

Minutes Confidential Strategic Board meeting

Date 06/02/2023
Time 16:00 - 18:00
Location Zoom
Chair Sandra Stock
Explanation Present:
Mrs Sandra Stock -Chair
Mr Laurie Boles - Vice Chair
Mr Derek Adam - Board Member
Mrs Lynne Pascal - Board Member
Mr Ron Eldridge - Board Member
Mrs Fiona Barr - Board Member
Mr Stephen Clark - Board Member
Mr Brian Gallacher - Board Member
Mr Rhodri Davies - Board Member
Mr Ricky McAulay - Yourplace Chair

In attendance:

Mrs Nicki Donaldson - Chief Executive (CE)
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
Mr Chris Gray - Co-opted Board member
Mr James Wilson - Co-opted Board member
Mr Brian Fisher - Co-opted Board member

1 Procedural

1.1 Welcome and apologies

Presenter: Chair

1.2 Membership applications

Presenter: Chief Executive and Governance Assistant

Minutes:

The CEGA advised that a Membership form and a £1 fee was received and Board members were asked to consider and approve the membership applications:

- Brian Percie
- Edith Ward
- Oliver Young
- Chris Gray
- James Wilson
- Brian Fisher

Agreed: The Board noted the contents of this report and approved the membership applications as attached at Appendix one of the report.

1.3 Co-option of Board members (verbal)

Presenter: Chair

Minutes:

The Chair advised that the following members are recommended to be co-opted to the Board until the Annual General Meeting (AGM) in September 2023, where the Board can decide if they should become full Board Members: Mr Brian Fisher, Mr Chris Gray and Mr James Wilson.

Agreed: The Board unanimously approved the co-option of Brian Fisher, Chris Gray and James Wilson to the Strategic Board.

Mr Fisher, Mr Gray and Mr Wilson all joined the meeting at this time.

1.4 Declaration of Interest

Presenter: Chair

Minutes:

Mr Davies declared an interest in the Rent Proposals discussion and it was agreed that he would remain in the meeting for the discussion, however, would not be involved in any decision making.

1.5 Minute of the previous meeting

Presenter: Chair

Minutes:

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

1.6 Matters arising

Presenter: Chair

Minutes:

There were no matters arising.

1.7

Action points

Presenter: Chief Executive

Minutes:

646 Terms and Conditions Review

There was no further update as the Terms and Conditions Working Group are still reviewing the final rewards and recognition report and no decision has been reached.

2

Customer Satisfaction Survey Results Presentation

Presenter: Alan Kennedy, Knowledge Partnership

Minutes:

Mr Adam joined the meeting at this point.

Mr Kennedy joined the meeting at this point.

Mr Kennedy presented the Customer Satisfaction Survey results and advised that overall there has been improvements across the indicators, and an overarching satisfaction rate of 88% against a Scottish social landlord average of 85%.

Fife Housing Group (FHG) are improving compared to 2021 and there is a strong improvement in key performance areas such as customer contact, information and repairs.

FHG are currently in the third quartile for overall satisfaction for all Scottish Registered Social Landlords (RSL). The target is the upper end of quartile by next survey i.e., 92.5% satisfied overall. There is little evidence of any material tenant dissatisfaction and the highest level is reserved for repairs (9.1% say dissatisfied). There is some scope for raising satisfaction in relation to repairs, property condition and rent value for money.

Board members confirmed that they were satisfied with the results and a Board member asked Mr Kennedy if the sample size was sufficient enough and that the questions were tailored to gain sufficient insight. Mr Kennedy confirmed that the sample size was sufficient and that the questions are required to meet SHR reporting requirements, there had been no issues to report and tenants were generally engaging positively.

Mr Kennedy left the meeting at this point.

3 For Update

3.1 Chairperson's verbal report

Presenter: Chair

Minutes:

Scottish Housing Regulator (SHR)

The Chair provided an update to the Board on a recent meeting that she attended with the SHR and Vice Chair, where the SHR raised matters relating to the Terms and Conditions Working Group. The Chair was advised that they would receive a letter summarising the points of the meeting to present to the full Board but she has not yet received this. Once this has been received the Chair will share it with the Board at the next available Board meeting.

Terms and Conditions Working Group

An update was provided from the recent Terms and Conditions Working Group and it was confirmed that a decision had not been reached and a Board member with experience in this process had offered to get in touch with an independent consultant to assist with the process.

Appraisals

The Chair advised that the CEGA will be circulating a doodle poll this week to arrange dates in April 2023 for face to face appraisals with the Chair supported by Linda Ewart, Independent Governance Consultant. (A)

SHARE training

The Chair advised that they attended a SHARE e-learning training demonstration along with the Business Leadership Team (BLT). The Chair advised that the system would satisfy a lot of our Board member training needs. There would be essential core modules for Board members to complete and in addition they would have access to a wide database of optional learning modules from across a variety of sectors to complete in their own time at their leisure. A Board member commented that they felt it was a great opportunity and demonstrated ongoing learning relevant to the Board. A Board member asked if this can be incorporated into the annual appraisals. The Chair agreed to forward the SHARE e-

learning training modules with suggested mandatory modules for the next three years for the Board to approve.

Board Away Day agenda

Following feedback received from Board members regarding agenda items for the Strategy Day, this has now been passed on to the CE and will be reflected in the final agenda.

3.2 Chief Executive's report

Presenter: Chief Executive

Minutes:

Cost of Living (Tenant Protection) (Scotland) Act 2022

Following the introduction of this emergency legislation, the Scottish Government confirmed that it would not impose any rent restrictions on social landlords for the next financial year, although there may be future implications of Government rent control similar to the principles in England. However, this is not the case for the private rented sector which continues with the restrictions which does impact our subsidiary, Yourplace. We are continuing to monitor the situation.

A Board member asked what happens next and the CE responded that we will await further guidance from the Scottish Government. The rent cap of 3% remains in place for Yourplace and whilst it is more than what we had included in the business plan it is the highest we can go to, given the high level of inflation this will put pressure on Yourplace finances. The DoH commented that research is finding that the private sector rents have soared significantly, although Yourplace compares positively to market.

Business Plan 2023-26

Drafting of the Business Plan had been delayed due the challenges of the economic climate and the rent freeze imposed on the sector in September 2022. Given the Scottish Government's announcement as detailed above, the BLT have recommenced work on both the narrative and the financial aspects of the plan at their away day on 24 January 2023.

Board Strategic Awayday

This year's Strategic Awayday will be held in the Pitbauchlie Hotel on Wednesday 1 March 2023. Our facilitator is Paul Hillard from DTP. The Chair has asked for input into the awayday and this will be incorporated where relevant. Further details and the programme

to follow.

Scottish Federation of Housing Associations (SFHA) Membership Fees 2023/24

The SFHA membership fee for financial year 2023/24 for Fife Housing Group will be [REDACTED]. Whilst we consider this fee annually, over the last year and the challenges specifically in relation to the rent freeze, the SFHA have undertaken an excellent job in lobbying on the sector's behalf.

Internal Audit

As mentioned previously an audit on Payroll and Expenses was completed in October 2022, resulting in one recommendation. However, at that time we did not believe that implementing the recommended change would enhance the controls. Following the Audit and Risk Committee on 21 November 2022 and subsequent discussion with auditors, which included a full discussion of evidence and processes, they have agreed that there is no need for the recommendation and, therefore, the audit is completely clean. A further audit has just finished on Cyber Security and the close out meeting has identified some recommendations which will be communicated to us over the next two weeks.

Investors in People (IIP)

The CE advised that we achieved Investors in People Wellbeing at Gold level and we are expected to receive the full report in the coming days.

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

3.3 Management Accounts for period ending 31 December 2022

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the management accounts and advised that the Association generated a surplus of [REDACTED] against a budgeted surplus of [REDACTED], therefore, producing a favourable variance of [REDACTED].

The Association's operating expenditure is an overall £258k favourable against budget although this has reduced again this period by £27.5k. The favourable variance is due to favourable year to date variances in Direct Maintenance of £85k, Management Costs of £170k and Depreciation of £25k. These offset the adverse

variance in Bad Debts of (£22k) which has increased due to recharges, however, there is no indication that this will be a trend going forward.

The DoFGA invited questions from Board members and a Board member commented that it is worth mentioning for the new Board members that the management accounts are scrutinised in detail at the Audit and Risk Committee meeting and would welcome feedback on any areas that they feel the management accounts could be improved.

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

3.4 Performance Dashboard

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA presented the performance dashboard to the end of November 2022 and advised that the report details the main exceptions which may be reflected within the survey results.

The DoH added that external works are weather dependant and can impact negatively on Key Performance Indicators (KPI's), even when tenants are contacted in advance.

A Board member asked about dampness and if there was something that we need to focus on. The DoO advised that we have received a large number of tenant requests for inspections on their property since September 2022 and there have only been a small number of properties requiring treatment as a result.

A Board member asked for clarity on the net debt figure being the same as last years and the DoFGA confirmed that they were still looking into it.

A Board member asked about the net promoter score and what more we can be doing to drive excellence for our tenants. The DoH confirmed that it is something that our teams are looking at.

Agree: The Board discussed the update and noted performance to 30 November 2022.

3.5 Audit & Risk Committee verbal update from meeting held on 23 January 2023

Presenter: Chair of Audit and Risk Committee

Minutes:

The Chair of the Audit and Risk Committee (ARC) provided an update of the discussions at the recent meeting.

Business Continuity Plan

The Business Continuity Plan was presented and discussed in detail and it was agreed that the DoFGA would look into whether adding flow charts would provide any added benefit or not.

Payroll and Expenses report

The Payroll and expenses audit report was also presented and commented that all business areas have been outstanding and demonstrated an excellent level of assurance.

Strategic Risks

The ARC also discussed they felt the mitigated risk score was too high for ST05 and after a lengthy discussion, it was agreed that the mitigated risk score would be reduced from 15 down to 12, because of the level of mitigation already in place.

Insurance Renewal

The insurance renewal was discussed and that there had been a 20% indexation for property values, which is the level of increase that the Royal Institution of Chartered Surveyors (RICS) had recommended, and confirmed that premiums for properties had not increased by this amount because we had received a rate reduction because the claims history for 2022/23 had been relatively low.

A Board member commented that they would like to see sight of the Strategic Risk register and the DoFGA confirmed that they would ensure it was uploaded to iBabs.

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

4 For Approval

4.1 Draft Budget 2023/24

Presenter: Director of Finance, Governance and Assets

Minutes:

The DoFGA commented that the draft budget for the financial year 2023/24 is being presented to the Board for consideration and approval.

Profit & Loss

The budget is showing that a surplus of [REDACTED] is expected compared to a budgeted surplus of [REDACTED] in 2022/23, an increase of [REDACTED].

Capital and Major Component Replacement (MCR)

Expenditure requirements of £2.04m against £6.3m in 2022/23, the significant difference in budget requirements is almost entirely due to the completion of the Glen Albyn, Kirkcaldy.

The MCR spend has been aligned to the current Stock Condition Survey (SCS) as results of the current ongoing SCS are yet to be completed in any significant numbers to alter the plan.

Depreciation costs

Depreciation costs are estimates based on the 2022/23 year to date position adjusted for additions for 2023/24 but will be refined after the 2022/23 year end.

Loan Covenant

The Interest Cover of [REDACTED] is significantly higher than the level required by the current lender at 110%.

There was a discussion in regards to the increase in both the Energy Performance Certificates (EPC) and Electrical Installation Condition Report (EICR) being carried out. The increase being due to the improved record keeping and historical pattern.

The Board also discussed about the increase in the bad debt provision from £100k to £200k, the DoFGA explained that that the increase is due to the expected rise in debts because of the pressures from the cost of living.

It was agreed that the DoFGA will bring back a revised paper to the March Board to ensure nothing has changed within that period.

Agreed: The Board considered the budget assumptions and approved the draft budget for the financial year 2023/24, and, given

the volatility in the economy, that a review will be undertaken in March 2023 and presented to Board.

4.2 Rent Proposals

Presenter: Director of Housing and Director of Finance, Governance and Assets

Minutes:

The DoH presented the report and advised that the purpose is to set out options for the Board to consider in order to set rents for the financial year 2023/24 for Fife Housing Association Limited (FHA).

The Board are requested to set the rent increase from 1 April 2023 for mainstream properties, factoring fees, lock-ups and garage sites in order to meet the strategic aims. The chemist shop in Dysart, our only commercial property will be assessed for an increase after assessing the local retail market.

The Board approved consultation to commence with tenants on rent increase proposals of 5.0%, 5.5% and 6.0% at their meeting on 28 November 2022.

As agreed by the Board in 2021, a Rent Affordability project was undertaken by Arneil Johnson, the results of which have been analysed by the Rent Affordability Group. The project identified that FHG rents for three bedroom properties are around [REDACTED] than other social landlords in Fife with four and five bedrooms properties around [REDACTED]. This equated to almost 50% of FHG stock. The Rent Affordability Group, therefore, decided to concentrate on the larger four and five bedroom properties.

The group decided in light of the current economic climate that it would not be in FHG's interest to reduce rents on larger properties for the time being. The business was already facing a larger deficit due to the current inflation levels. However, there was recognition that this should continue to be monitored and compared against peers during future rent setting discussions.

A Board member referred to table 1 at 4.2 of the report and commented that we seem to be higher in each category and it was discussed that the newer properties within other RSLs helps keep rents lower as there is less routine maintenance work required.

Agreed: The Board discussed and agreed the following:

- Noted the consultation process which has taken place;
- Agreed to undertaking a review of rent for the pharmacy and authorising officers to apply the agreed rent;
- Considered the recommendation from the Rent Affordability Group to increase larger property rents in line with other rents for 2023/24; and
- Considered the information contained in this report and set the rent increase from 1 April 2023 at 5% for mainstream properties, factoring fees, garages and garage sites, in order to meet the strategic aims.

4.3

Property Acquisitions

Presenter: Director of Housing

Minutes:

Ms Pascal left the meeting at this point.

Mr Gray left the meeting at this point.

The DoH advised that this report provides the Board with an update on three purchases made by FHA over the last 12 months. The (BLT have delegated authority as per Standing Orders and Financial Rules, for authorising the purchase of property for FHA up to a limit of £1million; however, any capital property purchase in excess of £100k requires Board approval.

A Board member asked if we have applied for grant funding for affordable housing and the DoH confirmed that we have not, however, the DoH confirmed that they would look into it further and provide an update to the Board.

Over the last 12 months we have been contacted by three owners, all were intent on selling their properties and asked whether FHA would be interesting in purchasing these. FHA purchased all three properties following appropriate due diligence, including valuations and condition survey.

It was discussed that future tenancy arrangements of the seller require careful consideration when purchasing properties.

Agreed: The Board discussed and approved the following:

- Gave retrospective approval for the property purchase at 44 Mathieson Place, Dunfermline;
- Noted the two further property purchases during the last 12 months;

- Noted that should any future acquisitions come to the fore which require an offer of above £100k then permission is sought from the Board by the Director of Housing;
- Should there be any future acquisitions under £100k, BLT will use their delegated authority to make a decision on these and an update report will be presented at the next Board meeting.

Ms Barr left the meeting at this point.

4.4 Delivery of Electrical Installation Condition Reports (EICR)

Presenter: Director of Finance, Governance and Assets / Director of Operations

Minutes:

The DoO presented the report and advised that under Scottish Government legislation, registered social landlords are required to ensure that every lettable property has an up to date Electrical Installation Condition Report (EICR) to ensure that the electrical system within the property is in a suitable and safe condition. Under recent changes to the Social Housing Quality Standard (SHQS), social landlords are required to report (through the Annual Return on the Charter) that they have a valid EICR that is within the recommended timescale of five years.

Based on the information provided within the report, it would make economic sense for the organisation to carry out the planned programme of EICRs as part of a programme operated by our in-house trade team. The Board are asked to consider the appointment of an Electrician and the upgrade to the salary scale of an Advisor role to Officer role to control the administration on this project.

The DoO invited questions from Board members and there were none received all Board members confirmed they were satisfied with the proposal.

Agreed: The Board approved the appointment of an Electrician and the upgraded salary scale of an Advisor role to Officer role to control the administration on this project

Mr Davies left the meeting at this point.

Mr Boles left the meeting at this point.

5 For Noting

5.1 Operational Workplans Q3 update

Minutes:

Agreed: The Board noted the contents of the Operational Workplans.

5.2 Minutes for noting

Yourplace Meeting minutes

Minutes:

Agreed: The Board noted the contents of the Yourplace meeting minutes.

5.3 For homologation

5.3.1 Policies for homologation

- Board Membership Policy
- Entitlement Payments and Benefits Policy
- FOI policy and procedures
- Governance Expenses
- Housing Policy

Minutes:

Agreed: The Board unanimously approved the policies for homologation.

5.3.2 Minutes for homologation

Audit and Risk Committee minutes

Minutes:

Agreed: The Board unanimously approved the minutes for homologation.

6 Other

6.1 AOCB

Minutes:

Additional holiday

The Board approved an additional public holiday for all colleagues to celebrate the Kings Coronation on 8 May 2023.

March Board meeting

The Chair advised that the Vice Chair will be chairing the March Board meeting as she will still be in attendance but travelling at the time.

6.2

Date of Next Meeting

Strategy Day

Wednesday 1 March @ 9am - 4pm
Pitbauchlie House Hotel

Strategic Board meeting

Monday 20 March @ 4pm
Via ZOOM