

Present: Kath Mands (Chair), Ron Neave (Vice-Chair), Denis Brown, Paul Crichton and Alan Fraser.
The following joined via Video Conferencing: Ian Byers and Vicki Cutler.

In Attendance: Barry Moore (CE), Marjorie Sloan (CSD and Secretary) and Roz Clark (CSO).

Observing: Teresa Robertson

21/11/01 Apologies

Andrew Black

The Chair welcomed everyone to the meeting. In particular, she welcomed Teresa to the meeting as an observer.

21/11/02 Declarations of Conflicting Interests

No Member declared a conflicting interest.

Audit, Finance and Risk Management Committee Reports (AF&RMC)

21/11/03 AF&RMC Meeting 10 November 2021

The AF&RMC Chair talked through the Audit, Finance and Risk Management Committee Reports. He explained that it had been a relatively short agenda and that there were no items requiring approval by the Board. The Chair highlighted that the Association would be facing challenging times in the future and that some difficult financial decisions would need to be made.

Board **noted** the AF&RMC Meeting papers.

Board Meeting Reports

21/11/04 Minute of Committee Meeting 27 October 2021 and Tracker

The Chair asked for comments relating to the minutes of the meeting held on 27 October 2021. There were no amendments.

Approved. Proposed Alan Fraser, Seconded Ron Neave

The CSD talked through the tracker and explained that following Board discussion it had been felt that continuing with paper reports was the preference for the time being. Further research would be carried out and presented in February 2022 on hybrid options. The CE gave an update on Board recruitment explaining that due to personal circumstances Veronica Gray had sadly resigned from the Board. He reported that this meant the Board currently had eight Members however, with Teresa soon to join membership would return to nine. He explained that plans were in place to recruit a further three Members in 2022.

21/11/05 Matters Arising

There were no matters arising.

21/11/06 Chairs Actions/Decisions between meetings

The Chair presented the paper highlighting there had been no Chair's Actions since the last meeting. Board **noted** the report.

21/11/07 Draft Budget for 2022/23 and 30 Year Financial Plan

The CSD gave a comprehensive and detailed brief on the budget. The CSD highlighted that decisions relating to the following three papers 21/11/08, 21/11/09, 21/11/10 could affect the budget going forward, and that any impact would be incorporated and presented at the February meeting.

The CSD explained that assumptions had been made based on a 3.1% rent increase for 2022/23. She explained that the assumption was based on September CPI only and not the CPI plus 1%, which was in the previous Business Plan. However, this meant that the CPI+1% had been extended for a further two years to year 5 of the Plan. The CSD explained that inflation was the biggest issue being faced as it continued to rise month on month; indeed in October 2021 it rose to 4.2% and was expected to increase to 5%. Consequently, interest rates were expected to rise but to what level was unknown. She highlighted that the SHR continued to stress the importance of rent affordability and that the preference was to get to a point where rent increases remained at CPI only.

The CSD talked through the Retirement Housing service charge, which had not been increased since 2018. She explained that it was proposed that it should rise at the same percentage as the agreed rent review.

The CSD then talked through the base case, under which all covenants were comfortably met and sensitivity analysis, pointing out the scenarios under which would lead to a requirement for a significant review of plans.

The Board enquired as to the status of the loans. The CSD explained that Loans 1, 2 and 3 were fixed to full term but that Loans 4 and 6 were fixed to June 2024 and Loan 5 was based on SONIA and could not be fixed until it was fully drawn down.

The Board asked whether a worst-case scenario sensitivity analysis on borrowing had been run which reviewed the next 2-3 year period. The CSD explained that the Association had a 4 year window before it would need to consider further borrowing, however it was agreed that this scenario would be carried out and included in the February 2022 report.

Board **agreed** the Draft Budget subject to further decisions which would be made in January 2022 and agreement of the final budget in February 2022.

Board **agreed** that owners' charges and the retirement service charge would increase by the same percentage as rents, to be agreed in January 2022.

21/11/08 Planned Maintenance Programme – 2022/23

The CE, on behalf of the Asset Manager, presented the report. He drew Board Members attention to para 2.5 of the report relating to Internal Works, highlighting the significant cost increases in materials and the lack of the availability of labour in the construction industry. It was anticipated that these costs would continue to rise for the foreseeable future. The CE talked through Appendix 1 to the report commenting that the figures should be caveated based on these issues. He stressed that the Board would be presented with quarterly updates to ensure they were fully aware of any financial or service impacts.

The Board was mindful of the labour issues and asked whether there was any flexibility in relation to the electrical testing deadline. The CE stressed that although labour was a factor, the Association was currently working with three separate contractors and currently expected to meet the required deadlines.

Board **approved** the planned maintenance programme for 2022/23.

21/11/09 Annual Rent Review

The CE presented the report. He stressed that never had it been so difficult to make a decision on a rent increase, due to the significant increase in costs the Association is facing and the increase in inflation and utility bills the tenants are having to cope with. He explained the difficulty for the Association was in agreeing a rent increase which was affordable to both the Association and the tenants. He talked through para 4.4, which showed the income based on rent increases between 2.6%

and 4.1%. He stressed that whichever increase was agreed, it would not cover the significant increase in future costs to the Association, however, it would assist.

The CE talked through the information that had been made available at the SFHA Finance Conference relating to other Housing Associations proposed rent increases.

The Board discussed the impact an increase would have on both tenants who are not assisted by housing benefit related support and those who are so assisted. The Board also discussed the impact of the removal of the weekly £20 Universal Credit uplift, the end of the furlough scheme and increased costs in utility bills, which may affect tenants.

The CSD talked through the affordability of certain rents for tenants based on the SFHA Rent Affordability tool and the proposals to address these.

Board **agreed** that the Association consults with tenants on a rent rise of 3.1% to assist in carrying out the objectives in the Business Plan, focussing on health and safety and enhancing energy efficiency, or 4.1% to increase investment in the planned maintenance programme with a view to addressing the increased reactive repair expenditure.

Board **noted** that the results of the consultation would be reported to them in January 2022 when a final decision would be taken.

Board **agreed** that the rent increase on fifteen properties be restricted on affordability grounds as set out at s2.4 of the paper.

21/11/10 Annual Staff Salary Review 1 April 2022

At this point the CSD and CSO left the meeting.

The CE outlined to the Board the pressures on salaries from increasing salary costs within the sector. He explained that at present there was no data in respect of other Housing Associations, however this information, where available, would be provided to the Board when the decision was made in January 2022.

The CE left the meeting.

The Board discussed openly the financial demands on the business in the coming year. It noted there would be a 1% increase in National Insurance Contribution in April and any salary increase would increase the cost of the pension contributions. It was recognised that the Terms and Conditions Review upgraded the salaries in line with the sector and the Board was being asked to reflect on a cost of living increase. Whatever was agreed, the staff would also, in all cases except one, receive an incremental payment as part of the agreed Terms and Conditions Review. It was also recognised that it was important to offer competitive salaries in order to retain good staff and recruit well-qualified staff to ensure that the Business Plan is fully carried through. The Board would now reflect on this and make a decision at the same time as the Rent Review, in January 2022.

The CE, CSD and CSO returned to the meeting.

Board **agreed** to make a decision on the annual staff salary review in January 2022.

21/11/11 Internal Management Plan: Quarter 2

The CE presented the report. The CE talked through the appendix in detail highlighting items of particular note. The CE highlighted that it was hoped that Teresa would join the Board shortly and that recruitment for further Members would commence early in 2022. He also highlighted that the Board would be presented with an updated staff structure in January 2022. He explained that all changes would be internal and therefore the financial impact would be minimal. He also reported that due to the fact that Charleston will complete before Mossgiel is started there was no urgency to recruit a Maintenance Officer and therefore this would be delayed until required. The CE reiterated the significant cost increases relating to Reactive Repairs.

There was discussion on Healthy Working Lives with the CSD and CSO highlighting the Abertay App which provides a wealth of information on Health and Wellbeing coupled with a number of challenges for staff.

Board **noted** the Internal Management Plan: Quarter 2.

21/11/12 Operational Performance Report KPIs: Quarter 2

The CE talked through the report and appendix. The CE highlighted Housing Services and the excellent rent arrears performance figures. He also talked through the performance data in Property Services highlighting that overall progress was very good. The CE stressed that in all areas of the Association progress and performance was excellent.

Board noted that the average lettings was 21 days, which in the current climate was very good. The CE pointed out that the average across the sector was just under 50 days with the highest being 156 days, and therefore he was delighted with the exceptional work being carried out by the Association. Board **noted** the Operational Performance Report: Key Performance Indicators for Quarter 2 2021/22.

21/11/13 SHR Communication and Correspondence

The CE presented the report.

Board **noted** the SHR Communication and Correspondence.

21/11/14 Risk Management Tables: Quarter 2

The CE gave a comprehensive brief on the report and appendices. He highlighted that as previously agreed the report provided the top ten serious and significant risks as well as the top three risks in each department.

There was discussion on Board recruitment and in particular, the disciplines required to compliment the skills already in place. The CE pointed out that Teresa's expertise in HR would be hugely beneficial. The CE commented that the Association would endeavour to recruit individuals with development, maintenance and asset management experience, as well as individuals with sound business acumen.

Board **approved** the Risk Management Tables in respect of the top three risks within each department.

Board **approved** the ten most serious and significant risks to the Association.

21/11/15 Health and Safety Quarterly Report: Quarter 2

The CE talked through the report highlighting the five areas covered: Asbestos, Electrical, Gas, Legionella and Lifts. The CE gave an update on gas safety highlighting the Association was 100% compliant. Board asked if there was a common theme in not allowing access to properties. The CE explained that the pandemic had obviously impacted, however there are a number other factors leading to tenants not wanting to allow entry. It was stressed that where necessary the Association would use its rights to force entry, although this was always a last resort.

The CE gave reassurance that the installation of the interconnected smoke alarms and heat detectors is on course to complete by the deadline of February 2022. With regard to electrical testing, the Board asked whether, given the previously reported issues relating to labour, there would be any difficulty in meeting the deadline of March 2022. The CE reported that the Association had contracted with three separate companies to carry out the work. Board asked for detail on what level of works were carried out when undertaking the testing. The CE confirmed that all CP1 and CP2 works were carried out as a matter of course. CP3 works were reviewed and carried out as part of planned maintenance if it was deemed appropriate.

Board **noted** the Health and Safety Quarterly Report: Quarter 2.

21/11/16a Fire Safety and Prevention: Fire Risk Assessments – Head Office

The CE presented the report highlighting the importance the Association placed on all aspects of health and safety including fire safety and prevention. He explained that the one recommendation, which was currently a Priority 3 Work in Progress, would be complete by the deadline of 31 December 2021.

Board **noted** the Fire Safety and Prevention: Fire Risk Assessments – Head Office Report.

21/11/16b Fire Safety and Prevention: Fire Risk Assessments – Housing Schemes

The CE presented the report. He reiterated the importance the Association placed on all aspects of health and safety and on the Association's obligations in respect of fire safety and prevention. He highlighted one amendment to the table at para 2.1.4 relating to Priority 3 Work in Progress which should read 2 and not 3. He reported that since the report had been published a number of recommendations had been complete and updated Members accordingly.

The CE explained that an Internal Audit was scheduled in February 2022 and the Board would be provided with the report which would provide the reassurances that the Association takes fire safety and prevention most seriously.

Board **noted** the Fire Safety and Prevention: Fire Risk Assessments Housing Schemes Report.

21/11/17 Rent Arrears Report: Quarter 2

The CE presented the report. He highlighted that the report showed that figures were stable which was reassuring. In particular, he noted that the Association's rent arrears figure was 2.28% whilst the sector average was 4.3%. He highlighted the continued exceptional work being carried out by the Income Team.

There followed discussion on the impact the ending of the furlough scheme and £20 Universal Credit uplift may have. It was noted that the Association was being cautious with its predictions stressing that financial due diligence would aid the Association moving forward.

Board **noted** the Rent Arrears Quarter 2 Report.

21/11/18 Former Tenant Arrears Write-Offs: Quarter 2

The CE presented the report. With regard to the rechargeable repairs aspect, the CE gave an overview of the process when a void property is returned and, in particular, the shocking condition that some properties are returned in. He highlighted that the costs of repairs could, on occasion, far exceed the income received for the property. The CE reported that local housing providers who were part of the Common Housing Register (CHR) were making soundings that they wished to move away from the CHR in order that they could have more control on who they accommodate in their properties. The CE explained that, as the Association was a member of the CHR any changes would be updated to the Board.

Board **approved** the former tenant write-offs.

21/11/19 Voids Reasons for Termination of Tenancies

The CE presented the report. He pointed out that the figures in Quarter 1 were higher than normal, however it had been noted that these figures still included the impact of Covid. He was pleased to report that Quarter 2 figures had returned to normal expectations.

Board **noted** the Voids Reasons for Termination of Tenancies Report.

21/11/20 Void Rent Loss Report: Quarter 2

The CE presented the report. He highlighted para 2.2.3 of the report which related to average re-let times which were exceptional in the current climate. He explained the numerical link between voids and re-lets, stressing that the numerical figures would not necessarily be the same.

Board **noted** the Void Rent Loss Quarter 2 Report.

21/11/21 Tenant Allowances Report: Quarter 2

The CE talked through the report explaining the circumstances and reasons for the payment made during the quarter. He stressed that where the fault was down to a contractor error the Association sought compensation.

Board **noted** the Tenant Allowances Report: Quarter 2.

21/11/22 SHR Landlord Report

The CE presented the report giving a comprehensive overview of the appendices. He reiterated the previous discussion on rent affordability versus costs to the Association. He explained the purpose and role that the Tenant Involvement and Empowerment Strategy Group would have in assisting the Association to carry out planned works as required. He explained that the Tenant Involvement Officer worked across all departments to maximise engagement with tenants.

Board noted the satisfaction figures in the Appendices which they found to be a little surprising given the great work being done. The CE pointed out that the figures quoted were pre-Covid and before the employment of the Tenant Involvement Officer. He therefore anticipated that the figures quoted in next year's report would have improved.

Board **noted** the SHR's Landlord Report 2020/21 and the comparison with the Landlord Report 2019/20.

21/11/23 Procurement Quarterly Report: Quarter 2

The CSD talked through the report. The CSD highlighted that the Association had carried out one regulated procurement during the Quarter which fell within the Association's Procurement Strategy and Policy. The CSD highlighted it was the award of the reactive and void maintenance contract to QAPM which was considerably above the £50k threshold. The CE gave examples across the sector of contracts which were having to be procured at a much higher price due to the increased costs in materials and labour.

Board **noted** the Procurement Quarterly Report

21/11/24 Development Report: Charleston

The CE presented the report. He highlighted that as at the time of the meeting the Association had taken handover of 18 properties with another 4 expected in the coming week. Another 11 were expected to be handed over prior to the Christmas break. The remaining properties would be delivered by February 2022.

Board asked how close to budget the Development was likely to be. The CE reported that due to Covid-19 implications the development was likely to be over budget in the region of 1.5% to 2.5%. He talked about the possibility of claiming additional grant which may cover the additional costs however, as yet, this was to be confirmed.

The CE was pleased to report that he had received confirmation that the Minister with the responsibility for housing, Shona Robison, MSP, would formally open the site on a date still to be agreed.

Board **noted** the Charleston Development Report.

21/11/25 Development Report: Mossgiel

The CE presented the report. He explained that whilst it had been the intention to commence the development in this financial year in light of the significant issues facing the construction industry the Mossgiel development would need to be subject to another feasibility and viability assessment. He stressed that the development would go ahead but that the timing was critical to ensure its delivery was cost effective.

The CE talked through the challenges which future developments would bring not least the requirement to include a fire suppression system and the impact of new properties having to be zero carbon from 2024.

Board **noted** the Mossgiel Development Report.

21/11/26 Committee Training Updates

The CSO presented the report. Committee **noted** the Committee Training Update.

21/11/27 Human Resources Policy Review: Unacceptable Behaviour

It was agreed that the Policy would be brought to a future Board Meeting.

21/11/28 Human Resources Policy Review: Dignity at Work

The CE talked through the Policy highlighting that whilst the Association had no issues it was important to have a comprehensive Dignity at Work Policy that staff adhered to. The policy had been updated to reflect current guidance and would be distributed to all staff once agreed by the Board.

Board **approved** the Dignity at Work Policy.

21/11/29 AOB

The CE suggested to Board Members that, subject to coronavirus restrictions, a social event should take place in January 2022 at which Board Members could discuss informal and formal business. The CSO would consult members on dates and possible venues over the coming weeks.

Meeting closed at 19:35hrs.