

Minute of Meeting of the Board of Management of Langstane Housing Association Limited held on Monday 16 December 2019 at 680 King Street, Aberdeen, AB24 1SL at 7.00pm

Present: J Fraser, Vice Chair
J Greener
I Jamieson
C Lynch
J Marshall
M Martin
A Stevenson

In Attendance: H Gault, Chief Executive
M Ballance, Director of Asset Management
L Macfarlan, Director of Finance and Corporate Services
J Sutherland, Director of Housing and Social Justice
L West, Executive Resource
A Bruce, PA to the Chief Executive (Minutes)

Apologies: J Knowles
J Drummond
K Hutchens
K McIntosh

1. Apologies

The apologies noted above were intimated to the meeting.

2. Declaration(s) of Interest

J Greener noted an interest in Items 7 and 11.5.

3. Draft Minute of Board of Management Meeting held on 18 November 2019

The Board approved the Minute as an accurate record.

4. Matters Arising

4.1 1.1 - Remuneration Committee update on Senior Management Team (SMT) Remuneration and Redundancy Payment Policy

The Board was provided with an update on the progress of the work to date. A full report would be presented to the Board on 20 January 2020.

4.2 4.2 – 6 Draft Minute of Health and Safety Group Meeting held on 3 September

The options appraisal carried out on replacing the pool car had identified the most cost effective option to be the purchase of an electric vehicle. This option

would be progressed and the Association would, as suggested, utilise the car club on an ad hoc basis.

4.3 4.4 – Disposals

It was reported a meeting had recently been held with the developer interested in purchasing Granton Place. It had submitted an application but had been asked to reduce the number of units it proposed to develop. As a result the developer would need to carry out a viability study. Further discussions with the developer will be held in January 2020.

With regard to the sale of 69-71 Crown Street, the meeting was informed the property's "offers over" price would be reduced early in the new year.

4.4 9 – Mid Year Financial Review

The Board noted a letter had been sent to Kevin Stewart MSP officially raising the Association's concerns with regard to Universal Credit. His response is awaited.

4.5 9.1 – Mid Year Treasury Management Review 2019-20

It was reported none of the legal firms within the newly established legal framework i.e. BTO, Harper Macleod and TC Young would attend Board meetings.

4.6 10 – Chief Executive's Update

It was reported the cash balance forecast is being worked on.

4.7 14 – Langstane Update

The "Friendly Bench" article had been picked up by a number of news outlets.

5. Statement of Outstanding Business

The Board noted the Statement.

6. Financial Reports to 30 November 2019

The Director of Finance and Corporate Services spoke to the report highlighting the positive year to date variance of £509,838, not £590,198 as stated in the paper. The outlook to year end is a positive variance of £422,717 showing the Association to be on track and indeed slightly ahead of budget out turn. Board attention was drawn to the under spend in the Asset Management budget and the work being done to mitigate this. As a result of the under spend, the budget had, this week, been re-profiled.

The Director drew Board attention to bad debt provision (the Association had been prudent in providing for bad debt), the cash balance of £3.7m and to the

fact all loan covenants are currently being met and are predicted to be met for the foreseeable future.

J Fraser further highlighted the under spend in the Asset Management budget, and was given assurance there would be no such issues next financial year; spend would be distributed throughout the year.

The Board noted the Financial Reports.

7. Draft Budget 2020-21

The Board considered the report; the draft Budget attached as Appendix 1 and accompanying Schedules 1-16. The Director of Finance and Corporate Services informed the meeting the Budget had been prepared on the premise of a proposed rent increase of 2.1%, on the salary increase proposed at a maximum of 2% and on the level of maintenance required to the Association's stock portfolio during the year. With regard to the latter it was reported recent headlines regarding a statutory improvement notice imposed by the Health and Safety Executive on a housing association to improve its management of hazardous materials, although not an issue for the Association, would see the Association carry out a review of health and safety measures to ensure it is fully compliant with all legal requirements.

Board attention was drawn to the assumptions underpinning the budget listed in Schedule 2 and the Director of Finance and Corporate Services sought direction from the Board on further flexing scenarios to be carried out prior to the final Budget being presented for approval in February 2020.

It was suggested the rent increase of 2.1% was relatively low and a suggestion the Association may wish to consider a 2.5% increase. The Board noted an additional 0.5% increase would provide additional income of £60,000 per annum. As £1.4m of efficiency savings is predicated on the sale of the properties in a depressed housing market, the Association would need to consider mitigation if the property sales are not realised. Lengthy discussion ensued on the rent increase and the implications of the 2.5% increase on affordability, on the rent restructure and on the rent and service charge policy. The Board agreed the decision be made on a show of hands. Taking into account the Association's primary focus and that of the Scottish Housing Regulator to provide homes that are affordable, the Board voted 4 – 2 in favour of the 2.1% increase rather than 2.5%.

The Board approved, in principle, the draft budget and authorised consultation with tenants on a 2020-21 rental increase figure of 2.1% with the caveat the consultation material include information on the Association's requirement to invest significant spend on legislative health and safety requirements i.e. fire safety and asbestos. The final budget would be presented to the Board, for approval, in February 2020 and would include a corrected version of Schedule 8.

The Board further approved the maximum cost of living increase recommended in the report and authorised the Director of Finance and Corporate Services to

open negotiations with the Unite Union under the terms of the collective bargaining agreement.

7.1 Report on Programming of Planned Maintenance Works to Reduce Under Spend on the 2019/20 Budget

The Board had, at its last meeting, been informed there would be an under spend in the Asset Management budget. As such, the Board had asked whether additional work could be brought forward from the programme of works to reduce the under spend. The report presented detailed where the under spend had occurred and what could be done to ensure the budget spend for this year is maximised. Speaking to the report the Director of Asset Management highlighted the underspend in relation to the delay of major works to the district heating replacement at Charlotte Street, Aberdeen and in respect of kitchen replacements at Wood Street, Aberdeen.

It was reported savings would be made on major repairs work at Union Street, Aberdeen and work would be brought forward at Fraser Court and Cloverfield Close Aberdeen.

It was noted that in future years, the Board would be presented with a mid year report which should ensure issues are highlighted and action taken to mitigate anticipated under spend.

The Board noted the proposal to reduce the predicted underspend in this year's budget.

8. Revolving Credit Facility

The Board noted the report which provided detail of the Association's use of its previous and current Revolving Credit Facility. The Chief Executive in speaking to the report informed the meeting it is clear, historically the Association's spend did, on occasion outstrip income. The budget presented to the Board in February will clearly set out the efficiencies agenda and any mitigating actions required if these are not delivered.

9. Write Off Report

The Board noted the write off report which provided information on the former tenant debt collected by Sherriff Officers and that written off by the Senior Management Team and Board to November 2019. The Director of Housing and Social Justice assured the meeting that although the debts written off to date totalled £231,408.39 which exceed the total write off for the financial year 2018-19, the Association is closely monitoring former tenant debt. A comprehensive report on write offs would be presented to the Board at the end of the financial year.

Having noted the report, the Board approved the write off of former tenant's arrears in the sum of £6972.48 and further noted the sequestrations totalling £14,045.00.

10. Chief Executive's Report

Taking the Board through each of the items within the report, the Chief Executive drew particular attention to Item 3, and reported the Association would be seeking legal advice on the draft letter prepared by XPS prior to it being issued to staff. The letter would be circulated to the Board for information.

The Board noted the report and subject to the removal of the sentence "... as far as reasonably practical" under Item 1.2, approved Appendix 9.1 - Guidance: Authorisation Levels – Financial and Signatory and further approved the individual authorisation levels attached as Appendix 9.1.1.

11. Policy and Strategy Review

11.1 Conflicts of Interest Policy V3

The Board considered and approved the policy presented, noting it had undergone a complete rewrite since it had last been reviewed.

11.2 Board of Management Recruitment and Succession Planning Policy V3

The Board considered and approved the policy presented, noting it had undergone a complete re-write since it had last been approved.

11.3 Governing Body Expenses Policy V2

The Board considered and approved the policy presented, noting it mirrored the expenses paid to Association staff. Arising from its consideration, there was brief discussion on the Association publishing detail of Board expenses and it was agreed this information would be made available in a statement which would be provided to specific tenant groups.

11.4 Development Policy V2

The Policy had been circulated with the papers and available to members on request. Given the Association's development programme has been suspended it is proposed the existing policy be carried over until such time as the development programme is restarted and would, at that time, be the subject of a full review. Board approval was sought and granted for the existing policy to be amended to reflect its status as a Group Policy, to remove historic references to the Resource and Investment Committee and to authority levels approved elsewhere.

11.5 Rent Setting Policy V3 - Consultation Feedback

The Board considered the tabled report on the outcome of the full consultation on the Rent Setting and Service Charge Policy. Speaking to the report, the Director of Housing and Social Justice drew Board attention to Questions 1, 2, 3 and 4 and the management responses to each. In respect of Questions 1, 2 and 4, based on tenant feedback, there would be no changes to the proposed policy. Tenant feedback on Question 3, would see information in relation to

service charges from the existing policy which had been removed from the proposed policy, added back in.

The Director informed the meeting those tenants who can be identified and have raised specific issues within their feedback will be contacted and support and advice provided. A small number of tenants highlighted the difference between the minimum wage and the living wage as being an issue under Question 4 and these tenants will be referred to the Welfare Officer for a benefit health check.

The Board approved the Policy.

12. Executive Resource Consultant - Update Report

The Board considered the initial report from the Executive Resource Consultant which set out the key principles and approaches to ensuring compliance with Regulatory Standards 1, 3 and 4. L West highlighted the information contained within pages 2 and 3 of the document and reported it is essential that each of the Regulators concerns are addressed and compliance achieved as early as possible. L West would be providing the Board with a position statement in late January which would detail the Association is systematically working towards compliance.

The meeting was referred to the two appendices attached, namely the template for the audit of key business systems and the business recovery plan. The comprehensive recovery plan, a work in progress, included all of the actions from the previous plan produced by the Chief Executive as well as all of the concerns highlighted by the Scottish Housing Regulator as needing to be addressed.

The Board asked that the outstanding and completed actions be presented on separate documents for future meetings and this was agreed.

Following discussion on the merits of ISO9001 and agreement L West would carry out further investigation on the standards, the Board approved the report and appendices.

13. Benchmarking Report

The Chief Executive reminded the meeting one of the Association's key targets within the Internal Management Plan is to ensure its operating costs are within 5% of its peers. The HouseMark benchmarking report is a useful tool to gauge this and other key areas of performance. The report presented benchmarked the Association against both Scottish and English registered social landlords but to provide more meaningful data, for future years, the peer group will be refined to include the thirty associations and local authorities previously agreed by the Board to be a suitable peer group.

The Chief Executive acknowledged the Association needs to improve customer satisfaction levels but stressed that over the last few years there have been

improvements made and areas of good performance i.e. repairs and gas servicing safety checks.

Further analysis on performance and costs will need to be carried out particularly in respect to finance costs.

Arising from the suggestion the tables within the report were difficult to read, the Chief Executive reported the Senior Management Team had recently been given a demonstration of AdminControl UK's Board Portal which had been extremely impressive and could be purchased at a relatively low cost. If a Board Portal is to be progressed, items such as this could be viewed on screen with greater readability.

The Board noted the report. The internal trends document and the annual performance report would be circulated to the Board by email and a more detailed analysis would be brought back to the next meeting.

14. Draft Independence Agreement between Langstane Housing Association Limited and Langstane Property Limited

The Director of Housing and Social Justice reported the Association anticipates receipt of the final approval of its application for letting agent registration early in the new year. In advance of that, the Board was asked to consider the draft Independence Agreement as drawn up by BTO, one of the Association's legal agents. The document set out and clarified the rights and obligations of Langstane Housing Association Limited and its subsidiary Langstane Property Limited.

BTO is currently updating a draft Management Agreement which sets out the services provided by Langstane Housing Association Limited to its subsidiary, the recharging of those services and the performance targets to be met. The Agreement would be presented to the Board for approval at a later date.

Following brief discussion and an explanation of "pro rata" detailed in appendix 8.1 and the work being carried out by finance to identify the time spent by Association staff on servicing the subsidiary, the Board approved the Independence Agreement and noted the Management Agreement would be presented for approval in due course.

The meeting had been in session for two hours and under Rule 36 of the Association's Rules, the Vice Chair sought approval from members to continue. Members agreed unanimously to continue the meeting.

15. Modernisation Programme – Staffing Restructure

The meeting considered the tabled proposed revised staffing structure which would inform changes to working practices and strengthen service delivery. The Chief Executive highlighted the key changes to each of the functions with the exception of the IT function where any staffing restructure would be informed by the outcome of the IT tender.

The document had been discussed with the Middle Managers and would be shared with the Unite Union. The implementation would be carried out in phases and an implementation plan would be produced and brought back to the Board for approval. With regard to the plan, it was suggested it would be useful for the Remuneration Committee to have a definitive timescale for implementation and the Chief Executive agreed to provide this.

Once the new structure has been given time to bed in, there will be a job evaluation exercise carried out.

The Board noted the draft staff restructure organogram.

16. Recruitment of a Housing Support Worker

The Board considered the report which sought an in principle decision to make provision within the staffing budget for 2020 onwards for a Housing Support Worker. The post has been funded by Aberdeenshire Council since 2015 however this funding will end on 31 March 2020. The Association is currently in the process of registering with the Care Inspectorate and as such the post is crucial to the Association in providing vital support to vulnerable tenants to assist them sustain their tenancies.

After lengthy discussion and noting the Association had considered the terms of the current post holder's contract and the proposal complied with employment legislation, the Board approved the post be included within the staffing element of the budget from 2020 onward.

17. Annual Planning Calendar

The Board noted the Planning Calendar which detailed all of the work to be carried out across the year. The document, a working document would be updated as required and used as a template for future years.

It was noted the Board of Management meeting scheduled for Monday 20 April would fall on a public holiday. After brief discussion it was agreed the meeting would be rescheduled to Tuesday 21 April 2020. A Stevenson intimated their apologies for this meeting.

18. AOCB

Pensions

The Chief Executive reported the Association would be subject to an increase in pension costs from April 2020 and a decision needs to be made on whether the increase costs would be shared equally between the Association and staff or whether the increase would be absorbed in full by the Association. Should the decision be a 50 / 50 split, the Association would need to carry out staff consultation. The Board agreed in principle however it was noted the Association may be constrained by timescales, the decision had to be communicated to the Pensions Trust by 31 January and it was thought the

consultation period should be 90 days. This would be checked and the Board informed.

Apply4Homes

The Director of Housing and Social Justice responding to a question regarding the future of Apply4Homes reported on the local authority's decision to withdraw from partnership of Apply4Homes in autumn 2020. As a result, the Association is currently looking into the costs associated with an online application to bring the waiting list back in-house. The Board will be provided with updates on progress.

19. Date of Next Meeting

20 January 2020.

Signed Date