



# MINUTES OF BRIDGEWATER HOUSING ASSOCIATION

## BOARD MEETING

Venue: Via Zoom

Date: Wednesday 30<sup>th</sup> June 2021

Time: 5.30pm

**Present:**

John Paterson Vice Chair, Heather Stirling Secretary, Frank Bradley Board Member, Rab McNally Board Member, Ken McIntosh Board Member, Suzanne Austin Board Member and Steven Webster Board Member.

**In attendance:**

Ian McLean Chief Executive, Angie Kennedy Head of Finance, Eleanor Biggs Finance Consultant and Lesley Carr Minute Secretary

Item	Details	Action
<b>1.</b>	<b>Welcome and Chairs remarks</b>	
	The Chair welcomed everyone to the meeting and confirmed that members had received their papers on time.  In the absence of the Chair the Vice-chair agreed to chair the meeting and for the Chief Executive to manager the meeting.	
<b>2.</b>	<b>Apologies</b>	
	Apologies were received from <b>Denise Love, Alastair Morris and Angela Westrop.</b>	
<b>3.</b>	<b>Declarations of Interest</b>	
	Members were invited to declare any interest in any of the items on the agenda, in terms of the Association’s published policy.	
<b>3.1</b>	There were no declarations made by those present.	
<b>4.</b>	<b>Minute of the Board meeting held on 26<sup>th</sup> May 2021</b>	
	Members were invited to consider the minute of the Board Meeting held on 26 <sup>th</sup> May 2021.	
<b>4.1</b>	Correction to the Minute  Item 8 – point 8.3 - should read – Instructed the Chief Executive to arrange the Internal Audit Report to be considered at the next available Audit and Risk Committee.	
<b>4.1</b>	With this correction Members <b>APPROVED</b> the minutes as a correct record of the meeting as <b>PROPOSED</b> by Rab McNally and <b>SECONDED</b> by Steven Webster.	

MATTERS ARISING		
<b>5.1</b>	<u>Item 8 – Annual Return on the Charter</u> – The CE updated that following the recent audit of the ARC there were no requirements for any changes to be made to the information uploaded to the SHR portal.	
<b>5.2</b>	<u>Item 10 – 10.2 – Recruitment</u> – The CE updated that the recruitment process had taken place and a new Project Officer will be taking up this post soon.	
<b>5.3</b>	<u>Item 16 – Staff Recognition</u> – The CE informed members that a company who could provide afternoon tea to the staff had been identified. However due to GDPR issues involved in passing personal details onto this company, the CE and CSM are discussing alternative methods of distributing this to staff.	
MATTERS FOR APPROVAL		
<b>5.</b>	<b>30 Year Financial Plan 2021 and SHR 5 Year Financial Projections Return</b>	
	<p>Members will be aware that Arneil Johnston were commissioned by the Association to develop a financial business plan model to enable detailed long-term financial assessments to be undertaken and reviewed regularly. The projections have been update several times and the most recent version has just been completed by the Association’s Independent Financial Consultant in conjunction with the Head of Housing.</p> <p>The model provides 30 year financial projections and includes scenario testing on the pressures, efficiencies and risks associated with the business. The model provides key outcomes in respect of the following: -</p> <ul style="list-style-type: none"> <li>• 30-year cash flows including five year financial projections for the SHR</li> <li>• income &amp; expenditure account and balance sheet</li> <li>• loan portfolio</li> <li>• assessment against loan covenants</li> <li>• minimum, maximum and average key performance indicators</li> <li>• a comparison of key assumptions including: rent levels, repairs and investment costs per unit, staffing numbers and management costs per unit</li> </ul> <p>The Financial Consultant explained that Association’s rents are pegged at RPI for the duration of the plan and future rent affordability will be a key drive in ensuring that the business plan remains viable. This is demonstrated through the scenario testing carried out and detailed within the report. There were no covenant breaches with any of the scenarios. As well as testing the parameter of financial viability, it is imperative that the business plan can demonstrate that it has sufficient capacity to withstand risk, therefore in addition to the rent increase sensitivities, full risk scenarios analysis has been performed testing such variable as economic factors e.g. inflation, pensions, lending conditions, investment costs and reduction in public subsidy. This information was also provided to board for their consideration. There were no covenant breaches with any of the scenarios.</p> <p>The FC updated that the income and expenditure figures have been comprehensively reviewed and updated. However, there may be further scope to reduce costs through efficiencies, improved performance or better control of costs and the Association will be developing a value for money strategy to address this.</p>	

	<p>The FC went on to outline the main areas for consideration and concluded that the plan provides clear evidence that the business plan underpins a fundamental organization capable of delivering core business activities whilst maintaining the ability to withstand likely risks.</p> <p>A members asked what the figures detailed as the maximum cash balance would mean at today's value as this seems a very large sum. The FC explained that the net value hasn't been assessed over the 30-year period but this can be provided should the Board require this. The CE explained that this figure has always shown around £30m in the bank however this is never a true figure as things change overtime.</p> <p>A member asked whether the rent increase would need to be retained as previous years and the FC explained that the plan includes and inflationary rent increase and the CE confirmed that by committing to the 30 Plan, this would not have any impact on any discussion on rent increases for next year.</p> <p>The CE highlighted that the recommendation was for the Board to reconfirm their decision from last year to approve a minimum cash balance of £1.5m.</p>	
	<p>Members were also invited to consider a report presented by the Finance Consultant, the purpose of which was to seek approval from the Board for the Associations Five Year Financial Projections submission to the Scottish Housing Regulator for the year ended 31<sup>st</sup> March 2021. The Scottish Housing Regulator issued its revised guidance note Financial Viability of Registered Social Landlords Information requirements in February 2019 which outlines information requirements from different RSL's and section 2.1 states that RSL's must submit Five Year Financial projections.</p> <p>The information provided by RSLs is used by the SHR to calculate a number of standard financial ratios. It is also used as part of the annual review of the financial viability of RSLs and in making decisions on the level of engagement the SHR will have with individual RSLs. It is further used to allow developing trends, patterns and emerging issues to be identified and considered across the sector and to be aware of factors that might have a bearing on the financial health and the overall viability of RSLs.</p> <p>Details of the Association's return is included within this report. The FC confirmed that all the information is taken from the Associations budget for 2021/22, Annual Accounts to 31<sup>st</sup> March and from the 30-year financial plan.</p>	
6.1	Members <b>AGREED</b> to reconfirm approval of a minimum cash balance of £1.5m and <b>APPROVED</b> the Financial Plan.	
6.	<b>Loan Portfolio Return 2021</b>	
	<p>Members were invited to consider a report by the Finance Consultant, the purpose of which was to provide members with information in relation to the annual submission of the Loan Portfolio Return to the Scottish Housing Regulator.</p> <p>The return was completed on 9<sup>th</sup> June 2021. The deadline for submission of this years the return to the SHR has been extended to 31<sup>st</sup> August 2021.</p> <p>The Loan Portfolio (LP) System is used to collect information from Registered Social Landlords (RSLs) about their borrowings and other funding arrangements they have in</p>	

	<p>place. This information assists the SHR in assessing the regulatory risks faced by individual RLSs and the wider housing sector. It also helps to inform the level and type of engagement the SHR will have with an RSL.</p> <p>Details of the Loan Portfolio return for 2020-21 is detailed within this report along with summary details of all five loans the Association currently has in place.</p> <p>The Head of Finance confirmed that our lenders are confident that we are meeting all covenant requirements and there is nothing of major concern.</p>	
7.1	<p>Members <b>APPROVED</b> the submission of the Loan Portfolio return and <b>AGREED</b> that the Head of Finance upload the return to the SHR portal following this meeting.</p>	
7.	<p><b>Pension Report June 2021</b></p>	
	<p>Members were invited to consider a report by the Chief Executive, the purpose of which was to seek approval to make changes to the Associations pension offer to new members of staff, to discuss with staff a proposal to change the contribution which the Association makes to staff pension and to resurrect the process of consulting with staff a fundamental change to the Associations pension offer to existing staff.</p> <p>The CE reminded staff that prior to the pandemic members will recall seeking independent advice on the Association’s pension offer to Staff. Chiene and Tait, independent financial consultants provided members with a report and a presentation, together with recommendations. Members then took a number of decisions which the Board expected to consult on during 2020. This was delayed due to Covid 19.</p> <p>The decisions made at this time included consulting on closing the defined benefit pension offer and replacing it with a defined contribution officer. The board also took a decision to cover 100% of the increased costs of pension contribution post April 2020, on the basis that consultations were likely to take a short period of time and any changes to contribution could be covered by the same consultation. The CE explained that the Association has now been covering this cost for more than 12 months and steps required to be taken now to remedy this and limit the financial contributions being made by the Association.</p> <p>Members will be aware that it is within their powers to place 100% of the increase on staff but that their normal policy has been to cover increases through a 50/50 split.</p> <p>The CE explained that current and existing staff who are enrolled in the SHAPS pension scheme are enrolled in the Defined Benefits Schemes. This is expensive for both the members of staff and for the Association. Increasingly the question is being asked whether it is appropriate for the Association to offer such an expensive pension scheme, paid for through income from tenant’s rents.</p> <p>A member asked for an explanation on auto enrolment, the HOF explained that we automatically enrol everyone to the Pension Scheme however they have the option to withdraw for the scheme and only need to enrol again in October every 3 years. By law we are required to offer a pension scheme to all employees and are required to pay minimum contributions as are staff. We are not permitted to provide any pension advice and staff are advised to seek independent advice.</p> <p>Members were asked to consider the information contained within the updated consultation document.</p>	

<b>8.1</b>	Members <b>INSTRUCTED</b> the Head of Finance to advise The Pensions Trust (TPT) that the Association is ceasing its defined benefit to new entrants.	
<b>8.2</b>	And <b>INSTRUCTED</b> the Head of Finance to liaise with TPT and introduce a defined contribution scheme as described in the Consultation document.	
<b>MATTERS FOR CONSIDERATION, COMMENT AND NOTING</b>		
<b>8.</b>	<b>Quality and Efficiency Forum – Annual Statistical Review 2021/22</b>	
	<p>Members were invited to consider presented by the Chief Executive, the purpose of which was to provide members with the Annual Statistical Review carried out by the Quality and Efficiency Forum on the recent ARC report figures.</p> <p>This is the 14th annual statistical review (ASR) report provided for members of the RSL Quality and Efficiency Forum (QEF). The QEF comprises of members drawn from the RSL sector in Scotland and meets on a quarterly basis to carry out statistical, processes and best practice benchmarking. The group also discusses topic issues and invites speakers to present on key matters.</p> <p>This report contains some comparative information based on a number of Charter Indicators and Contextual Indicators gathered by the Scottish Housing Regulator (SHR) in the Annual Return on the Charter (ARC). The information has been extracted from (i) the SHR's website and (ii) the 2020/21 ARCs which members provided to the Scottish Housing Regulator.</p>	
<b>9.1</b>	Members <b>NOTED</b> the information contained within this report.	
<b>9.</b>	<b>Board and Sub Committee Meeting Schedule 2021/22</b>	
	Members were invited to consider the Board and Sub Committee Meeting Schedule for 2021/22.	
<b>10.1</b>	Members <b>APPROVAL</b> the meeting Schedule. This will be uploaded to the Intranet for the Board to access.	
<b>MATTERS FOR BRIEFING AND INFORMTION ONLY</b>		
<b>10.</b>	<b>Minute of Land and Property Management Sub Committee - 7<sup>th</sup> April 2021</b>	
	<p>Members were invited to consider the minute of the Land and Property Sub Committee held on 7<sup>th</sup> April 2021.</p> <p>The Chair of the LPMSub Committee updated that the Written Statement of Service had been revamped and the final document is a much more polished and comprehensive version. It is statutory requirement that we provide owners with a Written Statement of Service. He also reported that the Factoring Officer had put a lot of effort into collecting outstanding debt and this seems to be having an impact on debt recovery.</p>	
<b>11.1</b>	Members <b>NOTED</b> the minute of the meeting and the updated provided by the Chair of the Sub Committee.	
<b>11.</b>	<b>Minute of Housing Support Services Sub Committee – 21<sup>st</sup> April 2021</b>	

	<p>Members were invited to consider the minute of the Housing Support Services Sub Committee held on 21<sup>st</sup> April 2021.</p> <p>The CE provided those present with an update on Item 5 – Warden Call System – Members will be aware that there has been a requirement to replace the warden call system for some time now and we are looking into the possibility of installing a dispersed alarm system. The CE explained that a dispersed alarm system will be a more cost effective option and would allow us to decommission the current system quicker. This system could also be rolled out to the wider community and allow people to remain in their own home with an alarm system available.</p> <p>The Sub Committee will be updated on the progress of the replacement process.</p>	
<b>12.1</b>	Members <b>NOTED</b> the minute of the meeting.	
<b>REGULATORY ISSUES</b>		
<b>12.</b>	<b>Notifiable Events - Letter from HSE re recent Notifiable Event</b>	
<b>13.1</b>	<p>Members were invited to consider the letter received from the HSE regarding the recent notifiable event which occurred during out re-roofing contract. The CE updated that the HSE has now written to the Contractor to inform them that they don't have any intention of taking this event any further and have fined the Contractor for their failings.</p> <p>The CE has provided the SHR with a copy of this letter and the Notifiable event has now been closed down.</p> <p>A member asked whether we are still using this Contractor and CE explained that the Contactor is part of the Framework and therefore it is right that we retain them and allow them to carry on with the works. The member then asked whether we should have been highlighting the issue with flues to the Contractor at the start of the contract and the CE said that this had been done and directed the Member to the previous reports which had been presented to the Board which provided more detail of the event.</p>	
<b>ADMINISTRATION</b>		
<b>13.</b>	<b>Issues which the Chair has agreed as urgent</b>	
	There were no urgent issues for consideration.	
<b>14.</b>	<p><b>Meeting concluded - 7.00pm</b></p> <p><b>Date of next meeting - 11<sup>th</sup> August 2021</b></p>	



Signed: \_\_\_\_\_ (Chair)