

Present: Ron Neave (Chair), Kath Mands (Vice-Chair), Paul Crichton, Ian Byers, Darren Keddie and Alan Fraser.

The following joined via Video Conferencing: Kevin Braidwood and Teresa Robertson.

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

23/02A/01 Apologies

There were apologies received from Denis Brown and Vicki Cutler.

The Chair welcomed everyone to the meeting.

23/02A/02 Declarations of Conflicting Interests

As an owner of a factored property, the Chair declared a conflict of interest in relation to the Annual Rent Review, as the decision on the rent increase had a consequence on owners' charges, and stated that this would not affect his decision as he would make a decision based on what is in the best interests of the Association.

As a tenant, the Vice-Chair declared a conflict of interest in relation to the Annual Rent Review and stated that this would not affect her decision as she would make a decision based on what is in the best interests of the Association.

23/02A/03 Minute of Board Meeting 30 November 2022 and Tracker

The Chair asked for comments relating to the minutes of the meeting held on 30 November 2022. There were two minor amendments. Item 22/11/12 date changed from March 2022 to 2023. Item 22/11/14 paragraph three date changed from February 2022 to 2023.

Approved. Proposed Paul Crichton, Seconded Kath Mands.

The CSD talked through the tracker confirming that the Board Evening Event would be removed. She highlighted that a report on grant in relation to property acquisitions would be presented to the Board at the Board Meeting on 22 February 2023 and that the Tenant Satisfaction Survey was currently at the printers and would be distributed shortly.

23/02A/04 Matters Arising

There were no matters arising.

23/02A/05 Chair's Actions / Decisions between meetings

The CE presented the report and confirmed there had been no Chair's Actions since the previous Board Meeting on 30 November 2022; the Chair confirmed this to be the case.

Board **noted** the report.

23/02A/06 Scottish Social Housing Charter

The CE confirmed that all Board Members had been provided with a copy of the Scottish Social Housing Charter.

Board **noted** the Scottish Social Housing Charter.

23/02A/07 Budget for 2023/24 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 reports 23/02A/08, 23/02A/09 and 23/02A/10 may affect the budget, and that any impact would be incorporated with amended versions of appendices 1-5 and be presented to the Board at the Board Meeting on 22 February 2023.

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The CSD explained that assumptions had been made based on a 5.4% rent increase and a 7.7% salary increase for 2023/24. These figures had been used as in budgetary terms any decision higher in respect of rent increases and lower in respect of salary increases would provide a budgetary benefit.

The CSD reported that a further report relating to the Retirement Housing Review would be presented to Board on 22 February 2023. However, as the salaries associated with Retirement Housing staff is met by the service charge, any restructuring decision would be 'cost neutral' to the Association.

The CE talked through the CPI inflation table highlighting the uncertainties and risks. The CSD talked through the general economic assumptions which are based on the most recent DTP business plan assumptions. The CSD talked through factors specific to the Association and advised that the Mossgiel Development is included in the plan but will be dependent on tender costs and to what level of grant we would receive. Any further new build is currently not included.

In relation to rent and service charges, as the Association is proposing a significantly below inflation increase this year, the need for increases at CPI+1% has extended to year 9.

Board asked for clarification in relation to the Living Wage and whether an increase below 7.7% would result in any staff being paid below this level. The CSD confirmed that staff salaries were adjusted to ensure that no staff member was paid less than the Living Wage.

Board asked for an update on EESSH2 timescales and on the effects EESSH2 may have on costs. The CE confirmed that it EESSH2 had been delayed and is due to be published in 2023. With regard to cost implications, as with the initial EESSH, there will be considerable cost implications, which will be evaluated when EESSH2 is published.

The CSD gave a comprehensive explanation of the Association's loan structure. The CSD confirmed that all covenants were being comfortably met and provided sensitivity analysis, highlighting scenarios which would lead to a requirement for a significant review of the Business Plan / Internal Management Plan.

The CSD provided Board with the figures relating to rent increases of 6.1% and 7% highlighting that over the 30 Year Financial Plan 6.1% would yield an additional £1.9million over the base case while 7% would yield an additional £4.3million. The CE stressed the significance of this additional income over the 30 Year Financial Plan.

The CSD gave an overview of the significant financial impact to the Association should Board elect to increase rents by CPI only moving forward. It would eventually result in the Association failing to meet the covenants. Board asked for clarification on what penalties the Association may face should this happen. The CSD reported that Banks may request that loans are repaid immediately or significantly increase interest rates, the Scottish Housing Regulator would be notified and the Association placed in regulation with worst case scenario the Association being taken over. The CE stressed that the Association was well within the covenants and indeed the self-imposed financial cushions gave an additional level of comfort. He also stressed that Banks and Financial Institutions were acutely aware of the significant financial issues RSLs are facing and are working with the sector to avoid drastic action having to be taken.

The CE stressed that whilst the Draft Budget requires approval at this meeting there are certain elements which may need to be revisited depending on the decisions relating to the rent increase, and

any consequential change to the planned maintenance budget, and the decision in respect of the annual staff salary review.

Board **approved** the Budget for 2023/24 and 30 Year Financial Plan subject to the decision in relation to papers 23/02A/08, 23/02A/09 and 23/02A/10.

23/02A/08 Proposed Planned Maintenance Programme 2023/24

The CE gave a comprehensive overview of the programme highlighting that it had been formulated based upon a 5.4% rent increase being applied in April 2023. The CE provided detail of the financial implications as set out in the appendix and the resulting impact on the 30 Year Financial Plan. He gave a comprehensive update on the additional works which could be carried out should a 6.1% or 7% rent increase be approved.

Board **approved** the Proposed Planned Maintenance Programme 2023/24.

23/02A/09 Annual Rent Review

The CE talked through the report giving an overview of the tenant consultation undertaken in relation to the proposed rent increases. He stressed that whilst it was understandable that the majority of tenants who had completed the survey had opted for the lower increase, the additional funding would assist the Association in delivering its strategic and operational objectives. The CE stressed that the additional income would assist, but would in no way cover the full additional costs.

The CE highlighted the table in the report at 2.5.1 which provided the percentage rent increases applied by other social landlords within the local area. He also highlighted the forecast in relation to CPI figures in September 2023. The CE asked Board Members to keep in mind when making their decision the potential increased income over the 30 Year Financial Plan as well as the increased costs currently being placed on the Association.

The CE gave an overview of paragraphs 4.1.1 - 4.1.3 in which the financial impact of an increase of 5.4%, 6.1% and 7% was provided. He explained that whilst tenants had been consulted on an increase of 5.4% or 7%, the inclusion of the 6.1% increase was based on the forecast average rent increase across the sector. He stressed that while it was important that the Association took into consideration the particularly difficult financial times ahead for tenants it was imperative that the long-term financial stability of the Association and investment in the housing stock was kept at the forefront of all decisions. He highlighted that whilst the report included a recommendation of a 7% increase the final decision was a decision for the Board.

There followed comprehensive discussion and financial analysis from both a tenant and Association perspective. The Board discussed the real term benefits of each increase noting that an increase of 7% would provide financial assistance to the planned maintenance programme. With regard to planned maintenance, the CE highlighted that the Board would be provided with comprehensive information during the proposed Asset Management Strategy Away Day.

Board discussed the message which would need to be conveyed to tenants regarding any increase above 6.1% as it was noted that the Scottish Government had promoted it as the Scottish average. The CE noted the comments of Board members and stressed that the evidence was compelling to justify an increase of 7%. He confirmed that the message to tenants would be clear in that the funds over the 5.4% increase would be utilised to increase the planned maintenance programme. Board noted that their approach was reflective of the Association's obligations within the Scottish Social Housing Charter and the Regulatory Standards.

The CE highlighted that tenants could not be advised of the rent increase until after 26 February 2023 as stipulated by the Scottish Government. He confirmed that after this date he would publish a letter on the website explaining the decision and the reasons for the decision.

Board **approved** an annual rent increase of 7% effective from 1 April 2023.

Board **noted** that the approved rent increase would lead to the rent increase on 65 properties being restricted on affordability grounds.

Board **agreed** that the increased income above 5.4% of £154,885 would be invested in the Planned Maintenance Programme for 2023/24

The CSD and CSO left the meeting.

23/02A/10 Confidential Annual Staff Salary Review

Prior to presenting the report the CE referred to the Minutes of the Board Meeting of 30 November 2022 and the pertinent minute appertaining to the Annual Staff Salary Review Report.

The CE confirmed that since the November 2022 Board Meeting all Members had been provided with a further Draft Report with additional information, so that they could consider it at the Board Evening Event on 13 January 2023. The CE informed Members that all the information was relevant to the Board making a decision, for, as was discussed at the November 2022 Board Meeting, it is not one particular piece of information that should dictate the decision. In making a decision which complies with Regulatory Standard 3, and in particular Regulation Guidance 3.6, it is an exercise for the Board to take based on the facts and circumstances pertinent to the Association; as it is for other Associations to make a decision based on the particular facts and circumstances to their Associations.

The CE informed Members that any decision has to be both affordable and justifiable and that both affordability and justification is within the content of the report.

The CE left the meeting.

Due to the importance of this decision Members referred to and discussed each of the paragraphs in the report at length and had an extensive debate on all the facts and circumstances pertinent to the Association.

Members were very mindful of the impact the spiralling cost of inflation, the increase in fuel and the astronomical increase in energy costs will have on staff. The Chair also commented that what others have decided has assisted them in arriving at their decision, it has not dictated their decision.

[REDACTED]

The Chair asked the CE to return to the meeting and updated him on the decision.

Board **agreed** a staff salary increase of 7.7% which will take effect from 1 April 2023.

The CSD and CSO returned to the meeting.

23/02A/11 Property Services Policy Review: Gas Servicing Policy

The CE talked through the report highlighting that the policy was last approved in February 2020 and was therefore due for review. The CE commented that the policy was very effective and led to Internal Audit giving Full Assurance on the Internal Audit in respect of gas servicing. With Full Assurance in mind, he confirmed that there were no proposed changes to the policy.

Board **approved** the Gas Servicing Policy.

23/02A/12 Housing Services Policy Review: Tenants Allowance Policy

The CE talked through the report highlighting that the policy was last approved in January 2019 and was therefore due for review. He confirmed that the policy had been comprehensively reviewed and redrafted.

There followed discussion on examples of when the Policy may be utilised.

Board **approved** the Tenants Allowance Policy.

23/02A/13 Housing Services Policy Review: Housing Support Policy

The CE talked through the report on behalf of the Housing Manager. He explained that the policy was last approved in January 2019 and was therefore due for review. He confirmed that the policy had been updated for revised terminology.

Board **approved** the Housing Support Policy.

23/02A/14 Housing Services Policy Review: Pets Policy

The CE talked through the report on behalf of the Housing Manager. He explained that the policy was last approved in August 2016 and was therefore due for review. He confirmed that the policy had been updated for revised terminology.

Board **approved** the Pets Policy.

23/02A/15 Housing Services Policy Review: Taking in a Lodger Policy

The CE talked through the report on behalf of the Housing Manager. He explained that the policy was last approved in June 2019 and was therefore due for review. He confirmed that the policy had been updated for revised terminology.

Board **approved** the Taking in a Lodger Policy.

23/02A/16 Housing Services Policy Review: Tenancy Agreements and Leases

This policy will be presented at the next Board Meeting.

23/02A/17 Housing Services Policy Review: Use of Home for Business Purposes Policy

The CE talked through the report on behalf of the Housing Manager. He explained that the policy was last approved in August 2016 and was therefore due for review. He confirmed that the policy had been updated for revised terminology.

Board **approved** the Use of Home for Business Purposes Policy.

23/02A/18 AOB

The CE reported that there had been a minor amendment to the Acquisitions and Disposals Policy which did not require the policy to be presented to Board, but which merited mention. The amendment related to properties which were part of the 1997 stock transfer and in particular if any of those properties were subsequently sold by the Association the grant provided by the Scottish Government would not need to be repaid. However, any grant received in respect of properties built or acquired since the transfer then would need to be repaid if the Association disposed of the respective

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properties. The CE highlighted that it was highly unlikely that this would occur, but the Policy had been amended to reflect this requirement.

The CE reported that following the acquisition of 2/L Fintry Mains at a cost of £82k the Association had been awarded a £40k grant.

Meeting closed at 19.00hrs.