

**Meeting of the Board of Management
to be held virtually on Tuesday 21 November 2023
at 6pm in person or remotely via Microsoft Teams**

AGENDA

		<u>Lead person</u>	
1.	Apologies		To note
2.	Declaration of interests	Pauline Casey	For information
3.	Minute of meeting held on 24th October 2023	Pauline Casey	For approval
4.	Matters arising from meeting of 24th October 2023	Pauline Casey	For information
5.	Sustainability Strategy – attendance from Markus Heimann – Carbon Change	Barry Allan	For approval
6.	Customer Satisfaction Survey Results – attendance from Lorna, Research Resource	Michael Byrne	For information
7.	Chief Executive Report	Gary Naylor	For information & approval
	- Regulatory Framework Consultation		
	- Crudens Dispute		
	- Mears Update		
8.	Quarterly Performance:-		
	8.1 Quarterly Performance Report	Gary Naylor	For information & approval
	8.2 Management Accounts	Barry Allan	& approval
	8.3 Loan Portfolio Report	Barry Allan	
9.	2023 Annual Assurance Statement	Gary Naylor	For approval
	9.1 Annual Assurance Action Plan		
10.	Business Plan Going Forwards		
	10.1 Outcomes from Planning Day (24 th October) (verbal)	Gary Naylor	For information
	10.2 Budget Outline and Rent Setting	Barry Allan	For Approval
	10.3 Draft Consultation Document Update	Michael Byrne	For Approval
11.	Development Update Report	Eleanor Derbyshire	For approval
12.	Digital Transformation Strategy	Gary Naylor & Barry Allan	For approval

Unless indicated otherwise, supporting papers are attached in respect of all relevant items.

Lead person

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|---|----------------------|------------------------|
| 13. Treasury Management Strategy Mid Year Review | Barry Allan | For Information |
| 14. Any other competent business | Pauline Casey | |
| 15. Résumé of meeting | Pauline Casey | |
| 16. Date of Next Meeting on Tuesday 6th February 2024 | | To note |

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting
held on Tuesday 21 November 2023 at 6.00pm
in person and remotely on Microsoft Teams**

Present: Pauline Casey (Chairperson), Maureen Dowden, Howard Mole, Linda Chelton, Bryan McMahon, David Keltie-Armstrong and Robert Kelly

Attending: Gary Naylor, Michael Byrne, Eleanor Derbyshire, Barry Allan, Ray MacLeod and Nikita Watson
Markus Heimann (from Carbon Change)
Lorna Shaw (from Research Resource)

1. APOLOGIES

Apologies were received by Ruth Hewitt and Abdifatah Hayde.

NOTED

2. DECLARATIONS OF INTERESTS

There were no declarations of interest.

NOTED

3. MINUTE OF MEETING HELD ON 24TH OCTOBER 2023

The minute of the previous Board of Management meeting held on 24th October 2023 was approved as a correct and accurate record of the proceedings. Proposed by Maureen Dowden and seconded by Howard Mole.

NOTED

4. MATTERS ARISING FROM MEETING OF 24TH OCTOBER 2023

There were no matters arising from the previous meeting held on 24th October 2023.

APPROVED

5. SUSTAINABILITY STRATEGY – ATTENDANCE FROM MARKUS HEIMANN – CARBON CHANGE

Barry Allan introduced Markus Heimann from Carbon Change to present an overview of the Organisation's new sustainability strategy. Markus went over the main points and explained Thenue had been working with consultants and other members since 2020 to assess our carbon footprint and design a collective strategy template. The sustainability strategy sets out our strategic aims to help the Organisation to become a business that reduces its impact, considers communities and people's wellbeing and builds resilience.

Markus intimated that the strategy highlights the framework and how our short-term targets align with the medium-term regulatory requirements of EESSH and the long-term national targets of Net Zero by 2045. An action plan is included with the strategy which identifies how we will work towards achieving these targets.

The strategy links directly to our overarching Strategy 2023-28 and the strategic objectives. For our Homes, the objective is to develop and maintain homes that meet the needs of people over a lifetime, being fit for the future, whilst being energy and cost efficient. For our Communities, the objective is to have sustainable, resilient, and connected communities where peoples' wellbeing and opportunities are enhanced. Markus Heimann outlined the key targets of the Thenu Strategy which are as follows:

- Halving emissions (50%) from our operational direct (Scope 1) and indirect (Scope 2) emissions by 2030.
- Setting objectives to calculate indirect emissions (Scope 3) of our primary impact areas such as existing homes and planned developments to enable long-term reductions of more than 90% by 2045.

Markus Heimann was happy with the Organisation's new sustainability strategy and invited the Board Members to ask questions and/or make comment. The following had been noted:

- Board Members thanked Marcus for attending the meeting and asked if Markus could expand on scope two. Markus advised the scopes are to ensure that there is no double reporting. Scope 2 is the electricity and scope 1 is the energy supplier. These tend to be the biggest reduction targets. Scope 3 is everything outside the remit.
- Board Members asked if we could partner with an Energy supplier. Markus confirmed to the Organisation should look into this carefully as there is an expectation to have solar panel or turbines directly connected.

The Board of Management approved the Sustainability Strategy 2023-28.

APPROVED

6. CUSTOMER SATISFACTION SURVEY RESULTS – ATTENDANCE FROM LORNA, RESEARCH RESOURCE

Michael Byrne introduced Lorna Shaw from Research Resource to give a presentation of the Customer Satisfaction survey results. Lorna Shaw highlighted the following:

- Total of 807 interviews were carried out with Thenu Housing Association's tenants to assess satisfaction with the Association and the services it provides. 807 interviews represents a 26% response rate from the Association's overall tenant base and provides data accurate to +3%.
- The interviews took place between the 11th September – 15th October 2023.
- Satisfaction levels have increased across all but one indicator. The most significant increase is the opportunities provided to participate (+29% points) and the decrease has been seen with regard to the repairs service (decrease by 2% points)
- The majority of tenants (99%) were of the opinion Thenu are very or fairly good at keeping them informed about their services and decisions.
- The 11 tenants who did not feel Thenu were good at keeping them informed about services and decisions were then asked to explain. Comments related to receiving specific communication or feedback about issues, receiving the newsletter or communication more regularly or receiving more specific information.

Lorna Shaw invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members asked how 2020 survey was carried out during the pandemic. Lorna confirmed that the 2020 survey was done by telephoning tenants.

- Board Members agreed the results were really good and asked if the appointments with tenants were pre-arranged. Lorna confirmed that tenants were notified that a survey was being carried out and appointment times weren't arranged.

The Board of Management noted the contents of the report and thanked Lorna Shaw for attending.

NOTED

7. CHIEF EXECUTIVE REPORT

1. Update on Crudens Dispute

Gary Naylor advised the Board Members that Crudens continue to claim substantial costs which have been rejected by both MAST Architects as the Contract Administrator and Thenue. Eleanor and Gary met with 2 representatives from Crudens on 8th November and their stance has not changed in terms of still claiming substantial costs. Having had initial feedback from ADR Consulting who are carrying out an assessment of Crudens claims, Gary confirmed we believe that we have a strong case for refusing the extension of time claims.

There was therefore no progress made from the meeting with Crudens and our position remains unchanged also, given that we lost significant rental income due to the delays. Gary confirmed we should shortly be in receipt of the final report from ADR Consulting that will be used in our defence of an adjudication should Cruden choose to refer this matter and an agreement can't be reached. The Board of Management will be updated on any further developments.

2. Regulatory Framework Consultation

Gary Naylor intimated that the Scottish Housing Regulator believed that our discussion paper regarding the current Regulatory Framework has generally worked well and remained relevant and appropriate. It was proposed in the consultation to add a provision to the statutory guidance to enable Scottish Housing Regulator to require landlords to include explicit assurance in the Annual Assurance Statement on a specific issue or issues. It was also proposed that Scottish Housing Regulator would communicate any specific assurance requirements to the landlords in advance of their submission of the Annual Assurance Statement. Gary confirmed that we are agreeable with this addition as there can be occasions where additional assurance is required, such as Damp and Mould for example.

The Executive Team were also in agreement with proposals to review the Annual Return on the Charter to be completed next year including the working groups to properly consider and consult in the key areas such as tenant safety, damp and mould and EESSH.

The Scottish Housing Regulator plan to strengthen the emphasis on landlords listening to tenants and service users. Gary Naylor advised that the Organisation supports this approach, but also feel that there is already a strong approach to tenant consultation within the sector.

All other proposed changes as set out in the guidance are relatively minor and aimed at providing updated advice or clarity and that initial feedback has been taken on board in producing this guidance document.

3. Mears Update

Gary Naylor confirmed that repairs performance continues to be consistent and figures are 90% and above. The focus continues to be with the tenant for Thenue and swifter resolution when repairs are not being resolved to a full conclusion. This may be because of the quality of the repair or that there is a multi-trade approach required.

As it stands, Mears have not been in contact to discuss next year's costs. Gary Naylor intimated following discussions at the Business Planning Event, any rise must be in line with our budgets for 2024/25 and anything higher than our proposed rental increase or inflations would not be possible.

Therefore, Gary proposed to contact Mears' Managing Director before the end of the year, to set expectation and for this to be included within our final budget approvals in the New Year.

Gary Naylor invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management noted the position of the extension of time dispute with Crudens regarding the Abercromby Street development, approved the consultation submission to Scottish Housing Regulator relating to the Regulatory Framework and noted the regular update in relation to Mears and their performance.

APPROVED

8. QUARTERLY PERFORMANCE

8.1 Quarterly Performance Report

Gary Naylor provided an update on the quarterly performance report and confirmed the performance report has no 'red' areas. This is the result of continued effort from staff members to adapt to outside factors that have impacted on key performance areas and the business as a whole.

Gary Naylor invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the Quarterly Performance Report.

APPROVED

8.2 Management Accounts

Barry Allan presented the Management Accounts and confirmed that the Association generated an operating surplus. The main factors contributing to the surplus against the budget are as follows:

- Lower than anticipated rental and service charge income
- Lower than anticipated void loss
- Higher than anticipated grant amortisation
- Lower than anticipated overall repair costs
- Higher than anticipated property depreciation charge
- Lower than anticipated office and corporate overhead costs
- Lower than anticipated loan interest charge
- Higher than anticipated gain on sale of housing accommodation.

The cash balance had increased from the last report at 30th June 2023. Barry Allan confirmed all financial covenants are satisfied.

Barry Allan invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the Management Accounts for the period ending 30 September 2023.

APPROVED

8.3 Loan Portfolio Report

Barry Allan advised Board Members that the loans position at 30th September showed a total of 56% of the balance being non variable with 44% remaining variable which is in line with the overall limits set down within the Treasury Management policy and is consistent with the current years treasury strategy agreed by the Board in March 2022.

Barry Allan invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the Loan Portfolio report.

APPROVED

9. 2023 ANNUAL ASSURANCE STATEMENT

9.1 Annual Assurance Action Plan

Gary Naylor confirmed during the development of the Annual Assurance Statement, there were 5 areas of development, action or improvement that were identified. Gary Naylor intimated that there were no compliance failures, however the evidence statement recorded 5 entries that are key areas for improvement. They were as follows:

- Improvement to our communication and IT systems to create the flexibility required for the future and to aid an improved service delivery.
- Further improvement to communications and social media following the launch of our communication strategy.
- Tenant Recruitment to the Board.
- Development of a clear strategy for the future reactive repairs service.
- Develop a robust approach to changes in Fire Safety Regulation.

Gary Naylor explained that all key areas in the action plan will be achievable in the year 24/25.

Gary Naylor invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management approved the 2023 Assurance Statement Action Plan.

APPROVED

10. BUSINESS PLAN GOING FORWARDS

10.1 Outcomes from Planning Day (24th October)

Gary Naylor intimated that there was really good, productive discussion at the Business Planning event on the 24th October 2023. Gary confirmed that our 5-year strategy launched our priorities for 2024/25. These are:

- Continuing to improve our customer focus and culture.
- Providing excellent service delivery – review of repairs and grounds maintenance, how we deliver.
- Investment in our IT infrastructure.

- Investment in our existing stock.
- Developing energy and cost-effective homes.
- Value of money for rent payers' money.
- Continuing to build resilience within our communities.

Gary Naylor invited Board Members to ask questions and/or make comment. There were no questions or comments noted.

The Board of Management noted the outcomes from the planning day.

NOTED

10.2 Budget Outline and Rent Setting

Barry Allan presented the draft budget presentation and confirmed to Board Members that the final budget along with the updated 30-year forecasts will be presented to the Board in February for final approval as part of the 2024 Business Plan.

Barry Allan intimated the economic environment continues to be uncertain due to the ongoing cost of living crisis and high inflation which has seen energy prices, fuel and food costs remain high post covid. Global conflicts and the political environment add to the economic uncertainty. Although inflation has dropped from the highs of the previous year Sep 23 CPI is 6.7% and Sep 23 RPI 8.9% and a rise in the Bank of England interest rate to 5.25%. These conditions continue to put a significant strain on tenants' economic health and wellbeing as well as having a similar impact on the Association as a whole.

Following some discussion at the Business Planning session held on 24th October 2023, it was agreed that the 2023 inflation and rent increase assumption of 5% for 2024-25 was too low therefore financial modelling work had been carried out on rent increase proposals of 6%, 7%, 7.5% and 8%. The 2023 Tenant Satisfaction survey results have reiterated our tenants' priorities of high-quality repairs service, investment in existing stock and the development of new homes. In order for Thenu to meet these priorities, we have to ensure that the financial health and viability is maintained while balancing the needs of the tenants and the Association as a whole.

Barry Allan explained the major repair costs and advised the 2024 plan incorporated the stock condition survey updated for current costs. An in-depth review is being carried out by the Property Services department for the next 5 years and costs will be updated and smoothed out to ensure cash balances remain above the minimum target throughout the plan for the February Board meeting.

Barry Allan provided a cash flow summary over the next 5-year period and confirmed a review of all income and expenditure will be undertaken before presenting a more detailed budget and rent increase information for approval at the Board meeting in February 2024.

Barry Allan invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members agreed this was a realistic view and the increase should be in line with other Housing Associations.
- Board Members ensured that it's about doing the right thing for our tenants in order to provide an efficient service.
- Board Members discussed the rent increase percentage which may have been too low last year and that we need to continue to be viable.

- Board Members discussed keeping the rent increase to a minimum as possible so that this is still affordable for our tenants.
- Board Members raised concerns about 8% increase being unaffordable to a single person in a 2 apt property. Barry Allan confirmed it is important to get that balance of affordability and providing a service for our tenants.

Board Members agreed to 8% rent increase for consultation with tenants with the final decision made to the budget in February 2024.

DECIDED

10.3 Draft Consultation Document Update

Michael Byrne overviewed the contents of the draft consultation document to be sent to tenants including the context of challenges over past few years. The document will contain examples of the increase in £s and the impact on services and development. Michael intimated the uncertainty regarding inflation which remains high. New, affordable homes will be funded by the Scottish Government and salary negotiations for this remains ongoing.

Michael Byrne invite Board Members to ask questions and/or make comment. The following had been noted:

- Board Members asked if figures for CPI core inflation can be included.
- Gary Naylor confirmed draft will be circulated before approval.

The Board of Management approved the contents of the consultation document.

DECIDED

11. DEVELOPMENT UPDATE REPORT

Eleanor Derbyshire provided an update on our current position with our Development Programme and on potential future projects that were part of our recent Stock Tour and the Presentation at our Board Strategy Day. Eleanor referred to the report highlighting:

- **Abercromby Street** – Project is complete and 77 new homes have been handed over.
- **Landressy Place** – The project was delayed due to the original contractor CBC, going into administration in May 2020. Eleanor Derbyshire confirmed we started on site again in 25/10/2021 with a new contractor, McLaughlin Construction and the development is now complete with all properties handed over in October 2023.
- **Craighead Avenue** – This project was awarded to CCG from our contractors' framework and we entered into a Design Build contract, to pass all the design risk to our contractor. We started on site in April 2022 with the 18 new homes delivered on time and on budget in February 2023, with no requirement for an Extension of Time or any costs.
- **Ruchazie Place** - This will be a developer-led project with Sim Building Group to provide 12 x 2 bed flats. A further Planning application has now been submitted with the outcome of this awaited. We expect to submit a tender grant application to GCC when the consent is awarded.
- **Connal Street** - The Council own a large area of vacant land at Springfield Road/Connal Street in Dalmarnock. The venue carried out feasibility on this site for a large-scale development in 2017/18. The Council then found a number of title issues over the site which has reduced the size of site available to develop at this time. We have acquired the smaller site have received Planning Consent for 41 new homes. We have appointed a contractor on a Design and Build basis and they commenced works on site start in August 2023. We continue to progress the design for the remainder of the site and GCC have agreed to try to resolve the title issues, with a view to this project being included in the programme in later years.

- **Tobago Street** - The vacant and derelict land to the west of Tobago St, adjacent to the new homes at Abercromby St, is in multiple ownerships. Two sections are in Council ownership and discussions continue to acquire these in the future. Acquiring the GCC site could allow negotiations to progress with the various other private interests. It may be possible to gain assistance from the local Regeneration Company, Clyde Gateway, to unlock some of this site. This will be a long-term project, requiring land-banking until the full site can be acquired.
- **Tureen Street** - GCC NRS would like us to develop a semi-derelict 19th Century school building at Tureen St site for new housing using a 'façade retention', to maintain the built heritage, if this can be designed within grant parameters. A grant allocation from the fund would allow us to progress this development, as it would offset the costs of the façade retention element. The outcome of this is expected around January 2024. We are continuing discussions with GCC on how this project might be funded in the future, should this latest VDLIP application be unsuccessful.
- **French Street** - This is a developer led project. We were approached by CCG Homes to be their Housing Association Partner in a bid to Clyde Gateway for a site to develop new homes for sale and affordable rent. The site can accommodate around 173 units with 119 flats potentially being developed for Thenue, and the rest of the houses for private sale by CCG Homes. We will be submitting an Acquisition Grant application to GCC NRS and a separate report will be provided to Board for approval of the acquisition.
- **Anson House** - Clyde Gateway had acquired an empty office building on London Road, close to Bridgeton Cross, and have now completed the demolition works to clear the site. They also own the land to the south of this on Anson St. The land to the East is the site of a demolished tenement and Clyde Gateway intend to ask GCC to promote a Compulsory Purchase Order to acquire this parcel of land. This would provide a large corner site with the potential to develop around 45 new flats. The next stage will be to get a valuation of the site and submit an Acquisition Grant Application. A separate report will be provided to Board for approval of the acquisition.
- **Queen Mary Street School** - Colleagues at GCC NRS asked us if we would be interested in developing a site that is in the Council's ownership, at Bernard Terrace in Bridgeton. There was formerly a school on the site which has been demolished. We will request grant funding for feasibility on this site and will appoint a valuer to provide a site valuation.

Eleanor Derbyshire invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members asked if confirmation could be put in the rent increase consultation explaining how costs from new builds are received from funding.

The Board of Management noted the contents of the report.

NOTED

12. DIGITAL TRANSFORMATION STRATEGY

Gary Naylor confirmed following on from the presentation from the October 2023 at the Board of Management meeting, the draft document had now been completed for consideration and approval. Gary Naylor advised that the document highlights the need to modernise our approach to the systems we use, and in particular how they help us to deliver our Customer First approach, develop our digital technologies and use data more effectively.

Outcomes would be delivered in line with our 5 strategic themes and would provide benefits to our engagement, our decision making based on good quality data, the efficiency of our processes, our partnership working with communities and other organisations, the performance of our homes and ultimately in the service that we deliver.

Gary Naylor intimated that we are working in a fast changing-operating environment, particularly in regards to technology, and the modernising of our technology infrastructure in the future will allow us to make the most of the opportunities highlighted within this strategy.

Gary Naylor invited Board Members to ask questions and/or make comment. The following had been noted:

- Board Members discussed tenant preference for technology. Gary Naylor confirmed a new app for tenants is being produced and that the customer satisfaction survey results is a baseline going forward.

The Board of Management approved Our Digital Transformation Strategy 2023-28.

DECIDED

13. TREASURY MANAGEMENT STRATEGY MID YEAR REVIEW

Barry Allan confirmed ATFS Limited has conducted a mid-year review to include an overview of the existing funding arrangements and to agree the proposed way forward.

There are 3 specific recommendations which the Board were invited to approve. These are:

1. There is still uncertainty within the sector about the costs of the new EESSH2 standards and what impact this will have on the business plan. Any further funding requirement would be best assessed once further guidance is received from the Scottish Government on the detail of EESSH2.
2. Thenue should review interest rates ahead of the two maturing RBS fixed rates on 22nd December 2023. The Bank of England Monetary Policy Committee will make a decision on THE Bank Rate on 14th December 2023 therefore, it may be worthwhile postponing any decision to put in place any further fixed rates until after this announcement. It would be preferable not to put in place fixed rate loans when interest rates are considered to be at peak.
3. Following recommendation 2, which would result in the level of fixed rates to variable rate loans falling to 45%, which is below the Treasury Management Policy minimum of 50%, but still provides Thenue with a good level of mitigation against future interest rate rises.

Barry Allan explained following the above recommendations would result in a temporary breach of Thenue's Treasury Management policy but using this period to monitor the Bank of England's interest rate announcements and the rates being offered on fixed term loans will provide better value for money in the longer-term than fixing the respective loans at this time.

Barry Allan invited Board Members to ask questions and/or make comment. The following had been noted:

- Board members suggested delaying this until no later than March 2024.

The Board of Management agreed to the monitoring of interest rates for a short period and reviewing no later than March 2024.

DECIDED

14. ANY OTHER COMPETENT BUSINESS

14.1 Gary Naylor advised Allan Anderson has officially stepped down from the Board due to work commitments. Gary thanked Allan Anderson for his service to the Board over the years.

The Board of Management accepted the resignation of Allan Anderson.

DECIDED

14.2 Michael Byrne explained that the consultation for the Older Person's Strategy completed last week and confirmed there were no changes required.

The Board of Management noted the update.

NOTED

15. RÉSUMÉ OF MEETING

There were no comments or observations noted.

NOTED

16. DATE OF NEXT MEETING ON TUESDAY 6TH FEBRUARY 2024

The next meeting will be held on Tuesday 6th February 2024 at 6:00pm

NOTED

The meeting concluded at 20:03pm

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

NOTED



Pauline Casey
Chairperson

Date: 6th February 2024