

**Meeting of the Board of Management to be held at 6pm
on Tuesday 16th August 2022, remotely at via Microsoft Teams**

AGENDA

	<u>Lead Person</u>	<u>Action</u>
1. Apologies		
2. Declaration of interests	All	For information
3. Minute of meeting held on 21 June 2022	Pauline Casey	For approval
4. Matters arising from the meeting of 21 June 2022	Board Members	For decision
5. Annual accounts for year ending 31 March 2022: Steven Cunningham, from Alexander Sloan, Auditors, will be in attendance for this item:	Helen Sutherland	For approval
5.1 Annual accounts		
5.2 Consolidated accounts		
5.3 Audit summary report and draft response		
5.4 Auditors letter of representation		
5.5 Performance against lenders financial covenants		
5.6 Re-appointment of auditors		
6. Quarterly performance for three months to 30 June 2022		
6.1 Quarterly key performance indicator report	Gary Naylor	For information
6.2 Management Accounts for period ending 30 June 2022	Helen Sutherland	For approval
7. Back Up Repairs Framework	Eleanor Derbyshire	For decision
8. Major Repair 2022-2023	Eleanor Derbyshire	For decision
9. Risk Review	Gary Naylor	For discussion
10. Defined Benefit Pension Scheme Consultation	Helen Sutherland	For information
11. Loan Amendment Agreements	Helen Sutherland	For approval
11.1 Covering Report		
11.2 RBS Loan Amendment Letter		
11.3 RBS Officers' certificate		
11.4 RBS Minute Extract		
11.5 THFC Loan Amendment Letter		
11.6 THFC Officers' Certificate		
11.7 THFC Minute Extract		
12. Preparations for Annual General Meeting	Gary Naylor	For decision

Unless indicated otherwise, supporting papers are attached in respect of all relevant items.

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| 13. | Chief Executive's report | Gary Naylor | For decision |
| 14. | Subsidiary company and other minutes | | For information |
| | 14.1 Audit & Risk Sub-Committee, 26 July 2022 | | |
| 15. | Any other competent business | Pauline Casey | |
| 16. | Résumé of meeting | All | |
| 17. | Date of next meeting on Tuesday 27th September 2022 | | To note |

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management Meeting held on 16 August 2022
at 6.00pm within the Boardroom, 423 London Road, Glasgow, G40 1AG
and remote at various locations on Microsoft Teams**

Present: Pauline Casey (Chairperson), Bryan McMahon, Florence O’Hale, Howard Mole, Linda Chelton, Abdifatah Hayde, Maureen Dowden and David Keltie-Armstrong

Observing: Owen Stewart and Derek Quinn

Attending: Gary Naylor, Eleanor Derbyshire, Michael Byrne, Helen Sutherland, Ray MacLeod and Nikita Watson
Stephen Cunningham (Alexander Sloan)

1. APOLOGIES

Apologies were received from Allan Anderson and Robert Kelly.

NOTED

2. DECLARATION OF INTERESTS

There were no declarations of interests.

NOTED

3. MINUTE OF THE PREVIOUS MEETING HELD ON 21 JUNE 2022

The minute of the previous meeting held on Tuesday 21 June 2022 was approved a correct and accurate record of the proceedings. Proposed by Bryan McMahon and seconded by Linda Chelton.

APPROVED

4. MATTERS ARISING FROM THE MEETING OF 21 JUNE 2022

There were no matters arising.

NOTED

5. ANNUAL ACCOUNTS FOR YEAR ENDING 31 MARCH 2022

5.1 Annual Accounts

Pauline Casey invited Helen Sutherland to present the annual accounts. Helen overviewed the six main key points intimating that Stephen Cunningham from the external auditor, Alexander Sloan, would present agenda 5.3 and answer any questions. Helen highlighted the following:

- The Auditor had provided an unqualified audit report and are of the opinion that the accounts give a true and fair view of the Association's affairs as at 31 March 2022 and for the surplus for the year.
- Statement of comprehensive income on page 13 identified an overall surplus, which is greater than budget.
- Operating costs expenditure is greater than last year. Costs fell the previous year due to the pandemic restrictions. Admin costs have increased again as the office has reopened. There was a large increase in the cost of reactive and void repairs because of catch up repairs from 20/21 and the restrictions in place then. There were also inflationary increases pushing up these costs. Cyclical and major repairs were less than budgeted because of supplier materials and resource shortages.
- The pension adjustment as required by FRS 102 resulted in a large credit to the statement of Comprehensive Income increasing the reported surplus.
- Comparison between the annual accounts and the management accounts with any differences reported.

Helen Sutherland invited Board members to ask questions and or make comment.

The following was noted:

- Concerns regarding the Pension scheme and potential miscalculation by The Pension Trust. Helen Sutherland confirmed the adjustment in the accounts was an accounting adjustment required by FRS102 to reflect the present value of the assets or liabilities and that the results of the September actuarial valuation will be released soon. This will inform if the deficit liability position has improved or not and how well the recovery plan has improved the position.

The Board of Management approved the Annual Accounts for the Year Ending 31 March 2022 with a recommendation of acceptance for members at the Annual General Meeting on 20 September 2022.

RECOMMENDATION TO THE ANNUAL GENERAL MEETING

5.2 Consolidated Accounts for the Thenue Group

Helen Sutherland referred to the Consolidated Accounts for the Thenue Group and invited Board Members to ask questions and/or make comment. There were none noted.

The Board of Management approved the Consolidated Accounts for the Thenue Group for the Year Ending 31 March 2022.

DECIDED

5.3 Audit Summary Report and Draft Response

Stephen Cunningham explained the importance of the Audit Report, confirmed this gives an accurate report of the Organisation's finances and gives a true and fair view in accordance with financial and audit regulations. Stephen highlighted issues identified and resolved. Stephen Cunningham brought attention to the life cycle costing on page 8 regarding bathroom replacement and comparison with other Associations, recommending consideration to change from 30 to 25 years.

Helen Sutherland confirmed what Stephen Cunningham had explained regarding the life cycle costs and advised a review of the bathroom component cycle.

Pauline Casey invited Board members to ask questions and/or make comment. There were no questions or comments made.

The Board of Management approved the Audit Summary Report and Response.

DECIDED

5.4 Auditors Letter of Representation

Helen Sutherland reported there are no issues with this and invited Board members to ask questions and/or make comment. There were no questions or comments made.

The Board of Management approved the Auditors letter of representation.

DECIDED

5.5 Performance Against Lenders Financial Covenants

Helen Sutherland overviewed and reported there are no issues. Helen invited Board members to ask questions and/or make comment. There were no questions or comments made.

The Board of Management approved the report on performance against lenders financial covenants.

DECIDED

5.6 Re-appointment of Auditors

Helen Sutherland referred to the report recommending an extension of one year of Alexander Sloan for external audit services and the associated costs.

Helen Sutherland invited Board members to ask questions and/or make comment. None were noted.

The Board of Management approved the extension for one year for the external audit services by Alexander Sloan with a recommendation of acceptance for members at the Annual General Meeting on 20 September 2022.

RECOMMENDATION TO THE ANNUAL GENERAL MEETING

6. QUARTERLY PERFORMANCE FOR THREE MONTHS TO 30 JUNE 2022

6.1 Quarterly Key Performance Indicator Report

Gary Naylor referred to the report and highlighted the following:

- 9 areas of concern, the main concern being re-active repairs. However, there is an improvement in these areas with emergency repairs seeing the most improvement.
- Compliance is another area being looked at, gas performances have been 100% and electrical testing is improving. Following on from issues with access

arrangements with Mears, Mears now has a sub-contractor in place to help improve services. Our main goal is moving towards catching up for the end of the financial year and then put a plan in place for a new contractor next financial year to continue electrical testing every 5 years.

- Backlog of work for re-active emergency repairs due to issues with Mears. Currently catching up with this and making sure non-emergency repairs are attended to on time. A new APP for Tenant's is ongoing to help keep tenant's informed. There has been a one percent increase with repairs satisfaction. Gary confirmed performance hasn't been good enough with Contractors and is making sure Mears meets the Organisation's standards. We are moving slowly in the right direction with this.
- First quarter of arrears above target. Rent collecting is continuing to improve throughout the year. There is concern for customer's ability to pay their rent due to cost of living. Gary advised as much help is given as possible to support tenants with this.
- Proving difficult to collect factoring charges due to owner financial difficulties and further reasons for the drop in factoring charges is being investigated.
- There has been a turn around with new properties and increasing numbers. Gary indicated Michael Bryne is meeting with the Homeless team to enhance the Organisation's relationship with them.

Gary Naylor invited Board members to ask questions and/or make comment. The following was noted:

- The low percentage for electrical safety completions raised concern, however, Thenue to take comfort that other Housing Associations are experiencing the same problem. It was noted Thenue has an action plan in place for this.
- Concern around issues with access arrangements given by tenants for electrical testing and the ability for Thenue to exercise forced entry. Again, other organisations are experiencing the same problem.
- A question was raised around SHQS reporting in numbers or as a percentage. Eleanor Derbyshire confirmed both will be detailed in the next report.
- Clarification was requested regarding the summary section and risk appetite. Gary Naylor confirmed the Risk Appetite of 3-Cautious.

The Board of Management noted the contents of the quarterly performance report for the period ending 30 June 2022.

NOTED

6.2 Management Accounts for Period Ending 30 June 2022

Helen Sutherland overviewed the management accounts and balance sheet highlighting the operating surplus on page 5 which is higher than expected and income received from rent as expected. Employee costs are under budget, however, the current recruitment is ongoing with new posts to be filled soon which will fully utilise the budget. The reactive repairs budget is less than last year's level as the backlog has mostly been caught up. Monitoring of all budget headings will continue especially the repairs budget to ensure costs accurately reflect value for money before authorising.

£400k was spent for on major repairs with £370k of this being capital. Whilst 2.6 million was spent on development. Helen highlighted key measures in table 2 which

are below the sector average, especially the interest cover, due to reduction in creditors and an increase in debtors, and the current ratio but it is still satisfactory. Financial covenants were all comfortably met.

Helen Sutherland invited Board members to ask questions and/or make comment. The following had been noted:

- Concern raised regarding the contents in table 2. Questions were asked on how this is calculated. Helen explained this is the Scottish Housing Regulator's way of working.
- Question asking if figures can be checked for current non-technical arrears. Helen confirmed she will check the figures as this may have been transposed in error.

The Board of Management approved the Management Accounts for the 3 months period to 30 June 2022.

NOTED

7. BACK UP REPAIRS FRAMEWORK

Eleanor Derbyshire referred to the details of the framework outlining the issue around performance which had been highlighted in Gary's report. Eleanor confirmed action plans for sub-contractors when Mears is unable to meet jobs in order to improve the repairs service are in place. She also confirmed the framework includes electrical testing.

Eleanor Derbyshire invited Board members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the Framework and the contents of the report.

DECIDED

8. MAJOR REPAIR 2022-2023

Eleanor Derbyshire referred to the Major Repairs report and confirmed the tender exercise for proposal of works on kitchen, bathroom and boiler replacements. CCG (Scotland) Ltd was the most economically advantageous tender and although slightly over budget was based on quality. Part of the project will be moved through to next year so that houses can be upgraded.

Eleanor Derbyshire invited Board members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the tender from CCG for replacing kitchen, bathroom and boilers subject to agreement from our bank on the loan covenant amendment and instructed staff to progress the contract works.

DECIDED

9. RISK REVIEW

Gary Naylor intimated that the Risk register was reviewed by the Executive Team, considered and approved by the Audit and Risk Committee at their last meeting. Gary referred to the Appendix detailing the main strategic risks along with the risk scores and

comments. He explained in detail the risks and highlighted the changes to include contractors going into administration and the staff Team charters developed for a trial period starting from 05 September to 31 March 2023 for the new Flexible First hybrid working procedure. Scoring was adjusted accordingly.

Gary Naylor invited Board members to ask questions and/or make comment. The following was noted:

- With reference to Risk 4 there was an error between the Gross and Impact Score. Gary Naylor confirmed this required correction.
- In Risk 6 the Board suggested there should be less emphasis on COVID-19 and change the focus to Affordability with appropriate scoring.

The Board of Management approved the review and updated Risk Register subject to the corrections discussed for Risk 4 and Risk 6.

DECIDED

10. DEFINED BENEFIT PENSION SCHEME CONSULTATION

Helen Sutherland referred to the details of the report concerning the change linking the Pension Scheme from RPI to CPI and confirmed that keeping it at RPI would mean increased payments higher than CPI for employees and employers. Helen also advised a decision had been required as to whether the Final Salary Scheme should be closed.

Helen Sutherland indicated there had been a deadline to respond before the Board meeting and Pauline Casey, Chairperson along with the Executive Team agreed the submission regarding changes to the current defined benefit structures to mitigate future service cost increases from the 2021 actuarial valuation as follows:

- Agreed to the proposal to change the pre-retirement benefits accrual method from RPI to CPI capped at 2.5%
- Agreed to the closing of the Final Salary Option.

Helen Sutherland invited Board members to ask questions and/or make comment. There were none.

The Board of Management retrospectively approved the decisions and submission above.

DECIDED

11. LOAN AMENDMENTS AGREEMENT

11.1 Covering Report

11.2 RBS Loan Amendment Letter

11.3 RBS Officer's Certificate

11.4 RBS Minute Extract

11.5 THFC Loan Amendment Letter

11.6 THFC Officer's Certificate

11.7 THFC Minutes Extract

Helen Sutherland referred to the report detailing two loan agreements which require amendments. The RBS, to extend the facility draw down period, resulting in a change to the repayment profile and the THFC as the agreement referred to LIBOR and not SONIA although it will only affect us if we break the fixed term but that is extremely unlikely. The details had been reviewed, formal wording agreed, and letters amended by our solicitors T C Young. The signatories for the documents are the Chairperson, Chief Executive, Director of Property Services and Director of Community Housing Services.

Helen Sutherland invited Board members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved:

- The Royal Bank of Scotland (RBS) Amendment Letter for Facility B Loan Agreement, Officer's Certificate and contents of the minute extract.
- The Housing Finance Corporation (THFC) Amendment Letter, Officer's Certificate and contents of the minute extract.

DECIDED

12. PREPARATIONS FOR ANNUAL GENERAL MEETING

Gary Naylor outlined the preparations for the Annual General Meeting which is due to be held on the 20th September 2022. The venue last year was the Emirates due to the Covid-19 restrictions in place at the time. Gary thanked everyone for making the AGM happen last year despite the pandemic. The venue this year will be the Calton Heritage Learning Centre which is where the AGM had been previously held in order to keep the meeting within the community. A proposal was made for three members to stand down this year for re-election. The three standing down will be the following:

- David Keltie-Armstrong
- Florence O'Hale
- Howard Mole

Florence O'Hale is helping to re-launch the scrutiny panel on Customer Service with Florence agreeing to step down for this purpose and will not stand for re-election. David Keltie-Armstrong and Howard Mole are willing to stand for re-election.

Gary Naylor confirmed there are 82 members, therefore, 8 will be required to attend for the AGM to be quorate.

The Board of Management:

- Approved the Calton Heritage and Learning Centre on 20 September 2022 as the venue.
- Approved the Board members standing down.
- Noted the other arrangements for the Annual General Meeting.

DECIDED

13. CHIEF EXECUTIVE'S REPORT

Gary Naylor overviewed the report advising hybrid working is in place and team charters are being developed for the introduction of Flexible First working. Gary has met with the OMT regarding timetables and the trial will begin on 5th September 2022 until 31st March 2023. Towards the end of the trial there will be further consultation with staff.

Gary advised five Share Certificates required to be cancelled and there were two new membership applications for approval as listed in section 2 of the report. Gary confirmed one of the new membership applications is not a tenant but carer of a tenant and they want to move back into the area and community. Gary intimated both applicants will be a good addition to membership.

Gary gave a recruitment update confirming the post of Director of Finance is almost complete and an offer had been made to the successful candidate. The Finance Manager interviews were due to take place the following day.

Gary Naylor invited the Board members to ask questions and/or make comment. The following had been noted:

- There was discussion around the Flexible First working method and what the key working times will be for this. Gary Naylor acknowledged this is to encourage as much productivity as possible.
- Concern around flexi time and having enough staff during core hours. Gary confirmed additional leave is based on average number of flexi days taken per year and this will be discussed within the Team Charter. Gary commented that the new way of working is about delivering for customers and each other and is also about wellbeing and producing a healthy work life balance. Gary advised because of the new flexible working this is attracting more people to work for the organisation.
- Gary confirmed the presentation given to staff will be sent to the Board of Management for more information.
- There was discussion around the removal of flexi time if the trial is successful. Gary explained as contractual hours will be worked flexibly there would be a requirement to make sure service demand is still met.

The Board of Management:

- Approved the two new membership applications and the cancellation of the five memberships detailed.
- Noted the Flexible First working arrangements.
- Noted the recruitment update for the posts of Director of Finance, IT and Corporate Services and Finance Manager.

DECIDED

14. SUBSIDIARY COMPANY AND OTHER MINUTES

14.1 Audit and Risk Sub-Committee, 26 July 2022

The minute of the Audit and Risk Sub-Committee was for information only and any questions to be directed to the Chair or Lead Officer outwith the meeting.

NOTED

15. ANY OTHER COMPETENT BUSINESS

Gary Naylor proposed the date for the next Business Planning Session on 16th November 2022 at 3pm with the venue to be confirmed.

Due to holidays, there was a request to change the Board of Management meeting on 25 October 2022 to 11 October 2022 at 6pm.

The Board of Management:

- Agreed and noted the Business Planning Session to be held on Wednesday 16 November 2022.
- Agreed to the change of the Board meeting to Tuesday 11 October 2022 with the Audit and Risk Sub-Committee meeting on 25 October 2022.

DECIDED

16. RESUMÉ OF MEETING

There were no comments no note.

NOTED

17. DATE OF NEXT MEETING ON TUESDAY 27TH SEPTEMBER 2022

The next meeting will be held on Tuesday 27th September 2022 at 6pm. This meeting will be the first after the Annual General Meeting.

Linda Chelton submitted her apologies in advance for the meeting on 27th September 2022.

NOTED

The meeting concluded at 19:18pm

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

Pauline Casey
Chairperson

Date: 27 September 2022