

Minutes
Fife Housing Association
Strategic Board meeting

Date 30/11/2020
Time 16:00 - 18:15
Location ZOOM
Chair Miss Helen Boath
Present: Miss Helen Boath - Chair
Mrs Sandra Stock - Vice Chair
Mr Derek Adam - Board Member
Mr Martin Fleming - Board Member
Mrs Lynne Pascal - Board Member
Mr Colin Miller - Board Member
Mr Ron Eldridge - Board Member
Mrs Fiona Barr - Board Member
Mr Laurie Boles - Board Member
Mr Stephen Clark - Board Member

In attendance: Mrs Nicki Donaldson - Chief Executive
Mr Derek Banks - Director of Finance and Governance,
Company Secretary
Mrs Su Bramley - Director of Housing
Mrs Caroline O'Donnell - Director of Operations
[REDACTED] - Chatham Financial (item 1.3 only)
Miss Laura Grieve - Secretariat

1 Procedural

1.1 Welcome and apologies

Miss Boath welcomed everyone to the meeting.

Miss Boath advised Board members that Mrs Garvie has resigned from the Strategic Board.

1.2 Declaration of Interest

Mrs Barr declared an interest as an [REDACTED] employee in regards to the Treasury Management presentation. It was agreed that there was no conflict and no action was required.

1.3 Treasury Management

██████████ joined the meeting at this point.

██████████ advised Board members that the presentation had been prepared for the Strategic Board and it is an initial review of Indicative Terms and Conditions for a full ██████████

██████████ provided detailed commentary on the report indicating the key points that members needed to consider before authorising the next phase of the process.

██████████ invited Board members to ask questions and there was a discussion about what the advantage would be of refinancing now compared to refinancing as planned under the current agreement to 2029. Mr Banks explained in detail that the main advantages are improved liquidity allowing for increased developments, a long term arrangement which provides stability to the Business Plan and low interest rates compared to the refinancing assumptions for 2029 onwards.

There was a further discussion on the effect on the business plan should the Board decide to increase developments. Mr Banks confirmed that for each development, costs are built in for the ongoing maintenance across the length of the Business Plan. One Board member asked what the impact would be on the repayment profile of the Business Plan and what the additional interest would be and Mr Banks confirmed that this was also already included in the Business Plan.

Board members discussed in detail the information that was presented to them and Board members confirmed that they would be keen to proceed with the next steps of refinancing and it was agreed that Mr Banks would proceed to negotiate terms with ██████████ with the assistance of ██████████ and update the Board in due course.

██████████ left the meeting at this point.

1.4 **30 Year Business Plan**

Mr Banks advised that the scenarios presented in the report use the current Business Plan as a base including all assumptions apart from interest rates, repayment profile and development programme. The offer from the lender includes a fixed rate facility for £█████m and a revolving credit facility (RCF) of £█████m, which is a £█████m increase on the current lending of £█████m.

The impact of Covid-19 on interest rates means that the long term

product will be priced competitively and significantly lower than the current refinancing in 2029/30. The scenarios presented will demonstrate the impact of reducing the rate of increase in rents and the potential development ambitions. Rent increases are an existing sector concern for the Scottish Housing Regulator (SHR) and this has been exacerbated by Covid-19. A number of Registered Social Landlords (RSL) have been consulted and indicated rent increases for 2021/22 between ██████% and an average of ████%, this is significantly below the ████% indicated in our current plan. Board members discussed how our rents compare with other similar Housing Associations and it was advised that we still remain top of the benchmarking statistics.

Mr Banks asked Board members if they would like to see the proposed development programme maximised and advised that under the scenarios developments would be increased from ████ to ████ units over the next ten years. The expansion of the development programme generates significant increases in turnover and asset base improving the ability to borrow in future years if required.

Board members confirmed that they would like to see models scenario over a 5 year period to confirm the impact of differing rent increase levels, using a rent increase of ████% as base figure. The Board agreed to consult with tenants on a 1.5% or 2% increase for 2021/22.

Agreed: The results of the sensitivity analysis will be communicated to the Board for approval and used in the consultation with tenants on any proposed rent increase for the financial year 2021/22.

1.5 Minute of the previous meeting

There were no amendments to the previous meeting minute.

Agreed: The minutes from the previous meeting were unanimously approved.

1.6 Matters arising

None.

1.7 Action points

No outstanding actions to be discussed.

2 For Update

2.1 Chairperson's verbal report

Miss Boath reminded those Board members who had not yet submitted their Declarations of Interest and Code of Conduct forms to complete and return them to Miss Grieve at their earliest convenience.

Miss Boath advised Board members that she is attending the G8 networking group meeting on Friday 4 December 2020 and that she will provide a verbal update at the next Board meeting.

2.2 CEO Report

COVID-19

The Return to Work Action Plan continues to be reviewed periodically to ensure compliance with the latest government guidance and includes lessons learned from the initial lockdown phase.

Health and Safety Advisors, Law at Work, have now carried out risk assessments in all colleagues' homes and produced a report on actions required and to assist in researching options for the flexible working project, a further update will be presented to the Board in due course.

Board minutes format

Mrs Donaldson proposed that Board members discuss and agree a format of future meeting minutes at the next Board.

Fife Council Grounds Maintenance Programme

[REDACTED]

Mrs Donaldson invited questions from Board members and one Board member asked about the expected efficiency savings from the implementation of the full [REDACTED] system. Mr Banks explained that the system is in place but the processes are taking longer and that a post implementation review will take place to assess the efficiency of each process. Mr Banks added that it was nothing that we could have predicted until detailed testing had been completed, however, the information available within the system is an improvement and will allow

us to plan more effectively and accurately going forward.

Thanks were given to Mrs Bramley and her team for delivering the skip hire project as part of the 'Giving Something Back' initiative.

2.3 Verbal update of Audit and Risk Committee meeting held 26 November 2020

Mr Boles provided a verbal update to the Audit and Risk Committee meeting and advised that the following items were discussed:

Terms of Reference:

Terms of Reference were agreed and there was a proposal to consider an action plan following the annual submission of the Assurance Statement.

Insurance Renewal Process

Mr Banks advised that the insurance renewal process for 2021 is underway and we expect to receive quotes back for consideration in January 2021.

Outstanding Internal Action Points

It was agreed that the three outstanding action point due dates would be extended to February 2021 due to an issue with the new Aareon system reporting feature.

Management Accounts

Management accounts were discussed in detail and it was evident that Fife Housing Group (FHG) are performing well despite the impact of COVID-19. There was positive feedback on the new layout of the performance dashboard.

Pensions Working Group

Mr Boles advised that as the next 3 year actuarial pensions valuation is now due, it was agreed that the pensions working group would reconvene to appraise the forecasted results and potential impact to FHG.

Agreed: The Board noted the contents of this update.

2.4 Management Accounts for period ending 30 October 2020

Mr Banks advised that the management accounts were discussed in detail at the Audit and Risk Committee the previous week.

Mr Banks presented the management accounts and advised that the income overall is (£██████) adverse against budget predominantly due to the timing of medical adaptation works and owner occupier invoicing in the year to date. The operating expenditure is overall £██████ favourable against budget, due to favourable variances in Direct Maintenance Costs of £██████, Management Costs of £██████ and in Depreciation of £██████, which offset against adverse variances in Bad Debts of (£██████).

There was a discussion regarding the impact that COVID-19 was having on the organisation and Mr Banks confirmed that at present there is no overall financial impact but that he is monitoring this closely. The biggest impact has been the Government restrictions to reactive repairs, planned works and void maintenance being carried out.

Mr Banks explained that there was no evident trend on spend due to the effect of the COVID-19 pandemic, however, a year end forecast would be provided from December 2020 onwards.

Mr Banks invited questions from Board members and no questions were received.

Agreed: The Board noted the contents of this report.

2.5 Performance Dashboard

Mr Banks presented the new layout of the performance dashboard which has been significantly reduced to 38 items. Mr Banks advised that some of the outwith target indicators are due to ████████ reporting issues. Mr Banks suggested changing the cumulative indicators to monthly to remove issues related to the COVID-19 pandemic and demonstrates that there has been an improvement from lockdown until now.

Board members commented that they found the new format easier to read.

Agreed: Board members noted the contents of the report and the change in cumulative reporting.

2.6 Housing Development

Glen Albyn development

Mrs Bramley provided an update to the Glen Albyn development and advised that the tender for works is a two-stage process advertised on Public Contracts Scotland and stage one is now complete, with eight submissions received, all from major Scottish developers. Of these we

have shortlisted six contractors to go forward and submit their bids to deliver the work and we expect to have final submissions returned by 18 January 2021 with full approval from Scottish Government by the end of February, one month behind schedule. [REDACTED] have since withdrawn from the tender process as their order book is already at full capacity.

Mrs Bramley added that we have signed up to Experian in order to obtain in depth financial information about the contractors who have tendered.

[REDACTED]
Mrs Bramley advised that in regards to the [REDACTED] development, the Scottish Government had originally included this scheme in its outline grant programme for 2024/25 but has recently contacted us requesting slippage due to grant limitations to move this back by a year to 2025/26 with completion 2026/27.

Fife Housing Alliance

Mrs Bramley advised that discussions are currently ongoing to determine our future level of involvement and specifically what our development capacity will be within the Alliance. The revised funding facility is expected to create a sizeable capacity for new housing development.

PACT

Mrs Bramley advised that we are continuing to work with local agents and social media to identify further suitable properties coming onto the market. We are also signed-up with local developers for new schemes off-plan, however, it is unlikely that such properties will be viable due to high acquisition costs at the market rents for the area.

A Board member commented that they would be in favour of pursuing future developments under the Fife Housing Alliance scheme. Mrs Bramley confirmed that a further discussion between Board members would be necessary in order to fully discuss and consider the rise in overall material costs as a result of the COVID-19 pandemic. Mrs Bramley added that we are acquiring a paid resource through Hardies used to lead on the development on Fife Housing Alliance in order to manage the additional developments.

Agreed: Board members noted progress with our development programme.

3.1 Leases to other organisations

Mrs Bramley presented the report and advised that at the beginning of the Covid-19 pandemic, Fife Council was struggling to meet the demand from homeless applicants. It was a priority to get as many people off the streets and into some form of temporary accommodation. During the first three months of this financial year, no general allocations could take place, which would have meant increased void loss to FHG and a significant reduction in the rental income. By providing these void properties to Fife Council to be used as temporary accommodation, this ensured our rental income was maximised and void loss kept low.

Mrs Bramley invited questions from Board members and no questions were received.

Agreed: The Board noted the contents of this report and unanimously approved the amendment to the Allocations policy at Appendix Two.

3.2 Memberships and Terminations

Mr Banks advised that following the 2020 Annual General Meeting (AGM) a full review of the membership register found that 7 members had not met the 'five year rule' and, therefore, their membership automatically terminates.

In addition, one member requested that their membership be terminated and one of our shareholders sadly passed away. The Board is to approve the termination of membership, removal from the register and cancellation of share of the member.

Mr Banks invited questions from Board members and no questions were received.

Agreed: The Board approved the writing off of the 7 share memberships, approved the cancellation of 1 share membership and approved the termination of membership, removal from the register and cancellation of share of the one member noted in line with the Association's Rules detailed within the report.

4 For Noting

4.1 Operational Workplans Q2 update

Agreed: The Board noted the contents of the report.

4.2 Minutes for Noting

4.2.1 PACT Meeting 3 August 2020

Agreed: The Board noted the contents of the minutes.

4.2.2 Audit and Risk Committee meeting 13 August 2020

Agreed: The Board noted the contents of the minutes.

4.3 Minutes for homologation

4.3.1 Loan repayment 5 October 2020

Agreed: The minutes from the previous meeting were unanimously approved.

4.3.2 PACT updated terms of reference

Agreed: The PACT updated terms of reference were unanimously approved.

5 Other

5.1 AOCB

5.2 Date of Next meeting:

**Monday 1 February 2021 @ 4pm
iBabs Connect**