

THENUE HOUSING ASSOCIATION LTD

**Minute of the Board of Management meeting
held on Tuesday 29 January 2019 at 6.00pm
within 423 London Road, Glasgow, G40 1AG**

Present: Derek Quinn (Chairperson), Pauline Casey, Maureen Dowden, Jeanette Goode, Abdifatah Hayde, David Keltie-Armstrong, Foday Keran, Charlotte Levy, Nicola McCurdy, Howard Mole, Filbert Musau, Florence O'Hale, Willie Redmond and Owen Stewart

Attending: Charles Turner, Brian Gannon, Beth Reilly, John Russell and Ray Macleod

Derek Quinn welcomed members to the meeting and asked that questions were directed through the Chair to ensure everyone had an opportunity to speak.

1. APOLOGIES

Apologies were received from George Alexander who had at the previous meeting been given three months leave of absence.

NOTED

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

NOTED

3. MINUTE OF THE PREVIOUS MEETING HELD ON 20 NOVEMBER 2018

Charles Turner intimated there were a few corrections to be made to the minute:

- Jeanette Goode to be added to the list of those present.
- Leave of absence to have the period of three months added.
- The time the meeting concluded changed to 7.46pm.

Subject to the above corrections the Board of Management approved the minute of the previous meeting on 20 November 2018 as an accurate and correct record. Proposed by David Keltie-Armstrong and seconded by Pauline Casey.

APPROVED

4. MATTERS ARISING FROM THE PREVIOUS MEETING HELD ON 20 NOVEMBER 2018

John Russell referred to Agenda Item 7, Mid-Year Review of Treasury Management Strategy and requested delegated authority to the Chief Executive to sign a mandate letter to The Royal Bank of Scotland accepting the outline terms for the new £12 million loan facility. The Board of Management agreed to the delegated authority.

DECIDED

5. DRAFT BUSINESS PLAN

5.1 2019 TO 2024 BUSINESS PLAN

Charles Turner advised the Business Plan was the most important document of the year for Board members to consider and approve. Charles suggested the decision is made after considering the Plan, finances and proposed annual rent increase. The presentation overviewed:

- The process and timetable which allowed for the opportunity for the final Business Plan decision to be made at the meeting on 19 March 2019, if required.
- Our six current priorities of Universal Credit, new borrowing, digital services, key performance targets, mobile working, rent review and consultation, which set nine operational objectives and Charles described each of them.
- The three highest risks out of a total of 32 of which the biggest business risk is Universal Credit.
- Described how the nine operational objectives fitted our five strategic objectives.
- The responsibilities of the parent company for monitoring the performance of the three subsidiary companies.
- Growth detailing current, pipeline and future new build development projects.
- Our three strands of growth: core business; new products and service; acquiring other RSLs.
- Anticipated procurement and not necessarily all in the one year.
- SWOT analysis.
- Governance and staff structures.

Charles Turner invited questions and comments from Board members and there were none.

John Russell presented the budget and the longer-term financial projections to support the Business Plan highlighting:

- The key assumption changes between the 2019 and 2018 Business Plans covering number of properties, new borrowing, interest rates, inflation, rent increases, major repairs, employee costs, bad debts, voids and average grant percentages on new units.
- The income and expenditure account compared against the version presented at the previous meeting on 20 November 2018.
- Viability – do we have sufficient cash, satisfy lenders covenants and repaying debt, demonstrated with a series of 5 year projection charts covering cash flow, interest cover on covenants, debt and 30 year projections.
- What if - demonstrating with examples of sensitivity scenarios for rent increases, voids, bad debts and arrears.
- Conclusions drawn included: a rent increase of 3.3% in 2019 is affordable for the business; lenders covenants continue to be satisfied; additional borrowing to support the development programme can be repaid within the 30 year period; and short, medium and long-term viability remains strong.

John Russell invited questions and comments from Board members which included:

- A discussion on why retail price inflation at September was used rather than the consumer price inflation as the measure for inflation and for rent increases. John indicated that generally the association's costs are more aligned to the retail price index. John Russell proposed and Board members agreed that additional scenarios comparing against both measures of inflation will be incorporated into next year's plan.

5.2 2019/20 RENT REVIEW

Brian Gannon presented the outcomes of the 2019/20 Rent Review Consultation giving an overview of the process and timetable including meeting with the tenant scrutiny panel and Area Associations. Tenants were issued a rent review newsletter with a form and links to our website for responding to a website survey. Messages to users of our App with a link to the website survey were also sent. Brian was pleased to report 135 responses (only 3 last year) had been received with the use of the App and a website survey being very successful.

Brian advised tenants had been consulted on two options and there was preferred support for a rent increase of 3.3% which the Board of Management was recommended to consider. Brian reported there had been plenty of positive comments about the Gardening Volunteer Project but tenants were expecting rent increases to be kept as low as possible.

Brian invited questions and comments from Board members which included:

- A discussion on Universal Credit direct payment delays and internal processes to act quickly to minimise notices of proceedings. However, he commented it was early days and the impact will be monitored.

The Board of Management unanimously:

- 5.2 Approved the Rent & Occupancy Charge Review 2019/20:
- 3.3% rent increase
 - 3.3% increase to all other charges including shared ownership management fee, shop leases and garage rents
 - 3.3% increase on the factoring management fee / administration fee for owner occupiers.

DECIDED

- 5.1 Approved the Business Plan April 2019 to March 2024 subject to the correction of a couple of typing errors.
Agreed the proposal to evidence additional sensitivity scenarios next year.

DECIDED

5.3 2019/20 Service Charge Review

John Russell indicated a full review of all of its service charges on a three yearly cycle had been completed and projected costs forward with a view to setting a service charge for 2019/20 plus an inflationary increase each year up to and including 2021/22. The Board of Management approved the service charges for 2019/20 subject to correction of one typing error.

DECIDED

5.4 Review of furniture & flooring provisions

John Russell explained the proposals for directing the use of surplus service charge funds for furniture and flooring on eight projects where the provision is no longer required. John clarified that the Housing Support Manager carried out regular inspections and there had been joint discussions as to how the funds are used. The Board of Management approved the proposals as detailed in the report.

DECIDED

5.5 2019/20 Hostel Rents

John Russell advised rents for all hostels are reviewed on an annual basis in line with the terms of lease. The Board of Management approved the proposals as detailed in the report.

DECIDED

6. DISPOSAL OF LAND AT KEPPOCHHILL ROAD (FORMER SITE OF PHOENIX HOUSE)

Beth Reilly reminded the Board of Management of the decisions made at the previous meeting on 20 November 2018 and referred to the attached report. She advised that the District Valuer had now determined the valuation of the site as being £150,000 with both parties accepting the valuation. To progress the disposal the Board of Management was requested to formally certify that all the conditions of disposal as listed in the report have been met. The Board agreed that the minute should formally record the certification as follows:

The Board of Management at the meeting on Tuesday 29 January 2019 formally certified that all the conditions of disposal of the site of the former property at 574-586 Keppochhill Rd have been met and as Charity Trustees the disposal of the site on these terms is in the best interest of the Association as follows:

1. *Agreed to dispose of the site at 574-586 Keppochhill Rd to Glasgow City Council at the valuation provided by the District Valuer of £150,000.*
2. *Agreed that an application for Specific Consent under S107 is made to the Scottish Housing Regulator to allow the disposal to proceed.*
3. *Certified that the conditions attached to the request for Specific Consent have been met.*
4. *Authorised Staff to progress the disposal once the consent from the Scottish Housing Regulator, (SHR) is in place and to instruct the association's solicitor, TC Young to act in this matter.*

DECIDED

The Board of Management noted that future disposals will not require specific consent due to legislative changes.

NOTED

7. SUBSIDIARY COMPANIES AND OTHER MINUTES

7.1 Audit and Risk Sub-Committee 13 November 2018

The draft minute had been noted and comments to be addressed to Sub-Committee Chair or serving officer.

NOTED

7.2 Health and Safety Committee 3 December 2018

The draft minute had been noted with Charles Turner confirming:

- Accidents and near misses: the ceiling tile had been replaced.
- Audit fire safety: Fire Wardens report to the Fire Officer after the office has been 'swept' emptied during and fire drill or emergency.
- Fire curtain: this had been fixed and operational.

- Audit driving at work: the procedure and recording of daily visual checks had been changed.
- Audit legionella: Thenue has no water towers.

NOTED

8. REPORT ON INSURANCE SERVICES TENDER AND ANNUAL REVIEW OF INSURANCE COVER

John Russell gave an overview of the procurement process for the recent insurance tender and, referred to Appendix 1 in the report which set out the level and scope of insurance cover required by the Association for 2019/20

Tenders had been received from two companies and the results of the tender evaluation exercise were noted by the Board. As the sums involved were above £250,000, the Board would be required to approve the appointment of the preferred insurer, JLT Specialty Limited.

John explained Thenue's financial regulations require the Board of Management to review on an annual basis the existing and proposed insurance cover held on behalf of the Thenue Group. There was a brief discussion on:

- The frequency of review and duration of contract.
- Differences in various premiums and excesses.
- The types of insurance companies and the brokers that specialise in housing associations.
- Guarantee clauses which depend on levels of claims.

The Board of Management:

- Authorised the Head of Finance (IT and Corporate Services) to accept the tender from JLT Specialty Limited for an initial period of three years with the option to extend for a further two years.
- Approved the level and scope of insurance cover required by the Association for 2019/20 as set out within Appendix 1 of the report.

DECIDED

9. CHIEF EXECUTIVE'S REPORT

Charles Turner overviewed the contents of the report. Board members requested additional assurance with regard to the terms of the settlement agreement. This was given, together with confirmation that legal advice had assisted in reaching the conclusion. Board members also asked for information on the process for recording and reporting disposals due to the change in legislation and how this presents accountability and transparency for the annual governance statement. It was generally agreed that staff should continue to follow the same approach as at present in terms of the information reported to the Board for disposals.

The Board of Management:

- Approved re-affiliation to EVH for the duration of 2019.
- Noted the de-regulation of consents regarding disposal of land or assets as well as constitutional and organisational changes.
- Noted details of the annual SHARE conference.
- Agreed the new minimum contribution auto-enrolment pension rates for staff from 1 April 2019 following a change to the Government's auto enrolment rules.
- Noted and agreed the terms of the settlement agreement.
- Noted the summary of the Business Planning Event on 4 December 2018.

DECIDED

10. ANY OTHER COMPETENT BUSINESS

10.1 **EVH Management Committee Meeting 4 February 2019:** Owen Stewart intimated he was unable to attend and asked for someone else to attend as Thenue’s representative. Members interested were asked to contact staff.

NOTED

10.2 **Procurement:** Beth Reilly advised tenders had been received for the modernisation of the 11 properties acquired in the London Road/Monteith Row development to the value of £333,077.27 She confirmed that the association had received an offer of grant that covered both the acquisition costs (100%) and 50% of the modernisations costs plus fees and VAT The Board of Management approved the acceptance of the tender.

DECIDED

10.3 **People and Communities Fund Signatories:** Charles Turner presented a schedule for signatories to sign for the People and Communities Fund.

NOTED

10.4 **BREXIT:** Following a question regarding European procurement rules, Beth Reilly confirmed the Scottish Government is not expected to change the current process.

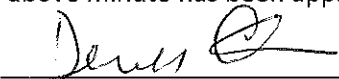
NOTED

11. DATE OF NEXT MEETING

The next meeting will be held on Tuesday 26 February 2019 at 6.00pm.

The meeting concluded at 7.43pm.

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

Derek Quinn:  Date: 26 Feb 2019
 Chairperson