

Meeting Minutes

Board Meeting

Thursday 13 February 2020 at 10.00am in Leving House, Livingston

Present:	Bob McDougall (Chair)	In attendance:	Lorna Cameron
	Beverley Graham		Carol Bonham*
	Bob Hartness		Elaine Whyte*
	Douglas Taylor		Emma Wilson*
	Frances Wood		Lorraine Utterson*
	Jean Hamilton		
	Jill Pritchard		Michelle Allen-Proust
	Susie Fitton**		(Minutes)

* Joined the meeting from item 4460

** Joined the meeting from item 4461

4457 WELCOME AND APOLOGIES

Bob McDougall welcomed everyone to the meeting.

Apologies received from Chris Baird, Janice Flanagan, and Stuart Dow.

It was noted that Susie Fitton had been delayed and would join the meeting later.

4458 DECLARATION OF INTERESTS

Jill Pritchard declared her position as a member of the Link Property Board.

There were no other declarations of interest.

PRIVATE/RESERVED BUSINESS

The following item was considered private/reserved business, and, with the exception of Lorna Cameron and Michelle Allen-Proust, no other staff were present during consideration of the following items:

4459 UNCONFIRMED CONFIDENTIAL MINUTES OF THE EMPLOYMENT SUB-COMMITTEE MEETINGS HELD ON:

- **18 DECEMBER 2019**
- **2 JANUARY 2020**

The Board noted the unconfirmed confidential minutes of the Employment Sub-Committee.

Staff members Carol Bonham, Elaine Whyte, Emma Wilson and Lorraine Utterson were welcomed into the meeting.

ITEMS FOR DEBATE/DECISION/APPROVAL

4460 APPROVAL OF THE MINUTES FROM THE MEETING HELD ON 13 DECEMBER 2019

Douglas Taylor requested that it be noted that at Item 4443 – Draft Rent Setting Policy, his comments had not only related to expense incurred by dual-fuel properties but also electric-only properties which incur high heating costs. This detail would be amended in the Minutes.

It was noted that there was an update report on the work being taken forward around high fuel costs and fuel poverty under matters arising on today's agenda.

With the above amendment in mind, the minutes were approved as an accurate record of the meeting.

Moved: Frances Wood

Seconded: Beverley Graham

4461 MATTERS ARISING

Susie Fitton, Board member, joined the meeting.

The Board considered the previously circulated report, noting the following additional comments or updates during discussion:

4461.1 Membership of the Audit Committee

Board members were again encouraged to consider joining the Audit Committee.

4461.2 Fuel poverty research for electric properties – update

The previously circulated report raised the specific issue of properties with high heating costs, and that a wider decarbonisation strategy was being investigated. Over the coming six months the management team would be working on identifying key elements of this.

Board members intimated that Scottish Government have implemented a specialist team to tackle the issues around fuel poverty and savings, and opportunities to work with and gain learning from the Government team would be explored. Lorna advised the Board that Horizon were also liaising with Link's Sustainability Officer to explore ideas and resources.

4461.3 NL Care & Repair Tender – update

It was noted that an update on the tender process was expected mid-February, though had not yet been received. Lorna would notify Board members as soon as any new information became available.

4463 ANNUAL RENT AND CHARGES REVIEW

The Board considered the previously circulated report on the Annual Rent Review which analysed the key factors influencing rents for 2020-2021 and considered the rent increase and charges needed to achieve budget requirements and long-term viability.

It was noted that the report had previously been considered by the Audit Committee at its meeting on 5 February and the recommendations from the Audit Committee, set out within the report, were noted.

As in previous years, the Board and the Audit Committee were keen to keep any rent increase to a minimum while maintaining a high quality of homes and services for tenants.

It was noted that the budget has provision to support a staggered roll-out of the rent increase, to support vulnerable tenants who would potentially require a cap on their rent increase. With £6.3k of the £7k provision already allocated, it was confirmed to the Board that there were additional funds within the budget which could be used to boost the current funding for this initiative. It was agreed that if additional funds were needed to support the roll-out, the approval of such was delegated to the CEO and Chair of the Board to authorise.

- Decision:** The Board approved the following increases, to be applied from 1 April 2020:
- An increase of 2.5% to rent for social rented properties.
 - A 2.5% increase to occupancy charges for shared ownership properties, and service charges increased to reflect actual costs.
 - An increase of 3.2% for leased properties
 - An increase of 2.5% to management charges for Access Ownership properties and maintenance charges increased to reflect actual and forecast expenditure.
 - The review of factoring administration charges with a view to introducing a two-tier charge, one for factored owners in developments comprising of houses and one for those living in flats.
 - The Board delegated authority to the Horizon CEO and Chair of the Board to allocate additional funding to supporting vulnerable tenants, if required.

4464 BUDGET 2019/20, AND 5- & 30-YEAR FINACIAL PROJECTIONS

4464.1 Draft Financial Plan – background paper

The Board considered the previously circulated report which reviewed the management of cashflow in the 30 Year Financial Plan and proposed an alternative strategy.

A review paper had been considered in some detail by the Audit Committee on 5 February, and the paper presented to the Board summarised the key points and recommendations.

During discussion the following points were highlighted:

1. The Board welcomed the suggested improved format for financial reporting, which would improve visibility of the cashflow position, the first draft of which would be presented to the next Audit Committee.
2. The proposed efficiency savings, while commendable, seemed ambitious, and the Board requested a future report on how these could be met.
3. It was noted that the impact of the Link Strategic Services Review would see efficiency savings that would benefit the group as a whole, it was noted that outcome of the review would be likely to have a positive impact on Horizon's budget.

The Board agreed that the proposals and rational set out within the report reflected a good business approach, and welcomed savings being made over a planned period.

Decision: The Board approved the proposed strategy to manage cashflow in the 2020/2021 financial plan by;

1. Aiming to achieve a positive operating cashflow position through efficiencies. The Chief Executive to report initially to the Audit Committee in May with proposals for how efficiencies may be achieved.
2. Seeking to eliminate the use of loan funding for operating working capital.
3. Agreeing a target minimum cash balance of £500,000.

4464.2 Budget 2020/21 to 2024/25 & 30 year Financial Plan

The Board considered the previously circulated budgets for the 5-year period 2020/21 to 2024/25 and the 30-year Financial Plan.

With the above comments around the Financial Plan in mind, discussion focused around the positive financial outlook presented in the plan and budget, which set out projections that were reasonable and prudent during a period of significant economic and political uncertainty.

The Board considered that the budget as set out within the report would enable the Association to provide a continued quality of service while also enabling improvements, achieving good service delivery and meeting the organisation's aspirations with a fair rent increase.

Decision: The Board approved:

1. the Revenue and Capital budgets for 20/21 to 24/25 and the 30-year Financial Plan, as recommended by the Audit Committee.
2. That we, the Board, have assessed Horizon Housing Association as a going concern, with reference to the 5-year plan and budget forecasts, the business will continue for the foreseeable future.

4465 MANAGEMENT ACCOUNTS – 1 April 2019 to 31 December 2019

Decisions: The Board considered and approved the Management Accounts for the period ending 31 December 2019, as recommended by the Audit Committee.

4466 BUSINESS PLAN 2020-21

The previously circulated one-year Business Plan 2020-21, which included a summary of Horizon's performance during 2019-20, was discussed. In future a set of Group-wide Business Plans would be developed reflecting the strategic and service reviews currently underway.

The Board were supportive of this approach and provided the following comment and suggestions on this draft:

1. Consolidate the 41 priorities currently included into a reduced list that is prioritised into strategic and operational objectives.
2. Prioritise the 'essentials' and separate out the aspirational.
3. Remove anything that could be considered 'business as usual'.
4. Make narrative explicit in reference to the financial principles that we would wish to adhere to (at 1.5).
5. Keep focus at Board level on the key strategic objectives.
6. Priorities to be consolidated into an Action Plan.
7. Correct the number of Board members in the text at 6.2.

8. At 5.5 – add the correct appendix

- Decision:** The Board supported the proposed further amendments to the Business Plan, and:
1. Agreed that an updated version of the Business Plan would be circulated to Board member for comment by the end of March
 2. Noted the progress, achievements and challenges of 2019/20 as a basis for the Annual Accounts and Annual Review reports.

4467 POLICY UPDATE

4467.1 Probationary Period Policy

4462.2 Business Continuity Policy

The Board noted the previously circulated Policy Update Report which provided the latest policy updates for noting, including the new Probationary Policy and the changes to the Link Group Business Continuity Policy.

The updates were noted with no further comment.

4463 KPIs QUARTER 3 REPORT

The Board considered the previously circulated performance report for Q3 against KPI targets approved in the Business Plan for 2019-2024.

During their consideration a suggestion was made for nominal payments to be made on occasions where complaints are upheld by Horizon. This suggestion divided the opinion of the Board, with some concern that this could then incentivise formal complaints, and that the focus should be on successful resolution of a complaint and quality customer service. Staff advised the Board that, currently, good will gestures are made dependant on circumstances surrounding the individual complaint.

It was agreed that further work would be carried out to profile the complaints upheld, and to put some initial costs against providing financial compensation to those upheld. The Residents Improvement Group would be asked to consider the suggestion of financial recompense for upheld complaints.

Comment was also received on the number of indicators that reflected a reduction in performance. Staff present provided some background on specific cases where circumstances were out-with Horizon's control – such as the death of a tenant - that had impacted on the statistics. It was further noted that, with relatively small numbers of properties, it only takes one or two instances where there is a slower response to change the overall statistics.

The Board were advised that new guidance on ARC (Annual Review of the Charter) will change some reporting criteria to make information more accurate. It was noted that in relation to void performance, Horizon performs very well by comparison to national averages, but has still set stringent targets. This, coupled with differences in how reporting is categorised in the other RSLs within Link, can result in Horizon appearing to perform less-well, which is not an accurate reflection.

Lorna indicated that work was underway within Link to establish consistency in the recording and reporting of statistics and performance indicators. The introduction of consistent new methodology will provide more accurate comparisons in the future.

The Board noted the performance achieved in Q3 2019-2020.

4464 INTRA GROUP AGREEMENT

The Board considered the previously circulated updated Intra-Group Agreement.

The Board were positive about the pace at which progress around the IGA was being made. However, the version available to the Board today did not contain the changes that had previously been requested at both the Board Strategy Day (November 2019) and the previous Board meeting (December 2019). The covering paper, to be appended to the IGA, that would contextualise and frame the legal document, was not included.

It was noted that this had been raised with Jon Turner, Link CEO, earlier in the morning and during a further phone call Jon apologised for this oversight and gave assurance that would be rectified in an amended IGA.

It was agreed that the complete version of the Intra-Group Agreement would be circulated to all members of the Board after the meeting. Board members would be asked to review the complete document, and to provide their comment and approval to Lorna Cameron by email by Monday 2 March.

Decision: The Board agreed that

1. the complete Intra-Group Agreement would be circulated to all Board members for further comment and approval.
2. the Chair has delegated authority to sign the document on behalf of the Board, once approved.
3. the Chair has delegated authority to sign off any minor amendments, where one of the boards wants to change some small wording as part of the final round of reviews. In this instance the document would return to the Board for noting.

Post Meeting Note: The complete draft IGA and subsequent updates from Jon Turner were circulated to the Board on 28 February 2019 and 3 March 2019. On 04 March, Board members provided their approval on the IGA, with 9 member of the Board confirming approval, and 1 member abstaining from the vote. On this basis the Board approved the IGA for submission to the Link Group Board. [04/03/2020]

ITEMS FOR PERFORMANCE AND RISK MANAGEMENT AND MONITORING

4465 RISK REGISTER MONITOR AND REVIEW

The Board noted the previously circulated Risk Register Review. It was noted in the cover report that the updated risk register had been reviewed in detail by the Audit Committee on 5 February, and that in response to their recommendations that a more focused approach be taken to managing risks in the future, the document was being reviewed and updated to include a shorter risk profile which focuses on a smaller set of key risks.

Decision: The Board approved the updated risk register and agreed to the recommendation of the Audit Committee that a more focused approach be taken to managing risks in the future.

4466 HOUSING SERVICES STRATEGY REVIEW

The Board noted the information contained in the previously circulated report which provided an update on the development of a Link Group Housing Services Strategy as part of the strategic review of housing services.

4467 GAS SERVICING CONTRACT REPORT

The Board considered the previously circulated tender report for the Gas Servicing Contract for the next 3 years with an optional additional 12 months.

In response to a query from the Board it was agreed that further information on the preferred contractor's performance record would be circulated to members following the meeting.

Decision: With the proviso that the additional information requested above continued to support the preferred suppliers suitability for appointment, the Board approved the award of the Gas Servicing and Maintenance Contract April 2020 – March 2023 (with the option of plus 1 year) to Kingdom Gas for the total cost of £576,934.00 plus VAT.

Post meeting note: The information requested by the Board confirmed the positive performance of the preferred supplier, and approval to appoint was taken forward as a detailed above. [14/02/2020]

4468 BOARD APPRASIAL PROCESS

The Board noted the previously circulated report which provided an update and action plan on the skills and training development outcomes from the 2018/19 process.

Decision: The Board noted the key actions from the 2018/19 process and agreed:

1. To conduct the 2020 appraisal process, led by the Chair and the CEO.
2. CEO to draft a timetable for implementation for Chair's approval.
3. To add the development of formal PDP's for each Board member to the appraisal process.

ITEMS FOR NOTE

4469 UNCONFIRMED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 5 FEBRUARY 2020

The Board noted that the unconfirmed minutes of the most recent meeting of the Audit Committee had not yet been produced, due to the proximity of the Audit meeting date to the Board meeting date. These would be circulated to Board members for information, once available.

Jean Hamilton, Convener of the Audit Committee, and those Audit Committee members present confirmed that the reports presented to the Board today that contained recommendations from the Audit Committee accurately reflected the discussion and recommendations made.

4470 LOAN COVENANT COMPLIANCE

The Board noted the circulated report and were content that all requirements continued to be met.

4471 ANY OTHER BUSINESS

4471.1 Intra Group Agreement

At this point in the meeting a phone call from Jon Turner was received, and the detail of that call has been captured in the information provided above at Item 4464 – Intra Group Agreement.

4471.2 Apologies for April

Beverley Graham gave her apologies for the next Board meeting in April.

4471.3 Date of the AGM 2020

Bob McDougall gave his apology for the date of the AGM, and it was agreed to look for an alternative date to hold the AGM.

With the above in mind, there were no further matters of other business.

Date of the next meeting

The date of the next meeting is Thursday 16 April 2020 at 10:00 a.m. in Livingston.



Signed:

Dated: 16 April 2020