

Minutes Confidential Strategic Board meeting

Date	23/05/2022
Time	16:00 - 17:30
Location	Pitbauchlie House Hotel, Dunfermline
Chair	Sandra Stock
Explanation	Present: Mrs Sandra Stock -Chair Mr Laurie Boles - Vice Chair Mr Derek Adam - Board Member Mr Martin Fleming - Board Member Mrs Lynne Pascal - Board Member (Via ZOOM) Mr Colin Miller - Board Member Mr Ron Eldridge - Board Member (Via ZOOM) Mrs Kate Dewar - Co-opted Board Member (Via ZOOM) Mr Rhodri Davies - Co-opted Board Member In attendance: Mr Derek Banks - Director of Finance, Governance and Assets (DoFGA), Company Secretary Mrs Beverley Graham - Director of Housing (DoH) Mrs Caroline O'Donnell - Director of Operations (DoO) Miss Laura Grieve - Chief Executive and Governance Assistant (CEGA) Secretariat

1 Procedural

1.1 Welcome and apologies

Presenter: Chair

Apologies were received in advance from Mr Stephen Clark, Mrs Fiona Barr and Mrs Nicki Donaldson

There were no apologies received in advance from Mr Brian Gallacher.

1.2 Declaration of Interest

Presenter: Chair

1.3 Minute of the previous meeting

Presenter: Chair

Minutes:

It was agreed that the CEGA would make the following amendments to the minute of the previous meeting:

1. Add in the word 'Charity' trustee to section 3.1 on page 3.
2. Correct the spelling of 3-4 'months' on page 5.
3. The Director of Finance, Governance and Assets (DOFGA) agreed to reword the second last paragraph on page 5 to read better.

There was also a request for the slides from the Pension Presentation to be made available on iBabs.

Agreed: The minute of the previous meeting was unanimously approved subject to the above amendments.

1.4 Matters arising

Presenter: Chair

Minutes:

There were no matters arising.

1.5 Action points

Presenter: Chief Executive

Minutes:

In the absence of the Chief Executive, the DoFGA indicated progress on the action points and there were no further updates.

2 For Update

2.1 Chairperson's report including update on appraisals

Presenter: Chair

Minutes:

The Chair presented the Chairpersons report and asked Board members for comments and/or questions on the report.

A Board member commented that in terms of Succession Planning, there are a number of Board members who are approaching the 9 year rule in 2024, where Board members are due to stand down, and the member wanted to ensure that we are planning for this. The Chair confirmed that this was on the agenda for the Chief Executive, Chair and Vice Chair meeting next week.

A Board member asked for an open ended question to be included within the appraisal form around general Board member feedback and it was agreed that this would be included next year. It was also suggested that the rating scale could also be expanded in order to provide more subtle analysis.

The Board discussed ways in which Governance arrangements could be enhanced and it was suggested that [REDACTED] is approached and asked to look at our Governance arrangements again and be involved in the appraisal process next year.

The Board discussed that they need to agree on how they would like information presented to them from the Business Leadership Team (BLT).

A suggestion was made that a representative from Fife Council attends a future Board meeting to discuss the Strategic Housing Investment Plan (SHIP) to give the Board a clearer idea of progress being made.

It was agreed that the Chair, Vice Chair and Chief Executive would discuss the appraisal document at a future monthly meeting and make amendments ahead of next year's appraisal process.

Agreed: The Board discussed and noted the contents of the report.

2.2 Vice Chairperson update on Chair's appraisal

Presenter: Vice Chair

Minutes:

The Vice Chair provided feedback on the Chair's annual appraisal stating that Board members feel that the Chair demonstrates good leadership qualities has brought more structure to board meetings and has enhanced overall governance and strategic direction.

Agreed: The Board noted the Vice Chairpersons update on Chair's appraisal.

2.3 Chief Executive's report

Presenter: Chief Executive

Minutes:

In the absence of the Chief Executive, the DoFGA highlighted some of the key points contained within the report.

Queens Speech

On the State Opening of Parliament on 10 May 2022 it was good to hear in the Queens speech the priorities for housing which will increase regulation of the social housing sector and give tenants new rights to information. Until further information is received we are unsure of what this will mean for Scotland but it is suspected that the focus will be in response to the issues we have seen recently in England where tenants have experienced very poor living conditions and poor customer service in response to their complaints. The speech, however, fell short of any solutions to the cost of living crisis in which we continue to support tenants living in our communities with advice and signposting etc. Although this has been very topical since the speech there seems to be no immediate extra help being proposed except the plea to ensure that homes are more energy efficient to prevent us relying on the large energy companies.

Energy Efficiency Standard in Social Housing (EESH2)

We have adopted a new system, SAVA which allows for multiple scenarios to be developed and tested against the Net Present Value (NPV) calculations to demonstrate which properties can meet EESH2 standards at a sustainable and affordable cost. The NPV will be recalculated using the business plan assumptions that the Board decided on the 12 April 2022 to determine individual property performance and hence the stock management strategy.

Equalities, Diversity and Inclusion

Following the focus groups (organised through our consultant HR Consulting) being held with all colleagues and Board members to establish our understanding of equalities, diversity and inclusion knowledge we have now received a full report which we are working through. Further information will be provided in due course.

Ukrainian Refugees & Temporary Lets

At present, Fife Council has not earmarked any properties for refugees and are not looking for help from partners. They have advised that the Home Office system is very slow and is causing difficulties but will keep us updated should the position change.

Recruitment

Advertising for a new Engagement Officer will begin next week, replacing the previous Engagement Assistant post and returning the Communications and Engagement team to four members. This

new post will remove the current single point of failure for our complaints handling process, enable us to return to the delivery of in-person community events and create further capacity for data analysis and funding applications.

We have continued to experience real difficulties replacing our Joiner and Plumbers, however, we have successfully recruited one joiner and one plumber from the last round of recruitment. As a result we have paused any further recruitments for a few months in the hope that the market picks up which means we have started the planned programme this year with slightly less resources but remain hopeful that we will be able to meet our commitments.

A Board Member asked about the Scottish Government Tenancy Support Fund and asked how many tenants this helps. The DoH commented that applications were made to Fife council with tenants having to provide evidence to demonstrate need, however, a number of tenants failed to provide the necessary evidence even after support from FHG.

A Board member asked what the SHIP timescales were and the DoFGA advised that there is an annual review, however, the current plan runs to 2026-27.

There was a discussion about the proposed development plans and the DoFGA confirmed that we are still in the process of finalising Heads Of Terms (HOT) with Kingdom Housing Association.

The DoFGA advised that the external audit draft plan, timetable and deliverables was issued to the Audit and Risk Committee on the 9 May 2022. The PACT audit commenced on the 9 May 2022 and Fife Housing Association on the 23 May 2022.

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

2.4 **Review of Hybrid Working**

Presenter: Director of Operations

Minutes:

The DoO presented the report and advised that the Board approved the Hybrid Working Policy at their meeting on 16 August 2021 and it formally launched on 13 September 2021.

Implementation of the policy was a result of earlier work carried out in relation to mobile working and the pandemic formally embedding the new ways of working imposed on colleagues from March 2020.

We participated in the National Work Life Week event held during November 2021 and we carried out an initial survey to assess the impact of hybrid working.

- 31 Colleagues took part in the survey - only two members from the trade team took part. A deep dive into hybrid working is currently being undertaken and this element is being further picked up at the Colleague Conference organised for June this year. All colleagues will be asked to participate at this event so the number of returns will be significantly higher.
- 93% of colleagues said that even with hybrid working they still felt a strong connection to the team. 87% said that they remained connected to the rest of the business. Colleagues did mention that they would like to see more interaction between colleagues and other engagement events. Communication on workflows between the team was an issue for a long term absence, however, this was at the initial stages in our hybrid journey. A call to bring back virtual coffee morning was mentioned.
- One comment received was about the social interaction, how do we prevent the company from becoming soulless? This comment will be picked up as part of the deep dive exercise currently being undertaken but relates more to colleagues being able to interact socially outwith the working environment. Again the colleague conference will help re-start the social aspect that colleagues have missed over the last two years due to the pandemic.

The trades team do not have same access to working from home and are agreeing informally with their manager to arrange personal appointments and have time away to attend them during work hours. In these situations agreements are reached on how hours are worked up at other times.

A Board member asked about how the Carbon footprint saving from hybrid working could be represented and the DoFGA advised that we are working with Changeworks to provide calculations, using 2019-2020 as a baseline, that gives the level of carbon reduction.

A Board member asked how we ensure that the different teams are talking to each other and getting cross working. The DoO responded that we have already done work through the Business Change and we are still seeing that positive work through remote working. The DoO added that there are various internal working groups which are made up of different teams and workplace chat allows colleagues to directly video call other colleagues.

The Business Leadership Team (BLT) also attend the Operational Leadership Team (OLT) monthly meetings at regular intervals. In addition each BLT member attends the other BLT members departmental monthly meeting on a rotational basis.

The DoO added that all departments took time to review their Team Charters and considered how the charters work for tenants and how it works overall for colleagues. All Team Charters were then reviewed by the OLT and BLT receive monthly feedback on how effectively the Charters are working and if there are any issues.

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

2.5 **Management Accounts for period ending 31 March 2022**

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the report and advised that the Association generated a surplus of £2.85 m against a budgeted surplus of £2.68m, therefore, producing a favourable variance of £173k. It should be noted, however, that at time of writing some costs relating to the 2021/22 financial year are still being received and to date there has been no adjustment for the annual pension valuation.

The Association's overall year to date (YTD) income is £70k favourable against budget mainly due to favourable variances in Rent Losses from Voids at £25.5k, in Service Charges Receivable of £6k and in Revenue Grants of £52k. Other Income returns a (£16k) adverse variance due to the reversal of ESVAWAG income and the deferral of income associated with Owners Insurance.

The Association's operating expenditure is overall £58.5k favourable against budget, due to favourable variances in Management Costs of £206k and in Bad Debts of £101k. These offset against adverse variances in Direct Maintenance Costs of

(£237k) and in Depreciation of (£11.5k).

The Association has incurred £1.5m spend on Major Component Replacements, against a year to date budget of £1.75m. Further capital expenditure in the year to date has occurred in IT – an annual total of £108k which is over budget by (£13k).

In Development Suspense expenditure is as predicted at £2.2m due to the delayed start to the build in the early part of the financial year. The variance against budget is, therefore, £1.3m.

The DoFGA invited questions from Board members and a Board member asked about assessing the asset strategy to meet EESSH. The DoFGA replied that we would compare EPC, NBV, NPV and market value of properties to establish which properties are economically sustainable and would meet the required B EPC rating.

A Board member asked about the cash balances of £7.4million. The DoFGA confirmed that approximately £4.5m would be repaid towards the outstanding loan balance, as we have received confirmation that there will be no penalty costs incurred.

There was a discussion about the Board approving the level of cash and it was agreed that this would be good practice for the Board to agree the level of cash going forward and this would be included as an action in the Treasury Management Policy.

A Board member asked about the 1st Touch system and the DoFGA confirmed that we have gone out to tender for possible solutions, with allowances made in the 2022/23 budget for the replacement.

Agreed: The Board discussed the update and noted performance to 31 March 2022.

2.6

Audit & Risk Committee verbal update from meeting held on 9 May 2022

Presenter: Chair of Audit and Risk Committee

Minutes:

The Chair of the Audit and Risk Committee (ARC) provided an update of the meeting held on 9 May 2022.

There was a discussion about the Strategic Risk register and it was agreed to have more focus on risk management including a correlation on updates on risks, controls, measures and actions and how that could be incorporated in the current document.

The Internal Auditor was present at the ARC meeting and presented the Internal Audit Plan and the Committee were happy with the content for the next 12 months.

The Health & Safety (H&S) report was also discussed in detail and this report is also on tonight's agenda.

Agreed: The Board noted the Audit & Risk Committee verbal update from meeting held on 9 May 2022

2.7 Performance Dashboard

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the report and advised that there has been an overall general improvement in performance. Table 3.1 provides details of those KPIs that have deteriorated from the last reporting period or there is a trend that requires further analysis.

The Annual Return on the Charter (ARC) Working Group are meeting tomorrow to discuss where improvements in performance can be made.

It was discussed how the Performance Dashboard has improved over the years and is now significantly easier to read and understand. There was discussion about the Audit and Risk Committee becoming more involved in the performance target setting in order to provide the appropriate level of challenge to the business.

The DoH advised that we have joined the Scottish Housing Network where we will also have access to industry comparisons.

Agreed: The Board discussed the update and noted performance to 31 March 2022.

3 For Approval

3.1 Annual Return on the Charter

Presenter: Director of Housing

Minutes:

The DoH presented the report and advised that the report presents the ARC for 2021/2022 for approval prior to submission to the SHR by the deadline of 31 May 2022.

ARC Audit

This year, we arranged for an audit of the outcomes to be carried out prior to this report coming to the Board. This added in a further layer of interrogation of the figures, to ensure all responses adhered to the Technical Guidance provided by the SHR. The audit findings have just been received today and the results of the audit show that it was very positive with only 2 minor recommendations noted on the procedure side. One recommendation was that they would like to see the procedure that has been implemented written down in a procedural note.

Customer Satisfaction Survey

The full customer satisfaction survey was carried out in December 2020 and as previously reported there was a reduction in levels of satisfaction across most indicators. The next full customer satisfaction survey will take place during 2022/23.

Complaints

Considerable work has been carried out over the past few years in turning around our performance on complaints and this is now illustrated in our performance, which has come despite a large increase in volume over that period due to improved identification and changes to the SPSO guidance. The targets for both stage 1 and stage 2 will remain at 100%.

The repairs times to complete increased slightly due to resources and access to properties.

Repairs % Right First Time (RFT), gas servicing and appointments

The Right First Time (RFT) has improved considerably, the recognition of the difference between a 'follow-on job' and a 'new works order at the same location' has made a significant difference.

Arrears

Our current arrears benchmark well with our G8 partners - most of whom have seen increases. Gross arrears are reported to the group annually and we are showing as the second top performer in

the group for the gross arrears indicator. In light of restrictions lifting, the DWP is restarting its rollout of Universal Credit to tenants on legacy benefits and hopes to start this in Fife during June 2022.

Void Loss

The reduction in void days has resulted in a reduction of void loss and this benchmarks very well in comparison with other G8 members.

Scottish Housing Quality Standard (SHQS)

The results for this indicator has reduced significantly due to the requirement to meet the new legislation in regard to Smoke Detection within every property. The reduction is a direct effect of not being able to get access in to some of the properties. We have commenced the tender for our new Stock Condition Survey which is hoped will commence from June 2022. We intend carrying out another 33.33% survey in that and each of the two following years.

The DoH advised that we have included a message in the newsletter advising tenants that non-compliance in providing access for contractors to carry out Gas Safety inspections is a breach of their tenancy agreement.

Tenancy sustainment and Court actions

The Association exercised 8 decrees during 2021/22, 4 for rent arrears, 3 for condition of property and 1 for anti-social behaviour. Some of these decrees were secured in the last reporting year but due to restrictions with court actions, this could not be exercised until the lifting of the temporary ban on evictions.

The DoH invited questions from Board members at this time and a Board member asked about SHQS and what methods we take to inform tenants of visits. The DoH advised that if contractors visit the property and there is no access the contractor leaves a card asking the tenant to get in contact. We also text and email and continue to carry out a minimum of 3 visits by contractors and Housing Officers.

A Board member asked how many properties remain outstanding and the DoH advised 250 properties.

A Board member asked if we have encountered issues in getting supply of smoke detectors and the DoO responded that we bulk bought them in advance and, therefore, have enough for every property. The Board member also asked about ESSH and

commented that we have made good progress over the years but has remained unchanged and asked if there will be any further changes. The DoFGA advised that there will be some planned changes, however, some properties will not be able to meet the standard.

A Board member asked about the bad debt write off figure and if this was the result of a bad debt write off. The DoFGA advised that the bad debt provision is now done on a monthly basis based on the age of the debt with all former tenant debt being provided for in full and approximately 90% of all other debt being provided for.

In regards to the access issue, the DoH advised that with smoke detectors we would need to apply for a court order to gain access if that was being refused. The DOFGA added that going forward we aim to combine the Gas Safety Inspection with the Electrical Installation Condition Report (EICR) visit. The DoH commented that all Housing Associations are having the same issue and as long as we were able to provide evidence that we tried to gain access to a property that would be sufficient should any situation arise.

A Board member asked if smoke alarms have to be hardwired and it was confirmed that we use hard wired but batteries can be used.

A Board member asked about gross rent arrears and prepaid rent and the DoH clarified that the rent collection rates takes into consideration prepaid rent.

The Scottish Housing Network provides a benchmarking opportunity and it is the intention to have Christine Dougan who is the ARC consultant for the SHR to be part of the process next year and provide a full desktop audit for all ARC indicators and review all evidence in place.

Agreed: The Board discussed and approved the Annual Return on the Charter for submission to the Scottish Housing Regulator by 31 May 2021.

3.2 5 year financial projections

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the report and advised that the Scottish Housing Regulator (SHR) requires each registered social landlord

(RSL) to provide certain information each year, including a Five Year Financial Projection (FYFP) on line by 30 June.

The plan being presented includes the new lending arrangements effective from 30 November 2021, which provides long dated debt at a low rate of interest increasing the availability of cash to increase developments in line with recommendations from the Fife Housing Associations Alliance (FHAA).

The plan is based on the agreed 2022/23 budget and the draft outturn for 2020/21, which has not been audited at the date of writing this report.

The DoFGA invited questions from Board members and no questions were received.

Agreed: The Board discussed the plan presented and agreed and approved the strategic direction of the organisation.

3.3

Loan Portfolio Annual Return

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the report and advised that Fife Housing Association is required to submit an annual Loan Portfolio Return by the end of June. The SHR on-line portal performs validation check on the information provided. The final validation check shows that there are no issues outstanding.

The main change from the previous return is the renegotiation of the main loan changing: the loan agreements, term, interest rate and amount.

The DoFGA invited questions from Board members and a Board member made a comment about the 2 loans and the amount of security given for both loans and asked the DoFGA if we are not over secured. The DoFGA responded and clarified that we have always been over secured, this has been exacerbated but the large increase in property valuations because of the pandemic resulting in an increase of 10% in the latest valuation. There was a further discussion about potentially changing the portfolio of stock in the future should we need to. A Board member also commented that it can be very costly with solicitors fees and associated costs for discharging assets.

Agreed: The Board noted the contents of this report and approved the attached SHR Loan Portfolio Return at Appendix one.

3.4 **Strategic Risk Register**

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the report and advised that the Strategic Risk register has been reviewed and the suggested risk scores indicated. There were two risk scores that have increased since the last review by the Board.

The DoFGA recommended making two indicator changes which are largely related to the compliance of EESSH and to ensure we have the financial ability to achieve this.

The DoFGA invited questions from Board members and there were no questions received.

Agreed: The Board discussed and approved the strategic risks as outlined at Appendix one of the report and attached a risk score to each risk.

4 **For Noting**

4.1 **Health and Safety Annual Review**

Presenter: Director of Operations

Minutes:

The DoO presented the report for noting and advised that the H&S Committee has met on four occasions over the financial year 1 April 2021 – 31 March 2022. This report details the annual review of our health and safety obligations. The Group's H&S policy is contained within our Colleague Handbook which was approved by the Board in November 2021.

The DoO commented that she has spoken with a Board member who had provided feedback on the H&S annual review and this has been very useful. Since writing the report, the DoO has set up a H&S Working Group to include colleagues from the organisation, with H&S responsibility, to meet regularly. The Group will report their findings to the H&S Committee and this will form the basis of the annual review presented to Board to ensure it is more robust

with more extensive and regular KPI monitoring .

A Board member asked about the Annual Assurance Statement and asked if it would be possible if we could get a snapshot of that work before this is required to be submitted and the DoO confirmed that this would be possible.

Agreed: The Board noted the review of work in relation to health and safety carried out in the year 1 April 2021 - 31 March 2022.

4.2 Operational Workplan Q4 Update

Presenter: Chief Executive

Minutes:

Agreed: The Board noted the contents of this report.

4.3 Minutes for noting

4.4.1 PACT Meeting minutes

Minutes:

Agreed: The Board noted the contents of the minute.

4.5 Minutes for homologation

4.5.1 Audit and Risk Committee minutes

Minutes:

Agreed: The minute of the previous meeting was unanimously approved.

5 Other

5.1 AOCB

5.2 Date of next meeting

Monday 15 August @ 4pm
Virtually via ZOOM