

Minutes\_Board Meeting\_011220.pdf

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Brian Corrigan	One-Time-Password	2021-02-10 17:37 GMT+1



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# Board Meeting

Tue 01 December 2020, 18:30 - Tue 01 December 2020, 22:30

Virtual

## Attendees

### Board members

Brian Corrigan (Chair), Eileen Tamburrini, Heather Thomson (Secretary), Kelly Ferns, Eleanor Robertson, Alan Hutchison, Ken Robertson, David Brown, June McIntosh, Susan Skelton ((Observer)), Vivian Hearon ((OTHA Nominee)), Jackie Smith ((Observer))

### Attending

Andy Thomson (Housing Services Manager), Paul McVey (Director), Paul McColgan (Property Services Manager), Liz Bowden (Corporate Services Manager), Alana Durnin (Finance Director), Shonaid Musgrove (CSO (Minutes)), Brian Praties ((OTHA Development Manager))

## Meeting minutes

### 1. Apologies & Declarations of Interest

Prior to this item the Board and staff introduced themselves to the newer Board members and 2 observers.

At the start of the meeting it was noted that the Vice Chair would be late to the meeting. **However, during the course of the meeting she contacted to submit her apologies.**

There we no declarations of interest

### 2. Minutes of Meeting held on 20 October 2020 \*

**Decision**

The Chair

The Minutes of the meeting held on 20 October 2020 were presented to the Board for approval. A Board member pointed out a small typo on Page 2, item 4, first sentence the word "teport" should read "report".

#### Resolution:

The minutes were proposed, seconded and approved.

 02.0 Minutes of Board Meeting 20th October 2020.pdf

### 3. Matters Arising/Outstanding Actions \*\*


**Information**

The Chair

The Director advised most of the actions are included in the agenda and/or the Director's report.

#### Resolution:

The Committee noted the above.

 03.0 Outstanding Actions and Matters Arising.pdf

### 4. Verbal Updates from Sub-Committees \*\*

#### 4.1. Housing & Property Services Sub-Committee

**Information**

Housing & Property Managers

The Property Services Manager (PSM) advised that the heat meter report had to be reissued due to a technical issue with the papers. Following this reissue there were some questions that were raised which were responded to. The completed report had been circulated via Admin Control and required 2 signatures on it for final approval by close of business on Wednesday 2 December.

The Housing Services Manager (HSM) intimated that at the start of the meeting the Chair and Vice-Chair positions were appointed. The Wellpark Local Lettings Initiative was approved for going out to consultation and the Entitlements report was approved.

#### Resolution:

The Board noted the verbal update.



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#### 4.2. Finance & Corporate Services Sub-Committee

The Corporate Services Manager (CSM) advised that reports on factoring, recharges, ICT strategy had been presented. A request for additional breakdowns on the costs associated with factoring and rechargeable repairs would be presented to the next meeting. The ICT Manager got approval to defer the tender on communications by 1 year. The Management Accounts were approved as were the budget amendments. The Treasury Management Policy was reviewed and approved together with policy reviews on Staff Training & Development, Staff Appraisal, Membership, and Board Recruitment. There had also been an update on the imminent launch of the Young Clochie Club. The excellent result of the H&S Audit had been noted.

The Chair and Vice-Chair had been appointed - Ken Robertson and Heather Thomson.

**Resolution:**

The Board noted the verbal update.

#### 5. Kings Glen Update \*\*

The OTHA Development Manager (D&TSM) spoke to the report. He advised that there were no recorded incidents on-site and all risk assessments (including those relating to Covid) have been carried out.

All key observations were good with the exception of the additional request for extension of time and the claim re Covid. The QS did not see any reason why there was the need for a further extension due to fencing that was being linked to the handovers. Handovers will start in this financial year in February 2021 with around 37 units before the end of March and the remainder in the next financial year.

Regarding the Covid claim both the solicitor and the Employer's Agent recommend leaving this until the end of the contract and the D&TSM agrees with this. The Director pointed out that contractually the Association is not liable for this claim. He stated that the Scottish Government has indicated that claims can be made with them but the procedure for this is not clear.

**It was at this point that the CSM announced that the Vice Chair has submitted her apologies.**

A Board member queried item 7.2 and the high spend from the cashflow predicted for April 2021 and what was the reasoning for this. The D&TSM replied this would be investigated and brought to the next meeting. The Finance Director advised that the Association has in place the £4.2m loan funding so there is no risk in term of meeting the cashflow.

**There were no further questions and the D&TSM left the meeting at 6.55pm.**

**Resolution:**

The Board noted the report and the D&TSM would bring the cashflow answer to the next meeting.

 05 Kings Glen Project Update Dec 2020.pdf



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## 6. Director's Report \*

The Director took the Board through the report.

- Business Continuity Plan is on track; Inverclyde remains in Tier 3 which is good.
- Ronny Lee (our OTHA nominee) has resigned from OTHA Management Committee and subsequently from our Board. His contributions will be missed.
- Organisation change - Special General Meeting and Ballot report on agenda. Details of TUPE for 3 staff and service level agreements will be brought to future meetings. The aim is to have these in place by 1 April 2021.
- The Landlord's report on the Charter is being compiled and will be sent out with the Winter/Christmas Newsletter.
- Staffing - 1 long-term absence is back but 1 other is now off.
- Staff Morale - this has been very high all things considered but, like many businesses, is taking a little dip just now. Corporate Services section working hard to lift spirits and have created an online "Advent Calendar" for a bit of fun.
- Individual Property Acquisition - £100k set aside for this to buy properties where appropriate. Two properties in currently in this process; one in Lynedoch Street and one in Carwood Street. A further property in Dempster Street is being assessed; this purchase would give us outright ownership of the whole close. Proposal is to pay for the Dempster St one using our own reserves.
- Internal Audit (on Anti-Social Behaviour)- excellent result for this.
- GWSF ask in advance of 2021 elections. GWSF and SFHA continue to lobby government, etc on behalf of RSL's to ensure we are heard. If any member wishes anything added then contact the Director.
- Director seeking approval for Delegated Authority to purchase the aforementioned flat in Dempster Street.






A Board member enquired if there was a criteria for the acquisition of properties. The Director replied that this is contained within the Asset Management Strategy and will send out this document to the Board. The Director advised that newer Board members had probably not seen it yet. A Board member intimated satisfaction that the GWSF are keen to rescue tenement properties and would like to see Cloch do this and renovate them for 21st century living. A discussion took place about HAG funding and whether Cloch's stock received this in the 1980's/90's. If they did not qualify then they may do so now. The Director replied that this would be investigated. With regards to purchasing properties on the open market (including auctions) the Director confirmed that the Association would in the main only pay the valuation price or lower.

### Resolution:

- The Committee noted the contents of the report.
- Approval was given for the Director to have Delegated Authority to purchase the flat at Dempster Street.

### Action:

- Asset Management Strategy to be issued to the Board.
- Investigate whether our tenement stock has received HAG before.

-  06.0 Directors Report.pdf
-  06.1 Directors Report Appendix 1 ARC.pdf
-  06.2 Directors Report Appendix 2 Internal Audit Strategy and Annual Audit Plan.pdf
-  06.3 Directors Report Appendix 3 ASB Draft Internal Audit Report.pdf
-  06.4 Directors Report Appendix 4 GWSF Manifesto.pdf



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## 7. Separation Project Update - Outcome of Ballot and Arrangements for Special General Meeting \*

The Director spoke about the ballot first and advised that the election company used was UK Engage; around 500 tenants voted. The result was a resounding 95% "yes" to the separation proposal. The Director stated that the parent, Oak Tree Housing Association was very pleased with the outcome too.

The Director advised that the ballot was a very unusual one. Most ballots of this nature are for organisations merging with one another; not separating. This was a first for Scotland. The SHR (Scottish Housing Regulator) has formally been advised of the ballot outcome and the next stage is for the Board to call a Special General Meeting (SGM). Mark Ewing of T C Young (solicitors) will be in attendance. The SGM is to approve the new rules that follow the ballot. Thereafter, we record the outcome with the Scottish Charity Regulator (OSCR) and the Financial Conduct Authority (FCA).


The Board was advised that there was no immediate rush to make any changes to the existing service agreements with OTHA (eg for Financial services and ICT services) and they will operate as "business as normal" for the time being. It is planned to have them reviewed ready for 1 April 2021.

The Director wanted to thank all the staff, the Board and the parent organisation (OTHA) for all the works undertaken over the last year (eg options appraisals) to get to this outcome. A 95% vote in favour tells the Association that it is doing the right thing.


The Board agreed to the SGM taking place week commencing 14 December; noting that it would most likely be 15, 16 or 17 December 2020. The exact date to be decided by the Director/CSM.

### Resolution:

The Board unanimously agreed to call a SGM.

 07.0 Separation Project - Ballot Outcome and Next Steps.pdf

 07.1 Separation Project Appendix 1 Ballot Outcome.pdf

 07.2 Separation Project Appendix 2 Press Release.pdf



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## 8. First Draft Budget 2021/2022 \*

Decision  
Finance Director

The Finance Director took the Board through the presentation and sought permission from the Chair (which was granted) to share their screen.

The Finance Director reported as follows:-

- Future projections taking on board what is happening in the world; the impact of Covid and economic factors.
- People spending less - consumer spend down by 10%.
- Inflation projections low for 21/22. Bank dropped down the base rate to 0.01%. Good for us for variable rates for loans.
- Lockdown has impacted our work programme; try to neaten up for 21/22 projections. Higher spend for next year. Banks think more future risk. Think risk will increase - economic risk - point where we need finance maybe impacted by an increase in bank margins.
- Scottish Government did provide help to Registered Social Landlords (RSL's) but we need to pay back the grant money. Furlough money may see tax increasing.
- Material costs increased re: Covid impact (e.g. supply & demand factors).
- Brexit is imminent and costs are likely to go up, e.g. import tariffs.
- Pension deficit - the Association is nearly at end of paying this off but what has happened is employer/employee contributions increasing.
- Arrears may increase due to unemployment caused by Covid. The Association will increase budget and assumptions to take account of this, however in the future the projection is arrears will then decrease & normalize.
- Void loss contingency plans in place. Wellpark is causing a bit of an anomaly this year as properties are planned to be void whilst work is carried out.
- There is also Capital planned work - windows, boilers, etc.
- £60k for component replacements being carried out reactively and down thereafter in future years as planned maintenance programmes are rolled out.
- 1% contingency on component, asset management, Energy Efficiency Standard for Social Housing (EESH).
- Reactive figures of £699k is high and based on new contract; does reflect the tender value though and costs versus budget will be monitored.
- Salary costs are going to increase going forward (inflationary increases )
- Contingency for sickness and additional Housing Assistant post. This post has been budgeted for but not used to date.
- Costs for 2 Modern Apprentices built in.
- Loan funding - fixed rates; no risk of interest costs changing. Libor has come down but is projected to increase in the future. Loan value £14m. Loans peak next year and then refinance in 2027/28. All loans will be paid off in 2042.
- Rent policy - 1.8% rent uplift: £121k higher rental income next year due to this, compared to last year. Kings Glen will also provide circa £257k of rental income next year.
- 5-yr cashflow; steady progress projected.
- 30yr cashflow; steady progress for 10yrs then dips for a year or two. This is when more planned maintenance is scheduled to take place. It is important to get link to cashflow and planned maintenance spend right. Getting a stock condition survey done and component costs sorted will feed into this.
- All bank covenants have been met. Gearing covenants all good too. The Association has capacity for more loan funding if it is required.

The Finance Director summarised by reiterating that the Association has a good plan going forward. It has affordable rents versus costs, covenants met and long term financial strength.


The Finance Director asked for any questions to the report.

A Board member thought this was excellent report and enquired as to where the "Green Deal" fit into these figures and how does the Association stress test for this. The Finance Director replied that with respect to EESH2 the Association does not know the full criteria yet, however £300k is included in the plan for EESH 2 provision. There was also acknowledgement that the planned maintenance programme is a plan that can at time change but the budget requirements are based on life cycles and an asset management strategy. The Finance Director advised that the survey work for planned maintenance is carried out in real time. For budgeting purposes the Association has to put in a good amount and then adjust, as tender results come in, etc. / known changes happen. A Board member commented that we will need to add in the phasing out of gas heating systems and refitting boilers.

### Resolution:

The Board noted the report.

 08.0 First Draft Budget & Business Plan 2020-21.pdf

 08.1 2021-22 Budget & Financial Plan Appendices.pdf

## 9. OSCR Return - 2019/2020 \*

Decision  
Finance Director

The Finance Director advised that the Annual Accounts had already been approved and signed off. However, they must be submitted to OSCR by the end of this month.



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**Resolution:**

The Board approved the submission of the Annual Accounts for 2019/2020 to the Scottish Charity Regulator.

 09.0 OSCR Return 2019-20 Cover Paper.pdf

 09.1 Appendix 1 OSCR Return - to be submitted once approved.pdf

## 10. Property Acquisition Strategy \* (report to follow)

**Decision**

Director &amp; Finance Director

The Director and Finance Director had prepared this report.

The Director advised that the Property Acquisition Strategy had been formulated following our business planning sessions; which in turn had given rise to a couple of projects to pursue.

The Director intimated that the Association's Strategy provides the vehicle for acquisitions but additional loan funding of £1m is required. The Finance Director advised that if the Association were to use its own resources then this would minimise our ability to fund future building projects. The Director stated that the strategy has been put in place so that in the event suitable properties become available the Association has the funds to purchase them. The Board was advised that Inverclyde Council (IC) are going to approach the Scottish Government with an Inverclyde wide strategy for acquisitions and buy backs.

The strategy must provide a sound financial investment for the Association and demonstrate that it can be paid back in 30 years time (or earlier). The over-riding principle is to provide accommodation that is fit for purpose, warm and affordable.

The Finance Director explained the opportunity is there to utilise our current loan agreements. In principle, the Association can afford the £1m loan funding, however, if we get grant funding (20% or more) it makes such a difference to the breakeven point of the projects.

A Board member enquired if the £1m was solely for acquisition or did this include costs for refurbishment too. The Finance Director replied for both and stated that it included a sum of £10k/unit for working capital. The same Board member asked if the graphs showing income and costs over the years referred to the units being occupied or was there periods build in when the property was void. The Finance Director replied that the same assumption modelling for existing units was used whereby a figure of 2% was used for voids/ 2% for bad debts, etc.

A Board member referred back to the joint IC acquisition section and enquired if there was a timescale proposed. The Director replied the next meeting should take place in February 2021 before they put together the final SHIP submission.

The Housing Manager advised that this type of strategy has been discussed at other forums (e.g. Homeless meetings) and there is great interest in what the Association is looking at. This has potential to release monies from Welfare funding.

The Chair suspended the Standing Orders as the time was 8.17pm and there were still several agenda items to discuss. It was noted that Heather Thomson had to leave the meeting at this point.

Further discussion took place that included:-

- \* acknowledging that families can be homeless and not just single persons;
- \* whether the Care & Repair teams could facilitate and nominate clients when their existing accommodation cannot be adapted for them;
- \* the time taken to assist people is too lengthy and often the person has died before the situation is resolved;
- \* potential tenants turn to the private sector as they can provide furnished lets even though the rent is higher and property sub-standard;
- \* further surveys/studies required to show what housing types are desired and where;
- \* over supply of new build been identified but probably more wrong house types built.
- \* decline in Inverclyde population.

**Resolution:**

The Board approved the proposal to apply for a further £1m loan funding with the RBS to be used for property acquisition.

 10.0 Property Acquisition Project December 2020.pdf



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## 11. Rent Consultation Report \*

The Housing Manager took the Board through the report which explained how the Association requires to raise £121k that was calculated during the budget preparations for 2021/22. This work coincides with a large rent restructuring exercise that has been ongoing to make the Association's rents fairer. The Housing Manager advised that some tenants had had their rent frozen and some had a small increase during 2020. Using stress testing analysis for 2021/22 and a cap of £20 some rents would have increased by over £30 in some instances once the percentile increase was added. It was felt that this was not a good approach under the current circumstances.

The Housing Manager was proposing that for 2021/22 the rental increase (for rent restructure) is capped at £10 with the percentile increase added on (1.9% would be the maximum). This would also mean that the rent restructure will take 4 years to complete (April 2023) instead of 3 years.

If the Board approve this proposal the Association will then begin consulting with tenants and invite them to take part in a survey. This will then be brought back to the Board for final approval.

The Board was satisfied that the Association had done a robust and meaningful process for for this year's rental increase and the overall rent restructuring.

### Resolution:

The Board approved to proceed with rent consultation on the basis of a cap of £10 (for rent restructure increase) and percentile increase of no more than 1.9%.

 11.0 - Rent Consultation 2021 2022.pdf

## 12. Wellpark Improvement Project Update \*\*

### Information

Property Services Manager &  
Housing Services Manager


The Board was advised that ongoing tenant liaison was continuing with 5 tenants in 9 Lyle Street. The tenants have agreed to move into other properties to free up the whole of 9 Lyle Street for a supported housing project. This project will be managed by Inverclyde Housing & Social Care (HSCP) and will probably be offered to the Richmond Fellowship. Discussions are ongoing with the planning department for change of use. The approved strategy will go out for consultation to the Wellpark area.

The Board was advised that Covid restrictions on number of tradespeople in an occupied property at one time will cause problems for future works such as kitchen/ bathroom renewals when multiple trades are required. Within Wellpark there are currently 17 void properties. It is proposed that we refurbish these units and then offer them to tenants as a decant or a permanent move.

The Property Services Manager gave an overview of the procurement of the works being addressed. There could be an issue with the supply of the replacement windows as they may not be fitted by the time tenants move back into the property. However, they can be replaced within 1-2 days and all Covid guidance/risk assessments shall be followed. The Finance Director was being updated with costings on a regular basis.

### Resolution:

The Board approved the programme of works for the Wellpark area and the use of void properties for allowing tenants to move into thereby freeing up their original home for the purposes of carrying out improvement works, as outlined in the report.

 12.0 Wellpark Area Improvements Update Report 01122020.pdf

## 13. Procurement Strategy Report \*\*

### Information

Property Services Manager


The Property Services Manager advised that the report was an update of the work carried out during the year and what is proposed for 2021. It was unfortunate that the Association had an issue with reactive maintenance contractors over the past few years and that it has had to carry out tenders 3 times in a short space of time.

There were no questions posed.

### Resolution:

The Board noted the report.

 13.0 Procurement Strategy Report December 2020.pdf

 13.1 APPENDIX 1 - Procurement Strategy 2020-21.pdf

## 14. Christmas Closure and 2021 Public Holidays \*

### Decision

Corporate Services Manager

The Corporate Services Manager advised that "custom & practice" is for the office to close at 2pm on the last working day before Christmas - this year it's 24th December. Staff working are credited with the remaining time. Anyone who takes the day off is required to use a full day annual leave/TOIL/flexi. The Board was also presented with the list of public holidays for 2021.

Resolution:




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Approval was given to close on 24 December 2020 at 2pm and for the public holidays for 2021.

 14.0 Christmas Closure and Public Holidays for 2021.pdf

 14.1 Public Holidays - App 1.pdf

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## 15. AOCB

The Board was presented with 2 applications for membership.

### Resolution:

The Board approved the 2 membership applications.

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**Decision**

Corporate Services Manager

## 16. Date of Next Meeting - 26 January 2021

The Director advised that this date may change as it conflicts with a possible training session that a couple of Board members wish to attend. If the training proceeds then the meeting may move to the Thursday (28 January 2021).

Ken Robertson put in his apologies for the SGM if it goes ahead for 17 December 2020.

**There was no further business and the meeting closed at 8.45pm.**

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**Information**

Director



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