

BOARD MINUTES



Meeting Date: 03 February 2022
Time: 6pm
Venue: Virtual, via MS Teams

Board Members in Attendance

Martin Joyce
Adam Turner
Neil Tulloch
Victoria Bluck
Chris Boyle
Jeremy Hewer
Craig Morton

Apologies

Anne Gault
Steven Prevost

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

STANDING ITEMS

6727	<p>Welcome</p> <p>The Chair welcomed everyone to the meeting.</p>
6728	<p>Apologies</p> <p>A record was made of apologies from non-attendees.</p>
6729	<p>Use of Seal</p> <p>None.</p>
6730	<p>AOCB Approval</p> <p>JD advised that he would provide a verbal update, as part of the Chief Executive’s report, regarding the fire in Katherine Street.</p>
6731	<p>Declaration of Interest on any Agenda Items</p> <p>None.</p>
6732	<p>Minutes from Previous Meeting</p> <p>The Board approved the Minutes from the previous meeting.</p>
6733	<p>Matters Arising/Update/Information Papers for Discussion</p> <p>With regard to Min Ref 6711, CP advised that he notified the Audit and Finance Sub-committee that AHA was unable to write off the approved amount of £63,703.74 as it had been noted that there had been some level of activity in three of the accounts. As a result, only £62,476.74 could be written off. AHA has started to make contact with the three account holders so that refunds can be made.</p> <p>CP moved on to advise that the remaining balance of former tenant credits will be presented to the Audit and Finance Sub-committee once further checks have been carried out to ensure there has been no recent level of activity.</p>
6734	<p>Board Members – Items for Future Meetings</p> <p>None.</p>
6735	<p>Board Training – Verbal</p> <ul style="list-style-type: none"> • JH advised that he is due to attend a Treasury Management course in February that the SFHA is facilitating. • NT advised that he attended a seminar on Finance for Board Members in November which he found extremely beneficial. NT advised that he would recommend this seminar for anyone who doesn’t come from an accounting background.
6736	<p>Chief Executive’s Report</p> <p>JD presented the report and advised that the main update is regarding the reactive repairs contract. Our contractor, Response, went live with the new patch on Tuesday and the feedback received so far is that the transition went well. JD advised that a lot of work had been done by the Asset Management team to ensure it all went smoothly.</p> <p>A second contractor has also had to be used over recent weeks within this patch to pick up the work that Response couldn’t cover. The contractor has not been procured so the Association won’t be working in this way long term, but it will be monitored closely in the meantime.</p>

JD referred to the feedback received from Housemark and noted that, overall, AHA performs well against both peers in Scotland and beyond.

JH noted that customer dissatisfaction levels had risen and queried if this was in relation to Covid. JD advised that the satisfaction data is taken from the 2020/21 ARC return which includes data from the 2019 Tenant Satisfaction Survey. This survey is due to be carried out again in 2022 and JD advised that, based on current trends, it is possible that AHA may see satisfaction levels drop again as a result of Covid, but we are hopeful that they won't.

AT noted that with regard to tenants' views on their rent being good value for money, AHA is currently sitting mid-table, which he found interesting given recent discussions regarding rental increase.

AT also acknowledged that AHA appears to have a high turnover of staff. AC agreed and advised that within that specific reporting period there were unexpected levels of turnover. There were also high sickness levels in one team, but she has been assisting the operational manager in supporting these members of staff.

With regard to major works and cyclical maintenance, AT noted that AHA is also sitting mid-graph and some other RSLs are substantially higher. IT advised that some RSLs account for their cyclical and maintenance expenses in different ways which affects this data. However, AHA is aware that maintenance costs are high, but ageing stock is a contributing factor.

JD informed the Board that a member of staff has managed to secure a place in the World of Housing GEM programme that is being run by the SFHA. JD noted that it is an exciting opportunity for the staff member involved.

FIRE IN KATHERINE STREET

JD provided a further update on the fire that occurred in Katherine Street, and he thanked the Board for their support following his initial announcement.

JD advised that the Association was made aware of the fire starting around 8.30 on Thursday evening, which spread quickly, causing significant damage affecting 25 properties. All 25 families were safely evacuated with no casualties reported, and first reports show that there are 10 properties with little damage. We are hopeful that the families will be able to move back in to these properties soon.

JD moved on to advise that the remaining 15 properties are not lettable and will need to be rebuilt. The estimated timescale for the work required is around two years and it may be up to a year before the work can commence.

The families that are displaced are living with family and friends and West Lothian Council (WLC) has also been able to provide temporary accommodation.

JD acknowledged the response from the local community groups and advised that a support hub had been set up in the Tower. He moved on to remind Board of the former tenant credit balances that the Board agreed should be donated to local groups and JD advised that SMT made the decision to donate £5,000 to Transform Craigshill who are providing support to the families affected by the fire.

JD advised that the Association's insurers have confirmed they would cover the rental loss for the period whilst the properties are being rebuilt which could equate to £16,000. Although unlikely, if it became apparent that the 10 undamaged properties were unlettable, that figure would increase to £41,000. CP advised that, as a result of the fire, the Association's insurance premium is likely to double which would be significant.

Feedback has been received from the local MP who advised that 10 of the tenants affected have said they do not want to move back to the block once rebuilt. However, it is not felt that the feedback is accurate.

AT reiterated his thanks to the colleagues involved for their response and the work that is being done to support the tenants.

CB noted that the difficult part will be how the Association responds to the incident. He also queried if it is worth rebuilding, as two years is a long time to wait and whether consideration has been given to knocking the building down and rebuilding from scratch. IT advised that a demolition contractor has been on site since the day following the fire. As the roof was so badly damaged, they recommended that it be removed to make the building safe. IT moved on to advise the building is concrete construction with a new roof added in the 1980s. IT advised that the fire spread in a strange way, mainly affecting the ground and top floor with the floor in the middle mainly suffering water damage. Both the loss adjuster and engineer have advised that demolition isn't going to be an option. IT also advised that consideration is already being given as to how the properties can be restored while taking into account the new ESSH requirements.

JH noted that tenants who live in sister blocks may be anxious. IT agreed and advised that AHA currently await the fire report regarding how and why the fire spread in the way that it did. Once received, it may highlight work that is required in similar blocks of the same design. It was agreed that tenants will be assured that reasonable steps are being taken to make AHA buildings safe.

MJ advised that AHA should be aware that insurers will only cover the cost for a like-for-like replacement. However, specifications have changed and the more information that can be gathered by AHA regarding potential costs and projections will help ensure that insurers cover the correct share of costs and minimise other costs that may be incurred by the Association.

CP advised that he had recently received an email from the insurers advising they have set aside a reserve of £2.58m which should be adequate cover for what is required. CP also advised that this figure was higher when AHA thought the remaining 10 properties weren't habitable.

CP advised that AHA was required to pay a £5,000 excess to the insurers.

AT queried who is responsible for rehoming the 15 other families whilst the block is being rebuilt. SY confirmed that it is WLC, however some of the families are residing with family and friends. He advised that WLC have been extremely helpful with the assistance they have provided, but AHA will need to remove these costs from them soon as they can't be sustained. However, AHA does have some void properties that are due to become available that can be used. SY has also been in conversation with other RSLs in West Lothian to see where they can assist.

CB queried whether there was an opportunity to purchase properties from the open market that can then be used as rental properties once the building in Katherine Street is rebuilt. CP confirmed that this is an option and there is one that AHA is considering. However, the market is slow at present and many of the properties available are more expensive than what we can afford.

The Board **noted** the content of the Chief Executive's report.

REPORTS FOR DECISION

6737	<p>Outcome of the Annual Rent Review</p> <p>VB provided an overview of the discussion regarding the rent review and she noted that, overall, the Audit and Finance Sub-committee supported the rent increase.</p> <p>VB highlighted that the cost-of-living increase has still to come and AHA must consider the impact this will have on tenants. VB advised that in the past other RSLs have kept their rent increase low and this is affecting them more now. In previous years, AHA's rent increase has been slightly higher, therefore we are in a position to be able to keep it slightly lower this year.</p> <p>VB noted that the Board was very ambitious at the Strategy Day and advised that with regards to development, the Board was looking for AHA to do more where possible. However, with increases in costs and with the economic outlook being uncertain, the Board needs to make sure the Association gets its timings right about when we spend.</p> <p>AT informed the Board that a good level of feedback was received from tenants thanks to the new system that is being used. He also noted that any rent increase is always going to be difficult, but the options given to tenants were good given the rate of inflation at present.</p> <p>With regards to feedback that was received from tenants, SY noted that the results received were the highest to date for the Association and whilst it doesn't represent a fair proportion of tenants, the return rate is still high for our sector. SY also advised that 55% of those who responded opted for a 3.5% or higher increase.</p> <p>The Board approved that the rent increase figure for the next financial year (2022-23) be set at 3.5% as recommended by the Audit and Finance Sub-committee.</p>
6738	<p>Draft Budget</p> <p>CP presented the Executive Summary to Board and noted that we must pay attention to the maintenance costs with significant major works planned for next year. However, this also includes the costs for a full remodel of one of our properties.</p> <p>CP noted that there are provisions for sustainability, but this may need to be vired across to cover the increased insurance premium costs. CP advised that other services may be affected by this.</p> <p>CP highlighted that there is significant capital expenditure with an increase in costs for roofs. However, the Capital Projects team proposes to identify whether all of the planned work really needs to be completed next year. Some of the costs may need to be vired across if AHA needs to carry out improvement work to the blocks similar to the one in Katherine Street that recently went on fire.</p> <p>Salary costs will also increase, but this is mainly due to two staff appointments being delayed from last year.</p> <p>As part of the improvement plan, AHA is looking at implementing a new CRM system and the costs for the new system being implemented have been included.</p> <p>CB questioned why alteration work was required for the property in Templar Rise. CP advised that it was purpose built following the closure of Bangour Hospital and was previously leased by Barony Housing Association. The lease for the property is on an annual basis which provides a high rental stream of £2,700 per month with low maintenance costs. However, Wheatley has built its own properties and served notice that they will not be renewing the</p>

	<p>lease this year. CP moved on to advise that SMT is currently looking at the different options that are available and Board will be notified once details have been collated.</p> <p>JH enquired whether AHA had approached the Health and Social Care Partnership to establish if they could make use of the building in its current form. SY advised that he had made contact with several charities, but none expressed a solid interest.</p> <p>The Board reviewed and approved the draft 2022-23 annual budget as submitted by the Audit and Finance Sub-committee.</p>
6739	<p>Draft 30 Year Plan</p> <p>CP advised that the Audit and Finance Sub-committee discussed the 30-Year plan and SMT kept the plan consistent with the current plan. CP also advised that the plan has been based on Board members' request for more development work to be carried out, but this is based on the grants that are available at this time. The Association needs to consider what funding is available from the Scottish Government and be mindful that a higher level of development would result in a rent increase.</p> <p>CP advised we need to ensure all loan covenants are met.</p> <p>VB noted that the key message is that Board wants AHA to be ambitious, but not reckless. She noted that at the Strategy Day in March, the Board may reflect and reconsider what approach the Association should take.</p> <p>IT advised at this point that the input of the results from the stock condition survey onto QL is going well with the first trial run complete. She confirmed we are now able to produce reports that can be interrogated. IT moved on to advise that the results of the survey highlighted there are a number of properties that are 20 years old that will need to be replaced. IT is currently looking at the budget to establish if other items can be moved into later years to accommodate the kitchen upgrade.</p> <p>The Board approved the proposed draft 30-Year Financial Plans as recommended by the Audit and Finance Sub-committee.</p>
6740	<p>Treasury Management Strategy</p> <p>There were no questions from the Board on the Treasury Management Strategy.</p> <p>The Board approved the Treasury Management Strategy 2022/23 as recommended by the Audit and Finance Sub-committee.</p>
6741	<p>Risk Map: Q3 Review</p> <p>VB advised that the Risk Map report was straightforward and the Audit and Finance Sub-committee had made some minor recommendations that had all been taken on board.</p> <p>The Board noted the status of the risk map as submitted by the Audit and Finance Sub-committee.</p>
6742	<p>Bad Debt Write-Off</p> <p>There were no questions from the Board with regards to bad debt write-off.</p> <p>The Board approved the proposed bad debt write-off/write off of arrears balances as submitted by the Audit and Finance Sub-committee.</p>
6743	<p>Business Strategy 2022-25</p>

	<p>JD presented the report and advised that this is the first draft of the Business Strategy for 2022-2025. A final version of the Strategy will be presented at the Strategy Meeting in March for final approval.</p> <p>In terms of priorities, the Strategy builds on the interim plans that are currently in place that SMT has been working on. JD also noted that the Strategy details that there will be significant investment in the Association’s stock whilst also maintaining a modest development plan.</p> <p>JD moved on to advise that there will be a huge focus on customer service. However, it’s not just about customer service, AHA needs to ensure that we have the right technology in place to deliver the plans. Given the current climate and the difficult time that tenants face, AHA needs to free up staff time to provide the support that tenants will need and having the right technology in place is key to ensuring that this can happen.</p> <p>JD noted that the people who work for Almond are vitally important and the strategy details that AHA will be investing in its staff and looking after their wellbeing.</p> <p>The Association’s first Green Strategy is currently being developed and will be presented in March.</p> <p>The Development Strategy will formalise the Association’s position with regard to development and where we see it going.</p> <p>JD concluded by advising that the Business Strategy document is a summary and SMT has made a conscious effort to keep it punchy and avoid being long-winded. The costs for the strategy are all included within the budget and SMT is comfortable it can be delivered.</p> <p>JD advised that the strategies that will sit below this will be circulated, and the final Business Strategy will be issued slightly earlier than normal this year ahead of the Strategy Meeting in March.</p> <p>The Board noted the draft Business Strategy for 2022 to 2025.</p>
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CONSENT AGENDA	
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6744	<p>Consent Agenda</p> <p>With regard to the Quarterly Planned Programme report, AT enquired about the Association’s position with the windows contract. IT confirmed that AHA was able to start the installation last week and all was going well.</p> <p>The Board agreed to the recommendations within the consent agenda.</p>
6745	<p>AOCB</p> <p>JD advised that the next Board meeting that is due to be held in March will be a strategy meeting. It is proposed that the meeting will be held at the Mercure Hotel in Livingston and will run from 5pm to 7.30pm.</p> <p>The Board noted the update regarding the Strategy Meeting.</p>
6746	<p>AOCB</p> <p>AT requested that new Board member recruitment is discussed at the next meeting. AC advised that an advert for new Board members has already been prepared and will be published on Friday 4 February.</p>
	<p>Date of Next Meeting: 03 March 2022</p>

Approved by:

Date: