

CALEDONIA HOUSING ASSOCIATION LTD

MINUTES OF THE MANAGEMENT BOARD MEETING HELD ON TUESDAY 25 FEBRUARY 2020 AT 5 SOUTH ST JOHN'S PLACE, PERTH

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| Present: | Penny Coburn | Chair |
| | Alan Nairn | Vice Chair |
| | Mary Clark | |
| | Lindsay Darroch | |
| | Ian Gray | |
| | Alex McDougall | |
| | Graham Logan | |
| | Veronica Lynch | (from Item 22.20) |
| In Attendance: | Julie Cosgrove | Chief Executive |
| | Leigh Grubb | Director of Finance & Governance |
| | Garry Savage | Director of Strategy & Innovation |
| | Tim Calderbank | Director of Customer Services |
| | Barry Johnstone | Director of People |
| | Andrew Kilpatrick | Director of Assets |
| | Jenny Dalton | Governance Officer (Minutes) |

18.20 Apologies

Apologies were **NOTED** from Helen Archibald, Andrew Richmond and Martin Harkness.

Post Meeting Addendum - Martin Harkness emailed the Governance Officer on 26 February 2020 to advise that he had arrived at the office but had been unable to gain access. Therefore he will be recorded as an apology.

19.20 Declaration of Interest

As Association tenants, Ian Gray and Mary Clark declared an interest in Agenda Item 23.20 – Rent Increase Proposals and Consultation Outcome. Alex McDougall declared an interest in the Service Charge section of Agenda Item 23.20. The Chair advised that Ian and Mary would leave the meeting whilst the whole of item 23.20 was considered with Alex McDougall leaving the meeting whilst the service charge element of the report was considered.

ITEM for DISCUSSION and/or APPROVAL

20.20 Minutes of the Management Board Meeting held on Tuesday 28 January 2020

Item 6.20 to be amended to refer to the Customer First Working Group (CFWG) and not the Governance Working Group (GWG). The minutes were subsequently agreed as a true and accurate record and **APPROVED** by the Management Board subject to this amendment being made.

21.20 Matters Arising

Item 5.20 Matters Arising – Freedom of Information Training for Board Members The Board members would be notified of their Caledonia email addresses within the next few weeks with guidance on the use of the email addresses and broader data management issues distributed at the same time. Graham Logan suggested that consideration should be given to segregating Board members email addresses from staff email addresses to avoid communication being sent to the wrong person.

22.20 Chief Executive's Report

Governance Review Group

The Vice Chair advised that following discussion at the Governance Review Group (GRG) meeting on 30 January 2020 a brief had been issued to five consultancy firms. The response had been very disappointing with only one submission returned that quoted costs over the allocated budget for this work. Whilst the submission had still to be fully assessed it was proposed that the budget for the consultancy work be increased by £5,000. The Vice Chair explained that this would provide the GRG with the flexibility to proceed with appointing the consultant without reverting back to the Management Board.

The GRG members had agreed that they should aim to conclude the review work by June 2020, following which presentations and recommendations would be made to the Group governing bodies.

The GRG had also reviewed and made some minor changes to its Terms of Reference (ToR) and the revised ToR was attached to the Chief Executive's Report for approval. Draft notes from the GRG meeting and a copy of the discussion paper were also attached to the Chief Executive's Report for information.

Board members **APPROVED** the proposal to increase the consultancy budget to £15,000 and the minor changes to the Governance Review Group Terms of Reference. .

Housing Vision 2040

The Chief Executive advised that she had attended a recent SFHA event on the Scottish Government's draft vision for housing. The feedback from this and other such events would inform SFHA's response on behalf of the sector. SFHA had intimated that they were currently lobbying the government to gain clarity on the level of funding which would be available post the government elections in 2021.

Residential Care Unit, Leuchars

This section of the minutes has been classed as confidential as it contains sufficient information to enable individual residents and staff members to be identified. Publication of this information would therefore breach applicable data protection legislation.

Mary Clark and Ian Gray left the meeting whilst the next Agenda item was discussed.

23.20 Rent Increase Proposals and Consultation Outcome

The Director of Customer Services (DoCS) referred to the tenant consultation exercise that had been undertaken based on the series of rent increase options agreed by the Management Board in January 2020.

The consultation exercise generated 961 responses, which was a significant improvement on previous years. At the end of the consultation period the comments and feedback received had been assessed from which it was established that the preferred option was Option 1 – increase rents by 2.7%. The DoCS explained that where a respondent made a specific service request or mentioned a maintenance issue, arrangements had been made to contact them directly.

As previously advised, separate consultation exercises had been undertaken with the residents at Bowerswell Memorial Homes and the residents of the former Antonine Housing Association properties in Kirkintilloch. 51% of Bowerswell residents had returned the survey, the largest percentage of which had expressed a preference for Option 1 – the Caledonia rent increase of 2.7% plus an additional £3.50 per week. Responses from tenants in the Kirkintilloch area to the consultation were extremely low with only 8 replies out of over 300

residents. This had not been unexpected given that the proposal was in line with the transfer commitments and there were no adverse comments received.

Alex McDougall left the meeting whilst the service charge aspect of the report was discussed.

The annual review of service charges had resulted in an average increase equivalent to 7.5%. A summary of the service charge income for 2020/21 and its comparison to 2019/20 income was attached to the report with full details of the proposed charges at individual scheme level available to view in the Document Library on Decision Time.

The DoCS explained that the increase in service charges was mainly due to increases in grounds maintenance contract costs and other rechargeable maintenance costs. Another element of the increase in charges was the first time inclusion of a 10% administration fee for meals and alarm charges.

The Vice Chair queried whether the Executive Management Team was confident that the proposed service charge increases would cover expenditure in 2020/21. The Director of Finance & Governance (DoFG) explained that it was not possible to identify exact costs until contracts were tendered and that the budgeted costs were based on the best information currently available with reasonable allowances made for inflationary increases where appropriate.

Whilst Management Board members accepted that it was impossible to pre-determine maintenance costs it was agreed that the approach to setting and reviewing service charges be considered alongside the forthcoming rent harmonisation process.

Following consideration of the report, the Management Board **APPROVED** the following recommendations for 2020/21:

- The rent increase of 2.7%;
- The service charge increases outlined in the report;
- The rent harmonisation increase at Bowerswell Memorial Homes based on the approved Caledonia rent increase of 2.7% plus an additional £3.50 per week;
- The rent increase for the former Antonine Housing Association properties in line with the Transfer of Engagement agreement at 1.7% for the 1 and 2 apartment properties and a rent freeze for the 3, 4 and 5 apartment properties

Board members noted that a number of tenants who had responded to the consultation exercise had misinterpreted the options given and requested that the DoCS ensure that the wording of any options in next year's rent consultation process was clear and concise.

Mary Clark, Ian Gray and Alex McDougall re-joined the meeting at this point.

24.20 Former Tenant Arrears and Credit Write Off and Recharged Repairs Update

The DoCS presented the report and advised that the total value of former tenant arrears written off under delegated authority in 2019-20 amounted to £27,374.73, representing less than 0.2% of the total rent debit for the year. The DoCS explained that there were also outstanding credit balances of £12,864.56.

The DoCS explained that former tenant arrears were only written off when all recovery actions, including the use of a debt recovery agency, had been exhausted. Should the whereabouts of any of the debtors become known in future then the debt would be reactivated.

The Board **NOTED** the information regarding former tenant arrears written off in 2019/20 and **APPROVED** the write off of the identified former tenant arrears and credit cases where the sum was in excess of two months' rent. The Board also **NOTED** the information provided in the report relating to rechargeable repairs.

25.20 Business Plan 2020-2025

The Director of Strategy & Innovation (DoSI) presented the Business Plan 2020-2025 which, as previously agreed by the Management Board, had been developed as a single combined document for the Group's three Associations. Information on specific local operational priorities relating to all three Associations was included in the Plan.

As agreed by the Management Board at the January 2020 meeting, the Business Plan 2020-2025 continued to focus on the six existing strategic initiatives and to build on the progress made with these initiatives over the past year. It also incorporated the further initiative proposed at the January Board meeting relating to the implementation of the People Strategy.

As in previous years, updates on the progress of implementing the initiatives would be provided to the Group governing bodies on a quarterly basis with progress on the specific operational priorities of each Association being reported separately.

The Management Board **APPROVED** the Group Business Plan 2020-25 and **NOTED** that a corporate branded summary version would be produced for stakeholders, tenants and other customers in due course.

26.20 Budget for the Five Year Period to 31 March 2025

The DoFG advised that a number of changes had been made to the draft budget following consideration by the Management Board at its meeting in January 2020. These changes included an increase in the service charge expenditure budget, factoring income being projected to cover the associated costs of the service, an uplift in the reactive and relet repairs budget and the recruitment of an additional ICT Officer.

The DoFG referred to the projected new rental income from developments due for completion in 2020/21 and the impact on the Association's profitability and consequently on interest cover should there be any delay in completing these projects. The DoFG explained that as a mitigating factor, a proportion of the proposed planned maintenance budget had been apportioned as separate contingency funding that would be made available for investment only once the new rental income was secured. The Director of Assets (DoA) had identified specific projects that would be held back to utilise this funding at the appropriate time.

The Management Board **APPROVED** the budget projections and assumptions for the five year period to 31 March 2025.

27.20 Cordale Budget for Five Year Period to 31 March 2025

The DoFG advised that the budget had been considered by Cordale's Management Committee at its meeting on 18 February 2020; however in line with the Intragroup Agreement, the budget could not be adopted until it had been approved by the Caledonia Management Board.

The Board **APPROVED** Cordale's budget for the five year period to 31 March 2025.

28.20 Bellsmyre Budget for Five Year Period to 31 March 2025

The DoFG advised that the budget had been considered by Bellsmyre's Management Committee at its meeting on 17 February 2020; however in line with the Intragroup Agreement, the budget could not be adopted until it had been approved by the Caledonia Management Board.

The Board **APPROVED** Bellsmyre's budget for the five year period to 31 March 2025.

29.20 Projected Financial Outturn 2019/20 – Revised Forecast

The DoFG advised that the purpose of this report was to update the Management Board on the results of the analysis of the forecasted outturn reported to the January Management Board meeting and to provide an updated projected outturn for 2019-20.

The analysis had identified areas of projected expenditure that could be reduced in the final quarter, whilst acknowledging other areas of projections where it was prudent to make further budget provision in light of actual expenditure in the year to date.

Management Board members **NOTED** the net savings identified through the reforecasting exercise.

30.20 Applications for Membership

The Management Board **APPROVED** the applications for membership outlined in this report.

31.20 Bellsmyre HA Transfer of Engagements Update

The DoSI advised that almost 60% of Bellsmyre's tenants had engaged with the consultation process, with the feedback on the regeneration and investments plans being very positive. The process would now move on to the tenant ballot stage. It was acknowledged that there was a risk that there may be a low response rate. As a result, a clear and simple message reminding tenants to vote would be communicated, with a wide range of options provided to ensure it is as easy as possible to vote.

At this stage of the ToE process, notifications to other relevant stakeholders was required, with information being completed for submission to OSCR and an update provided to the Scottish Housing Regulator.

32.20 Business Performance 2019-20 - Quarter 3 Update

The DoSI explained that a number of errors in the Business Performance Scorecard had been identified and that these would be rectified and the correct information circulated to Board members.

The Management Board **NOTED** that a comprehensive revision of the business performance reporting process was being considered by the Executive Management Team. This included a review of the key performance indicators (KPIs) to ensure they were relevant to the Management Board, providing the information in a more user friendly format and compiling the information electronically. On conclusion of the review, the proposals would be reported to the Management Board for approval.

33.20 Development and Planned Maintenance Update

The DoA provided an update on the developments currently on site and confirmed that following the discussion at the January 2020 meeting of the Management Board, the surplus margin in the Care & Repair tender had been reviewed.

The Management Board **APPROVED** the recommendation that the Association progress with the development at Coldside Road, Dundee on the basis of the revised figures set out in the report.

The Board also **NOTED** the information provided on the tenders submitted for the following work:

- Roof replacement at Bowerswell House, Perth;
- Demolition of empty commercial properties at Morgan Street, Dundee,
- Provision of Stage 3 Adaptations for Caledonia Properties in Perthshire and East Dunbartonshire
- Provision of Stage 3 Adaptations for Caledonia Properties in Angus, Dundee and Fife

POLICIES for DISCUSSION and/or APPROVAL

34.20 People Strategy

The Director of People (DoP) explained that as the Customer 1st ambitions and improvement priorities had been incorporated into the 2020-25 Business Plan, a People Strategy had been drafted that would focus on how the Group invested in the development of its people and culture to support the successful delivery of the business strategy.

A People Strategy monitoring update would be presented to the Board on a quarterly basis as part of the Business Plan update report. The Board would also receive information on relevant KPI's as part of the quarterly Business Performance Report. It was also proposed to provide the Board with a bi-annual People Strategy report that highlighted the progress and impact of the People Strategy.

The Management Board queried why senior officer succession planning was not included in the Strategy. The DoP explained that the Strategy focussed on the first year of a three-year period and that succession planning was scheduled to be considered in Year 2. On consideration, Board members **AGREED** that whilst the main focus should be on Year 1, the Strategy should also outline the areas to be developed in Years 2 and 3.

The DP advised that the Strategy would now be presented to the Cordale governing body for consideration and the Management Board **APPROVED** the People Strategy with the provision that should the Cordale governing body propose any significant changes to the document then it would revert back to the Caledonia Management Board for further consideration. Approval was also subject to the inclusion in the Strategy of outline information on the areas due to be considered in Years 2 and 3 as discussed.

35.20 ICT Strategy

The DoSI explained that the priorities and actions proposed in the ICT Strategy had been developed following the Executive Management Team's consideration of the outcomes of an ICT systems review. The review had been carried out by specialist ICT consultants over November and December 2019

Key priorities included changes to the structure of the ICT team to create specialisms in key areas together with the addition of a further ICT Officer. It also proposed the development and implementation of an ICT service management approach to improve and strengthen the structure that underpinned the delivery and support of the Group's ICT services, infrastructure and applications. Provision had been made within the 2020-21 budget for further specialist ICT consultancy support to assist in the delivery of the Strategy actions, with the support also extending to include the design and implementation of the new Electronic Document Management System.

Progress being made with the implementation of the identified improvement actions would be subject to review and scrutiny by the Executive and Operational Management Teams and the Group's governing bodies. Primarily this would be through an initial annual review cycle for the Strategy and also progress information provided through the Business Plan Update Report presented to the governing bodies on a quarterly basis. Outcomes relating

to the ICT Roadmap were included in the Implementation Plan section of the Business Plan presented elsewhere on this meeting's agenda.

Members agreed that the ICT Strategy provided a solid starting point for the Group to build on and improve its existing ICT infrastructure and **NOTED** that the Strategy would now be presented to the Bellsmyre and Cordale Management Committees and Caledonia's Tenant Scrutiny Panel for comment. Board members **APPROVED** the Group ICT Strategy subject to there being no significant changes proposed by the Management Committees or Tenants Scrutiny Panel.

ITEMS for INFORMATION

**36.20 – Minutes of Bellsmyre and Cordale January 2020 Management Committee Meetings
37.20**

These minutes were **NOTED**.

38.20 Any Other Business

It was **NOTED** that the Audit & Risk Management Committee meeting would be held on Wednesday 18 March 2020 in the Association's Perth Office.

It was **NOTED** that the next Management Board meeting would be held on Tuesday 28 April 2020 in the Association's Perth Office.

There being no other business, the meeting was concluded.

Chair's Signature