BOARD
MINUTES

SHETTLESTON HOUSING ASSOCIATION

MINUTES OF	:	Board of Management Meeting **(Non-Confidential)**
TIME & DATE HELD	:	28th May 2024
DATE APPROVED	:	25th June 2024

BOARD MEMBERS PRESENT	:	Hugh McIntosh (Chair), Grace Barbour, Brian Barclay, Elizabeth Battersby, Gillian Johnston, Maureen Mulgrew, Janice Saunders and Linda Sichi
APOLOGIES	:	Rae Connelly, Marian Hassan and Eddie Robertson
STAFF PRESENT	:	Tony Teasdale (CEO) Kirsty Brown (DFCS) Craig Russell (DCCS)
IN ATTENDANCE	:	N/A

1. Apologies

As noted above.

2. Declarations of Interest

There were none.

3. Minutes for Information:

The draft minutes of the following meeting were noted:

3.1 East End Housing Development Company Board: 14.05.2024

3.2 Upkeep Board: 14.05.2024

3.3 Housing & Community Services Sub Committee: 21.05.2024

4. Minutes for Approval

4.1 Board of Management Meeting: 30.04.2024 (Confidential Version)

The draft Confidential Minute of the Board meeting held on 30th April 2024 was approved on a motion from Gillian Johnston, seconded by Grace Barbour.

4.2 Board of Management Meeting: 30.04.2024 (Non-Confidential Version)

The draft Non-Confidential Minute of the Board meeting held on 30th April 2024 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 which provided an update on our approach to work placements within the organisation. The CEO advised that the risks had been reviewed, confirmation had been received from our insurer that we were covered for this activity and that a policy would be drafted to detail our approach to work placements going forward. The draft policy would be presented to the Audit and Corporate Sub-Committee in due course.

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 Draft Management Accounts for the period ending 31st March 2024 had been submitted to RBS in line with the covenant reporting requirements, and we had responded to the FCA's request to complete the FCA CCR007 Form: Consumer Credit Data - Key Data for Credit Firms with Limited Permission.

- 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:

  - The newly appointed Welfare Rights Assistant (Stephen Brown) and ICT Assistant (William Brannan) had now joined the team.

  - Updated proposals for the review of the Customer and Community Services staff team were to be considered by the Audit and Corporate Committee on 4th June.

- *Upkeep*: Members noted the ongoing annual pay negotiations with the union UNITE, with the outstanding issues relating to leave/working hours issues and not pay. Following an unsuccessful arbitration session involving ACAS the Upkeep Board had recently decided not to further enhance the offer that had already been made to the union, which included an additional two days per year annual leave for all Upkeep staff. All Upkeep staff and UNITE had now been informed of this on 20th May but also advised that the situation would continue to be kept under review going forward, with any further enhancements depending on an assessment of their impact on Upkeep's finances.

- The *Tenant Forum* meeting on 16th May had been very well- attended (25 present). A text message advertising the meeting had been sent to every tenant.

- *New housing development:* Members noted the feedback from the recent programming meeting with the City Council NRS team and in particular the 24% reduction in the local affordable housing budget for 2024/25 following the recent Scottish Government cuts. This made it unlikely that any new scheme approvals would be forthcoming in the foreseeable future. The position regarding grant funding for individual property acquisitions also remained very uncertain.

  It was further noted that the latest per unit costings for the Shettleston Halls site were very high, due largely to escalating construction costs. It therefore still looked very challenging to viably develop the site, despite the fact that the planners had accepted the need to demolish the remaining façade in order to reduce costs.

- *Local and national housing policy:* members noted the recent declaration of a national housing emergency by the Scottish Government. Also that the Scottish Government was consulting on the contents of a new housing bill that would have some implications for RSLs in relation to homelessness prevention.

- *Communications*: The CEO advised that the latest briefing session for elected representatives, scheduled for 31st May, had been cancelled due to the calling of the general election. It was hoped to rearrange this to August.

- *Scottish Housing Regulator*: members noted the latest update. The Chair highlighted that he had been unable to open links embedded in the report and it was agreed that this would be looked into and addressed.

8. <u>Annual Return on the Charter (ARC) for 2023/24</u>

Members noted the content of the report which directed members to the draft Annual Return (ARC) and provided a summary of:

- SHA's key performance results for 2023/24.
- A comparison with the 22/23 performance.
- SHA's 2023/24 performance compared with the latest available data for housing associations across Scotland as a whole (from 2022/23).

The Board noted the amount of work from staff that had gone into this analysis. The CEO highlighted that the ICT and Business Support Manager had led on the compilation of the necessary data , with support from colleagues in the CCS and PS teams in particular.

The CEO highlighted areas where there had been significant progress in the past 12 months including:

- Very significantly increased compliance against the requirements of the Scottish Housing Quality Standard (SHQS) – particularly in respect of the requirement to have carried out an electrical safety inspection (EICR) in all homes within the previous 5 years.
- Gas safety checks: no misses in last year.
- A further reduction in our average time to complete emergency repairs.
- Average time to re-let reduced by 3.6 days.
- Significant increase in proportion of homeless referrals resulting in a successful outcome (an offer or a let).
- Void rent loss reduced by 0.08% - to some extent a by-product of the reduction in tenancy turnover last year - from 7.28% to 6.76% of stock. (Noted that similar reductions being experienced across the sector).
- Gross rent arrears: reduced from 4.58% to 3.89% although also noted that % of rent collectible collected also reduced.

He also drew attention to the benchmarking information and the number of ARC KPIs where the Association's performance in 2023/24 would have put us in in a below average position (i.e. third quartile or below) compared with the rest of the RSL sector in 2022/23.

The Association was in the top or second quartile of performers for 55% of the indicators but only in the third or fourth quartile in the other 45%.

It was noted that our repairs/maintenance performance was relatively strong compared to other areas of our service delivery. The CEO suggested that, whilst there are factors (such as local incomes, nature of our stock etc) that will make high performance in some areas more challenging than others for SHA, there should be scope for us to be in the top or second quartile far more frequently.

The Board welcomed the analysis but concurred that these figures didn't read well for SHA and **agreed that the management team should develop a plan for targeted improvement aimed at ensuring that SHA more consistently achieve top or second quartile performance when compared with the sector as a whole.**

It was noted that our tenant satisfaction results were generally in quartile 3. These were drawn from our last three yearly survey carried out in 2023. **The Board agreed that, rather than just waiting for the next three-yearly survey, that staff now explore how we might gauge tenant satisfaction with key service areas on an ongoing basis and report back with recommendations in this regard.**

In accordance with the Delivery Plan objective to *"improve our benchmarking information and better understand how we compare with others in the sector"* the **Board agreed that that the Association commission a Performance Analysis Visit from the Scottish Housing Network (SHN) this year to inform our 2024 Annual Performance Report and future improvement planning.** A Board Member with experience from another RSL endorsed the value of this SHN service.

Finally, the Board approved the draft Annual Return on the Charter (ARC) for 2023/24 and authorised senior officers to submit the return to the SHR by the 31st May 2024.

9. Finance

9.1 Draft Final Account 2023/24

The DFCS highlighted that the draft annual accounts were still in management accounts format and that the final version, in statutory accounts format, would be presented to the August 2024 board meeting.

The DFCS provided an overview of the results for the period to 31st March 2024. The Board noted the surplus position of £2,065k compared to a budgeted surplus position of £1,540k.

It was recognised that £92k of the positive variance was due to the gift aid payment from Upkeep in quarter 2 of the 2023/24 year. The main points to note were:

- rental income was higher than the budget expectation by £20k due to the increase in stock numbers (SO buybacks and private acquisitions) along with tenancy turnover (departing tenants on old rent model with new lets being on most recent rent model);
- void loss was lower than expected: 0.7% v 1% budget assumption resulting in a 37k favourable variance;
- income from Stage 3 Adaptation Grants was £49k more than budget due to grant claims for prior year costs not being accrued;
- the favourable operating costs position was mainly due to:
    - savings on salary costs due to staff turnover and vacant posts during the year;
    - savings on reactive and void maintenance costs;
    - bad debts written off performed better than the budget expected; and
    - factoring costs reporting a higher favourable variance than expected due to the write back of previous over-provision for bad debts.
- interest receivable was reporting a higher than usual favourable variance due to interest rates remaining high and also the Association now taking advantage of fixed term deposit products;
- loan interest was £67k more than expected for the year due to interest rates remaining higher for longer than the budget had assumed. Members also noted that the budget had assumed £1,000k of loan drawdowns over the course of the year which had not been required. Had these funds been drawn, the adverse variance would have been significantly more;

- the closing cash position at the 31st March 2024 was £1,977k. This is an increase of £934k from the March 2023 position. The DFCS advised that the increase was due to the total planned investment spend on existing stock not being achieved along with the favourable surplus position. Members noted that the target cash on hand position of £1,000k was achieved throughout the year;
- long term borrowing remained at £41,600k over the course of 2023/24. Members noted that loan finance of £3,400k was available for drawdown in future years;
- all lender loan covenants were met and the main key performance indicators (KPIs) were showing no cause for concern.

Members noted that the SHA external audit was taking place mid-June 2024; it was noted that the final accounts, due to be presented to the August 2024 Board Meeting, would include the movement in pension valuations for both the SHAPS and Strathclyde benefit arrangements.

The DFCS confirmed the expectation that a gift aid payment would be made from Upkeep over the coming months (within 9 months of the year end) to minimise the Corporation Tax position of the group. The amount is still to be confirmed, however is unbudgeted and will boost the cash position of SHA once received.

A Member queried the favourable variance on reactive and void spend and asked if this was planned due to the new void standard. The DFCS and CEO advised that this was due to a reduction in reactive works instructed and also less relets in year. It was noted that the condition of properties returned varies and spend in both categories can be difficult to predict.

A Member noted the positive cash position following the low balances being predicted only a couple of years ago. The DFCS confirmed that the Association was in a stronger position, with approximately £2,000k in the bank. No loan drawdowns were expected over the course of the 2024/25 year with the £3,400k of available loan finance expected to be drawn in the years that follow to fund the planned investment programme. Members noted that the rental income should be able to fund these costs and the reason that loan finance is expected to be used in the years that follow is due to the St Marks development which completed in the previous year being funded by available cash reserves, rather than the loan finance that was available. This saved on interest costs at a time when rates have been high and provided a boost to the surplus position. As the cash reserves were used for development, the loan finance will likely be required for the planned investment programme. Members noted that although the cash position was healthier, it provides a cushion only and was not excessive in relation to monthly operating costs.

The Board approved the Draft Final Accounts to 31st March 2024.

9.2 <u>Five Year Financial Projection (FYFP) Return to SHR</u>

The DFCS presented the draft FYFP Return. Members noted that the year zero figures on the return were based on the draft final accounts figures for the year ended 31st March 2024, with the figures used for the following five years lifted from the Association's base model which was approved at the March 2024 Management Board Meeting.

The Management Board noted that the opening balances in the Association's base model had been updated to reflect the draft closing balance sheet for the year ended 31st March 2024 to allow for an accurate opening cash position at year one of the plan.

The DFCS confirmed that the figures on the FYFP Return and updated base model show no material change from the figures presented to the March Management Board, other than the revision of the opening balances noted above. The five year forecast is reporting net surpluses throughout the period, averaging £1,873.7k each year, and healthy cash balances averaging £2,635.1k each year.

The Management Board approved the FYFP Return and its submission to SHR and also approved the updates to the Association's base model.

10. Governance Issues

The CEO presented the report:

The Board noted the enclosed draft governance review report from Freya Lees of North Star consultants. It was agreed that the findings and recommendations contained therein reflected Freya's presentation and initial discussion at the Special Board meeting on 7th May. This had been attended by seven Board Members, and with all of the Executive Team present.

The revised recommendations from North Star, based on feedback at this meeting were that:

- The number of full Board meetings per year be reduced to six (from 10 at present).
- The Property Services Sub-Committee and Housing and Community Services sub-committees be amalgamated into a new Operations Committee but that instead of meeting just quarterly it should meet 6 times per year.
- The number of Audit and Corporate Committee meetings be reduced to three per year.
- The agenda content and number of meetings (currently quarterly) for both East End and Upkeep were appropriate and should remain the same.

As agreed at the meeting on 7th May, the Executive Team had given further consideration to how a reduced set of meetings would work in practice. A revised meeting cycle for a typical 12 month period (with suggested key topics for discussion/decisions at each) had been drafted and circulated to Members through Decision Time in advance of the meeting. This incorporated seven Board meetings (rather than six) but otherwise was as per the proposed changes bullet-pointed above.

The Chair sought feedback in turn from each of the Members about these recommendations and all contributed.

There was particular discussion about the proposed reduction in the number of meetings with a number of Members initially stating that they felt that this would not allow for the business to be properly dealt with.

The CEO gave a reminder that the Board itself had initiated the Governance Review last year with the aim of reducing the number of meetings and volume of papers. Members were finding the current arrangements onerous, and it had been agreed that they were likely to be contributing to the challenge in attracting and retaining new Board recruits.

He acknowledged that it would not be possible to accommodate all the items currently reported on routinely within the proposed new schedule. However, he advised that senior staff did feel that there was scope to reduce the volume/frequency of certain reports without reducing the Board's effective oversight of the organisation. He suggested that there was some duplications /overlap between the role of different meetings and that to some extent work expands to fill the time allotted. It should be possible to reduce the volume of standard performance reporting and focus instead on "exceptions" where performance is either poor or particularly good).

Also to make greater use of Decision Time in-between meetings to deal with non-contentious decisions. He also pointed out that with the AGM, Strategy Day, working group meetings and training sessions there would still be a very busy diary of meetings throughout the year.

A number of Members then spoke in favour of the new proposals. It was suggested that they be tried out over a suitable period of time and then reviewed. One member commented on their positive experience of a similar stream-lining process at another association.

It was acknowledged that to work effectively the new arrangements would likely require Board members to do more "homework" between meetings. After further discussion **the Board unanimously agreed that:**

- **the proposed new streamlined Board/Committee structure and meeting cycle be trialled for a minimum of a year but on the proviso that consideration would be given at the start of each year as to whether eight rather than seven Board meetings would be required.**
- **a detailed meeting diary now be worked up and brought back for consideration to the June Board meeting.**
- **further consideration be given by the subsidiary Boards as to whether a reduction from four to three meetings per year might be feasible.**

The Board noted that the annual Board review was still ongoing with a number of individual meetings having been deferred. The final report back on this would now be to the June Board meeting.

It was also noted that the annual appraisal of the CEO had recently been carried out and the Chair reported back to the Board on this when staff left at the end of the meeting.

The Board then noted the update on Board recruitment and that two of the new membership applicants (agenda item 12) had expressed interest in joining the Board, and the detail provided about them in the report, as follows:

- Irene McInnes: a factored owner from Greenfield, former tenant and a former SHA Committee Member with relevant work experience. The CEO had met with her for a preliminary discussion about what was involved and her reasons for wanting to join. **The Board agreed that Irene be co-opted onto the Board subject to the outcome of a meeting with the office bearers to take place before the next Board meeting.**
- Tracey Kernaghan: an Association tenant from Springboig who also appears to have relevant work experience. It was noted that the CEO had still to meet with her to discuss what Board membership involves and it was agreed that subject to her continuing interest that the Office Bearers then meet with Tracey with a recommendation to be brought back to the next Board meeting.

It was noted that the Rules require that no more than a third of Board Members are co-optees and that we are currently at the limit, given the fixed number of elected Members until the next AGM. It was agreed that there would however be scope to offer an invitation to attend meetings as an observer until the next AGM where there would be an opportunity to stand for election to the Board.

11. Quarterly Performance Report

Members noted the content of the report. It was too early in the year to provide a meaningful update on progress with the Delivery Plan for 2024/25 and the ARC report had earlier provided a detailed update on key performance indicators. The Board did however note:

- The update on progress in taking forward the Assurance Improvement Action Plan.
- The overview of complaints received and the Association's performance in responding to these.

12. Membership Applications

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

- **Mr Paul Beaton**
  [redacted]
  (Mr Beatson is a SHA tenant)

- **Mr Scott Leonard**
  [redacted]
  (Mr Leonard is a SHA tenant)

- **Miss Irene McGinnes**
  [redacted]
  (Miss McGinnes is a factored owner).

- **Mr Mabast Jabar**
  [redacted]
  (Mr Jabar is a SHA tenant)

- **Mr John Whitelock**
  [redacted]
  (Mr Whitelock is a SHA tenant)

- **Mrs Angela Leonard**
  [redacted]
  (Mrs Leonard is a SHA tenant)

- **Mrs Tracey Kernahan**
  [redacted]
  (Mrs Kernahan is a SHA tenant)

13. Any Other Business

There were no items raised. In accordance with standard procedure staff Members then left the meeting and the Board received the report back from the Chair on the CEO's recent appraisal and also 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: ....
(Chairperson)

DATE: 25/6/2024