

**THE RIVERSIDE GROUP LIMITED**

**IRVINE HOUSING ASSOCIATION**

Two Hundred and Sixteenth Meeting of the Board held at 5.30p.m. on  
Wednesday 22 February 2017 at 44-46 Bank Street, Irvine

**Unconfirmed Minutes**

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

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

Apologies for Absence

Miss J. Meek.

Declarations of Interests

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

1. **Preliminaries**

Mr D. McEachran reported that Mr A. West had formally resigned from the Board on 26 January 2017. The Board thanked Mr West for his efforts during his years on the Board. Mr McEachran commented that he was particularly grateful for Mr West's support in his first 6 months as Chairman.

2. **Minutes of the Previous Meeting held on 25 January 2017**

The minutes of the meeting held on 25 January 2017 were approved and signed.

The Board commented that there was a significant amount of redaction proposed in the Board minutes. Mr Hillard advised that the majority of the items redacted were specific to the Strathclyde Pension Fund which contained a level of detail which was considered inappropriate for public consumption.

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

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

4. **Tarryholme Phase 1 – New Build Development Project**

Mrs M. Hutchinson stated that it was proposed to build 86 units in the first phase of the development on this site. This project had been included in North Ayrshire Council's Strategic Housing Investment Plan for 2017 – 2022 and was programmed to start on site in 2017/2018. The Board noted that the proposed housing mix for the development had been designed in order to satisfy the Scottish Government funding criteria.

Mrs Hutchinson advised that the tenders for the Development Contractor were currently being assessed by Group's Development and Growth colleagues. A recommendation had been made to delegate responsibility to the Managing Director to appoint the successful Contractor. It was intended that the successful contractor would be contracted through Riverside's Consultancy Service.

The Board noted the projected total scheme cost of [REDACTED] which would be grant-funded. The remainder of the costs would require to be funded by the Association.

Mrs Hutchinson referred to the Riverside Scheme Appraisal and highlighted the key development costs summary for information.

Mrs Hutchinson advised that the proposed development was in line with the Association's current growth aspirations. If approved, it was intended that future detailed progress reports regarding the development would be given to the Operations Committee.

The Board considered the key risks highlighted in the paper and the mitigating actions proposed.

In response to a query from the Board, Mrs Hutchinson stated that part of the grant had previously been received in order to purchase the land.

The Board enquired if additional funding could be sought from the Scottish Government should it be discovered that ground remediation

works were required on the site following site investigations. Mrs Hutchinson stated that if significant remedial works were required, then the matter would require to be brought back to Board for further consideration.

The Board highlighted that additional grant could potentially be available, should the properties to be developed to meet the Green Standard. Mrs Hutchinson undertook to look into this further.

Further to another question from Board, Mr Hillard stated that should the successful Contractor tender amount be over and above the current projections in the appraisal model, then the acceptance of the tender would require to be brought back to Board for further consideration.

After detailed discussion, the Board:

- a) noted the progress on the development to date.
- b) approved the overall project costs and NPV per unit.
- c) delegated authority to the Managing Director to accept the successful tender for a developer contractor following a full tender evaluation.

5. **Disposal of 28-30 Queen Street, Dumfries**

Mr P. Hillard highlighted that following Board's previous approval to dispose of the Queen Street properties, subject to the Scottish Housing Regulator's consent, the Regulator had confirmed that it could not give consent on the basis of the information supplied to them.

The Board viewed and considered the independent RICS property valuation for the Queen Street properties which had been tabled for information and noted the valuation figure of [REDACTED].

Mr Hillard advised that no offer was made when the properties in question went to auction. An offer had however, subsequently been made for the current valuation of the properties of [REDACTED].

Mr Hillard then gave an update on the historical position on how the properties came into the Association's ownership. The Association had purchased the properties in 2003 and had agreed to lease the properties to Dumfries and Galloway Council in order to assist them to achieve their strategic objectives. The financial appraisal had always intended that the properties would be sold on the open market at the end of the lease period with Dumfries and Galloway Council. The Board noted that the financial appraisal had assumed that immediately after carrying out the remedial works to the property, that they would increase in value by 50% and that over the course of the 10 year lease, the properties would increase in value by 5% in the first 3 years and then by 7% in years 4 – 10. Unfortunately, the timing of when these

assumptions were made was prior to the property crash. Mr Hillard stated that having reviewed the previous Board minutes and associated paperwork, he was content that the purchase and agreement of the contract amount for the remedial works to the properties had been considered through the appropriate governance processes. At the time of acquisition and the subsequent approval of the refurbishment costs, the Board had acknowledged the associated risks and sought to mitigate this through the increasing value of the properties.

This increase in property value had not materialised which had now caused the difference between the value of the property on the balance sheet and market valuation advice now received. The Board noted that this would necessitate the impairment of the property in the Association's accounts.

The Board recognised the social contribution made over the 10 years by providing this valuable service to the Dumfries community and that it also brought rental income into the Association during that period. The loss on the value of the properties was of capital value.

Mr Hillard confirmed that if the recommendations were approved, a further request for consent to dispose of the properties would be submitted to the Scottish Housing Regulator.

After full consideration, the Board:

- a) approved the disposal of 28-30 Queen Street, Dumfries for [REDACTED] line with the independent RICS open market valuation, subject to approval from the SHR.
- b) noted the outlined risks and benefits presented in the paper and the rationale behind this disposal.
- c) acknowledged its obligations as charitable trustees and how the treatment of capital receipt would further the provision of social housing, in line with the Association's charitable objectives.

## 6. Performance Report

Mrs M. Hutchinson presented the Performance Report and highlighted that the report was based on the forecast as at December and did not factor in the impairment which would be required when the Queen Street properties were sold and also the payment required to leave the Strathclyde Pension Fund. [REDACTED]

The Board noted that the KPI's were currently all on target. Mrs Hutchinson highlighted a risk that in order to meet the year end target the Association could only have 8 property voids. Until the Queen

Street properties were sold, these 6 properties would remain as void on the Association's systems which meant that the Association could only have 2 other voids in order to achieve year end target. The Board noted that Staff would seek to ensure that this year end target was met.

After discussion, the Board noted the Performance Report presented.

6. **Managing Director's Report**

a) **Organisational Design / Target Operating Model**

Mrs D. Boyle left the meeting.

Mr Hillard stated that there had been one internal (Riverside) expression of interest in the new Head of Services post. It was agreed that Mr G. Darroch would be the Board representative on the panel for this recruitment exercise.

Mr Hillard informed the Board that the next phase of the organisational design would be announced on 1 March 2017. This would facilitate the establishment of the organisation's new planning, administrative and community involvement functions. The opportunity would also be taken to initiate changes to the Association's approach to marketing and communications and have an additional administrative post in the asset management function.

[REDACTED]

Mr Hillard updated Board on the position with UNISON. He had responded positively to their request for a meeting to discuss a recognition agreement and would continue to do so. Mr Hillard highlighted that any recognition agreement would have to take account of Riverside's recognition agreement with UNITE.

b) **Strathclyde Pension Funding**

Mrs Boyle re-joined the meeting.

Mr Hillard advised that staff consultation meetings had been held and staff had also been offered individual meetings with Spence and Partners in order to go through their pensions illustrations. Staff had also been asked to provide their comments on the

consultation. These responses would be provided to the Board for information at its meeting on 25 March 2017.

[REDACTED]

[REDACTED]

c) Corporate Planning

Mr Hillard tabled a draft agenda for the Strategy Day on 25 March 2017. The Board noted that as part of the day a briefing session would be held regarding the Association's constitutional relationship with Group and how this operated in practice.

The Board suggested that the Board Meeting be the first item on the agenda. Mr Hillard undertook to amend the programme to accommodate this change.

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

7. Loan Portfolio Return

Mrs M. Hutchinson confirmed that the Association's Loan Portfolio Submission had been made to the Scottish Housing Regulator. [REDACTED]

[REDACTED]

The Board thereafter noted the content of the Loan Portfolio Submission.

8. **Any Other Business**

a) **Resolution to Update Lithographic Cheque Signature**

Mr P. Hillard reported that Mrs J. Baggaley, Chief Financial Officer, was leaving Riverside's employment at the end of the month. It was therefore proposed that Mr J. Wood become a cheque signatory on a temporary basis until the new Chief Financial Officer was in post.

It was thereafter resolved that:

- The signing rules in the current mandate, for the accounts detailed in section 2, be replaced in accordance with section 4; and / or
- The authorised signatories in the current mandate, for the accounts detailed in section 2, be changed in accordance with section 5 and the current mandate will continue as amended.

b) **External Wall Insulation Scheme Bourtreehill**

Mr D. Thompson advised that grant funding had previously been confirmed from the Scottish Government via North Ayrshire Council to complete External Wall Insulation works to 8 properties in Bourtreehill. Contact had been received that day from North Ayrshire Council advising that a further £28k had been released from the Scottish Government which it wished to provide to the Association provided the required works could be carried out by year end.

The Grant provided would mean that an additional 4 properties in Bourtreehill could be included in the contract with AC Whyte, subject to appropriate terms being agreed with them. The full cost of the works would be £46k of which £28k would be grant funded. The Board noted that the Association had the capital budget available for £18k which it would require to contribute to the total cost of the works.

Mr Thompson confirmed that the contractor AC Whyte had been performing well on site to date and had confirmed that they could carry out this additional work by year end.

The Board thereafter delegated authority to the Managing Director to approve the contract with AC Whyte for the inclusion of an additional 4 properties for the External Wall Insulation Scheme in Bourtreehill to be completed by the financial year end.

9. **Date of Next Meeting**

Board Meeting - 10.00 a.m. Saturday 25 March 2017, 44-46 Bank Street, Irvine.

P. Hillard  
Secretary  
23 February 2017  
PH/db

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This section of text will be subject to redaction prior to the publication of minutes on the website.