

**Minute of the Virtual Meeting of the Board of Management of Langstane Housing Association Limited held on Monday 27 April 2020**

**Present:** J Knowles, Chair  
J Fraser  
J Greener  
J Drummond  
I Jamieson  
M Martin  
K McIntosh  
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 (Minutes)

**Apologies:** K Hutchens  
C Lynch  
J Marshall

**1. Apologies**

The apologies noted above were intimated to the meeting.

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

There were no declarations of interest.

**3. Draft Minute of Board of Management Meeting held on 16 March 2020.**

The Board approved the Minute subject to the removal of a duplicate “with” on Page 1 and additional text to be added to the final paragraph on the same page regarding the skills and effectiveness of the Board.

**4. Matters Arising**

4.1 4.2 – Disposals – The Director of Asset Management reported there would be no further viewings at 69-71 Crown Street until the lockdown restrictions are lifted. The sale of 17 Granton Place is now likely to be completed in June / July 2020. The interest expressed in the property at 51 King Street, Peterhead is unlikely to be progressed until later in the financial year due to the current Covid-19 restrictions.

4.2 4.6 – Draft Minute of Health and Safety Working Group held on 22 January 2020 – It was noted that due to current restrictions and difficulties in sourcing a supplier and contractor, work to replace flat doors with fire doors may not commence for another 6-8 weeks. The Board noted the risk this poses and of the requirement for this work to be done as a matter of priority and acknowledged everything is being done to progress this work.

4.3 5 - Draft Minute of Joint Audit Meeting held on 25 February 2020 - A Stevenson had confirmed she would not be joining the Audit Committee at this time but would give this further consideration to doing so at some future point.

4.4 9 - Modernisation Programme – The staff development session on 18 March 2020 had been cancelled due to the risk of Covid-19.

**5. Draft Minute of Governance and Financial Management Recovery Committee Meeting held on 16 March 2020**

The Board noted the Minute and agreed the wording in respect of the skills and effectiveness of the Board should be amended as per the discussion under Item 3.

The Committee would receive an updated cash flow report showing the impact of Covid-19 following the Senior Management Team's financial review meeting on Thursday 30 April and arrangements put in place for a virtual meeting of the Committee thereafter.

**6. Draft Minute of the Board of Management of Langstane Property Limited held on 16 March 2020**

The Board noted the Minute. It was reported that to date there had been no response to the letter inviting Langstane Property Limited's tenants to join the Board of Management.

**7. Statement of Outstanding Business**

The Board noted the Statement. Items 1, 2, 6, 8, 9 10 and 13 were included in Item 11 on the Agenda. The remaining items all had target dates for future meetings. With regard to Item 1 finance training, this would be added to the Board Training Programme which would be the subject of discussion under Item 15.1.

**8. Financial Reports to 29 February 2020**

The Board agreed the report to 31 March 2020 would provide a more up to date financial position and as such there would be no discussion on this item.

**8.1 Financial Reports to 31 March 2020**

The Board noted queries had been raised by both K Hutchens and M Martin on this item in advance of the meeting. K Hutchens' query regarding the end of year surplus and what this means for tenants had been responded to; the report clearly set out areas where efficiencies had been made. Speaking to the report, the Director of Finance and Corporate Services drew Board attention to the following:

The pre-audit surplus for the year of £2,047,346 is an increase of £910,388 on the reset budgeted surplus of £1,136,958. Year end work currently ongoing is unlikely to change this significantly.

Referring the Board to the Statement of Comprehensive Income on Page 2, the Director highlighted the following savings:

- Voids were only £13,000 less than budgeted due to an increase in voids in the last two weeks of March;
- Housing costs - £43,250. This is due to property insurance and abortive costs being less than forecast;
- Property Services - £83,272. This had been achieved in day to day maintenance, maintenance recharges as well as efficiency savings in gas servicing contract costs;

- Bad Debt - The Association's already prudent provision for bad debt was assisted by the hard work being carried out on rent collection and void management.
- Asset Management – An under spend of £198,793 in major repair costs and major repair reactive costs. Efficiencies had also been made on component costs and work which could not be carried out at year end, mainly due to Covid-19 concerns of tenants, staff and contractors. Some of the under spend will be accrued which will not impact on the 2020-21 budget; and
- Further savings have been achieved on salaries, office costs, computer maintenance, and interest (receivable and payable).

To date a total of £746,872 / 79.6% of the planned savings have been delivered but other efficiencies had also been delivered.

*K McIntosh joined the meeting.*

The Board was asked to note Page 3 of the report – the Statement of Financial Position which showed the Royal Bank of Scotland and deposit account balance at 31 March as £3.4m. Members were reminded the Treasury Management Policy (TMP) states “The maximum amount invested at any time with an approved investment institution may not exceed £1m and have a maturity not exceeding one to three months depending on whether short or medium funds. The only exceptions to these limits will be Langstane’s clearing bankers with whom deposits in excess of this amount may be made for up to 14 days from the date of unexpected funds”. The Board was assured this would be a temporary situation but is likely to exceed the 14 days allowed for in the Policy. The Board approved the deviation from policy and noted the reason behind it being due to the Association not completing the opening of a new bank account and took cognisance of the likely negative impact Covid-19 will have on cash levels.

The Board was pleased to note the Association’s healthy financial position and to have been provided with this information so early after year end. M Martin advised the information provided was helpful but it would be useful for the Board to get a sense of how the savings achieved would affect the 2020-21 financial year. It was agreed this information would be presented to the Board when reflective reports were presented in the next couple of months.

The meeting discussed the cash flow information provided on Page 4 and the covenant calculations detailed on Page 5 of the report, noting the Association fully complies with all of its covenants. On Page 6 of the report, the meeting noted the statement position of each loan, noting in particular 61% of the Association’s loan portfolio is fixed rate with the remaining 39% variable rate. The Association’s internal target, to be achieved by April 2023, is 70% / 30%. In response to a query from J Knowles as to how the Association would meet the target set, the Director of Finance and Corporate Services advised the Association would look to achieve this by renegotiating the Revolving Credit Facility with a view to converting some or all of it to fixed rate funding.

The Board noted the Financial Reports to 31 March 2020.

## **9. Five Year Financial Plans**

This item had been removed from the Agenda and would be presented to the Governance and Financial Management Recovery Committee at its next meeting.

## **10. Write Off Report**

The Board approved the write off of former tenant's arrears in the sum of £33,111.29 and noted the sequestrations of £1,657.11 attached as appendices 1 and 2 respectively, to the covering report.

It was suggested and agreed the next write off report would include a comparison of all debt.

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

The Board considered and noted the report. Speaking to it the Chief Executive provided further information on the recent telephone call she and L West had with representatives of the Scottish Housing Regulator (SHR). The Regulator would be providing a written statement of the information it requires from the Association which would include amongst others the cash flow, 5 and 30 year projections. The call had included discussions in respect of L West's consultancy and whether this should be suspended during lockdown. Once a decision is made, the SHR would be advised. There was brief discussion with agreement the Chair, Chief Executive and L West would discuss this at a separate meeting.

In respect of cash flow, the Director of Finance and Corporate Services informed the meeting that as at 24 April 2020, rental income is down £84,000 but that income of £500,000 is expected next week. Lenders are being kept up to date with regard to the Association's financial position.

The Financial Reports to 31 March 2020 show significant savings have been achieved and the Association to be in a strong position despite an extremely challenging client group. However, the Association would face further financial challenges including the Department of Work and Pensions decision not to make amendments to Universal Credit payments for three months and to suspend third party payments. Of further concern are the tenants who have advised they will not be paying their rent during lockdown which is as yet unquantified. The impact of all of these will be closely monitored.

In respect of the modernisation programme the Chief Executive reported this would not be progressed during lockdown. The lockdown experience has provided a new perspective and the programme will be subject to further review.

The Association has submitted its claim for furloughing payments. The decision on furloughing had been carried out in agreement with the Union.

The impact of Covid-19 on the annual cost of living increase negotiations, the proposed changes to the final salary pension scheme and the Langstane Support Team's registration with the Care Inspectorate was reported. All would be postponed until after lockdown. In respect of the latter the Board noted the Team had been put forward and been successful in achieving a special recognition category award at the Recovery Star Awards for going above and beyond expectation in supporting others.

There had been no interest from tenants on establishing a more formal Tenant Group. The Association will continue to ensure tenants are provided with opportunities to get involved. It was acknowledged lockdown may provide greater opportunity to engage with tenants and this is being looked at in respect of carrying out consultations etc. The Director of Housing and Social Justice advised that the Association is in the

process of contacting elderly and vulnerable tenants offering them support and advice, to date 383 tenants have been contacted.

## **12. Policy and Strategy Review**

### **12.1 Health and Safety Policy V5**

The Board having noted the changes to the Policy summarised in Item 12, approved the Policy presented. The statement on page 7 of the policy would be signed using the electronic signature of both signatories i.e. the Chair and Chief Executive.

## **13. Executive Resource Consultant – Business Recovery Plan and Position Statement – Update Report**

The Board considered the update report and two appendices. L West informed the meeting all changes to the report, since it was presented to the Governance and Financial Management Recovery Committee on 16 March 2020, were highlighted in red. Drawing attention to Appendix 2, the Business Recovery Plan, L West advised the Plan is split into three different elements, (1) work to be completed, (2) completed actions and (3) outstanding tasks. The outstanding tasks should be considered not as business recovery but as ongoing business and service improvements which will be taken forward and monitored in the Internal Management Plan.

Board attention was drawn to Item 4, Page 2 of the update report which stated “*There is likely to be an on-going commitment to use permanent staff to check and validate the compliance of business systems arising from this report*”.

Lengthy discussion ensued with the Board being advised the Business Recovery Plan includes actions to be taken forward by disciplines across the organisation. As such, work undertaken once L West’s consultancy has ended will be carried out not by one individual but by staff across the organisation. Full consideration will be given to this before the end of the consultancy.

As referred to under Item 11, further discussion will take place regarding L West’s consultancy and whether it should be suspended during lockdown. In this respect, it was suggested that following his departure, a reporting mechanism should be put in place to provide the Board and Governance and Financial Management Recovery Committee with updates.

The Board noted and approved the report presented.

## **14. Covid-19 Report**

The Board noted the report which provided an update on the impact Covid-19 has had on the various disciplines across the organisation. Rising from consideration of the report, there was particular discussion on furloughing, on ground maintenance and cleaning contracts which members were informed are providing a full service, on the PPE issued to staff members at high risk and on staff morale.

A query was raised in respect of insurance and the implications on the Association’s insurance for home working. The Chief Executive would look into this.

## **15. Governing Body Annual Reviews**

J Knowles provided the Board with a verbal report on the governing body annual reviews and the actions arising. Actions identified included, amongst a number of other items, the introduction and training on the Board Portal, a review of the size of the agendas, the Chair and Vice Chair being involved in setting the agendas, obtaining stakeholder feedback, training on finance, Universal Credit and governance, consideration to moving to a 6 weekly meeting schedule. A number of members had suggested informal meetings with both the Senior Management Team and Middle Managers.

There was consensus the Board should be dealing with strategic matters only and a suggestion a session be arranged to discuss strategy.

All of the actions would be given due consideration by the Chair and Chief Executive and a training programme and action plan presented to the Board in due course.

### **15.1 Governing Body Training Programme**

The annual reviews would be used to inform the training programme which would be presented at a future meeting.

### **15.2 Governing Body Away Day**

It is anticipated the away day would take place some time in August. The Chief Executive and Chair would discuss this separately and report back to the Board at a future meeting.

## **16. Strategic Risk Register Quarter 4, 2019-20**

The Board considered the covering report and two appendices.

The Chief Executive reported the Scottish Housing Regulator had recently published guidance on governance risks associated with Annual General Meetings, etc. Information on this would be brought back to the next meeting.

The Board considered the new report format which summarised the Association's top 10 risks as suggested at the previous meeting.

Arising from the discussion, it was agreed additional information from the Strategic Risk Register would be included in the main report i.e. an explanation of the net risk and a summary of the mitigating actions and their effectiveness.

It was further agreed that during lockdown, Covid-19 risks would be reported on at regular basis. All of this information would also be provided to the Governance and Financial Management Recovery Committee.

The Board approved the changes to the Quarter 4, 2019-20 Strategic Risk Register highlighted in red.

## **17. Signings Quarter 4, 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 4, 1 January to 31 March 2020.

## **18. Tender Register**

The Board noted the Tender Register. The Chief Executive responding to a query confirmed tenders shown as postponed due to high costs would be considered on a case by case basis with some retendered whereas others may require a different approach as the works originally anticipated may not provide value for money.

## **19. Performance Targets 2020-21**

The Board considered the report noting some team and individual targets had still to be set and the performance spread sheet would be updated following publication of the benchmarking results in August. Following lengthy discussion on the query submitted by K Hutchens in respect of non emergency repair targets, the Board approved the performance targets noted in Tables 1 and 2 of the report.

## **20. PR and Training Report**

The Board noted the report. J Knowles suggested that given the current situation, the Association should be looking to publicise any good news stories.

## **21. AOCB**

There were no items raised under this heading.

## **22. Date of Next Meeting**

The next meeting, a virtual meeting, would take place on 18 May 2020. Members were encouraged to provide comment and queries in advance but this would not preclude them from raising questions during the meeting.