

**West of Scotland Housing Association
Minutes of the Board Meeting
Online Meeting
Wednesday 24th August 2022**

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| <p>Present: Kelly Adams, Michael Sozansky, Paul MacNeil, Kenneth Fee, Ruth Simpson, Elaine Davidson, Ian Whiteman, George Kpodo,</p> <p>In Attendance: Brian Gannon, Chief Executive, Donna Paton, Director of Finance, Jennifer Cairns, Director of Corporate Services, Andrew Kubski, Director of Development & Asset Management, Lynn Clark, Chair Tenants Advisory Group, Alistair Reid, Customer Services Team Leader, Kara Flanagan, Auditor (BDO), Susan Speirs (Senior Corporate Services Assistant)</p> <p>Apologies: Nick Farrell, Ann Reid, Irene McFarlane, Alison Calder, Christina Musasa, Marc Sloan, Derek McGowan</p> | |
| <p>Disclosure of Interests There were none declared.</p> | |
| <p>1. Approval of the minutes The minutes from the previous Board meeting held on 27th July 2022 proposed by Kenneth Fee and seconded by Paul MacNeil.</p> | Approved |
| <p>2. Matters Arising An email was sent out to the Board on 24th August 2022 with proposed dates for the Treasury Management training to be held. Once a date has been agreed the Board will be informed.</p> | |
| <p>3. TAG Annual Report The Customer Services Team Leader outlined the work that the TAG has done in the past year. The Chief Executive emphasised the importance of TAG and how it is vital to the Board as they are a sounding board before decisions are made.</p> <p>Michael Sozansky asked if there were any former Charing Cross Housing Association tenants on TAG. The Customer Service Team Leader explained that there were none at present but they may be asked to join in the future. He also explained that a residents group for Woodlands and Garnethill has also been set up. The next TAG meeting will be held on the 2nd Thursday in September.</p> <p>Paul MacNeil asked if we are doing anything to encourage people from diverse groups to join. The Director of Corporate Services advised that they were hoping to arrange meet the team events for people who don't speak English with translators attending and keep them informed of what is happening so we continue to engage with them post transfer.</p> | |

Kelly Adams stated it was good to see how TAG had been involved over the past year and stated that she was looking forward to hearing about the re-establishment of Rate Your Estate and the Tenant Scrutiny Group in the coming months.

The Customer Services Team Leader and Lynn Clark left the meeting at this point.

4. Internal Audit Annual Report

Kara Flanagan from BDO attended the meeting to present the Internal Audit Annual Report for 2021-22. She advised that BDO had been appointed as internal auditors for West of Scotland and their role was to carry out reviews to allow the Association to accomplish their objectives. During 2021-22 11 reviews were completed. There were 50 recommendations made from these reviews and they were categorised according to their level of priority. There were 2 high, 35 medium and 13 low. She outlined the outcome of each audit and presented update on recommendations that had been completed from previous audits.

Michael Sozanksy asked how we define internal auditors. Jennifer explained that the Association has two sets of auditors. Both are external companies. The internal auditors carry out reviews of the internal procedures and controls of the Association and report directly to the Audit Committee. She advised that due to the size of the Association, they do not have an internal audit function and outsource this to an external company, she advised that this was a common approach in the housing sector. She advised that we also have external auditors who are a different firm who carry out the external annual audit and review of annual account, this audit is more finance focused.

The Board noted the Internal Audit Annual Report.

Kara Flanagan left the meeting at this point.

5. Draft Charter Report

The Director of Corporate Services presented the draft Charter Report to the Board. She explained that it is a regulatory requirement to produce an annual report to tenants on the Association's performance over the year and to compare our results with our peers in the housing sector. This report will be put on the website and the link emailed to tenants. A paper summary will also be included in the October Westworld to ensure that the results are communicated to all tenants.

Michael Sozansky advised that this was a good piece of communication but had a couple of minor points. In the jargon buster section under depreciation of homes there should be a comma after having a car. On the accounts page the % figures add up to 100.2. Also, on the expenditure page the totals add up to £18.7 m instead of £18.5. These are just rounding up issues. He also asked that page

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| <p>numbers be added as well. The Director of Corporate Services agreed to make these changes.</p> <p>George Kpodo advised that he had not seen the report. He asked how we meet the regulatory requirements. The Director of Corporate Services advised that all Board members had been sent the report by email . She advised that advised that each landlord must self assess their performance against their peers in the sector and then communicate this to their tenants.</p> <p>The Director of Corporate advised that we need to do a landlord report for CCHA and that this will be done in house. She advised that former CCHA tenants will be provided with a copy of WSHA report as well.</p> <p>Kelly Adams asked that an up-to-date photo of her be used and also that an 's' should be added at the end of her name.</p> <p>The Board approved the design and content of the Charter Report subject to the points raised.</p> | <p>Action</p> <p>Action</p> <p>Approved</p> |
| <p>6. Annual Accounts 2021/22</p> <p>The Director of Finance advised that the auditors (Chiene & Tait) had presented their findings on the accounts at the Audit Sub-Committee meeting held on 17th August. She advised that there were no significant changes proposed to the accounts and there was also nothing from the audit report.</p> <p>The Director of Finance highlighted that the turnover rose to £21.3 m from £20.4 m which was due to increased rental and service charges. She also advised that there increases in management and maintenance administration costs which were due to salary increase, office costs and IT hardware and licence costs.</p> <p>The overall surplus rose from £4.2 m to £4.3 m. She also advised that £18.5 m had been spent on new build properties but we had received £9 m of grant funding towards this.</p> <p>Kelly Adams asked if the accounts were now finalised or would there be any further amendments. The Director of Finance advised that there would be no further amendments from the auditors and that the final drafts should be ready for signing in the next couple of days.</p> <p>The Board approved the following recommendations:-</p> <ol style="list-style-type: none"> 1. Approve the financial statements. 2. Delegate signing of the Directors Report and Statement of Board's responsibilities in respect of Internal Financial Control to the Company Secretary. 3. Delegate signing of the Statement of Financial Position to two members of the Board and the Company Secretary, and | |

4. Delegate signing of the letter of representation to the Chair and Company Secretary.

7. Treasury Management Report

The Director of Finance advised that this report outlines our performance over the last year and what is happening in the year ahead.

She advised that the Association's loans at the end of June 2022 stood at £72.6 m which has increased by £2.9 m since March 2022. She advised that we have sufficient secured stock with all our lenders.

The covenant targets have all been met and will do so going forward.

The Director of Finance raised concerns about the potential of below inflation rent increases next year and the impact this would have on the refinancing discussions with RBS. Informal discussions within the sector suggested consideration of business plan viability of rent increases between 5 and 7.5%. This would clearly have a detrimental impact on the business plan and ultimately affordability for the refinancing proposal. The Director of Finance explained that she was reviewing the current business plan to identify options for affordability, one of which being a delay to the new build development programme and a reduction in borrowings from RBS in the short term from £90m to £50m.

Kenneth Fee asked about the wider implications of Treasury Management around borrowing. He was concerned about the impact of this on rents and that we need to have more of a discussion on this.

The Chief Executive advised that this matter could be discussed more fully on 16th September at the Board and Leadership Business Planning Day. A more detailed report can then be presented to the Board at the November meeting on what the proposed rent increase will be. Kenneth Fee was happy with this response.

Kelly Adams asked what the rent increase % would be over the next five years if the increase is to be CPI + 1%. She stated that she did not know that there would be such big increases. The Director of Finance advised that whilst this was detailed in the refinancing report, this should have been highlighted and made clearer within the report. It was noted that the rental income assumptions would be a clear focus of any future reports.

Paul MacNeil asked what the rent increase would be if inflation was to rise to 13%. The Director of Finance advised that it was difficult to answer this just now.

Ruth Simpson asked about the possibility of curtailing development works. The Director of Development & Asset Management advised that we would be continuing with the works that we are currently committed to but would have to look at future developments. He advised that the Board would be kept up to date and there would be further discussions in respect of this at the Development & Investment Sub-Committee.

The Board agreed to note the contents of the Treasury Management Report and to receive regular updates on financing.

8. Board Briefing

The Chief Executive advised that at the June meeting the Association had been approached by local authorities in respect of housing Ukrainian Refugees. He gave the Board an update with regard to the position with Glasgow, North Lanarkshire and South Lanarkshire authorities. All Ayrshire LAs have asked if we can take at least one refugee and allocate a secure tenancy and they will provide furnishings and support.

The Board approved this request by the Ayrshire LAs and will be kept updated on communication with other Local Authorities as they progress.

The Chief Executive updated the Board on the rest of the briefing paper.

Kelly Adams asked if the final accounts for CCHA had been done. The Director of Finances advised that the accounts to 31/3/22 were in the final stages and these will go to the Management Committee of CCHA for approval. A final audit has still to take place up to 31 July. This will not start until September.

The Board noted the contents of this report.

9. Subsidiary Report

The Director of Corporate Services presented this report to the Board. The Board noted this report.

10. Secretary Report

The Director of Corporate Services presented this report to the Board. The Board noted the contents of this report.

11. Performance Results and KBO Progress Update Q1

The Chief Executive gave an update on the performance of our key business objectives. He advised that we have achieved 9 out of 13 of the objectives. In terms of Key Performance Indicators we have achieved 26 out of 35 targets. There are issues round the repairs service but we are working with the contractor on this. The rent arrears figure is down to 4.92%, a drop of 1.7% since the same period last year..

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| <p>Kelly Adams asked if the Association would be able to fix the issues with the repairs service. The Director of Development & Asset Management advised that there had been teething problems with the new contractor but was hoping to resolve these soon. He hoped to see an improvement in the next quarter.</p> <p>The Board noted the contents of the report.</p> | |
| <p>12. Management Accounts – Q1</p> <p>The Director of Finance advised that there were no issues to report with regard to the Management Accounts.</p> <p>The Board noted the Management Accounts to 30 June 2022.</p> | |
| <p>13. Health & Safety Update</p> <p>The Director of Corporate Services advised the Board that there had been a fire at one of the properties in Cumbernauld in July and that this had resulted in a fatality. The cause of the fire was due to a charger being left on overnight. She advised that an article would be included in the next newsletter outlining the dangers of leaving chargers on overnight.</p> <p>The Board noted this report.</p> | |
| <p>14. CXHA Update</p> <p>The Director of Corporate Services advised that this would be the last update to the Board on CCHA.</p> <p>The Board noted this report.</p> | |
| <p>15. Resolutions</p> <p>The Board noted this report.</p> | |
| <p>16. Notifiable Events</p> <p>The Board noted this report.</p> | |
| <p>17. AOCB</p> <p>There was no other business.</p> | |
| <p>18. AGM Report</p> <p>The Director of Corporate Services advised that an SGM & AGM would be held on Wednesday 21st September. The SGM is being held to approve the increase in borrowing limit in the Rules. A hybrid meeting will be held in line with the Rules.</p> <p>She advised that five Board members were due to stand down. Four out of the five have advised they will restand. Christine Musasa has said she will not so there will be a vacancy in the Glasgow Category.</p> <p>Ann Reid has been on the Board for more than 9 years. The Board has to decide whether Ann is able to demonstrate continued effectiveness before she is eligible to stand for re-election.</p> <p>The Board confirmed that they were satisfied that Ann Reid demonstrates effectiveness in her role as Board member and it was agreed that Ann Reid would be put forward for re-election at the AGM.</p> | |

Alison Calder was appointed by the Board in June 2022 to fill a casual vacancy. She will be put forward for election at the AGM
The Director of Corporate Services advised that we now have 294 members. She advised the Board that Rab Morrow had passed away last week.

She confirmed that the election of office bearers will take place at the September Board meeting.

Kelly Adams gave her apologies for the AGM. It was agreed that Irene McFarlane will Chair the meeting.

Review of Meeting

It was agreed that the meeting had gone well.

Date of next meeting - Wednesday 28th September 2022