

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Two Hundred and Twelfth Meeting of the Board held at 5.30p.m. on
Tuesday 28 June 2016 at 44-46 Bank Street, Irvine

Minutes

Present: Mr A. West (In the Chair), Mr C. Bell, Mr G. Darroch, Mr D. McEachran, Miss J. Meek, Mrs A. Robertson, Mr B. Sturgeon and Mr J. Wood

In attendance were Mrs N. Thom, Mrs D. Boyle, Mrs M. Burgess and Mrs M. Hutchinson.

Apologies for Absence

Mr N. Alexander, Miss F. Dunlop, Mrs F. Garven, Mrs W. Johnstone and Mrs J. Murray.

Declarations of Interests

Mrs M. Burgess declared an interest in the papers relating to her Membership Application.

1. **Preliminaries**

The Chairman welcomed Miss J. Meek to the meeting.

2. **Membership Application**

Mrs M. Burgess left the room for the discussion of this item.

After consideration, the Board:

- a) approved the Membership Application from Mrs Burgess.
- b) authorised the Interim Managing Director / Secretary to issue a share certificate and a copy of the Rules of the Association to Mrs Burgess and enter her details on the Membership Register.

3. **Minutes of the Last Meeting held on 17 May 2016**

Mrs M. Burgess re-joined the Meeting.

The minutes of the meeting held on 17 May 2016 were approved and signed.

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

a) **Meetings with other Housing Associations (Min.4.a))**

[REDACTED]

b) **Committee Minutes & Policies (Min.4.b))**

Mrs Thom stated that the owner who had taken the Association to the Homeowners Housing Panel and had been unsuccessful in his action, had not appealed the decision. It was understood, however, that this person was now awaiting the outcome of the proof hearing where other owners were defending recovery action against them, prior to him making any payment to the Association.

[REDACTED]

The full proof hearing for the owners defending recovery action against them in relation to the factoring charges would be heard in court on 16 August. A sheriff decision would be made at this point which would draw a line under this matter.

c) **Managing Director's Report (Min.12.c))**

Mrs Thom stated that the delegation of Board / Committee / Executive Team responsibilities in order to allow appropriate consideration of strategic items by Board would be worked on over the summer and proposals would be brought to the September Board for consideration.

5. **Committee Minutes & Policies**

Mrs N. Thom confirmed that consideration of key risks would also be discussed at the September Board Meeting.

The Board thereafter noted the draft minutes of the Audit and Risk Committee Meeting held on 14 June 2016.

6. **Financial Statements for 2015/16**

Mrs M. Hutchinson stated that normally the Association's accounts would be approved and signed at the Board Meeting, however, the Association's auditors, KPMG, had confirmed that it would sign the accounts off at a later date when Group's accounts would be signed. The Management Representation Letter would also be signed at this time.

Mrs Hutchinson confirmed that Thistle Housing Services was still dormant and therefore exempt from audit.

The findings from the audit of the Association's accounts had been discussed in detail, with the auditor present, at the Audit and Risk Committee and were recommended for approval by Board.

Mrs Hutchinson stated that the auditors give reasonable but not absolute assurance that the financial statements provided a true and fair reflection of the financial transactions for the year.

The Board noted corporation tax note remained as draft due to the final computation not yet being received from KPMG. The final computation was not however expected to vary materially from the draft.

Mrs Hutchinson highlighted that the Association had made an operating surplus of £3.3m and an overall surplus of £1.9m during the year.

The Board noted the variance in the overall surplus between March MPR and the financial Statements amounted to a decrease of £282k. Mrs Hutchinson provided details of the reasons for the variance.

Mrs Hutchinson referred to the following highlights from the year:

- The strong surplus
- Meeting or exceeding all KPIs
- Being awarded £250,490 funding from the Big Lottery
- The conclusion of the Management Team restructure
- The conclusion of the Asset Management Team restructure
- Increasing the Association's overall score within the Best Companies matrix.
- Modernisation of our governance arrangements.

Referring the 'Statement of board's responsibilities in respect of the board's report and the financial statements' and 'Statement of the board of management in respect of internal controls', Mrs Hutchinson

requested that Board confirm that it had read and understood these sections. The Board confirmed that it did.

The Board commented on the level of detail which was now included within the 'Report of the board of management' section within the accounts. Mrs Hutchinson confirmed that this was now an expectation and the report sought to highlight the key 'good news stories' from the year.

The Board noted that the Report of the independent Auditor was unqualified.

Mrs Hutchinson referred to the decrease in turnover from the previous year by £144k. This fluctuation had been due to increases in rental and factoring income offset against decreases in funding for adaptations and sale income from the Arran shared equity properties.

Mrs Hutchinson referred to page 9 of the accounts and highlighted that total reserves were almost £7.5m.

The Board noted the effect of the component replacement works and the EWI contract on the Current and Fixed Assets within the Statement of financial position, the reduction in pension provision at Liabilities and the excess cash as a result in minimal capital investment in the cash flow. This allowed for the repayment of certain revolving loans.

Mrs Hutchinson stated that the Accounting policies section was produced in line with the policy agreed at the May 2016 Board Meeting.

The Board noted the reasons for significant fluctuations in the operating costs during the year in relation to reactive maintenance, bad debts, depreciation, adaptations and shared equity.

Mrs Hutchinson highlighted the interest payable had decreased due to lower loan balances.

Referring to note 10 Mrs Hutchinson advised that although the net book value was greater than the latest stock valuation, the stock valuation was over two years old and did not include the new stock on Arran and at Pennyburn. The inclusion of these two schemes would increase the valuation to well above the net book value.

Mrs Hutchinson explained in detail the impact of adopting FRS102 including the prior year adjustments included at note 25.

The Board noted the key features of the Audit Highlights and memorandum and Management Representation Letter.

The Board thereafter:

- a) approved the accounts of Irvine Housing Association and Thistle Housing Services for the year ended March 2016, agreeing to sign them in July.
- b) noted the content of the external auditors' Audit Highlight Memorandum.
- c) Agreed to sign the Management Representation Letter in July.
- d) Approved the submission of the Audited Financial Statements Return to the Scottish Housing Regulator.

7. **Five Year Financial Projections**

After full discussion and consideration, the Board:

- a) Noted the content of the Five Year Financial Projections
- b) Approved the Five Year Financial Projections for submission to the Scottish Housing Regulator.

8. **Loan Portfolio Return**

After full discussion and consideration, the Board:

- a) approved the Annual Loan Portfolio Return.
- b) Authorised submission of the Return to the Scottish Housing Regulator.

9. **Corrective Conveyancing: disposal of plot of ground**

Mrs N. Thom stated that the Association had inherited title deeds from Dumfries and Galloway Council, following the stock transfer of the Stakeford properties in 2004. The deeds had now been corrected which meant that the boundary had been amended. The owner who had requested that issue be addressed had agreed to meet the Association's legal fees for resolving this issue in return for the land being disposed at nil value.

The Board thereafter agreed to dispose of the land adjacent to [REDACTED] the owner at this address.

10. **Corporate Plan Monitor (Implementation Plan)**

The Board noted that content of the Corporate Plan Monitor Report.

Mrs N. Thom stated that it was the intention in future that specific strategic objectives within the Plan be scrutinised by relevant Committees in detail and that Board periodically receive an update on the overall Implementation Plan.

11. **Performance Management**

Mrs N. Thom stated that delegation of the regular scrutiny of this report would be considered by the Board in due course.

The Board noted that the Association was currently meeting all KPI targets with the exception of the Positive Customer Experience KPI. Mrs N. Thom stated that the data fields which were collated which fed into this KPI had been amended to include tenants leaving tenancies in arrears etc. It was hoped that this KPI would meet as the year progressed and officers amended practices to ensure that performance against this KPI would be improved by the whole Group.

Following a query by Board in relation to the title of the KPI being seen in a negative light, it was confirmed that the KPI should state 'positive customer exit' rather than 'experience'.

The Board enquired on the data measured within the Data Quality KPI. Mr J. Wood elaborated on some of the key data fields which were analysed. It was agreed that the definitions of the KPIs should be re-issued to the Board for information.

Referring to the Monthly Performance Review Report, Mrs Hutchinson commented that although it was early in the financial year, the Association was currently ahead of projections.

The Board thereafter:

- a) noted the Association's performance against the Group's Top Ten KPI's and Local Targets;
- b) noted the Association's performance against the current Monthly Performance Review Report and the Analyse by Division report;
- c) reviewed the Association's compliance with the funder's financial covenants.
- d) Noted the Group's and the Association's Cash Collection Dashboards.

12. **Information Items**

The Board noted the following items:

a) **Corporate Annual Equalities Analysis Report**

The Board noted that the Association was fulfilling its obligations in terms of being an Equal Opportunities employer.

b) **PR & Networking**

The Board noted the PR & Networking Report.

c) **Rule 67 Statement by the Secretary**

Noted the Company Secretary's formal statement in relation to Rule 67.

d) **"De Minimus" Payments and Benefits Log**

The Board noted that no Board or staff member exceeded the "De Minimus" monetary equivalent of £300 per annum for the period 1 April 2015 to 31 March 2016.

13. **Any Other Business**

a) **Annual General Meeting**

Mrs N. Thom confirmed that the Annual General Meeting (AGM) would be held at the Gales Hotel and not the Association's offices as stated on the agenda.

Mrs D. Boyle advised that in line with the Association's Rules, those Board Members who had joined the Board during the year filling casual vacancies or being co-opted, would require to stand down at the AGM and then stand for formal election. She confirmed that she would be in touch with those Board Members in order to ensure the appropriate forms were completed.

14. **Date of Next Meeting**

Annual General Meeting – 5.30 p.m. on Tuesday 16 August 2016, The Gales Hotel, Irvine.

Special Board Meeting – following the AGM on Tuesday 16 August 2016, The Gailes Hotel, Irvine.

N. Thom
Interim Secretary
29 June 2016
NT/db

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■ = This section of text has been subject to redaction prior to the publication of minutes on the website.