

## Agenda Item 3.1

### BOARD MEETING

Wednesday, 17 March 2021 at 6.30pm via video call on Microsoft Teams

#### MINUTE RECORD

**Attendance:**

**Committee Members:** C Edward (Chair), G Laurie, K Johnson, J Henderson, L Lester, M Donnelly

**Leave of Absence** M Cameron, A Williamson

**Staff/Advisor(s):** Anne Marie Brown, Chief Executive, Graeme Bruce, Finance Agent, Lesley Gillespie, Senior Corporate Services Officer (minutes), Carla Cameron, Senior Finance Officer, Dougie Wilson, Customer Services Team Leader Scott McCready, Wylie Bisset (Agenda items 6.3 & 6.4)

ITEM	NOTE	ACTION
	<p><b>WELCOME AND ORDER OF BUSINESS</b></p> <p>The Chair ask to bring forward the Internal Audit Reports at Agenda Items 6.3 &amp; 6.4.</p>	
<b>1.</b>	<p><b>APOLOGIES</b></p> <p>Apologies were received from Ian Lennox.</p>	
<b>2.</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations noted.</p>	
<b>6.3</b>	<p><b>Internal Audit Follow-up Report</b></p>	
<b>Report Summary</b>	<p>S McCready presented the report on Wylie Bisset’s follow-up review, which was carried out in January 2021, and looked at progress on implementation of recommendations from audits that took place during 2019. He advised that 16 of the 20 recommended actions had been implemented and the audit had received substantial assurance.</p>	
<b>Discussion</b>	<p>With regards to the Castleton/MRI recommendation and implementation date, AM Brown advised members that if the issues remain unresolved, then there may be a need to source new software, which could take up to 9 months to procure. She confirmed that the initial deadline for the issues to be resolved was by 30 April 2021, therefore confirmed she would add this date to the internal audit report in the interim.</p>	AMB

Members confirmed that they were happy with the approach of focusing on general repairs feedback and not collating the specific feedback of those who had received the Gas Safety Inspection service.

**Decision**

Following consideration, the Board:  
**Noted** the report from the Internal Auditor’s Follow-up Report 2020 as attached in **Appendix 1**.  
**Approved** the recommendations and actions from the responsible officers, and that progress will be monitored through the Recommendations Monitor which is presented to the Audit & Risk Committee on a quarterly basis.

**6.4 Internal Audit Procurement Report**

**Report Summary**

S McCready presented the report on Wylie Bisset’s review of our procurement processes, which was carried out in January 2021. He advised that they had recommended 1 high and 2 medium recommendations, and the audit had received weak assurance.

**Discussion**

[Redacted discussion content]

**Decision**

Following consideration, the Board:  
**Noted** the Procurement Report from the Internal Auditors as attached in **Appendix 1**.  
**Approved** the recommendations and actions from the responsible officers, and that progress will be monitored through the Recommendations Monitor which is presented to the Audit & Risk Sub Committee on a quarterly basis.

*S McCready left the meeting at this point.*

3.1	<b>Minutes of Previous Meeting (17 February 2021)</b>	
	The minutes were <b>approved</b> on a proposal by J Henderson and seconded by K Johnson.	
3.2	<b>Confidential Minutes of Previous Meeting (17 February 2021)</b>	
	The minutes were <b>approved</b> on a proposal by L Lester and seconded by J Henderson	
3.3	<b>Policy Review Working Group Meeting (10 March 2021)</b>	
	The minutes were noted, and it was confirmed that amendments provided had been updated on the original.	
	AM Brown brought to the Board’s attention that the draft minute notes under the discussion relating to revised Standing Orders that the recent appointment of the new Chair of the Staffing Committee does not comply with the process identified within the Standing orders. It is the Board’s responsibility to appoint the Chair, not the Committee’s. The Board <b>approved</b> the Staffing Committee’s previous endorsement and appointed Loraine Lester as Chair of the Staffing Committee.	
3.4	<b>Recommendations to the Board for approval from Policy Review Working Group Meeting (10 March 2021)</b>	
	The Chair requested Board approval on the following policies:	
3.4.1	<b>Risk Management Policy</b>	
	Following consideration, the Board: <b>Approved</b> the revised Risk Management Policy.	
3.4.2	<b>Equality &amp; Human Rights Policy</b>	
	Following consideration, the Board: <b>Approved</b> the new Equality and Human Rights Policy.	
3.4.3	<b>Standing Orders</b>	
	Following consideration and subject to the Policy Review Working group name change on page 8, the Board: <b>Approved</b> the revised Standing Orders.	LG
4.	<b>MATTERS ARISING SCHEDULE</b>	
	Members noted the Matters Arising Schedule.	
5.1	<b>Chief Executive Progress Update – Confidential</b>	
	See Confidential minutes	
6.	<b>GOVERNANCE</b>	
6.1	<b>Governance Financial Management &amp; Improvement Plan</b>	
<b>Report Summary</b>	AM Brown presented the report which advised on the progress on achieving the actions contained within the Governance & Financial Management Improvement Plan (GFMIP) for 2020/21.	

<b>Discussion</b>	None.	
<b>Decision</b>	Following consideration, the Board: <b>Noted</b> the updated GFMIIP at <b>Appendix 1</b> .	
<b>6.2</b>	<b>Review of Financial Regulations and Financial Procedures</b>	
<b>Report Summary</b>	C Cameron presented the revised Financial Regulations and Financial Procedures to the Board for consideration and approval.	
<b>Discussion</b>	<p>C Cameron confirmed that the higher authorisation level was being requested for the Customer Services Team Leader to ensure that some routine contract invoices are being authorised by the Customer Services Team Leader and not the Chief Executive.</p> <p>Members were assured that considering the recent procurement audit findings there is a plan in place to address these findings and that the internal systems for authorisation of invoices are strong.</p> <p>C Cameron provided clarification on the cheque/bacs payments dates being nearest working day before and that authorisation levels were including VAT.</p> <p>Members suggested: amending the cheque/bacs payment wording to clarify the above; the Board authorisation level on page 18 be changed from £10k to £20k; the donations wording at 22.10 within the Financial Procedures be aligned with the Donations Policy, and also some minor word changes on the procedures.</p>	CC
<b>Decision</b>	<p>Following consideration, the Board: <b>Approved</b> the revised Financial Regulations and Financial Procedures. <b>Approved</b> the increase to the delegated authority limit for the Customer Services Team Leader. <b>Approved</b> the addition of the Corporate Services Assistant/HR Advisor post to the Scheme of Financial Delegation. <b>Noted</b> that these will be due for review in 3 years' time or earlier if required.</p>	
<b>6.5</b>	<b>Shareholders Membership</b>	
<b>Report Summary</b>	L Gillespie presented the report requesting approval for new applications to the Association to become Shareholders and removal of a Shareholder who no longer meets the requirements to be one.	
<b>Discussion</b>	None.	
<b>Decision</b>	<p>Following consideration, The Board: <b>Approved</b> the three new Shareholding memberships at para 3.1 within the report. <b>Noted</b> summary of Shareholders at para 5.1. <b>Approved</b> the removal of one Shareholder identified at para 4.1 within the report.</p>	
<b>6.6</b>	<b>New Board Members</b>	

<b>Report Summary</b>	L Gillespie presented the report recommending to the Board the applicants who applied to be Board members, for consideration to be appointed onto the Board.	
<b>Discussion</b>	<p>Clarification was given to members that all applicants were assessed against the Board member specification to ensure they meet the essential criteria. The Chair also confirmed that the same questions were given to all three applicants, based on Board competencies and from these it was evident that some of the applicants would require more training or development than others if appointed as Board members.</p> <p>Members recognised that we have again attracted more housing professionals, therefore suggested focusing more on attracting local members for future recruitment. They also acknowledged that the category of Appointed members may limit members from being Office Bearers and agreed to monitor this closely to ensure this does not cause any restrictions in future.</p>	LG
<b>Decision</b>	<p>Following consideration, the Board:</p> <p><b>Approved</b> Nicola Gerard and Gemma Connell for appointment onto the Board to fill the two Casual vacancies and for Gavin Waddell to be Appointed onto the Board until 31 August 2022.</p> <p><b>Noted</b> the updated Board Succession Plan attached at <b>Appendix 1</b>.</p>	
<b>7.</b>	<b>STRATEGY</b>	
<b>7.1</b>	<b>New 3-year Business Plan &amp; Options Appraisal</b>	
<b>Report Summary</b>	AM Brown presented the report providing the Board with an update on the preparation of the new Business Plan for DPHA for the 3-year period 2021/2 to 2024/5 and the connected options appraisal.	
<b>Discussion</b>	Members advised they thought that the proposals presented within the report were a sensible approach.	
<b>Decision</b>	<p>Following consideration, The Board:</p> <p><b>Noted</b> the contents of the report.</p> <p><b>Noted</b> that a draft new 3-year Business Plan and connected options appraisal will be presented to the Board for approval on 19 May 2021.</p> <p><b>Approved</b> the extension of our existing Business Plan and Delivery Plan to 31 May 2021.</p>	
<b>8.</b>	<b>FINANCE</b>	
<b>8.1</b>	<b>Preparation of Final Budget 2021-22</b>	
<b>Report Summary</b>	G Bruce presented the 2021/22 final budget incorporating the agreed rent increase and revised service charges for tenants and other service users to the Board for approval. He advised that the updates made to the draft were mainly around the planned investment in property. Members noted there may be issues with the capacity surrounding the availability of contractors, the supply of materials/components as well as staff capacity to carry out the programme of work.	

Discussion	<p>The long-term projections were updated following a revision of the planned maintenance programme by the Asset Advisor. The projections highlighted that the Association continues to maximise its income, through reducing costs and debtors. He further explained that affordable rents continue to be the main focus for the Association. The projections maintained the minimum cash position of £1million and that a further loan would likely be required in year 10 to repay the Unity Bank loan. The issue of an additional loan is being discussed under Agenda Item 8.3 during tonight's meeting.</p> <p>Members recognised that any future rent increases must be affordable, as the Scottish Housing Regulator stresses the need for affordable rents.</p> <p>Members noted that the deficit for 2021/22 was significant, although this is mainly due to the planned investment programme. G Bruce noted that an in-depth review of the planned investment programme takes place annually during the budget setting process.</p> <p>Members noted that the long term cashflow contains the assumption that refinancing will be required in Year 10 and that this is not unusual in the sector. A programme of efficiencies and savings is also included within the 30-year projections and spend will be continually monitored.</p> <p>A rent affordability strategy will be developed to ensure that going forward rents will remain affordable, particularly as we have to demonstrate this to SHR as the 30-year projections have assumptions that rent increases will be above inflation. Rent increases of above inflation are to ensure the continuation of the Association's planned investment programme.</p> <p>Members also acknowledged that value for money on the Tenant Satisfaction survey was currently high and this would be key to measure tenants' thoughts on value for money moving forward.</p> <p>G Bruce clarified that the £60k for Gas Servicing in the draft budget had included reactive repairs, therefore this was removed from the final budget giving a revised cost of £30k.</p>
Decision	<p>Following consideration, the Board:  <b>Approved</b> the final budget for 2021/22.</p>
8.2	<p><b>Treasury Management Report – Loan Documentation</b></p>
Report Summary	<p>G Bruce presented the report on the progress that has taken place since the last Board meeting on 17 February 2021 in relation to the new borrowing arrangement and negotiations with Unity Bank. He highlighted that there would be no impact on the Association with the loan being delayed.</p>
Discussion Decision	<p>None.</p> <p>Following consideration, the Board:  <b>Noted</b> the updated report.</p>
8.3	<p><b>Treasury Management – Loan &amp; Long-term Projections</b></p>

<b>Report Summary</b>	<p>G Bruce presented the report which followed on from concerns within the Leadership Team around the loan, specifically the repayment profile and the level of potential rent increases as a result.</p>
	<p>The original information sent to Unity Bank was from the 2019 Business Plan.  [REDACTED]  [REDACTED]  [REDACTED] Following the revision of the planned maintenance programme, in order to keep rents as low as possible the assumptions were modified to assume minimum repayments to the loan and a new loan taken out to repay the final balance.</p>
<b>Discussion</b>	<p>Members advised they were satisfied with this approach and thanked staff for their time, effort and due diligence.</p>
<b>Decision</b>	<p>Following consideration, the Board:  <b>Noted</b> the updated report.  <b>Noted</b> the revised assumptions including the potential of further loan finance.</p>
<b>8.4</b>	<b>Annual Value for Money Report</b>
<b>Report Summary</b>	<p>G Bruce presented the report detailing how value for money was achieved within the 2021/22 budget.</p>
<b>Discussion</b>	<p>None.</p>
<b>Decision</b>	<p>Following consideration, the Board:  <b>Noted</b> the contents of the report.</p>
<b>8.5</b>	<b>Bad Debt Write Off</b>
<b>Report Summary</b>	<p>C Cameron presented the report seeking approval to write off debt where there is no prospect of recovering the debt, the arrear or returning the credit.</p>
<b>Discussion</b>	<p>C Cameron clarified the debt would be written back should a tenant with rent arrears return to request a property. D Wilson confirmed that there was no single approach to debt monitoring with other landlords, however, should a tenant with rent arrears apply to another landlord, then they would require to make arrangements to pay the arrears prior to any offer being made, on the assumption however that the tenant discloses the previous arrear.</p> <p>[REDACTED]  [REDACTED]  [REDACTED]  [REDACTED]</p>
<b>Decision</b>	<p>Following consideration, the Board:  <b>Noted</b> the contents of the report.  <b>Approved</b> the debt write off contained in <b>Appendix 1</b> to the sum of <b>£11,383.60</b>.</p>
<b>8.6</b>	<b>Shared Ownership Buy Back Report</b>

<b>Report Summary</b>	G Bruce presented the report with a financial appraisal for buying back a shared ownership property to the Board for detailed review and approval.	
<b>Discussion</b>	<p>G Bruce confirmed that there were approximately 19 other shared ownership properties. Members suggested a more reactive approach to buying these back.</p> <p>G Bruce clarified that the current approach was to contact the sharing owner before the end of their occupancy agreement period to set out the options available either for the sharing owner to buy the remaining share, to sell the property to the Association or to sell the property on the open market.</p> <p>Further clarification was given to members with regards to the ownership in the close of the proposed property. If this property were purchased, 4 of the 6 properties would be fully owned by the Association.</p> <p>Members recognised that this close was due to have a new replacement roof hence, the owner wanting to sell back to the Association.</p> <p>Members suggested advertising buying back other shared owner properties to give them this option sooner than later. If this were financially viable it would enable the Association to increase its stock and have more control over ownership for investment programmes.</p>	GB
<b>Decision</b>	<p>Following consideration, the Board:</p> <p><b>Noted</b> the contents of the report.</p> <p><b>Approved</b> that the Association engage with its legal representative to commence conveyancing and make an offer to purchase from the Sharing Owner.</p>	
<b>9.</b>	<b>STAFFING</b>	
	None	
<b>10.</b>	<b>OPERATIONS</b>	
<b>10.1</b>	<b>Duty of Candour Report 2020-2021</b>	
<b>Report Summary</b>	<p>AM Brown presented the report on behalf of Arlene Dickson. She advised the report was to provide the Board with an overview of the legal obligation of Duty of Candour; for the Board to approve the annual report that is required of the Association for 2020-21, and the development requirements to meet the Duty of Candour.</p> <p>As the report was up to the 31 March 2021, AM Brown requested the authority to update the report with any new cases should these arise and these would be reported at the Board meeting in May 2021.</p>	
<b>Discussion</b>	Members suggested a few minor typos to the report.	AD
<b>Decision</b>	<p>Following consideration, the Board:</p> <p><b>Noted</b> the contents of the report.</p> <p><b>Noted</b> the level of assurance that is in place currently and the requirement to develop a new Duty of Candour policy.</p> <p><b>Approved</b> the Annual Report on Duty of Candour for 2020-21 at <b>Appendix 1</b> of</p>	



