

CALEDONIA HOUSING ASSOCIATION LTD

**MINUTES OF THE MANAGEMENT BOARD MEETING
HELD ON TUESDAY 23 JUNE 2020 BY VIDEO CONFERENCING**

Present: Penny Coburn Chair
Alan Nairn Vice Chair
Helen Archibald (from Item 73.20)
Mary Clark
Lindsay Darroch
Graham Logan
Veronica Lynch
Alex McDougall
Andrew Richmond

Special Leave of Absence: Ian Gray

Absent: Martin Harkness

In Attendance: Julie Cosgrove Chief Executive
Leigh Grubb Director of Finance & Governance
Andrew Kilpatrick Director of Assets
Tim Calderbank Director of Customer Services
Garry Savage Director of Strategy & Innovation
Barry Johnstone Director of People
Stuart Robertson Governance Manager
Jenny Dalton Governance Officer (Minutes)

The Chair introduced Stuart Robertson who had recently taken on the role of Governance Manager and welcomed him to the meeting.

67.20 Apologies

There were no apologies.

68.20 Declaration of Interest

There were no declarations of interest.

ITEMS for DISCUSSION and/or APPROVAL

69.20 Minutes of the Management Board Meeting held on Tuesday 26 May 2020

The Board agreed that the minutes of this meeting were a true and accurate record and they were **APPROVED** by the meeting.

70.20 Matters Arising

There were no matters arising that were not dealt with elsewhere on the Agenda.

71.20 Feedback from Management Board Members Discussion on the Annual Skills and Performance Assessment

The outcome of the Management Board Annual Skills and Performance Assessment Review had been discussed by the Board members immediately preceding this meeting. The Chair confirmed that the Board members present at this meeting were satisfied that the report and its appendices covered the points and issues raised at the Board appraisal meetings.

The Chair advised that the Board members were disappointed with the lack of training last year and hoped that this would be addressed this year. The decision not to hold a Group Business Strategy Away Day and the cancellation of the Caledonia Culture event had been especially disappointing to members and it was requested that the Culture event be re-scheduled together with the other training outlined in the annual reviews. The Board also suggested that Scottish Federation of Housing Association (SFHA) training be made available to members, subject to there being sufficient governing body training budget.

In conclusion, it had been agreed that the Management Board members worked well together and that there was a sufficient mix of skills and knowledge to provide the leadership, challenge and scrutiny required to look after tenants' interests.

72.20 Chief Executive's Report

The Chief Executive presented her report and highlighted the following areas:

Coronavirus Transition Planning

Drawing on guidance and advice from the Scottish Government, the Social Housing Resilience Group (SHRG) and the Group's Health & Safety Advisors Ellis Whittam, the Executive Management Team (EMT) had begun to prepare for the resumption of services. The EMT was also looking at the various offices within the Group and how and when they might re-open, taking account of the controls and distancing measures that would be required. It was likely however that future working arrangements would involve a hybrid of home and office working, to provide greater flexibility for both customers and staff.

The Assets and Development Teams were also liaising with contractors to determine when construction sites could be re-opened and non-urgent repairs and maintenance could re-commence.

YMCA

This section of the minutes has been classed as confidential as it contains commercially sensitive information and publication would harm commercial interests.

Health & Safety Policy

The Health & Safety Policy had been amended to make reference to COVID-19 and to highlight that working arrangements were focused on keeping people safe and avoiding transmission of the virus.

The Board **APPROVED** the Policy with this minor amendment.

Homologation of Urgent Decision

Board members **HOMOLOGATED** the decision made by the Chair and Vice Chair to approve the lease of Simon House, Perth to Anchor Trust.

Board Members Recruitment

Interviews had been held with two applicants on 17 June 2020. Interviews had been arranged with a further five applicants on 24 June and 1 July, following which the Chief Executive would provide an update to Board members.

Bellsmyre Transfer of Engagements Update

Assuming the legislation allowing “virtual” meetings to take place was passed at the end of June 2020, the intention was to hold the first of Bellsmyre’s Special General Meetings (SGMs) in July. Following this SGM, the Caledonia Board would be required to meet to agree a resolution to accept the transfer from Bellsmyre. The second Bellsmyre SGM would take place thereafter.

Care & Repair Policy

The Care & Repair Policy had been reviewed following the award of the new contract with Angus and Perth & Kinross Council and to reflect the relevant GDPR and Freedom of Information legislation.

The Management Board **APPROVED** the minor changes made to this Policy.

Helen Archibald joined the meeting at this point.

73.20 Management Accounts to 31 March 2020

The Director of Finance & Governance (DoFG) presented the management accounts for the year ended 31 March 2020 and explained that they were in draft format subject to any changes required following the forthcoming external audit.

The Association achieved an operating surplus for the year of £5m (year to 31 March 2019 - £5m) and made a net surplus of £1.5m (year to 31 March 2019 - £1.6m). Interest cover was 121.52% and gearing 22.68%. Both these covenants were well within lenders’ requirements, which were tested on an annual basis. The interest cover position also met the Association’s internal target of 120% providing an appropriate margin for unanticipated audit adjustments.

The DoFG explained that there had been some slippage in the audit timetable and that a revised timetable had been agreed with the auditors and the Chair of the Audit & Risk Management Committee (ARMC). As a result of the slippage, the timetable had been extended and the ARMC meeting when the final audit findings and accounts would be considered would now be held on 24 August 2020. The findings and accounts would then be signed off by the Management Board at the meeting on 15 September 2020. Subject to the Management Board’s agreement, it was proposed to hold the Annual General Meeting on Tuesday 29 September 2020, when the accounts would be presented to members.

Board members **AGREED** that the AGM should be held on 29 September 2020 and **NOTED** that, due to social distancing restrictions, the AGM would be held by video conference.

74.20 Scottish Housing Regulator Loan Portfolio Return

The DoFG explained that the Return was issued annually by the Scottish Housing Regulator (SHR) in order to collect information on borrowing and other funding arrangements. This information assisted the Regulator in assessing the regulatory risks faced by the Association and the wider housing sector and also helped to inform the level and type of engagement required.

The Board **AUTHORISED** submission of the Loan Portfolio Return to the SHR.

75.20 Revised Budget for the Five Year Period to 31 March 2025

Caledonia Housing Association

The DoFG referred to his report to the Management Board in April 2020 outlining the potential implications of the COVID-19 pandemic on the financial performance of the Association. At that time he had advised that a revised set of financial projections would be required for submission to the SHR and to the Association's lenders. Those were now being presented to the Board for approval.

The DoFG explained the major changes in the financial assumptions, which included an increase in void and bad debt levels, a reduction in Home Help income as a result of the current suspension of this service, and the total loss of income from new developments in 2020/21 due to the current level of uncertainty within the construction industry. As previously advised, it was intended to mitigate the anticipated loss of income by reducing the planned maintenance budget for the year. However proposals had now been identified that would increase the planned maintenance programme should the outturn prove to be significantly better than expected.

Board members noted that whilst interest cover for Year 1 of the projections was comfortably above the minimum required by lenders, cover in Years 2 and 3 was significantly closer to the internal target of 120.0% and careful monitoring would be required to ensure interest cover continued to be met. In response to a question from the Board, the DoFG confirmed that he would also note and monitor the rolling 3 year interest cover test in future budget approval reports.

Board members **APPROVED** the budget and five year financial projections for Caledonia Housing Association.

Bellsmyre Housing Association

The Board noted that the longer term financial projections for Bellsmyre had not materially altered and that steps had been taken to strengthen the interest cover position in the short term. Bellsmyre's Management Committee had considered and approved the revised budget and five year projections at its meeting on Monday 22 June 2020 and they were now submitted to the Caledonia Management Board for final approval. Board members **APPROVED** the budget and five year financial projections for Bellsmyre Housing Association.

Cordale Housing Association

Management Board members **APPROVED** the budget and five year financial projections for Cordale Housing Association, subject to no significant changes being requested by the Cordale Management Committee at its meeting on Tuesday 30 June 2020.

76.20 Annual Return on the Charter 2019-20

The Governance Manager presented the report and explained that ordinarily the Annual Return on the Charter (ARC) must be submitted to SHR by 31 May each year. However due to the pandemic, the SHR had extended this year's deadline to 31 July 2020. The Governance Manager also explained that information on compliance with the Energy Efficiency Standard for Social Housing (ESSH), which had previously been a separate regulatory submission, was now included within the ARC.

Board members commented on the high percentage of staff turnover during the year. The Director of People advised that staff leaving under the Customer 1st voluntary severance scheme, the de-commissioning of the Leuchars Care Home and the TUPE transfer of staff had contributed to the turnover of staff being higher than usual.

The Governance Manager advised that a quality assurance check of the ARC figures would be undertaken prior to the Chief Executive submitting the document to SHR. Confirmation of submission and a log of any amendments to the figures would be provided to the August Management Board meeting for noting.

Management Board members then **APPROVED** the ARC and **REMITTED** the Chief Executive to submit the finalised document to the SHR on behalf of the Association.

77.20 Annual Governance Report

Management Board members **APPROVED** the proposal to extend the amendments to the Group Scheme of Delegated Authority granting additional powers to the EMT to manage the Group's response to the continuing COVID-19 pandemic for a further three month period to 23 September 2020. The remainder of the report was **NOTED**.

78.20 Draft Minutes of Audit Committee Meeting and Group Risk Map: Wednesday 20 May 2020

The draft minutes and Group Risk Map were **NOTED**.

79.20 Business Performance 2019-20 Quarter 4 Update

The Director of Strategy & Innovation (DoSI) presented the report which contained the business performance results for the final quarter of 2019-20 as well as the proposed revised targets for 2020/21.

The number of KPIs achieved in 2019-20 were lower than expected over a normal operating year. The implementation of the Customer 1st programme and the associated significant changes in frontline service delivery and business support arrangements was identified as a contributory factor to this. Certain targets had only been missed by small margins, providing the foundation for potential improvement.

The DoSI reminded Board members that the KPI targets for 2020-21 had been set before the COVID-19 pandemic and the resulting major changes in the operating environment and it was unlikely that the Group would be able to achieve the set targets. The impact of the pandemic situation on the Group's performance would be closely monitored over the coming months and updates would be provided to the governing bodies. However it was likely that the KPI targets would be reviewed to take account of operating challenges, impact assessments and service

reinstatement/recovery plans. Further information on this would be provided at the Board meeting in August 2020.

Board members **APPROVED** the revised targets and KPIs for 2020-21 stressing the need to ensure the performance report was clear going forward.

It was also **AGREED** that the EMT would notify the Board, on an exception basis during the year, where available information relating to the KPIs to be reported annually highlighted performance issues.

80.20 Overview of Cyber Security Arrangements

This section of the minutes has been classed as confidential as it contains sensitive information including details of the security software used by the Group.

POLICIES for DISCUSSION and/or APPROVAL

81.20 Group Procurement Strategy

The Director of Assets (DoA) explained that whilst Caledonia HA was the only Association within the Caledonia Group required by legislation to have a Procurement Strategy, the decision had been taken to incorporate procurement by the subsidiaries within the Strategy. This document set out the aims and objectives of the Procurement Strategy and the anticipated outcomes. An Annual Procurement report would be prepared each year and submitted to the Management Board for consideration.

Following discussion by the Board, it was clarified by the DoA that reference in the Strategy was that the National Living Wage applied to procurement by public bodies. The DoA would also check whether compliance with GDPR and Equalities and Diversity legislation would apply to sub-contractors as well as main contractors.

The Group Procurement Strategy was **APPROVED** by the Management Board subject to this issue being checked and the document being amended if required.

ITEMS for INFORMATION

82.20 Draft Minutes of Bellsmyre and Cordale HA Committee Meetings held in May 2020

83.20

The draft minutes were **NOTED**.

84.20 Any Other Business

It was **NOTED** that the next Management Board meeting would be held on Tuesday 18 August 2020.

Chair's Signature