

**THE RIVERSIDE GROUP LIMITED**

**IRVINE HOUSING ASSOCIATION**

Two Hundred and Fourteenth Meeting of the Board held at 5.30p.m. on  
Tuesday 22 November 2016 at 44-46 Bank Street, Irvine

**Minutes**

Present: Mr D. McEachran (In the Chair), Mr C. Bell, Mr G. Darroch,  
Mrs M. Burgess, Mrs J. Murray, Mr A. West and Mr J. Wood  
(by VC)

In attendance were Mrs N. Thom, Mrs D. Boyle, Mr P.  
Hillard and Mrs M. Hutchinson.

Apologies for Absence

Mrs F. Garven, Miss J. Meek and Mrs A. Robertson

Declarations of Interests

Mrs Thom, Mrs Boyle, Mr Hillard and Mrs Hutchinson  
declared an interest as members of the Strathclyde Pension  
Fund.

Mrs Boyle, Mrs Hutchinson and Mrs Thom declared  
interests as members of staff who would be involved in the  
Target Operating Model process.

1. **Minutes of the Previous Meetings held on 27 September and 11  
October 2016**

The minutes of the meeting held on 27 September 2016 were  
approved and signed, subject to the proposed changes:

- a) The last sentence of paragraph 4 on page 2 be amended for clarity purposes.
- b) Paragraph 2 on page 3 be amended to reflect that the Riverside staff referred to had moved from a Defined Benefit Scheme to a Defined Contribution Scheme.
- c) Paragraph 4 on page 3 be removed.

The minutes of the meeting held on 11 October 2016 were approved and signed.

2. **Matters Arising from the Previous Minutes**

**Board Meeting – 27 September 2016**

a) Delegation of Decision Making (Min.9)

Mr P. Hillard advised that proposals in relation to Board / Committee reporting on equality and diversity statistics, customer feedback and performance management would be presented for consideration at the January 2017 Board Meeting.

**Special Board Meeting – 11 October 2016**

b) Energy Efficiency Investment (Min.2)

In response to a query from Board, Mrs N. Thom confirmed that the Association had been verbally advised that it would receive funding to carry out works in 8 properties. This would allow roof renewal works to be carried out to a whole street prior to the end of the financial year. The Board commented that funding for 8 properties was significantly less than the 49 properties bid for. Mrs Thom advised that she was unclear how the funding allocation for North Ayrshire had been made, however, she expected that information on how the funding had been split would be available when formal notification was received.

3. **Membership Removals**

Mr P. Hillard advised that the Association's Rules state that members who have failed to attend or submit apologies for 5 consecutive Annual General Meetings will be removed from the Membership Register, subject to the passing of a resolution by the Board. Mr Hillard stated that, should the resolution be passed, the members who would be removed from the Membership Register would be advised in writing of the Board's decision.

The Board thereafter approved the removal of the 8 members presented in the paper from the Association's Register of Members.

4. **Business Plan Review**

Mr P. Hillard highlighted the key points from the draft Business Plan which had been produced based on discussions at the Special Board Meeting in October 2016. He commented that this was an early draft and comments from Board Members were welcomed to help refine the Plan.

**Income**

The Business Plan presented was based on the Association's existing rent structure. The Plan was capable of accommodating variations to the structure after the Board had considered some more of the rent restructure options and decided on the best way forward.

**Asset Management**

[REDACTED]

**Growth**

The Business Plan was ambitious in that as well as building the 86 properties already planned at Tarryholme, [REDACTED]

[REDACTED]

**Risks**

[REDACTED]

[REDACTED]

Mrs N. Thom, Mrs M. Hutchinson and Mrs D. Boyle were then asked to leave the room for discussion on the next 2 items.

**Pension**

Mr Hillard confirmed that the Plan currently assumed the status quo option with regard to pension provision with on-going membership of the Strathclyde Pension Fund. Later versions of the Plan would be

amended, or include sensitivities, based on the recommendations coming from the Pensions Working Group.

**Target Operating Model**

[REDACTED]

Mr Hillard provided an update on the implementation on TOM. He highlighted that two new senior posts were being established. A Head of Service Delivery and a Head of Finance and Planning, and he gave an explanation of the key responsibilities of these posts. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In answer to a query Mr Hillard also confirmed that the board had previously delegated authority for the staffing structure of the organisation to the Managing Director, but that Board would be advised of this structure following staff consultation. It was highlighted that this may be after implementation of certain aspects of the organisational design.

Mrs Thom, Mrs Hutchinson and Mrs Boyle joined the Meeting.

Mrs M. Hutchinson then went on explain the assumptions made in the Business Plan presented. The Board noted that grant in the other income section had only been included for the current year. Grant may well be received next year but it was considered prudent not to include this until confirmation had been received.

[REDACTED]

[REDACTED]

[REDACTED]

Mrs Hutchinson confirmed that as part of the planned restructure, there would be a reduction in the salary costs moving forward. Mrs Hutchinson confirmed that a 25% increase in group service charge had been assumed, given that as part of the implementation of TOM, the Association would be utilising more of Group's central services.

[REDACTED]

Mr Hillard confirmed that the Board were being presented with the Business Plan earlier than usual in order for them to provide feedback to officials to factor into discussions with Group. The Board noted that the Business Plan was not being presented for approval at this stage.

[REDACTED]

[REDACTED]

[REDACTED]

The Board discussed the current growth options for the Association and the possibility for them requiring to decide on pursuing only one option for growth rather than two. Mr Hillard confirmed that each growth option would be presented for Board to consider and decide on at the appropriate time. These decisions would then be factored into the Plan.

[REDACTED]

The Board then considered various different scenarios which displayed the impact on the Association's ability to repay its loans depending on how many new properties the Association built and whether it applied CPI rent increases, RPI, or RPI+1% increases and for different periods of time. The Board noted that the Association's Business Plan was very sensitive to rent increases.

The Board enquired if it should be considering the option of not developing. A discussion then followed and the Board agreed that the Association's aspiration was to be a provider of housing as well managing its current properties.

The Board referred to the rent restructuring research which had recently been carried out which identified that the Association was currently 4% behind its peers in relation to rent charges. The question was asked if the Association should be increasing its rents in line with the market in order to offset the increased costs in relation to repairs and maintenance. The Board discussed this option in detail and expressed concern about increasing rents as part of the implementation of the rent restructure policy.

The Board stated that it also had to consider the impact of possible council tax increases for its tenants as this would also impact on tenant's ability to afford rents.

The Board also expressed concern that costs were increasing when income was not at the same ratio and this required to be looked at.

Following a further query from Board, Mrs Hutchinson confirmed that rent increase notifications required to be sent out to tenants in February 2017.

The Board thereafter gave Officers guidance on what particular areas required further specific work on and alternative scenarios it wished to consider further at its Meeting January 2017.

5. **Recommendations from Governance and Staffing Committee**

Mr P. Hillard tabled the Whole Board Appraisal Action Plan which incorporated the changes discussed by the Governance and Staffing Committee following its consideration of the Action Plan at its recent meeting.

6. **Committee Minutes**

The Board noted the minutes of the:

- a) Audit & Risk Committee Meeting held on 18 October 2016
- b) Governance and Staffing Committee Meeting held on 1 November 2016
- c) Pensions Working Group Meeting held on 8 November 2016.

7. **Any Other Business**

Mitie

Mr P. Hillard reported that Mitie, the Association's schedule of rates contractor had recently reported £100m losses. This had now been added to the Association's Operational Risk Map.

8. **Date of Next Meeting**

Board Meeting - 5.45 p.m. Wednesday 25 January 2017, 44-46 Bank Street, Irvine.

P. Hillard  
Secretary  
23 November 2016  
PH/db

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■ = This section of text has been subject to redaction prior to the publication of minutes on the website.