

Minute of the Meeting of the Board of Management of Langstane Housing Association Limited held on Monday 20 January 2020 at 680 King Street, Aberdeen at 7.00pm

Present: J Knowles, Chair
J Fraser
J Greener
K Hutchens
I Jamieson
C Lynch
M Martin
A Stevenson

In Attendance: H Gauld, 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 Consultant
A Bruce, PA to the Chief Executive

Apologies: J Drummond
J Marshall

1. Apologies

The apologies noted above were intimated to the Board.

2. Declaration(s) of Interest

J Greener noted an interest in Items 11.1 and 16.

K Hutchens noted an interest in Items 10, 11.1, 17.1.1 and 17.1.5.

3. Draft Minute of Board of Management Meeting held on 16 December 2019

The Board approved the minute as an accurate record subject to a minor typographical error on Page 6.

4. Matters Arising

4.1 4.4 – 9 Mid Year Financial Review

The meeting was informed Kevin Stewart MSP had not yet responded to the Association's letter raising concerns about Universal Credit.

4.2 4.3 – 4.4 Disposal

The Director of Asset Management reported a reduced offer had been received for Granton Place, Aberdeen and the Association is awaiting a response to its counter offer. With regard to the property at 69-71 Crown Street, the meeting was informed there had been a viewing last week and feedback is awaited.

4.3 4.5 – 9.1 Mid Year Treasury Management Review 2019-20

In response to a query regarding the attendance at meetings of the Association's legal firms, the Chief Executive reported that although there would be no representation at meetings, where the Senior Management Team had sought legal advice on a particular matter being reported to the Board, the report presented would highlight this.

4.4 7 – Draft Budget 2020-21

The Association is awaiting a date from Unite to discuss the cost of living increase. A meeting to discuss other matters has been arranged for Friday 24 January and it may be both items would be discussed together.

4.5 11.5 – Rent Setting Policy V – Consultation Feedback

J Knowles reported that following discussions with J Fraser on how to increase tenant involvement it would be their suggestion the Association consider a Tenant Association. This could be separate from the tenant groups already established and from the Board of Management. The Board was reminded this had been raised in the wider compliance report produced by Campbell Tickell and when raised internally, at that time, it was noted that although tenants have shown a keen interest in the established tenant groups, what tended to work was the informal approach already being taken. The Director of Housing and Social Justice agreed to look into this further and report back; a recently published guide to maximising tenant involvement may provide some other ideas that would be explored.

4.6 13 - Benchmarking

J Fraser referred to the trends document which had been circulated to the Board by email and suggested it may have been worthwhile including it on this evening's Agenda. Board members were reminded that performance management will be discussed in detail at the February meeting. The Chief Executive confirmed the document would be used to inform the Business Plan which would be presented to the Board on 17 February 2020.

4.7 18 – AOCB – Pensions

Clarity was sought and provided on the in principle agreement referred to with regard to pensions.

5. Draft Minute of Joint Audit Committee Meeting held on 12 November 2019

The Board noted the Minute.

6. Statement of Outstanding Business

The Board reviewed and noted the Statement. With regard to Item 4 – Remuneration Policy, this would be discussed at the end of the meeting. Staff would not be present during the discussion.

7. Financial Reports to 31 December 2019

The Financial Reports to 31 December 2019 had been tabled at the meeting. Speaking to the reports, the Director of Finance and Corporate Services drew Board attention to the commentary which reported a year to date positive variance of £655,510. Looking ahead to year end, and assuming spend would be incurred and efficiencies made as planned, the Association anticipate a positive variance of £460,995.

Referring to the Statement of Comprehensive Income (SOI), the Director of Finance and Corporate Services highlighted the Property Services Budget. The SOI provides a top line figure however within this are a number of cost codes which are more reactive. These include maintenance, out of hours and environmental costs, some of which are over budget. Following detailed information on the reasons for any potential over spend, the Board gave approval to vire between the property services day to day budget and the voids budget.

The Director reported on the under spend shown within the service charges and Asset Management budgets respectively. With regard to the Asset Management under-spend, some of this may be offset by the installation of additional bathrooms and heating upgrades. Although further works had been considered, i.e. kitchen replacements, the costs of these do not represent good value for money and it is anticipated there will still be a small underspend at year end.

The Board reviewed the efficiency savings detailed, noting there would be areas where efficiency savings would not be achieved. There followed discussion on this and the Board considered efficiencies were made in other areas. It was stressed that customer service standards must not be compromised.

Highlighting the closing cash balance as at 31 December 2019, the Chief Executive reported it would be prudent for the Association to consider opening a further bank account to spread the Association's financial risk. This would be progressed.

The Board noted the Financial Report to 31 December 2019.

8. Write Off Report

The Board approved the write off of former tenant debt in the sum of £22,655.79 detailed in Appendix 1 and noted the Sequestration of £411.42 detailed in Appendix 2.

9. Tender / Contract Register

The meeting reviewed and noted the Tender Register. It was suggested the document would require further formatting to make it easier to read. A new Register would be produced for each financial year.

10. Chief Executive's Update Report

The Chief Executive spoke to all of the items within the report and provided further updates as follows:

2. Lenders – A positive meeting had been held with representatives of Lloyds Group. It was noted it was Lloyds' opinion the Association should not consider going back out to the market for further funding until 2021-22 and that many options could be considered. It was clarified that banks at present are only offering short term loans but there were many options for longer term funding and the Association should not dismiss 'breaking' existing arrangements if, over a 30-year period, these ensured good value for the Association and its tenants. It was noted it would be prudent to update the Association's Treasury Management Policy.
3. Governance and Financial Management Committee Update – Arneil Johnston's will provide the Association with its report on the Association's compliance with Standard 3 at the end of February 2020.
4. Pensions – Members of staff enrolled in the Defined Benefit Scheme were issued with their consultation letters today. The meeting discussed pensions at length and noted the proposed process.
5. Scottish Federation of Housing Associations (SFHA) – The Board noted the notification from the SFHA that it intended to commission an independent review of regulation by the Scottish Housing Regulator. It was noted that any approach to the Association will be co-ordinated through the Chief Executive who will discuss any formal response with the Chairperson.
6. Consultation - It was noted the rent structure (rent matrix) was not on the Association's website. The Director of Housing and Social Justice reported the Association's Rent and Service Charge Setting Policy was on the website but this did not include the rent matrix. She would look into this further.
10. IT Update – It was confirmed the Apply4Homes support contract would end in December 2020, slightly later than previously advised. The reasons for this contract ending were discussed in full.

11. Policy and Strategy Review

11.1 Planned and Cyclical Maintenance Policy V2

The Board considered the revised Policy and Langstane Standard. Noting all of the changes to the document, the Board discussed the Policy at length and the following amendments were suggested:

- Page 4 – Section 5 to include Private Housing (Tenancies) (Scotland) Act 2016;
- Page 11 – Section 17.1 – Wording of third bullet point to read "Where the work is required to maintain the structural and social integrity of the property;
- Decoration vouchers – This would be reviewed.

The Board confirmed that extending component replacement lifecycles e.g. kitchens and bathrooms may put additional pressure on the reactive repairs budget. Responding, the Director of Asset Management reported that work

would be scheme driven and the Association would have the ability to bring forward work as required.

The meeting briefly discussed the Association's rolling stock condition survey and the Board noted the tender process for an external stock condition survey, to be carried out in 2021-22, would start at the end of this year.

The Board approved the Policy subject to the changes suggested. The Policy would be updated and the subject of tenant consultation, the outcome of which would be presented to the Board at a future meeting.

11.2 Training and Development Policy V1

The Board considered and approved the Training and Development Policy V1 as presented.

11.3 Scheme of Delegation V1.7

The Board, noting the changes highlighted in red, approved the Scheme of Delegation V1.7 as presented.

11.4 Business Planning Framework Policy V1

The Board considered this new policy presented which had been produced as a result of a recommendation by Executive Resource. The Policy closely aligned with the regulatory guidance on business planning with sections 2 and appendices 3 and 4 taken straight from the guidance.

Having reviewed the Policy it was agreed it would be updated to include a section on Regulatory Standard 7 and on equalities and human rights. Consideration would also be given to whether an equality impact assessment was required. Reference was made to the introduction which stated stakeholders' views would be taken into account and it was suggested there should be detail of who the stakeholders should be.

Arising from the discussion it was further suggested that given there are a number of plans being presented to the Board it would be useful to have a document which showed all of the plans and how they link to one another.

The Board approved the Business Planning Framework Policy V1 subject to the amendments suggested.

12. Business Plan

12.1 Strategic Risk Register, Quarter 3 2019-20

The Board considered the Quarter 3 Register which had been significantly updated. The Board acknowledged the Register as one of the Association's key documents and the requirement for it to be detailed but suggested the greatest risks are presented to the Board by way of a one page summary on a

regular basis i.e. after the quarterly update is approved by Audit Committee and narrative provided for major changes.

Following discussion it was agreed, item FE14 – the delivery of the efficiencies agenda would be added to the mitigation action column.

Noting the changes, highlighted in red, the Board approved the Quarter 3 Risk Register subject to the above amendment.

13. Langstane Property Limited

The Board reviewed the report and accompanying Management Agreement between Langstane Housing Association Limited and Langstane Property Limited. Speaking to the report, the Director of Housing and Social Justice reported the Board of Management of Langstane Property Limited had met prior to this meeting and had appointed C Lynch as Chairperson. The Board had approved the Management Agreement, in principle, referring it to this Board for final approval. The Langstane Property Board had requested a minor change to the wording of the Independence Agreement which had been approved by this Board on 16 December 2019. This request was in respect of item 6.1 of the Independence Agreement and amended 'manage' to 'oversee'.

The Board approved the Management Agreement and the updated Independence Agreement both of which would be signed by representatives of both organisations.

14. Executive Resource Consultant – Business Recovery Plan and Position Statement - Update Report

The Board considered the update report and Recovery Plan attached as Appendix 1. Following discussion and responding to concern raised regarding the document, the meeting was informed the Recovery Plan would be updated and presented to the Board at its meeting on 17 February 2020. The revised document would be presented in a more unified format with all duplicate actions removed. It would be accompanied by a commentary which would provide both a review of the work completed and a preview of the work to be actioned. In addition to the Recovery Plan, the Board would be presented along with further position statements in February and March 2020.

The Board approved the report and the Recovery Plan.

15. Virtual Meetings and Delegated Decision Making Guide

The Board considered the document which had been produced following a suggestion by the Joint Audit Committee. The document provided guidance on the process for conducting business outwith previously arranged Board or Committee meetings and where delegated authority is given to governing body members outwith the Scheme of Delegation or approved policies.

The Board approved the guide subject to inclusion of a section on telephone / video conferencing.

16. Tenant Satisfaction Survey Action Plan

The Board reviewed the Action Plan noting progress made to date.

17. Performance Reports, Quarter 3, 2019-20

The performance reports for Langstane Housing Association Limited and Stockethill Homes Limited listed under 17.1 – 17.3 on the Agenda had been circulated by email. The reports were discussed and Board members noted the information provided regarding arrears work to reduce the arrears in the final quarter of the year. It was noted voids relet times have reduced to 28 days and staff are working towards the target of 25 days. The Board further noted improvements are required to reduce the number of complaints received and the timescales for completion.

It was noted that following the performance framework work that is being undertaken, a condensed number of indicators will be made available at future Board meetings but the full quarterly reports will still be made available.

The Chief Executive highlighted the effect the introduction of Universal Credit is having on the Association and its tenants. The average arrears per claimant are circa £942. A document providing additional information on Universal Credit was tabled.

18. Signings, Quarter 3 2019-20

The Board noted the report which provided a summary of information in relation to all signings, leases and disposals added to the relevant registers in Quarter 3 1 October to 31 December 2019.

19. AOCB

Commercial Lease – Union Street Aberdeen

There was tabled a report detailing the renewal of the commercial lease of one of the Association's properties in Union Street Aberdeen. Committee approval was sought to approve the suggested rental figure, which had been reached following advice from J & E Shepherd and was lower than previously charged.

Having considered the report, the Board approved the lease of the property as detailed in the report.

The Gathering

K Hutchens' request to attend, on behalf of the Association, the Scottish Council of Voluntary Organisations annual event, The Gathering was approved. It was suggested that in future years other Board members may wish to consider attending the event.

20. Date of Next Meeting

17 February 2020.

The Senior Management Team and A Bruce left the meeting to enable the Board to discuss the Senior Management Team Remuneration in private.