

Agenda Item 3.1

BOARD OF MANAGEMENT MEETING MINUTE

Wednesday, 15 December 2021 at 6.30pm via video call on Microsoft Teams

Attendance:

Board Members: C Edward (Chair), I Lennox, K Johnson, J Henderson, L Lester, M Donnelly, G Waddell, G Connelly, D McIndoe

Staff/Advisor(s): Anne Marie Brown, Chief Executive
Carla Cameron, Finance and Corporate Services Team Leader
Arlene Dickson, Care Services Manager
Graeme Bruce, Finance Agent
Julie-Ann Cloherty, SHARE (Agenda Item 7.2 only)
Elaine Byrne, Arneil Johnston (Agenda Item 9.3 only)

Minutes prepared by J Shute, Corporate Services Assistant (Temp) from the meeting recording.

ITEM	NOTE	ACTION
	<p>WELCOME AND ORDER OF BUSINESS</p> <p>C Edward welcomed everyone to the meeting and advised that items 7.2 and 9.3 have been brought forward.</p> <p>L Lester also advised that they may need to step out during the meeting for 20 minutes.</p>	
1.0	<p>APOLOGIES</p> <p>Apologies were received from:</p> <p>G Laurie, M Cameron, N Gerrard and D Wilson, Customer Services Team Leader.</p>	
2.0	<p>DECLARATIONS OF INTEREST</p> <p>Members were asked if there were any declarations of interest.</p> <p>J Henderson declared that they work for Arneil Johnston, although they were not part of the team working on the rent affordability assessment under item 9.3, and that they would leave the meeting during this item if the Board requested it. The Board advised they were happy for J Henderson to remain in the meeting during this item.</p> <p>The Board agreed to discuss items 7.2 & 9.3 earlier in the meeting.</p>	
7.2	<p>Annual Board Appraisal Feedback Report, October 2021 by SHARE</p>	

**Report
Summary**

Members noted the length of Board tenure and were advised that no one is encroaching on the 9 year rule.

The Board noted the Succession Planning graphs and were advised that there is a potential cause for concern if the number of Board members who were not sure about stepping down, decide to do so in the next 1-3 years. It was noted that a number of Board members stated that they did not want to become an office bearer was a little on the high side, although this was not a concern, and it was encouraging that there is the potential to grow and develop Board members for Office Bearer positions in the future.

Members were satisfied with the level of experience of current Board Members in areas of housing, customer care, Governance and Regulatory framework. It was also very encouraging that Finance and housing management were strong areas of knowledge and experience within the Board.

It was noted that due to the impact of COVID on Board meetings it was felt that the Board managed positively through these challenges.

Members noted SHARE's recommendations to the Board. These were:

- The Board discusses and agrees on how the needs, priorities and views of tenants and other stakeholders influence the plans, strategies and decisions of the Association.
- The Association ensures that all Board members understand the Annual Assurance Statement and their role in the process.
- The Board and senior officers discuss the succession planning process for the governing body and that Board members are clear about how this will be implemented.
- The Board and Association agree on a plan of Board learning and development, based on discussions with members and taking account of the results of the appraisal exercise.

The Board was advised that recommendation number 4 is recommended to all Boards who take part in this process. SHARE have also devised a Learning & Development plan which outlines some areas that the Board may wish to consider.

Discussion

Members felt the SHARE report was helpful for them and helped highlight some areas that they were not aware of initially. In terms of Succession planning, it was noted that the current Chair will be stepping down this year and encouraged anyone who was interested in this position to speak to the Chair or Chief Executive.

Members felt it would benefit the Association to have more tenants on the Board and were advised that staff are currently trying to recruit tenants to join.

The Board was assured that following the report there is nothing of concern.

Decision

Following consideration, the Board:

Noted the contents of the covering report.
Provided comments to SHARE on the content of the Feedback Report attached at **Appendix 1**.
Approved the content of the DPHA's Annual Board Appraisal Feedback Report, October 2021, produced by SHARE and attached at **Appendix 1**.

9.3 Rent Affordability Review, December 2021 by Arneil Johnston

Report Summary

It was explained to the Board that Rent Affordability thresholds are used in different ways and were advised that there is no one universally accepted definition of rent affordability. However, what is considered as affordable rent is where a household pays no more than 25% to 35% of their income on housing costs.

It was advised that Rent Affordability continues to be important due to the impact this has on individuals and on poverty levels. High housing costs are one of the key driving factors affecting poverty in Scotland and the UK and quite a lot of this poverty is within the social rented sector.

It was noted that another important factor of Rent Affordability is household size and composition. Larger families will often need higher income levels than smaller households so that they are able to achieve a comparable standard of living. Household composition also affects resource needs, and a working age adult will normally require more to live on than a child or an elderly adult.

It was advised that the Scottish Housing Regulator advises that for landlords such as DPHA, it is important that we are:

- Absolutely clear on what is affordable for tenants and consider future affordability when considering rent increases.
- The Association demonstrates transparency on costs and has a vigorous pursuit on value for money and to look at the cost structure and where things can be streamlined.
- Where possible, tenants are given genuine options and choices during rent consultations.
- Engage in dialogue with tenants about overall costs versus service levels.
- Clear on how tenants' views are taken into account.

It was explained what the key components in measuring affordability and E Byrne gave a broad overview of the Arneil Johnston's Methodology and Rent Affordability model. It was advised that the differential between the average rents for DPHA is significant and ranges from a minimum of £4.41 to a maximum of £78.10. They also advised that there are currently 239 different rent levels, although some of these will be due to historic reasons.

The Board was advised on how the Associations rent's compare to other locally operating RSL's. It was explained that the Association are on average 9% higher than the other RSL's and when compared to Local Authority rents, the Association is 6% higher. With regards to larger 3 & 4 bedroom properties, the Association's rent is on average between 21 & 23% higher than Local Authority rent charges.

It was also advised that DPHA are on average 34% lower than market rents advertised in the Clydebank area.

An analysis on income affordability and the Association's rents showed that tenants renting from DPHA on the lowest income levels are able to afford rent by setting aside 30% of their income.

Discussion

Members agreed that that they found the report interesting and felt that it gave the Board lots to consider in terms of tenant affordability. It was noted that a survey was commissioned by the Beardmore Trust some years ago for the Dalmuir area and the number one job profile for our tenants at that time was social care which tended to be lower income. This may still be the case and worth being mindful of.

Members noted that it may be beneficial to have more detailed information on tenant affordability. Members were concerned regarding the 239 different rent levels for the 664 properties DPHA has. It was noted however that there were good points that have come out of this analysis, namely that the Association is closer to Local Authority average rents than RSL averages.

The Board queried the number of tenants in receipt of Housing Benefit and were advised that it does vary but on average it is about 55%.

It was noted that the Leadership Team had met with Arneil Johnston prior to the Board meeting and shared a lot of the same comments that had been discussed at tonight's meeting. Members were advised staff did not have a reason behind the number of different rent levels but that this is something that will be investigated further. Members noted that Arneil Johnston will be invited to the Business Planning Day if appropriate.

Clarification was sought on the slide showing DPHA rent structure averages and the figures listed when comparing to other RSL's and the reason for the differential and were advised that the differential excludes the service charges.

It was felt that some members would be interested in a short life working group to help drill into the differentials. It was felt that this would be useful in the short term but in the long term, the Association may need external assistance if looking at a potential rent restructure.

Decision

Following consideration, the Board:
Noted the contents of this report and the Rent Affordability Review, December 2021 produced by Arneil Johnston as attached at **Appendix 1**.
Agreed to continue discussion on the outcome of the Rent Affordability Review 2021 at the Business Planning session scheduled to take place on 26 January 2022.

AMB/CC/DW

3.0 MINUTES

3.1 Minute of previous meeting (20 October 2021)

The minutes were **approved** on a proposal by I Lennox and seconded by K Johnson.

3.2	<p>Confidential Board Meeting (20 October 2021)</p> <p>The minutes were approved on a proposal by G Waddell and seconded by I Lennox.</p>	
3.3	<p>Notes from Budget Planning Session (10 November 2021)</p> <p>There were no omissions or amendments.</p>	
3.4	<p>Audit & Risk Committee Meeting (22 November 2021)</p> <p>There were no omissions or amendments.</p>	
3.5	<p>Staffing Committee Meeting (08 December 2021)</p> <p>There were no omissions or amendments.</p>	
4.0	<p>RECOMMENDATIONS TO THE BOARD FOR APPROVAL FROM AUDIT AND RISK COMMITTEE MEETING (22 NOVEMBER 2021)</p>	
4.1	<p>Management Accounts to 30 September 2021 (Q2): Confidential</p> <p>See Confidential Minutes</p>	
4.2	<p>Draft Budget 2022/2023</p>	
<p>Report Summary</p>	<p>The Board agreed that Agenda Item 9.2 – rent consultation – should be brought forward to be discussed in tandem with the draft Budget report. It was noted from next year onwards the draft Budget report and the rent consultation report will be merged into one. The Chief Executive offered their apologies for not merging both reports for this meeting but that upon reflection after the Board papers were issued, it makes more sense to discuss item 9.2 along with item 4.2. It was advised that the report for 4.2 should go ahead but that when the recommendations come at the end of the discussion, it is very clear what has been agreed for each report. The Board agreed.</p> <p>It was advised that the proposed starting point of the rent increase is at 4.2% but that this might not be the final percentage. The Business plan had assumed CPI +1 and that in October CPI was 4.1% which in turn would see the increase at 5.2% but it was felt that given the level of the increase, 4.2% was a good starting point.</p> <p>It was advised that the biggest movement between the Business Plan and the Budget is to do with the increase within the income of rents and an increase in direct costs. The increase in direct costs relate to the costs of maintaining the properties and has increased by almost £750k between the two. The Board noted that it is not necessarily to make up for the repairs that have not been carried out, but is more about the programme being achievable given the resources from the contractors and within the staff team in the Association. The Budget also highlights the movement of cash which has fallen by £967k which is quite substantial but is reflected within the direct costs detailed within the budget.</p> <p>It was reported that service charges have reduced by £5.85 per month and are based on the costs of the previous year.</p>	<p>AMB/CC</p>

The Budget proposes that the factoring management fee is increased from £70 to £80 and that the DOSCG fees are increased by 9% but advised that this DOSCG increase still contains them within the local competitors fees.

It was advised that at the moment the Budget is assuming salaries will increase by 3%. EVH are currently consulting with the union regarding the potential increase. The Board will be updated on this once the results of the consultation are known.

It was advised that in terms of the proposed rent increase, the report highlights 3 different options including a 3.5% increase and a 3.9% increase. They advised that the cash appears to be at its lowest position in year 10 and a 3.5% increase would project cash at that point of £985k whereas at 3.9% it is projected at almost £1.099m and they would suggest not going lower than the 3.9%. It was agreed that it will be a difficult decision, it will have to be driven by the business needs. It was also advised that members will also have to consider the cash position in the longer term. Staff have also reviewed the budget to consider value for money in overheads and attempted to reduce these costs as much as possible. It was advised that some things can be stripped out, such as £20k for office refurbishment.

Members were referred to agenda item 9.2 and were advised that there is quite a varied rent increase being considered by the Association's neighbours and other RSL's within the Glasgow and Clydebank area. It was advised that a 1% increase roughly equates to £25.5k of rental income.

Discussion

Members noted that an additional email had been sent to the Board showing the initial proposals from the Glasgow & West of Scotland Forum and also the scoping exercise from the local RSL's. The Board was also advised that the Chair had a discussion with the Chief Executive when the report was released as it was always a concern to see very high percentages. However, it is worth remembering that the percentages will be set for different reasons for each RSL. Their concern is that given within the local landscape, the current format could mean the Association would have a very high rent increase and that this would be a factor to the decision made. It was advised that looking at a 3.9% increase may prove to be more palatable if it is made clear as to the reasoning behind the increase, such as cost of living, costs of materials etc. It was also suggested that due to the current continuing impact of COVID restrictions and the potential impact of hybrid working, the office refurbishment can be put on hold for the time being.

Members noted that they understood that tenants would prefer to see a very low rent increase, however, as a business they have to ensure the long term viability of the Association. The Board agreed it was good to hear opinions from those Board members who are currently tenants.

Members queried what the impact could be by tightening the Budget as much as possible and were advised that as per the Association's Treasury Management policy, a minimum cash requirement of £1m must be available at all times and if the option of 3.5% is considered it is not sustaining the cash requirement. However, if 3.9% increase is considered then the Association would meet the

minimum cash requirements in all years. Members noted and agreed that this has been the worst period for Board's to consider rent increases given all the other economic pressures on households.

Members also noted the Board must be mindful of the Treasury Management policy when making this decision. In terms of the Rent Consultation process, the information must go out to the tenants on the 10 January 2022 with a return on 22 January 2022 to allow time to prepare papers going to the Board meeting in February 2022. The Board were asked to consider these timescales and that the minimum percentage option must be the one that allows the Association to comply with the Treasury Management policy. The Board queried that in terms of the decision made, they are happy to consider 3.9% as a minimum with another two percentages. Members discussed alternatives and felt a more condensed option for tenants of 3.9%, 4.2% & 4.5% would be preferred.

The Board was happy to suspend the standing orders, given that they were conscious of the time, to continue the meeting. J Henderson advised that they had to leave however all other members agreed. The meeting continued.

Decision

Following consideration, The Board:
Reviewed and **commented** on the 2022/23 draft Budget and rent increase options of 3.9%, 4.2% or 4.5% with a view to beginning rent consultation.
Note that a further revised Budget for 2022/23 and supporting papers will be brought to the 14 February 2022 Audit & Risk Committee meeting for discussion and recommendation to the Board on 23 February 2022, with final Budget approval to the Board on 16 March 2022.
Note that the proposed rent increase and service charge review for 2022/23 and supporting papers will be brought to the 23 February 2022 Board meeting for discussion and approval.

5.0 BOARD MATTERS ARISING SCHEDULE

Report Summary

Members were advised that there was only one item to report on - number 21, which is the DOSCG funding for the plot shed from the Flight path fund and apologised that they had not been able to get confirmation about this prior to tonight's meeting.

Discussion

It was that we were unable to apply however they are not aware of the criteria and reason why and will confirm at the next meeting.

AD

Decision

Following consideration of the update the Board:
Noted the Matters Arising Schedule.

6.0 CHIEF EXECUTIVES PROGRESS UPDATE – CONFIDENTIAL

See Confidential Minutes.

7.0 GOVERNANCE

7.1 Report Summary

Governance and Financial Management Improvement Plan
The Board were advised that all Board minutes have now been uploaded onto the website. It was also advised that website layout has been amended to ensure

	that the minutes are easier to find.	
	It was also advised that the minutes from 20 October 2021 that were approved at tonight's meeting, will also be uploaded to the website by the end of the week.	
Discussion	No discussion.	
Decision	Following consideration, the Board: Approved the updated GFMIP at Appendix 1 .	
7.3	Equality & Human Rights Action Plan – 6 Monthly Update Report	
Report Summary	Members were advised that the feedback has now been received from Wylie Bisset and that they were assured there is now a detailed achievable action plan in place. It was advised that following conversations with the internal auditor, they are happy with the progress and that the draft report is a strong assurance level which is the highest that can be achieved. There is only one low recommendation which is to ensure that the up to date policy was added to the website, which has now been done. The report will go to the next Audit and Risk Committee meeting.	
Discussion	No discussion.	
Decision	Following consideration, the Board: Approved the updated Equality & Human Rights Action Plan as attached at Appendix 1 .	
8.0	STRATEGY	
	No reports.	
9.0	FINANCE	
9.1	Debt Write Offs	
Report Summary	It was advised that £891.00 of former tenant arrears and £7,062.54 of current tenant arrears are requested to be written off. The larger balance relating to sequestrations, one in particular is from the tenant we did not evict last year and has meant that their arrears have accumulated. It was advised that the total balance for write off request is £7,752.45.	
Discussion	No discussion.	
Decision	Following consideration, the Board: Noted the contents of the report. Approved the debt write off contained in Appendix 1 to the sum of £7,752.45 .	
9.2	Rent & Service Charge Consultation 2022/2023	
Report Summary	This was discussed in tandem with item 4.2 above.	
Discussion	As per 4.2 above.	AMB/CC
Decision	Following consideration, the Board: Noted the content of this report and appendices. Agreed to start the tenant and other service user consultation process on 3 rent	

increase options for 2022/23, those being 3.9%, 4.2% and 4.5%, and for the consultation process to include the revised service charges as outlined in sections 3.6 and 3.9.

10.0	STAFFING
	No reports.
11.0	OPERATIONS
11.1	No reports.
12.0	HEALTH & SAFETY
	No reports
13.0	ANY OTHER COMPETENT BUSINESS
13.1	Correspondence
Report Summary	It was advised there was no correspondence.
Discussion	Not applicable.
Decision	Not applicable.
13.2	Updated Board/Committee Workplan 2021/22
Report Summary	Members noted the updated Board/Committee Workplan.
Discussion	There were no comments or questions.
Decision	Following consideration, the Board: Noted the content of the updated Workplan.
14.0	DATE OF NEXT MEETINGS VIA MICROSOFT TEAMS
	Members were advised of the dates of next meetings: <ul style="list-style-type: none">• PWRG: Wednesday 19 January 2022 @ 5.30pm.• Business Planning Session: Wednesday 26 January 2022 @ 6.30pm (Could be held in the Golden Jubilee Conference Hotel depending on COVID restrictions).• Audit and Risk Sub Committee: Monday 14 February 2022 @ 5pm.• Board Meeting: Wednesday 23 February 2022 @ 6.30pm. <p>The Chair wished to thank the staff and Board members for all of their hard work during the year and wanted to wish all members and staff a very Merry Christmas and to try and have a good break with loved ones.</p> <p>The Chief Executive thanked all Board members for all of the work that is put in over the year and that they always enjoy the quality of discussion in the meetings and feedback received. They also wanted to wish everyone a good Festive break.</p> <p>The meeting closed at 8.51 pm</p>

Signed *Craig Edward* Date 23 February 2022
(Chairperson)