

**West of Scotland Housing Association
Minutes of the Board Meeting
Held by Video Conference
Wednesday 26th May 2021**

<p>Present: Kelly Adams (Chair), Derek McGowan, Ruth Simpson, Elaine Davidson, Ann Reid, Nick Farrell, Christine Musasa, and Paul MacNeil</p> <p>In Attendance: Brian Gannon, Chief Executive Officer, Colin MacCallum, Director of Finance, Jennifer Cairns, Director of Corporate Services; Andrew Kubski, Director of Development & Asset Management; Robert Campbell, Director of Housing & Community Services; Caroline Stobo, HR & Corporate Services Assistant (Minutes) and Gemma Rickman from BDO</p> <p>Apologies: Irene McFarlane, John Muir, George Kpodo,</p>	
<p>Disclosure of Interests None</p>	
<p>1. Approval of the minutes The minutes from the meeting held on 28th April 2021 were approved by Elaine Davidson and Ann Reid.</p>	Approved
<p>2. Matters Arising The Board noted the update on actions from the previous meeting and confirmed that all actions are complete.</p>	
<p>3. Internal Audit Annual Report Gemma Rickman from BDO attend the Board meeting to present the Internal Audit Annual Report for 2020/21.</p> <p>Gemma explained that their role as internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations.</p> <p>Gemma provided the Board with an overview of the assurance level from each audit and outline of the recommendations. She advised that there are 35 recommendations with the majority of them low to medium risks – this is a positive outcome considering that Covid has affected businesses.</p> <p>She also the Board with an overview of the follow up audit and outlined the recommendations that were completed and those partially implemented. On this basis auditors have concluded that WSHA has made some progress in implementing the recommendations raised. However, ongoing focus is necessary to ensure the remaining recommendations are implemented in good time. She highlighted that it is recognised that the COVID-19 pandemic and other competing pressures have impacted the implementation of recommendations.</p> <p>Kelly Adams Board Chair stated that it will be nice to be able to see more substantial assurances next year.</p>	

The Chief Executive informed the Board that moderate assurance is a positive outcome for these audits. All appropriate controls are in place however there is still improvements to be made.

Ruth Simpson queried how this provides the Board with assurance that effective controls in place for risk management.

Gemma Rickman explained that there are two steps that the auditors look at:

1. Design of the control in place
2. Implemented and how?

The Board thanked Gemma Rickman for the report and noted the Internal Audit Annual Report for 2020/21.

4. Pre 1919 Report

The Director of Development & Asset Management advised the Board that during 2020, John Gilbert Architects has carried out the extensive review of over 700 pre 1919 stock, they have been looking at the current conditions as well as checking the compliance.

The Director of Development & Asset Management outlined the key elements of the report and drew the Board's attention to the repairs and maintenance part of the report. He informed the Board that the issues related to where there was stonework on the exterior of the properties. This report shows that we have 39% of stock needing stonework repairs over the next 18 months. He also highlighted that around 40% of the rainwater goods would require attention over a similar period. .

Nick Farrell queried if we would only making repairs to properties where we own the whole block?

The Director of Development & Asset Management explained that the blocks were looked at as a whole unit but where we didn't have the majority share it was unlikely we do any works until we had established whether the property was one we wanted to retain..

Nick Farrell queried if this was another case of possible disposal? The Director of Asset Management & Development noted this was an option that would need to be considered.

Ruth Simpson asked if Glasgow City Council would share 50% of the costs? The Director of Development & Asset Management explained that there are grants for owners can apply for. Ruth Simpson queried if we would coordinate it on the owner's behalf to assist this. Ruth also went on to state that it was evident that building materials are going up in price and asked how will the affect us? The Director of Development & Asset Management advised until we were able to put in place a programme of works then we wouldn't know whether it was affordable.

The Director of Development & Asset Management went on to outline the Energy Efficiency element of this report. He advised that the recommended works to comply with EESSH2 would include external wall insulations, internal insulation around the window reveals, under floor insulation on ground floor units and triple glazed units. We would need to do the stonework repairs, before the energy efficiency works.

Kelly Adams asked in terms of costs how many blocks does this include? Andrew confirmed that it was 154 separate blocks – 8 units in each block. Kelly asked if there was money in the budget for any immediate and urgent repairs needed in the next 18 months.

The Director of Development & Asset Management stated that we need to identify the priority works, and that the expenditure of the repair budget may need to be reviewed or funds diverted from other parts of the repairs budget to address these .

The Director of Finance stated that there may be scope at the half year review, we will look and priorities what resources we have.

The Chief Executive emphasised that it is not just a WSHA issue and that it was a wider sector problem and that all pre 1919 stock is in the same position and that we needed to lobby for further government funding.

Nick Farrell expressed his concerns about these pre 1919 stock and he will raise these concerns when DISC meets to discuss this further. He stated that we may save money by disposing of certain properties to allow us to control repairs and look at properties individually that we wanted to retain.

The Chief Executive agreed and advised that the Director of Development and Asset Management were all on the same page with this type of approach and that and the Consolidation Strategy allows us to do this.

The Board noted the report and agreed that this workstream will be taken forward by DISC.

Agreed

5. Faifley Housing Association

The Chief Executive reminded the Board that we had submitted their interest in Faifley HA to allow us to obtain further information. He advised that Faifley HA and the SHR had agreed that WSHA could submit a bid pending Board approval at this meeting.

He then went on to provide the Board an overview of the submission document.

The Director of Finance outlined the basis of the financial appraisal undertaken as set out in section 2.2 of the paper.

<p>The Director of Development & Asset Management provided an overview of the asset management plan in line with the projections provided by Faifley HA.</p> <p>Brian took the Board through the remainder of the submission including rent options. .</p> <p>Nick Farrell asked who is making the final decision? The Chief Executive stated that essentially it would be Faifley Board members guided by their consultants.</p> <p>Kelly Adams, Board chair asked if the transfer proceeded would the housing assets need to be restated to their fair values at the date of transfer. Colin MacCallum Director of Finance, stated his recollection was that the transfer of the Broomhouse stock in mid 2015/2016 did not result in a restatement of asset values. Both agreed that if a restatement was required this may affect the combined entity's reserves position but as it was not a cash issue and would not affect lending covenants it was not a concern.</p> <p>The Board approved the draft submission.</p>	Approved
<p>6. 5 & 30 year projections return.</p> <p>The Director of Finance presented the 5 and 30 year projections to the Board.</p> <p>Kelly Adams stated that the paper was presented well and was easy to read due to the way it was set out.</p> <p>The Board approved the submission of the projects to the SHR.</p>	Approved
<p>7. Loan Portfolio Return</p> <p>The Director of Finance presented the annual Loan Portfolio Return and advised that he is looking for approval to complete the online submission before 30th June 2021.</p> <p>He advised that as yet the SHR had not opened the Loan Portfolio Return for submission and it wasn't clear exactly when this would happen. He asked for approval to submit the Return once open based on the information contained in the paper. Kelly Adams stated that it was all factual information provided which made it easier to understand.</p> <p>He also explained that as of 31 March 2021, Libor is not available for new loans and as of 31 December 2021 Libor will be discontinued and replaced by SONIA (Sterling Over Night Index Rate) for all existing variable rate loans. This is a market led change and not something that simply affects WSHA. He advised that it was his intention to bring a more detailed paper to the Board in June outlining the changes and the decisions to be taken.</p>	

<p>Nick Farrell queried the basis of valuation used by lenders and whether it differs to open market value? The Director of Finance explained that the different lenders use different bases of valuation which reflect the social rented nature of the stock. The exception being the stock set aside to support the Allia loan which uses the original historical cost of the properties.</p> <p>The Board approved the submission of the loan portfolio return to SHR.</p>	Approved
<p>8. ARC Submission</p> <p>The Chief Executive presented a presentation to the Board that outlined key business objectives progress since the last update at the February Board meeting. He advised that 31 of the 36 actions have been completed.</p> <p>He then went on to present the detail of the proposed ARC submission. He provided an overview of the results and highlighted the areas that had been impacted by Covid.</p> <p>Kelly Adams stated that the performance is above average even with the Covid circumstances, everyone has been able to continue to provide a great service.</p> <p>The Chief Executive agreed with Kelly by stating that staff have worked hard over the past year to continue to deliver the best possible service.</p> <p>The Board approved the ARC submission to the SHR.</p>	Approved
<p>9. Review of Risk Management Policy</p> <p>The Director of Corporate Services outlined the review of the Risk Management Policy and highlighted the key changes which included.</p> <ul style="list-style-type: none"> • Change to wording • Inclusion of SHR Regulatory Framework and assurance process • Inclusion of Equalities and Green Impact Assessments • Inclusion of risk assessment process around project risk <p>She also highlighted areas of the policy where practice needed to be improved and how this would be done.</p> <p>Ruth Simpson queried about staff having discussions re risk at Team meetings. The Director of Corporate Services advised that these discussions were still happening but had been more focussed around Covid risk rather than the operational risks.</p> <p>The Board approved the revised Risk Management Policy.</p>	Approved
<p>10. Board Briefing</p> <p>The Chief Executive presented the Board Briefing, he highlighted that Maisie O'Brien was leaving WSHA at the beginning of next month as she had a new role at the Scottish Government. The Board expressed their appreciation for the outstanding work by Maisie over the years.</p>	

<p>He went on to outline that Age Inclusion Project that we are undertaking with Age Scotland.</p> <p>The Chief Executive provided an update on CX Financials implementation.</p> <p>The Chief Executive informed the Board that he had only just received a response from EVH in respect of the JNC complaint. The Board discussed the response and noted the more positive response to our concerns. It was agreed that the Chief Executive and Chair would write back raising concerns that the JNC review wasn't taking place until 2022.</p>	Action
<p>11. Management Accounts</p> <p>The Director of Finance presented the Management Accounts for 2020/21.</p> <p>He advised that the year ended with a significant surplus which was well ahead of budget. The principal reasons were the continued underspend on maintenance due to the lockdown, gain on sale of property disposals and reduced interest costs reflecting a refund from one of our lenders and lower than anticipated borrowing to fund the development programme.</p> <p>The Board noted the Management Accounts.</p>	Noted
<p>12. Data Management Action Plan Update</p> <p>The Chief Executive provided an update on the Data Management Action Plan which is being taken forward by a Short Life Working Group He advised that the plan spans over a two year period and that 54% of actions have been completed this year.</p> <p>The Board noted the update.</p>	Noted
<p>13. Health & Safety Report</p> <p>The Director of Corporate Services presented the Health & Safety Report.</p> <p>The Board noted the contents of the report.</p>	Noted
<p>14. Minutes for Noting</p> <p>The Board noted the minutes from the Tenant Advisory Meeting on the 29th April 2021.</p>	Noted
<p>15. Resolutions</p> <p>The Board noted that the disposition for the sale of a shared ownership property at 41 Castle Avenue, Airth was signed by the Company Secretary and Director of Housing & Community Services.</p>	Noted
<p>16. Notifiable Events</p> <p>The Board noted the outstanding notifiable events.</p>	Noted

<p>17.AOB The Chair advised the Board that Ryan Docherty has resigned from the Board due to his workload commitments.</p>	<p>Noted</p>
<p>18. Review of meeting The Board agreed that it had been a lengthy meeting but longer discussions had been required around key discussions so it was worthwhile.</p>	
<p>Date of Next Meeting – 23rd June 2021</p>	