

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Two Hundred and Eighteenth Meeting of the Board held at 5.30p.m. on
Tuesday 20 June 2017 at 44-46 Bank Street, Irvine

Minutes

Present: Mr D. McEachran (In the Chair), Mr C. Bell (from Item 2.c)),
Mrs M. Burgess, Mr G. Darroch, Miss J. Meek, Mrs J.
Murray, and Mr J. Wood.

In attendance were Mr P. Hillard, Mrs D. Boyle, Mrs A. Fox-
Smith, Mrs M. Hutchinson and Mr D. Thompson.

Apologies for Absence

Mrs F. Garven and Mrs A. Robertson.

Declarations of Interests

Mr Hillard, Mrs D. Boyle, Mrs A. Fox-Smith and Mrs M.
Hutchinson declared interests as former members of the
Strathclyde Pension Fund.

1. **Minutes of the Previous Meeting held on 23 May 2017**

The minutes of the meeting held on 23 May 2017 were approved and
signed.

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

a) Annual Return on the Charter (ARC) (Min. 4)

Mrs A. Fox-Smith confirmed that on checking the guidance in
relation to sections C8 and C10 of the ARC, she had been correct in
her previous assumption that the apparent discrepancy in the figures
was due to the fact that the Association operated within three
common housing registers. None of its properties were let to

applicants by way of a section 5 referral which was what the C8 question asked for and why the figure was 0.

Referring to question C10.6, Mrs Fox-Smith confirmed the breakdown as:

| | |
|---------------------|-----|
| North Ayrshire | 8 |
| East Ayrshire | 9 |
| Dumfries & Galloway | 444 |

Mrs A. Fox-Smith explained that only core partners participated in the common housing register. However, other housing associations still operated within those council areas and therefore a few section 5 referrals were made to these organisations through the year. Dumfries and Galloway Council's figures were so high due to them not having any housing stock, so all applicants assessed as homeless by the council resulted in a section 5 referral being made to Dumfries and Galloway Housing Partnership, who in turn added these applicants to the homeless queue within the common housing register, where they could be housed by one of the partners. A discussion followed on why the SHR would ask for this particular statistic. Mrs Fox-Smith stated that it was not clear from the guidance issued.

The Board enquired if the funding of disabled adaptations had been considered any further. Mr P. Hillard confirmed that the Asset Management Team had been asked to take this matter forward. He expected that Officials would be in a position to update on this at the next substantive Board Meeting in September 2017.

Mr Hillard advised that as part of the verification process, the SHR had been in touch to clarify one figure only, in relation to senior staff numbers, in the Association's ARC submission. It would be confirmed this week to them that the figure provided was correct.

b) Managing Director's Report (Min. 7)

Mr Hillard stated that the Association had interviewed for the Head of Services post that day and an offer would be made to the preferred candidate. The Board noted that Mr Hillard would finalise the remainder of Mr D. Thompson's contract with him.

Mr Hillard advised that following the recruitment process for the posts available in Phase 2 of the restructure, 2 members of staff were appointed to the posts of Customer Involvement Officer and Regional Projects Officer. Some members of staff had been unsuccessful during this process and others had chosen not participate. Further discussions were currently taking place with those staff as part of the consultation process.

The Board noted that the Partnership Agreement with UNISON had now been signed and the Association would now negotiate with UNISON moving forward.

Mr Hillard, Mrs D. Boyle, Mrs A. Fox-Smith, Mrs M. Hutchinson and Miss L. Lynch left the meeting room for discussion of this item.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

c) Tarryholme Phase 1 – New Build Development Project (Min. 4)

Mr Hillard, Mrs Boyle, Mrs Fox-Smith, Mrs Hutchinson and Miss Lynch re-joined the Meeting.

Miss L. Lynch gave a presentation on Phase 1 of the proposed new development at the Tarryholme site, detailing, the proposed mix of house type for the 86 property development.

Mr C. Bell joined the meeting.

The Board noted the proposed floor plans and elevations for each of the 6 house types presented.

The Board expressed concerns that 40 two-bedroom properties were currently proposed for the site and queried if there was really enough demand for this size of property. Mrs A. Fox-Smith stated that the statistics showed there was. There were other factors at play also, such as what size of properties tenants could afford to live taking account of future benefit caps which had been applied. Following a query from Board, Miss Lynch confirmed the difference in price in building a two-bedroom property as opposed to a three-bedroom property. Mr Hillard stated that the Association was very mindful of the risk, however, the Association did have to design its proposals based on evidence provided by the council, given that it had no evidence to suggest otherwise itself. He confirmed that the

Association would be even more mindful of this risk when designing the next phase in that area.

Miss Lynch advised on the programme for community consultation, planning application and consent, site investigations, seeking offer of grant from the Scottish government.

Miss Lynch stated that in order for the contractor to proceed with some of these aspects associated with progressing the development, the contractor would require to be issued with a letter of intent. This would be a letter that the Managing Director would sign to confirm that the Association would be liable for the costs which the contractor would incur at risk prior to the development going ahead e.g. site investigations, agent fees, consents etc.

The Board enquired on access to the new development and if there were any public transport in the area. Miss Lynch advised that access would be through the existing access to Tarryholme. She confirmed that the Roads Department would carry out an impact analysis as part of the planning application process. The Board noted that there was no public transport in the area.

[REDACTED]

Mr Hillard advised that as part of initial discussions with the council regarding the second phase of the development, the council had indicated that the Association should build more general needs properties on this site. After discussion, the Board instructed the Managing Director to continue discussions with the council and advise of the Board's aspiration to be more innovative in its planning of the second phase, for example something that would meet the needs of the ageing population.

Miss Lynch left the meeting.

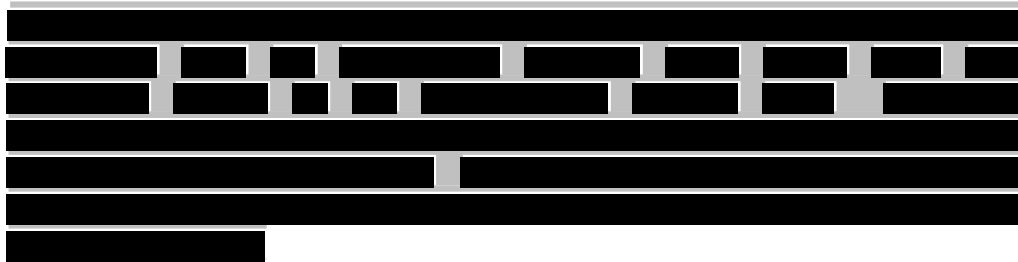
3. **Financial Statements for 2016/17**

Mrs M. Hutchinson stated that the Audit & Risk Committee had considered the financial statements at its meeting the previous week and had agreed to recommend them for approval by Board.

Mrs Hutchinson advised that the financial statements, if approved, would be require to be signed in due course. She would therefore contact the signatories as appropriate in due course.

Mrs Hutchinson reminded the Board that the audit carried out by KPMG was designed to give members a reasonable but not absolute assurance that the financial statements gave a true and fair reflection of the financial transactions in the year.

Mrs Hutchinson confirmed that the tax computation had been received that day and had been tabled for information as notes 8 and 9 of the financial statements.



Mrs Hutchinson referring to the highlights of Irvine Housing Association's financial statements, stated that despite incurring the costs associated with the closure of the Strathclyde Pension Fund and the impairment of the Queen Street properties, the Association continued to hold onto its reserves of £7m which placed the Association in a good financial position. The Association also had met or exceeded all of its KPI targets in the year. The Board noted that the implementation of the Target Operating Model would deliver greater efficiency and savings in order to support the Association's corporate objectives in the future.

The Board confirmed that it had read and understood the Statement of the Board's responsibilities in respect of the board's report and the financial statements and the statement of the board of management in respect of internal controls.

Mrs Hutchinson referring to the statement of comprehensive income, stated that turnover had increased by £117k in the year, this was due to the rent increase of 1.8% which had generated £147k of income but had been offset by a decrease in factoring income of £28k which had been due to a reduction in works being carried out in the year.

Operating costs for the year had included the pension cessation cost of £2.1m, the impairment cost for the Queen Street properties of £444k, a decrease in day to day repair costs of £82k due to an increased volume of works in the previous year and a decrease of £78k in utilities where significant historic charges had been received last year.

The gain on the sale of fixed assets had been due to 2 right to buy sales during the year. The Board noted that due to a reduction in interest rates and a decrease in loan balances, savings had been identified.

Referring to the statement of financial position, [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] The Board noted that the Association's total reserves figure of £7.2m was a strong position to be in.

Mrs Hutchinson confirmed that the net change in cash in the cashflow statement of -£284k was after a £3m loan repayment during the year.

The Board noted that there had been no change to accounting policies during the year.

In response to a query from Board, Mrs Hutchinson stated that service charges receivable not eligible for Housing Benefit were for communal heating service charges at Hawthorn Place and Caley House.

Mrs Hutchinson advised that the reclassification costs for tangible assets, were due to the reversal of the retention costs for the Pennyburn new build development which was now out of the defects liability period. Mrs Hutchinson advised that £3.4m figure at the under construction section related to the Tarryholme development.

The Board noted that bad debt provision had been reduced by £59k, with £55k debts written off during the year. Sundry creditors had increased by £286k, due to invoices being received in March. Mrs Hutchinson commented that accruals included the first instalment of the pension cessation payment and the underlying reduction had been directly linked to the timing of supplier invoices.

Referring to the audit highlights memorandum, Mrs Hutchinson highlighted that final checks were yet to be made which could result in some minor presentational changes. Otherwise, there had been no issues raised as part of the audit which required to be brought to the Board's attention.

With regard to the Thistle Housing Services financial statements, the Board noted the company remained dormant and was exempt from audit. In response to a query from Board, Mr Hillard confirmed that it was easier for the Association to leave Thistle Housing Services dormant in case it required to use the company again rather than trying to set up a new company, should the Association ever require to.

Mrs Hutchinson stated that the draft Management Representation letter would be signed by the Association when the financial statements were signed. The Board confirmed they were content for this letter to be signed.

The Board thereafter approved the:

- a) Financial Statements for Irvine Housing Association for the year to 31 March 2017.
- b) Submission of covenant position to LTSB.
- c) Financial Statements for Thistle Housing Services for the year to 31 March 2017.
- d) Management Representation Letter.

And thereafter:

- a) Noted the content of the external auditors' Highlights Memorandum
- b) Delegated authority to the Head of Finance & Planning to submit the Audited Financial Statements Return to the Scottish Housing Regulator after the Financial Statements had received all necessary approvals and signatures.

4. **Corporate Risk Map**

It was agreed that this paper be deferred and that a draft of the Corporate Risk Map be circulated to the Board for comment prior to the next substantive Board Meeting in September 2017.

A discussion then followed on the Association's response to the Grenfell tower block fire. It was noted that the highest level of the flats the Association owned were 4 storey and they did not have cladding installed. Officials had also taken the opportunity to review all fire risk assessments and had identified a couple of minor actions required. The Association had also checked the construction of the material used for the EWl cladding and confirmed that the polystyrene used was completely sealed in concrete. This was designed to ensure it would only smoulder and not flame or burn in the event of a fire. Fire barriers had also been fixed between each property in accordance with fire regulations.

Mr Hillard highlighted the likelihood of further fire regulations coming into place following the recent tragic events. Given the level of impact these new proposals may have on the organisation, it seemed prudent to add this as a risk to the Corporate Risk Map.

The Board noted that neither of Group's high rise flats had cladding installed. They further noted that a lot of information and answers to concerns raised by customers had all been added to the website for information. The Customer Services Centre had also been briefed on appropriate responses to give to any queries / concerns.

5. **Membership Applications**

Mr P. Hillard advised that the Association had recently interviewed 4 applicants for Board Membership. Mr D. Thornton and Mrs J. Galbraith

had been invited to apply for membership of the Association following a successful interview process. It was intended that, if approved into membership, Mr Thornton and Mrs Galbraith would stand for election to the Board at the Annual General Meeting.

The Board thereafter approved Mr Thornton and Mrs Galbraith's Membership Applications and authorised the Managing Director / Secretary to enter their details in the Membership Register and issue them with a share certificate and a copy of the Rules of the Association.

The Board noted Mrs A. Robertson's intention to retire from the Board at the AGM.

6. **Loan Portfolio Return**

Mrs M. Hutchinson stated that there had been no material changes to the Loan Portfolio Return previously presented to the Board. [REDACTED]

The Board thereafter:

- a) approved the Loan Portfolio Return Submission.
- b) authorised the Head of Finance & Planning to submit the Return to the Scottish Housing Regulator.

7. **Five Year Financial Projection Return**

Mrs M. Hutchinson advised that the Five Year Financial Projection Return had been based on the 30 Year Business Plan approved at the January 2017 Board Meeting.

The Board then:

- a) approved the Five Year Financial Projection Return.
- b) authorised the Head of Finance & Planning to submit the Return to the Scottish Housing Regulator.

8. **Performance Report**

Mrs M. Hutchinson referred to the repairs and maintenance variance of £30k and stated that this was due to an external painting contract being delayed and the void works not being invoiced to date. The variance at

bad debts had partly been influenced by the 2 rent free weeks at the start of the financial year. In response to a query from Board, it was agreed that it be considered if rent free periods were still appropriate given the roll-out of universal credit.

Mr D. Thompson stated that there would now be 10 KPIs for Customer Satisfaction and Cash Collection reported to Board. The 10 indicators on the Compliance Dashboard were reflective of the increased Health and Safety focus. The targets set in these statistics were to secure ambitions set within the Corporate Plan.

The Board expressed concern that the STAR and Repairs Satisfaction targets were low. Mr P. Hillard stated that the targets set were part of an improving picture. These figures were an improvement on the previous year, however, the setting of targets had to take account of the fact that the organisation was currently going through a period of significant change, given the current restructure and the potential turnover in staff. He re-assured the Board of the plans to improve the targets year on year moving forward.

The Board discussed the impact that the roll-out of Universal Credit would have on the cash collection targets. Officials undertook to monitor these targets very closely in the coming months.

The Board thereafter noted the content of the Performance Report presented.

9. **Scrutiny Activity**

Mr D. Thompson stated that action in response to the recommendations made in the Scrutiny Reports was currently work in progress. The Board noted that there had been a depletion in numbers on the Scrutiny Panel and they were seeking to recruit new members.

The Board commented that reports gave good feedback and offered sensible suggestions for improvements. The Board, however, highlighted that the recommendation made in the Communications Report for staff to digitally upskill customers, could be very time intensive for staff and may not be best use of their time.

Referring to the report on Complaints, the Board also agreed that the Association should not be looking to set a target for the reduction of complaints as this was seen as a real tool for making service improvements.

Mr P. Hillard stated that the new Customer Involvement Officer would be working with Mrs A. Fox-Smith and Mrs M. Hutchinson moving forward to deliver a new approach to maintaining dialogue with our customers. Scrutiny was one of many options to this new approach.

The Board thereafter noted the content of the Scrutiny Reports and the recommendations made.

10. **Rule 67 Statement by the Secretary**

The Board noted the Company Secretary's formal statement in relation to Rule 67.

11. **Whole Board Appraisal 2017 Results Summary**

Mr P. Hillard stated that the Governance and Staffing Committee had already offered some suggestions for the action plan following their analysis of the whole board appraisal results, which were around recruiting appropriate skills to the Board and providing appropriate training for Board Members. Mr Hillard advised that the two Governance and Company Secretarial Assistant posts would have objectives to ensure the effective delivery of appropriate training for Board Members. He stated he was keen to hear feedback on comments around board papers having the correct amount of detail and working well together. It was suggested that Board could provide feedback to him outwith the meeting should they prefer.

Mr Hillard suggested that another item for improvement would be the review of the Equality and Diversity Policy and associated Board training. The improvement of Equality and Diversity statistical reporting to Board should also be rolled out as part the new Policy implementation.

The Board considered the content of the Whole Board Appraisal 2017 Results Summary and agreed to forward any comments they had which would assist in formalising the action plan for addressing areas for improvement which would be presented for approval at the September 2017 Meeting.

12. **Committee Minutes**

The Committee noted minutes of the:

- a) Group Neighbourhood Services Committee Meeting – 4 May 2017
- b) Operations Committee Meeting – 16 May 2017
- c) Governance and Staffing Committee – 1 June 2017

13. **Any Other Business**

None.

14. **Date of Next Meeting**

Annual General Meeting – 5.30 p.m. Tuesday 15 August 2017, Gales Hotel, Irvine

Special Board Meeting – 6.30 p.m. Tuesday 15 August 2017, Gales Hotel, Irvine.

P. Hillard
Secretary
22 June 2017
PH/db

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