

**THE RIVERSIDE GROUP LIMITED**

**IRVINE HOUSING ASSOCIATION**

Two Hundred and Fifteenth Meeting of the Board held at 5.30p.m. on  
Wednesday 25 January 2017 at 44-46 Bank Street, Irvine

**Minutes**

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

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

Apologies for Absence

Mrs F. Garven.

Declarations of Interests

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

Mr A. West declared an interest that he had a close family  
member who was a partner of Auction House, Scotland.

1. **Minutes of the Previous Meetings held on 15 and 22 November  
and 15 December 2016**

The minutes of the meetings held on 15 and 22 November 2016 and 15  
December 2016 were approved and signed.

The Board agreed that given the minutes of the Special Board Meetings  
on 15 November and 15 December 2016 were so heavily redacted, it  
was best to state that due to the confidential nature of discussions at  
these meetings, the minutes would not be published on the website.

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

There were no matters arising from the minutes which were not covered in the papers presented for consideration.

3. **Financial Plan**

Mrs M. Hutchinson highlighted that, following Board's consideration of the draft Financial Plan in November 2016, the focus of key areas had changed in relation to rent affordability, asset management, pension liability and growth aspirations.

Mrs Hutchinson stated that a 3% increase in rental and service charges was being proposed for 2017/18. The Plan then proposed rent increases of RPI+1% for the next 2 years and then RPI for the remainder of the Plan.

Mrs Hutchinson then referred to the results of the tenant consultation which were tabled for information. The consultation had sought views on 3 rent increase options. The Board noted that there had been an 8% response rate to the consultation which was an increase on previous years. Mr P. Hillard advised that the way in which the Association had consulted this year was in line with the Scottish Housing Regulator's guidance. Officials would consider this further for next year's exercise to ensure that meaningful information was being provided to tenants. The Board discussed the proposed rent increase and agreed that appropriate communication would be required to ensure that tenants' perception was that they were receiving value for their rental charge and also that the Association was working towards arriving at a position where it would be able to achieve only RPI increases in the not too distant future.

Mrs Hutchinson advised that the bad debt provision had been reduced from 3% to 1.6%. Following a query from Board, Mrs Hutchinson confirmed that doing this still left an appropriate amount of headroom which could be used as contingency.

Mrs Hutchinson referred to programmed repairs and advised that the spending levels which were approved in the 2016/17 plan would be used for the 2017/18 financial plan as some verification was required on the figures which had been included in the November draft Plan. An additional £0.5m had, however, been factored into the Plan should it be identified that more works were required in the next financial year or further grant funding was made available for energy efficiency works.

Mr Hillard stated that he did not feel it was appropriate to sign-off on such a significant increase in spend in this area without some external verification being carried out. If the planned spend which had been included in the November draft Plan was found to be accurate, there

would be significant issues to consider and a review of the long term asset management plan would be required.

[REDACTED]

The Board enquired if the Association was being ambitious enough with its current growth plans, given that loans in the Plan presented would be paid by year 19. Mrs Hutchinson stated that it was prudent not to increase the level of planned growth until the position with the asset management spend had been clarified.

[REDACTED]

The Board commented on the fact that the more stock you had, the lower the unit cost per property reduced. This was something which should be communicated to tenants as part of any future rent increase / corporate planning consultations.

The Board then considered and discussed some scenario planning and their effect on the Financial Plan as follows:

- What if original asset investment requirements are found to be accurate? How can we then restrict future rent increases to CPI?
- What if "Westminster" style rent control is introduced and the higher asset investment requirements are found to be accurate? How could we repay our loans?
- What if rent increases are linked to CPI only from year 2 and the original asset investment requirements are found to be accurate? What capacity would we have to develop?
- What if rent increases are linked to CPI only from year 2 and some savings are identified within asset investment requirements?

Mrs Hutchinson undertook to circulate the scenarios discussed at the meeting to the Board for information.

The Board enquired on whether it was envisaged that any rent regulation would be planned in Scotland. This matter was discussed in detail and Board and Officials were of the view that given the Scottish Government's plans to deliver 35,000 social rented homes in the next 5 years and the fact that any rent regulation of housing associations would hinder the delivery of this commitment, there would be no imminent plans to introduce such a policy. It was also noted that Scottish rents were below the national average, so unless rents increased significantly above levels of affordability, it was unlikely to be imposed in the near future.

Mr Hillard stated that a senior civil servant was due to attend the next meeting of the G8 Group. He undertook to ascertain the government's currently thinking in this regard.

The Board noted the key risks to the Financial Plan as highlighted by Mrs Hutchinson and the proposed actions to mitigate these risks.

The Board thereafter approved:

- a) A 3% increase to housing property rents and service charges for the 2017/18 financial year.
- b) The annual budget for 2017/18 and the 30 year financial plan both subject to approval by the Riverside Group Ltd.
- c) The proposal in relation to the verification of Asset Management investment needs.

#### 4. **Disposal of 28-30 Queen Street, Dumfries**

Mr P. Hillard elaborated on the background to the paper and highlighted that given the current book value of the properties [REDACTED] and [REDACTED] projected [REDACTED] sale value [REDACTED] this meant that there would be an impairment in the Association's Income and Expenditure account in the current financial year.

Mr Hillard advised that the Chairman had asked for a report to be presented to Board at its next meeting detailing how the Association had arrived at this position.

The Board discussed options around maximising the value of the properties prior to sale, but came to the conclusion that selling the properties as soon as possible would remove the risk of potential long term costs to the Association.

Following a query from Board, Mr Hillard confirmed that Auction House, Scotland, who would be marketing the property, if approved, covered the whole of the UK. The Board noted that a condition of the sale of

the properties would be subject to the Scottish Housing Regulator's approval.

The Board thereafter approved the disposal of 28-30 Queen Street, Dumfries by auction, subject to approval from the Scottish Housing Regulator.

5. **Performance Report**

Mrs M. Hutchinson presented the proposed new Performance Report for agreement. The Board noted that Officers would continue to post out the Monthly Performance Report, which was previously presented at Board Meetings, to Board Members for information.

After discussion, the Board agreed the new Performance Report presented, subject to colour being added to the Summary of Financial Performance report to highlight the positive and negative variances.

6. **Record of Decisions of the Chair Under Chair's Action Procedure**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7. Managing Director's Report

a) Organisational Design / Target Operating Model

[REDACTED]

The Board enquired on when the whole process should be completed by. Mr Hillard estimated that it should be complete by the summer, however, the completion of the process would be determined by the outcomes of consultations with the unions and how long negotiations took.

The Board enquired when they would get more information on the service delivery model. Mr Hillard that it was intended that the front line service would be strengthened and would carry more responsibility. [REDACTED]

[REDACTED]

The Board noted that a defined service delivery model should be rolled out by June / July 2017.

Mr Hillard undertook to update the Board further on this process at the next Meeting.

b) Corporate Planning

Mr Hillard stated that corporate planning linked to the implementation of the Target Operating Model and advised of the intention to hold a Strategy Day in March. It was intended that some Board training would also be carried out on this day. The Board discussed and agreed that the Strategy Day should be arranged on Saturday 25 March 2017.

c) Strathclyde Pension Funding

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In response to a query from Board, Mr Hillard confirmed that the Association would make a loss in the current financial year as a result of the Pension exit payment.

Following a question from Board, Mr Hillard that staff morale was currently low within the organisation. Improvements were being made with communications and he was maintaining a strong dialogue which set out the business case and rationale behind the Board's decision, and other changes impacting staff

The Board enquired if the Board Meeting required for making a final decision regarding the closure of the pension fund could be held on the same day as Strategy Day. Mr Hillard undertook to check if timescales would allow this and confirm as appropriate to Board Members.

d) Rent Restructuring

Mr Hillard proposed that the Board deferred a decision on the new rent restructure until April 2018. Given that the Association was going through a period of change and the other housing associations involved in the initial research and North Ayrshire Council were considering this in 2018, this was agreed.



e) Development and Growth

Mr Hillard updated the Board on the discussions he had had with North Ayrshire, East Ayrshire and South Ayrshire Councils and Dumfries and Galloway Council regarding to their development partnerships and their priorities within their local authority areas and how the Association could assist them to deliver these priorities.

The Board thereafter noted the content of the Managing Director's Report.

8. Formal Registers

Mrs D. Boyle presented the Declaration of Interest, Fraud and Loss, Gifts and Hospitality and Grant of Benefits Registers for Board Members to view.

Mrs Boyle referred to the electronic version of the Declaration of Interests Register and highlighted that it required to be updated to reflect that Mrs F. Garven was a member of the Governance & Staffing Committee. It was highlighted that Mrs J. Murray was also a member of the Riverside Group's Tenant Federation and this also required to be added to the Register. Mrs Boyle undertook to make these changes to the Register prior to it being published on the website.

The Board thereafter:

- a) Noted the entries in the Declaration of Interests, Fraud and Loss, Gifts and Hospitality and Grant of Benefits Registers.
- b) Authorised the Chairman to sign off the Registers.
- c) Noted the electronic version of the Declaration of Interests Register which would be published on the Association's website.

9. Any Other Business


There was no further business to be discussed.

10. **Date of Next Meeting**

Board Meeting - 5.45 p.m. Wednesday 22 February 2017, 44-46 Bank Street, Irvine.

P. Hillard  
Secretary  
25 January 2017  
PH/db

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