



# MINUTES OF BRIDGEWATER HOUSING ASSOCIATION

## JOINT BOARD AND AUDIT AND RISK SUB COMMITTEE MEETING

**Venue:** Via Zoom

**Date:** 9<sup>th</sup> February 2022

**Time:** 5.30pm

**Present:**

Alastair Morris Chair, John Paterson Vice Chair, Heather Stirling Secretary, Angela Westrop Board Member, Aileen Naismith Board Member, Frank Bradley Board Member, Rab McNally Board Member, Ken McIntosh Board Member, Denise Love Board Member, Suzanne Austin Board Member and Steven Webster Board Member.

**In attendance:**

Ian McLean Chief Executive, Ruth Brogan Head of Housing and Customer Services, Angie Kennedy Head of Finance, Scott Currie Corporate Services Manager, Lesley Carr Minute Secretary.

**Present:**

Scott McCready, Wylie and Bisset (part) and Lorna Shaw, Research Resource (part).

Item	Details	Action
<b>1.</b>	<b>Welcome and Chairs remarks</b>	
	<p>The Chair welcomed everyone to the meeting and confirmed that members had received their papers on time.</p> <p>The Chair agreed for the CE to manage proceedings at the meeting on his behalf.</p>	
<b>2.</b>	<b>Apologies</b>	
	<p>Apologies were received from <b>Aileen Naismith</b></p> <p>The CE explained that Rule 44.3 within the Association Rules, states that if a Board member misses 4 consecutive Management Committee Meeting, without a special leave of absence previously being granted, they will be removed from the Board. The CE understands that [REDACTED] has experienced issues with [REDACTED] WIFI connection which has hampered [REDACTED] ability to join remote meetings and he will take advice from the Associations Lawyer to see if this can be taken into consideration in these circumstances to allow [REDACTED] to continue as a Board Member.</p>	
<b>3.</b>	<b>Declarations of Interest</b>	
	<p>Members were invited to declare any interest in any of the items on the agenda, in terms of the Association’s published policy.</p>	

	Tenant Board members are not required to declare an interest in item 9 – Proposed Rent Increase on the Agenda.	
<b>3.1</b>	There were no declarations made by those present.	
<b>4.</b>	<b>Minutes of the Audit and Risk Sub Committee meeting held on 17<sup>th</sup> November, Board Meeting held on 22<sup>nd</sup> December 2021 and Additional Board Meeting held on 19<sup>th</sup> February 2022</b>	
<b>4.1</b>	Members <b>APPROVED</b> the minutes of the Audit and Risk Sub Committee meeting held on 17 <sup>th</sup> November 2021 as correct record of the meeting as <b>PROPOSED</b> by Steven Webster and <b>SECONDED</b> by Denise Love.	
<b>4.2</b>	Members <b>APPROVED</b> the minute of the Board Meeting held on 22 <sup>nd</sup> December 2021 as a true record of this meeting as <b>PROPOSED</b> by Suzanne Austin and <b>SECONDED</b> by Rab McNally.  <b>Item 9.1 - PRIVATE AND CONFIDENTIAL – Staffing Matter</b> – Notifiable Event - the Chief Executive updated that the Regulator has requested a copy of the approved minute of this meeting and he will arrange for this to be sent.	
<b>4.3</b>	Members <b>APPROVED</b> the minute of the Additional Board Meeting held on 19 <sup>th</sup> February 2022 as a true record of this meeting a <b>PROPOSED</b> by Alastair Morris and <b>SECONDED</b> by John Paterson.  <b>Item 4 – Retirement of Chief Executive</b> - The CE that the minute of the Emergency Sub Committee meeting is included within the papers for Board consideration.  <b>Item 6 – WORLDPAY – Beneficial Owner Details update</b> - The HOF confirmed that the information has now been sent to WORLDPAY to update the beneficial owner details.	
<b>MATTERS ARISING</b>		
<b>5.</b>	There were no matters arising from the previous minutes.	
	The Chief Executive welcomed Scott McCready from Wylie and Bisset and introduced him to those present.	
<b>MATTERS FOR APPROVAL</b>		
<b>6.</b>	<b>Presentation – Scott McCready, Wylie and Bisset – Draft Internal Audit Plan 2022-24</b>	
	Members will be aware that Wylie & Bisset LLP were appointed as Internal Auditors by the Association with effect from February 2019 for a period of three years to 31 March 2022 with the option to extend for 2 years. The Board have agreed to extend the contract for a further 2 years to 31 March 2024.  Scott McCready attended the meeting to present the Draft Internal Audit Plan for 2022-24 and explained that these reviews are carried out to ensure that there are appropriate risk management arrangements in place and that they are embedded throughout the Association. During the reviews the auditor will consider, amongst other areas, the risk management strategy, the risk register, risk management training and the reporting and management of risks.	

	<p>The objectives for these reviews are to ensure:</p> <ul style="list-style-type: none"> <li>• The Association has set out clearly its strategic direction in relation to risk management (including policy, roles and responsibilities, objectives and communications).</li> <li>• The Association has adopted a systematic process in identifying, evaluating and measuring its strategic and operational risks.</li> <li>• The Association has adequate reporting in relation to risk management activities.</li> <li>• The Association is providing appropriate risk management training.</li> </ul> <p>The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. The Auditors will carry out follow up work which will be presented to the Audit and Risk Sub Committee to provide assurance that any recommendations made in the prior year have been implemented within the expected timescales.</p> <p>The CE explained that although he and the HOF had met with Scott to prepare the audit plan this is still in draft form and the Board now have the opportunity to add anything that they would like to see included in the plan.</p>	
<b>6.1</b>	Members <b>APPROVED</b> the Internal Audit Plan for 2022-24.	
<b>7.</b>	<b>Wylie and Bisset – External Quality Assessment Outcome</b>	
	<p>Members were invited to consider correspondence received from Wylie and Bisset, the purpose of which was to inform the Board that Wylie and Bisset have recently underwent an external quality assessment by the Chartered Institute of Internal auditors. This is a mandatory which demonstrates compliance with the relevant professional standards for Internal Audit.</p> <p>This confirms that Wylie and Bisset conforms with the Standards, as well as the definition of Internal Auditing, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors International Professional Practices Framework (IPPF), which is the globally recognised standard of quality in Internal Auditing.</p> <p>This provides Members with the added assurance that the Associations Internal Auditors meet these required standards.</p>	
<b>7.1</b>	Members <b>NOTED</b> the information contained within the correspondence.	
	Scott McCready left the meeting at this point.	
	<b>Members agreed to deal with Item 11 on the agenda at this time.</b>	
<b>8.</b>	<b>Presentation - Lorna Shaw, Research Resource – Tenants Survey Rent Increase</b>	
	<p>Members welcomed Lorna Shaw from Research Resource who presented the finding from the recent Tenant Satisfaction Survey which summarises the key findings to emerge from a consultation on the Association’s proposed rent increase.</p> <p>A total of <b>202 tenants</b> were interviewed by Research Resource’s trained and experienced telephone interviewers between 18th of January to the 28th of January 2022 to find out</p>	

	<p>their views on Bridgewater’s performance relating to rents and the proposed rent increase for 2022/23. The profile of interviews was in line with the tenant population profile.</p> <p>Lorna updated that as well as asking questions around rent increases the survey also covered the Covid 19 Pandemic and its affects, health and access to health services, financial management and household information and she presented a brief summary of the outcomes of each section to those present.</p> <p>Lorna explained that the Association’s annual rent increases are normally linked to inflation which was 5.1% in December. This would normally mean that the rent increase would be around 5%. However, Bridgewater wanted to provide an option of limiting the increase to 3%. Bearing in mind that a 3% increase might mean less modernisation work taking place. Respondents were asked which of these two options they would prefer and 63% of tenants responding said their preference was for the 3% increase.</p> <p>The CE explained that we asked questions around health so as to get a feel for how our tenants had coped during the pandemic and he would be feeding some of this information back the Housing and Social Care Partnership.</p> <p>A member complimented Lorna on her presentation and said that the report was very clear and easy to read.</p> <p>Lorna will provide a one-page newsletter detailing the outcome of the survey which will be uploaded to the Associations website and Facebook page to ensure that our tenants get feedback on the results of the survey.</p>	
8.1	Members <b>NOTED</b> the information contained within the Satisfaction Report.	
	Lorna Shaw left the meeting at this point.	
9.	<b>Proposed Rent Increase Report 22/23</b>	
	<p>Members were invited to consider a report by the Head of Housing and Customer Services, the purpose of which was to consider the outcome of the consultation on the proposed rent increase for 2022/23 and the recommendation for a 3% increase.</p> <p>This report should be read in conjunction with the findings from the consultation as well as documents already approved by the Board which include the current business plan, financial forecasts, stock conditions survey, asset management strategy, the welfare reform mitigation strategy and the rent policy.</p> <p>The HOHCS reminded members that coming to a conclusion about the proposed rent increase, the Board should consider a rent increase which does not detrimentally affect the long term viability of the organisation whilst at the same time being mindful of our customers’ ability to pay. The Leadership Team believe that this proposal allows the Board to do that.</p> <p>It is difficult to do a true comparison as some RSL’s use RPI and others CPI, and the figure can be based on a different month to summarise:</p> <ul style="list-style-type: none"> <li>• Our proposal is in line with the Business Plan</li> <li>• Our consultation results show that the majority of people asked would be content with 3%.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Although the Association does have substantial reserves in the bank, there will be significant investment needs over the next few years.</li> <li>• Our proposal of 5% is higher than the FLAIR Associations, 3% is lower however, the latter is in the mid-range of GWSF members.</li> </ul> <p>A member he had concerns over the impact of the rent increase along with the rise in inflation and the increase in energy prices which will already have an impact people’s finances. The CE said that affordability is also taken into consideration and we would be continuing to make our properties more energy efficient and those who find themselves struggling to pay their rent will be able to apply for HB or UC.</p> <p>The HOHCS updated that we would be looking to apply for additional funding that could be utilised to help those tenants who have prepayment meters and will be investigating other funding sources, which would allow us to provide support to our tenants during the review of our Arrears Strategy.</p> <p>Another member mentioned that in England they are providing a Council Tax rebate for those who are in certain council tax banding and asked if we had any properties that fall into this banding and whether there would be an opportunity to lobby to the Scottish Government to see if they can consider something similar. The CE said that he didn’t think there were any of our properties that were in this category, however he would be happy to support and be involved in promoting this to the Scottish Government for their consideration.</p>	
9.1	Following full discussion members <b>APPROVED</b> the 3% rent increase for 2022/23.	
10.	<b>Proposed Garage and Service Charges Report</b>	
	<p>Members were invited to consider a report by the Head of Housing and Customer Services, the purpose of which was to provide members of the Board with information on the review of Garage Rent and Service Charges and the proposed increases for 2022/23.</p> <p>The HOHCS explained that the Garage rent increases are not subject to the same rent setting criteria as houses and consequently do not replicate the rent increases. Consequently, the Association is free to charge a commercial rent for its garages. It should be noted that the Association owns 500 garages. Only a minority of our garages (78) are let to tenants. The remainder (384) are let to owner occupiers. The Leasing of Garages Policy states that increases will generally follow the rate of inflation plus 1%. CPI as at December 21 was 5.1%. The increase proposed for 2022/23 is 6.1%. This represents an increase of £2.09 per month (48p per week). The new garage rent would be £36.38 per month for tenants. Garage tenants, who are not tenants of the Association, are charged VAT at the applicable rate. The new rent would be £43.64, representing an increase of £2.50 per month (58p per week).</p> <p>The HOHCS updated that Service charges are applied to a number of our properties, and to the properties that we manage on behalf of other organisations. We are proposing that notwithstanding the prevailing rate of inflation including wage rise inflation, the increase would be in line with the proposed increase in rents. i.e. 3%. Each individual service charge has been reviewed for 2022/23.</p>	

	<p>The HOHCS reminded members that the annual review process ensures that the costs for garage rents and service charges are fully assessed to take account of all relevant costs. This exercise enables charges to be transparent and the Association accountable for the charges it applies. Furthermore, it allows the Association to meet its corporate objective of delivering high quality, cost efficient services.</p>	
<b>10.1</b>	<p>Members of the Board <b>APPROVED</b> the garage rent increase of 6.1% and the 3% increase in service charges.</p>	
<b>11.</b>	<p><b>Management Accounts to 31 December 2021 (quarter 3)</b></p>	
	<p>Members were invited to consider the Management Accounts to 31<sup>st</sup> December 2021 presented by the Head of Finance. Management Accounts are provided to focus member's attention on the bigger financial picture, monitor outcome against budget and take corrective action if required.</p> <p>An important part of the Management Accounts is the cash flow position. The HOF explained that the Cash Flow contained within the report demonstrates a comfortable cash position at the end of the period to 31 December 2021, allowing us to continue major repair work plus the servicing of loan debt.</p> <p>The HOF outlined the key areas contained within the Management Accounts as detailed within the notes appended to the Accounts.</p> <p>The CE reminded members that this has been an unusual year and it has been difficult to predict what costs will rise and which costs will fall, therefore the predictions that we made at the beginning of the year haven't always worked out the way we had expected. Some funds will be spent in the last quarter of this year and some will be moved into next years spend. The CE reminded members that our resources may not go as far as anticipated as inflation has risen in certain areas which will have an impact on the cost in some areas. The is not a position and the impact will be felt throughout the sector.</p> <p>The CE said that Association continues to have a healthy bank balance and our Finances are robust going forward, this puts the Association in a good position to weather the storms that might come our way.</p>	
<b>11.1</b>	<p>Members <b>APPROVED</b> the Management Accounts.</p>	
<b>MATTERS FOR CONSIDERATION, COMMENT AND NOTING</b>		
<b>12.</b>	<p><b>Care and Repair Quarter 3 update</b></p>	
	<p>Members were invited to consider a report by the Corporate Services Manager, the purpose of which was to provide the Board on the progress of the current Care and Repair Contracts and other relevant Care and Repair team issues.</p> <p>The CSM provides detailed reports and along with the Project Manager (PM) meets quarterly with Renfrewshire (RC), East Renfrewshire (ERC) and Inverclyde (IC) Councils to monitor contractual progress and performance.</p> <p>The attached quarterly statistical report provides a summary of completions for all services showing the year to date progress against contractual targets. This report includes statistics from the current RC and ERC 11-month contract and Inverclyde 3-year contract.</p> <p>The CSM updated that both contracts are due to end on 31<sup>st</sup> March 2022 and he has been</p>	

	<p>proactive in discussing new contracts/extensions. Following on from the Associations CE's email to RC's CEO, RC and ERC are now in the process of arranging a one year negotiated contract with the Association. The CSM has requested an uplift of 3.5% on the contract and awaits confirmation. There will be some significant work involved in uploading information to the PCS tender portal.</p> <p>IC had an option to extend their contract for 2 years and as previously report the CSM requested 4.4% funding uplift. This was accepted and the extension to this contract has now been concluded.</p> <p>A member asked whether we expect RC and ERC to offer the contract and accept the requested uplift in funding, the CSM said that there is nothing more we can do except wait for a reply from the Councils. He said that C&amp;R are in exactly the same position they were in at this time last year and this is unsettling for staff.</p>	
<b>12.1</b>	Members <b>NOTED</b> the Report and update provided.	
<b>13.</b>	<b>Compliance Reporting Calendar</b>	
	<p>Members were invited to consider the Compliance Reporting Calendar, the purpose of which was to provide members with details of submissions which are required to be submitted and dates when submissions are due.</p> <p>This provides assurance to the Board that the Association is meeting the deadlines for each submission.</p>	
<b>13.1</b>	Members <b>NOTED</b> the Compliance Reporting Calendar.	
<b>14.</b>	<b>Minute of Emergency Sub Committee Meeting 31st January 2022</b>	
	<p>The Board had previously delegated authority to the Emergency Sub Committee to deal with the recruitment of the new CE. The CE will be stepping back from the process from this point.</p> <p>Members were invited to consider the minute of the Emergency Sub Committee Meeting held on 31st January 2022.</p>	
<b>14.1</b>	The minute was <b>PROPOSED</b> by Alastair Morris and <b>SECONDED</b> by Heather Stirling as a true record of the meeting.	
<b>15.</b>	<b>CE Recruitment</b>	
	<p>Members considered a report by the Chair of the Association at their meeting on 19th January in which he advised the Board of the current Chief Executive's intention to retire from the Association.</p> <p>Members were invited to consider a report presented by the Corporate Services Manager, the purpose of which was to provide members with information about the expected process for dealing with the departure of the Chief Executive, including expectations from the Scottish Housing Regulator. The Board subsequently made a number of decisions relating to their decision to recruit a new Chief Executive, including instructing the Chief Executive to engage with EVH to provide support for the process and delegating to the Association's Emergency Sub Committee to act as a recruitment sub-committee on behalf of the Board.</p>	



	<p>This report provides members with the steps taken so far along with a timetable of the recruitment process.</p> <p>The CSM updated that the post has now been advertised and will appear on EVH and SFHA Websites and will be advertised on the Scottish Housing News and will also be advertised on INDEED.</p>	
<b>15.1</b>	Members <b>NOTED</b> the content of this report.	
<b>MATTERS FOR BRIEFING AND INFORMATION ONLY</b>		
<b>16.</b>	There were no items for Briefing and Information	
<b>REGULATORY ISSUES</b>		
<b>17.</b>	<b>Notifiable Events</b>	
<b>17.1</b>	There were no notifiable events for consideration.	
<b>ADMINISTRATION</b>		
<b>18.</b>	<b>Issues which the Chair has agreed as urgent</b>	
<b>18.1</b>	<p>The CE explained that the Board are still required to approve the draft budget and this could not be considered until after the rent increase have been approved, therefore there would be a requirement for the Board to meet.</p> <p>The CE proposed that there be a Board meeting on Thursday 24<sup>th</sup> February 22 for this purpose.</p> <p>Members <b>AGREED</b> the date for the next meeting.</p>	
<b>19.</b>	<p><b>Meeting concluded – 7.10pm</b></p> <p><b>Date of next Audit and Risk Sub Committee Meeting – 11<sup>th</sup> May 2022</b></p> <p><b>Date of the next full Board Meeting will be – 24<sup>th</sup> February 2022</b></p>	



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