

CALEDONIA HOUSING ASSOCIATION LTD

**MINUTES OF THE MANAGEMENT BOARD MEETING
HELD ON TUESDAY 18 AUGUST 2020 AT 4.00 PM BY VIDEO CONFERENCING**

Present:

Penny Coburn	Chair
Alan Nairn	Vice Chair
Helen Archibald	
Mary Clark	(by phone from Item 90.20)
Lindsay Darroch	
Graham Logan	
Veronica Lynch	(from Item 89.20)
Alex McDougall	
Andrew Richmond	

Special Leave of Absence: Ian Gray

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
Jenny Dalton	Governance Officer (Minutes)

85.20 Apologies

There were no apologies.

86.20 Declaration of Interest

There were no declarations of interest.

ITEMS for DISCUSSION and/or APPROVAL

87.20 Minutes of the Management Board Meeting held on Tuesday 23 June 2020

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

88.20 Matters Arising

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

89.20 Chief Executive's Report

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

Route Map – Office Re-opening

A route map for opening the Group's offices had been prepared based on the following assumptions:

- There would be a blend of home and office working as office capacity would be significantly reduced and a rota system introduced.
- Staff would be assigned to specific work stations in Dundee, Perth and Cordale.
- Hot desking would be restricted.
- Travel between offices would be restricted.
- A responsible person would be on site to ensure compliance with safety measures and provide advice and guidance to staff returning to offices.
- Offices would not be open to the public but would be by “appointment only” for the foreseeable future.

In line with Scottish Government (SG) and SFHA guidance, work would not resume from the Group’s main office bases until mid to late September 2020 at the earliest.

Following a query from Andrew Richmond, the Chief Executive confirmed that consideration was being given to the Group’s future office space requirements and a report would be provided to the Management Board once this had been concluded.

Business Continuity Update

Following the move to Phase 3 of the SG’s relaxation of the Covid-19 lockdown measures in early July, some repairs services were able to recommence but with controls in place. This meant that all external repairs and most internal repairs could be progressed, provided that these could be undertaken within social distancing guidelines. The backlog of “on hold” repairs had largely been completed and the non-emergency repair service had resumed.

Whilst the number of property lets had increased steadily as lockdown measures were relaxed, existing performance targets for allocations and void loss were unlikely to be met.

The Chief Executive advised that the SG was considering suspending tenant evictions for a further six months. The SFHA was currently lobbying to exclude anti-social behaviour evictions from the suspension as there had been an increase in anti-social behaviour during the pandemic. Extending the eviction suspension period was also likely to result in an upsurge in rent arrears.

Homologation of Urgent Decision

This section of the minutes has been classed as confidential as it contains personal data and publication would breach applicable data protection legislation.

Control of Payments and Benefits

This section of the minutes has been classed as confidential as it contains personal data and publication would breach applicable data protection legislation.

Policy Review

The Group Senior Officer Remuneration Policy had been reviewed in accordance with the policy review timetable and to incorporate changes to the organisational structure. Additionally the reference to the Scottish Housing Regulator’s (SHR) regulatory guidance had also been updated to refer and align with the Regulatory Standards of Governance and Financial Management published in 2019. Board members **NOTED** that the policy would be included on the agenda of the next Remuneration Committee meeting to allow the Committee to review it and provide recommendations to the Board.

Learning and Development Policy

Board members NOTED that a new Learning and Development Strategy was being developed to replace the existing Learning and Development Policy and that the Strategy would be presented to the Management Board for consideration in October 2020.

Veronica Lynch joined the meeting at this point.

Gas Maintenance Contract

The Director of Assets (DoA) advised that he had spoken with WRB Gas following receipt of the formal notice to withdraw from the gas maintenance contract. WRB Gas had confirmed that whilst they wished to continue with the contract in the Tayside and Highland areas they could not continue with the contract in the West of Scotland as their sub-contractors had intimated that they wished to withdraw from the contract. The company had been unable to attract an alternative sub-contractor to deliver the service at a price that would fit within the rates agreed as part of the tender process.

The DoA explained that the original contract with WRB Gas was for the Tayside and Highland Areas only and that it had been extended to include the West of Scotland. The intention was to revert back to the previous position and re-tender the gas maintenance contract in the West of Scotland. Following a query from the Board, the Director of Customer Services (DoCS) confirmed that there were no major performance issues with WRB Gas in the Tayside and Highland area.

The Chief Executive advised that she had informed SHR of the situation and it had been formally recorded as a Notifiable Event.

Board Membership

The Board **NOTED** that Martin Harkness had ceased to be a member of the Board, thanked him for his positive support for CHA and wished him well.

89.20a Late Paper - Revised Meeting Schedule for September 2020

The Management Board considered the late paper submitted by the Chief Executive and **APPROVED** the recommendations to hold the September Management Board meeting on 9 September 2020 and the Annual General Meeting (AGM) on Monday 21 September 2020, and **REQUESTED** the Secretary to convene a Special General Meeting (SGM), also on 21 September 2020

The Vice Chair advised that Mary Clark had joined the meeting indirectly but had technical issues and that he would relay any comments or questions she had to the meeting.

90.20 Management Accounts for the Three Month Period to 30 June 2020

The Director of Finance & Governance (DoFG) presented the Management Accounts for the three month period to 30 June 2020.

The Association achieved an operating surplus for the period of £2.2m (period to 30 June 2019 - £2.1m). Total investment on all repairs and maintenance activities, inclusive of reactive, cyclical, planned maintenance and capital expenditure, was £276k (period to 30 June 2019 - £695k), reflecting a substantial period of an emergency-only repairs service. Whilst the financial performance for the period had clearly been impacted by the current global Covid-19 pandemic, the impact to date had been less significant than anticipated in the revised budget assumptions.

The turnover comparison was down by 4% on the same period last year. This was due to reductions in Agency, Home Help, Care & Repair and Stage 3 income, which could be attributed to the lockdown

restrictions imposed as a result of Covid-19. The results also reflected the loss of income as a result of the closure of Leuchars Care Home.

The service charge income in quarter 1 of 2020-21 showed a substantial surplus of income over expenditure. However it was expected that the current underspend on service charges would reverse during the remainder of the year and consequently, this would be monitored closely.

There was also a substantial underspend on the repairs budget. However with restrictions now being eased, a catch-up in expenditure in a number of areas was already being identified and again this situation was expected to continue over the remainder of the year.

Bad debts in the first quarter had not increased as much as had been anticipated. Whilst this was relatively encouraging, there was still a risk of a “spike” in defaults as the job retention scheme was phased out over the next few months.

Board members **NOTED** that lending covenants were being comfortably met and queried whether the underspend in this year’s planned maintenance budget could be counted in coming years. The DoFG confirmed that the lenders were generally supportive of this proposal but would require more detailed information towards the end of this financial year to allow the lenders to make a final decision.

91.20 Scottish Housing Regulator Five Year Financial Projections Return

The DoFG explained that the purpose of the report was to seek approval for the submission of the annual Five Year Financial Projections (FYFP Return to the SHR). All figures in the Return were based on the financial plans approved by the Management Board at its meeting in June 2020.

The Management Board **APPROVED** the submission of the Five Year Financial Projections and Assumptions to the SHR.

92.20 Adoption of New Model Charitable Rules – 2020 Version

The DoFG presented the report which provided members with information on the prescribed changes within the Scottish Federation of Housing Association’s (SFHA) New Model Charitable Rules for Housing Associations (2020 Version) and the optional amendments that could be made to these Rules. The report also outlined the steps required to move to adopt these new Rules.

Management Board Members **APPROVED** the proposal to adopt the SFHA’s Model Charitable Rules (Scotland) 2020 with the prescribed amendments detailed in Appendix 1 of the report. Management Board Members also **APPROVED** the following optional amendments:

- Allowing virtual attendance at General Meetings;
- The power to directly appoint up to two Management Board members in addition to those who are elected;
- Allow payment to Management Board members;
- Prohibit Members who are closely related from sitting on the Management Board, and
- Limit the length of service on the Management Board to nine years.

Board members **NOTED** that a Special General Meeting (SGM) would be held immediately prior to the Annual General Meeting (AGM) on Monday 21 September 2020 when the Caledonia HA membership would be asked to approve the adoption of the Model Rules 2020.

The Vice Chair complimented the DoFG on his report on the new Model Rules as the summary provided had made it easier to understand the changes being proposed.

93.20 Governing Body Members Learning & Development

The DoFG presented the report and outlined the proposed programme of learning & development opportunities for Governing Body members for the coming 12 months. The proposed programme was based on the learning and development objectives identified during the Management Board members' self-assessment exercise undertaken in the spring of 2020. The outline programme of events had been reviewed by the Chair and Vice Chair and was presented to the Management Board for consideration.

Management Board Members agreed that delivery of this learning and development programme would mean a significant commitment of time on the part of each Governing Body member and acknowledged that the programme needed to be considered within the broader context of the Association's governance cycle and meetings structure. It was recognised that delivery models were also likely to include a greater reliance on webinars and similar online delivery methods to enable greater participation. It was highlighted that currently more Board meetings were held during the year than were required and that some of these meeting dates could be used for learning and development. The Chief Executive advised that under the Association's Rules the Board must meet at least six times a year and that currently the Board met nine times a year. Board members noted that there was some flexibility within the Board meeting cycle and **AGREED** that this should be considered further by the Governance Review Group.

94.20 Applications for Membership

The Management Board **APPROVED** the applications for membership from Timothy Goddard, Douglas McLaren, Derek Robertson, and Lorna Williamson.

95.20 Business Performance 2020-21 - Quarter One Update

The Director of Strategy & Innovation (DoSI) advised that the KPI targets for 2020-21 had been set prior to the Covid-19 pandemic and the major changes to the Association's operating environment resulting from the pandemic. In order to identify the impact of Covid-19 on service and business performance, the Executive Management Team (EMT) had carried out a detailed review of the existing targets to assess whether they could be achieved over the coming year. Adjustments to these targets were proposed within the report to reflect the reality of service delivery, income and the likely impact on customer satisfaction and complaints. Whilst still challenging, the EMT considered the revised targets to be more realistic. Business performance would be considered on a monthly basis by both the EMT and Operational Management Team (OMT) and any specific or exceptional issues would be brought to the Management Board's attention.

The DoSI advised that the target for Void Loss in the report was incorrect and should read $\leq 1.5\%$ to align with the revised budget figure.

The Management Board **APPROVED** the revised KPI targets for 2020-21.

96.20 Group Business Plan 2020-21 - Quarter One Update

The DoSI explained that it was proposed to amend the actions within the Group Business Implementation Plan to reflect the challenges presented by the ongoing Covid-19 situation. The EMT had carried out a detailed review of the planned tasks within the Implementation Plan, assessing each task's achievability over this year and considering additional tasks related to the current operating situation that should be included in the Plan.

The proposed changes to the Implementation Plan were outlined in the report and the DoSI highlighted the rent policy review as an action that would require detailed consideration with the Group governing

bodies to identify and agree the most appropriate future approach. The DoSI also advised that the DoFG and the Chair of the Governance Review Group would be considering a revised approach and timeline for the governance review work scheduled to be undertaken this year.

The Management Board **APPROVED** the revised Implementation Plan for 2020-21 detailed in the report.

97.20 Development and Planned Maintenance Update

Development Programme

The DoA highlighted the anticipated delays of four to five months on development projects on-site as a result of the Covid-19 lockdown measures. Anticipated spend for individual projects remained on budget at this time, as there had been no claims for additional costs.

Currently only one pipeline development project had secured Scottish Government grant funding. There was a degree of uncertainty regarding grant funding for the remaining pipeline developments as it was possible that the Government may redirect the money to other Covid-19 related issues. The Board **NOTED** that the DoA would continue to monitor this issue for projects that do not have funding approval, and report to the Management Board through regular development reports.

Planned Maintenance Programme 2020/21

The DoA explained that the planned maintenance programme was focussed on the priority 1 projects outlined in the report. Estimated dates had been included for priority 2 and 3 projects, however these projects would only progress if the necessary financial resources were available.

ITEMS for INFORMATION

98.20 Draft Minutes of Bellsmyre and Cordale HA Committee Meetings held in June 2020

–

99.20

The draft minutes were **NOTED**.

100.20 Any Other Business

It was **NOTED** that the next meeting of the Audit & Risk Management Committee would be held on Monday 24 August 2020.

It was **NOTED** that the next meeting of the Management Board would be held on Wednesday 9 September 2020 as agreed earlier on the Agenda and that this meeting would commence at 6.00pm.

Chair's Signature