

**Meeting of the Board of Management to be held at 6pm
on Tuesday 9 February 2021 remotely via Microsoft Teams**

AGENDA

	Lead Person	Decision or information
1. Apologies	Derek Quinn	
2. Declaration of Interests	Derek Quinn	For information
3. Minute of meeting held on 24 November 2020	Derek Quinn	For approval
4. Matters arising from meeting of 24 November 2020	Derek Quinn	For decision
5. Draft Business Plan:		For approval
5.1 2021 to 2026 Business Plan	Charles Turner	
5.2 2021/22 rent review	Gary Naylor	
5.3 2021/22 service charge review	John Russell	
5.4 2021/22 hostel rents	John Russell	
6. Subsidiary Companies and other Minutes:	Charles Turner	For information
6.1 Thenue Communities, 25 January 2021#		# = draft minute
6.2 Audit & Risk Committee, 2 February 2021#		
7. Chief Executive's report	Charles Turner	For decisions
8. Any other competent business	Derek Quinn	
9. Résumé of meeting	Derek Quinn	
10. Date of next meeting Tuesday 16 March 2021		To note

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting
held on Tuesday 9 February 2021 at 6pm
remotely on Microsoft Teams**

Present: Derek Quinn (Chairperson), Pauline Casey, Maureen Dowden, Abdifatah Hayde, Robert Kelly, David Kelti-Armstrong, Howard Mole, Florence O’Hale and Owen Stewart

Attending: Charles Turner, Eleanor Derbyshire, Gary Naylor, John Russell, Lynne McKenzie-Juetten and Ray Macleod

Derek Quinn welcomed Board members to the first meeting of the year, requested the use of the mute button and the raised hand to ask questions. He thanked members for acknowledging on Microsoft Teams attendance as it is important to know in advance any potential quorum issue.

1. APOLOGIES

There were no apologies received.

NOTED

Charles Turner advised Jeanette Goode with immediate effect had resigned from the Board of Management and read out her letter thanking the Board for giving her the opportunity to develop skills and learn how effective Boards can be.

NOTED

Derek Quinn welcomed and introduced Robert Kelly to his first Board meeting. Robert is the Chair of the Audit and Risk Sub-Committee and had previously served on the Board. Robert intimated he was delighted to be invited back as work commitments had taken him regularly away from home, however, with current circumstance and new communication technology he has welcomed the opportunity to again be able to contribute to the Board.

NOTED

2. DECLARATIONS OF INTEREST

No Board members indicated any declarations of interest however staff present had an interest in Agenda Item 7 and the EVH pay award decision.

NOTED

3. MINUTE OF THE PREVIOUS MEETING HELD ON 24 NOVEMBER 2021

The minute of the previous meeting held on 24 November 2021 was approved as a correct and accurate record of the proceedings. The minute was proposed by Howard Mole and seconded by Maureen Dowden.

APPROVED

4. MATTERS ARISING FROM THE PREVIOUS MEETING HELD ON 24 NOVEMBER 2021

There were no matters arising from the previous meeting held on 24 November 2021.

NOTED

5. DRAFT BUSINESS PLAN**5.1 2021 to 2026 Business Plan**

The presentation which took about 20 minutes, split into three sections led by Charlie overviewed the format and contents of the Business Plan, John Russell explained the finances and Gary Naylor the outcome of the rent increase consultation. Charlie intimated there would be an opportunity for Board member questions at the end of each section.

Charlie referred to the timetable which started in October 2020 and the timeline specifically highlighting the point we are at now, the decisions and action to be taken. For context he briefly summarised the overall finances supporting the plan which were presented in depth by John Russell later in the meeting. The Business Plan had no changes to the mission statement, vision and values. He set the scene with the operational context which highlighted the COVID-19 Pandemic, some of which is within our control and much outwith. Four priorities had been identified – risk appetite; cash; homeworking and communication. As the pandemic restrictions are lifted and the Tiers reduce what is the solution for the future?

Charlie intimated there were no changes to our five strategic objectives and proposed 10 new business objectives for the coming year. He gave some background on processes and surveys to support these objectives referring to the list at Appendix 6 on the last page of the Business Plan.

With regards to the Thenue group, Charlie overviewed where each company sits financially identifying the issues with our two fantastic community halls, where the business model relies upon the letting out of space; therefore their finances that will incur deficits due to COVID-19 pandemic and restrictions for use. However £48K grant funding had been awarded for COVID-19 support in our communities. As there is ongoing uncertainty as to when the Centres will be able to re-open, he advised that a full year business plan for Thenue Communities was not feasible at this stage, therefore an interim one, covering the first quarter would be presented to the subsidiary Board, with a review during quarter one.

For the Housing Association, he advised that there is an impact on growth as the current development projects onsite have confirmed grant funding, however, the future development projects awaiting grant funding is uncertain and likely to be delayed possibly into the following year 2022/2023, and that Eleanor would cover this further into the meeting.

Procurement of a number of works and services contracts is planned.

Charlie advised Community regeneration is changing substantially due to the competition and lack of external funding and grants. There is currently only funding for one project and partnership work with Glasgow Kelvin College is being explored. Project applications are being compromised because of cash reserves of both parent and subsidiary companies. Attention and priority is proposed for environment and greenspace initiatives, and support

for the community land project in Castlemilk. Community regeneration activities are required to fit in with the Business Plans aims and objectives for the Group.

Risk management has always been a section in the Business Plan and Charlie presented a table summarising the number of risks with seven identified as high which included the four priorities of risk, cash, homeworking and communication. He referred to the meeting of the Audit and Risk Sub-Committee which had proposed a further session to understand what is meant by risk appetite, risk tolerance, etc., the production of an overarching risk statement and/or statements linked to specific risks, and to be facilitated by our the newly appointed internal auditor.

Charlie summarised the SWOT section; the Investors in People benchmarking and re-accreditation due later in the year; the Scottish Housing Regulators four priorities of homelessness, tenant safety, financial health and governance. The staff structure which had been approved by the Staffing Sub-Committee and the relationship composition of our groups for the governance and decision making structure.

Charles Turner invited comments and questions from Board members. The following had been noted:

- Board members unanimously agreed the information and presentation had been first class, solid and well researched. A tremendous piece of work with members interested in the impact of the COVID-19 restrictions with the planned development projects. Eleanor Derbyshire gave a report on the meeting she had with Glasgow City Council DRS Department and had no good news for the next year due to the COVID-19 pandemic and this carrying forward to the following year. Legal grant offer was unlikely to be approved for new projects during 2021/2022. GCC DRS normally offer grant to 40 projects annually and this coming financial year it may be as little as five.
- With reference to risk appetite, the Audit and Risk Sub-Committee had proposed an additional session outwith the cycle of Board meetings, the purpose of which was to understand the terminology and language around risk appetite or tolerance, how to manage Board members understanding and collective responsibility and agree a method of statement and/or specific statements. Sub-Committee members had listened to examples of risk statements and methods from Sub-Committee members who had first-hand experience. Concern and a risk had been identified that Board members may become complacent and reliant on the Audit and Risk Sub-Committee. A clear understanding of what needs to be achieved is required and Board members agreed to the Chairperson, Vice, Sub Chairs and staff meeting to establish and agree the format of an education session with our newly appointed internal auditors. Charles Turner agreed to organise the best way to deliver this session and commented this was a good way for the internal auditor to become familiar and knowledgeable of the Association.

Budget for 2021/22

John Russell presented a few slides to support the information in Sections 17 and 18 of the Business Plan and referred to the meeting in November 2020 with some figures being familiar.

The key changes

John Russell compared the key assumptions of this year's Business Plan against last year's highlighting the drawdown of new borrowing, reductions in interest rates, lower inflation costs and repairs costs above inflation, EVH salary award, delays in funding and completions due to COVID-19, provision for bad debts and delay in the stock condition survey update. John focussed on the major repair spend and lower loan interest over the next 5 years.

The income and expenditure account

John Russell explained the detail of the income and expenditure account.

Are we viable?

John Russell raised the question how do we know we are viable and presented the key considerations of do we have sufficient cash, do we satisfy our lenders covenants and are we repaying debt? John presented several slides to detail evidence and comparison with the previous year: cash flow for next 5 years; RBS interest cover covenant; interest cover and headroom; financial indebtedness to historic cost; debt outstanding and average debt per unit.

Looking to the longer term future

John Russell went through a series of slides projecting finances for the next 30 years and again compared this year to last year.

In conclusion John Russell confirmed:

- A rent increase of 1.1% in 2021 is affordable for the business.
- Lenders covenants continue to be satisfied with adequate risk "headroom".
- All borrowings including the additional borrowings to support the development programme are repaid within the 30 year period of the plan.
- Short, medium and long term viability remains strong.

What if

John Russell indicated twelve scenarios and tests had been considered to look at the impact on the base line and described each scenario.

John Russell invited the Board of Management to comment and/or ask questions. The following had been noted:

- Board members agreed this had been a fantastic presentation of figures, robust, a joy to read, flexible and resilient. The changes and assumptions covered the COVID-19 pandemic and planned works and development of the business will continue. Good job.
- The Business Plan is based on inflation of 2.5% using RPI for some projections. RPI is to stop in 2030 what considerations have been given to using CPI across the board? Also the Bank of England is using inflation projections at 2%. Is there a case to look at the effect of inflation on this basis as the scenarios demonstrated? Does headroom affect inflationary changes? John Russell welcomed being challenged and recognised the measure of inflation on RPI was time limited. John advised a number of our costs rise by RPI, however, going forward it may be a mixed model and a measure of CPI plus.
- The Bank of England at a monetary meeting last Thursday indicated there may be a possibility of negative interest rates being put in place. For some countries this has been common practice and can take many years to come out of. Has a scenario been

considered for a charge for the cash we hold and adapt the plan to consider this? John Russell confirmed he had spoken to our Treasury advisors concerning this with charges expected to be zero, however, he agreed that although this is not in this Business Plan he would report back with this scenario.

- Due to the COVID-19 pandemic what is the impact at home for tenants as not everyone can go back to office or work places and what is the impact on new stock design. Eleanor Derbyshire confirmed development standards in Glasgow are already in place for new properties however it is too early to say what the impact is.
- In relation to the narrative at the beginning of the Business Plan concerning the funding for Community Regeneration, (section 1.15), a Board member proposed an amendment to the accuracy of the wording which might lead readers to believe that the Group of companies could cross subsidise each other. Discomfort had been expressed with the language used and Charles Turner agreed to look at the language and change the current clumsy wording appropriately. Charlie confirmed that the Business Plan is not published as it is business sensitive document and would not even be disclosed through a Freedom of Information request. The Business Plan is for internal consumption only and shared only with our lenders and the Scottish Housing Regulator. Charlie also confirmed that Thenue Housing Association Ltd is unable to subsidise or transfer surpluses to our subsidiary companies. This explanation should be made clear within funding applications.

The Board of Management approved the Business Plan, subject to the adjustment to the wording in the relevant Community Regeneration paragraphs.

DECIDED

5.2 2021/22 Rent Review

Gary Naylor explained the background, reasons behind the proposed rent increase and endeavouring to make everything balance. Consultation with residents began in December 2020 with publication issued and replies requested by the end of January 2021. A total of 37 replies had been received and these had been listed at the end of the report. The responses varied with some people financially struggling and others not. A difficult time in general for everyone. Virtual meetings had been arranged with Area Associations and the Scrutiny Panel with staff explaining the impact of a rent freeze. With money being taken out of the budget viability in the longer term became understandable and meaningful. There had been savings with the office being partially closed and these savings had been taken into consideration when setting the increase. A bigger increase would have been proposed if there hadn't been those savings. Area Associations have requested to be more involved earlier in the rent setting process to develop more consultation and involve more tenants.

Gary Naylor concluded the rent consultation agreed the proposed 1.1% increase to rents and he invited Board members to ask questions or comment. There were no questions or comments noted. The Board of Management approved:

- The 1.1% rent increase.
- The 1.1% increase to all other charges including shared ownership management fee, shop leases and garage rents.
- The 1.1% increase on the factoring management fee / administration fee for owner occupiers.

DECIDED

5.3 2021/22 Service Charge Review

John Russell referred to the report and commented that there had been some small money savings due to the COVID-19 pandemic which affected delivery of services e.g. close cleaning, backcourt cleaning, de-littering, etc. Charges had been adjusted to reflect this. He invited the Board of Management to ask questions and or make comments. There were no questions or comments noted. The Board of Management approved the increases of service charges as detailed in the report.

DECIDED**5.4 2021/22 Hostel Rents**

John Russell overviewed the report with increases determined by the terms of the lease and actual expenditure costs. John invited Board members to ask questions and/or make comment. There were none. The Board of Management approved the rent increases as detailed in the report.

DECIDED**6. SUBSIDIARY COMPANIES AND OTHER MINUTES****6.1 Thenue Communities 25 January 2021****6.2 Audit and Risk Sub-Committee 2 February 2021**

Derek Quinn intimated the draft minutes were for noting and any questions to be directed to the lead officer or relevant Chair outwith the meeting.

NOTED**7. CHIEF EXECUTIVE'S REPORT**

Charles Turner intimated there were three decisions required and gave an overview of the contents of the report highlighting:

- Due to the current pandemic restrictions it took a bit longer for the new Rules to be formally registered by all external and statutory parties. However, the process is now complete.
- The office opening in the middle of September 2020 had been postponed and will happen going forward once the Scottish Government has announced when Tier 1 will become applicable. That may be some time away. He confirmed that nine staff were currently on flexible furlough and the maximum government grant is being claimed. This would be reviewed going forward by the Executive Team, with 80% being topped up to 100% requiring consideration.
- Board recruitment had commenced with the advert posted on our website and circulated in several other places.
- The proposed affiliation fees due for renewal to be agreed.
- The shop lease that had been given up and the proposed options to lease or sell the property.
- The decision of a yes or no to the proposed EVH pay award.

Charles Turner invited Board members to comment and/or ask questions. The following had been noted:

- Was there any benefit in being precise on an exact date of return to the office for staff? Charles Turner indicated this was dependent on the Scottish Government lifting restrictions and moving through the Tier System, therefore, there would be no benefit.
- Once moved through the Tier System, people being vaccinated and a return to the office environment, it was suggested it was important for Board members to start thinking about a blended approach to working, flexible working arrangements, discussions with staff and unions and how to deliver what our tenants need, ensuring protection for tenants and staff. Charles Turner noted the comments and referred to the Business Plan presentation which highlighted the current priorities of homeworking and communication which touched on the subject of flexibility for the longer term.
- Board members acknowledged current news items and research of women homeworking and not being given enough support for other responsibilities including home schooling and caring.
- Owen Stewart as representative confirmed he had attended the EVH virtual meeting to discuss the salary pay award and reported back that there had been acceptance of the proposal recommended.

The Board of Management:

- 7.1 Approved the three affiliation fees for 2021 for SFHA, EVH and GWSF.
- 7.2 Approved, if favourable, the disposal of the commercial property at 7 Bridgeton Cross.
- 7.3 Approved in favour of the staff salary pay award.
- 7.4 Noted the commencement of the Board recruitment.
- 7.5 Noted the updated position with respect to the re-opening of the Association's office and the necessity to reconsider the percentage furlough grant going forward.
- 7.6 Noted the formal registration of the 2020 Thenue Rules.

DECIDED

8. ANY OTHER COMPETENT BUSINESS

There was no other competent business noted.

NOTED

9. RESUME OF MEETING

Derek Quinn invited Board members to comment on how well the meeting went. The following had been noted:

- Virtual meetings can be difficult, however, Board members were impressed at the well managed meeting considering the depth and breadth of the topics for decision within a short period of time.
- Board members had been invited to participate during the virtual meeting.
- Board members congratulated staff on the huge amount of effort, information and presentation. Making their job easier.
- Exceptional chairing of the meeting.

NOTED

10. DATE OF NEXT MEETING ON TUESDAY 16 MARCH 2021

The next meeting will be held on Tuesday 16 March 2021 at 6pm remotely on Microsoft Teams.

NOTED

Derek Quinn requested Board members to acknowledge the Microsoft Teams invitation and check their emails regularly. He also encouraged Board members to be dipping in an out online to keep abreast of the housing association industry.

Derek Quinn thanked Board member for attending and the meeting concluded at 7.50pm.

I certify that the above minute has been approved as a true and accurate record of the proceedings.

A handwritten signature in black ink, appearing to read 'Derek Quinn', is written over a solid horizontal line.

Derek Quinn
Chairperson

Date: 16 March 2021