

HIGHLIGHTS OF IHA'S BOARD MEETING HELD ON 21 NOVEMBER 2019

CORPORATE PLAN AND RISK REGISTER UPDATE

The Board noted the contents of the Year 3 Implementation Plan 2019/20 and the updated Corporate Risk Register.

BUDGET AND BUSINESS PLAN ASSUMPTIONS

The Board discussed and agreed the proposed rent increase to go out to consultation with customers and other business plan assumptions to be factored into the draft budget and business plan for consideration in January 2020.

SHELTERED HOUSING REVIEW

The Board agreed to commence consultation on the proposal to change the current Sheltered Housing Service to Retirement Living Housing with implementation of the new service by April 2020.

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

The Board approved the revised Terms of Reference for the Audit & Risk Committee.

MEMBERSHIP REGISTER

The Board approved the removal of Members from the Register of Members in line with Rules 15(b)(i)(A) and (B).

OSCR ANNUAL RETURN

The Board approved the Annual Return for submission to OSCR.

ENVIRONMENTAL AND SUSTAINABILITY POLICY

The Board approved the adoption of Group's Environmental Sustainability Policy.

EQUALITY AND DIVERSITY ACTION PLAN

The Board noted the contents of the 2018-19 EDI Action Plan Monitoring Sheet and the Equality, Diversity & Inclusion Action Plan for 2020.

IRVINE CUSTOMER PLAN

The Board noted the actions contained in the Irvine Customer Plan and the work that would be ongoing over the year to improve customer satisfaction levels.

OPERATIONAL PERFORMANCE REPORT

The Board considered the contents of the operational performance report, noting the targeted work currently in place to address the high arrears levels in the Drongan and Dumfries areas.

FINANCIAL PERFORMANCE REPORT

The Board agreed to re-allocate an additional budgetary allowance to the disabled adaptations budget from the 2019/20 budget in order to complete all works requested during the year.

MD REPORT

The Board noted an update from the Managing Director in relation to:

- Annual Assurance Statement
- Freedom of Information
- Key Regulatory Messages
- Thistle Housing Association
- Succession Planning for Chair

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Two Hundred and Thirty Second Meeting of the Board held at 5.30p.m. on
21 November 2019 at 44-46 Bank Street, Irvine, Ayrshire

Minutes

Present:

Mr D. McEachran (In the Chair), Mrs M. Burgess, Ms M. Crearie, Mr G. Darroch, Mr C. Donohue, Mrs J. Galbraith, Mr R. Hill, Ms C. McGuinness and Mr D. Thornton

In attendance were Mrs M. Hutchinson, Mrs H. Anderson and Mrs D. Boyle.

Apologies for Absence

Mr C. Bell and Mrs J. Murray

Declarations of Interests

None.

1. **Minutes of Previous Meeting – 231st Board Meeting held on 19 September 2019**

The minutes of the 231st Board Meeting held on 19 September 2019 were noted and approved subject to Ms C McGuinness's name being spelled correctly in the "Present" section and the first line of paragraph 2 at Item 5 being amended to reflect "Mr Hillard highlighted that the Redeployment and Redundancy Policy made reference to".

2. Matters Arising from the Previous Minutes

Board Meeting – 19 September 2019

a) Governance Framework (Min. 4)

Mr P. Hillard requested that the Board sign and return the updated Code of Conduct for Board and Committee Members which was issued to them recently.

b) Freedom of Information – Guide to Information (Min. 6)

Mr Hillard advised that the Board paper template had been modified to reflect different categories of disclosure which Board would consider and agree moving forward. The November Board papers would be the first set of papers to be made available to the public on the Association's website. The November 2019 and January 2020 Board papers would be posted on the website at the next update of the Guide to Information in February 2020.

c) Irvine Housing Association Name Change (Min 7)

Mr Hillard advised that discussions had taken place with the Marketing and Communications Team regarding the progression of a market research exercise to establish views on current proposals. It was envisaged that this research would be completed by the end of the year which would allow officers to present a report to the January Board Meeting for further consideration.

d) MD Report (Min. 10)

Treasury Update

Mr Hillard reported that under delegated authority, Ms C. McGuinness and himself had signed the appropriate documentation finalising the additional loan facility. All additional funding had now been received.

e) Pensions (Min. 13)

Mr P. Hillard confirmed that Ms McGuinness and himself had signed the appropriate documentation which allowed the Association to join the Legal and General Worksave Master Trust Pension Scheme from November 2019.

Board Meeting – 26 June 2019

a) Sale of Drongan office (Min. 16b))

Mr Hillard confirmed that the sale of the Drongan office had now been concluded.

3. **Corporate Plan and Risk Register Update**

Mr P. Hillard, referring to the Year 3 Implementation Plan, highlighted 4 significant pieces of work that had impacted on officers' ability to progress objectives in the first 6 months of the Plan; the Dumfries and Galloway Housing Partnership Bid, Freedom of Information, Regulatory Compliance Assessment and Customer Service Improvement Plan. All outstanding objectives had been reviewed and new target dates set to they were achieved within the next 6 months, with the exception of the harmonisation of Terms and Conditions with Group. Group were currently revising aspects of their Terms and Conditions. It was intended that the harmonisation would be progressed after Group's new Terms and Conditions had been finalised.

The Board suggested that some time for other unknown factors which could impact on the achievement of objectives could be built into future Implementation Plans. It also questioned if any current objectives should be factored into next year's Plan to ensure effective achievement of those most crucial to the business. Mr Hillard stated that it was currently considered that all objectives were achievable by the end of the Plan.

Mr Hillard, referring to the Corporate Risk Register advised that the Management Team and the Audit & Risk Committee reviewed the Register at every meeting. Mr Hillard highlighted that Risk 6 Rent Affordability had been changed to Rent Levels to reflect the market position of the Association's rents in its local areas.

The Board referring to the Value for Money objective, enquired why the Association's legal services were not provided by Group. Mr Hillard advised that specific Scottish law experience was required by the Association. Group would be procuring legal services next year so it made sense to dovetail in with Group's process. It was noted that Group would be building an in-house team of lawyers, however, the Association would require to procure external services in addition to what Group could provide due to the legislative differences in Scotland and England. Mr Hillard advised that the Association's current lawyers, Harper MacLeod, had recently benchmarked against Group's current framework and costs had generally in line with Group's.

After discussion, the Board noted the content of the Year 3 Implementation Plan 2019/20 and the Corporate Risk Map.

4. **Budget and Business Plan Assumptions**

Mrs M. Hutchinson stated that the draft budget and business plan assumptions were being presented in order to allow the Board to consider a number of options to be factored in to the Budget and Financial Plan which would be presented for approval by Board in January 2020.

Mrs Hutchinson advised that the current Financial Plan assumed a rent increase of 2.5%, however, officers were now suggesting a 2% increase which sat between current CPI and RPI levels. The current plan also assumed that customers who's rent subject to the harmonisation process received a cap of £3.75 per week on top of the actual rent increase. It was recommended that this cap be reduced to £1.50 in order to make this more affordable to the customer. It would, however, mean that the customer took slightly longer to meet the target rent. This loss in income could be offset due to the Tarryholme and Holmelea properties being let earlier than assumed and attracting higher than average rents due to specific house types.

Mrs Hutchinson stated that the draft budget planned for an increase in private funding for disabled adaptations, given that the government funding received was no longer covering the demand for this work.

Mrs Hutchinson highlighted that the Group Service Charge would be reviewed and a transparent calculation of the services utilised by the Association would be charged moving forward.

Mrs Hutchinson then highlighted the key assumptions in the 30 year business plan. The Board commented that officers had done well to reduce the operating costs year on year. Mrs Hutchinson stated that the Management Team met on an annual basis with the purpose of trying to reduce costs where possible.

Mrs H. Anderson then presented 3 options available to the Association for carrying out EESSH works:

Option 1

Funding of £1.64m brought forward in the Business Plan to achieve 100% compliance with EESSH by March 2021. The breakdown of funding including:

- £0.544m for External Wall Insulation (EWI) works.
- £1.095m for cavity wall extraction and refill to all applicable properties, loft top ups, heating systems and controls, led lights and a dedicated Asset Officer.

Advantages

- EESSH achieved for all properties ahead of schedule.

Disadvantages

- Potential for abortive costs if cavity wall extraction is carried out to all properties within one year.
- Operating margin achieved for 2020/21 = 30.52%

Option 2

Funding of £1.64m brought forward in the Business Plan to achieve 100% EESSH compliance by 2023/24. The breakdown of year on year funding included:

- £0.410m in 2020/21 for EWI works = 82% EESSH compliance.
- £0.134m in 2021/22 for EWI works and £0.365m for various EESSH elements
- £0.365m in 2022/23 for various EESSH measures as required.
- £0.365m in 2023/24 for various EESSH measures as required.

Advantages

- No requirement for a dedicated Asset Officer post.
- No potential abortive costs as cavity wall extraction would be targeted.
- Operating margin achieved for 2020/21 = 40.72%
- Clear programme in place to achieve EESSH which was demonstrable to the Regulator.

Disadvantages

- 100% EESSH compliance not achieved for all properties until 2023/24.

Option 3

Funding of £1.64m brought forward in the Business Plan to achieve EESSH for all properties by 2023/24 which included:

- £0.544m for EWI works and £0.274m for various EESSH measures as needed.
- £0.274m each year thereafter until 100% EESSH compliance achieved in 2023/24.

Advantages

- No dedicated Asset Officer required.
- No potential abortive costs.
- Operating margin of 38% achieved for 2020/21.
- Clear programme in place to achieve EESSH which was demonstrable to the Regulator.

Disadvantages

- 100% EESSH compliance not achieved until 2023/24.

Mrs Anderson confirmed that 74% of the Association's stock currently met the EESSH Standard. The general feedback within the sector was

that as long as there was a considered position and plan was in place to meet the EESSH Standard, there would no regulatory sanctions.

The Board concurred that it made sense to consider the phased options as this would be deliver more value for money for customers. The Board enquired on how quickly the % of properties meeting EESSH increased between the 2 remaining options. Mrs Anderson advised that option 3 would meet EESSH quicker in the earlier years. The Board discussed the impact this option would have on the operating margin and agreed that option 3 would be the preferred option to factor into the business plan, as this would deliver more immediate benefits to customers. The Board also suggested seeking to procure the contract for these works as a priority, given the potential for capacity issues in the sector, as all RSLs sought to procure similar contracts.

The Board discussed other rent increase options and asked for alternative scenarios to be considered at the January Board Meeting. The Board discussed the potential for there to be any rent reduction in the sector in the future, as had taken place in England. Mr Hillard advised that the likelihood of this was low, due to the impact this could have on the sector. The Board also requested that bad debt provision was modelled at a higher level for consideration at the January Board Meeting.

Mrs Hutchinson stated that due to timescales for advising customers, the rent increase, budget and business plan required to be approved prior to the scheduled January Board Meeting. The Board discussed the options available and agreed to hold a Special Board Meeting at the Board Strategy Day on 18 January 2020 to consider these matters in isolation.

After full consideration, the Board:

- a) Agreed the approach to the proposed rent consultation and increase.
- b) Agreed the approach to funding disabled adaptations.
- c) Agreed the approach to the attainment of EESSH.

5. **Sheltered Housing Review**



[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

6. **Audit & Risk Committee Terms of Reference**

Mr P. Hillard advised that the proposed changes had been prompted following the recent regulatory compliance assessment and the

monitoring role of the Committee which had been identified in ongoing assessment and notifiable events.

The Board approved the changes proposed by the Audit & Risk Committee to the Audit & Risk Committee's Terms of Reference subject to the Terms of Reference being updated to reflect that the Chair of the Committee would be appointed on an annual basis.

7. **Membership Register**

The Board passed a resolution that the members identified in the appendices to the paper were deemed to have withdrawn from membership of the Association and their ordinary shares be cancelled and the amount paid thereon should become property of the Association in line with Rules 15(b)(i)(A) and (B).

8. **OSCR Annual Return**

The Board reviewed the content of the Annual Return to OSCR and approved its on-line submission by the Managing Director.

9. **Environmental and Sustainability Policy**

Mr P. Hillard advised that it had been identified through working on the Guide to Information that the Association did not have an Environmental and Sustainability Policy in place. It was therefore recommended that the Association adopt Group's current Policy.

Mr Hillard advised that this Policy was likely to be reviewed further during the year in light of the current impact of climate change issues.

The Board enquired on the monitoring of targets identified. Mr Hillard advised that targets would be reported on through the progression of works to achieve the EESSH standard.

The Board thereafter approved the adoption of Group's Environmental and Sustainability Policy.

10. **Equality and Diversity Action Plan**

Mr P. Hillard advised that the Association was now subscribing to Stonewall (Scotland) and would benefit from the services they provided.

The Board thereafter noted the contents of the 2018-19 EDI Action Plan Monitoring Sheet and the Equality, Diversity & Inclusion Action Plan for 2020.

11. **Irvine Customer Plan**

Mrs H. Anderson advised that the interim measures applied over the summer months to improve customer satisfaction had unfortunately been unsuccessful and satisfaction levels had continued to decline. The Association had therefore been involved in the development of a Group-wide Customer Plan and from that an Irvine-specific Plan had also been produced, given the legislative differences with that of Group.

The main feature of customer dissatisfaction appeared to be with the repairs service. It had been identified that improvements could be made to how quickly repairs were being carried out, the quality of the work and investment works to existing properties. Mrs Anderson highlighted the perceived correlation between not investing sufficiently in properties whilst continuing to increase rents. Mrs Anderson advised that data relating to the repairs service was being closely monitored and issues addressed with the contractors.

The Board enquired on the correlation between KPIs reported to Board in relation to repairs completions times and customer satisfaction and questioned if the customer satisfaction data was providing a complete picture. It was suggested that a full tenant satisfaction survey, although an additional cost, could provide more accurate picture with which to base a Customer Plan on.

The Board noted the actions contained in the Irvine Customer Plan and the work that would be ongoing over the year to improve customer satisfaction levels.

12. **Operational Performance Report**

Mrs H. Anderson advised that the increase in evictions and abandonments was generally reflective of the increase of customers with complex needs. The Tenancy Sustainment Team were assisting customers to maximise their income, however, there were issues of non-engagement with some customers.

Mr P. Hillard highlighted that the Housing (Scotland) Act had brought in further powers in relation to evictions and demotions which would be highlighted in detail to the Board at the Strategy Day.

Mrs Anderson stated that arrears had increased. This now seemed to follow a steady pattern of increase and decrease which related to the benefit cycles. There was a targeted approach by Housing Officers in the Dumfries and Drongan area due to high arrears levels. The Team was also working closely with the Income Collection Team. The Board

noted that the Teams were encouraging customers to set up arranged payments and advanced payments to ensure payments were being made direct to the Association and meet any initial shortfalls as customers moved to Universal Credit.

The Board enquired on the low result for the Domestic Electrical Inspections on the Compliance Dashboard. Mrs Anderson confirmed that all Inspections had been carried out. The issue had been that these completions had not been recorded on the system.

The Board thereafter noted the content of the Operational Performance Report.

13. **Financial Performance Report**

Mrs M. Hutchinson reported that the Association was ahead of budget and forecast. The main risk to the budget was the increase in void costs. This was due to the condition of some properties being handed back from customers with support needs. The cash received from the sale of the Drogan office would seek to address any overspend.

Mrs Hutchinson highlighted the variances in budgets and recommended that the Board authorise that the positive variances fund an additional £140k in order to complete the remainder of disabled adaptations during the year and ensure that all customers awaiting adaptations have them carried out within the year. The Board enquired if the additional spend could still be delivered within budget. Mrs Hutchinson confirmed that it could and it had been included in the forecast.

Board suggested that the Association should be seeking to promote these types of decisions which may help to address some customer perception issues.

The Board thereafter noted the Financial Performance Report.

14. **MD Report**

Annual Assurance Statement

Mr P. Hillard confirmed that the Assurance Statement had been submitted to the Regulator and had been made available on the website. The Regulator had since published its list of 10 RSLs that it would visit during the year. IHA was not one of the 10 RSLs to be visited.

Freedom of Information

Mr Hillard advised that the Freedom of Information Policy had been approved and was available on the REX and on the Association's website as part of the Guide to Information. The Marketing and Communications Teams had developed a user friendly area of the

website which made it easy for the public to find information it was looking for.

The Board noted that the next update of the Guide to Information, which would include details of expenses information and Board papers was scheduled for the February 2020 update.

Thistle Housing Services

Mr Hillard gave an update on Thistle Housing Services. Board noted the current thought processes in relation to the submission of any proposals.

Chair Succession Planning

The Chair advised that a report on the proposals for setting up a Working Group would be presented to the January Board Meeting. It was intended that the Working Group would then develop the process Chair recruitment.

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

15. **Minutes Updates**

The Board noted the contents of:

- The Unconfirmed Minutes of the Neighbourhood Services Committee held on 26 September 2019.
- The Unconfirmed Minutes of the Audit & Risk Committee held on 4 November 2019.
- Group Board Core Brief – 11 October 2019.

16. **Any Other Business**

Notifiable Events Guidance

Mr P. Hillard advised that the Scottish Housing Regulator's Guidance in relation to Notifiable Events was available on the REX which gave examples of matters which constituted a Notifiable Event. Board were encouraged to ensure they had an awareness of this Guidance. Board noted the Association also had a procedure in place for dealing with Notifiable Events.

17. **Date of Next Meeting**

Special Board Meeting – 9.00 a.m. on Saturday 18 January 2020, Radisson Blu Hotel, Glasgow.

Board Meeting - 5.30 p.m. on Thursday 30 January 2020, 44-46 Bank Street, Irvine.

P. Hillard
Secretary
22 November 2019
PH/db

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