

Fife Housing Association Confidential Minutes from the Strategic Board meeting

Date 01/02/2021
Time 16:00 - 18:00
Location Zoom
Chair Helen Boath
Explanation Present:
Miss Helen Boath - Chair
Mrs Sandra Stock - Vice Chair
Mr Derek Adam - Board Member
Mr Martin Fleming - 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
Miss Laura Grieve - Secretariat

0 **CONFIDENTIAL: Salary Review / Cost of Living Discussion 2021/22**

The Business Leadership Team (BLT) were absent during this discussion.

Board members discussed in detail the Colleague Salary Review and Cost of Living report for 2021/22. Board members wanted to ensure that colleagues were recognised for their contribution to the continued development of the organisation but had to balance this with rent affordability for tenants, particularly during the pandemic.

Agreed: The Board noted the contents of the report and indicated a CPI linked inflation rate of 0.9% preferred salary increase percentage for the financial year 2021/22.

1 Procedural:

1.1 Welcome and apologies

Miss Boath welcomed everyone to the meeting.

Apologies were received from Mrs Lynne Pascal and Mrs Barr joined the meeting at this point.

1.2 Declaration of Interest

Mrs Donaldson, Mr Banks, Mrs Bramley and Mrs O'Donnell, Miss Grieve all declared an interest in the Salary Review / Cost of Living Discussion.

1.3 Minute of the previous meeting

There were no amendments to the previous meeting minute.

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

1.4 Matters arising

There were no matters arising.

1.5 Action points

There were no outstanding actions to be discussed.

2 For Update:

2.1 Chairperson's verbal report

G8 Meeting

Miss Boath provided an update from the G8 Chairs meetings held on Monday 25 January 2021.

Emergency Committee

Miss Boath advised that we are looking to appoint a further Board member to the Emergency Committee and asked Board members who was willing to volunteer to fill this position. Mrs Barr agreed that she would sit on this Committee.

Board Recruitment

Miss Boath advised that recruitment for new Board members is now live and we are looking to recruit up to 3 new Board members. In past years the Board recruitment panel has included the Chief

Executive, Chair, Vice Chair and one other Board member. Members were asked to contact Miss Grieve if they wished to be involved in the interview process. The closing date for applications is 28 February 2021.

SFHA Fees

Miss Boath advised that we have received the latest Scottish Federation of Housing Associations (SFHA) invoice and we are looking for Board member approval for the fees which this year is [REDACTED]. Board members unanimously approved the fees for 2021/22 and commented that they have seen a great benefit from the SFHA guidance issued during the pandemic.

2.2

Chief Executive's report

COVID-19

Mrs Donaldson advised that as we enter 2021, Fife Housing Group's response to COVID-19 continues to be at the forefront of our planning with daily monitoring of the Government guidelines and updates.

Johnston Park

Fife Housing Group held a second secret ballot in December 2020 seeking majority approval from the homeowners who live in Johnston Park, to upgrade the unadopted roads and paths in the estate, to an adoptable standard and there was an overall majority in favour of the proposal. It is anticipated this work will commence the first week in March 2021 and completed by the end of that month. Once the work is complete we will commence the legal work to achieve adoption by Fife Council. Mrs Donaldson congratulated Mrs Bramley and her team for their ongoing efforts in relation to achieving this.

Board Recruitment

We are currently advertising for new Board Members with submission of applications due to close at the end of February. We have already received a number of interested applicants and a Board recruitment panel will review all applications before inviting a selection for interview.

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

Agreed: The Board noted the contents of the update report.

2.3 **Audit & Risk Committee verbal update from meeting held on 28 January 2021**

The Convenor of the Audit and Risk Committee provided a verbal update of the meeting held on 28 January 2021.

The Convenor also advised that in addition to Committee members, a Board member attended as an observer.

The following main topics were discussed and recommended for approval:

Insurance Renewal

Mr Banks provided committee members with the insurance renewal quotation supplied by our brokers [REDACTED] and the annual premium for 2021/22 was approved.

Internal Audit Outstanding points

It was agreed that in order to simplify the process, rather than reporting previous outstanding audit points on a recurring basis, these would be removed and incorporated as part of the internal audit follow-up that occurs annually.

Internal Audit 2020/21 - Expenditure and Creditors

Mr O'Donnell reported a strong audit review for this category with no recommendations. In addition, it was worth noting that the impact of Covid-19 presented no issues as these were successfully managed by Fife Housing Group.

Internal Audit Plan for 2021/22

Mr O'Donnell presented the proposed internal audit plan for 2021/22 which included 20 days incorporating:

- Financials Systems Health Check;
- Income and accounts processes;
- Governance compliance with legislation; and
- Void management and allocations.

Strategic Risk Register Update

All points were noted and it was accepted that the register could be improved. A Board member offered their expertise to simplify the reporting of risk with the aim of providing a clearer understanding and interpretation of the issues.

Pension Fund

The latest triennial actuarial report from [REDACTED] was discussed and the impact to Fife Housing Group. The overall employer contributions increased marginally to [REDACTED]% and it was noted the importance of previous decisions to closing enrolment to new colleagues and the financial savings generated as a result. Committee members agreed that the Pensions Working Group would be re-established to appraise the new information being presented.

Management Accounts

Committee members confirmed that they were satisfied with the management accounts.

Performance Dashboard

Committee members were satisfied with the review and noted the format of the Dashboard to incorporate monthly Key Performance Indicators (KPI's) was beneficial.

Agreed: The Board noted the contents of the verbal update.

2.4 Management Accounts for period ending 31 December 2020

Agreed: The Board noted the contents of the report.

2.5 Performance Dashboard

Agreed: The Board noted the contents of the report.

2.6 Glen Albyn Development (verbal)

Mrs Bramley provided a verbal update on the Glen Albyn development tender process and advised that four tenders had been received and tender costs received ranged between £[REDACTED]million and £7.9million.

Mrs Bramley is working with [REDACTED] to score the tenders and advised that they have all been very high quality and appear to meet all of our requirements and timescales, and have already made provisions for the pandemic within their tender submissions. The scoring exercise is likely to last a further week.

Agreed: The Board noted the verbal development update.

3 For Approval:

3.1 Rent Setting

Mr Banks presented the rent setting paper and advised 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. The rent setting report takes into account our known financial requirements for the forthcoming year, external information received from other housing providers and references regulatory expectations.

The feedback received from the tenant consultation was that the majority of tenants would support a 1.5% rent increase. Tenant feedback received will be individually addressed by the relevant team.

The competitiveness of Fife Housing Group rent between RSLs in the Fife region was discussed with the Board expressing an ambition to become more aligned in future years.

Agreed: The Board noted the consultation process and considered the information contained in the report and unanimously agreed a 1.5% rent increase from 1 April 2021 for mainstream properties, factoring fees, lock-ups and garage sites in order to meet the strategic aims.

3.2

Budget for 2021/21

Mr Banks presented the budget report and advised that this report considers the impact of numerous streams of work, Covid-19 restrictions in 2020/21 and emerging trends, in order to meet the business objectives and current Business Plan. Mr Banks advised that he will update the Budget following the approval of the ■■■% salary increase.

Mr Banks invited questions from Board members and there was a discussion about rent affordability. Mr Banks outlined the progress that has been made by the organisation in reducing the future rent increases contained in the business plan because of the work by the Group to minimise costs and structure financing. A further discussion took place between Board members about notifying tenants of future planned works programmes and Mrs O'Donnell confirmed that there are ongoing discussions with tenants and they are informed of upcoming programmes. In addition, during the consultation process tenants are provided with a breakdown of how the money is spent and future planned development programmes.

Agreed: The Board noted the budget assumptions and approved the draft budget for the financial year 2021/22.

3.3

Refinancing

Mr Banks referred to the updated Review of [REDACTED] [REDACTED] Indicative Terms & Conditions report prepared by [REDACTED] on the 29 January 2021 and advised that the report compares the previous offer with the new and improved revised offer.

The principal change to the proposed structure under the January 2021 Review of Indicative Terms and Conditions is the facility is now based on three tranches (A, B & C) rather than two. This change appears to have been driven by the requirement to demonstrate the effectiveness of the restructure of the current fixed rate hedging within the parameters of [REDACTED] long-dated loan product. Failure to demonstrate this could result in crystallising the hedge break costs from an accounting perspective.

Mr Banks explained that in the event that we chose not to proceed with the Facility after initiating the process then we shall be required to reimburse such expenses incurred by [REDACTED], up to the date on which that party notifies the other of its decision not to proceed. Therefore, we need to be confident that it is the correct decision. Board members discussed that being able to secure funding for the organisation going forward was a great achievement and it was unanimously agreed that it is a good time to secure a fixed rate deal and that if we delay then we could potentially be impacted financially going forward.

A Board member asked what the advantages of the new deal were and Mr Banks explained that the current loan is only for ten years and the risk of refinancing at that point may be higher, plus the market may not want to invest in the housing sector. By progressing with the proposed deal it will secure funding and interest rates for that fixed term and will allow the organisation to grow.

One of the benefits of the proposed refinance is increased debt capacity, as opposed to the debt package itself. That is largely dependent on a review of the valuation basis of LSVT stock that is currently restricted to the EUV-SH basis to assess suitability to move to the MV-ST basis. MV-ST will not be applied to all

properties and we will need to appoint an independent property Valuer to assess what properties that it will apply to.

Agreed: The Board agreed to proceed with the revised [REDACTED] offer and instructed Mr Banks to proceed in the next steps.

3.4



CONFIDENTIAL: Coronavirus Job Retention Scheme

Mrs Donaldson presented the report and reminded Board members that back in March 2020 the guidance was published of who the Government expected to take advantage of the Furlough scheme and at that time, we did not anticipate this to include Housing Associations and a reminder of the reasons why we chose not to furlough colleagues are outlined within the report. However, a number of Housing Associations and local authorities have used the scheme to furlough some of their colleagues.

Mrs Donaldson advised that the majority of colleagues who are working from home have been fully operational. However, there are fewer void properties at the moment for the trade team to work in and there is a question over whether we have enough full time work for trade colleagues past January 2021. Therefore, we will be looking at estate management jobs for the trade team in the meantime such as tidying up bin stores, paving and external wall repairs and we should have enough work for the next 3 - 4 weeks.

Mrs Donaldson asked Board members how they feel about potentially furloughing colleagues where appropriate and Board members felt that as long as we have enough work for colleagues then we should not consider furlough but confirmed that they would be happy to support furlough where we have exhausted options. Board members also confirmed that they would be happy to support 100% salary for colleagues if furloughed.

Agreed: The Board considered the content of the report in relation to furlough and employer top up salary and delegated authority to the Chief Executive to identify which colleagues could if required be furloughed and advise the Board accordingly up to a period to 30 April 2021.

4

For Noting:

4.1

Operational Workplans

Agreed: The Board noted the contents of the report.

4.2 Minutes for Noting

4.2.1 PACT Minutes October 2020

Agreed: The Board noted the minutes from the meeting.

4.3.2 Audit and Risk Committee meeting November 2020

Agreed: The Board noted the minutes from the meeting.

5 For Homologation

5.1 Colleague Handbook

Agreed: The minutes from the meeting were unanimously approved.

5.2 Meeting of virtual meeting held 2 December 2020 (Allocation)

Agreed: The minutes from the meeting were unanimously approved.

5.3 Meeting of virtual meeting held 20 January 2021 (Gas Safety Policy)

Agreed: The minutes from the meeting were unanimously approved.

6 Other:

6.1 AOCB

6.2 Date of Next meeting:

Monday 29 March 2021 @ 4pm
iBabs