

**Meeting of the Board of Management
to be held virtually on Tuesday 22 November 2022
at 6pm in person or remotely via Microsoft Teams**

AGENDA

	<u>Lead person</u>	
1. Apologies		To note
2. Declaration of interests	Pauline Casey	For information
3. Minute of meeting held on 11th October 2022	Pauline Casey	For approval
4. Matters arising from meeting of 11th October 2022	Pauline Casey	For information
5. Quarterly Performance:-		For information & approval
5.1 Quarterly Performance Report	Gary Naylor	
5.2 Management Accounts	Barry Allan	
5.3 Loan Portfolio Report	Barry Allan	
6. 2022 Annual Assurance Statement	Gary Naylor	For Approval
6.1 Annual Assurance Action Plan		
7. Business Plan Going Forwards		
7.1 Outcomes from Planning Day (16 th November) (verbal)	Gary Naylor Barry Allan	For information For Approval
7.2 Budget Outline and Rent Setting	Gary Naylor	For Approval
7.3 Draft Consultation Document (to be presented at the meeting)		
8. 2021/2022 Carry Over – RBS agreement	Helen Sutherland	For approval
8.1 RBS Amendment Agreement Cover Letter		
8.2 Amendment Letter Financial Covenants		
8.3 Final Officers Certificate		
8.4 Amendment Approval – Minute Extract		
9. Life Cycles Report – Major Repairs	Eleanor Derbyshire	For approval
10. Cranhill Walls – Works proposal	Eleanor Derbyshire	For approval
11. Blackhill Draft Lettings Plan	Michael Byrne	For approval
12. Chief Executive’s Report	Gary Naylor	For information
13. Treasury Management Strategy Mid Year Review	Barry Allan	For Information

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

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| 14. Subsidiary & other draft minutes
14.1 – Staffing Sub Committee – 16 th November 2022 | Pauline Casey | For information |
| 15. Any other competent business | Pauline Casey | |
| 16. Résumé of meeting | Pauline Casey | |
| 17. Date of Next Meeting on Tuesday 7th February 2023 | | To note |

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting
held on Tuesday 22 November 2022 at 6.00pm
in person and remotely on Microsoft Teams**

Present: Pauline Casey (Chairperson), Linda Chelton, Maureen Dowden, Allan Anderson, Howard Mole, Robert Kelly and David Keltie-Armstrong

Observing: Derek Quinn

Attending: Gary Naylor, Michael Byrne, Eleanor Derbyshire, Helen Sutherland, Barry Allan, Ray MacLeod and Nikita Watson

1. APOLOGIES

Apologies were received from Bryan McMahon and Abdifatah Hayde.

NOTED

2. DECLARATIONS OF INTERESTS

There were no declarations of interest.

NOTED

3. MINUTE OF MEETING HELD ON 11 OCTOBER 2022

The minute of the previous meeting held on 11th October 2022 was agreed as a correct and accurate record of the proceedings. The minute was proposed by Linda Chelton and seconded by Maureen Dowden.

APPROVED

4. MATTERS ARISING FROM MEETING OF 11 OCTOBER 2022

There were no matters arising.

NOTED

5. QUARTERLY PERFORMANCE

5.1 Quarterly Performance Report

Gary Naylor referred to the Quarterly Performance report and highlighted the following:

- There has been a small improvement in the red areas since the last quarter. These improvements are expected to increase over time. The main area of concern is reactive repairs but again, there is a slight improvement in this, and emergency repairs time remains on target.
- Compliance is another key area, gas servicing is performing well and 100% of certificates are completed on time. Electrical testing is also improving, and the new contractor is making progress towards the March 2023 target.

- Factoring charges collected for this period remains low. However, there has been a 6 percent improvement over quarter 2. Gary Naylor confirmed difficulties with the cost of living for owners and contract delivery issues affecting this. Overall, quarterly performance has improved. Michael Byrne confirmed he had spoken with staff internally to make sure we have enough resources.

Gary Naylor invited Board Members to ask questions and/or make comment. There were no questions noted.

The Board of Management approved the quarterly performance report.

DECIDED**5.2 Management Accounts**

Barry Allan overviewed the Management Accounts for the 6th month period to 30 September 2022.

The accounts showed that the Association had generated an operating surplus representing an improvement. There is lower than anticipated overall Repairs costs, although reactive repairs and voids are overspent. Barry noted there is lower than anticipated loan interest and Office and Corporate overhead costs. All financial covenants are satisfied. Barry confirmed this will be further reviewed and presented in February at the next Board of Management meeting. The format of accounts will most likely be kept as they are.

Barry Allan invited Board Members to ask questions and/or make comment. The following had been noted:

- Board members asked a question regarding the RBS Interest Cover of 104% budgeted for the year and requested clarification that covenants are satisfied as the amount appears outwith parameters. Barry Allan advised he would go back and have a look at this. Helen Sutherland intimated that this may be a typing error.
- Board members suggested a format change for the accounts. Barry Allan confirmed he will look at making this easier to read and more user friendly. Barry also confirmed the risk appetite number and description will be shown on future reports.

The Board of Management noted the Management Accounts for the 6 months to 30 September 2022.

NOTED**5.3 Loan Portfolio Report**

Barry Allan gave an update on Thenue's loan position as at 30 September 2022 with a total of 61% of the balance being non variable and 39% variable which is in line with the overall limits set down within the Treasury Management policy and is consistent with the current year's treasury strategy agreed by the Board in March 2022.

Barry Allan invited the Board Members to ask questions and/or make comment. There were no questions noted.

The Board of Management noted the Loan Portfolio report for the period ended 30 September 2022.

NOTED

6. 2022 ANNUAL ASSURANCE STATEMENT

6.1 Annual Assurance Action Plan

Gary Naylor confirmed there are 5 entries in the 2022 Annual Assurance Statement that are key areas for improvement. These are as follows:

- Updating our Acquisition & Disposal Plan to reflect the current climate
- Review of Purpose and Mission Statements
- Tenant Recruitment to the Board
- Full EICR Compliance
- Treasury Management Review

The evidence statement also records 4 entries that are more operational areas for improvement, these are as follows:

- Reactive Repair Performance
- Relaunch of the Scrutiny Panel and programme of works
- Renewal of our HR & Wellbeing Strategies
- Increased Owner Engagement and Owners Forum

These are incorporated within the 2022 Annual Assurance Statement Action Plan along with target dates and how these will be achieved.

Gary Naylor invited the Board Members to ask questions and/or make comment. There were no questions noted.

The Board of Management approved the 2022 Assurance Statement Action Plan.

APPROVED

7. BUSINESS PLAN GOING FORWARD

7.1 Outcomes from Planning Day (16 November 2022)

Gary Naylor thanked Board Members for their input at the Business Planning Day last week and advised the presentation from the meeting had been made available. He also asked if Board members can let him know if they struggle to open the link. Gary confirmed the rent increase will likely be between three and five percent as a seven percent increase may not be affordable for tenants. There was agreement for a two-stage consultation program with the first stage progressed before the Christmas period. Gary indicated England had capped rent up to 7%. Gary is hoping to receive an update from the Scottish Government before Christmas and will have information by 14th January 2023 for the second stage.

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

- There was consensus with Board members agreeing that the potential rent increase should be below 7% with the highest percentage available on or below 5% depending on the outcome from the Scottish Government.

The Board of Management approved the outcomes from the Planning Day and the arrangements for a 2 stage rent consultation with tenants.

DECIDED

7.2 Budget Outline and Rent Setting

Barry Allan gave a summary of what was discussed at the Business Planning session and presented the following options detailed within the report and the impact over a five year period:

- 0%, 3% and 5% followed by similar rises in inflation of plus 1% but with inflation levels forecast at 4% for year 2, 3% and 2.5% for years 4 and 5.

The business planning assumptions including the projected levels of future inflation will be reviewed regularly between now and the Board meeting in February 2023 to approve the rent increase and budget for 2023-24.

Barry Allan presented a cash flow summary and advised a 9% increase would work but wouldn't be palatable given the current climate. The cash flow summary shows CPI plus 1% would give better financial position.

Barry Allan invited the Board Members to ask questions and/or make comment. The following had been noted:

- Board Members asked in terms of discussion in budget rent consultation, what impact has this had on development plans with new builds?
Eleanor Derbyshire advised this depends in terms of development plans that have been put forward, terms of funding and what individual project sits with the overall strategy. Eleanor confirmed the current economic climate has changed development opportunities and that everything requires to meet growth strategy. The Organisation must make sure they work financially before signing off with the Board.
- Board members asked if the desire to sign off new builds had changed?
Eleanor Derbyshire confirmed she had met with Glasgow City Council, they are positive about a development program and still keen for us to develop. The Council intimated that they are still keen to fund projects and willing to fund more with grants. Some of the new build funding may have to move into retro fit.
- Board members questioned if there is a risk when builders and contractors go into administration, we may be left with catch up work. If rent increase is lower, funding for new developments may be difficult and that by taking a lower rent increase, what would be the impact in our cash position? Eleanor Derbyshire intimated that Thenue receives grant funding upfront for each project and that the Organisation's cash doesn't come in until funding is exhausted.

The Board of Management approved the draft Budget for 2023/24 with a view to final approval in February 2023.

DECIDED

7.3 Draft Consultation Document

Gary Naylor explained the current situation and what this means for Thenue and our tenants. Stage 1 is until 31st December 2022 and is about service delivery. Stage 2 is about feedback on the final increase proposal depending on the Scottish Government update. This will be until the end of January. Letters can then be sent out to tenants. The draft consultation document for Part 1 describes the challenges we face in terms of energy and maintenance cost, what we have changed since last consultation, element on difficult choices, service delivery and new build properties. The consultation itself will mention day to day repairs, support services and regeneration work. Tenants will be able to rank their

priorities. Gary has received feedback outwith the meeting and will take this on board. Gary asked the Board if they have any comments to let him know by tomorrow to draft this out to tenants.

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

- Regarding what is the purpose of the open text option in the draft? Gary Naylor confirmed this is for further comment or if anyone requires additional help.
- Board members suggested the rewording of the final line and Gary Naylor confirmed this will be rephrased.
- Board Members also suggested bullet points are changed to numbers. Gary Naylor advised the design format will be changed to make this easier to read and will take onboard using numbers instead of bullet points.

The Board of Management approved the two stage consultation with tenants for 2023/24 and the information on the current situation to establish tenants preferred priorities for spend to be sent for Stage 1. The second stage will be on the actual rent proposal following the Scottish Government's announcement on 14 January 2023.

DECIDED

8. 2021/2022 CARRY OVER – RBS AGREEMENT

8.1 RBS Amendment Agreement Cover Letter

8.2 Amendment Letter Financial Covenants

8.3 Final Officers Certificate

8.4 Amendment Approval – Minute Extract

Helen Sutherland referred to the RBS agreement and highlighted the following:

- The Board of Management previously approved the carry forward of the delayed expenditure from the 2021/22 kitchen and boiler programme into the 2022/23 budget. The increase in major repairs spend potentially causing a breach in the interest cover covenant with RBS.
- After discussions with RBS, the Bank has agreed to an amendment to the covenant for year ending 31 March 2023 allowing as detailed at paragraph 2.1 in the attached letter. This will avoid any covenant breach.
- As well as the approval of the amendment letter the Bank require a signed minute extract that details the approval of the amendment and a signed Officer's Certificate, detailing that each member of the Executive Team has authority to administer the loan as required.

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

- The Board Members ask if the value in the document is enough with inflation? Eleanor Derbyshire confirmed fixed cost.

The Board of Management approved the RBS amendment letter regarding adjustment to the covenant calculation, the Officer's Certificates and Board Minute Extracts for forwarding to the lender's as required.

DECIDED

9. LIFE CYCLES REPORT – MAJOR REPAIRS

Eleanor Derbyshire referred to the Major Repairs report and highlighted the following:

- A review of the main component lifecycles for major repairs had been carried out, which involved a discussion/comparison with G8 Benchmarking Group members, and a comparison of current average Housing Association lifecycles provided by our internal auditors. Our internal auditors had recently highlighted the discrepancy with industry standard for our bathroom lifecycle.

The majority of G8 members are also currently reviewing lifecycles for the following reasons:

- Improvements in the quality/longevity of components, particularly those that are routinely serviced/maintained, meaning they can be replaced less frequently, without effecting reactive repairs.
- Current high costs for many components and the need to ensure we can continue to afford to carry out major repairs in the short and long term.

Only one of the proposed lifecycles will be reduced which is bathroom renewal. This reflects feedback from tenants, the industry, average, and aims to improve tenant satisfaction. All other proposed changes are to increase the lifecycle.

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

The Board of Management approved the updates to the component lifecycles for all future repairs.

DECIDED

10. CRANHILL WALLS – WORKS PROPOSAL

Eleanor Derbyshire explained the proposal is for the works required to repair/renew failing external retaining walls on the Cranhill Estate. Construction contractors have proposed what needs done to repair the walls which have deteriorated due to brick work that was not fit for purpose. The tender process completed is detailed in the report. Eleanor confirmed there is some money in the budget to carry out this work and intimidated this must be prioritised as it presents a public health and safety risk.

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

The Board of Management approved the tender from PWM Contracts Ltd and instructed staff to progress the contract works.

DECIDED

11. BLACKHILL DRAFT LETTINGS PLAN

Michael Byrne gave an anticipated completion date for the development of February 2023 and explained, if the Lettings Plan is approved, it is anticipated that pre-letting of the properties will commence in January 2023. The Craighead Avenue development will deliver 10 cottage flats and 8 houses. The Lettings Plan aims to ensure that a wide range of our customer's needs are met while assisting Glasgow City Council with their strategy objectives.

Michael Byrne explained the format follows the same principles used for previous new developments, for example Abercromby Street whereby 17 tenants have transferred with the remaining allocations from our waiting lists. A plan is in place for reletting these voids which will stop over the Christmas period.

Michael Byrne invited the Board Members to ask questions and/or make comment. There were none noted.

The Board of Management approved the draft lettings plan and noted the lettings process will commence once handover dates are confirmed.

DECIDED

12. CHIEF EXECUTIVES REPORT

Gary Naylor overviewed the report and advised there were eight membership cancellations following the Annual General Meeting on 20 September 2022. These cancellations are a combination of 2 resignations and 6 where the 5-year rule applies.

Wage negotiations have been ongoing between EVH and the Unions. The Union had a starting position that any award this coming year should be set at or above the levels of inflation. In turn, the employers were of the view that this would not be possible given the unusually high value of the market just now. In addition, Housing Associations may be restricted on the income levels they are able to realise should a rent cap for example be implemented. Discussions also included that a majority of member employers will have benefited from an unexpected cash windfall regarding pension deficit payments for the coming period. Another consideration was a fixed "lump sum" for all grades which would be of further benefit to those on the lower grades aimed at going towards helping with the current cost of living situation for staff. Negotiations have tried to take all factors into account and propose a blended approach for this year only in having the two separate and specifically targeted aspects below:

- All staff regardless of grade/hours worked to receive a non-consolidated monthly payment of £150 in each of January, February and March 2023. These payments would be subjected to normal tax and NI deductions, be paid through payroll and would not attract a pension contribution.
- A traditional, across the board, consolidated percentage increase of 5.25% on all salary points from 1st April 2023.
- EVH is recommending the above deal to employers, and that members now vote on this proposal. Gary advised we were required to return the ballot paper by 12 midday on Wednesday 30th November 2022.

West of Scotland Housing Association have arranged some joint training events for early 2023:

- **Board Roles & Responsibilities & Code of Conduct** – Refresher – Thursday 9th February 2023 at 5:00pm via Teams (Trainer – Jennifer Cairns, Director of Corporate Services WOSHA)
- **Climate Change** – Thursday 16th March 2023 at 5:00pm via Teams (Trainer – Carrie Marling/Colin Hegarty from Keep Scotland Beautiful)
- **Equalities Impact Assessments** – Wednesday 22nd March 2023 at 6:00pm via Teams (Trainer – Robin Iffla)

These sessions are all remote via Microsoft Teams.

SHARE – Corporate Governance and HR Conference 2022 will be held in person on Tuesday 29 November 2022 at the Radisson Blu Hotel, Glasgow City Centre. Gary asked if Board Members can let him know if they would like to attend.

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

- Board Members asked if an awareness session can be made for anyone who needs this on the financial accounts. Particularly for new members.

The Board of Management:

- Approved the cancellation of the 8 memberships.
- Approved the recommendation from the Staffing Sub-Committee for the proposed pay award negotiated between EVH and the Unions, and a letter to be sent to EVH intimating concern of a pay award to the current year which had been previously settled and looking for re-assurance this is a one-off not to be repeated in future years.
- Noted the training events for Board members.

DECIDED

13. TREASURY MANAGEMENT STRATEGY MID YEAR REVIEW

Barry Allan confirmed AFTS Limited have now conducted a mid-year review to include an overview of the existing funding arrangements and to agree the proposed way forward.

There are 2 specific recommendations which the Board are invited to approve. These are as follows:

- To delay moving forward with additional funding to meet the cost of ESSH2 standards and any new build development programmes until funding requirements can be assessed once further guidance is received from the Scottish Government on the detail of ESSH2 and the rent freeze outcome is known.
- Additional hedging should only be considered with the benefit of the latest financial projections and sensitivity testing.

Barry Allan intimated not looking to take more loans on and will concentrate on matters at hand going forward including rent freeze and financial restrictions.

Barry Allan invited Board Members to ask questions and/or make comment. There were no questions noted.

The Board of Management approved the mid-term Treasury Management Strategy report and agreed the specific recommendations for ATFS Limited.

DECIDED

14. SUBSIDIARY & OTHER DRAFT MINUTES

14.1 Staffing Sub-Committee 16 November 2022

Pauline Casey indicated the minute is for information only and any questions or comments to be directed to the Chair or lead officer. It was noted there were discrepancies with who attended for correction.

NOTED

15. ANY OTHER COMPETENT BUSINESS

Eleanor Derbyshire advised CCG have been successful as a partner of Clyde Gateway in bidding for a new development in Dalmarnock of housing for sale and rent. CCG have invited Thenue to work in partnership with regards to the ownership and management of 70 properties for rent. Eleanor intimated if grant funding is awarded a formal report will be presented to the Board of Management.

NOTED

16. RÉSUMÉ OF MEETING

There were no comments or observations noted.

NOTED

17. DATE OF NEXT MEETING ON TUESDAY 7 FEBRUARY 2023

The next meeting will be held on Tuesday 7 February 2023 at 6:00pm.

NOTED

The meeting concluded at 19:11pm

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

Pauline Casey
Chairperson



Date: 07 February 2023