

# BOARD MINUTES



**Meeting Date:** 05 August 2021  
**Time:** 5pm  
**Venue:** Virtual meeting

## Board Members in Attendance

Martin Joyce  
Adam Turner  
Steven Prevost  
Neil Tulloch  
Victoria Bluck  
Craig Morton  
Chris Boyle  
Ann Wilson  
Jeremy Hewer

## Apologies

Anne Gault  
Andrew Saunders

## Staff in Attendance

John Davidson	Chief Executive
Angela Coutts	Director of Corporate Services
Sandy Young	Director of Housing Management
Iona Taylor	Director of Asset Management
Craig Porter	Director of Finance and ICT
Tammy Allan	Business Improvement Officer (minutes)

## Others in Attendance

Linda Ewart (For items 6666 to 6679)

Please note that these minutes have been edited to remove any commercially sensitive or confidential discussions.

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## STANDING ITEMS

6666	<p><b>Welcome</b></p> <p>The Chair welcomed everyone to the meeting.</p>
6667	<p><b>Apologies</b></p> <p>A record was made of apologies from non-attendees.</p>
6668	<p><b>Use of Seal</b></p> <p>None.</p>
6669	<p><b>AOCB Approval</b></p> <p>IT advised that she was seeking approval to accept the medical adaptations grant offer.</p>
6670	<p><b>Declaration of Interest on any Agenda Items</b></p> <p>None.</p>
6671	<p><b>Membership Applications</b></p> <p>None.</p>
6672	<p><b>Matters Arising/Update/Information Papers for Discussion</b></p> <p>None.</p>
6673	<p><b>Minutes from Previous Meeting</b></p> <p>The Board <b>approved</b> the Minutes from the previous meeting.</p>
6674	<p><b>Board Members – Items for Future Meetings</b></p> <p>None.</p>
6675	<p><b>Board Training – Verbal</b></p> <p>None.</p>
6676	<p><b>Chief Executive’s Report</b></p> <p>JD presented the report and noted that staff members had expressed their thanks for the recent cost of living award.</p> <p>MJ referred to the Covid 19 update and the Association’s thoughts on home working and asked if any consideration had been given to re-commencing in-person Board meetings. JD noted that he would welcome feedback from Board members on their thoughts on the matter and advised the topic may be worth considering at the strategy day when also discussing the revised Board cycle. JD also advised that a hybrid approach had been suggested for Board meetings, but noted that his preference would be to have everyone attend virtually or everyone attend in person. If a hybrid approach was required, alternative software would need to be purchased to make it work effectively.</p> <p>JH noted that he is really impressed with the Let’s Get Digital initiative, but enquired if there is a way to measure what the requirement is and if AHA is providing only the hardware or the wi-fi connection as well. JD advised that AHA will only be providing the hardware, but the IT manager took up his post this week and part of his role will be to establish how AHA can provide blanket internet access. AC also advised that AHA do not have any mapping data available, but when the Association discussed the requirement with one of the local schools, it</p>

	<p>was apparent that AHA had more kit than was required which gave a good indication of the success of recent digital initiatives.</p> <p>Regarding the Growing Together project, NT enquired if there was any indication whether there is a need to provide allotment plots. AC advised there had been no indication that this would be a requirement. However, owing to the success of the Growing Together initiative in delivering Scottish Government Community Engagement objectives, there is likely to be funding available to extend the project for a further six months which will allow a bridge between Phases 1 and 2 of the project.</p> <p>The Board <b>noted</b> the content of the Chief Executive’s report.</p>
6677	<p><b>AGM Statement of Readiness</b></p> <p>JD advised that the Statement of Readiness is an annual report which confirms the Association’s position regarding the AGM which will be held on 16<sup>th</sup> September. JD also advised that AHA will be holding an SGM on 18<sup>th</sup> August.</p> <p>The Board <b>noted</b> the Statement of Readiness.</p>
<b>CONSENT AGENDA</b>	
6678	<p><b>Approval of Consent Agenda</b></p> <p>CP referred to the Management Accounts and advised that a new executive summary, recommended by SP, had been included.</p> <p>With regards to the Security Valuation report, CP advised there had been a significant increase in the valuation. CP also advised that AHA had used the output from the stock condition survey to get to the final valuation and CP is currently in discussion with RBS regarding obtaining a security pack for 1600 properties.</p> <p>The Board <b>agreed</b> to the recommendations within the consent agenda.</p>
<b>PRESENTATION</b>	
6679	<p><b>Linda Ewart</b></p> <p>LE informed the Board that the format of the Board review was similar to previous years so that a comparison could be carried out easily. LE advised that 11 appraisals were carried out virtually this year. Last year they were carried out via telephone, and it was felt that virtual appraisals worked better.</p> <p>LE moved on to discuss the priorities for 2021/22 and advised that these structure the report that she has put together.</p> <p>LE advised that she was happy with how the Board adopted home working early on and everyone coped as well as they could. LE was satisfied that the Board has remained well informed throughout the pandemic and a strong tenant focus has been maintained. A significant point is the success of appointing a new CEO, a new Director and four new Board members in the last year despite everything else that was going on.</p> <p>Although a tenant survey hasn’t been carried out, the Board is keen to re-engage with tenants.</p> <p>LE noted that there was a strong view from Board members that they feel as though they should be involved with initiating ideas rather than just ratifying ideas that are brought to them. There is a great deal of frustration around wanting to be at the forefront, but Board</p>

members acknowledged that they also don't make any suggestions. LE advised that clarity around Board roles must be given and a Board induction would be helpful, particularly as this can help with succession planning.

There has been significant change in the Association which has brought more oversight responsibility.

LE advised there is a viable business plan which is especially important to Asset Management. There is an enthusiasm for AHA to be a developing RSL, but we must be mindful that we are not the only RSL in West Lothian.

LE asked the Board if they had any questions regarding her report.

AT noted that LE had provided some good suggestions that the Board should consider and he asked LE if she saw any trends between AHA and other RSLs. LE advised that AHA is fairly consistent this year. She advised that people have benefited from virtual meetings, but other Associations have been less accepting of this option.

AW noted that the structure of AHA's Board has helped with moving forward with virtual meetings. AW also advised that training had previously been given on risk appetite and enquired whether this should be carried out again. LE noted that the AHA Board structure is different from many others as the majority of AHA Board members are working professionals, which is possibly why virtual meetings has worked better. LE moved on to advise that the time is right to discuss risk appetite within the Board.

MJ noted that the stock condition survey has been on the agenda for quite some time and advised that it needs to remain the focus for Asset Management, especially now that a new Director is in post.

MJ noted that he took on board the comments made by Board members regarding the length of time it takes to conduct the annual appraisals. However, he also advised that it was a worthwhile and useful process. He moved on to advise that given the changes in circumstances throughout the pandemic, it is positive that AHA has managed to remain consistent.

## REPORTS FOR DISCUSSION

6680

### **Final Audit Findings Report**

AT presented the report noting that the final materiality was determined based on a percentage of net assets for the year, giving an overall materiality figure of £1,080k.

With regards to the development projects and cut off issues RSM had reviewed developments in the year and were satisfied that all the costs that were incurred for Polbeth and St Paul's were included within the correct period and adequate controls are in place. A review of the that most of the component upgrades were carried out and the auditors were satisfied with the useful life calculations.

In respect of the economic climate and the impact on the going concern the report noted that the Association's 5-year plan was scrutinised along with the budget and RSM were satisfied with the assumptions and results to enable the going concern to be agreed. RSM also looked at the Association's loan covenants and confirmed compliance had been maintained.

AT highlighted that one recommendation on controls was made this financial year. This related to the overpayments that are sitting with AHA as a result of rent payments in advance, RSM had recommended that an attempt is made to repay these credit balances or write off

	<p>these balances. CP advised that a full review of this process will be undertaken and a report will be brought back to the Audit and Finance Sub-committee in January to provide an update on progress.</p> <p>The Board <b>approved</b> the Final Audit Findings report including the draft Representation Letter and are satisfied that the points raised within the report.</p>
6681	<p><b>Internal Financial Control Statement</b></p> <p>AT advised the Board that the Internal Financial Control Statement will be included within the Financial Statements and sets out that AHA has the correct controls in place.</p> <p>The Board <b>approved</b> the Internal Financial Control Statement included within the Financial Statements as recommended by the Audit and Finance Sub-committee.</p>
6682	<p><b>Finance Statements for the year ended 31 March 2021</b></p> <p>AT advised that the Audit and Finance Sub-committee was comfortable with the Financial Statements that had been presented.</p> <p>The Board <b>approved</b> the Financial Statements for the year as recommended by the Audit and Finance Sub-committee. These financial statements will be presented to the AGM in September.</p>
6683	<p><b>Risk Map: Q1 Review</b></p> <p>AT informed the Board that two small changes had been made to the Risk Map and these changes partly reflect the passage of time. AT also informed the Board that there had been a discussion around the risk map and consideration is being given to how projected risk levels can be incorporated.</p> <p>The Board <b>noted</b> the status of the risk map as submitted by the Audit and Finance Sub-committee.</p>
6684	<p><b>Risk Management Strategy</b></p> <p>AT advised that the Audit and Finance Sub-committee felt comfortable to recommend that the Risk Management Strategy is approved.</p> <p>The Board <b>approved</b> the reviewed Risk Management Strategy as recommended by the Audit and Finance Sub-committee.</p>
6685	<p><b>Treasury Update – LIBOR Transition</b></p> <p>AT presented the report and advised that the Audit and Finance sub-committee was recommending delegated authority be given to the Director of Finance to finalise the loan agreement amendments with the Association’s lenders, RBS and Nationwide. CP also advised that AHA has received formal draft proposals from RBS which have been reviewed by ATFS and TC Young. Following TC Young’s review, AHA has requested changes to the documentation around the fallback and market disruption clauses. To date CP has not received the revised proposal.</p> <p>The Board <b>delegated</b> authority to the Director of Finance to finalise the loan agreement amendments resulting from the removal of LIBOR at 31 December 2021 for our lending with RBS and Nationwide prior to the Chair’s signature.</p>
6686	<p><b>Bad Debt Write-Off</b></p>

	<p>AT advised the Board there was nothing unusual presented in the report and recommended that the write-off balances are approved.</p> <p>The Board <b>approved</b> the proposed bad debt write-off/write-off of credit balances as submitted by the Audit and Finance Sub-committee.</p>
<b>Corporate Services</b>	
6687	<p><b>Board Election Information</b></p> <p>JD informed the Board that the election table outlines that at this year's AGM, three Board members are due to stand down. This year it will be AS, AG and MJ. AS has advised that after 27 years on the Board, he is not looking to stand for re-election, however, both AG and MJ are. VB and CM are also seeking election to the Board.</p>
6688	<p><b>Election of Office Bearers</b></p> <p>JD informed the Board that MJ intends to stand down as Chair at the AGM this year and, therefore, nominations are required for both the Chair and Vice Chair roles.</p> <p>MJ nominated AT as Chair and this was seconded by AW. AT accepted this nomination.</p> <p>With regards to the Vice Chair role, MJ advised that there is still time for nominations to be made and accepted. No-one volunteered for the role and MJ advised that everyone should take the time to reflect, and consideration would be made at a later date.</p>
6689	<p><b>Election to Sub-committees and Working Groups</b></p> <p>There was a discussion around who would like to join each of the Sub-committees – Audit and Finance, Staffing, and Allocations.</p> <p>MJ advised that he would like to remain on the Staffing Sub-committee if this would be permissible as he would not be standing as Chair after the AGM.</p> <p>NT volunteered for the Allocations Sub-committee.</p> <p>AC advised that the Board members can join each of the Sub-committees even if they do not wish to hold an office-bearing role.</p>
6690	<p><b>Annual Assurance Statement</b></p> <p>JD presented the report and thanked the Board members who assisted with the review of the assurance statement evidence list.</p> <p>VB noted that it was a very thorough review and she was happy with the documents that were available.</p> <p>SP thanked ACa for making the review process extremely straightforward and she responded promptly to his queries. SP was also really encouraged by the documents that he reviewed and was confident that there is a strong governance focus within the Association.</p> <p>The Board <b>approved</b> AHA's Annual Assurance Statement to the Scottish Housing Regulator and the evidence collated to support the Statement.</p>
6691	<p><b>Key Performance Indicators – to end quarter 1</b></p> <p>AC informed the Board that the results that were being presented were for quarter 1 only and, generally, all of the results were positive throughout each section within the Association.</p> <p>The Board <b>noted</b> the action taken on the red KPI information, and <b>agreed</b> the action being taken by officers.</p>

6692	<p><b>Strategic Goals Progress Report</b></p> <p>AC presented the report and reminded the Board that the Directors are currently working through a number of project plans as part of the overall improvement plan.</p> <p>AC also informed the Board that the Association is using Microsoft Project to monitor the progress. However, this product is new to SMT and as more progress is made, a more robust report will be brought to Board.</p> <p>The Board <b>noted</b> the progress of the projects within each of the improvement plans.</p>
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**Asset Management**

6693	<p><b>Quarterly Development Report</b></p> <p>IT presented the development report and informed the Board that it provides a summary of the projects that are currently underway, but there are also two developments where a decision needs to be made by the Board.</p> <p><b>Information removed or edited due to information relating to personal/confidential items or being commercially sensitive.</b></p> <p>IT noted that the planners were concerned with the density of the site and this was one of the reasons why they reduced the number of properties, but IT is not convinced that they have been reduced enough.</p> <p>CP advised that he had run through the costs. However, SP highlighted a formulaic error, hence the reason for the revised paper that was issued prior to the meeting. CP confirmed that the error did not affect the NPV and that the financial model is based on 1-2-bed properties in Craigshill.</p> <p>CP also advised that the financials are based on CPI over the full planning period. AHA is still working through the results of the recent stock condition survey and he noted that the headline figures are showing there will be an extra spend of £22m. However, this has been included within the financial plans over the next 30 years. CP moved on to advise that, based on a rent increase of 0.22% above CPI and to get this project to stack up, an additional 0.2% would be required above these values.</p> <p>MJ advised that he has had discussions with both AT and JD regarding this project and it had been noted that due to the figures involved, it was felt best to withdraw. For the project to go ahead, the stock would ideally need to be similar to the type AHA already has and there would need to be a way to make the figures work. However, it sounds like there is very little movement.</p> <p>The Board noted their concerns with the project and felt that it wasn't the right development for AHA to be involved in.</p> <p>The Board <b>approved</b> AHA's withdrawal from the project.</p> <p>IT moved on to advise that Blackburn is a smaller development and West Lothian Council (WLC) has already advised they would like AHA to be involved with the development. IT also advised that SMT has a much larger appetite for this site. She is aware that there will be cost implications with supply chain and materials, and she is awaiting to see how the Scottish Government will respond with regard to the grants that are made available.</p> <p>CP noted that the financials for this site are more positive than the Sydney Street development and advised that it has been costed on known costs. CP also advised he believed that the costs we have are more certain and the risk exposure for this development is far less.</p>
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MJ advised that following discussions with JD, he is keen to progress with the scheme.

AW enquired if there was a possibility of land banking for the time being even though there are issues that the Association cannot avoid. IT advised that the Blackburn site is part of the community regeneration project for the area and land banking is not an option as both WLC and the developer are keen to progress.

IT also advised there is no financial commitment to AHA at this present time.

SP enquired whether there was an option to introduce mid-market rents for this development. IT advised this wasn't something AHA has done before, but if there was an appetite for it, she would explore it as an option. CP advised at this point that the Association didn't have the structure to support this.

The Board **approved** Almond HA continuing to work with the developer/contractor on the project to facilitate a grant acquisition and tender application to Scottish Government prior to the end of the current financial year, subject to all standard diligence, on the assumption of increased rents across our stock of above CPI for future business plans.

**Housing Management**

6694     **Lettings Plan**

As there are new Board members, SY informed them of the Association's current lettings plan and advised the Board that as AHA is starting to develop outwith Livingston, AHA needs to consider an alternative approach.

SY moved on to advise that the new development in Polbeth has a good mixture of property types, but the Association cannot allocate in full using the current quota.

SY also advised that although Polbeth is not a great distance from Livingston, AHA may be required to look at getting tenants to move out of bigger properties and into properties better suited to them. This would free up larger properties to those on the waiting list who require them.

The Board **noted** the lettings plan for the Polbeth site and that future sites will likely require a similar approach.

6695     **Extension to Tenancy Sustainment Services for tender close**

SY presented the report and reminded the Board that AHA had to change support providers at short notice due to the previous provider being unable to meet the project needs. AC was able to source Housing Options Scotland (HOS) to cover the contract which will expire in September 2021. SY moved on to advise that as the Board is not due to meet again until November, he was seeking approval to extend the HOS contract until then. This would allow additional time to conclude the procurement process.

SY informed the Board that there were some concerns around the lack of interest that AHA received with the tender that has been published. However, AHA is exploring the option of allocating the service to AEL Ltd via Teckal exemption or bringing the post in-house.

JD advised that the contract could be extended and, if a good tender submission is received, an extension would not be required. AC also advised that in the past, and as part of giving back to the community, AHA has offered additional training in submitting a tender document to smaller companies that are inexperienced in this process.



	The Board <b>approved</b> the extension to November 2021 of the Tenancy Sustainment Service (TSS) contract run by Housing Options Scotland (HOS) whilst the tender process is completed and until the Board meets again later this year.
6696	<p><b>AOCB</b></p> <p>IT advised that AHA has been offered a medical adaptations grant of £106,000. This is an increase on last year when we received £102,000, but IT believes that this is to assist with clearing the backlog of work that is required following the pandemic in 2020.</p> <p>The Board was happy for AHA to accept the grant offer.</p>
	<b>Date of Next Meeting:</b> 04 November 2021

Approved by:

Date: