

Minute of the Meeting of the Board of Management of Langstane Housing Association Limited held on Monday 18 November 2019 at 7.00pm at 680 King Street, Aberdeen, AB24 1SL

Present: J Knowles, Chair
J Fraser
J Drummond
K Hutchens
C Lynch
J Marshall
M Martin
A Stevenson

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

Apologies: J Greener
I Jamieson
L Macfarlan, Director of Finance and Corporate Services

1. Presentation: Senior Staff Remuneration by Ashworth Black

A presentation was carried out by L Ashworth of Ashworth Black to Board of Management members only.

Staff then entered the meeting.

- 1.1 Restricted Access Report: Remuneration Committee update on Senior Management Team (SMT) remuneration and Redundancy Payment Policy.

It was agreed the above would be discussed at the end of the meeting without staff present.

The Board was informed the Remuneration Committee had agreed a process for review of the SMT remuneration which would include a review of job descriptions and a draft list of 4-5 key performance indicators being drawn up by A Stevenson by December 2019. The Committee would make its final decision via virtual meeting in December and report back to the Board of Management on 20 January 2020.

It was agreed Item 10 - Pension Review would also be held at the end of the meeting.

2. Apologies

The apologies noted above were intimated to the Board.

3. Declaration(s) of Interest

K Hutchens noted an interest in Items 10 and 11.

The Senior Management Team and A Bruce noted an interest in Item 10.

4. Draft Minute of Board of Management Meeting held on 21 October 2019

The Minute was approved as an accurate record.

Matters Arising

4.1 4.1 - 2.4 / 2.5 Company Secretary / Depute Company Secretary –

The Board noted that following the AGM, the role of Company Secretary and Depute Company Secretary would be undertaken by L Macfarlan, Director of Finance and Corporate Services and H Gauld, Chief Executive, respectively. This is now in place.

4.2 6 – Draft Minute of Health and Safety Group meeting held on 3 September 2019

It was agreed the use of a car club would be considered as an alternative to replacing the pool car.

4.3 4.2 – 8 – Committee Membership – The Board approved the proposal that A Stevenson become a member of the Governance and Financial Management Recovery Committee.

4.4 11 – Disposals

It was reported there has been positive progress on the sale of Granton Place, Aberdeen. Progress would be further reviewed at the end of November.

The Board approved a reduction in the “offers over” price of 69-71 Crown Street, Aberdeen from £370,000 to £350,000.

4.5 9 – Rent Increase Report

The Board noted the Association is currently reviewing individual rents against the housing management system. Once the budget setting process has been considered, in terms of any rent increase, a full consultation would take place detailing what the rent review and re-structuring means for individual tenants. Further updates on the progress of work were included in the Chief Executive’s Report under Item 10 on the Agenda.

4.6 14.2 – Asset Management Strategy Annual Update

In response to the question raised in respect of the timescales for reviewing the eight schemes identified in the strategy as requiring further investigation it was confirmed this information is contained within the recently approved Asset Management Strategy Action Plan.

5. Restricted Access Minute - Draft Minute of Meeting between the Board of Management and the Scottish Housing Regulator held on 21 October 2019

The Board approved the Minute as an accurate record subject to a minor change to the wording of the first sentence on Page 5 to provide greater clarity on the conversation held. The Minute would be amended accordingly.

The Chief Executive drew Board attention to the fact the Minute was a restricted Minute. Board approval was sought on the proposal that this and future minutes and reports marked “restricted” would not be published on the Association’s website. The Board approved the proposal.

Matters Arising

There were no matters arising.

6. Statement of Outstanding Business

The Board considered and discussed each of the items, noting the Statement would be updated accordingly.

7. Financial Reports to 31 October 2019

The Chief Executive drew attention to the commentary on Page 1 of the report which provided detail of the out turn at year end, bad debt provision and efficiency savings. The outcome of recent retendering of services had achieved some savings. However some of this would be offset by the cost of some new contracts i.e. smoke detectors, being more expensive.

Following brief discussion, the Board noted the Financial Report to 31 October 2019 as presented.

8. Strategic Financial Planning Policy

Board noted Joint Audit Committee, at its meeting on 12 November 2019, recommended the Policy be presented to the Board for final approval.

Following brief discussion on Stages 1-3, the Board, subject to the amendment of a minor typographical error at (c) Stage 3 on Page 5, approved the Strategic Financial Planning Policy V1.

9. Mid Year Financial Review 2019-20

The Chief Executive highlighted there were no major concerns to bring to the Board's attention. It was noted the Financial Report to 31 October 2019, and this report differed slightly due to the timings of each report.

It was confirmed the Association is working hard to keep the efficiencies agenda on target and in particular in relation to voids and arrears. Board members noted the Association faces a considerable challenge in keeping rent arrear levels contained following the introduction of Universal Credit (UC). In particular the debt per household was noted in the CEO's Report as being circa £945 compared to those not on UC, who were in arrears of £287. It was confirmed the Association is in the process of raising concerns officially regarding UC.

Due to the projected outturn, the Chief Executive referred to the Financial Report to 31 October 2019. The projected interest cover covenant of 146.65% far exceeds the internal target of 125% and does not make best use of the Association's resources. Board agreed to a further report being presented that detailed the impact of pulling forward work from the major works programme.

Following brief discussion, the Board approved the principle of pulling forward work providing the work is completed within the financial year. In this respect, the Director of Asset Management informed the meeting she would be looking in detail at the programme of works to identify what could be pulled forward and a full report would be presented to the Board on 16 December 2019.

9.1 Mid Year Treasury Management Review 2019-20

Board attention was drawn to the information on covenant compliance on Page 3, noting all covenants have been complied with and there are no concerns for the foreseeable future. In terms of the short to medium term cash flow, the Association is fully compliant with its Treasury Management Policy in terms of liquidity and this is expected to be the case for the foreseeable future. Referring to Page 6 of the report, and the graph detailing the cash flow projections to 2024, the Chief Executive highlighted the dip in the cash balance in August 2023 was due to the requirement to repay the current Revolving Credit Facility (RCF). In this regard, the Association has started discussions with its legal firm to ensure the Association is "loan ready" to go out to the market for funding. This would involve unencumbered stock being placed in a Trust Deed. A timetable for this would be brought back to a future meeting.

10. Chief Executive's Update

The Chief Executive spoke to the report and attached appendices highlighting in particular Items 1, 2, 3, 5, 6 and 10. The following was noted:

- Item 2 – The Governance and Financial Management Recovery Committee approved the remit for the Executive Resource.
- Item 2 – The Board was pleased to note the progress made to date on the Recovery Action Plan.

- Item – 10 – The Joint Audit Committee had been presented with the proposed dashboard attached as Appendix 10.1. The Committee had approved the dashboard and recommended it to the Board for final approval. Arising from the discussion, the Chief Executive reported the recent validation of the Brixx software had been extremely positive. The consultant had made changes which included changing the rent from weekly to monthly and this and other changes to simplify the model had resulted in more accurate information. Having considered the dashboard, the Board approved it subject to the addition of a cash balance forecast.
- Item 12 a virtual meeting protocol would be presented to the Board in January 2020.

Following brief discussion on Item 13, the Board noted the report presented.

11. Policy and Strategy Review

The meeting noted the policy and strategy review presented.

11.1 Freedom of Information and Environmental Information Policy V1

The Board considered and approved the policy presented noting it would be reviewed in one year. This would allow sufficient time for Freedom of Information to be in and ensure the policy is fit for purpose.

12. Corporate Document Schedule

The Board considered the schedule presented noting approval was sought for delegated authority to be given to the Senior Management Team to take forward the introduction of new / amendment of existing operational policies highlighted in yellow.

The Board noted the policies would be the subject of consultation with customers who would feed into the policy review. For future meetings, information on policy reviews delegated to the Senior Management Team would be detailed in the Chief Executive's Report. All policy reviews would also be detailed on the Annual Planning Calendar which provided information on all of the policies due for review on a monthly basis.

The Board approved the proposal with the exception of the Complaints Policy and the Customer Care Policy which it felt required, as a matter of good governance, to be reviewed by the Board of Management.

13. Final Board / Committee Meeting Schedule 2020

The Board approved the Board / Committee meeting calendar which had been updated following the meeting of the Joint Audit Committee on 12 November 2019.

14. Langstane Update

The Board noted the update report and asked the articles on the Friendly Bench and the Digital Champions be subject to wider publicity. This would be progressed.

15. AOCB

No items were raised under this heading.

16. Date of Next Meeting

16 December 2019