

<b>MINUTES OF</b>	:	Board of Management Meeting
<b>TIME &amp; DATE HELD</b>	:	28th March 2023
<b>DATE APPROVED</b>	:	25th April 2023

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

**1. Apologies**

Apologies were noted as above. Vice Chair Christine Thomson took the chair in the absence of Lesley Scoffield.

**2. Declarations of Interest**

There were none.

**3. Minutes for Information:**

The draft minutes of the following meetings were noted:

**3.1** Audit and Corporate Committee meeting : 07.03.23

**3.2** Property Services Committee meeting : 14.03.23

**4. Minutes for Approval:**

**4.1** Board Meeting (Confidential version) : 21.02.23

The draft Confidential Minute of the Board meeting on 21<sup>st</sup> February 2023 was approved on a motion from Gillian Johnston, seconded by Grace Barbour.

**4.2** Board Meeting (Non-confidential version) : 21.02.23

The draft Minute of the Board meeting on 21<sup>st</sup> February 2023 was approved on a motion from Gillian Johnston, seconded by Grace Barbour.

**5. Matters Arising Schedule**

Members noted the content of the Matters Arising Schedule and in particular:

- the detailed breakdown of the amounts included in the Staff and Board Expenses category in the December Management Accounts; and
- the updated Complaints performance data for the quarter to December 2023.

It was also noted that new subsidiary Board members Donna McGill and Liz Pithie had received their inductions and there was likely to be an opportunity to meet them at the Equalities training session on 18th April.

## 6. Compliance and Safety Update

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

- that there had been one new Notifiable Event (NE) submitted since the last meeting date in relation to a confidential staffing matter. SHR had reviewed the submission and the NE was now closed;
- that there had been no statutory or regulatory returns due or submitted since the last meeting date; and
- no significant health & safety incidents to report since the last meeting date.

## 7. CEO Progress Report

Members noted the content of the report and in particular:

- Staffing update:
  - Cover arrangements had been put in place in respect of the vacant Director of Customer & Community Services post pending the review of senior staff responsibilities in the CCS team. Responsibilities to be shared between the CEO and Housing Manager.
  - Staff changes: David Forbes (Welfare Rights Officer) shortly to retire; Amber Beresford now acting up as Assistant Maintenance Officer and Alix Bowes recently recruited to temporarily cover Amber's substantive post of Maintenance Assistant.
- Satisfaction surveys (SHA & East End tenants and factored owners): The Knowledge Partnership had been appointed following tender and discussions were underway regarding the content of these respective surveys.
- Tollcross Shettleston Money Advice Project (TSMAP): **The Board approved an additional £25k to extend the project for 12 months**, to cover the recently ended Scottish Government Grant, following confirmation that Tollcross HA would be making the same contribution. Project outputs to be monitored and reported on in more detail going forward.
- Shettleston Community Centre: Following the decision by the Housing & Community Services Committee to proceed with the next stage of the consultation discussions were ongoing regarding the content of the survey questionnaire. Members who had already feedback comments were thanked.
- Tollcross Park Winter Gardens: Members noted that the survey regarding future use of the recently refurbished glasshouse was ongoing.
- Meetings/event in April: The Board noted that it had been decided to cancel the planned conference for SHA staff and Board members, with a smaller event to be held later in the year. In light of this **it was agreed that an additional Board meeting would be held on 25<sup>th</sup> April** to deal with outstanding business.
- Homelessness: The CEO reported that since the report was issued we had received a letter from GCC and the Health and Social Care Partnership (HSCP) proposing that the

Association's quota for referrals of statutorily homeless households be increased to 60% of all lets in the coming year. The letter highlighted the continuing increased demand from homeless households. One factor was the requirement to accommodate Ukrainian refugees. Up until now these hadn't tended to be referred to us by GCC but have been applying directly to the Association in increasing numbers recently, accounting for around 50% of all re-lets in February and March. It was noted that the GCC/HSCP proposal would be considered at the next Housing and Community Services sub-committee meeting.

- Scottish Housing Regulator (SHR): The CEO advised that since issuing the report SHR had confirmed that the Association's regulatory status as "compliant" was being maintained. However, the Engagement Letter, published on the SHR website, would make specific reference to the need for further improvement in compliance with EICR requirements to protect tenant safety. The CEO advised that it was anticipated that SHA would be fully compliant by around the end of April, depending in part on tenants allowing access for inspections. In response to a Member query it was confirmed that the stipulation in the letter regarding this would be removed by SHR as soon as we are compliant.

## **8. Finance**

### **8.1 Final Budget 2023/24**

The DFCS provided an overview of the key changes made to the final draft of the 2023/24 budget since the first draft was approved in January 2023. Members noted that the figures had been reviewed and updated over the course of February and March to capture the latest information on income, expenditure and key assumptions for the year ahead. The following material changes were noted:

- Gross Rents and Service Charge Income had been uplifted by the agreed 7% (this was 6% in the first draft) resulting in an extra £106k of turnover;
- Management and Maintenance Administration Costs had increased by £58k, mainly reflecting the uplift in expected professional fees for property valuations and pension administration fees;
- Service charge costs had been increased by £75k, a prudent assumption reflecting the expected increase in energy costs for tenanted properties (rent with heat/stair lighting);
- Spend on Capitalised Major Repairs has been increased by approx. £1m following the agreement on rent levels;
- The uplift in Capital Major Repairs spend added £92k in expected depreciation charges; and
- The final draft budget assumes £1m of loan finance will be drawn to fund the increased investment levels. This has increased the expected loan interest charge by £28k.

The DFCS highlighted that the budget contains prudent assumptions and there is potential for underspend in both Management and Maintenance Administration Costs and Service Charge Costs as follows:

- Likely underspend in salary costs compared to the budget assumption following the review of resource requirement in CCS and IT teams; and
- Scope for underspend in service charge costs following the review of Upkeep services and related charges.

It was noted that the cashflow forecast was achieving monthly cash on hand balances of over £1m with the closing cash on hand figure at 31 March 2024 expected to be £1.4m.

The DFCS advised that the final draft budget being presented for approval is reporting a covenant breach on the interest cover covenant due to the higher level of Capitalised Major Repairs spend. Board Members noted that RBS are aware of this and are looking to reset the covenant calculation to allow the higher level of investment to be carried out. A response from RBS is expected over the course of April 2023 and the DFCS advised that regular updates would be provided to the Board on how the covenant issue is progressing. The DFCS stressed that should RBS withdraw support, the investment spend would be reprogrammed to ensure covenant compliance was achieved. It was noted that an update on the covenant issue would be provided to the SHR as a potential covenant breach is a Notifiable Event.

The Management Board **approved** the final draft budget for the 2023/24 year, noting that this assumes RBS support for the additional investment spend with no adverse outcome on the Associations covenant position.

## **8.2 Updated 5 Year and 30 Year Financial Projections**

The DFCS provided a short presentation on the key outcomes from the updated 30 Year Financial Projections. Members noted that:

- The projections now capture the latest budget workings for 2023/24 (as detailed at point 8.1 above);
- Revised assumptions for inflation have been incorporated, with the expectation that inflation has peaked over the 2022/23 year and will fall over the course of the 2023/24 year towards the Bank of England target of 2% for the remainder of the plan (note this was previously 2.5% in earlier versions of the plan);
- Real cost increases for salaries and maintenance costs have now been incorporated at 0.5% above the inflation rate;
- Revised assumptions for above inflation rent increases: now 2% above inflation for 7 years, previously 1% above inflation for 9 years;
- The plan now includes a significant uplift in major repair costs across the 30 year plan. Component renewal costs have been revised in line with latest pricing and amounts previously removed to get the plan to 'stack up' have been reinstated. Total amount of investment added is £25.9m over the duration of the plan;
- The uplift in major repair costs requires additional loan finance in the later years of the plan – an extra £21.5m of loan finance has been assumed; and
- The plan achieves annual surpluses and positive cash balances throughout the 30 year period with annual cash balances never falling below £1m.

The DFCS confirmed that there is an issue with interest cover covenant due to levels of planned major repairs spend in the early years of the plan however discussions are ongoing with RBS to resolve. The DFCS stressed that if RBS decide not support the additional spend, the programming of the capital expenditure will be revised to ensure covenant compliance is achieved.

Members noted that sensitivity testing shows that the plan is relying on above inflation rent increases going forward. The DFCS advised that the plan does contain prudent assumptions throughout, and future cost savings in relation to service charges and salary levels (if achieved) will impact positively.

The DFCS advised that the 30 year business plan workings will be kept under review and updated as necessary for any material changes required. It is expected that there will be a further update to the business plan model following the covenant review by RBS.

It was noted that the latest approved version of the business plan model will be used to populate the 5 Year Financial Projection Return due to be submitted to SHR by 31 May 2023. This will be presented to May Management Board meeting.

The Management Board **approved** the draft updated 30 Year Projections. This version of the plan now being the new base model.

#### **9. Business Plan 2023**

Members noted the content of the report from the CEO. After discussion the Board **approved the following items for inclusion within the final draft 2023 Business Plan which would be brought back for consideration to the April Board meeting:**

- **The proposed summary of progress against the Business Plan during 2022/23.**
- **The proposed updated SWOT analysis** (detailing the Association's Strengths, Weaknesses, Opportunities and Threats).
- **The proposed summary of the Risk Register** highlighting the key risks facing the Association at this time.
- Following agreement at the February meeting on the updated Strategic Objectives, **the proposed list of priority projects for each Strategic Objective for inclusion within the Delivery Plan** for 2023/24 and beyond.
- **The proposed Key Performance indicators (KPIs) or targets** for 2023/24.

It was noted that whilst the Association's Purpose and Vision would remain unchanged in the revised Plan there would be a review of the Values. A staff session was to be held on 5th April with findings to be reported to the April meeting.

#### **10. Follow up Annual Rent Review**

Members noted the content of the report from the CEO.

This firstly detailed action taken since the last meeting to implement the agreed annual increases in rent and service charges and to respond to issues raised by residents during the consultation. This included:

- The notification of increase letter sent to all tenants which had given an overview of the number of consultation responses received and how many were in favour and opposed; thanked those who had taken the time to respond and set out the main reasons why the Board had decided to proceed with the originally proposed increase.
- Efforts had been made to contact those who had responded to the consultation with specific issues or concerns. The majority of respondents had been contacted by either their housing officers, maintenance officer or a manager. All respondents would receive a formal written response in due course.

The CEO then explained that further action was proposed in the draft Delivery Plan to further engage with tenants around issues of rent and the value for money of our services, including by:

- The ongoing promotion of our feedback mechanisms including our complaints handling procedure and the Tenant Forum (which would be meeting again on 5<sup>th</sup> April).

- The independent face to face Tenant Satisfaction Survey and subsequent development of an action plan for improvement in consultation with tenants.
- The review of staffing needs within the Customer and Community Services Dept.
- The development of our first Customer Service Standards.
- A review of the Upkeep estate caretaking service specification in consultation with tenants.
- The development of a Communication Strategy for the Association aimed at ensuring that we effectively communicate key messages to tenants and others.
- The restructure of our Rents & service charge restructure in consultation with tenants.

Members welcomed this approach and encouraged a continuing focus on identifying and addressing tenants' concerns. A Member commented on the importance of face to face communication.

Members also noted information in the report about recent adverse press coverage regarding rent increases.

The CEO also highlighted that the Scottish Government had confirmed that rents in the private rented sector would be generally capped at 3% in the coming year. There was some provision for slightly higher increases in certain circumstances and as agreed by the EEHDC Board in February staff had investigated the scope for these in relation to the forthcoming increase in the East End rents. It had been concluded however that, for practical reasons, East End should just proceed with the standard 3% uplift in rents rather than applying to the Rent Officer for increases above this. This would impact East End's forward Business Plan with other financial consequences for the Association.

#### 11. Membership Applications

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

- Ms Caroline McGrory  
[REDACTED]
- Miss Laura Quinn  
[REDACTED]
- Mrs Kirsty Douglas  
[REDACTED]

#### 12. Any Other Business

There was none.

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

SIGNED:

Christene Thomson  
VICE (Chairperson)

DATE:

25-04-2023