

This Minute has been edited to remove commercially sensitive or confidential discussions.

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

Present: J Knowles, Chair
J Fraser
J Drummond
K Hutchens
C Lynch
I Jamieson
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
A Bruce, PA to the Chief Executive (Minutes)

Apologies: J Greener
J Marshall
L West

The Board had been provided with a number of supporting documents which had been made available to them in the Board Portal. For the record it would be recognised that members had considered and noted these as appropriate.

In addition, a number of questions had been raised in advance of the meeting which had been responded to; questions and responses had been made available to members in the Board Portal.

1. Apologies

The apologies noted above were intimated to the meeting.

2. Declaration(s) of Interest

K Hutchens noted an interest in Items 9 and 16.

3. Draft Minute of Board of Management Meeting held on 15 June 2020

The Board approved the Minute as an accurate record.

4. Matters Arising

4.1 15 – Chief Executive's Report - The Director of Housing reported a work around had been found to the difficulty in transferring petty cash to staff to enable them to provide practical support to vulnerable tenants.

4.2 18 – Annual Strategy Update – The Director of Asset Management reported the relocation of Wernham House, by another association, would take around 18-24 months to complete. At that time, the Association would carry out an options appraisal.

5. Draft Minute of the Joint Audit and Financial Management Committee Meeting held on 2 June 2020

The Minute which had been provided in the “Available to View” folder in the Board Portal had been considered and noted. K Hutchens reported the Committee had had a very useful meeting with the internal auditor following the meeting and would be meeting with the external auditor on 4 August 2020.

6. Statement of Outstanding Business

The Board considered the Statement, noting the majority of the items would be dealt with on today’s agenda.

7. Review of Financial Projections and Assumptions for 5 and 30 Year Returns

The Committee considered the covering report and accompanying 5 appendices: Appendix 1 – 30 Year Projections, Appendix 2 – 5 Year Projections, Appendix 3 – ATFS Economic Report May 2020, Appendix 4 – ATFS Base Rate Survey May 2020 and Appendix 5 – Langstane’s Efficiencies Report.

Speaking to the report, the Director of Finance and Corporate Services informed the meeting the information presented today had also been considered in-depth by the Governance and Financial Management Recovery Committee at its meeting on 22 July 2020. The projections had been reviewed based on the Association’s Quarter 1 financial position and the most up to date Covid-19 information. Having tested the assumptions, amendments had been made to the financial plans as follows:

- LIBOR Interest Rate had been reduced;
- Bad Debt Provision had been reduced from 3% to 2.5%;
- Sale prices of properties had been reduced;
- Pension deficit payments have been extended by a year.

However no changes had been made to the main risks:

- Not being able to re-finance the revolving credit facility or that re-financing will be too expensive for the Association;
- Increase in real maintenance inflation;
- Increase in void rent loss.

The Board was informed the sale of King Street, Peterhead had concluded on 22 July 2020. The Board would be advised when the monies had been transferred.

Discussion ensued on the office costs detailed in Appendix 5 and in particular the consultancy costs which had not been anticipated and therefore not included in the budget. It was suggested and agreed the consultancy costs would, in future, be shown separately from office costs.

The Board approved the 5 and 30 year financial plans presented noting that to de-risk and to create a sustainable position over the 30 years, the revised projections incorporated the amendments from previous projections. Furthermore the Board

authorised submission of the plans to the Scottish Housing Regulator (SHR) by 30 September 2020 in the prescribed format. The plans would also be made available to the Association's lenders and auditors.

8. Financial Reports

8.1 Financial Reports to 31 May 2020

The report which had been provided in the "Available to View" folder in the Board Portal had been considered and noted.

8.2 Financial Reports to 30 June 2020

The Board considered and noted the report, noting in particular the higher than forecast surplus [REDACTED] and that all covenants are currently being met. The Director of Finance and Corporate Services reported the surplus was in the main due to a decrease in activities due to lockdown. Looking ahead, it is assumed spend will be as budgeted.

Responding to the question raised in respect of efficiencies, the Chief Executive advised that not all of the underspend would translate into efficiencies. It is anticipated once normal service is resumed there will be a significant number of reactive repairs to carry out. The current backlog of 170 non emergency repairs would be prioritised. With this in mind, the Chief Executive informed members that as projections are tight, it may be Board approval would be sought at some future point to vire budgets.

9. Chief Executive's Update

Speaking to the report, the Chief Executive provided further information on Items 1 and 2 and the recent discussions with the SHR and Santander [REDACTED]. The Board and Audit Committee would be updated on the outcome of future discussions.

Following further updates on Items 3, 6, 7 and 9, the Board discussed Items 4 and 8 both of which required approval.

Item 4 - Model Rules and Appendix 4.1 - Rules Differences 2015 and 2020. The Chief Executive confirmed the default position, as currently stated in the Rules, would always be that members are physically present at the AGM but it was also important that where exceptional circumstances dictate there is provision to hold virtual meetings.

The Board approved the updated Rules which provided the Association with the ability to hold a virtual AGM, and further approved the updated Rules be presented to the Association's Membership at the AGM for approval.

Item 8 – [REDACTED] It was reported the [REDACTED] income had suffered as a result of the pandemic and the tenants had requested a reduction in rent for a 6-month period. There followed lengthy discussion on the proposal to grant a reduction in rent for a four month period. Having noted the tenants had, without success, looked at additional funding sources and that once normal business is resumed the [REDACTED] would be a viable business, the Board approved the proposal to reduce the rental charge [REDACTED] for a period of 4 months (July, August, September and October) with the intention of increasing the rent in November to the original [REDACTED].

K Hutchens informed the meeting he had submitted questions in advance of the meeting which had been responded to. It would be his suggestion the [REDACTED], as a community resource, should seek the support of the community in the form of fundraising / crowdfunding.

Following brief discussion on Items 10 (it was confirmed the part purchased to repair the air conditioning is fully insured) and 11, the Board noted the report.

10. Annual Assurance Statement

The Board considered the report which included Appendix 10. The accompanying appendices 1-9 which had been provided in the “Available to View” folder in the Board Portal had been considered and noted as appropriate.

The Chief Executive reported the documents had been considered in depth by the Joint Audit and Financial Management Committee at its meeting on 2 June 2020.

The Board having reviewed the documentation presented, approved the Annual Assurance Statement attached as Appendix 10 and authorised the Chairperson, J Knowles, to sign it on behalf of Langstane Housing Association Limited and its subsidiary companies by 31 October 2020 and further approved the Chief Executive to submit the Statement to the SHR as soon as practical.

The Chief Executive informed the meeting the Statement may require minor amendment following the outcome of the SHR’s consultation on information required in respect of Covid-19. If this is the case, the Statement would be updated and represented to the Board for further approval.

11. Executive Resource Consultant

In the absence of L West, the Chief Executive reported all three documents presented under Item 11 (11.1 - Consultancy Phase 2, Position Statement and Action Plan - Update Report, 11.2 - Governance and Compliance Framework and 11.3 - High Level Governance Policies Review) had been discussed at length by the Governance and Financial Management Committee at its meeting on 22 July 2020. Item 11.1 had been further updated since the meeting.

The Chief Executive informed the meeting, L West had fully supported the proposal to submit a compliant Annual Assurance Statement. As part of Phase 2 of the consultancy, L West had carried out a review of the high level governance policies which are currently being considered by the Senior Management Team and would be brought back to future meetings for approval.

The Board approved Item 11.1 and noted both Item 11.2 (provided in the “Available to View” folder in the Board Portal) and Item 11.3.

12. Business Plan 2020-2025 – Internal Management Plan

The Committee reviewed and noted the updated Internal Management Plan (IMP) which included all of the actions from the Business Recovery Action Plan, now considered business improvement. Recent updates to the Plan were highlighted in red.

Following particular discussion on the Association's registration with the Care Inspectorate which has been delayed until September 2020 and confirmation that stakeholder consultation is not required in respect of changes to the IMP, the Board approved the Plan. Further updates to the Plan would be presented at future meetings.

13. Board Away Day

It had previously been anticipated this year's away day would include visits to Association's schemes. This would now be delayed until next year.

Following brief discussion, the Board agreed the away day would be a half day session commencing at 10.30am and finishing at 3.30pm, this would include a break for lunch. The Chief Executive would provide a list of suitable dates for the Board to consider.

14. AGM Planning

The Board was reminded the AGM is scheduled to take place on 21 September 2020. The Chief Executive confirmed there would also be a Special General Meeting to approve the Rule changes the same day. Normal practice would be for the AGM to take place in the evening and the Chief Executive sought members' opinion on whether this should be changed to lunch time as detailed on the schedule presented under item 21. It was agreed the AGM the Chief Executive would contact members to ascertain their preference for the time of the meeting¹.

Referring to Item 13, it was suggested and agreed the away day would be held after the AGM to enable any new members to attend.

15. Strategic Risk Register Covid-19 Update – July 2020

K Hutchens had submitted questions prior to the meeting which had been responded to.

The Board considered and noted the report discussing in particular the Association's contact with vulnerable tenants. The Board was assured the Association is doing all it can to provide support and advice to tenants affected by the pandemic.

16. Covid-19 Update

The Board considered and noted the report discussing in particular Items S7 – staff morale and A4 planned and cyclical works.

K Hutchens, referring to Kevin Stewart, Housing Minister's open letter to tenants, sought clarification on whether the letter would be issued to individual tenants. The Director of Housing advised the letter was publicised on the Association's website and on Facebook.

17. Quarterly Performance Reports, Quarter 1 2020-2021

The performance reports listed under Items 17.1 and 17.2 which had been provided in the "Available to View" folder in the Board Portal had been considered and noted.

17.1 Langstane Housing Association Limited

¹ A subsequent discussion between the Chief Executive and Chair and it was agreed the meetings would take place at lunch time as detailed in the meeting schedule provided under Item 21.

Board attention was drawn to the improved arrears performance and to the information on voids; allocating properties had been challenging but would improve as normal service is resumed.

17.2 Langstane Property Limited

Board attention was drawn to the increase in arrears and in voids. Performance in both is anticipated to improve in the next quarter.

18. Signings, Quarter 1, 2020-2021

The report which had been provided in the “Available to View” folder in the Board Portal had been considered and noted.

19. Tender Register

The report which had been provided in the “Available to View” folder in the Board Portal had been considered and noted.

20. Policy and Strategy Review

The Board considered the report which detailed changes made to the policies listed under Items 20.1 to 20.4. In response to a question raised prior to the meeting, the Equality Impact Assessments in respect to the Pet and Motor Vehicle Parking Policies had been made available to members in the Board Portal.

20.1 Asbestos Management Policy V3

The Board having considered the report, approved the Policy presented.

20.2 Risk Management Policy V4

The Policy would be presented to the Board at a future meeting.

20.3 Pet Policy V3

The Board noted the changes to the policy approved under delegated authority by the Senior Management Team.

K Hutchens highlighted the SSPCA (Scottish Society for the Prevention of Cruelty to Animals) provide free dog training courses. It was agreed this information would be provided to tenants in the next newsletter.

20.4 Motor Vehicle Parking Policy V3

The Board noted the changes to the policy approved under delegated authority by the Senior Management Team.

21. Revised Board / Committee Meeting Schedule 2020

The Board noted the schedule which would be updated to reflect the comments made under Item 14.

22. Training Plan 2020

The Board considered and noted the Training Plan. The Chief Executive agreed with the suggestion to approach the Cyrenians / Shelter to provide a presentation on homelessness i.e. someone who has experienced homelessness. The Chief Executive advised it would be unlikely this would be possible for this year's AGM but it would be considered next year.

The Board noted the date of the training scheduled to take place in August would be confirmed in due course.

23. AOCB

The Board was informed the proceeds of the sale of King Street, Peterhead referred to under Item 7, had been received.

K Hutchens informed the Board that having been a Board member for 24 years he had made the decision not to stand for re-election at the AGM. He had thoroughly enjoyed the experience and would continue to play a role in the Association in the form of tenant involvement. J Knowles on behalf of the current and former Board members and current and former senior officers thanked him for his dedicated service to the Association which would be commemorated once lockdown restrictions are lifted.

24. Date of Next Meeting

7 September 2020.