

CALEDONIA HOUSING ASSOCIATION LTD

**MINUTES OF THE MANAGEMENT BOARD MEETING
HELD ON TUESDAY 17 SEPTEMBER 2019
AT MCDIARMID PARK, PERTH**

Present:

Penny Coburn	Chair
Alan Nairn	Vice Chair
Helen Archibald	
Ian Gray	
Alex McDougall	
Graham Logan	
Veronica Lynch	
Lindsay Darroch	

Special Leave of Absence: Martin Harkness

In Attendance:

Julie Cosgrove	Chief Executive
Ron Hunter	Finance Director
Andrew Kilpatrick	Director of Assets
Tim Calderbank	Director of Operations
Garry Savage	Director of Strategy & Innovation
Barry Johnstone	Director of People
Leigh Grubb	Director of Finance and Governance
Stuart Robertson	Governance Officer (Minutes)

132/19 Election of Office Bearers and Board Members to Committees

The Secretary chaired the first part of the meeting and called for nominations for the position of Chair. Ian Gray nominated Penny Coburn and this was seconded by Graham Logan. There were no other nominations and Penny Coburn was therefore duly elected as Chair. The Secretary congratulated Penny who then took over as Chair of the meeting.

The Chair then called for nominations for the position of Vice Chair. Graham Logan nominated Alan Nairn and this was seconded by Alex McDougall. There were no other nominations and Alan was therefore duly elected as Vice Chair.

The Board then **AGREED** that the position of Treasurer should remain unfilled at this time. The Chair proposed that the Director of Finance and Governance be appointed as Secretary of the Association, in keeping with current arrangements. This was seconded by Helen Archibald.

Audit and Risk Management Committee

The Chair then called for nominations for the position of Chair of the Audit and Risk Management Committee. Ian Gray nominated Alex McDougall and this was seconded by Helen Archibald. The Board then **AGREED** that Alan Nairn, Graham Logan and Martin Harkness would continue to serve on the Committee. The Board also **NOTED** that Cordale's governing body had appointed Martin Walker and Bellsmyre's governing body had appointed Gregor Colville as their representatives on this Committee.

Remuneration Committee

The Chair then called for nominations for the position of Chair of the Remuneration Committee. Veronica Lynch proposed that Helen Archibald be re-appointed as Chair and this was seconded by Lindsay Darroch. It was **AGREED** that Penny Coburn, Alan Nairn and Lindsay Darroch would continue to serve on the Committee. The Board **NOTED** that Cordale's governing body had appointed Aileen Overend and Bellsmyre's governing body had appointed Debbie Niven as their representatives on this Committee.

Board Representative on Health and Safety Committee

It was **AGREED** that Ian Gray would continue to represent the Board on the Health and Safety Committee for the period October 2019 to September 2020.

Cordale and Bellsmyre Management Committees

The Chair advised that Alex McDougall had agreed to continue representing Caledonia on the Bellsmyre Management Committee; and that Graham Logan would continue to represent Caledonia on the Cordale Committee.

In accordance with the terms of the Intra Group Agreements in place between Caledonia and Cordale and Caledonia and Bellsmyre, the Board **APPROVED** the appointment of Margaret McCallion as Chair of the Cordale Management Committee and Louise Spence as Chair of the Bellsmyre Management Committee.

133/19 Apologies

There were no apologies.

134/19 Declaration of Interest

There were no declarations of interest.

135/19 Minutes of CHA Management Board Meeting: Tuesday 20 August 2019

The minutes were agreed as a true and accurate record and were **APPROVED** by the Board.

136/19 Matters Arising

There were no matters arising.

CONFIDENTIAL - Items for DISCUSSION and/or APPROVAL

137/19 Confidential Minutes of Caledonia HA Management Board Meeting: Tuesday 20 August 2019

The Board agreed that the minutes of this meeting were a true and accurate record and they were **APPROVED** by the meeting. The minutes were duly adopted and the Governance team would arrange for them to be signed by the Chair.

138/19 Matters Arising

There were no matters arising.

ITEMS for DISCUSSION and/or APPROVAL

139/19 Revised Caledonia Five Year Budget 1 April 2019 – 31 March 2024

The Finance Director reminded Board that it had previously been decided to re-draft the five year budget to reflect the introduction of the new staff structure, as part of the Customer First transformation programme, and other changes in income and expenditure.

It was highlighted that the proposal was to move all staff to one employer and therefore costs would now be apportioned throughout the Group on the basis of housing units in management. He added that the aim of this was to ensure a fair and consistent approach that would ensure overall Group surpluses and financial covenants could be maintained at approved levels. In response to a question regarding the interest cover position, it was explained that a 2% change in the interest cover ratio equated to approximately £100,000 of relevant earnings.

There was a brief discussion about how the approach compared with that of last year and it was noted that the reallocation of costs had not materially impacted the budget position of any of the individual entities within the Group. It was noted in particular that overheads were now re-allocated across the new structure; that, in agreement with the auditors, the severance budget had been incorporated in the 2018/19 accounts; and that there was now greater certainty around IT requirements, with the budget reflecting this accordingly.

Following a question about areas of concern in the budget, the Finance Director explained that surpluses would be carefully monitored and in particular the outcome of the proposed Bellsmyre transfer of engagements would be monitored and reported, although it was acknowledged that the treatment of this was an accounting issue and would not impact on cash flow and loan covenants. The Finance Director added that while there was a healthy cash position and available loan facilities, the impact of development activities, and the vagaries associated with programme management, on cash flow would similarly require careful monitoring. He emphasised that the Group continued to benefit from strong relationships with its lenders and remained able to secure highly competitive borrowing rates.

The Board **APPROVED** the revised budget projections and assumptions.

140/19 Revised Bellsmyre Five Year Budget 1 April 2019 – 31 March 2024

The Board **APPROVED** the revised Bellsmyre budget, which had previously been scrutinised and approved by the Bellsmyre Management Committee.

141/19 Revised Cordale Five Year Budget 1 April 2019 – 31 March 2024

The Board **APPROVED** the revised Cordale budget, which had previously been scrutinised and approved by the Cordale Management Committee.

142/19 Annual Report of the Group Audit and Risk Management Committee

The Chair of the Audit and Risk Management Committee provided a summary reminder of the important role played by the Committee. He highlighted the effectiveness of the arrangements for drawing representation from Cordale, Bellsmyre and the Caledonia Tenant Scrutiny Panel and the strong contribution of each member over the past twelve months. He commented on the work carried out in the past year to review the Corporate Risk Maps, and the identification of climate change as a new risk for the Group. He added that over the coming months the Committee would be

engaged in the Internal Audit Services tendering exercise and in planning the internal audit programme for the year ahead.

The Board thanked the Committee Chair and **NOTED** the contents of the report and attached appendix.

143/19 Governance Working Group Update

The Chair of the Working Group provided feedback following its last meeting on 10 September. He reminded members that the Working Group had been remitted to progress the self-assessment review of existing governance arrangements against the requirements of the Scottish Housing Regulator's (SHR) regulatory framework, and that the outcome of this would form the basis of the Caledonia Group's first Annual Assurance Statement. He highlighted that full documentation for the self-assessment process, including the outputs from the Working Group, was available for all Board members to view on Decision Time.

Members noted that while improvement areas had been identified, the Working Group concluded there were no areas of material non-compliance in relation to the regulatory requirements. The Chief Executive added that the self-assessment and drafting of the Annual Assurance Statement had been discussed during the recent annual regulatory meeting with the SHR, with no concerns highlighted.

The Board discussed arrangements for the ongoing monitoring of progress against the improvements action plan produced following the review, and for updating the self-assessment on an annual basis.

The Working Group Chair asked Board members to consider any other relevant issues they would wish the Working Group to consider, and to direct any further feedback to the Director of Strategy and Innovation in the first instance.

The Board also noted the proposed process and actions for drafting, finalising and securing Board approval for the Annual Assurance Statement. It was agreed to hold an additional Management Board meeting in October, on a date prior to the planned Board meeting on 29 October. This would be to consider the draft Statement and identify any amendments required in order to secure Board approval. Board Members would be advised of the date of this meeting in due course.

The Board welcomed the feedback report and acknowledged the extensive work carried out by the Working Group, Executive Management Team and wider staff group.

144/19 Scottish Social Housing Charter Self-Assessment Update

The Director of Strategy and Innovation (DSI) reminded members of the purpose of the Scottish Social Housing Charter; and the requirement on landlords to self-assess their performance against the Charter Outcomes on an annual basis. The results of this self-assessment form the basis of the Annual Charter Report to tenants and service users, which is published in October each year.

The DSI outlined the key components of the self-assessment, which included a review against a list of qualitative criteria and consideration of key performance indicator (KPI) results in relation to agreed benchmarks. He added that discussions with the Scrutiny Panel had highlighted the importance that tenants placed on the KPI results and delivery of improvement actions. It was **NOTED** that this would be reflected upon as part of a review of the overall self-assessment approach, which would be carried out in the coming year.

The DSI highlighted the assessment had concluded that thirteen out of the fourteen Charter outcomes had been fully achieved. He explained that the Executive and Operational Management Teams had agreed that on balance the Repairs and Maintenance outcome had been only partially achieved. In the main this was attributed to the reduced performance levels experienced following the main contractor going into administration; and the subsequent challenges faced by temporary contractors in meeting required targets.

It was **NOTED** that the full self-assessment document was available on Decision Time. The DSI advised that there was a typographical error on the heading of one of the outcomes as it referred to the wrong year; and that some data tables and charts had been unintentionally included at the end of the finalised document. It was **NOTED** that an amended version would be uploaded to Decision Time at the earliest opportunity.

[Veronica Lynch left the meeting at this point.]

145/19 Update on 3 King Street, Renton

The Director of Assets reminded Board of the difficulties encountered during initial works to refurbish 3 flats in King Street, Renton. In particular, these included the identification of additional rot work required to the party floor; the requirement to carry out this work from the ground floor commercial premises owned by a third party; and the refusal by this third party to allow access for the work to be undertaken.

The Director of Assets advised that a negotiated position had now been reached with the third party, which would enable work to progress. A design and specification had been prepared and quotes had been received from builders. Negotiations had concluded with Caledonia agreeing to pay 80% of the cost of the work, and the third party owner agreeing to pay the remaining 20%. A contract for carrying out finishing works within the 3 flats would be tendered for separately.

Following a brief discussion on alternative options that had been considered, the Board **APPROVED** the commencement of the work required to the separating floor.

146/19 Draft Minutes of the Health, Safety and Wellbeing Committee Meeting: Thursday 29 August 2019

The draft Minutes were **NOTED**.

Graham Logan questioned whether the Driving for Work Policy applied to Board members, in view of their ability to claim for business mileage incurred. Following a brief discussion on the status of governing body members, the Director of People was asked to investigate the issue and report back to the Board at the next available opportunity.

147/19 Draft Confidential Minutes of Bellsmyre HA Committee Meeting: Monday 12 August 2019

The draft Confidential Minutes were **NOTED**.

148/19 Draft Minutes of Bellsmyre HA Committee Meeting: Monday 12 August 2019

The draft Minutes were **NOTED**.

149/19 Draft Confidential Minutes of Cordale HA Committee Meeting: Tuesday 13 August 2019

The draft Confidential Minutes were **NOTED**.

150/19 Draft Minutes of Cordale HA Committee Meeting: Tuesday 13 August 2019

The draft Minutes were **NOTED**.

151/19 Any Other Business

The Chair extended a warm welcome to Leigh Grubb who had recently been appointed as the new Director of Finance and Governance.

The Chief Executive informed Board that she had received a letter from YMCA regarding delays being experienced with a potential housing development and its intention to seek to recover costs, which it had incurred, from the Association. It was **NOTED** that an update on this matter would be provided to a future meeting of the Board.

The Chief Executive asked members to consider the requirement for the annual Strategy Meeting, which had been scheduled for November. She highlighted that the current business strategy remained entirely relevant and its implementation was involving a period of significant ongoing change; and that a review of the broader governance structure was already planned as part of this.

Following discussion on the purpose of the Strategy Meeting and the relative merits of it taking place the Board **AGREED** to defer the Strategy Meeting to a date in 2020.

There being no other business, the meeting was concluded.

Chair's Signature