

**Minute of the Meeting of the Board of Management of Langstane Housing Association Limited held on Monday 19 August 2019 at 680 King Street, Aberdeen, AB24 1SL**

**Present:** J Knowles, Chair  
J Fraser  
K Hutchens  
I Jamieson  
M Martin  
R Stewart

**In Attendance:** H Gauld, Chief Executive  
M Ballance, Director of Asset Management  
J Sutherland, Director of Housing and Social Justice  
E Tamanis, Financial Consultant, Campbell Tickell  
A Stephenson, Prospective Board Member  
K Booth, Alexander Sloan  
A Bruce, PA to the Chief Executive (Minutes)

**Apologies:** J Drummond  
J Greener  
C Lynch  
J Marshall  
S Stephenson

**1. Apologies**

The apologies noted above were intimated to the meeting.

It was agreed Items 8, 9 and 10 would be taken first.

**9. Report and Financial Statements for the Year Ended 31 March 2019**

**9.1 Langstane Housing Association Limited**

K Booth spoke to the report drawing particular attention to the Statement of Comprehensive Income and the Statement of Financial Position as at 31 March 2019 on Pages 10 and 11 respectively. He was pleased to report that although down on the previous year, the Association would report a healthy surplus of £1,363,049.

K Booth provided the meeting with an explanation of the reasons for the increase in revenue, operating costs and finance charges as well as information on interest payable and the proceeds of the disposal of a property. In addition, the Board was also given an in depth explanation on the changes in accounting practice in respect of the defined benefit pension scheme and the impact this had on the Financial Statements.

The meeting was informed that Alexander Sloan having carried out detailed audit work in accordance with International Standards on

Auditing, were able to issue an unqualified audit opinion the Financial Statements provided a true and fair view of the Associations affairs. This opinion would require the Letter of Representation and the Financial Statements to be signed by the Chair and Company Secretary on behalf of the Board of Management.

## **8. Management Letters for the Year Ended 31 March 2019**

### **8.1 Langstane Housing Association Limited**

K Booth drew Board attention to the Executive Summary on Page 2, reiterating the unqualified audit opinion that the Financial Statements of Langstane Housing Association Limited provided a true and fair view of the Association's affairs. Further highlighted was the information on Page 4, the key audit risks, the auditor had been satisfied with all risks and had no recommendations to make to the Board.

The Board noted both the Financial Statements and the Management Letter for Langstane Housing Association had been presented to the Joint Audit Committee on 13 August 2019, the Committee had remitted final approval of the documents to the Board of Management.

The Board approved the Management Letter and the Financial Statements for Langstane Housing Association Limited. The Financial Statements were signed by the Chair and Company Secretary on behalf of the Board and would be submitted to the relevant regulatory bodies.

## **9. Report and Financial Statements for the Year Ended 31 March 2019**

### **9.2 Stockethill Homes Limited**

K Booth provided the Board with a detailed explanation of the profit and loss account on Page 5 of the Stockethill Financial Statement which showed the turnover, £273,408, to be consistent with the previous year of £270,325. K Booth further highlighted the decrease in sales of properties, on the administrative expenses and that the bad debt provision was consistent with the previous year. The result for the year being a profit of £16,546 which would be subject to a tax liability of £744 as there had been no gift aid to the parent company, Langstane Housing Association. Following brief discussion, the Board of Stockethill Homes Limited (J Knowles, J Fraser and R Stewart), noting this would make no change to the Financial Statements i.e. the inter company balance would remain the same, approved the gift aid of £16,546 to Langstane Housing Association which would be paid in cash within 9 months of the financial year.

## **8. Management Letters for the Year Ended 31 March 2019**

### **8.2 Stockethill Homes Limited**

The meeting considered the Management Letter for Stockethill Homes Limited. K Booth highlighted the Executive Summary on Page 2 of the report which set out the audit opinion that the Financial Statements provide a true and fair view of the company's affairs and on that basis could issue an unqualified audit opinion on the Financial Statements.

K Booth highlighted the two key audit risks on Page 4 of the report namely, override of controls and revenue recognition and advised there were no issues with either. In addition, the Board noted no adjustments had been made to the Financial Statements and having tested the internal controls, the auditors found these to be operating satisfactorily, there were therefore no recommendations to the Board.

The Board noted both the Financial Statements and the Management Letter for Stockethill Homes Limited had been presented to the Joint Audit Committee on 13 August 2019, the Committee had remitted final approval of the documents to the Board of Management.

The Board approved the Management Letter and the Financial Statements for Stockethill Homes Limited. The Financial Statements were signed by the Chair and Company Secretary on behalf of the Board and would be submitted to the relevant regulatory bodies.

## **2. Declaration(s) of Interest**

K Hutchens noted an interest in Items 14, 18.1 and 25. He further declared an interest in Item 20.

J Knowles informed the meeting S Stephenson had tendered her resignation from the Board and would step down at the AGM.

## **3. Draft Minute of Board of Management Meeting held on 15 July 2019**

The Board approved the Minute of the previous meeting as an accurate record.

## **4. Matters Arising**

4.1 5.2 Agreement of Efficiency Priorities – It was noted there had been no contact from the Regulator with regard to its engagement with the Association.

4.2 7 – Statement of Outstanding Business – E Tamanis confirmed the Association's land bank is included in a separate detailed balance sheet.

**5. Draft Minute of Governance and Financial Management Recovery Committee Meeting held on 15 July 2019**

The Board noted the Minute of 15 July 2019.

**6. Statement of Outstanding Business**

The Board reviewed and noted the Statement of Outstanding Business.

**7. External Audit Tender Report**

The Board considered the tender report which summarised the tender process and confirmed the Audit Committee's recommendation that the Board of Management appoint the preferred bidder, RSM UK Audit LLP at the Annual General Meeting on 16 September 2019.

Having considered the report, the Board agreed to put forward the resolution to appointment of RSM UK Audit LLP at the Annual General Meeting.

**10. Letters of Representation**

**10.1 Langstane Housing Association Limited**

The Board considered the Letter of Representation proposed to be sent on behalf of the Association to the Auditors, Alexander Sloan. After brief discussion on its terms, the Board approved the letter which was signed by the Chair and Vice Chair on behalf of the Board of Management and would be sent to Alexander Sloan.

**10.2 Stockethill Homes Limited**

The Board considered the Letter of Representation proposed to be sent on behalf of the Association to the Auditors, Alexander Sloan. After brief discussion on the terms of the letter, the Board approved the Letter of Representation for Stockethill Homes Limited. The letter was signed by the Chair and Vice Chair on behalf of the Board of Management and would be sent to Alexander Sloan.

**11. Letter of Confirmation**

The information contained within the letter had been incorrect and had been removed from the Agenda. The letter would be amended and would be signed by the Company Secretary.

**12. Annual Report on System of Internal Financial Controls**

The Board considered the report which had been presented to the Audit Committee on 13 August 2019. The Committee having reviewed the document recommended the final report be presented to the Board of Management as

formal assurance of the effectiveness of the Association's system of internal financial controls.

Having considered the report, the Board were satisfied the Association had fulfilled its requirements with regard to its system of internal financial controls. The Chief Executive would sign the statement on behalf of the Association.

### **13. Financial Reports**

#### **13.1 Financial Report to 31 July 2019**

The report was unavailable at the meeting but would be circulated to the Board in due course.

#### **13.1 Financial Report to 30 June 2019**

Following brief discussion and clarity on the pension information in the General Comments section on Page 1 of the report, the Board noted the Financial Report to 30 June 2019.

### **14. Rent Restructure**

The Board considered the report on the proposed rent restructure noting it had been revised from the original proposal previously presented to the Board. The previous report had included the standardisation of rent charges across all three local authority areas, making no distinction between locations. The result of this was a disproportionate increase in rents in Moray at a time when the local authority had frozen social rents and the proposal was re-visited to ensure affordability and transparency. It was noted that tenant consultation had been inconclusive in relation to the subject of rental charges varying according to location.

The Director of Housing and Social Justice drew Board attention to the revised proposal on Page 3 of the report and the Appendices 1 and 2 on Pages 7 and 8 respectively. The first stage of the proposal would be to align all rents with the current rent matrix. The second stage, to approve a new rent matrix which would be introduced from April 2020.

Lengthy discussion on stage one of the proposal ensued with the Board expressing concern that a rent re-alignment may have a detrimental affect on affordability for some tenants. It was noted by the Board that a re-structuring exercise was started but not completed some years ago which resulted in around 480 variances in rent levels.

Concern was raised too about not only the impact on tenants but how the change would be managed. It would be necessary to let tenant know individually how the change would impact them. To allay the concerns, the Director reminded the meeting tenants had previously been consulted with and had already identified and agreed the criteria important to them in regard to rent setting e.g. size, type of flat, and the age of the property. Furthermore the

changes would be implemented in stages to limit the impact and any increase would be capped at £20.00 per month.

The Chief Executive informed the Board, the meeting had now been running for two hours and in line with the Rules, members would need to vote on whether the meeting should continue. The Board agreed unanimously to continue.

Following further lengthy debate, particularly around affordability and a discussion on Appendix 3, Option for a New Rent Matrix, the Board approved to:

- (a) Align existing rent charges with the current rent matrix to provide transparency and clarity for tenants and would ensure wherever possible that neighbours in the same size and type of property would pay the same rent;
- (b) Apply service charges (door entry, lighting and lift maintenance) which relate to the fabric of the building across all stock;
- (c) Apply the energy efficiency uplift;
- (d) Postpone the decision regarding a new rent matrix until the first stage of the process had been completed with a further report to be submitted to the Board of Management at a later date.

## **15. Write Off Report**

The Board considered the write off report, noting in particular Tables 1, 2 and 3 detailing monies collected, trend information for the current year and trend information for the period 2013-14 to date respectively.

Following brief discussion on the level of former and current arrears, the hard work being done to reduce the former tenant arrears figure and also noting debt collection would be subject to a tendering exercise in due course, the meeting approved the write off of former tenant arrears in the sum of £31,871.41.

## **16. Chief Executive's Update Report**

The meeting considered and noted the Chief Executive's Update Report. There was discussion on Items 1, 3 and 5. In respect of the latter, the Association's involvement in the Network of Digital Champions, it was suggested and agreed this was something the Association should publicise.

## **17. Governance and Financial Management Review Update**

The meeting discussed the future of the Governance and Financial Management Recovery Committee and agreed that as reports were subsequently discussed in detail at the full Board the work being carried out on governance and compliance at Committee was duplicated. All update reports go in full to the Board of Management for discussion. The Chief Executive agreed to discuss this proposal with the SHR before a final decision was made.

## **18. Strategy and Policy Review**

### **18.1 Tenant Participation Strategy 2019-2021**

The Board reviewed the strategy noting tenants had been consulted with at every stage of the process. Arising from consideration of the document, it was suggested and agreed that more information would be provided in respect of complaints, particularly with regard to the Association's positive view on complaints and how it learns from complaints.

Subject to the document being amended as suggested, the Board approved the Tenant Participation Strategy 2019-20.

### **18.2 Anti Fraud Policy V1**

The Board reviewed the Association's first Anti Fraud Policy which if approved would be implemented on 1 October 2019 to enable the Association to put in place the necessary mitigating actions.

Arising from consideration of the document, it was suggested the section on tenancy fraud and in particular unlawful occupation could provide greater clarification on the legal requirements of subletting.

Subject to the document providing the clarification noted above, the Board approved the Anti Fraud Policy V1.

## **19. Internal Management Plan**

Following brief discussion and a clarification on the rent arrears target, the Board approved the Internal Management Plan 2019-2023. The document would be forwarded to the Scottish Housing Regulator.

## **20. AGM Report**

Having declared an interest in this item, K Hutchens left the room. Discussion ensued on the nine year rule, the revised start time of the AGM of 6pm and the role of Company and Depute Company Secretary. With regard to the nine year rule, the Chief Executive informed the meeting it would be considered good practice to carry out an external review on how the Association deal with this. The Chief Executive advised a review would not be required to be done this year.

The meeting having considered the report approved / noted the following:

- (a) Approved the changed time of the annual general meeting to encourage more staff and others to attend;
- (b) Noted those members of the Board of Management who are due to retire and the protocol for re-election / election of Board Members at the annual general meeting;

- (c) Noted the requirement to appoint office bearers after the annual general meeting and agree membership of existing committees;
- (d) Approved the creation of a Depute Secretary role;
- (e) Approved the re-election of K Hutchens as a Board of Management Member, confirming K Hutchens provides sufficient challenge to the senior management team;
- (f) Noted the Secretary's confirmation statement attached; and
- (g) Agreed the format of the annual general meeting.

*K Hutchens re-joined the meeting.*

## **21. Quarter 1, 2019 Signings**

The Board considered and noted the report which detailed the signings, leases and disposals added to the relevant registers during Quarter 1, 1 April to 30 June 2019.

## **22. Change of Signatories**

The Board considered the report detailing those employees of the Group who are and are not authorised signatories for the Group's bank accounts, credit card and loan agreements. Having done so, it approved the following resolutions:

- (a) Bank signatories – Helen Gauld, Chief Executive, Marcie Ballance, Director of Asset Management, Lynne Macfarlan, Director of Finance & Corporate Services, and Judith Sutherland, Director of Housing & Social Justice are authorised bank signatories. In addition, Susan Henderson, Finance Manager, and Pauline Ewen, Assistant Accountant, are second signatories on the strict undertaking that their counter signatory will be a member of the Senior Management Team. All other bank signatories are removed;
- (b) Company credit cards are issued in the names of the Senior Management Team, as detailed within the report and are only used for work related expenditure. All other company credit cards are cancelled;
- (c) Loan agreements will be signed as instructed by the Board of Management at the time of agreeing the loan. However, further instructions and draw down funds will be undertaken by Helen Gauld, Chief Executive and Lynne Macfarlan, Director of Finance & Corporate Services, as instructed by the Board of Management; and
- (d) Members of the Senior Management Team are authorised to accept grant applications on behalf of the Langstane Group and are duly authorised to commit the Group to the terms and conditions of the grant (where it is in keeping with the objectives of the Group) and to sign annual statements. All other activities can be undertaken by any member of staff when supported by a member of the senior management team.

### **23. Remit of Audit Committee**

The revised remit of the Audit Committee had been approved in principle by the Audit Committee on 13 August 2019 and was being presented for final approval by the Board. Having noted its content, the Board approved the Audit Remit.

### **24. Tenant Satisfaction Survey Improvement Action Plan**

The Board considered and noted the action plan presented.

### **25. Annual Equalities Report**

The Board considered and noted the Annual Equalities Report.

### **26. Confidential Discussions**

The Senior Management Team and A Bruce left the meeting during the discussion on the Remit of the Remuneration Committee which had been tabled at the meeting.

### **27. AOCB**

Two further documents were tabled:

- List of Questions to be forwarded to XPS Pensions

The Board was asked to review the document and feedback comments / suggestions to the Chief Executive by email.

- Entitlements, Payments and Benefits Request

The Board considered the report presented and having noted the following:

- (a) No benefit had been received by the 'relevant person' through their connection with Langstane;
- (b) The 'relevant person' had no involvement in the allocation process;
- (c) The property was advertised in line with procedures and is appropriate for the size and type of property and is suitable for the relevant person and their family and
- (d) The relevant person was not known to Board members present.

approved the allocation of a two bedroom, mid market rent property in Aberdeen.

### **28. Date of Next Meeting**

16 September 2019.