

**Meeting of the Board of Management
to be held virtually on Tuesday 19 November 2024
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 5th November 2024	Pauline Casey	For approval
4.	Matters arising from meeting of 5th November 2024	Pauline Casey	For information
5.	Chief Executive Report	Gary Naylor	For information & approval
6.	Quarterly Performance:-		
	6.1 Quarterly Performance Report	Gary Naylor	For information
	6.2 Management Accounts	Barry Allan	& approval
	6.3 Loan Portfolio Report	Barry Allan	
	6.4 Mid-Year Budget Review	Barry Allan	
7.	Business Plan Going Forwards		
	7.1 Outcomes from Planning Day (5 th November)	Gary Naylor	For information
	7.2 Budget Outline and Rent Setting	Barry Allan	For Approval
	7.3 Draft Consultation Document Update	Michael Byrne	For Approval
8.	Treasury Management Strategy Mid-Year Review	Barry Allan	For Information
9.	RBS Loan Agreement	Barry Allan	For approval
10.	Any other competent business	Pauline Casey	
11.	Résumé of meeting	Pauline Casey	
12.	Date of Next Meeting on Tuesday 4th February 2025		To note

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting
held on Tuesday 19 November 2024 at 6.00pm
in person and remotely via Microsoft Teams**

Present: Pauline Casey (Chairperson), Bryan McMahon, Ruth Hewitt, Julia Cheung-Buchanan, Abdifatah Hayde, Howard Mole, Linda Chelton and Robert Kelly

Observer: Maureen Dowden

Attending: Gary Naylor, Michael Byrne, Barry Allan, Eleanor Derbyshire, Ray Macleod and Nikita Watson

1. APOLOGIES

Apologies were received from Neve Beaton.

NOTED

2. DECLARATIONS OF INTERESTS

There were no declarations of interest.

NOTED

3. MINUTE OF MEETING HELD ON 5th NOVEMBER 2024

The minute of the meeting held on 5th November 2024 was approved a correct and accurate record of the proceedings. Proposed by Ruth Hewitt and seconded by Bryan McMahon.

APPROVED

4. MATTERS ARISING FROM THE PREVIOUS MEETINGS HELD ON 5TH NOVEMBER 2024

There were no matters arising from the previous meeting held on 5th November 2024.

NOTED

5. CHIEF EXECUTIVE'S REPORT

Gary Naylor confirmed that the report focused on two topics for discussion:

The Board of Management had previously been made aware of Thenue trying to progress the development of the former school building at Tureen Steet for new affordable housing. Unfortunately, due to funding restrictions we had been unable to move forward with this. The Organisation was advised recently that 35 Tureen Street had to be closed due to potential health and safety risk, and that we would receive further contact regarding this. Gary Naylor explained that 35 Tureen Street was currently being used to provide vital services to our community of elderly residents in our retirement housing in Calton. Thenue had been working hard to provide contact and a service to residents in their homes. Gary Naylor confirmed the Calton Heritage and Learning Centre building was being used for some regular activities temporarily. The team had been in contact with Glasgow City Council on a proposed strategy for making the building safe and received confirmation from Glasgow City Council confirming that a survey would be carried out on Thursday. Glasgow City Council explained they would contact us immediately after the survey had been

carried out. The Board of Management would be kept informed of any developments in relation to this.

The second update was in relation to Mears. Gary Naylor advised that performance was below our KPI standards for the second quarter in 2024/25. This was in conjunction with the transfer to our new Homemaster system and Mears had requested an increase in payment to cover admin resource to input jobs into their system. Gary Naylor confirmed we had spoken to TC Young regarding this, and a further update would be provided at the next Board of Management meeting.

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

The Board of Management noted the contents of the report.

NOTED

6. QUARTERLY PERFORMANCE

6.1 Quarterly Performance Report

Gary Naylor explained that the report included four 'red' areas, all relating to reactive repairs. This was mainly linked to the performance of our main reactive repair contractor. Gary Naylor intimated it was good to have conversations at the Business Plan event in terms of our plan going forward. Compliance was the other key area, gas continued to perform well and 100% of our certificates were completed on time. Electrical testing was strong with only seven properties in abeyance, three of these being our long-term voids at Dalmarnock Road.

Gary Naylor explained Barry Allan would overview our accounts in the next item but confirmed that financially the Association remains in a strong position. Section 5 lets had increased in first period and was now above our original target.

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

- Board members asked for confirmation on what the two minor accidents were in relation to Health and Safety. Gary Naylor advised that one staff member had a minor trip and a visitor at the community centre had a cut.
- Board members asked what the net void loss figure was, as the exclusions hadn't been shown in the report. Gary Naylor confirmed the exclusions figure was being looked at and would be provided to the Board of Management after tonight's meeting.

The Board of Management approved the quarterly statistics report.

DECIDED

6.2 Management Accounts

Barry Allan confirmed that the accounts showed an operating surplus that represented an increase. The main reason for this was due to timing. After accounting for non-operating items, the overall surplus was higher than assumed in the budget.

The main factors contributing to the deficit against the budget were as follows:

- Lower than anticipated rental income
- Lower than anticipated grant amortisation
- Lower than anticipated overall repair costs
- Lower than anticipated property depreciation charge
- Lower than anticipated bad debts
- Lower than anticipated overhead costs
- Lower than anticipated loan interest
- Higher than anticipated gain of sale

The cash balance had increased from last reported. Barry Allan confirmed that all financial covenants were satisfied.

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

- Board Members asked what the higher than anticipated gain on sale was for. Barry Allan explained this was from one shared ownership property.

The Board of Management approved the Management Accounts for the period ending 30 September 2024.

DECIDED

6.3 Loan Portfolio Report

Barry Allan overviewed the report and explained that the loan balance outstanding had reduced slightly. This was mainly due to capital repayments in the six months period as no drawdowns in the year to date. The loans position at 30 September 2024 showed a total of 43% of the balance being non-variable with 57% remaining variable which was out-with the overall limits set down within the Treasury Management policy of a minimum of 50% hedged and is consistent with the current years treasury strategy agreed by the Board in March 2022.

Board members were made aware of the short-term change within the previous treasury management update. Barry Allan confirmed we are in contact with our treasury management advisors monitoring the economic conditions. In addition to the two legacy loans that fixed term expired in December 2023, we had a facility cost where the fixed term rate expired in September 2024 and a short-term extension agreed with Board approval until the end of December 2024 to allow the refinancing agreement to be finalised.

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

The Board of Management noted the contents of the report.

NOTED

6.4 Mid-Year Budget Review

Barry Allan confirmed the mid-year budget review and the anticipated year-end out-turn of the approved budget for 2024/25. Barry Allan highlighted the following:

- Rental income and service charge – although the charge to date was less than budget figures, we were not recommending any changes to the budgeted figure at the time due to the potential for changes in dates when the properties at Connal Street are let.
- Major Repairs – although there was significant underspend in major repairs to date, this was due to the timing to programmes, in particular the Stonework Tenements programme which had not commenced yet. Plans were still in place for these works to be carried out in 2024/25 therefore no change to the budgeted spend was recommended.
- Cyclical repairs – The current underspend was mainly due to the timing of programmes. Plans were still in place for these works to be carried out in 2024/25 therefore no change to the budgeted spend was recommended.
- Reactive repairs – on review of the reactive and void repair costs to date, current overspend was relating to repairs last year. Therefore, it was recommended that the reactive and void repairs budget for the year was increased. This would give a truer position in quarters three and four.
- Interest payable – The charges to date were due to loan interest rates being less than the Business Planning assumptions for 2024/25. Although these were projected to fall further in 2025, we would not recommend a change in the budget figure due to the volatile nature of the economy.

It was recommended that the Board of Management agree to increase the reactive and void repairs budget for 2024/25 and leave the rest of the budget as is. Barry Allan invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members agreed they were generally supportive of the increase to the reactive and void repairs budget, however asked if it was possible to look at the budget for next year to see what this would look like and if we need to further increase the budget for next year. Barry Allan confirmed he would be happy to investigate this and would continue to work on elements of the budget between now and February to be reflective of where we are. Barry Allan intimated we want to be in a position with Mears where jobs are up to date so that we don't have to increase the budget.
- Board Members asked if there was a parameter to what would trigger a budget change and if there was a specific amount that would change the budget. Barry Allan confirmed the budget would only be increasing for reactive repairs and due to the cost of repairs relating to last year, Barry Allan intimated this was worth discussing with the Board of Management.
- Board Members agreed due to the budget change the financial out-turn should also be presented. Barry Allan intimated he was happy to do this.
- Board Members asked if the cost of repairs relating to last year relates to Mears or a different contractor. Barry Allan confirmed a high percentage of the repairs was carried out by Mears.
- Board members asked if there was an underspend in relation to underperformance and raised concerns of a similar scenario happening next year. Barry Allan intimated that the budgeting was reflective of what has happened this year and would not be adding on to the next financial year. Elements to September would keep being reviewed over the next couple of months and the budget for 2025/26 would be provided at the February Board of Management meeting.
- Board members asked if budget is increased, would this mean Mears element would be hidden if it shows as overbudget and intimated that by not increasing the budget, it was clear in the management accounts and could reflect financial performance. Barry Allan explained the overspend for this year and explanation would be reflective. Gary Naylor confirmed that a recommendation from the internal audit was received following conversations regarding the budget.

The Board of Management noted the contents of the report and approved the quarterly performance report, the Management Accounts for the quarter ended 30th September 2024, and the increase for the Reactive and Void Repairs budget for 2024/25.

DECIDED

7. BUSINESS PLAN GOING FORWARDS

7.1 Outcomes from Planning Day (5th November)

Gary Naylor thanked everyone for attending the Business Plan event on 5th November 2024 and noted this was Neve Beaton and Julia Cheung-Buchanan's first Business Planning session. Gary Naylor explained this was a good exercise to see the main challenges the Association faced and confirmed the priorities for 2025/2026 which included the following:

- Investment in our existing stock.
- Successful implementation of the new Grounds Maintenance and Environmental Contract.
- Embedding the new Housing Services structure and new management team.
- Continuing to review our approach to Development in line with funding decisions made by the Scottish Government and Glasgow City Council.
- Continued Compliance in key service areas including Governance.

Gary Naylor intimated the information received from the Business Planning Session was very helpful and thanked the Board of Management again for their input. Gary Naylor invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members agreed this was a good session and very straightforward.

The Board of Management noted the contents of the report.

NOTED

7.2 Budget Outline and Rent Setting

Barry Allan confirmed there had been very good discussions at the Business Planning session on the 5th November 2024 and followed up the report with comments made at the session. Barry Allan intimated that although inflation had decreased, costs remained high for Thenu. Following on from the Business Planning Session, it was agreed that the 2024 inflation and rent increase assumption of 5% for 2025/26 was the lower of the options to be considered therefore, work had been carried out on rent increase proposals of 5%, 6% and 7% respectively.

Barry Allan gave a summary of the impact of each rent increase figure on cash flow over next 5-year period. The main reason for the decrease in cash in all three was a projected increase in the major repairs spend in the five-year period. The feedback from the Board of Management would form the basis of the final budget and rent setting at the Board of Management meeting on February 2025.

Barry Allan confirmed the lenders covenants were satisfied throughout the plan, in all rent scenarios and we would continue to review budgets over the next few years. Barry Allan highlighted that the last page of the report included a summary of what each percentage

increase would mean to our tenants. Barry Allan invited Board Members to ask questions and/or make comments. The following had been noted:

- Board Members agreed the Business Planning session provided a better insight for the rent consultation and asked if cash balance calculated on spending had to stay at that level or be reflective of increase. Board Members queried how other Housing Associations worked a cash balance within their Business Plan and intimated it was important to be realistic with this. Barry Allan confirmed he was happy to contact other Housing Association's in relation to this and agreed there should be a limit.
- Board Members raised concerns regarding the four-month period when deciding the final budget, rent setting and confirmed the National Insurance increase would also have an effect.
- Board Members asked if the average rent increase figure had been looked at. Barry Allan confirmed this hadn't been looked at currently. Board Members advised it would be good idea to use SFHA's rent affordability tool. Barry Allan advised this would be carried out and sent to the Board.
- Board Members raised concerns that a 5.5% increase wouldn't be enough in terms of environmental works needing to be carried out. Barry Allan intimated that tendering would need to be done and waiting to see if EVH had started salary negotiations. Barry Allan confirmed it was important to continue to invest in homes.
- Board Members agreed continued investment to homes over the years was essential, and it was important how we deliver these services for the community and what remains sustainable.
- Board Members intimated it was important to advise tenants what services would be provided for each rent increase percentage.
- Board Members asked what percentage of tenants were currently on Housing Benefit. Michael Byrne confirmed this was roughly 740 on average.

The Board of Management agreed a 7% rent increase for consultation with tenants.

APPROVED

7.3 Draft Consultation Document Update

Michael Byrne highlighted that this year the draft rent consultation update was sent to the Board Members in writing as in previous years they received a verbal update. The fundamentals of the consultation report were written prior to the Board of Management meeting and set context of previous rent increases.

Michael Byrne confirmed salary negotiations were ongoing and likely to be higher than inflation this coming year. The document would be updated following on from the Board of Management deciding on 7% rent increase. Michael Byrne explained how we would provide the information to tenants on the consultation process and confirmed that the self-service app used by tenants is currently suspended.

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

- Board Members agreed it must be made clear during the consultation the impact inflation has had on the Organisation as well as the national insurance increase.
- Board Members intimated tenants should be asked what priorities they would like to see in terms of service delivery and what they would like to see improved. Gary Naylor confirmed this would be updated and the traditional 'yes or no' question would be taking out of the consultation.

- Board Members asked if we could give an overview to tenants on what the spend for major repairs would be spent on specifically and for what areas. Gary Naylor advised it would be difficult to speak of information on specific areas.
- Board Members agreed it was a great report that covered key areas however suggested this may be too technical for tenants to understand.
- Board Members explained it may be a good idea to give an overview to tenants on what services were delivered in the last year following the previous rent increase.

The Board of Management approved the content for the rent consultation document.

APPROVED

8. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW

Barry Allan explained that ATFS Limited had conducted a mid-year review of the Treasury Management Strategy for 2024/25 so that an overview of the existing funding arrangements were included and to agree the proposed way forward. Barry Allan confirmed the three recommendations:

- Interest Rate Management – most economic commentators were now expecting a further reduction in Base Rate. The Bank of England Monetary Policy Committee made its decision on the Bank Rate on 7th November 2024 and provided a further 0.25% cut in Base Rate from 5% to 4.75%. Fresh indicative terms for an 11-year fixed rate loan for Tranche C should be obtained from RBS following the Bank of England Base Rate decision.
- RBS restructuring of loans – ATFS would assist with a review of the proposed terms and conditions and support Thenue through to completion of the restructured loans. The Board would be kept advised of the position.
- Future funding – the approved business plan and supporting financial projections do not envisage any new funding being required within the 5-year plan period. However, this may change once the standards and costs of EESSH2 are better known and if there is any increase in the development programme from any opportunities that may arise. If it is established that further funding is required as a result of the foregoing, we would recommend allowing at least six months to put in place new funding ahead of the requirement.

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

- Board Members asked in terms of funding, would we look to acquire funding in the next 5 years for items including Tureen St grants. Barry Allan confirmed that we are not anticipating anything but able to utilise funds and possibility for funding is there in future if we need this.

The Board of Management approved the recommendations from ATFS Limited.

APPROVED

9. RBS LOAN AGREEMENT

Barry Allan overviewed the report and confirmed the draft loan agreement was reviewed between Thenue's solicitors TC Young and RBS' solicitors Brodies. Barry Allan confirmed only the minute of meeting was required to be signed off by the Board of Management at tonight's meeting and advised that RBS had not yet signed the report. Barry Allan emailed RBS but was still waiting on reply from this. The supporting documents were required to be signed off by the Authorised Signatory. The Chair, Chief Executive and Director of Finance, IT and Resources had been included as the Authorised Signatories in the documents and the Chair would sign on behalf of the Board.

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

- Board Members queried Cost of Funds in appendix 3 and asked if this should be referred to ATFS as the recommendation from TC Young was 50%. Barry Allan explained the report was the original report from August and the agreement of 50% would be checked with Brodies.

The Board of Management approved the signing of the minute of meeting.

APPROVED

10. ANY OTHER COMPETENT BUSINESS

Barry Allan explained that the Operational Management Team had reviewed the expenditure limits for Officers and Assistants and were proposing the limits in relation to the approval of work orders were increased. Barry Allan intimated that the main reason for this was due to increase in costs as a result of the cost-of-living crisis and periods of high inflation over the last few years. In addition, this would also achieve clarity within the financial regulations and consistency of the limits across the Association and allow for the revised limits to be setup on Home Master prior to going live. We would also be proposing to simplify the authorised delegation by level of staff grading rather than job title. This would allow for greater flexibility in the future should job titles change and allow for works orders to be approved by another staff member at the appropriate level in the event of an emergency.

The Board of Management approved the revised financial authorisation levels.

DECIDED

Eleanor Derbyshire advised the program agreement for 2024/25 was received on 19th November 2024 from Glasgow City Council for affordable housing funding. Eleanor Derbyshire confirmed the majority of the funding would be spent on the Connal St development and other projects, and intimated this allowed us to go ahead with the planning application for Queen Mary Street and 44 Dalmarnock Road. Acquisition for tenements would be looked at and progress with Queen Mary Street has begun. A development update would be given to the Board of Management in February.

Gary Naylor explained two of the blocks at Connal Street were now ready to let and invited Board Members to view these properties tomorrow at 1pm. Gary Naylor intimated it was short notice but appreciated anyone who would be able to attend.

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

The Board of Management noted the update to the programme agreement.

APPROVED

11. RÉSUMÉ OF MEETING

There were no questions or observations noted.

NOTED

12. DATE OF NEXT MEETING TUESDAY 4TH FEBRUARY 2025

The next meeting will be held on Tuesday 4th February 2025.

NOTED

The meeting concluded at 19:22pm.

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



Pauline Casey
Chairperson

Date: 4th February 2025