

THE RIVERSIDE GROUP LIMITED

IRVINE HOUSING ASSOCIATION

Twenty Ninth Annual General Meeting (AGM) of the Irvine Housing Association held at 5.30 p.m. on Wednesday 21 September 2022 at the Gales Hotel, Marine Drive, Irvine

Minutes

Present:

Mr J. Strang (In the Chair), Mr C. Bell, Mrs M. Burgess, Mrs M. Crearie, Mr G. Darroch, Mrs F. Flannigan, Mrs J. Galbraith, Mr T. McInnes, Mr H. MacLeod, Mrs M. McPhail, Mrs J. Murray, Mr P. New, Mrs S. Petrie, Brig R.A.S. Rickets and Mr S. Stewart.

In attendance were: Mrs D. MacLean, Mrs H. Anderson, Mrs D. Boyle, Ms E. Byrne and Mrs M. Hutchinson.

Apologies for Absence

Mrs S. Brown, Mrs K. Callaghan, Mr S. Easton, Mr J. Flannigan, Mrs A. Frew, Mr R. Frew, Mr R. Hill, Mrs J. McCulloch, Mr D. McEachran, Mr A. McPhail, Mr J. Miller, Mrs M. Miller and Mrs C. Taylor.

1. **Preliminaries**

a) Quorum

Mr J. Strang confirmed that a quorum was present.

- b) Mr Strang gave Shareholders a very warm welcome to the 29th Annual General Meeting of Irvine Housing Association, trading as Riverside Scotland. He commented that it was good to see everyone and to be back to in person meetings as a new normal was now emerging from the difficult events of the previous few years.

Mr Strang then paid tribute to her Majesty the late Queen and joined everyone in mourning the country's loss and also the loss of their own loved ones.

2. **Previous Minutes**

The minutes of the Twenty Eighth Annual General Meeting, held on Wednesday 22 September 2021, were approved on the motion of Mrs M. McPhail and this was seconded by Mr C. Bell.

3. **Chair's Report**

Mr Strang advised this was his very first AGM as Chair of the Association so was hoping the audience would be gentle with him.

He stated that his report would be in two distinct parts:

Firstly, a reflection on the year gone by, as was the tradition, but also to take the opportunity to speak about some of the challenges the future held, not only for the business but also for the tenants, the people the Association served.

Mr Strang reported that much had happened within the organisation since the previous AGM. Coming out of lock down was a huge challenge for everyone and throughout the Scottish housing sector. The Association continued delivery of two new build sites providing 76 new family homes at Tarryholme phase two and 63 at Dundonald. The ability to provide new homes to families was one of the greatest pleasures those who worked in the housing sector could have and was one of the benefits of being part of the Riverside Group with its significant financial strength. Work had also started on a third site at Monkton, providing a further 50 new homes. The developments marked a significant move forward for Riverside Scotland.

Mr Strang advised that the Riverside Group suffered two major IT issues at the end of last year. The first was a significant data breach that affected staff rather than tenants, and the second and arguably the most significant, was the major malware attack that caused disruption to all IT systems and affected the provision of repairs, housing management and income collection services. He praised the hard work of staff and the forbearance of tenants during the time it took to restore the range of services and acknowledged that this issue caused significant problems for customers and for that, the Association unreservedly apologised.

The Association had tendered for new repairs and maintenance contracts in accordance with applicable procurement rules. The exercise was extensive and it impacted service delivery. The combined effects of a demitting contractor not being as diligent than it should have been, leading to significant legacy issues for customers, to the expected teething problems when a new contractor comes on board, aggravated by the extent of the legacy issues. Again, thanks to the hard work and professionalism of staff the Association was now starting to turn a corner on this and performance should now begin to improve.

Mr Strang stated that the Board had been very concerned about how tenants rated services and the evidence was clear that for some time the level of satisfaction on a range of issues was in decline. He offered an unqualified apology to tenants on all those occasions where the Association fell short. This was also fairly apparent to the Scottish Housing Regulator who was now engaging with the Association on its improvement plans. This was a key task of the new Managing Director, Mrs D. MacLean who would report later in the Meeting. With the loss of our previous long-term Managing Director, the Board set about finding a replacement with the skills and experience, the commitment and the passion to take the Association on the next stage of its journey and so Mrs MacLean was appointed.

Mrs MacLean commenced employment just before Christmas and had embarked upon the Big Conversation survey. The exercise was designed to speak directly to our tenants to hear what they had to say and what they wanted from us going forward, to hear first-hand their concerns for the future and to detail those issues we needed to be aware of in order to prepare the organisation to rise to and to meet those expectations. Above all the Big Conversation was the Association listening and then doing - a genuine way of getting back to the founding principles of the Scottish housing association movement in that in all matters the tenant voice was heard.

The Association, however, was not immune to the current economic climate, the rigors of the crisis which affected everyone would cause significant issues for the business going forward and most of these would be immediate or had already started to feel the pressure. Rising repair and maintenance costs, supply chain restrictions post covid and most assuredly post Brexit were having and would continue to have significant cost and service delivery implications.

The war in Ukraine and the wider impact of the energy crisis would have a devastating effect on tenants as they struggled with rising household bills. The whole cost of living crisis would be uppermost in the minds of the Board when it made decisions regarding service levels, investment and future rent rises. Shareholders and most assuredly tenants could rest assured that the Board would do all it could to ensure equity and fairness in its considerations with regard to rising costs and meeting business needs moving forward.

The tsunami that had and would continue to hit tenants and the communities they lived in would buffet the organisation. The move to zero carbon, to make all our homes compliant with EESSH 2, to make homes more affordable to live in, indeed the whole retrofit agenda would exercise the work of the staff and Board in the years ahead. Part of this included future new build plans. With rising unit costs already a feature, it led the Board to pause work on three new build projects, preferring to target our investment into existing communities. Areas like Pennyburn would be a focus in the years ahead, considering how best to improve the

performance of tenants' current homes as would driving up service delivery and tenants' satisfaction.

Last year, 7 new members were appointed to the Board of Riverside Scotland. They had conviction, a passion for change and a desire to do the very best they could do for the organisation, people with a commitment to customer service and came with huge experience in a whole host of areas. They had settled in well and were keen to take us on the next part of our journey. The Association, however, lacked a tenant voice. Sadly, the Tenant Board Member appointed last year had to retire due to personnel circumstances, so the Board remained keen to recruit a person who could contribute the voice of the tenant to its decision-making processes search continued.

Mr Strang summed up by saying that it had been a challenging year, it would also be a challenging future, but the Association had the skills, commitment and the experience. It had the shareholder base to call upon, the staff team were brilliantly led and there was also the back-up of the whole Riverside Group. There was real passion for the housing sector, and to do all possible in order to deliver. He was sure that next year's Chair's Report would have a few more positives to report on than perhaps that evening.

4. **Election of Board Members**

Mr J. Strang explained that, in accordance with Rule 39(a), a third of the Board was required to retire at the AGM. Mr G. Darroch, Mrs M. Burgess and Mrs C. Crearie were therefore standing down, which resulted in 5 vacancies on the Board. Mr Darroch, Mrs Burgess and Mrs Crearie were eligible and were standing for re-election to the Board without nomination in accordance with Rule 39(d). Mr S. Easton had offered himself for election to the Board and had been duly nominated. Mr Strang confirmed that all required re-election and election documentation had been delivered to the Association.

Mr Strang advised that in line with Rule 40(a), where Board Members offering themselves for re-election, together with any other Members of the Association duly nominated for election, did not exceed the number of Board Member vacancies, then said Board Members and Members nominated should be declared to have been duly re-elected or elected without a vote being required.

Mr Strang, therefore declared Mr Darroch, Mrs Burgess and Mrs Crearie to have been duly re-elected and Mr S. Easton to have been duly elected to serve on the Board of the Association.

5. **Annual Accounts and Auditor's Report**

Mrs M. Hutchinson advised that this had been the first year that the Association's annual accounts had been audited by BDO. She referred to the auditor's report and highlighted that there had been a clean audit with no matters of concern raised.

Mrs Hutchinson then went on to give a presentation on the annual accounts, updating Shareholders on the key features of the Association's Statement of Comprehensive Income, reporting that Turnover had increased by £248k when compared to the previous year which was due to the rent increase applied in April 2021 and funding received for the Housing First for Families posts.

The Association's Operating Costs had, however, increased by £471k, largely due to the grant funded Housing First for Families posts, Repairs and Maintenance contracts, Depreciation and Professional Fees. Mrs Hutchinson reported an operating surplus of £4.7m which was a reduction of £223k on the previous year's surplus. Mrs Hutchinson highlighted that interest costs remained in line with the previous year's costs which resulted in an overall surplus for the year of £3.5m.

Referring to the Statement of Financial Position, Mrs Hutchinson stated that the increase in Fixed Assets was due to £2.5m investment in existing homes and £9m new homes which was offset by depreciation costs of £1.5m. The increase in debtors was due to an increase in customers with debt accounts.

Referring to the cash and cash equivalent section of Current Assets, Mrs Hutchinson confirmed the Association's practice of keeping cash amounts low by repaying loans on a daily basis to minimise interest charges. The increase in creditors had predominantly been due to grant received in respect of new homes being built. The resultant increase in reserves of £3.5m to £23.3m put the Association in a healthy position in order to deal with the difficult financial challenges being experienced and expected to continue.

The Annual Accounts and Auditor's Report were thereafter adopted on the motion of Mrs M. Crearie which was seconded by Mrs M. McPhail.

6. **Appointment of Auditors**

Mr J. Strang advised that in accordance with Rule 73(a), an auditor appointed to act for the Association for the preceding year of account shall be re-appointed as auditor of the Association for the current year of audit, subject to satisfying the relevant criteria.

Mr Strang thereafter confirmed that BDO satisfied the required criteria to be re-appointed as auditor and proposed a resolution that BDO be re-

appointed as auditors of the Association. Mr S. Stewart seconded the resolution and Mr Strang thereafter confirmed that the resolution was carried.

7. **Any Other Business**

a) **Managing Director's Report**

The Chair confirmed that Mrs D. MacLean had settled in well since taking up the Managing Director role in December 2021. He then invited Mrs MacLean to share her thoughts on her first 9 months in post.

Mrs MacLean reported that she had found the Association to be a great organisation with a great team. She was keen for the Association's services to be the best they could be and acknowledged that they were not at present. When she had started in December last year, the Association had been subject to a Malware Attack which had a major effect on the Association's ability to deliver services initially. The Board had been very clear that they wanted to see an improvement in customer service and that that engagement with customers was required to establish the areas of dissatisfaction. The Association therefore carried out the Big Conversation during the Summer months, which involved the completion of on-line surveys, staff knocking on doors and telephone calls. This resulted in over 600 surveys being completed.

Mrs MacLean reported that all data had been collated and there were some common themes which were driving customer dissatisfaction. These themes were then discussed in more detail at the customer focus group meetings which had been facilitated by Arneil Johnston. Customers were clear that they didn't want all communication to be online and had found our website difficult to navigate. There were also issues with the new Repairs and Maintenance contractor and officers accepted that the service was not as good as has been hoped and were working to resolve this with the contractor.

Mrs MacLean advised that the Association's offices had also been refurbished during the Summer, and it was now set up to support staff operating in the new hybrid working approach, which was partly home based and partly office based and ensured there was always a staff presence in the office to answer queries.

Mrs M. McPhail thanked Mrs MacLean for providing her informative update.

Mrs H. MacLeod highlighted the importance of recognising the service provision to factored owners, particularly given the high percentage of owners in the Pennyburn area. Mrs MacLean agreed and advised

that her observation had been that the factoring service could be improved on and was an area to be looked at as part of the service review to ensure that the Association developed a better relationship with its owners moving forward, with communication being a key part of this.

Mrs MacLean advised that the Board and Staff were committed to improving customer services and intended to report back on planned actions in response to the customer feedback obtained. There would, however, be things that the Association was not in a position to address. There would possibly be a freeze on rent charges next year at a time when the Association's costs would increase by circa. 12% so there would be some difficult decisions for the Board to make and the Association would consult with its customers about these decisions and also report on the results of the Big Conversation, the data of which was still currently being considered.

Mrs MacLean closed by re-affirming the Staff team's and her commitment to improving the Association's services.

The Chair thereafter declared the Meeting closed.

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D. MacLean
Secretary
23 September 2022
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