

**Fife Housing Association Limited
Board of Management
Minutes from the meeting held 3 February 2020**

Present:

Miss Helen Boath - Chair
 Mrs Sandra Stock - Vice Chair
 Mrs Maureen Garvie - Board Member
 Mr Derek Adam - Board Member (via go-to-meeting)
 Mr Laurie Boles - Board Member
 Mr Colin McNeil - Board Member
 Mr Martin Fleming - Board Member
 Mr Stephen Clark - Board Member (via go-to-meeting)
 Mrs Lynne Pascal - Board Member (via go-to-meeting)
 Mr Ron Eldridge - Board Member
 Mr Colin Miller - 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
 Miss Laura Grieve - Secretariat

Meeting start: 4:20pm

Meeting end: 6:00pm

Ref	Action
B289. Welcome and introductions	
Apologies were received from Mrs Kate Dewar.	
B290. Declaration of interests	
██████████ declared an interest in the item B300 (Rent Setting 2019/20) discussion paper and Board unanimously agreed that ██████████ could remain in the meeting during this discussion.	
B291. Minutes of the previous meeting held on 18 November 2019	
Agreed: The Board approved the minutes of the previous meeting held on 18 November 2019.	
B292. Action points	
B106/01 Asset Management Strategy: Mrs Donaldson confirmed that this Strategy is on target for review by 30 March 2020.	
B192 Chairpersons' report: Board remuneration will be discussed further at the Board Strategy day in March.	
B293. Chairpersons report	
Board Away Day	

Ref		Action
	<p>Wednesday 4 March 2020 @ 8.30am for 9am start Pitabuchlie House Hotel.</p> <p>Mr Fleming submitted his apologies for this strategy day.</p> <p>Chairs Conference The Chair and Vice Chair provided an update on the Chairs conference that they both attended at the weekend and advised that it was very informative with lots of networking opportunity and good discussions on the following topical areas:</p> <ul style="list-style-type: none"> • Scottish Housing Regulator (SHR) regulatory framework; • Succession planning; • Housing to 2040; • How to be a good Chair; • Governance and innovation; and • SHR Assurance statement. <p>The Chair advised that the SHR is focussing on the following priorities for the year:</p> <ul style="list-style-type: none"> • Value for money; • Safety / Asbestos / fire; • Financial health; • Homelessness; and • Shared services. <p>Constructively Challenge The Chair asked Board members if they would still like to proceed with the training to be held prior to the next Board meeting on 30 March from 2.30pm. Board members confirmed that they would email Miss Grieve by lunchtime the next day if they would like to attend. The following Board members confirmed their attendance:</p> <ul style="list-style-type: none"> • Helen Boath; • Sandra Stock; • Maureen Garvie; • Fiona Barr; • Colin McNeil; and • Colin Miller. <p>Mr Eldridge submitted his apologies for the training session.</p>	
B294.	<p>CEO Report</p> <p>Political landscape The Scottish Government have issued a report - Social and Equality Impacts of Brexit which can be found at https://cdn.prgloo.com/media/1a4ad25c761c41549768f0e4815520eb</p>	

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	<p>should Board Members be interested in reading this. Mrs Donaldson gave a brief summary of the document.</p> <p>Business Planning Mrs Donaldson advised that she has completed the first drafts of both Fife Housing Association and PACT Enterprises Ltd Business Plans which will be the focus of the Board Strategy Day on 4 March 2020. These will then be finalised for approval by both Boards prior to the expected submission date of end May 2020 to the Scottish Housing Regulator or as otherwise outlined by them in our Engagement Plan.</p> <p>SHR Engagement Plan Mrs Donaldson advised that the Engagement Plan is likely to be received in the last few weeks of March 2020 and it will then be circulated to Board members.</p> <p>Budget The draft budget has been reviewed by the Business Leadership Team and will be presented to the Board in March along with the draft Business Plan. The draft budget indicates that we are in line with the 2019-22 Business Plan on which the refinancing was agreed.</p> <p>ICT Strategy The Project Board has made the decision to revise the go-live date to 2 April 2020, in order to maximise the benefits once all the issues with the system have been rectified. In addition, the Project Board decided not to take any further upgrades until go live to minimise the necessity to completely retest the system, as previous upgrades has caused functionality issues requiring regression testing.</p> <p>It was acknowledged through discussion that the biggest risk to the organisation is the potential loss of key knowledge of the system as only a few colleagues form the project team, so it is crucial that the system documentation is complete and tested during user acceptance testing and colleague training.</p> <p>GDPR Breach During January 2020 we have one confirmed data breach which has been through the stage one complaint process with the outcome being communicated to the individual concerned. The complaint on the breach was upheld and a report has been submitted to the Information Commissioner (ICO) even though we have assessed the risk as neutral, as the release of the information did not put the individual at any further risk. We will work with the ICO to mitigate any future risks around this particular process but at this stage we are unable to confirm what, if any, action the ICO will take against us although we have taken legal advice which suggests that there would be no penalties.</p>	

Ref	Action
<p>Legal Cases We have been dealing with two significant legal cases. One case involved a tenant who has had [REDACTED] and her partner, and despite strenuous efforts by both Housing and Operations colleagues together with involvement by the Scottish Society for Prevention of Cruelty to Animals (SPCA), had refused to have the animals rehomed. Eviction has now taken place including the [REDACTED]. The property is with the Operations team and has been stripped out, ready for re-instatement at an estimated cost of £17,000 to bring back for re-let. The Board expressed their appreciation to the trade's team for their work in bringing the property back to a let-able standard.</p> <p>The other case is in relation to significant rent arrears which has taken many months to resolve through the courts.</p> <p>Best Companies We have been short-listed again this year in the Sunday Times Best 100 Companies (Not-for-profit) with colleagues attending the award ceremony in London on 19 February 2020. We are delighted that we have now achieved a 2 star status.</p> <p>Planned kitchen and bathroom programme The planned kitchen and bathroom programme is on track to complete on time through the course of this financial year. We have completed 98 kitchens with an average cost of [REDACTED] and 76 Bathrooms in total with an average cost [REDACTED] to the end of December 2019.</p> <p>Agreed: The Board noted the contents of the report.</p>	
B295.	<p>Audit & Risk Committee update from meeting held on 28 November 2019</p> <p>Mr Adam provided an update of the meeting held on 28 November 2019 and advised that the auditor presented the following internal audit reports and advised that there were no areas for concern, with only one minor point being raised across all reports:</p> <ul style="list-style-type: none"> • Treasury Cash Management; • Freedom of Information; and • Draft Asset Management <p>It was felt by committee members that as an audit committee, the remit could be extended to include performance discussions, analysing management accounts in more detail and the Assurance Statement. This will be reflected in the remit and included in the Standing Orders and Financial Rules for Board approval in March 2020.</p> <p>It was also discussed that the internal audit reports would include a comparison with industry standards going forward.</p>

Ref		Action
B296.	<p>Management Accounts for period ending 31 December 2019</p> <p>Mr Banks advised that there is an overall positive financial position and generated a surplus of ██████ against a budgeted surplus of ██████, therefore, producing a favourable variance of ██████.</p> <p>A Board member referred to the cash graph and asked what the movement is between December 2019 and March 2020. Mr Banks confirmed that this was due to the timing of spend on capital works and other major contracts which have been delayed for a variety of reasons.</p> <p>The increasing recharge debts on page 9 was discussed and a Board member asked what percentage of recharge we are recovering and Mr Banks confirmed it was approximately ██████% which was consistent with other housing associations. Mr Banks confirmed that this was discussed at the recent audit and risk committee and is a result of historic former tenants. Mr Banks is taking the opportunity to write off any debts over twelve months and these will go out to the appointed debt collectors.</p> <p>Mr Banks advised that a Board member had submitted questions on the management accounts prior to the Board meeting and these were as follows:</p> <p>Q1. Do you know what the management costs are per unit or can you calculate this? This is often used as a measure of efficiency of an RSL. The management costs ideally should be less than the combined reactive, cyclical and planned maintenance costs. Ideally reactive should be considerably less than planned.</p> <p>A. From table 1 at appendix 1 this is the case, although it should be noted that this could fluctuate year on year and will also be positively affected by the refinancing in 19/20 which substantially reduced interest cost.</p> <p>Q2. The operating costs ideally should be less than ██████%. FHA are on the higher side but there has been consultant's costs which may partially explain this?</p> <p>A. Clarification being sought on the categorisation of costs within this heading.</p> <p>Q3. The starting point of the budgetary control accounts should be the required and determined investment in the properties by reference to the updated stock condition survey. It might be useful to have information on the planned investment programme arising from the stock condition survey as the board needs to know if the programme is on track.</p> <p>A. This is provided in the Business Plan. The increased savings from the kitchens and bathrooms programme will allow us to bring forward some aspects and this will be reflected in the 20/21 Business Plan.</p>	

Ref	Action
<p>Q4. Risk- Comment- The loan funding is considered an ongoing risk given the requirement for re financing in 2029. A. Noted, the interest rate included in the current Business Plan is ■■■% from 2029, however, it is difficult to predict future rates particularly with issues like Brexit.</p> <p>Q5. The total of employee costs, salary and wages and related costs (pensions, NI and any benefits) should be shown clearly as an item. Can this be consolidated and shown separately? A. The employment costs are identified within the monthly management accounts and the attached table 1 at appendix 1 indicates the % of costs to turnover, including benchmarking with the Fife Alliance.</p> <p>Q6. A more detailed report on the current progress of the installation of QL and performance of Areon would be helpful. Is progress being made to an integrated Repairs/Housing Management/Finance system? Is the stock condition survey data able to be inputted into the new system? Are reactive/planned repairs being updated into the new system once complete? A. The Board received an update at the meeting of 3 February 2020 which indicated the following “The Project Board has made the decision to revise the go-live date to the 2 April 2020, in order to maximise the benefits once all the issues with the system have been rectified. In addition, the Project Board decided not to take any further upgrades until go live to minimise the necessity to completely retest the system, as previous upgrades has caused functionality issues requiring regression testing. It was discussed that the biggest risk to the organisation is the potential loss of key knowledge of the system as only a few colleagues form the project team, so it is crucial that the system documentation is complete and tested during user acceptance testing and colleague training. “</p> <div data-bbox="304 1420 1331 1715" style="background-color: black; width: 100%; height: 100%;"></div> <p>Q7. Comment - Rent setting. The industry trend will be a movement to CPI. (Typo at 11.1 of Rent Setting paper) A. Noted, although the Board had previously agreed to move away from any indices and instead recognise what the business needed to remain viable and sustainable.</p> <p>The Board discussed and noted the contents of this report.</p>	

Ref		Action
B297.	<p>Performance Dashboard</p> <p>Mrs Bramley presented the performance dashboard and advised that overall performance is improving. Mrs Bramley referred to the exceptions and clarified that there were 19 areas where performance was below target and comments are given within the report.</p> <p>At the next Board meeting in March 2020, the Board will be asked to set proposed performance targets for the new financial year.</p> <p>Mrs Bramley asked Board members if they had any questions, no questions were received and Board members noted the contents of the report.</p> <p>The Board discussed and noted the contents of the report.</p>	
B298.	<p>Governance Report</p> <p>Mr Banks presented the Governance report and advised that this bi-annual report provides an update to Board members on relevant governance activities.</p> <p>Training Plan This will be updated further following the completion of the online defence works training modules and pending the Constructively Challenging training on 30 March 2020.</p> <p>Job descriptions – Chairperson, Vice Chairperson & Board Members Mr Banks confirmed that the completed Board job descriptions will be included in the Standing Orders and Financial Rules for information.</p> <p>Freedom of Information Following the introduction of Freedom of Information (FOI) on 11 November 2019, we have received one enquiry to date. It is a requirement of the Scottish Information Commissioner that we must submit our statistics of FOI enquiries received on a quarterly basis and the deadline for the first submission is 7 February 2020.</p> <p>The Board discussed and noted the contents of the report.</p>	
B299.	<p>CONFIDENTIAL: Operations Team Review</p> <p>Mrs O'Donnell presented the operations team review report and advised that in August 2019 a report was provided to the Board setting out the progress and achievements made in the first year of the revised structure for kitchens and bathroom major component replacement (MCR).</p>	

Ref		Action
	<p>Mrs O'Donnell added that this report sets out further proposals which could deliver further savings and efficiencies.</p> <p>Mrs O'Donnell outlined the significant savings achieved with the kitchens and bathrooms programme so far and it is anticipated that by 31 March 2020 that there will be an overall additional saving to the programme of around £90,000.</p> <p>A Board member asked how we will manage the recruitment of moving from a fixed to permanent post. Mrs O'Donnell advised that this permanent opportunity was made aware at the start of the recruitment.</p> <p>Another Board member asked how the savings to the programme would be managed and Mr Banks responded by saying that these savings would be included in the Business Plan and there would be the opportunity to bring forward the MCR planned programme, in order to be less reactive and more proactive to maintenance.</p> <p>It was discussed that there has been an evident increase in satisfaction levels.</p> <p>Mrs O'Donnell commented that she intends to carry out a 'lessons learned' exercise in advance of next year.</p> <p>A Board member commented about the improvement in the complaints figure. Mrs Bramley commented that we have been able to manage the process better in house and we had found that a high number of complaints were due to a programme using external contractors.</p> <p>Agreed: The Board discussed and unanimously approved the following:</p> <ul style="list-style-type: none"> • Approved the recruitment of a joiner, painter and semi-skilled labourer; • Approved the move from fixed term to a permanent contract for the existing Plumber; • Approved the regrade of the existing Labourer to Semi-Skilled Labourer; • Approved the purchase of a SkyVac machine in order to carry out rhone cleaning and • Approved the lease of two vans. 	
B300.	<p>Rent Setting 2020/21</p> <p>Mr Banks explained that the rent setting process is required to ensure we have sufficient funds to meet our operating costs such as reactive repairs, cyclical repairs, major repairs and management costs.</p>	

Ref		Action
	<p>This report takes into account our known financial requirements for the forthcoming year, external information received from other housing provides and references regulatory expectations.</p> <p>The Board are being asked to set the rent increase from 1 April 2020 for mainstream properties, factoring fees, lock-ups and garage sites in order to meet the strategic aims.</p> <p>A Board member asked if any work has been done to assess affordability for tenants and Mrs Bramley confirmed that there is an Scottish Federation for Housing Associations (SFHA) model which the rents are tested against that involves a number of factors and it was confirmed that no rents had failed the testing procedure.</p> <p>It was discussed that if the rent increase is less than 3.5%, this could result in a major reduction in future valuations and the Association having inadequate security for its borrowings and would, therefore, be in breach of loan covenants.</p> <p>Board members discussed the survey results and recognised that only 33% of survey responses would prefer an increase of less than 3%.</p> <p>A Board member asked how transparent we are in communicating the savings we make and Mrs Bramley confirmed that we identify savings in the communication and literature to tenants concerning the rent increase plus indicate the expected level of investment in future years. We are also using lots of graphical representation when presenting facts instead of reports.</p> <p>After much discussion between Board members concerning rent affordability, financial plans and SHR priorities; two Board members confirmed that they would like to see a 3.5% rent increase and the remaining Board members agreed on a 3% rent increase.</p> <p>Agreed: The Board noted the consultation process, agreed to performing a review of rent for the pharmacy and by majority approved a 3% rent increase from 1 April 2020 for mainstream properties, factoring fees, lock-ups and garage sites in order to meet the strategic aims.</p>	
B301.	<p>Operational Workplans</p> <p>The Board noted the contents of the report.</p>	
B302.	<p>Minutes for homologation:</p> <p>CDM Regulations The Board unanimously approved the previous virtual minute of the CDM regulations policy held on 20 January 2020.</p>	

Ref		Action
	<p>Colleague & Governance Committee held 6 January 2020 The Board unanimously approved the previous virtual minute of the Colleague & Governance Committee meeting held on 6 January.</p>	
B303.	<p>AOCB Mr Banks reminded Board members that with the new financial year approaching, if Board members can submit any expenses incurred this year and within the claim period.</p>	
B304.	<p>Date of next meeting: Board Strategy Day Wednesday, 04 March 2020 (8.30am for a 9am start) Pitbauchlie House Hotel, Dunfermline, KY11 4PB</p> <p>Board Meeting Monday, 30 March 2020 @ 4pm (Constructively Challenge training at 2.30pm) Pitbauchlie House Hotel, Dunfermline, KY11 4PB</p>	

Appendix 1

Table 1

The table below is taken from the SHR portal for 18/19:

Social Landlord	Costs per Unit - Management and maintenance administration - Total	Costs per Unit - Planned maintenance - Total	Costs per Unit - Reactive maintenance - Total	Ratios - Interest cover (%)	Ratios - Voids (%)	Ratios - Arrears (%)	Ratios - Bad debts (%)	Ratios - Staff costs / turnover (%)	Ratios - Turnover per unit (£)	Ratios - Gross surplus / (deficit) (%)	Ratios - Net surplus / (deficit) (%)
Fife Housing Association Ltd	1,309	434	1,160	174.6	1.3	0	1.2	24.7	5,006	18.3	-2.9
Glen Housing Association Ltd	1,008	387	798	409.7	0.2	1.1	0.2	24.1	4,181	13.2	18.8
Kingdom Housing Association Ltd	1,222	177	646	293.2	0.8	1.5	1.2	25.3	5,423	33.2	20.9
Ore Valley Housing Association Ltd	1,510	567	400	135.5	0.3	3.4	0.6	18.4	5,061	25.2	5.1

Table 2

Our costs peaked in 2016/17 and have steadily reduced, and will reduce further to approx. £1,188 based on the forecast for this year.

Financial Year	Social Landlord	Costs per Unit - Management and maintenance administration - Total	Costs per Unit - Planned maintenance - Total	Costs per Unit - Reactive maintenance - Total	Ratios - Interest cover (%)	Ratios - Voids (%)	Ratios - Arrears (%)	Ratios - Bad debts (%)	Ratios - Staff costs / turnover (%)	Ratios - Turnover per unit (£)	Ratios - Gross surplus / (deficit) (%)	Ratios - Net surplus / (deficit) (%)
2018/2019	Fife Housing Association Ltd	1,309	434	1,160	174.6	1.3	0	1.2	24.7	5,006	18.3	-2.9
2017/2018	Fife Housing Association Ltd	1,539	349	842	186.4	1.5	0.1	1.8	25.6	4778	20.4	-1.1
2016/2017	Fife Housing Association Ltd	1,651	376	705	198.7	1.3	2.2	0.8	24.8	4792	20	-0.7
2015/2016	Fife Housing Association Ltd	1,293	488	700	168.9	1.2	1.1	0.5	25.5	4746	23.4	3.1
2014/2015	Fife Housing Association Ltd	1,233	312	656	206	2	1.6	2.9	24.7	4521	18.7	-2.3