

**Meeting of the Board of Management to be held at 6pm
on Tuesday 30 January 2018 at 423 London Road, Glasgow, G40 1AG**

AGENDA

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|------------|---|--|------------------------|
| 1. | Apologies | | |
| 2. | Declaration of Interests | | For information |
| 3. | Minute of meeting held on 21 November 2017 | | For approval |
| 4. | Matters arising from meeting of 21 November 2017 | | For decision |
| 5. | Minute of meeting and decision made on 5 December 2017 | | For approval |
| 6. | Draft Business Plan: | | For approval |
| | 6.1 2018 to 2023 Business Plan | | |
| | 6.2 2018/19 rent review | | |
| | 6.3 2018/19 service charge review | | |
| | 6.4 2018/19 hostel rents | | |
| | 6.5 Rent policy handbook, minor revision | | |
| 7. | Thenue Communities – Business Plan 2018 to 2023 | | For approval |
| 8. | Subsidiary Companies and other Minutes: | | For information |
| | 8.1 Thenue Communities Board 20 November 2017# | | # = draft minute |
| 9. | Chief Executive’s report | | For decisions |
| 10. | Report on Treasury Matters | | For decision |
| 11. | Regulatory engagement | | |
| 12. | Any other competent business | | |
| 13. | Date of next meeting Tuesday 27 February 2018 | | To note |

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting held on 30 January 2018
at 6.00pm within 423 London Road, Glasgow, G40 1AG**

Present: Owen Stewart (Chair), George Alexander, Pauline Casey, Abdifatah Hayde, Filbert Musau, Charlotte Levy, Nicola McCurdy, Howard Mole, Florence O'Hale, Derek Quinn, Willie Redmond,

Attending: Charles Turner, John Russell, Brian Gannon, Beth Reilly, Sheena Fergusson (minute taker)

Observer: Jeanette Goode

Owen opened the meeting and welcomed the Board.

1. APOLOGIES

Apologies were received from Maureen Dowden

2. DECLARATION OF INTERESTS

There were no declarations of interest.

3. MINUTE OF MEETING HELD ON 21 NOVEMBER 2017

Item 3.2. A spelling error was noted. The last word in the paragraph should read "different" and not "differed". With this change the minutes of the meeting held on 21 November 2017 were approved as a true record by George Alexander and seconded by Derek Quinn.

4. MATTERS ARISING FROM MEETING HELD ON 21 NOVEMBER 2017

There were no matters arising.

5. MINUTE OF MEETING AND DECISION MADE ON 5 DECEMBER 2017

Charles Turner advised the board of a matter that needed to be dealt with and of the subsequent meeting. The meeting was to agree an ex-gratia payment due to a ceiling that had fallen inwards in a tenanted property in November. He advised the association's Standing Orders state that:-

- Any matter outside the authority of staff which requires such urgent attention that it cannot wait for either the next scheduled meeting or for a special Board meeting shall be referred to the Chairperson for decision. A written report shall be provided by staff which sets out the substance and significance of the issue (including statutory and/or regulatory considerations), the implications for Thenue and the recommended course of action, together with any resource requirements. The Chairperson or in his/her absence or unavailability, the Vice Chairperson(s) shall consult with such other office-bearers (including the conveners of sub-committees) as are available given the urgency of the situation and shall record their approval of the proposed course of action by signing the report presented by staff (with any amendments or qualifications detailed) which shall then be presented to the next scheduled Board meeting for ratification.

Therefore, a meeting and decision was made, on 5th December 2017 by the Chair, Owen Stewart and the Vice Chair, Derek Quinn, to award an ex-gratia payment of £1,200.

Two questions were raised by the Board:

- If the collapsed ceiling was a notifiable event.
- Is £1,200 enough to replace furniture and carpets lost by the family?

The Board were informed that as no-one was injured it is not a notifiable event but has been added to the Risk Register. The tenants produced receipts and were paid the full amount. Staff and Board members agreed the tenants had been very fair with their purchases. The decision made by the Chair and Vice Chair to award an ex-gratia payment of £1,200 was approved by the Board.

NOTED AND APPROVED

6. DRAFT BUSINESS PLAN

6.1 2018 to 2023 Business Plan

Charles Turner informed the Board there would be a presentation on the Business Plan. He would deal with the non-financial element and John Russell would deal with the financial element. He began by advising that the plan was predicated on a 3½% rent increase for 2018/19, and this would require Board consideration later in the meeting. The document itself aims to capture all the important data, analysis, trends and information looking forward. Issues, current and anticipated which may affect our client groups and operating environment were outlined as:

1. Satisfaction Survey

Currently 92% of our tenants are satisfied or fairly satisfied with our services.

2. Fuel Poverty

A significant proportion of our tenants experience fuel poverty. We aim to make sure our houses are thermally efficient and to support tenants getting good energy deals with access to the internet.

3. Universal Credit

A key business objective over the last few years to ensure we are fully prepared for the roll out of Universal Credit.

4. Private Sector Tenants

The private rented sector has increased dramatically from 7% to 20% over the last 20 years.

5. Housing Amendment (Scotland) Bill

This Bill proposes to reduce powers the Regulator has and also provides for Ministers to modify the functions of the Regulator and reduce local authority influence over Registered Social Landlords in regulation.

6. Local Housing Allowance Cap

Prime Minister has abandoned a plan to introduce the Local Housing Allowance Cap to supported housing.

7. Chancellors Statement

Small changes made to Universal Credit. Seven day waiting time has been scrapped. Claimants will now be eligible for Universal Credit from the day they apply.

8. Energy Efficiency

Warm Homes Bill expected later in the year to tackle fuel poverty.

9. 2014 Housing Act

It is hoped the remaining final provisions of this legislation would be announced soon.

10. Glasgow's Strategic Housing Investment Plan to 2022

The City's housing strategy sets out the Council's housing supply target of delivering 15,000 new properties, of which 7,500 were for social rent, during the period of the plan.

11. Extending coverage of Freedom of Information (FOI)

Currently under consultation. Housing Associations will be covered by the FOI, as well as "housing services" i.e. our subsidiary companies and factoring services.

12. Scottish Government Budget

Among several key points one is that £50 million has been provided to allow local authorities to fully mitigate the impact of Universal Credit.

13. Grenfell

Thenue have none of the cladding used in Grenfell. An independent review has been carried out and residential sprinklers are one of a number of safety measures being considered by the Scottish Government. Thenue currently have three hostel properties with sprinklers.

14. UK Economy

Outlook is bleak with disposable incomes set to fall. This therefore means things are looking bleak for our wage earning tenants.

15. Carillion

Thenue have no relationship with Carillion, although they were the association's reactive repair contractor prior to 2012. However, due to the collapse of such a large multinational company, contractor insolvency is now in the Risk Register.

16. Glasgow Design Standard

Thenue have three planning applications to submit before September 2018.

17. Brexit

The Business Plan outlined the various scenarios that could be adopted once Brexit happens.

Full details of the above can be found in the Business Plan under Section 5.

Charles Turner then outlined the five priorities in the Business Plan. These are:

1. Universal Credit

Thenue is as prepared as we can be but are currently developing a new Universal Credit Action Plan.

2. Digital Strategy

We now have 500 users of our app and the tenants using it are already seeing the benefits. Plans are in the Business Plan as to promote our app, rollout communal Wi-Fi where possible and refresh website.

3. Rent Increase Consultation

Consultations on the next rent increase will be improved.

4. Services for Older People

A handyman service is being introduced for the over 60's. Technology Enabled Care will be expanded enabling older people to stay in their homes for longer.

5. Personal Data

General Data Protection Regulation (GDPR) is coming into force. If we breach GDPR the fines are high i.e. up to 4% of our turnover.

Full details can be found in the Business Plan under Section 6.

Charles Turner went through the 11 Business Objectives

1. Introducing "on-line" applications
2. Action Plan for Factored Owners
3. Affordable low cost Wi-Fi
4. Be fully prepared for Universal Credit
5. Integrated website
6. A third of tenants using the self-service app
7. Prepare for Thenue's 40th year
8. Compliance with Data Protection
9. Agree the Chair/Vice Chair partnership
10. Process for the 2019/20 rent increase
11. "Digital First" communication

Full details can be found in the Business Plan under Section 7.

Under Section 8 of the Business Plan, Charles Turner informed the Board that work is being carried out on energy efficiency. He informed the Board that with planning applications in the pipeline our

stock could potentially grow by 10% but the Board would be required to make any final decisions on other RSL acquisitions at the relevant time.

The Community Regeneration team currently has nine members of staff however; grant funding is due to end and as a result this team could end up with only two members. Applications are currently in to external funders.

In Section 11 of the Business Plan, 33 Risks have been identified and the Audit & Risk Committee will need to have a better understanding of the 17 risks they will have responsibility for, managers have 16.

Our IIP Gold Award will be reassessed in October this year. Nine recommendations have been made by IIP.

Section 13 gave a report on staff and some recommendations are sought on some staffing issues these are:-

1. IT Manager and Corporate Services Manager posts re-graded from grade 8 to grade 9.
2. Project Officer, (Development), regraded from grade 6 to grade 7.
3. Project Officer, (Asset Management), has been temporary for three years and should be permanent.
4. Senior Area Services Officer, changed from a part-time post to a full time one.
5. Two temporary Financial Inclusion Officer posts that the Board had previously made temporary to March 2019, to be made permanent.
6. Creation of a temporary Smart Communities Assistant to March 2019 should external grant applications be unsuccessful.
7. The option, should it be necessary, to create a part-time administrative post to assist with GDPR matters. If recruited, this post will be line managed by the Corporate Services Manager.

Details of the staff structure can be found in Appendix 2.

Section 15

John Russell then spoke about the financial section of the Business Plan covering from Section 15. Section 15 of the plan sets out the medium term financial plan covering the five year period of the Business Plan. The business plan is reviewed annually and updated to take into account any changes in inflation or stock numbers. John outlined some changes to the Business Plan:

1. Major Repairs had cost £1.42 million more than last year.
2. Reactive Repairs and void repairs had seen a 2.8% real increase.
3. Employee costs were up due to there being 3½ more full time equivalent staff.
4. Office overheads were higher due to the purchase of "rent sense" software and telephony.

He informed the Board that due to the new build programme £10 million more needs to be borrowed compared to last years plan bringing total new borrowings to £15 million. He hopes to secure this by March 2019. Interest rates remain low which is good news for Thenue but the plan assumes interest rates will rise over the next few years. He explained that rent consultation was based on 3.9% but the business plan has been based on a 3.5% increase. This is affordable for Thenue but does mean some changes to the business plan. If Thenue decided to not apply a rent increase at all this year it would have serious implications for the business. He outlined the key budget assumptions for the year ahead.

Section 16 looked at how the business is affected by external conditions and explained how changes in interest rates, inflation etc. would impact on future finances. John Russell informed the Board that over the longer 30 year term the outlook looks good financially for Thenue. He concluded by saying that a 3.5% rent increase is affordable for Thenue. The lenders covenants are

expected to be satisfied throughout the period of the plan. Additional borrowings to support larger developments will be repaid over 30 years. The short, medium and long term viability remains strong.

Howard congratulated John Russell on a very satisfying robust piece of work. He also asked if bad debts would rise with the introduction of Universal Credit. Brian Gannon informed the Board that bad debt provision had been looked at. Lots of analysis has already been produced along with lots of information on the impact of Universal Credit. The Scottish Government has made some changes i.e. a direct debit can be set up to pay rent directly to the Housing Association. There was some discussion around bad debt due to Universal Credit. The Business Plan does cover bad debt due to Universal Credit with prudent assumptions being applied in the plan.

6.2 2018/19 Rent Review

The Board of Management at their meeting on 21st November 2017 approved a proposed 2018/19 rent increase for consultation with tenants. There were two main approaches to consultation with tenants:

- A consultation leaflet confirming a proposed increase of 3.9% sent to all tenants in December 2017, offering a number of ways they could respond with their views.
- Consultations with tenants groups including members of Tenant Scrutiny Panel, Cranhill, Bridgeton & Dalmarnock, Netherholm Area Associations and our new Calton tenants group at a joint meeting in November 2017.

Charles Turner gave the tenants groups a presentation which outlined:

- That in our 2017 tenant survey 10% of our tenants said they had difficulty paying their rent
- 55% of tenants wanted rent review choices based on investment in their homes
- Inflation was at a 5 year high.
- Over the last 4 years our rent increases totalled 3.1% below the RSL average increase.
- The differential between our rents and GHA rents had reduced over the last 3 years from £2.89 on average higher per week to only 35p higher.
- The average proposed increase for RSLs at that date was 3.75%.
- That Thenue's rent increase proposal for 2018/19 was an inflation only increase of 3.9% with RPI+1% increases in our Business Plan for future years pushed out to 2021 (previous BP had inflation only from 2020).

The Area Association and Scrutiny Panel members present at the event made the following comments:

- They thought the proposed increase was too high.
- They expressed a preference that Thenue continued to focus on keeping rent increases as low as possible as the priority, rather than choices that led to increases above inflation.
- An acknowledgement that although Thenue's rents had reduced in comparison to other RSLs, they still feel they are above the RSL average.

The Board of Management:

- Noted and commented on the outcome of the rent consultation;
- Approved the proposed 3.5% rent increase;
- Approved the 3.5% increase to all other charges including the shared ownership management fee, shop leases and garage rents;
- Approved the 3.5% increase on the factoring management fee/ administration fee for owner occupiers.

APPROVED & NOTED

The Board then approved the Business Plan.

APPROVED

6.3 2018/19 Service Charge Review

The Association undertakes a full review of all of its service charges on a 3 yearly cycle. The review involves projecting costs forward with a view to setting a service charge to cover all of the Association's service costs for 2017/18 plus an inflationary increase each year thereafter up to and including 2018/19. For 2018/19 an inflationary increase of 3.5% has typically been applied to service charges in order to uplift the present 2017/18 charge for the year ahead. However, for 4 service charges it has been necessary to vary from this arrangement. All 4 variations were listed on Appendix 1 of the report.

APPROVED**6.4 2018/19 Hostel Rents**

The Association reviews the rents for all of its hostels on an annual basis. The nature of the review will depend on the terms of the lease. Most leases allow for a simple inflationary or inflation plus 1% increase. In the case of the lease for the Kirkhaven Hostel, the lease is based on an annual review of actual versus projected expenditure with any under or over recovery of costs being adjusted in the following years rent charge.

The review of the long term sustainability of all of our supported housing projects in 2016 concluded that we should move away from this annual equalisation approach to hostel rent setting however, in case of the Kirkhaven Hostel we have so far been unable to agree a move away from the equalisation approach.

Rents for five Hostels, Monreith Road, Rainbow House, 2 Green Wynd, Phoenix House and Bridge Street are set based on an inflation related annual rent increase as previously agreed with the hostel partners. Agreement has still to be reached with Crossreach (the operators of Kirkhaven) in order to allow the Association to move away from the longstanding rent equalisation approach. Following a meeting with Crossreach and due to funding restrictions imposed on them from Glasgow City Council, it is therefore proposed that a 3.5% increase for 2018/19 in line with the increase proposed for other stock be set and that the Association engages in discussions with Crossreach with a view to finding a way to contain costs to within the 3.5% figure.

APPROVED**6.5 Rent Policy Handbook, Minor Revision**

At the Board's November 2017 meeting, the Rent, (Occupancy) and Service Charges Policy Handbook was reviewed. Committee considered the summary of the changes which were agreed by the Board.

APPROVED

There followed a discussion on the pilot communal Wi-Fi project and several issues were brought up by the Board. It was decided that this would be a discussion that the Board would come back to at a future date, after the evaluation of the current pilot at Main Street.

7. THENUE COMMUNITIES – BUSINESS PLAN 2018 TO 2023

The Board were advised by Charles Turner that Thenue Communities now has responsibility for the management of two community facilities, one in Calton and one in Netherholm. The subsidiary company new business plan requires Board approval. The Board of Thenue Communities approved this business plan at its meeting on 20th November 2017. The Business Plan provides information on how they will be managed whilst achieving financial sustainability for both in the long term. It provides an overview of the performance of CHLC to date and then moves on to detail operational and financial plans for both facilities.

2017/18 has been a good year for the CHLC in relation to meeting the social and economic objectives but there are two challenges that will dictate priorities over the coming year.

1. Financial viability – the CHLC no longer has lottery funding
2. Managing and integrating a new centre.

Owen Stewart, Chair, suspended standing orders at 8pm.

Charles Turner advised the Business Plan itself is straightforward, albeit, that the projected cash reserves, circa £133k will be around £31k less than originally expected. Willie Redmond queried a difference of £1,000 between two of the scenarios in the Plan. He was advised that while £1,000 is not a large amount for Thenue it is for the two Community Centres.

APPROVED**8. SUBSIDIARY COMPANIES AND OTHER MINUTES**

Draft minutes for Thenue Communities meeting of 20 November 2017 were submitted for information.

NOTED**9. CHIEF EXECUTIVE'S REPORT**

Charles Turner informed the Board that two decisions need to be made.

1. Appoint a Board representative to form part of the selection panel to recruit a new Property Services Manager
2. Agree to affiliate to Employers in Voluntary Housing for 2018 at a fee of £4,686.

He advised the Board of the SHARE 2018 Conference and asked if anyone was interested in attending to indicate this.

Thenue have recently acquired, under the Councils grant funded programme, the tenement at the corner of London Road and Green Street. However the Calton Bar and Wevolution had to be purchased, under delegated authority previously given by the Board, using the Association's own resources.

The Association has been working with the Private Sector Department of the Glasgow City Council to deliver repair works to properties on London Road/Monteith Road/Binnie Place. Thenue has been asked to act as agents to deliver the work. The owners at these properties are grant funded but they have to pay £1,500 if they are an owner occupier and £2,500 if they are a landlord. The payment will be made to Thenue but this brought up the issue of payment of VAT. Beth Reilly and John Russell met with the Auditors and Solicitors and the decision has been made to route this money through Thenue Housing Services. A Meeting of Thenue Housing Services will take place in February. Thenue is not liable if any of the owners do not pay.

Nicola McCurdy agreed to participate on the recruitment and selection panel for the Property Services Manager. The Board agreed to affiliate to Employers in Voluntary Housing. George Alexander, Jeanette Goode and Charlotte Levy asked to attend the SHARE Conference.

APPROVED AND NOTED**10. REPORT ON TREASURY MATTERS**

John Russell advised the Board of the proposal to extend the availability period of the revolver with the Royal Bank of Scotland for a further 2 years to 31 March 2021. The Board was also asked to authorise the Head of Finance to progress matters with RBS with a view to agreeing a revised payment profile for the loan facility.

APPROVED**11. REGULATORY ENGAGEMENT**

The Regulator issued two reports and summaries were included in the Board papers. The reports covered the importance of gas safety, improvements required in factoring, liquidation of Carillion and

the national discussion on the future of social housing regulation in Scotland. Charles Turner advised that we have let the Regulator know that the association has no involvement with Carillion.

NOTED

12. ANY OTHER COMPETENT BUSINESS

Charles Turner informed the Board that he and Owen Stewart signed the Internal and External Painting Contract with Langmuir & Hay for the amount of £117,987 at the beginning of the meeting.

Due to the payment and delivery of repair works at London Road/Monteith Road/Binnie Place being routed through Thenue Housing Services, it was announced that a meeting has been called for 13 February 2018. This meeting will take place before the Audit and Risk Sub-Committee. George gave his apologies for the Audit & Risk Committee meeting.

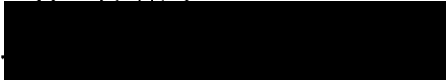
13. DATE OF NEXT MEETING

The date of the next meeting will be Tuesday 27 February 2018.

The meeting ended at 8.20pm

I certify that the above minutes has been approved as a true and accurate record of the proceedings.

Signature
Owen Stewart
Chairperson



Date: 27/2/18