advised that limited information had been received from the Chair regarding the reasons for stepping down, however there was no reason to believe that they were non-personal reasons, and as such a Notifiable Event had not been submitted.
- The Vice Chair had resigned for personal reasons, declining health and caring responsibilities.
- The CEO confirmed that he had asked the Regulator to confirm if they would like the information submitted in Notifiable Event format. No response had been received by the Board meeting date.

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

- that there had been no new Notifiable Events (NE) submitted since the last meeting date. The NE in relation to the potential loan covenant compliance issue with RBS for the 2023/24 year remains open; no further information has been requested at this time. The NE regarding electrical safety compliance also remains open and we continue to provide regular updates on progress. The latest figures are reporting over 94% compliance;
- the Five Year Financial Projection Return for the year ending 31st March 2023 was

submitted to SHR in advance of the 31st May 2023 filing deadline; and

- there were no significant health & safety incidents to report since the last meeting date.

8. CEO Progress Report

Members noted the content of the report and in particular:

- *Organisational Values:* Members noted the finalised, revised Values and that consultation in advance of the meeting had indicated that all members were in agreement. Members noted the suggested new graphic for promoting the Values. **A Member suggested that a different background colour be used for the Teamwork segment of the graphic to better distinguish it from the segment above and this was agreed.**
- *Resident satisfaction surveys and Tenant Forum:* Members noted the update. There was discussion about the suggestion from the Survey firm, Knowledge Partnership, that those tenants who had volunteered for the Focus Group meetings were to be given a £10 shopping voucher as a thank you. A Member suggested that this was contrary to an earlier decision by the Housing & Community Services Committee that the Association should not offer to make a £40 payment to local people to encourage them to take part in the Community Survey that was undertaken in the spring by Assenti Research. **Following discussion it was agreed by the Board that in this case the thank you vouchers should be issued.** This on the basis that the people in question had already volunteered, and the lower value of the proposed gift. **It was also agreed however that the Board should agree principles to determine when such gifts/payments might be made in future and that staff should report back with recommendations regarding this.**
- *Fair Work First:* Members noted the new requirement that housing associations seeking Scottish Government Grant Funding must commit to the Scottish Government's Fair Work First Criteria and **agreed that the Association should formally commit to abide by these criteria and publish the proposed statement on the website.**

9. Office Energy Study

Members noted the content of the report from the Director of Property Services (DPS). Barbara Lantschner of JGA Architects was welcomed to the meeting to present the findings of the office energy study. A copy of the presentation can be seen at **Appendix 1**.

Members noted the proposals for a retro-fit of the office. The financial evaluation of the cost effectiveness of the proposed measures had still to be completed and this would help inform final decisions on which measures could be taken forward. It was clear however that the cost of carrying out all measures would be extensive and beyond the means of the Association to undertake without additional grant funding.

Members asked a series of questions about the details of the proposed retro-fit works , including air-tightness and ventilation. It was noted by a Member that expectations regarding buildings had moved on tremendously in the relatively short time since 2010 when the office had last been refurbished and won the RIBA award for Best Building In Scotland.

Following discussion it was agreed that:

- **Final information regarding the cost effectiveness of the proposed measures would be reported back in due course.**
- **In the meantime funding eligibility and availability to assist with capital costs should continue to be explored.**

- Pending these outcomes no further action is to be taken to reconfigure office space and / or examine the potential to lease-out parts of the building.
- Immediate action is to be taken however to progress the replacement of office lighting with high efficiency LED fittings and improved controls, at an estimated costs of £12,000.

Barbara Lantschner was thanked and then left the meeting.

10. Staff Satisfaction Survey 2023

Members noted the content of the report and Eddy Graham of survey firm IBP was welcomed to the meeting (via video-link) and presented the key findings. A copy of the presentation can be seen at **Appendix 2**.

The survey had been carried out on-line and in confidence. 86% of staff had taken part. The survey had asked about the following items:

- Your Working Life
- Your Learning and Development
- Director / Line Managers
- Communication
- Appraisal
- Health and Wellbeing
- Health and Safety
- Working Arrangements
- Strategy / Future of the Organisation
- Shettleston Housing Association as an Employer

The Board was pleased to note that there had been a general uplift in staff satisfaction rates over the past year since the last survey was carried out. Some areas for further improvement were noted however and Members noted that, following staff consultation, a report with recommended action points would be presented for consideration to the Audit and Corporate Committee meeting on 29th August.

Eddy Graham was thanked and left the meeting.

11. Annual Board Review 2023: selection of consultant and arrangements going forward.

Members noted the content of the report and the information provided on the procurement process and the eventual selection by the Office bearers of North Star as consultants to provide support with the annual Board reviews and CEO appraisals for the coming three years. Members noted the copy of North Star's consultancy proposal.

Helen Barton of North Star consultants was then welcomed to the meeting and gave a presentation on the process that is to be undertaken in 2023. From this Members noted in particular that:

- All Members will be asked to complete a pre-meeting questionnaire which is to be issued late July/early August. Members noted the content of the draft questionnaire that had been circulated with the report. **There were no suggestions received for amendment to this.**
- One to one meetings between Members and the Chair, with Helen Barton in attendance, would be arranged for week commencing 21st August.
- The CEO appraisal will follow the Board appraisal.

The Board agreed to extend Standing Orders by 15 minutes at 8.00pm to allow the meeting

to continue.

12. Annual Loan Portfolio (LP) Return to SHR

The DFCS presented the draft LP Return for the year to 31 March 2023. Members noted that the figures relating to the borrowing commitments of the Association were in line with those discussed when reviewing the draft annual accounts at the May 2023 Management Board meeting.

The DFCS confirmed that the LP Return provided detail on the total loan facilities agreed, the lender, amounts drawn down, amounts still to be drawn down, the percentage of stock provided as security and the financial loan covenants attached.

Members noted the following:

- The Association had total borrowings of £41,600k, with one lender, the Royal Bank of Scotland (RBS). At the 31st March 2023, there were £3,400k loan funds still to be drawn. The maximum loan facility is £45,000k (£41,600k + £3,400k).
- The Association has met all loan covenant requirements in relation to Interest Cover, Gearing, Asset Cover and Capital Expenditure Limits during the year.
- 96.8% of the Association's stock had been provided to RBS as security. The DFCS confirmed that this meant there was little headroom to seek new finance however confirmed that the Association did not require any at this time, it still had £3,400k of available funds to drawdown. This position might change if there was a new development opportunity. Members noted that the stock was last valued in 2020 and updated valuations were due in November 2023. The DFCS advised that the valuation method takes into account rent increases and investment in stock since the previous valuations; the expectation is that the updated valuations will be higher, providing more security headroom should new finance be required in future.
- The DFCS confirmed that the draft LP Return had already been shared with the Regulator to ensure that the treatment of the loan break costs was correct before submission. The Regulator had confirmed that the treatment was fine.

The Management Board approved the LP Return and its submission to SHR.

13. Property Acquisitions with City Council Funding: Proposals

Members noted the content of the report from the DPS and that, due to a recent change in Scottish Government and City Council funding priorities, there would now be more potential for RSLs in the City to receive Grant to acquire properties on the open market, on the following basis:

- The Council will fund 100% of the purchase price, up to the Home Report value. If the Association offers above the Home Report value the difference would be met by SHA.

- The Association would meet the cost of any repairs or upgrades required to bring the property in line with health & safety or lettable standards.
- For pre-1919 tenements only the Council will fund up to 50% of the costs for repairs.
- The property will be made available to the Council for a homeless referral for the first let (future lets would be determined by the Association's allocations policies).

Members noted the potential benefits of acquiring homes in this way and that both the Asset Management Strategy and the Association's Business Plan had already committed to respond positively to such opportunities.

The Board was asked to consider the basis upon which such potential acquisitions should be appraised, as follows:

- The property is in a block or street where we have majority ownership or purchase would give us majority ownership.
- The property has a clear title and is available with vacant possession.
- 100% funding is available for the acquisition (up to Home Report value).
- We have cash available in the bank to meet the acquisition cost – we would receive a grant offer in advance of the acquisition and draw down the grant funding as soon as the acquisition was settled.
- We have funds available in the capital budget this year to cover the cost of any repairs or upgrades required to the property, without compromising our ability to deliver agreed capital works.
- We run a full discounted cash flow (DCF) assessment to assess financial viability. The DCF would take into account all costs associated with acquisition (legal fees, etc) and repairs / upgrades required to meet lettable standard; rental income; and life cycle costs. The DCF would need to show a positive cash flow position by year 15.
- A report on any acquisitions would be provided to the next available Property Services Committee.
- A total spend limit of £100,000 on works/upgrades would be applied for any such acquisitions under delegated authority in 2023/24.

It was noted that there is currently not a budget for such acquisitions and a Member asked how they could be made without otherwise impacting on the Association's finances. The DPS advised that for this year this was likely to be through slippage in the planned capital works programme. It was proposed that a specific budget be agreed in future years.

In discussion members were very positive about this proposed approach and the Board:

- **Agreed to the proposed viability parameter for private acquisitions as set out above.**
- **Agreed that authority be delegated to the Executive team to progress private property acquisitions in 2023/24 where they meet the viability criteria.**

14. Governance Issues

Members noted the content of the report from the CEO.

In light of the two recent resignations from the Board it was agreed that an urgent recruitment

campaign be undertaken over the Summer. Members were reminded that recruitment targets and criteria had been agreed at the November 2022 meeting.

The Board agreed to delegate authority to the Office Bearers to consider/approve any applications for share-holding membership that are received during the July recess.

Members noted the process to be undertaken over the summer to notify share-holding members of the AGM and invite nominations for election to the Board. It was noted that the election is scheduled to take place on the evening of 19th September and **it was agreed that it should once again be held on the ground floor of the Association's office.**

It was noted that, in accordance with the Rules, two of the three existing elected members who had been elected in 2021 would be required to stand down at the forthcoming AGM, and stand for re-election if they wished to continue on the Board. The three Members were all present : Brian Barclay, Hugh McIntosh and Eddie Robertson. **It was agreed that Hugh and Eddie would stand down this year. Both confirmed that they intend to stand for re-election.**

Finally the Board noted the link to the presentation that had been given at the recent in-house training event for Board Members on Assurance Review. Those who hadn't been present were encouraged to read this. In accordance with the recommendations from those who had attended that event, **the Board approved the following:**

- **That a special meeting of the Board be held on 26th September to review the Association's assurance evidence bank in the lead up to consideration of the Annual Assurance Statement in October.**
- **That, in advance of this, at the September 12th Board meeting, Members would be asked to identify any particular aspects of the Regulatory requirements for targeted discussion at the meeting on 26th September.**

15. Membership Applications

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

- **Mr Andrew Smith**

[REDACTED]
(SHA tenant)

- **Mr James Smith**

[REDACTED]
(SHA tenant)

16. Any Other Business

There was none.

The meeting ended at 8.15pm.

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

SIGNED:


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(Chairperson)

DATE:

15/8/2023
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