

## Agenda Item 3.1

# MINUTE OF BOARD MEETING

Held on Wednesday, 25 August 2021 at 6.30pm via video call on Microsoft Teams

### Attendance:

**Board Members:** C Edward (Chair), I Lennox, K Johnson, J Henderson, G Waddell, N Gerrard, M Cameron, D McIndoe

**Leave of Absence** M Donnelly

**Staff/Advisor(s):** Anne Marie Brown, Chief Executive (Minutes)  
Dougie Wilson, Customer Services Team Leader  
Carla Cameron, Senior Finance Officer  
Arlene Dickson, Care Services Manager  
Graeme Bruce, Finance Adviser  
Lesley Gillespie, Senior Corporate Services Officer  
Scott McCready, Wylie & Bisset (Agenda Item 8.2 only)  
Jill Cronin, Business Support Consultant (Agenda Item 9.1 only)

**Observers** Julie Ann Cloherty, SHARE Learning and Development Officer

ITEM	NOTE	ACTION
	<p><b>WELCOME AND ORDER OF BUSINESS</b></p> <p>The Chair welcomed D McIndoe to their first Board meeting and also introduced to JA Cloherty from SHARE, J Cronin Business Support Consultant and S McCready from Wylie &amp; Bisset.</p> <p>Members agreed to take item 8.2 and 9.1 first to allow S McCready and J Cronin to leave after their items.</p>	
8.2	<p><b>Internal Audit Needs Assessment 2021/2022 to 2023/2024: Year 1, 2021/2022</b></p> <p>AM Brown introduced the Internal Audit Needs Assessment for 2021/2022 that was issued with the agenda for tonight's meeting, advising that Wylie and Bisset normally present their report to the Audit &amp; Risk meeting, however due to annual leave commitments and timing of meetings it had previously been agreed that the Internal Audit Needs Assessment should be presented direct to the Board.</p> <p>S McCready advised that Wylie and Bisset were delighted to be appointed once again as Internal Auditors for DPHA for the next 3-years. Wylie and Bisset have met with AM Brown and subsequently have drafted an Internal Audit Needs</p>	

Assessment for the next 3 years for the Board’s consideration. They advised that the Audit Needs Assessment is a working document; it will be reviewed annually and amended if needed. S McCready provided a summary of the draft Audit Needs Assessment. This included details of Wylie and Bisset’s appointment and formal approvals; approach used; discussions with the Chief Executive and the review of previous Audit Assessments and Audit Reports. As well as including a diagram of the audit process and evaluation, the Audit Needs Assessment includes details of the audit team Wylie and Bisset propose to use and the high-level scopes for year 1. The proposed areas for auditing in year 1 include Equality and Diversity, Procurement, Staff Wellbeing, Tenants Satisfaction and an annual follow up review. A summary of proposed areas for years 1-3 was also included in the Assessment.

**Discussion** C Edward noted that they had attended an excellent on-line training session on equalities and human rights and had suggested that this training should be arranged for the Board. Training could also be extended to the Leadership Team. L Gillespie to add to Board training plan and arrange a session for the Leadership Team.

LG

**Decision** Following consideration of the report issued with the agenda for tonight’s meeting, the Board:

**Noted** the contents of the report.

**Approved** Internal Audit Needs Assessment for 2021/2022 to 2023/24, with a particular focus on year 1, which is 2021/2022 as attached at **Appendix 1**.

Scott McCready left the meeting at this point.

**9.0 STRATEGY**

**9.1 New Business Plan 2021/2024**

**Report Summary** AM Brown introduced the new Business Plan 2021/2024 that was issued with the agenda for tonight’s meeting giving a brief update on the development of the new 3-year Business Plan and extended their thanks to all involved in the process, and in particular to J Cronin and C Lowe for their work on drafting the new Business Plan and facilitating all the consultation events. The Board has been considering the new Business Plan for some months now, and tonight’s report see’s the finalised Business Plan being presented to the Board for approval.

J Cronin summarised the process that DPHA has gone through to consult on and develop its new Business Plan, noting the challenges that COVID brought in terms of all events and meetings being held on-line. That said, J Cronin noted the positive and constructive feedback received from the Board, Leadership Team, Staff Team, and customers throughout the process. The Association’s Strategic Objectives, Vision, Mission Statement and Delivery Plan have been revised to take account of the consultation feedback. Some of the current challenges for DPHA include rent affordability following; COVID recovery; business efficiencies; EEESH2; delivering the investment programme moving forward, and the review of DOSCG’s business planning model and new premises. DPHA has an exciting future ahead and this is reflected in the new Business Plan.

J Cronin confirmed that the feedback received from Board members and the Leadership Team since the last Board meeting has been taken account of and included in the finalised version of the Business Plan.

**Discussion**

The Board asked if the stock condition survey was used to develop the 30-year investment programme. J Cronin clarified the last stock condition was carried out in 2018 and DPHA's 30-year maintenance programme was constructed based on the survey and was recently reviewed to take account of the impact of contract delays due to COVID-19. AM Brown noted that the Association intends to start carrying out annual stock condition surveys during 2021/22 and the target is to survey 20% of stock each year and to review the investment programme taking account of the survey findings.

It was noted that Appendix 7, the Statement of Comprehensive Income, shows a deficit in the early years. G Bruce clarified that this will not have an impact on our loan covenants with Unity Bank.

The Board thanked J Cronin and C Lowe for their support with the development of the new Business Plan and agreed that some of the key issues for the Association are rent affordability, the investment programme, supporting the community with COVID-19 recovery and DOSCG.

**Decision**

Following consideration of the new Business Plan 2021/2024 issued with the agenda for tonight's meeting, the Board:

**Noted** the covering report.

**Approved** the finalised Business Plan 2021 to 2024 as attached at **Appendix 1**.

J Cronin left the meeting at this point.

**1. APOLOGIES**

Apologies were received from G Laurie, L Lester, and G Connell.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3 MINUTES**

**3.1 Minute of previous meeting (16/06/21)**

The minutes were **approved** on a proposal by J Henderson and seconded by M Cameron.

**3.2 Confidential Board Meeting (16/06/21)**

**See Confidential Minutes.**

**3.3 PRWG Meeting (28/07/21)**

The draft Minute was noted with no amendments made.

**3.4 Audit & Risk Meeting (16/08/21)**

	<p>A Stockley was noted as attending the meeting, however they did not attend. The draft Minute will be amended.</p> <p>The draft Minute was noted with no further amendments made.</p>	LG
3.5	<b>Confidential Audit and Risk Minutes (16/08/21)</b> See Confidential Minutes.	
4.0	<b>RECOMMENDATIONS TO THE BOARD FOR APPROVAL FROM PRWG MEETING (28/07/21)</b>	
4.1	<b>PRWG Report</b>	
<b>Report Summary</b>	AM Brown presented the PRWG report that was issued with the agenda for tonight's meeting, noting in particular the list of policies approved by the PRWG and the Chief Executive under delegated authority as per Standing Orders. The PRWG is recommending the revised Code of Conduct for Board members and the new Severance Payments and Settlement Agreements Policy to the Board for approval.	
<b>Discussion</b>	<p>AM Brown advised that they had contacted the SFHA following the PRWG meeting about the PRWG's queries relating to the Code of Conduct for Board members. To date no response has been received but AM Brown will follow this up.</p> <p>The Board noted that the new Severance Payments and Settlement Agreements Policy is required to meet our regulatory requirements.</p>	AMB
<b>Decision</b>	<p>Following consideration of the PRWG report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the contents of the report.  <b>Approved</b> the revised Board Code of Conduct and the new Severance Payments and Settlement Agreements Policy as attached at <b>Appendices 1 &amp; 2</b>.</p>	
5.0	<b>RECOMMENDATIONS TO THE BOARD FOR APPROVAL FROM AUDIT AND RISK MEETING (16/08/21)</b>	
5.1	<b>Report and Financial Statements Year Ending 31 March 2021 and Management Letter</b>	
<b>Report Summary</b>	G Bruce presented the Auditor's report, the Financial Statements for the year ending the 31 March 2021 and the Management Letter that was issued with the agenda for tonight's meeting, noting that these had been discussed in detail at the Audit & Risk committee meeting, which French Duncan had attended. G Bruce brought the Board's attention to pages 6 to 7: Statement of Board Responsibilities, noting that the Board need to be aware of their responsibilities even though the operational work relating to the Audit is delegated to G Bruce and C Cameron. It is the Board that has to sign off the Accounts. Pages 9 to 13 confirm that the Auditor, French Duncan have provided the Association with an unqualified (clean) audit report. The Statement of Comprehensive Income is contained in page 14, and the figures reflect the impact of COVID-19 on service delivery during the year, the impact of which has been highlighted to the Board during the pandemic through the Management Accounts. G Bruce noted a	

	<p>minor typo on page 35, which will be corrected before the Accounts are issued to the shareholders at the AGM. G Bruce confirmed that the Auditor has not raised any issues of concern and the Board is being asked to approve the Management Letter which will be sent to the Auditor once signed. The Auditors have confirmed that electronic signatures are acceptable.</p>	GB
<b>Discussion</b>	<p>In terms of page 18, the Board queried the 30-year replacement cycle for roofs noting that 50 years was more the sector norm. G Bruce said this issue will be raised with the Quantity Surveyor appointed to carry out the annual stock condition survey and financial assumptions will be revised accordingly if required.</p> <p>The Chair of Audit &amp; Risk Committee confirmed that the Accounts were scrutinised by the Committee, with the Committee noting the Association is in a good financial position although the social rented housing sector will be faced with challenges next year, and the medium to longer term. Page 6 notes specified risks to DPHA which the Association needs to be aware of going forward, especially the impact of loan liabilities on the balance sheet.</p> <p>AM Brown noted this is the second year the Association has taken part in a remote audit and it is great to see the Management Letter has no issues of concern. AM Brown thanked the Finance staff and G Bruce for the preparation work for this year's audit. The Board also noted their thanks.</p>	GB
<b>Decision</b>	<p>Following consideration of report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the contents of the report.</p> <p><b>Approved</b> the Financial Statements for the year ended 31 March 2021 as attached at <b>Appendix 1</b>.</p> <p><b>Noted</b> the movement from Management Accounts to Financial Statements as per <b>Appendix 2</b>.</p> <p><b>Approved</b> on the Letter of Representation contained with the Audit Completion Report in <b>Appendix 3</b>.</p> <p><b>Approved</b> the response to the Management Letter in <b>Appendix 4</b>.</p> <p><b>Noted</b> the error on page 35 of the Financial Statements is to be corrected.</p>	
<b>5.2</b>	<b>Annual Internal Financial Assurance Report</b>	
<b>Report Summary</b>	G Bruce presented the Annual Internal Financial Assurance report that was issued with the agenda for tonight's meeting, noting the report confirms to the Board and provides assurance that the Association has appropriate financial controls in place.	
<b>Discussion</b>	There were no points of clarification sought or comments made.	
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the contents of the report..</p> <p><b>Approved</b> the Annual Internal Financial Assurance report for 2020/21 at</p>	

## Appendix 1.

### 5.3 Management Accounts – 1st Quarter 2021/2022

#### Report Summary

C Cameron presented the Management Accounts to the Board for Quarter 1 that were issued with the agenda for tonight's meeting, noting that the Management Accounts had been presented to and discussed in detail at the Audit & Risk Committee meeting.

Members were advised at the end of Quarter 1 there was surplus of £203k compared to a budgeted deficit of £130k. This was mainly due to timing of works for the planned maintenance programme due to COVID-19 restrictions, however the programme for this year is now under way. Reactive repairs reported during lockdown have now been caught up with.

DOSCG has a deficit of £15k, and this will continue to be monitored throughout this year. Staff will continue to promote DOSCG and the number of service users is expected to pick up when schools and colleges return after the Summer break.

Staff costs have a variance of £50k mainly due to the timing of the restructure of Finance and Corporate Services which should be completed by the end of September 2021.

Overheads show a positive variance of £54k due to depreciation charges as a result of lower-than-expected component installations at this time. This is expected to change by the end of the next quarter.

Cash in the bank had increased by £3m since March 2021 due to the draw down of the Unity Bank loan, which was drawn down in May 2021.

Members were advised that all covenants were being met and debt service cover will change in future and this will be reported through the Management Accounts. It was noted that staff are currently investigating other banks to deposit funds to help minimise risk.

#### Discussion

In terms of the loan covenants, the Board asked if DPHA would incur any utilisation charges by under using the loan? G Bruce confirmed charges would have applied if DPHA had not drawn down the loan but there are no charges for not spending the loan.

The Board sought assurance that the Association will be able to catch-up on its delayed planned maintenance programme. D Wilson confirmed that the contracts for kitchens, bathrooms, windows, and boilers was underway and at the moment all was going well. We will be in a better position to know where we are with delivering the planned maintenance programme at the end of quarter 2.

C Edward noted that they were aware that other local housing associations had experienced issues with programme delays due to issues with warrants and

	<p>consents from the local authority, however to date this was not impacting on DPHA.</p>	
<b>Decision</b>	<p>Following consideration the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the report.</p> <p><b>Approved</b> the Management Accounts for Quarter 1 for the period up to 30 June 2021.</p>	
<b>5.4</b>	<b>Risk Register</b>	
<b>Report Summary</b>	<p>AM Brown presented the 6-monthly report on the Risk Register issued with the agenda for tonight's meeting, noting that any writing in red type reflects changes to the Risk Register from the last Audit &amp; Risk Committee meeting in May 2021, and the purple type reflected changes to the Risk Register made by the Audit &amp; Risk Committee during its August 2021 meeting.</p> <p>AM Brown clarified risk number 5.1. It is not that the Leadership Team do not have the skills or experience; inclusion in the Risk Register is to reflect that this is a potential risk area, and the Association should take action to minimise the risk.</p> <p>Wylie and Bisset mentioned early this evening that one of the key risks to the Association is rent affordability. AM Brown advised that a Rent Affordability Assessment project brief has been issued to various consultants asking for a fee proposal to carry out this work on behalf of DPHA. The Association is hoping to start this work in the Autumn of 2021.</p> <p>It was also noted that as we enter into the COVID-19 recovery phase, the intention moving forward is to merge the COVID-19 Risk Plan in with the Risk Register.</p>	
<b>Discussion</b>	<p>The Board agreed that it was now time to merge the COVID-19 Risk Plan in with the Risk Register, and this should be done for the next meeting of the Audit &amp; Risk Committee.</p>	AMB
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the intention to include any COVID-19 risks within the Risk Register as highlighted in Section 3.4.</p> <p><b>Reviewed and approved</b> the updated Risk Register at <b>Appendix 1</b> and the COVID 19 Risk Plan at <b>Appendix 2</b>.</p>	
<b>6.0</b>	<b>MATTERS ARISING SCHEDULE</b>	
<b>Report Summary</b>	<p>L Gillespie presented the Matters Arising Schedule attached to the agenda for tonight's meeting, noting that there were no further updates.</p>	
<b>Discussion</b>	<p>There were no points raised by the Board for discussion.</p>	

<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the Matters Arising Schedule.</p>	
<b>7.0</b>	<b>CHIEF EXECUTIVE'S PROGRESS UPDATE</b> <b>CONFIDENTIAL</b>	
	<b>See Confidential Minutes.</b>	
<b>8.0</b>	<b>GOVERNANCE</b>	
<b>8.1</b>	<b>Governance &amp; Financial Management &amp; Improvement Plan</b>	
<b>Report Summary</b>	AM Brown present the GFMIP issued with the agenda for tonight's meeting, noting that there were no further updates to be provided and one minor typo to be amended.	
<b>Discussion</b>	There were no points raised by the Board for discussion.	
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Approved</b> the updated GFMIP at Appendix 1.</p>	
<b>8.3</b>	<b>AGM Preparation and Secretary's Rule Compliance Report</b>	
<b>Report Summary</b>	<p>L Gillespie presented the AGM Preparation and Secretary's Rule Compliance report issued with the agenda for tonight's meeting, summarising the main points contained within the report in relation to the preparation for this year's AGM, which is being held in-person on 14 September 2021.</p> <p>As Secretary, AM Brown confirmed the registers had been checked and some areas for improvement have been identified in terms of holding some registers on-line rather than hardbacked books and the use of e-signatures. It was noted that share certificate numbers 523-529 have still to be signed by a Board member due to the office being closed, however arrangements will be made for the certificates to be signed. Minutes for 2019-20 are now on the website and this years are in progress of being uploaded.</p>	LG
<b>Discussion</b>	The Board asked when in-person Board meetings would resume? It was noted that the earliest this could happen would be some time in the New Year when new technology is procured and installed to allow this.	
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the AGM Draft Agenda at <b>Appendix 1.</b></p> <p><b>Noted</b> the Board Succession Plan at <b>Appendix 2.</b></p> <p><b>Noted</b> the updated arrangements for the AGM at section 3.1.</p> <p><b>Noted</b> that 94 shareholders will be invited to the AGM and a quorum of 10 is required, including proxy votes.</p> <p><b>Noted</b> the total number of Board members seeking election at the AGM as at</p>	



section 3.8.2.  
**Noted** the compliance statement at section 3.10 in accordance with Rule 68 and **Agreed** that this be recorded in the minutes of this Board meeting.  
**Noted** the Board Succession plan at **Appendix 3**.  
**Recommended** the approval of the new Board Schedule for 2020-21 as at **Appendix 4**  
**Agreed** that the Finance & Corporate Services restructure – outcome of consultation report could go to the Board meeting being held on 14 September 2021.

8.4	<b>Shareholders Report</b>
<b>Report Summary</b>	L Gillespie presented the Shareholders report issued with the agenda for tonight's meeting, which contains details of the number of shareholders and details of shareholders to be removed.
<b>Discussion</b>	There were no points raised by the Board for discussion.
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> that there are no new Shareholder membership applications to be approved.</p> <p><b>Approved</b> the removal of 11 Shareholders as detailed at 4.1.</p> <p><b>Approved</b> the Shareholders at 4.2 to be removed who do not attend, submit apologies, exercise a postal vote or appointed a representative to attend and vote at the next AGM being held on 14 September 2021.</p> <p><b>Noted</b> the summary of Shareholders at para 5.1.</p>
10.0	<b>FINANCE</b>
10.1	<b>Property Buy-back Report Confidential</b> See Confidential Minutes.
10.2	<b>AFS Return to Scottish Housing Regulator</b>
<b>Report Summary</b>	<p>G Bruce presented the Audited Financial Statements (AFS) return issued with the agenda for tonight's meeting, requesting permission to make the annual submission to the SHR by the 30 September 2021.</p> <p>In terms of page 11 it was noted that the Association's SHAPS rating is low, as this is based on the calculations from previous years, as unfortunately the SHAPS portal is not yet open for this year. The SHR is aware of this issue. If the AFS is approved tonight, we wait till the SHAPS portal is open, assuming it opens before the 30 September 2021, and we will adjust our pension details if required before making the submission to the SHR.</p>
<b>Discussion</b>	The Board asked if we had any idea when the portal would open and what were the risks if our assumptions were wrong? G Bruce confirmed that the portal should open within the next week and that based on experience they are not expecting the assumed rating to be higher than low.

<b>Decision</b>	<p>Following consideration of the AFS report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the contents of the report.  <b>Noted and approved</b> the SHR's AFS return as at <b>Appendix 1</b>.  <b>Noted</b> the Chief Executive will submit to the SHR the AFS return by 30 September 2021.</p>
<b>10.3</b>	<b>Appointment of Auditor 2021-22</b>
<b>Report Summary</b>	G Bruce presented the Appointment of Auditor report issued with the agenda for tonight's meeting, noting that the report is recommending the appointment of French Duncan as the Association's auditors for 2021/2022.
<b>Discussion</b>	There were no points raised by the Board for discussion.
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting, the Board:</p> <p><b>Noted</b> the contents of the report.  <b>Approved</b> the proposal to the AGM for the reappointment of French Duncan as External Auditor for 2021/22.</p>
<b>11.0</b>	<b>STAFFING</b>
<b>11.1</b>	<b>Updated EVH Terms &amp; Conditions</b>
<b>Report Summary</b>	L Gillespie presented the Updated EVH T&C's report issued with the agenda for tonight's meeting, summarising the areas that have been revised.
<b>Discussion</b>	There were no points raised by the Board for discussion.
<b>Decision</b>	<p>Following consideration of the report issued with the agenda for tonight's meeting the Board:</p> <p><b>Noted</b> the contents of the report and the summary changes to EVH T&amp;C's.</p>
<b>12.0</b>	<b>OPERATIONS</b>
<b>12.1</b>	<b>Performance Report – 1st quarter 2021/2022</b>
<b>Report Summary</b>	<p>D Wilson presented the Quarter 2, 2021/2022 Performance Report that was issued with the agenda for tonight's meeting, noting that they have tried to reduce some of the narrative contained within the report.</p> <p>Some of the issues to highlight within the report include: Tenant satisfaction has been impacted by the delays with the investment programme; rent arrears are 4.18% compared to the target of 4%; significant increase in the number of voids which is 41 compared to 7 for the same period last year; Section 5 referrals are currently sitting at 62.5%; no reported cases of anti-social behaviour during the quarter; achieving 100% annual gas safety inspections, which is exceptional; 5 stage 1 complaints were received and all were upheld. In terms of tenants terminating their tenancies, it would seem that the reasons for this include tenants passing away, tenants moving in with relatives during COVID to provide or receive support and people buying</p>

