

HIGHLIGHTS OF IHA'S BOARD MEETING HELD ON 1 FEBRUARY 2018

AIDS AND ADAPTATIONS

The Board noted that the backlog of disabled adaptations and any other requests which had been processed this year had now either been completed or were in progress. The new Disabled Adaptations Referral Policy was currently being developed in liaison with local authority partners and would be presented to Board for approval at the March 2018 Board Meeting.

RENT RESTRUCTURE

The Board noted the results of the consultation with the Association's customers on its proposed rent restructure. The Board thereafter approved the new Rent Setting Policy and instructed the implementation of the new rent structure from 1 April 2018.

FINANCIAL PLAN

The Board noted the key assumptions which had been included in the financial plan following on from Board discussions in December and discussed the key risks to the plan and the proposed mitigation action. The Board noted the results of the consultation with the Association's tenants on the proposed rent increase. The Board thereafter instructed Officials to apply a 3.5% increase to its rents from 1 April 2018. The Board also approved the financial plan subject to approval from Group.

GIFTS AND HOSPITALITY POLICY

The Board approved the Staff Gifts and Hospitality Policy.

PERFORMANCE REPORT

The Board noted that following the implementation of the housing services part of the Target Operating Model which involved new ways of working, housing staff were working closely with new Income Collection and Housing Processing Teams in order to ensure that services worked effectively. It was hoped that improvements in cash collection KPIs would be seen towards year end following a transitional phase, albeit due to staff shortages, target may not be met. The Board noted an increase in STAR and repairs satisfaction targets.

FORMAL REGISTERS

The Board noted the entries in the Declaration of Interest, the Fraud and Loss, the Gifts and Hospitality and the Grant of Benefits Registers.

MD REPORT

The Board noted the programme for the Board Strategy Day.

Noted that a series of staff away days had been planned in order to move forward and build teams.

Noted that planning permission had been granted for the development of 87 properties at the Tarryholme site.

Noted that the Scottish Housing Regulator had recently issued a discussion plan on its Regulatory Framework and that the Association would respond fully to this paper.

Noted that it was the Association's 25th and Group's 90th Anniversaries this year and that a series of events would be planned to mark these milestones.

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Two Hundred and Twenty First Meeting of the Board held at 5.30p.m. on
Thursday 1 February 2018 at The Gales Hotel, Marine Drive, Irvine

Minutes

Present: Mr D. McEachran (In the Chair), Mr C. Bell (Items 1-5), Mrs M. Burgess, Mr G. Darroch, Mrs F. Garven, Mrs J. Galbraith, Mr R. Hill, Miss J. Meek (Items 1-4), Mrs J. Murray, Mr D. Thornton and Mr J. Wood.

In attendance were Mr P. Hillard, Mrs H. Anderson, Mrs D. Boyle, Mrs A. Fox-Smith, Mrs M. Hutchinson and Mr P. White, Riverside Group Board Member and Chair of Group's Neighbourhood Services Committee.

Apologies for Absence

Nil.

Declarations of Interests

Miss J. Meek declared an interest at Item 3 Rent Restructure, having previously been involved in the initial research of the project work through her former employment with Arneil Johnston.

1. **Preliminaries**

The Chairman welcomed Mr P. White to the Meeting.

2. **Minutes of the Previous Meetings held on 21 November 2017**

The minutes of the Board Meeting held on 21 November 2017 were approved and signed.

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

a) **Financial Statements for 2016/17 (Min. 2.b))**

Mr P. Hillard elaborated on the reasons for there being a delay in receiving legal advice regarding the Association's subsidiary Thistle Housing Services.

Following a query from Board, Mr Hillard confirmed that the Association continued to retain this subsidiary in case the Association wished to pursue any non-charitable initiatives in the future.

b) **Aids and Adaptations (Min. 9)**

Mrs H. Anderson advised that the previous backlog of adaptations plus the further requests which had been received to date amounted to 174 adaptation requests. 155 of those adaptations had now been completed and the remaining 19 adaptation requests were currently in progress. [REDACTED]

Mrs Anderson updated that liaison with local authority partners continued in relation to the development of a Disabled Adaption Referral Policy to ensure that agreement was in place to have the same process applied in all 3 local authority areas. Subject to discussions being finalised with the local authorities, the Association would seek to align its Policy as closely with Group's as was possible. Mrs Anderson advised that it was intended that the draft Policy would be presented for consideration at the March 2018 Board Meeting.

3. **Rent Restructure**

Mrs A. Fox-Smith confirmed that the rent restructure consultation was now complete. Tenants had been given the opportunity to give their feedback either through the postal leaflet or by attending drop-in sessions which had been arranged in the 3 local authority areas. 43 responses had been received in relation to the consultation and 23, which equated to 53% of responses received, were in favour of the rent restructure being implemented. 6 responses had not given a definitive response as to whether they were in favour or not. The remainder of responses had been against the rent restructure and individual reasons for this view were detailed in the paper.

Mrs A. Fox-Smith highlighted that if the new structure was implemented, the tenants with target rents lower than their current

charge would have their rent charge frozen until it had reached the target rent amount. The tenants with target rent higher than their current charge would have their rent charge increased by no more than £3.75 a week, before any inflationary increase was applied, until the rent charge had reached the target amount. Whenever any property became vacant, the target rent would be charged from the start of the next tenancy in order to move the properties on to the new rent structure as quickly as possible.

Mrs Fox-Smith highlighted that the 7 properties which were not on Scottish Secure or Short Scottish Secure Tenancies would not be subject to the rent restructure due to the types of contracts / leases which were in place. The Board noted that a comprehensive review of these contracts / leases would be undertaken to ensure greater consistency.

Mrs Fox-Smith then highlighted the key features of the Policy.

Mrs Fox-Smith tabled a page detailing how the proposed rent restructure would affect a sample range of tenants individually, following the Board's request for this information at the previous Board Meeting. Mrs Fox-Smith highlighted that the main groups of tenants affected by the rent restructure would be those paying full rent and those affected by the benefit cap. Tenants with the benefit cap would not receive any additional benefit to cover the new charge. 26 of the Association's tenants were currently affected by the benefit cap. The Board noted that the amount these tenants would have to contribute to meet their weekly rent charge would be a significant amount to them. Mrs Fox-Smith stated that the Association's money advice staff would work closely with these tenants to assist them. This could include applying for discretionary housing payments (DHP), however, achieving satisfactory outcomes for tenants would depend on each local authority's policy on DHP.

Following a query from the Board, Mrs Fox-Smith clarified that the base rent for flats and four-in-a-block properties was £75, however, the charge for these properties could be higher depending on the number of bedrooms in the properties. The Board noted that the base rent had been calculated using the lower quartile weighted average of all the Association's rent charges.

Mr Hillard advised the Scottish Housing Regulator would expect the Association to be seeking to implement a fairer rent policy. He recognised that some tenants would be affected more than others, however, the Association would apply resources to give those tenants assistance. These effects were unfortunately an unavoidable consequence of implementing a clearer, fairer Rent Setting Policy.

The Board enquired on some of the themes of the comments made by tenants in response to the consultation with regard to repairs and

[REDACTED]

Mrs Hutchinson highlighted the main features of the plan which included:

- The development of the Tarryholme site, plus a further 300 units on other sites.
[REDACTED]
- The revised capital spend for the first 10 years as previously agreed by Board.
- The 3.5% rent increase which was 0.4% lower than the November RPI figure.
- A rent increase of RPI+1% in year 2, but thereafter, rent increases on RPI only.

Mrs Hutchinson, referring to the rent increase consultation, advised that the Association had consulted on proposed increases of 3.5% and 4%. If applied, the additional 0.5% increase would have generated a further £40k of income for the Association in year 1 of the plan. The Board noted that 86 responses had been received in response to the rent increase consultation which was a reduced number from the previous year's consultation.

[REDACTED]

Mrs Hutchinson commented that the bad debt provision had been reduced to reflect Group's bad debt provision, given current performance, however, Officials would keep a watching brief on this provision in the longer term.

Mrs Hutchinson stated that the depreciation figures were slightly different from previous years due to them now being calculated differently through the use of the promaster system. [REDACTED]

Mrs Hutchinson highlighted the reduced interest rate assumptions which removed contingency, continued to meet immediate needs. Mrs Hutchinson then stated that capacity would need to be built in to future plans in order to protect against any future interest rate rises.

[REDACTED]

Mrs Hutchinson then went on to highlight the main risks [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

She then elaborated on the mitigation action which would be taken to reduce these risks.

Mrs Hutchinson advised that due to Group now using a new financial planning system, the Association's financial plan had not yet been verified by the new system. This would usually happen prior to the Board Meeting. For this reason, the financial plan could still be subject to change, however, Mrs Hutchinson undertook to come back to Board should there be any material changes to the plan.

The Board commented on the significant capital works spend and enquired if the Association had the capacity to deliver works programmes of this size. Mr P. Hillard stated that he was confident that the Association could deliver the planned programmes, given previous experience of managing large contracts in recent years which had been carried out alongside EWI contracts too. [REDACTED]

[REDACTED]

The Board expressed concerns regarding the reduction of the bad debt provision in the first year, given that tenants would be affected by Universal Credit. Mrs Hutchinson advised that the assumption of 1% was bold but was comparable to current operating performance of 0.8%. It was agreed bad debts would be closely monitored.

[REDACTED]

• [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The Board commented that the risk of not delivering the Financial Plan was more a consequence of not addressing other risks. Mr Hillard thereafter undertook to review the Association's Risk Map to ensure that the risk/s to the Association which would result in not delivering the Financial Plan were identified within the Risk Map.

Miss J. Meek left the meeting.

Mrs Hutchinson then highlighted the stress testing of certain scenarios such as the reduction in the number of properties developed. [REDACTED]

[REDACTED] The Board questioned the interest payment assumptions and Mrs Hutchinson confirmed that historic figures had been used as assumptions. The Board commented that it was possible the interest rates in the plan could be more favourable than had been projected.

The Board thereafter:

- a) Approved the 3.5% increase to rents and service charges for the 2018/19 financial year.
- b) Approved the proposed financial plan subject to approval by The Riverside Group Ltd and Lloyds Bank.

5. **Gifts and Hospitality Policy**

Mrs D. Boyle advised that references to Board Members had been removed from the draft Policy, given that reporting arrangements for Board Members were now detailed within the Code of Conduct for Board and Committee Members.

The Board noted that plans to introduce a Code of Conduct for Staff would be considered as part of a wider review of terms and conditions. This would then remove the requirement for the stand alone Policy to be in place, as clear guidance on the reporting of gifts and hospitality would be covered within the two Codes of Conduct. Mrs Boyle stated that the Staff Gifts and Hospitality Policy was recommended for approval until such times where a Code of the Conduct for Staff was introduced.

The Board thereafter approved the revised Staff Gifts and Hospitality Policy.

Mr C. Bell left the Meeting.

6. **Bank Mandates**

Mrs M. Hutchinson stated that the proposed changes to the bank mandates were to reflect the recent organisational changes.

The Board approved the proposals for authorised signatories on the new bank mandate forms.

7. **Performance Report**

Mrs M. Hutchinson tabled for information an informal forecast for the year to March 2018, highlighting that due to the implementation of the Target Operating Model during the year, there had been underspends in areas such as training, travel and PR.



Mrs H. Anderson referred to the operational performance highlighting that there had been an increase in the STAR targets and the repairs satisfaction targets. The complaints targets were not being met due to there being some breaches in response timescales due to staff training issues following the implementation of TOM. Training now been carried for the appropriate staff and Officials were starting to see some positive changes. The First Tenancy Visits targets were currently not being met due to changes in new ways of working. She was working closely with staff in order ensure that this KPI was brought back within target.

Mrs Anderson stated some improvements were starting to be seen in the cash collection figures although it was early days. There had been some transitional issues moving to the new Income Collections and Housing Processing Teams. Housing staff were currently developing their relationship with these new teams to ensure effective team working. Mrs Anderson stated that Officials hoped to see an improvement in the KPIs, however, they had to remain realistic as to whether targets would be achieved by year end given that 2 Housing Officers were currently off due to illness and a further Housing Officer was due to commence Maternity Leave. The Board commented that it was important to acknowledge the significant period of change that the organisation was going through and offered congratulations to staff for all that they were currently achieving.

Following a query from the Board, Mrs A. Fox-Smith confirmed that former tenant debt was collected by staff. This was a more successful approach than using debt collectors, which had been tried in the past.

Mrs Anderson advised that staff were closely monitoring the tenants who were on Universal Credit and were being very pro-active in supporting those at risk.

The Board thereafter noted the content of the performance reports.

8. **Formal Registers**

Mrs D. Boyle presented the Declaration of Interests, the Fraud and Loss, the Gifts and Hospitality and the Grant of Benefits Registers for noting and sign-off by the Chairman.

Mr R. Hill advised of one further addition to his Declaration of Interests. Mr P. Hillard undertook to add this into the Register.

The Board thereafter authorised the Chairman to sign the Registers and noted the electronic version of the Board Member's Declaration of Interests which would be published on the Association's website.

9. **Managing Director's Report**

Mr P. Hillard highlighted the changes that the organisation had been through and the massive transition involved in delivering the new services. There had been some teething problems, however, staff had managed to maintain a service. The Board noted that the housing software system was also just about to be switched over to a new one which would mean another huge change. Mr Hillard advised that he planned to give Board an update on the implementation of the Target Operating Model at the Board Strategy Day on 17 February 2018. The Board noted the tabled draft agenda for the Board Strategy Day.

Mr Hillard stated that as part of the development of the People Plan, an away day for staff had been held in order re-build engagement with them. This event raised awareness of the changing business model and the challenging operating environment in the housing association sector. A further away day for staff was due to take place toward the end of the month in order to improve engagement further and move the business forward.

The Board noted that planning permission for 87 units had now been approved for the Tarryholme site. Proposals would be presented for consideration at the March 2018 Board Meeting to enter into the contract with the builder for the development of this site.



Mr Hillard referred to the tabled discussion paper by the Scottish Housing Regulator regarding the regulation of social housing. Mr Hillard advised of the Association's intention to make a detailed response to the paper. The deadline for responses to the Regulator was 30 March 2018. Mr Hillard therefore requested that Board Members who wished to provide comments in response to the paper should forward them to him by the end of February in order for these to be collated and discussed at the Governance and Staffing Committee Meeting on 13 March 2018.

Mr Hillard highlighted that the Association would be celebrating its 25th Anniversary this year and intended planning a range to community-based events during the year to celebrate and promote the benefits of being part of the Riverside Group and the transformation of the housing sector. The Board suggested that these events should promote the Association's journey over the years and the investment in its communities. These events should also be spread across the year in order to maximise exposure. Mr Hillard advised that the Riverside Group would also be celebrating its 90th Anniversary this year. Group was also planning a series of activities throughout the year and it was hoped that some of these would take place in Scotland.

10. **Unconfirmed Committee Minutes**

The Committee noted minutes of the:

- a) Group Neighbourhood Services Committee Meeting – 30 November 2017.

11. **Any Other Business**

Carillion

The Board highlighted that due to the collapse of Carillion, there were likely to be tenants affected by redundancies. Mrs H. Anderson confirmed that housing staff would be made aware in order to target early discussions and assistance with affected tenants.

12. **Date of Next Meeting**

Board Meeting – 5.30 p.m. Tuesday 27 March 2018, 44-46 Bank Street, Irvine.

P. Hillard
Secretary
2 February 2018
PH/db

.....

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