

HIGHLIGHTS OF IHA'S BOARD MEETING HELD ON 28 NOVEMBER 2018

MEMBERSHIP AND BOARD APPLICATION

The Board approved Ms Crearie's Membership Application and approved Ms Crearie's appointment to the Board, filling a casual vacancy until the Annual General Meeting in August 2019.

EQUALITY AND DIVERSITY ACTION PLAN

The Board noted the Association's Equality, Diversity and Inclusion Action Plan 2018-19.

CORPORATE PLAN AND RISK REGISTER UPDATE

The Board noted the updates provided in the Corporate Plan: Year 2 Implementation Plan 2018-19. The Board also noted the new format and contents of the Corporate Risk Register and the new Risk Scoring Matrix.

BUSINESS PLAN ASSUMPTIONS

The Board considered and agreed the proposed assumptions to factor into the forthcoming business planning process.

RISK MANAGEMENT POLICY

The Board agreed to adopt Group's Risk Management Policy and also approved the Association's Risk Procedure.

APPRAISAL ACTION PROCESS

The Board agreed to undergo a 360-degree feedback process as part of the Association's Board Appraisal Process during 2019.

HOUSING (SCOTLAND) ACT 2014

The Board noted the provisions of the Housing (Scotland) Act 2014 and the resultant actions implemented by the Association.

NORTH AYRSHIRE HOUSING ALLOCATIONS POLICY CHANGES

The Board agreed the proposed changes to the North Ayrshire Housing Allocations Policy following the introduction of the Housing (Scotland) Act 2014 and the subsequent review.

BOARD LEARNING AND DEVELOPMENT PLAN

The Board noted the requested training, agreed the proposed methods of delivery and thereafter agreed the proposed Board Training Session Programme for 2019.

PERFORMANCE REPORT

Board were advised of the financial position, noting that the operating surplus showed a favourable variance. Board noted the Association's operational performance and in particular, the proposed actions which were planned to increase the Net Promoter Score KPI and overall customer satisfaction.

MD REPORT

Board noted the updates in relation to the Asset Services Review, the Scottish Housing Regulator's Regulatory Framework Consultation, the proposed Board Strategy Days, the Shareholder Event and the Tarryholme Development.

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Two Hundred and Twenty Sixth Meeting of the Board held at 5.30p.m. on
Wednesday 28 November 2018 at 44-46 Bank Street, Irvine, Ayrshire

Minutes

Present: Mr D. McEachran (In the Chair), Mr C. Bell, Ms M. Crearie (From Item 3), Mrs J. Galbraith (From Item 4), Mr R. Hill, Ms C. McGuinness and Mrs J. Murray.

In attendance were Mr P. Hillard, Mrs H. Anderson, Ms L. Bowker (Items 1-4), Mrs D. Boyle, Mrs A. Fox-Smith and Mrs M. Hutchinson.

Apologies for Absence

Mrs M. Burgess, Mr G. Darroch and Mr D. Thornton.

Declarations of Interests

None.

1. **Membership and Board Application**

Following consideration of the applications from Ms M. Crearie to become a member of the Association and also a Board Member, the Board:

- a) Approved Ms Crearie's Membership Application.
- b) Authorised the Managing Director / Secretary to enter Ms Crearie's details in the Membership Register and issue her with a share certificate and a copy of the Rules of the Association.

- c) Approved Ms Crearie's appointment to the Board, filling a casual vacancy until the Annual General Meeting in August 2019, in line with Rule 41 of the Association's Rules.

2. **Minutes of Previous Meetings – Board Meeting held on 25/9/18 and Special Board Meeting held on 19/10/18**

The minutes of the meetings noted above were approved and signed.

3. **Matters Arising from the Previous Minutes**

Ms M. Crearie joined the Meeting.

Board Meeting – 25/9/18

a) **Future Governance Structures (Min. 2)**

Mr P. Hillard advised that the progression of the harmonisation of staff terms and conditions with Riverside had been put on hold for the time being. This was due to Riverside being in the process of reviewing its One Riverside rewards offer to its employees. The Board noted that it therefore made sense to hold off harmonising the terms of conditions until this process had been completed.

Mr Hillard advised that whilst the terms and conditions harmonisation was on hold, there would be a harmonisation of human resources policies with that of Group's. The Managing Director, however, had authority to approve such policies in line with the Policy Review Framework.

Following a query from Board, Mr Hillard advised that there were no further plans to convene a further Working Group, as the 3 Working Groups which had been set up were based on strategic objectives that required governance input.

b) **MD Report (Min. 9)**

Mr Hillard advised that the consultation with tenants in relation to how they accessed the Association's services was currently underway. The results of this process would be presented to Board in due course.

4. **Equality and Diversity Action Plan**

Ms J. Galbraith joined the meeting.

Ms L. Bowker gave a presentation in relation to Group's and the Association's approach to Equality, Diversity and Inclusion covering:

- Current legislation
- Implications for the Association and Group
- The Board's role
- Business risk
- Group's approach to Equality Analysis
- Current reporting structures
- Irvine's approach and Action Plan

A discussion took place in relation to the collection of data from customers. Whilst it was a good result that the Association held data on 78% of its customers, in seeking to gather the remaining 22%, staff should be sensitive to customers' preference not to provide this information and also be clear in communicating the benefits to service planning, monitoring of customer satisfaction and complaints that gathering this information provided.

The Board thereafter noted the Association's Equality, Diversity and Inclusion Action Plan 2018-19.

Ms Bowker left the Meeting.

5. **Corporate Plan and Risk Register Update**

Mr P. Hillard referred to the new reporting format of the Corporate Risk Register advised that this had been drawn up as an initial draft to align with Group's process and the proposed new Risk Management Policy. He advised that the reporting format would be developed further over the coming months. The Board noted that the scoring matrix had changed with the impact and likelihood definitions being made clearer. Mr Hillard advised that the gross score in the report was the risk score and the net score was the risk score after mitigation action. The Board advised that for future reporting, they would prefer one page which plotted all gross and net scores together. Mr Hillard advised that this would be factored into the development of the report.

Mr Hillard then reported on the key risks where the probability scores had been increased in the Corporate Risk Register:

- Welfare Reform – due to it being too early to assess whether the Association's mitigation action to assist tenants in the transition to Universal Credit would have an impact.
- Rent Affordability – although there was increasing concern from the staff team about rent affordability, the Association currently lacked the evidence to back this up. Processes had been amended to ensure appropriate questions were asked at

termination stage to be able to extract this information moving forward.

- Long Term Demand – it was beginning to become more difficult to let properties at Caley House, Kilwinning and in Drongan.
- Governance – due to regulation changing and the Association's processes requiring to be reviewed to ensure compliance with the new regulatory framework.

Mr Hillard highlighted that given 4 of the Association's key risks had now increased, 3 of which impacted on cash income, the Association's overall risk profile had increased.

The Chair queried in the light of recent Group activity, if it was perceived to have a higher appetite for risk, if the Board should have more awareness of these activities. Ms C. McGuinness confirmed that Group's Investment Policy and Risk Appetite had not changed. Any potential partnerships which Group may pursue would be ring-fenced in order to protect Group's and the Association's assets.

After full discussion, the Board noted:

- a) the updates provided in the Corporate Plan: Year 2 Implementation Plan 2018/19.
- b) The proposed new format of the Corporate Risk Register which would be developed further and the new Risk Scoring Matrix.

6. **Business Plan Assumptions**

Mrs M. Hutchinson stated that the purpose of the paper was to allow for the Board to input to the business plan assumptions which would be used to factor into the production of the draft 30 business plan which would be presented to Board for consideration in January 19.



Mrs Hutchinson highlighted the proposed assumptions which Group would be using, as detailed in the paper, and advised that the Association proposed to use these assumptions with four exceptions. The rental income assumptions, due to the Association operating under a different rent setting regime, which meant that a proportion of its tenants would still be impacted by the additional rental charge until they met the policy rent level. A discussion followed on the key features of

the Association's rent setting policy and the current stage of the implementation of the rent harmonisation programme.

Mrs Hutchinson advised of the proposal to reduce the void loss assumption by 0.2% for 2019/20 only, in accordance with recent performance. Following a query from Board, Mr Hillard stated that it would be a high risk position to make this assumption for the remainder of the plan, given the poor condition that some of the properties are being handed back in. It was therefore, considered more prudent to review this assumption on a yearly basis.

Mrs Hutchinson stated that it was proposed that the bad debt assumption be increased to reflect the increased risks in relation to welfare reform and rent affordability. The Board commented that the bad debt assumption was conservative given the current roll out of Universal Credit.

Mrs Hutchinson then went on to highlight the potential one-off costs in relation to fulfilling regulatory requirements to install LD2 compliant smoke alarms in all of the Association's properties, given this requirement was currently consulting on meeting this requirement by 2021. If approved, this potential 2 year installation programme would have a considerable financial impact on the Association. The Board noted that the Association needed to understand the requirements prior to deciding on its project planning, however, it required for the time being to be aware of this cost moving forward.



Mr Hillard proposed to consult with tenants on a rent increase range of between 2.5% and 3.5%. Prior to the Board being asked to make a decision on the proposed rent increase, they would be provided with information on the results of this consultation exercise. The Board noted that North Ayrshire Council were currently consulting on a proposed 3% rent increase.

After full and detailed discussion, the Board agreed the proposed assumptions to factor into the forthcoming business planning process.

7. **Risk Management Policy**

Mr P. Hillard highlighted an error in the draft Policy on the Approved by section of the cover page which stated “IHA Audit and Risk Committee”, when it should state “IHA Board”.

Mr Hillard advised that the Risk Procedure reflected the Association’s risk management process in the context of the overall Group Risk Management Policy. He highlighted that the monitoring of performance was a key method of managing risk by Board.

The Board commented that they would like to see wording in relation to customers within Group’s High Level Risk Appetite, as suggested by the Audit and Risk Committee.

The Board thereafter:

- a) Agreed to the adoption of Group’s Risk Management Policy.
- b) Approved the Association’s Risk Procedure.

8. **Board Appraisal Process**

Mr P. Hillard advised that in the light of a greater emphasis on evidencing that Boards were properly appraised, the proposed 360-degree feedback would provide more in-depth detail, which would strengthen the appraisal process further. It was hoped that the Board would find this a beneficial experience and would gain useful information to take forward.

After consideration, the Board agreed that they undergo the 360-degree feedback process as part of the Association’s Board appraisal process during 2019.

9. **Housing (Scotland) Act 2014**

Mrs H. Anderson advised on key provisions of the Housing (Scotland) Act 2014 which would be implemented on 1 November 2019.

The Board noted the provisions of the new Housing (Scotland) Act 2014 and the resultant actions implemented by the Association.

10. **North Ayrshire Housing Allocations Policy Changes**

Mrs H. Anderson advised that the Association participated in 3 Common Allocations Policies in the areas in which it operated:

- North Ayrshire
- East Ayrshire
- Dumfries and Galloway

Mrs Anderson then took the Board through the key changes to the North Ayrshire Housing Allocations Policy. Mrs Anderson highlighted the intention that this Policy would be taken to North Ayrshire Council's Cabinet in December for approval.

The Board agreed the proposed changes to the North Ayrshire Housing Allocations Policy following the introduction of the Housing (Scotland) Act 2014 and the subsequent review.

11. **Board Learning and Development Plan**

Mr P. Hillard advised that the training proposed sought to ensure that Board had the required knowledge to make informed decisions and to address developmental requests.

The Board thereafter:

- a) Noted the requested training and agreed the proposed methods of delivery.
- b) Agreed the proposed Board Training Session Programme for 2019.

12. **Performance Report**

Mrs M. Hutchinson referring to the financial performance report, highlighted that the operating surplus showed a favourable variance. She advised following a recent forecast, it had been identified that some of those savings would carry forward into the year end.

Mrs H. Anderson, referring to the operational performance report, commented on the significant decline in the Net Promoter Score KPI and stated that on further analysis of the scoring definitions (positive, passive, detractors), Officials had identified that the some of the passive response scores, when analysing the 17 received in the month, only 2 of those responses had any negative comments, which could suggest when giving scores, customers did not understand that they were giving a slightly negative score and this could be addressed through communications.

When analysing the detractor scores, 3 comments had been in relation to repairs, 2 had been in relation to communication and the remaining 2 had been due to general dissatisfaction. One particular issue which had been identified in relation to repairs satisfaction was that some of the Association's contractors did not have appropriate interfaces which allowed for the prompt updates on the system to show that works were complete.

Mrs Anderson advised of other ways in which to the Operations teams planned to improve communication with tenants in relation to the repairs and maintenance such as:

- Providing information at the commencement of a tenancy at post let visits.
- A review of the Tenants Handbook
- Provide better information on the capital investment programme
- A pilot of customer satisfaction with the main contractor to compare this with STAR and Net Promoter results.
- Ensure completion of lessons learned from complaints in order to drive service improvements.

The Board suggested that it would also be useful to report lessons learned to customers in order to demonstrate that the Association was listening to feedback.

The Board enquired if Officials were content that they had enough resources to deliver these plans. Mrs Anderson confirmed that she was. Mr P. Hillard confirmed that customer service improvement was a key objective across Group, with the emphasis being on improving the customer offer.

The Board thereafter noted the financial and operational performance reports.

13. **MD Report**

Mr P. Hillard gave his report on four key current items of significance to the Association:

[REDACTED]

[REDACTED]

[REDACTED]



Asset Services Review

Mr Hillard advised that consultation on the review of the Asset Services Team was due to close on 7 December 2018.

Caley House, Kilwinning

Mr Hillard advised that the options appraisal results would be brought back to the Board for consideration in due course.

Scottish Housing Regulator

Mr Hillard advised that the Association's draft response to the Regulator's consultation on its Regulatory Framework would be posted on REX by 30 November 2018. Mr Hillard invited Board Members to provide their comments on the draft response prior to submission on 14 December 2018.

Board Strategy Day and Shareholder Event

Mr Hillard advised that following discussions with the Chair, it was proposed that the Board Strategy Day, to be arranged in February, would be over a 2 day, 1 night residential format, commencing in the evening, with an early start the next day. This would allow the Board more time to consider some key strategic issues for the Association.

A discussion followed on whether this event would take place over a weekend or during the week. It was agreed that Board Members would advise of their preference and thereafter dates for the Strategy Day be arranged.

Tarryholme Project Update

Mr Hillard advised that works at this development were progressing well.

14. **Unconfirmed Committee Minutes**

The Board noted the unconfirmed minutes of:

- a) Group's Neighbourhood Services Committee Meeting held on 4 October 2018.
- b) The Audit and Risk Committee Meeting held on 13 November 2018.

15. **Date of Next Meeting**

Board Meeting – 5.30 p.m. Wednesday 30 January 2019, 44-46 Bank Street, Irvine.

P. Hillard
Secretary
29 November 2018
PH/db

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This section of text will be subject to redaction prior to the publication of minutes on the website.