

## Home for Life Housing Partnership

### Minutes of the Meeting of the Board of Directors of Homes for Life Housing Partnership held at The Town House, Buffet Room In Haddington on Wednesday 29<sup>th</sup> May 2019

Present	
Alan Brown (Chair)	David Rose
Luke Bullock	Carol Widdowson
Jamila Greig	Brenda Tonner
Olga Krasteva	Donna Wight
Gordon Leitch	

In Attendance	
George Russell	Business Manager
Hilary Mark	Customer Services Manager
Alison Gorrie	Corporate Services Officer
Richard Leaver	Chiene & Tait - Left after Item 2.3.1

#### 1.0 **Attendance**

##### 1.1/2 Welcome & Apologies

The meeting started 7.06pm

Alan Brown welcomed all to the meeting including Richard Leaver from our Finance Agents, Chiene & Tait.

Apologies received from, Graeme MacGregor.

##### 1.3 Attendance Sheet

The meeting noted the Attendance Sheet.

**The Attendance Sheet was proposed by Gordon Leitch seconded by Donna Wight and agreed by the meeting.**

*Action: AG to update the Attendance Sheet*

##### 1.4 Declaration of interest

None raised.

##### 1.5 AOCB Requests

Directors requested if there was time at the end of the meeting, they would like to discuss

- 59 Market Street
- Kitchen Improvements - Risk Assessments

#### 2.0 **Items for Consideration & Approval of Recommendations**

##### 2.1 Minutes

##### 2.1.1 Board Meeting 24<sup>th</sup> April 2019

The meeting noted that:

- Item 2.2.1 Currently reads...'*had a been a good...*' should read...'*had been a good...*'
- Item 2.3.1 Currently reads...'*Housing Management policies will be bought back...*' should read ...'*Housing Management policies will be brought back...*'
- Item 2.4.1 Currently reads...'*dependent on the number units...*' should read...'*dependent on the number of units...*'
- Item 4.1.1 Currently reads...'*it may ben advantage...*' should read...'*it may be an advantage...*'

**Subject to amendments the Minute was proposed by David Rose, seconded by Carol Widdowson and agreed by the meeting.**

*Action: AG to ensure Minute signed by Chair*

## 2.2 Finance

### 2.2.1 Quarterly Management Accounts - 4<sup>th</sup> Quarter

Richard Leaver was introduced to the meeting.

Homes for Life is outperforming budget, with a positive variance £411k. There were 2 areas with negative variance these are 'Reactive' maintenance with expenditure exceeding budget by £17k and Adaptation Grants with expenditure exceeding £3k.

We are loan covenant compliant, comfortably exceeding both Interest and Security cover indicators.

#### Income & Expenditure Account

Surplus for the period is £397k, compared to budgeted deficit of £15k - a favourable variance of £412k.

Larger positive variances include:

- Voids - £10k variance relates to the low level of voids in the period. Voids are budgeted at 2% of rental income but are currently 0.21%.
- Planned Maintenance - £289k due to the deferral until next financial year of painter work £175k along with the sundry Void & EESSH works £136k.
- Cyclical Maintenance - £13k for the 'voids' and 'cyclical' maintenance combined.
- Bad debts - 16K due to lower provisions agreed with auditor that 2% budgeted for.

#### Balance Sheet

The meeting was advised that there were £219k worth of capital planned maintenance components replaced in the final quarter including shower installs, kitchen and boiler replacements.

Debtors decreased to £26k (March 2018: £27k) including Universal Credit (UC) arrears of £11k. The Customer Services Manager advised that the temporary Housing Officer had made inroads into arrears during her time in post. Directors congratulated staff on the low level of arrears and bad debts.

Cash at bank and in hand balance is £2.180k - an increase of £204k over the year, 3 term deposits of £300k - are due to mature in June 19, August 19 and November 19.

Reserves total £3,926k (March 2018: £3,527k).

The meeting noted continued good performance against all key ratios, including both loan covenants.

The meeting was asked if there were any questions. None raised.

**4<sup>th</sup> Quarterly Management Accounts were proposed by David Rose, seconded by Gordon Leitch and agreed by the meeting.**

## 2.3 Regulation

### 2.3.1 Engagement - Draft Business Plan and supporting information

The Business Manager circulated a revised draft copy of the proposed 3 Year Business Plan.

He added that the key focus of their time for the plan and associated appendices was financial as the Regulator showed concern around our Financial Health. In previous years, Five Year Financial Projection (FYFP) returns to SHR have shown additional borrowing to maintain cashflow through peak years of planned maintenance. However, last year's submission did not show additional borrowing, despite low cash balances and this is why SHR have sought additional assurance.

The Business Plan from 2019 to 2022 shows the appendices which demonstrates our longer-term plan regards our financial health and our forecasts for the next 30 years.

The plan shows base case financial projections have been prepared on a prudent basis:

- Rental increases have been maintained at inflation only for the duration of the model

- Maintenance costs have been budgeted to increase by 0.5% above inflation every year - budgeted to spend over £1.8m on component replacement in the next 5 years
- Bad Debts have been budgeted to increase from 1% in 2019/20 to 2.5% by 2023-24
- Full loan compliance has been met in the financial forecasts
- Viable cash balances are maintained throughout.

Sensitivity analysis had been prepared on the following:

- Rent increases are 0.25% below inflation every year
- Maintenance inflation is 2% above inflation for the first 5 years then 1% above general inflation after year 5
- Both voids and bad debts increase 1% above base case assumptions
- All the three sensitivities occurring at the same time.

No sensitivity analysis has been done on interest rates as the loan is at a fixed rate and will be repaid by April 2023. Also, inflation has been excluded from these detailed sensitivity analysis as it has a significantly less material impact.

The Business Manager advised the meeting that the CEO of the Regulator issued a 4-page note updating RSL's on risks of Brexit. Homes for Life have already considered this, but the Key Risks Register has not yet been updated to include this. This and other changes were discussed to ensure the Business Plan Risk Statement and Key Risk Register are consistent.

A copy of this note is available from the office if directors would like a copy - it is also available on the Regulator's website.

The meeting was asked if there were any questions.

A number were raised:

- Size of the Business Plan
- Revising PEST & SWOT analysis - to lighten and ensure these are up to date
- Development - keen to examine the possibility of expanding property portfolio through the acquisition of new developments - after the current bank loan is fully repaid April 2023. However, it was discussed that to do so we should consider initiating appraisal from year 3 onwards.

The Business Manager raised an issue about our Pension Contributions. The employer is paying circa 22% and this is forecast to increase to over 30% over the next 9 years - a significant commitment for the employer and SHR will want assurance that, we need to have been seen to have considered risks and mitigation options around this. Independent advice will need to be sought from a pension expert to review our current arrangement. For prudence a commitment on this is included in the Business Plan Actions.

The Business Manager asked if there were any further questions - a number raised:

- Board Structure: to place Chair & Vice-Chair at the top of the Tenant director list
- Amend the Audit & Risk Committee Structure
- Staff Structure: include Company Secretary alongside Business Manager.

The meeting was asked for delegated authority for the Business Manager, Chair & Vice-Chair for submission to liaise and make necessary further revisions before the end of the month - areas for revision are:

- General editing
- Expansions of Executive Summary - on page 3
- Inclusion of references to the Meeting Calendar and to Review of our Articles – on page 5 under Governance
- Corrections to Board and staff structure diagrams - on page 6 and 7
- Expansions of Key contractors and Key Memberships - section e and f on pages 7 and 8
- Review of list of more material risks - on pages 21-23
- Expansions of appendices - as outlined on page 2

- Review and update of PEST and SWOT Analysis - included as Appendices E a & b
- Review of Key Risk Register
- Expansion of Key Business Plan Priority Action Plan - included as Appendix G a
- ARC Return included as Appendix C and Tenant Participation Review included as Appendix G b - have both been updated.

**Approval of the draft Business Plan subject to delegated authority for further necessary amendment was proposed by Brenda Tonner, seconded by Donna Wight and agreed by the meeting.**

*Action: Business Manager to liaise with Finance Agent & Chair*

*Richard Leaver was thanked for his time and he left the meeting.*

### 2.3.2 Annual Returns - ARC & ESSH

ARC Return 2018/19 - Summary of Charter Indicators

The meeting considered the report circulated on performance data for all SHC indicators. They were asked to note final necessary amendments:

- Indicator 9: Percentage of tenants satisfied with the standard of their home when moving in - to be changed from 93.3 on the report to 100
- Indicator 30: Rent collected as percentage of total rent due in the reporting year - to be changed from 101.78 on the report to 98
- Indicator 31: Gross rent arrears as at 31 March each year as a percentage of rent due for the reporting year - to be changed from 2.09 on the report to 2.08

The Customer Service Manager added that the Regulator comparative data from ARC submissions is not usually available until the end of August. She added that once the ARC submission is complete a copy of this is forwarded to the Scottish Housing Network (SHN) who are able to provide us with earlier comparative data from members returns.

It was noted that Indicator 14: Percentage of repairs appointments kept - was down on the previous year, the Business Manager advised that we are keeping our eye on this and appreciate that performance is down. This has been raised with the contractor and is being monitored. Procurement for repairs maintenance is due by May 2020.

The Business Manager circulated a report to the Board providing the narrative included in the ESSH submission and a copy of the draft document.

The meeting was asked if there were any further questions. None raised.

**The Business Manager requested delegated authority to submit both ARC & ESSH submissions as outlined. This was proposed by David Rose, seconded by Luke Bullock and agreed by the meeting.**

*Action: Business Manager & Corporate Services Officer to submit ESSH*

## 2.4 Customer Services

### 2.4.1 Rent Review & Proposed Reduction

The Customer Services Manager had circulated a report recommending the reduction for 5 Roodlands Court, Haddington. Her recommendations were to bring the property in line with similar HFL properties, reducing the risk for future housing benefit shortfall and making the change more equitable.

She asked if there were any questions. None raised.

**The proposal of rent reduction for 5 Roodlands Court, Haddington was proposed by Brenda Tonner, seconded by Gordon Leitch and agreed by the meeting.**

#### 2.4.2 Allocation Policy Review

The Customer Services Manager advised that the track changes in red identify what has been changed in order to comply with the Housing (Scotland) Act 2014.

She stated that the policy takes account of feedback from the tenant meetings and from wider tenant consultation including and acknowledging feedback regards 'ownership'.

**The Allocations Policy was proposed by Gordon Leitch, seconded by Jamila Greg and agreed by the meeting.**

*Action: AG update the Allocations Policy on Policy List*

#### 2.4.3 Tenant Participation Review

The Customer Services Manager

The review was circulated to the meeting, it runs through consultation, participation and proposed action plans. This will be featured in the summer newsletter seeking tenant feedback.

The Tenant Handbook is given to all tenants on sign-up however, moving forward tenants will be consulted on moving to information leaflets and posting these and updates on the website. Those without internet access can be sent updates by post.

**Tenant Participation Review 2018-19 was proposed by David Rose, seconded by Olga Krasteva and agreed by the meeting.**

#### 2.4.4 Pest Control - Proposed Changes

The meeting was requested to approve a change to the provision from our current pest control service to an advice only service other than in situations that present a health & safety risk. This proposal will bring Homes for Life in line with other landlords, including East Lothian Council, it will reduce costs.

**Changes to the Pest Control Service was proposed by David Rose, seconded by Brenda Tonner and agreed by the meeting.**

#### 2.5 Membership Applications

No membership applications

*Due to time constraints the meeting was closed at 9pm.  
Directors were asked to read through the items for noting and if there were any questions these were to be raised with the office.*

### 3.0 Items for consideration Only

#### 3.1 Customer Services Quarterly Report - 4<sup>th</sup> Quarter

### 4.0 For Noting Only

#### 4.1 Finance

##### 4.1.1 Finance - Treasury Management

##### 4.1.2 Finance - External Audit

#### 4.2 Customer Services - Tenant Newsletter

#### 4.3 Governance - Governing Body Appraisals

#### 4.4 Health & Safety - Verbal Update

#### 4.5 Regulation

**5.0 Next Meeting** - The meeting closed at 9.00pm.

- Next Meeting will be held on Wednesday 26<sup>th</sup> June 2019.

<b>ADOPTION OF THESE MINUTES PROPOSED, SECONDED AND THEREAFTER APPROVED BY THE DIRECTORS PRESENT AT A MEETING OF A BOARD OF DIRECTORS HELD ON 24<sup>th</sup> JUNE 2019 TO BE AGREED</b>	
<b>Proposed By:</b> Name of Director	<i>David Rose</i>
<b>Seconded By:</b> Name of Director	<i>Carol Widdowson</i>
<b>Signed:</b> Chairperson or Vice Chairperson	<i>Alan Brown (Chair)</i>
<b>Date</b> <b>Signed:</b>	