

ABERTAY HOUSING ASSOCIATION LIMITED

Minutes of the Board Meeting

Wednesday 28 February 2024 17:00

Present: Ron Neave (Chair), Kath Mands (Vice-Chair), Paul Crichton, Darren Keddie, Denis Brown, and Alan Fraser.

The following joined via Video Conferencing: Kevin Braidwood, Ian Byers and Vicki Cutler.

In Attendance: Barry Moore (CE), Marjorie Sloan (CSD) Clare Talbot (CSO).

24/02/01 Apologies

There were no apologies. The Chair welcomed everyone to the meeting.

24/02/02 Declarations of Conflicting Interests

No Member declared a conflicting interest.

24/02/03 Asset Management & Development Committee Reports (AM&DC)

AM&DC Meeting 31 January 2024

The Chair of the AM&DC provided an update on the meeting which took place on 31 January 2024. The Chair commented that the CE's letter accompanying the rent increase was very comprehensive and a good overview of the recent and future planned maintenance.

The CE confirmed that there were still issues with Scottish Water in relation to the proposed developments, however some progress is being made. The CE stated there will be a further update on the Angus Street Development later in the meeting.

Board **noted** the AM&DC Report.

Audit, Finance & Risk Management Committee Reports (AF&RMC)

24/02/04 AF&RMC Meeting 14 February 2024

The Chair of the AF&RMC provided an update on the meeting which took place on 14 February 2024. The Chair stated this was an extensive meeting agenda with four Internal Audit reports, all of which received Full Assurance.

The CSO circulated a revised Internal Audit Plan 2024/25 to the members detailing rescheduled dates on pages 5&6 of Agenda Item AF&RMC 24/02/10.

Board **noted** the AF&RMC report.

Board **approved** the Treasury Management Investment Activity in Quarter 3.

Board **approved** the Treasury Management Financial Strategy for 2024/25.

Board **agreed** to give the Corporate Services Director and Chief Executive authority to negotiate and agree an appropriate interest rate fix with CAF Bank in discussion with the Chair of the AF&RMC.

Board **agreed** that the Association engages external consultants to carry out a Rent and Service Charges Review.

Board **approved** the Tayside Pension Scheme Employer Discretions.

24/02/05 Minute of Board Meeting 24 January and Tracker

The Chair talked through the minutes of the meeting held on 24 January 2024 and asked for comments.

Approved. Proposed Darren Keddie, Seconded Kath Mands.

The CSD talked through the tracker highlighting that items would be presented to Board in May 2024 and that the report on the Board Portal would be discussed under AOB.

24/02/06 Matters Arising

The CE confirmed that a Board Report on salaries would be presented to the Board in November 2024 in preparation for the next Annual Salary Review.

24/02/07 Chair's Actions / Decisions between meetings

The CE presented the report and confirmed there had been no Chair's Actions since the previous Board Meeting on 24 January 2024; the Chair confirmed this to be the case.

Board **noted** the report.

24/02/08 Budget for 2024/25 and 30 Year Financial Plan

The CSD provided a comprehensive and detailed brief on the budget. The CSD gave an update on changes since the Board meeting in November 2023.

The main updates which have been made since the Board Meeting in November 2023 were: updating of the DTP Business Plan Assumptions to their February figures, changing the start dates for both the Clepington Road development and the Angus Street development. Adjustments to the gas servicing budget to reflect the new contract with WRB Gas. An increase to the contribution rate to the Tayside Pension Fund. The CSD also stated that adjustments have been made to the timing of drawdowns, updating of service charges and following flat purchases updates in relation to rent / owner numbers.

The CSD reported that there was an increase in the Planned Maintenance budget by £300,000 to reflect the increased capacity as a result of the above changes. A report will be brought to AM&DC in May 2024 to detail this expenditure. The CSD advised this takes account of the changes and allows the Association to remain within the covenant cushion.

The CSD talked through the general economic assumptions which are based on the most recent DTP business plan assumptions. The CSD explained the assumptions that had been made highlighting general inflation which was slightly higher in years 2 and 3 and maintenance cost inflation slightly lower in years 3 and 4 than the November 2023 figures.

The CSD stated the interest rates are lower than detailed in the November 2023 draft budget. The CSD covered this in more detail and highlighted the plan at 2.2 stating that additional funding of £7.9m is required in year 3 when RBS Facility C is due to be repaid. Increasing gradually to £20.9m by year 13 and then reduces to £14.3m in year 30. The peak for total borrowing is £28.7m in year 3. The current loans would be fully repaid and the Association would have loans of £14.3m at the end of year 30.

The CSD provided a detailed overview of 2.3 Sensitivity Analysis and Appendix 6. The CSD concluded that all covenants except the RBS interest cover covenant are met in all sensitivities apart from a rent freeze and a rent reduction by 1% in years 2-6, where other covenants also fail in later years. This will be monitored closely and arrangements made to adjust expenditure where appropriate.

The budget shows a surplus of £920.5k in year 1. It shows all covenants are met throughout the 30 Year Financial Plan. Peak debt is £28.7m in year 3, and there would be £14.3m of borrowing at the end of year 30.

The CE confirmed that the budget, finances and cash flow are all sound and that the financial challenges affecting the sector and Association are unprecedented, relating to the unachievable and

unaffordable time scales on the path to net zero. The CE stated there will be significant financial challenges ahead which the sector has never faced before.

Board **approved** the 2024/25 budget and 30 Year Financial Plan.

Board **agreed** the additional £300,000 over the amount approved in November 2023 be spent on Planned Maintenance in 2024/25.

Board **noted** that a report will be brought to AM&DC in May 2024 in relation to the detail of this expenditure.

24/02/09 Internal Management Plan: Quarter 3

The CE presented the report and gave a comprehensive and detailed update on the Internal Management Plan.

Board asked about the monitoring of cost and time it takes to rewire voids. The CE confirmed costs will be monitored as well as the length of time it will take to complete each void. Board queried how often properties would need to be rewired. The CE commented this would be between 30-50 years and would be determined from the EICR Report.

Board queried the electrical inspection process when a property becomes void. The CE advised that the electricians in all void properties are inspected, and the property will be rewired if necessary. The Board noted that it would be necessary to use specialist electrical contractors to carry out the rewiring process. The CE confirmed that the Association has three electrical contractors, so availability of contractors was not an issue.

Board requested clarification on the rewiring programme, asking what happens to the properties that do not become void. The CE stated that there would be no delay in rewiring if an EICR highlighted there was a risk, the Association would act immediately.

Board **noted** the progress detailed in the Internal Management Plan: Quarter 3.

24/02/10 Operational Performance Report KPIs: Quarter 3

The CE talked through the report and the KPIs in detail. As previously reported, he reiterated that the IMP and KPIs combined provided Board with a comprehensive understanding of how the Association was progressing and performing.

The CE highlighted that the Association's aspirations in terms of growth are being met by the acquisition / purchase of properties. Board asked if the Association was only interested in purchasing flats. The CE confirmed that although it is more beneficial to purchase flats, because of the benefits to the delivery of planned maintenance, the Association would consider purchasing houses too.

The CE provided a detailed update on the KPIs on income management, health and safety, reactive repairs, planned maintenance and development.

Board asked whether supported accommodation should continue to be included in the void figures. The CE reported they do need to be included as we must count the void period for the purposes of the ARC. The CE provided a more detailed explanation around the void / reletting process for supported accommodation.

Board **noted** the Operational Performance Report: Key Performance Indicators for Quarter 3 2023/24.

24/02/11 SHR Communication and Correspondence

The CE talked through the report highlighting items 2.1 and 2.2. The new Regulatory Framework will be on the agenda for the Board Away Day.

Board **noted** the content of the communication and correspondence with the SHR.

24/02/12 Risk Management Tables: Quarter 3

The CE presented the Risk Management Tables to the Board in respect of the Ten Most Serious and Significant Risks as per Appendix 1 of the report. The CE stated updates were highlighted in blue text. There followed a detailed discussion on the financial impact, viability and the challenges associated with delivering the primary maintenance responsibilities associated with net zero within the given timescales.

Board **approved** the Ten Most Serious and Significant Risks.

24/02/13 Fire Safety and Prevention: Fire Risk Assessments

24/02/13a - Head Office

The CE talked through the report. He confirmed that with regard to the 7 recommendations, 6 are now complete and 1 is a work in progress.

Board **noted** the overview of the fire safety and prevention compliance in respect of the Fire Risk Assessment carried out on the Association's Head Office.

24/02/13b – Housing Schemes

The CE presented the report. He highlighted that, as previously reported the Fire Risk Assessments were subject to scrutiny by Internal Audit on Fire Safety and were a key piece of evidence resulting in Internal Audit providing Full Assurance in 2022. In addition, and more recently, fire safety and prevention compliance was scrutinised as part of the Internal Audits on Risk Management (September 2023) and Tenant Safety (October 2023); both of which received Full Assurance.

The CE highlighted the Annual Fire Risk Assessments (2.2.1) and both appendices in more detail. The CE confirmed that the Association carries out quarterly fire safety and prevention inspections on these schemes and appropriate action is taken to rectify any identified hazards/risks.

Board **noted** the update on fire safety and prevention compliance in respect of the Fire Risk Assessments carried out on the Association's Housing Schemes.

24/02/14 Health and Safety Quarterly Report: Quarter 3

The CE talked through the report highlighting the five areas covered: Asbestos, Electrical, Gas, Legionella and Lifts. The CE covered asbestos extensively and provided an update on the Electrical Safety Checks stating that 100% will be difficult to achieve, due to gaining access to the properties. Therefore, compliance usually fluctuates around 98% – 99%. The CE commented that the electrical inspection contract, that will be procured, will seek to achieve 100% compliance at any given time.

The Board asked if we force access to properties. The CE stated the Association does carry out forced access. We carry out approximately 350 safety checks per year and some will be out with the required timescales, however, the ARC indicator reflects the position at the year end with commentary on the number which exceeded the timescales.

Board **noted** the Association's performance in respect of its health and safety obligations.

24/02/15 Rent Arrears Report: Quarter 3

The CE presented the report highlighting the excellent progress being made by the Income Team. He noted that, as previously reported, all figures were moving in a positive direction. The CE stated these are very positive figures, and the Association's arrears performance continues to be excellent.

Board **noted** the overview of performance associated with current rent arrears throughout Quarter 3.

24/02/16 Former Tenant Arrears Write-Offs: Quarter 3

The CE presented the report. He provided an overview of each case highlighting that the Income Team continued to pursue all avenues to recover arrears. He stressed the importance of financial transparency to ensure the Board is fully informed of all write-offs.

The Board asked what level of arrears leads to taking legal action. The CE stated the Association looks at the arrears on a case by case basis.

Board **approved** the write-off of former tenant arrears of £11,582.86.

24/02/17 Voids Reasons for Termination of Tenancies

The CE presented the report. He highlighted para 2.1.1 and the Appendix which provided further details on terminations. The CE reported that there had been no terminations due to the rent being too high, he stressed that the Association monitored the data carefully to effectively manage the void and allocation process.

Board **noted** the reasons why tenants have terminated their tenancies throughout Quarter 3.

24/02/18 Void Rent Loss Report: Quarter 3

The CE presented the report. The CE highlighted and talked through the paragraphs which all confirmed the continued progress and good performance figures. The CE provided an overview of para 2.2.1.1 which provided the explanation for the difference between the figure in the accounts and the figure adjusted for ARC.

There followed a discussion on the re-lets of supported accommodation with the CE explaining these generally take longer to allocate and let because of the nature of supported housing.

The CE stated that the Association is performing very well on allocating and letting void properties.

Board **noted** the performance and the financial implications associated with void rent loss in respect of Quarter 3.

24/02/19 Tenant Allowances Report: Quarter 3

The CE presented the report on behalf of the Housing Services Manager highlighting that there had been three tenant allowances approved in Quarter 3.

Board **noted** the three tenant allowances Report: Quarter 3.

24/02/20 Procurement Quarterly Report: Quarter 3

The CSD talked through the report declaring that one tender over £50k had been awarded since the last quarterly report. The tender was in relation to the gas servicing tender detailed in the Chair's Actions to the Board in January 2024.

Board **noted** the Procurement Quarterly paid to tenants in Quarter 3.

24/02/21 Acquisitions and Disposals

The CSD presented the report and gave an update on the 3 purchases since the last meeting. The CSD confirmed that at the time of the November 2023 Board Report, grant had not yet been received on the acquisitions of 143 2/R Fintry Drive and 3A 1/L Fintry Road. Grant has not yet been received for these properties as it is dependent on the Association's Fair Work First Policy. The CSD provided an update on Fair Work First Policy.

The CSD reported there were 3 pending acquisitions all due to complete in March 2024.

Board **noted** the current position on Acquisitions and Disposals.

24/02/22 CGPR: Scheme of Delegated Authorities

The CSD presented the report. The report was last agreed in July 2020, the policy has been reviewed with a number of amendments and incorporating recent SFHA guidance. The CSD covered the amendments in detail stating that further updates relating to the new SHR Regulatory Framework will be taken to the Board Away Day in April 2024.

Board **approved** the Scheme of Delegated Authorities.

24/02/23 CGPR: ICT Policy

The CSD talked through the report. The CSD explained that the Association's existing ICT Policy was last agreed in March 2021. The policy has been reviewed and minor amendments included to reflect best practice.

Board **approved** the ICT Policy.

24/02/24 CGPR: Procurement Strategy

The CSD talked through the report. The CSD explained that the Procurement Reform (Scotland) Act 2014 requires that RSLs of the Association's size publish a procurement strategy annually. The Strategy was last approved in February 2023 and there were no significant changes.

Board **approved** the Procurement Strategy.

24/02/25 CGPR: Board Expense Allowance Rates

The CSD talked through the report. The CSD explained that the policy sets out the circumstances under which expenses and allowances can be paid to Board Members. The specific rates are an appendix to the policy and are reviewed annually. She talked through the revised rates which will take effect from 1 April 2024.

Board **approved** the Board Expense Allowance rates to take effect from 1 April 2024.

24/02/26 Confidential Development report – Angus Street

The CE presented the report explaining that at the AM&DC Meeting in November 2023 the Members approved the start of negotiations 'in principle' with Scottish Government, Dundee City Council and Aberkell Developments.

The CE commented that the Angus Street Development would consist of 8 fully net zero properties and spoke through Appendix 1 and 2, the aerial view location and the site layout, respectively.

The CE covered the land and build costs extensively making comparisons to that of previous developments. The CE stated that development is one of the Association's key strategic objectives and is essential to the Association's aspirations in respect of growth.

The CE talked through the property rental income throughout years 1-40, (detailed in para 3.3.2) and clarified the Scottish Government would commit a significant amount of affordable housing grant to the Angus Street development. He also stated that during the 'in principle' discussions with Dundee City Council they conveyed that they would support the development and update the Strategic Housing Investment Plan accordingly.

The CE provided a comprehensive overview of the funding and the benchmark grant.

The CE confirmed the Association's financial position as at 31 December 2023 and went on to say the loans secured with RBS would be the Association's primary funding mechanism.

The CE highlighted concerns raised by a Member in relation to health and safety during the construction phase of a previous development with this particular developer. The CE stated that he was aware of the particular matter and stated that adherence to health and safety obligations would be managed with formal / informal site visits and reassured the Members that due diligence and health and safety inspections are carried out during the pre-construction and construction phases.

The Board questioned whether we could increase the rent and service charge due to these being premium properties. The CE confirmed that the rents will be reviewed but will not be increased. The

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CSD stated that the Scottish Government benchmark has been used for rent setting and if we charge higher rents this would need to be discussed with the Scottish Government and may then affect the grant, she also stated the need for rent to be kept affordable in the social sector.

The Board queried would it be more beneficial for the Association to buy the land from DCC. The CE confirmed that the land is sold to the developer subject to a design and build contract with the Association. If the land was sold directly to the Association, it may raise procurement issues. The CE further confirmed that he had already met with Thorntons to discuss this particular matter.

The Board asked if it was the intention to enter into a contract at this stage. The CE confirmed that the contract would be subject to planning permission and grant confirmation and no contract would be signed until it has Board approval.

The CE concluded by saying that there is without doubt an acute shortage of social housing in Dundee. The need for social housing in Dundee is accepted and supported by DCC and the need for social housing to support DCC's economic aspirations is the very function of the Strategic Housing Investment Plan.

Board **approved** entering into a development contract with Aberkell Developments in respect of Angus Street subject to acceptable legal advice.

24/02/27 Share Update

The CSO presented the report.

Board **approved** the Share Membership Register Report.

24/02/28 Board Training Updates

The CSO presented the report.

Board **noted** the Board Training Update.

24/02/29 AOB

1. The Chair read out a thank you letter from Roz, relaying her thanks for the recent leaving gift and her best wishes to everyone for the future.
2. The CE reported that the Board Portal, SharePoint, has yet to be implemented. This will be trialled and rolled out from May 2024.
3. The CE reported that he had been approached by Angus Council on Section 75 development opportunity regarding the development of 10 net zero homes located on the edge of rural Angus village of Newtyle. A commitment would need to be made very quickly due to the grant for the 10 properties to be confirmed within this financial year. The CE confirmed that he had already carried out some due diligence on the developer, Hadden Group, and the legal aspects would be a challenge in such a short period of time, should we decide to proceed with development. The CE confirmed a comprehensive report will come to the Board on this and a special Board Meeting will be held once legal advice has been taken. The CE encouraged the Members to look on the Hadden Group website for further information regarding the development.

Meeting closed at 19.35hrs.