

**Minute of the Hybrid Meeting of the Board of Management of Langstane Housing Association Limited held on Thursday 16 February 2023**

**Present:**

**Remote:**  
M Martin, Chair  
J Knowles  
D Bain  
J Drummond  
J Fraser  
I Jamieson  
A Stevenson

**In Attendance:**

**In Person:**  
H Gauld, Chief Executive  
M Ballance, Director of Property  
L Macfarlan, Director of Finance and Corporate Services  
J Sutherland, Director of Housing  
A Bruce, Executive Assistant (Minute Taker)

**Apologies:** G Urquhart

**1. Apologies**

The apology noted above was intimated to the meeting.

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

There were no notes or declarations of interest.

**3. Draft Minute – Board of Management – 14 December 2022**

The minute was approved as an accurate record.

**3.1 Matters Arising**

There were no matters arising not already on the agenda.

**4. Statement of Outstanding Business**

The Board noted the statement. Highlighting Item 6, the Chief Executive reported the Health and Safety Policy is reviewed and presented to the Board for approval on an annual basis. It also forms part of the Annual Assurance Statement.

**5. Financial Reports**

**5.1 To 31 December 2022**

Speaking to the reports, the Director of Finance and Corporate Services reported on the higher than forecast surplus, the gain on sale and release of Housing Association Grant, the below target voids figure, spend on planned maintenance being below forecast which was offset by the increased volume and cost of reactive repairs.

Reactive repairs are higher than forecast due to a substantial number of invoices going back to last year received from one of the Association's main contractors, the cost of the invoices being higher than the value accrued and an increase in the overall volume of works orders raised. The Board was assured that Property Services will not exceed its overall budget for the year and that a close watch will be kept on spend for both reactive repairs and planned maintenance.

Board attention was further drawn to the interest payable being higher than forecast due to the increases in the bank interest rate. In this regard, the Director reported this was due to a timing issue.

The Board noted all payments to suppliers had been made in accordance with policy and there had been no breach of loan covenants. With regard to the latter, the Director reported there is significant headroom in the covenants.

## 5.2 To 30 November 2022

The Board had considered and noted the report which had been available to Members, to view, in the Board Portal.

## 6. Draft Budget 2023–24

### 6.1 Langstane Housing Association

The Board considered the Budget paper and accompanying appendices, namely Appendix 1 – Comments from Rent Consultation and Appendix 2 (in 2 parts) – Budget Appendices 1 – 14 and Schedule 15.

Speaking to Appendix 1, the Director of Housing reminded the Board that following the Scottish Government's decision to revoke the rent cap on social housing the Association had consulted with tenants on proposed increases of 5.5% and 6.5%.

Board attention was also drawn to the proposal to a cap on service charges of £10.

The consultation return rate of 20.6% was higher than in the previous year. Of those who voted, 83.3% voted for the 5.5% increase.

Referring Members to the comments, the Director assured the Board, tenants who had commented on cost of living concerns would be contacted and offered advice and where appropriate, assistance from the Association's fuel poverty fund. Responding to concerns expressed by the Board on affordability, the Chief Executive assured Members, the Association had utilised the SFHA's affordability toolkit to ensure the increase is affordable. There may however be exceptions and where this is the case, the Association can provide help by assisting with benefit claims and advice on maximising income. Assurance was given the Association would continue to review any exceptions before the next rental and service charge increase to ensure these were considered reasonable with regards to the charges made.

Tenants who had taken the opportunity to highlight repair issues would also be contacted and repairs completed.

The Director of Finance and Corporate Services reported the Budget had been set to ensure the Association maintains its financial stability and is in the best place financially

for the future and in particular any return to development. Arising from this, information on the cost of living increase for staff was requested. Members were informed negotiations with Unite had not yet commenced.

Referring Members to page 9, Item (d) in respect of property, the Board noted it was not financially viable to carry out all the maintenance works identified under the 30-year plan and some adjustment is always required to ensure the available budget is expended on the highest priorities. Schedule 13 identified the works that have been omitted from this year's programme as part of this prioritisation process.

The Director highlighted the key risks impacting financial viability on page 12, Item 6(a) which included, amongst others, increases in inflation. The stress testing carried out and the factors which would impact the viability were detailed in Schedule 15 Appendix 2.

The Board noted the risks and stress testing carried out on the Budget. Taking the views of tenants and the affordability of the rent increase into account, whilst balancing these against the requirement for the Association to meet its financial commitments, maintain its investment in its properties and comply with legislative and regulatory compliance, the Board:

- a) Agreed a variance from the Business Plan assumption of CPI plus 0.5% for financial year 2023/24 for rent increase;
- b) Approved a rent increase of 5.5% for 2023-2024;
- c) Approved a rent increase of 5.5% for occupancy charges for shared ownership and other leases as appropriate and as noted above;
- d) Approved a cap for service charge increases at £10.00 per property per month;
- e) Noted negotiations have not concluded with Unite in respect of a cost-of-living increase;
- f) Approved the assumptions made and the draft budget presented in the attached Appendices for financial year 2023-24;
- g) Approved the draft 30-Year Plan;
- h) Noted the risks which have been considered as part of the budget setting process and the factors which stress test the forecasts.

## **7. Landbank Sites Impairment**

The Board considered the report which detailed of the Association's current landbank of 6 sites at Ashgrove Road, Aberdeen; Coull Cars, Hillside, Portlethen; Fife Street, Macduff; Garrol Place, Fettercairn; Perkhill Road, Lumphanan and Quarry Road, Fraserburgh. A valuation of the sites in December 2022 had shown the valuation of each to be below the purchase price (the sites having been purchased between 2005 and 2008 at the height of the market), resulting in a potential impairment issue.

Discussion ensued on the options and relevant clauses in each of the grant offers in relation to repayment of grant. In respect of the latter, a meeting is being arranged with the Scottish Government to discuss the grant repayment in more detail.

*Decision: The Board noted the Association is still on forecast to return a surplus for the year and there will be no breach of the Interest Cover covenant because of the impairment of £424,398. As such, it approved the impairment of the sites in accordance with UK Accounting Standards including FRS 102 and the Association's principal accounting policy on impairment.*

*The Board further approved, in principle, the proposed action to be taken for each land banked site in terms of either disposing or retaining the land. Ratification of this, in principle, decision will be made once the meeting with the Scottish Government has determined the position with regard to grant repayments. A further report will be brought to Board confirming the outcome of the meeting.*

It was highlighted Item 6.2 had been omitted from the discussion in error.

## 6.2 Langstane Property Limited

The Board considered the budget which had been approved by the Langstane Property Board (LPL) earlier in the day. The Chair highlighted the 3% rent increase which was in line with the Scottish Government cap for private rented properties. Further attention was drawn to LPL's approval of the increase in management charges levied by LHA on LPL business. The management charges had not been reviewed for some time and the increased cost more accurately reflects the increased workload and actual cost of the work conducted.

*Decision: The Board ratified the decisions made by the Langstane Property Board of Management and approved the 2023-24 Langstane Property Budget as presented and the increase in management charges.*

## 8. Chief Executive's Update

The Board noted the report discussing in particular Item 8.1 regarding tenant and residents safety. The Board sought and was given assurance the Association is confident its response to damp and mould issues is appropriate and timeous. The Director of Property reported Property Officers are being provided with further training on both issues. In addition, the Association is piloting environmental sensors to monitor homes badly affected.

Discussion ensued regarding recent communication with the Scottish Housing Regulator when it was noted their expectation is that minutes reflect the full Board's ratification of any decision made under delegated authority. As such ratification was being sought on the items detailed below.

### 8.4 Decision Making Under Delegated Power

22 December 2022 – Integrated Housing and Finance System - Following a fair tender process, the chairperson, M Martin, authorised the acceptance of the integrated housing and finance tender. An update on ICT progress is provided to the Joint Audit & Governance Committee.

23 December 2022 – Replacement Revolving Credit Facility (RCF) - The Royal Bank of Scotland submitted a counter proposal to replace the Association's RCF. Given the proposal was very close to that of Bank of Scotland (BoS), it was felt prudent to remain with BoS to remove any issues with security, etc. and this recommendation was made by the Chief Executive and Director of Finance & Corporate Services to the Chair and Vice Chair. The Chairperson confirmed his support of the recommendation and RBS was advised accordingly.

8.5 Historical Decision Making Under Delegated Power - Under delegated authority the Chair of Langstane Housing Association approved, in September 2022, the deviation from the Association's allocation policy to lease properties to Mears. The purpose

being to let 20 properties to house asylum seekers with an option of increasing the number of lets to 50.

## 8.6 Decision Making at Committee

### People Committee – 13 December 2022

- Anne Stevenson was nominated and accepted Convenorship for People Committee;
- Learning and Development Policy – subject to suggested changes, this policy was approved;
- Working Hours and Time Off Guide – subject to suggested changes, this guide was approved;
- Discipline Policy and Grievance Policy– subject to suggested changes, this guide was approved;
- Recruitment Policy – update to policy approved;
- Lone Working Policy – subject to suggested changes, this policy was approved;
- Modern Apprenticeship Scheme – Business and Administration Apprentice – following significant discussion regarding salary grade, and subject to budget approval being granted by Langstane’s full Board of Management, the Association’s participation in the modern apprenticeship scheme was approved. This full time post replaces a part time post at a higher grade and is deemed a very cost effective solution for the Association (*post meeting note, Board of Management approved the increased salary budget on 24 December 2022*).

The People Committee made it clear it expects performance management to be a key focus in the future and wish to have meeting dates diarised for the year. In addition a report on the Job Evaluation outcome was requested for its next meeting.

*Decision: The Board noted the report and ratified the decisions made, detailed in Items 8.4 – 8.6 above.*

## 9. Corporate Document Review

### 9.1 Corporate Document Review Report

The Board reviewed the report which set out a summary of the changes made to the documents presented under Items 9.1.1 to 9.1.7.

#### 9.1.1 Business Continuity Plan V21

The Business Continuity Plan had been updated to reflect the Association’s move to Microsoft 365, and the new IT Disaster Recovery Plan as well as an update to contact details of contractors, employees, the governing body and key contacts.

*Decision: Having noted the changes, the Board approved V21 of the Business Continuity Plan.*

#### 9.1.2 Draft Emergency Response Plan for Tenanted Properties

The Board considered the emergency response plan which had been one of the recommendations made by EVH’s audit of Langstane’s approach to landlord safety.

*Decision: Having considered the Plan, the Board approved it as presented.*

#### 9.1.3 Development Policy

The Board considered the current policy and the proposal that in order to prepare for its return to development, the Association would, in the first instance, review its Development Strategy. The Strategy would be presented to the Board in November 2023 with the Development Policy being presented in early 2024.

*Decision: The Board approved postponement of the Development Policy review until early 2024.*

#### 9.1.4 Treasury Management Policy V5

The Board reviewed the changes to the policy which had been undertaken in line with the SFHA's Treasury Management guidance. The changes had been minor in nature and included the replacement of LIBOR to SONIA, the increase the maximum amount invested at any one time with an approved investment institution and removal of the flexibility for the Funding Strategy to be presented for approval after the financial year begins. Three additional appendices had also been added.

*Decision: The Board approved V5 of the Treasury Management Policy as presented.*

#### 9.1.5 Independence and Management Agreements between Langstane Housing Association Limited and Langstane Property Limited

The Board noted there were no proposed changes to the wording of the Management and Independence Agreements. Both had been available to Members to view in the Board Portal.

*Decision: Having noted there were no proposed changes to the wording and the LPL Board had approved both documents at its meeting earlier in the day, the Board approved both Agreements. It further approved the increase in management charges as noted above.*

#### 9.1.6 Funding Strategy

The Board had reviewed the Strategy which had been available to Members to view in the Board Portal. Changes to the document now showed loan portfolio information as at 31 December 2022, the approved Bilateral Revolving Loan SONIA Facility, details of the excess security released and updated cash flow and cash surpluses.

*Decision: The Board approved the Strategy as presented.*

#### 9.1.7 Business Plan 2023-26

The Board reviewed the template Business Plan which set out the high level headings the Association will focus on over the lifespan of the Plan. Underpinning the Plan would be the Internal Management Plan which would ensure the Association delivers its objectives.

*Decision: The Board approved the template with further agreement the Plan should be a five year plan covering 2023–28.*

## 10. Health and Safety – Changes to Management Arrangements



The Board reviewed the report which set out the proposed changes to strengthen the Association's approach to health and safety; one of the recommendations arising from Safety Scotland's review of the Association's health and safety process conducted in Spring 2022.

*Decision: The Board approved the proposal to introduce an Employee Safety Forum with a focus on operational health and safety, and to streamline the Health & Safety Group to form a more focussed Health and Safety Management Group with a focus on managing and monitoring health and safety.*

A Stevenson left the meeting.

## **11. Minutes**

### **11.1 Draft Minute – Board of Management Langstane Property Limited – 14 December 2022**

The Board had considered and noted the draft Minute which had been available to view in the Board Portal.

### **11.2 Draft Minute - People Committee – 13 December 2022**

The Board had considered and noted the draft Minute which had been available to view in the Board Portal.

## **12. Quarter 3 Reports, 2022–23**

### **12.1 Signings Report**

The Board considered and noted the report which provided summary information in relation to all signings, leases and disposals added to the relevant registers during Quarter 3, 2022-23.

### **12.2 PR, Communications and Social Media Report**

The Board had considered and noted the report which detailed information on the public relations, communications and social media activity during Quarter 3, 2022-23. The report had been available to view in the Board Portal.

## **13. Annual Board Review Outcomes**

The Board considered the report prepared by M Martin, Chair, on the outcome of the governing body annual reviews. The report provided a summary of the four key themes and management responses to each. Attached as Appendix 1 to the report was detail of the responses and considerations.

The Board having considered the report was pleased to record the review process had been constructive with a strong consensus between Board Members on the Association's strategic direction and noted the report.

*Action: The Board noted the report and the recommendation that the CEO and leadership team consider the various proposals set out in the report and report back to*

*the Board with suggestions for adopting and taking forward the outline proposals detailed within the report.*

**14. AOCB**

There were no matters raised.

**15. Date of Next Meeting**

Thursday 20 April 2023.