

**MINUTE**  
**Management Board Meeting**  
**2:00pm on 11 April 2019**  
**Hopetoun Street, Edinburgh**

Present: Simon Guest (Chairperson)  
Michael Allan (Vice-Chairperson)  
Gill Walch  
Helen Barton  
David Venters  
Angus Lamont  
Neil Wood (Skype)  
Bill Gillespie  
Laurence Casserly  
Nigel Chapman  
Lizzie Crawford  
Jackie Browne (Skype)

Jason MacGilp, Group CEO and Company Secretary  
Derek Adam, Director of Finance and Business Services  
Julie Scott, Head of HR & OD  
Donna Holligan, Head of Finance  
Fin Smith, Head of Business Services  
Paul Robertson, Head of Customer Services (Tenancy)  
Meg Deasley, Court Conversion Project Manager (Item 9.4 only)  
Carolyn Owens, Governance Services Manager (Minute)  
Catherine Bradley, Governance Administration Assistant

	<b>Item</b>	<b>Decision</b>
1.	Board Members only  The Chair raised a number of issues relating to the Cairn/ANCHO Partnership and members discussed these matters. The Chair will take further action as required.	
2.	<b>APOLOGIES</b>  Apologies were received from Don Jamieson and John Clark  Members approved a 6 month leave of absence for John Clark	
3.	<b>DECLARATIONS OF INTEREST</b>  a) David Venters as a Director of Cairn Homes & Services Ltd (trading as Cairn Living) b) Michael Allan in item 9.4 as resident of one of the Courts	
4.	<b>MINUTES OF PREVIOUS MEETINGS</b>	
4.1	The Minute of the meeting held on 7 February 2019 was <b>approved</b>	APPROVED

4.2	The Audit & Performance Committee Minute of the meeting held on 19 February 2019 was <b>noted</b>	NOTED
5.	<b>MATTERS ARISING</b> <u>Item 6.3 Growth &amp; Partnerships Update</u> The Chief Executive verbally advised that there was nothing to report since the last meeting.	
6.	<b>GROUP UPDATES</b>	
6.1	<b>PARTNERSHIP INVESTMENT DELIVERY UPDATE</b>  A Board member had raised via email issues of a lack of relevant information in the report. ANCHO'S Maintenance Manager would be requested to address these for the next ANCHO Board meeting.  A member made an enquiry in terms of agreed investment and the large number of houses requiring new roofs over the next 5 years. The Chief Executive advised that this was part of the partnership agreement and that the profile of investment spend from Year 6 would be significantly less once these works had been completed.  Board <b>noted</b> the contents of the Report.	NOTED
7.	<b>ITEMS FOR DECISION/APPROVAL</b>	
7.1	<b>2019-2020 CAIRN GROUP AND CAIRN BUDGET AND 30 YEAR FINANCIAL PROJECTIONS</b>  The Director of Finance and Business Services presented the paper. In response to a member's question it was explained that rents are based on RPI whilst everything else is based on CPI in line with sector wide accounting and presentational issues.  In response to an enquiry from the Chairperson relating to previous issues, the Director of Finance and Business Services advised the pension deficit had been mitigated by identifying £0.5m overall savings in other areas within the budget.  The Vice-Chairperson expressed concerns relating to the impact of low levels of planned maintenance on tenants. The Head of Finance responded that Planned Maintenance spend had been impacted due to the value of development investment required over the next few years to meet Board agreed priorities for newbuild, in addition to the pension deficit, and advised that there would be a significant increase in planned maintenance from year four onwards. The Director of Finance and Business Services reminded Board members of their previous decision to invest in development and of this taking greater priority in the early years over planned maintenance so as to increase income.  A member commented that overhead costs seemed high at 37.9% and that ANCHO presented these as a financial figure whereas Cairn presented as a percentage. It was agreed that ANCHO's key assumptions would be presented as percentages for comparison and consistency in future reports. Further discussion then took place on planned maintenance investment levels, KPI's affected by quality of homes and previous Board decisions,	

	<p>such as increasing frontline staff to deal with Universal Credit (UC), which had impacted on overheads as a % of income. The Head of Finance agreed to produce a summary of main spend and impacts, including additional narrative on reductions agreed by SMT and the Director of Finance and Business Services agreed to provide additional detail on overhead savings made in recent years.</p> <p>The Chief Executive referred members back to previous discussions on investment and stock condition and the £0.5m savings in the current budget in addition to the £800,000 savings plan agreed over the past three years, the pension deficit, mitigation of UC, and the balance between investment and new build to generate additional income with initial planned constraint on maintenance and ramped up spending from Year 3 onwards, advising that the Budget follows previously agreed priorities.</p> <p>In response to a member's query on whether there was a cost reduction strategy in place for how Cairn are going to save money, the Group CEO responded that as part of the partnership business case Cairn and ANCHO had agreed to develop a Value for Money Strategy and a joint commitment to continue to identify savings, as part of the integration plan. Work on this will be part of the budget building process for 2020/21.</p> <p>In response to a member's question the Director of Finance and Business Services advised that the responsive repairs budget had been increased in part to recognise the constrained planned maintenance budget for the next two years.</p> <p>Members discussed priorities for customers and the cost of the ANCHO office refurbishment, Jackie Browne advised that ANCHO had historically spent on planned maintenance as it had not historically delivered new development, and the refurbishment costs were funded through the budget.</p> <p>The Director of Finance and Business Services would produce the savings analysis report in next few weeks, and a peer group analysis with assistance from Housemark at a future point.</p> <p>The Board <b>approved</b> the Draft Budget for 2019/20 and 30 Year Financial Plan for Cairn Housing Association (CHA) and the Group Budget Consolidation.</p>	APPROVED
7.2	<p><b>ANCHO BUDGET, 30 YEAR FINANCIAL PROJECTIONS AND BUSINESS PLAN</b></p> <p>The Director of Finance and Business Services advised this had been approved by ANCHO Board on 4 April, and was now presented for approval by Cairn as group parent in terms of group consolidation.</p>	
7.3	<p>The Board <b>approved</b> the Draft Budget for 2019/20, 30 Year Financial Plan and Business Plan for ANCHO Ltd.</p> <p><b>CAIRN BUSINESS PLAN</b></p> <p>The Head of Business Services presented the Year 2 update of the 3 year Business Plan which incorporated reference to the ANCHO partnership and no other significant changes since the Strategy Day in November 2018.</p>	APPROVED

	<p>Strategic KPI's were still to be updated following item 7.8.on the Agenda, and an introduction and financial information were to be added.</p> <p>It was agreed that tracked changes would be included in future Board updates, and current changes would be highlighted to members via email following the meeting. Top 10 ambitions, an internal driver, was discussed and Board agreed to adjust this to Top 10 in peer group.</p> <p>Members <b>approved</b> the Business Plan update for 2019/20 subject to the agreed changes.</p>	APPROVED
7.4	<p><b>GROUP SCHEDULE OF DELEGATED AUTHORITIES</b></p> <p>A revised version of the Group Schedule of Delegated Authorities, incorporating earlier comments from the ANCHO Board Meeting held on 4 April 2019 was presented for approval.</p> <p>It was noted that the Schedule still required a decision on ANCHO staffing sub-committee decisions.</p>	APPROVED
7.5	<p>Cairn Board <b>approved</b> the proposed Group Schedule of Delegated Authorities as a new Group Policy, subject to final approval by ANCHO Board at their next meeting on the Staffing sub-Committee decision, and would then be finally approved for the Group.</p> <p><b>GROUP ROLES</b></p> <p>The Head of HR &amp; OD presented the report. In response to a member's question it was confirmed that the overall job evaluation process would be completed and in place by 1 April 2020. Following discussions members <b>approved</b> the proposed new group positions.</p>	APPROVED
7.6	<p><b>TERMS OF REFERENCE FOR REMUNERATION COMMITTEE</b></p> <p>The Governance Services Manager presented the revised Remuneration Committee Terms of Reference. It was clarified that the group roles remuneration element would not be considered on an annual basis and it was agreed to specify this in the ToR. The Remuneration Committee role would continue to be on the basis of regulatory guidance which would be circulated to members.</p> <p>Board <b>approved</b> the revised Remuneration Committee Terms of Reference, subject to the above change.</p>	APPROVED
7.7	<p><b>BOARD REMUNERATION PROJECT &amp; WORKING GROUP</b></p> <p>Board <b>approved</b> the proposal to establish a Group-wide Board Remuneration Working Group and the Terms of Reference as presented. Angus Lamont volunteered to participate in the group.</p>	APPROVED
7.8	<p><b>PROPOSED KPI'S AND TARGETS</b></p> <p>Board <b>approved</b> the KPI's and new KPI Targets as set out in the report. Overheads as a % of expenditure, changed from % of rental income, would be included.</p>	APPROVED

7.9	<p><b>CHANGE IN BANKING ARRANGEMENTS</b></p> <p>The Head of Finance presented the report highlighting the change was proposed in order to optimise interest rates on deposits at the bank as detailed in the paper.</p> <p>In response to a member's question it was confirmed that any risks identified in the transfer related to online banking, and that this risk was not applicable.</p> <p>Board <b>approved</b> the transfer of Cairn's day to day transactional banking from the Royal Bank of Scotland (RBS) to Santander as part of the Group transactional banking transfer.</p>	APPROVED
7.10	<p><b>CONFIRMATION OF NEW MEMBERS OF CAIRN LIVING BOARD</b></p> <p>The Group CEO advised that the Board of Cairn Living had approved the nominations of Simon Guest and Bob Melville as Directors at their last meeting. Board members <b>approved</b> the appointments.</p>	
7.11	<p><b>GARAGE LEASES - PROPOSED TRANSFER TO CHS</b></p> <p>The item would be presented at a future Board Meeting.</p>	
8.	<p><b>ITEMS FOR DISCUSSION/EARLY VIEWS</b></p>	
8.1	None	
9.	<p><b>ITEMS FOR NOTING/PROGRESS MONITORING</b></p>	
9.1	<p><b>KPI PERFORMANCE</b></p> <p>In response to a member's query on the gearing target the Head of Finance advised that this was not capitalised and planned maintenance is anticipated to be on target by year end. Voids and separate voids loss were discussed.</p> <p>Board <b>noted</b> the report</p>	NOTED
9.2	<p><b>STRATEGIC GOALS MONITORING</b></p> <p>The Report was <b>noted</b>.</p>	NOTED
9.3	<p><b>30 YEAR FINANCIAL PLAN SCENARIO TESTING</b></p> <p>The contents of the Report were <b>noted</b>.</p>	NOTED
9.4	<p><b>RETIREMENT COURT DEVELOPMENT UPDATE</b></p> <p>The report was presented by the Court Conversion Project Manager. In response to a member's query the tenant consultation process which involved tenant participation events and the next stages of considering how to consult with courts that may not be being retained was explained.</p> <p>A member asked about 'fit for the future', notion involves an element of common living and considering whether this would be a feature of housing going forward, and the notion of Tenant consultation, and client group and emerging social policy, how to capture. MD looking at partnership</p>	

	<p>opportunities and design guide using architects with experience in research and practice in area which involves tenants and provides good practice checklist.</p> <p>MA queried if there was a geographical connection between Court proximity to offices and outcomes for Courts. MD no correlation, based on other issues.</p> <p>Board <b>NOTED</b> progress against the Courts Review programme</p>	NOTED
9.5	<p><b>HEALTH &amp; SAFETY UPDATE</b> It was confirmed that a full review with consultant advice was underway and a report and action plan will be presented to a future Board meeting.</p>	
9.6	<p><b>RISKS</b> None to report.</p>	
9.7	<p><b>ANNUAL GIFTS AND HOSPITALITY REGISTER</b> There were some approximate values missing from the Register, the Governance Services Manager would update and re-circulate. Subject to the update Board <b>noted</b> the Annual Gifts and Hospitality Register.</p>	NOTED
9.8	<p><b>ANNUAL DECLARATIONS OF INTEREST REGISTER</b> Presented for noting which had been updated with the Chairperson's Declarations of Interest, subject to the insertion the Report was <b>noted</b>.</p>	NOTED
9.9	<p><b>PARTNERSHIP REVIEW MEETING</b> The Note of Meeting held on 11 February 2019 was <b>noted</b>.</p>	NOTED
10.	<b>GOVERNANCE, REGULATION &amp; CORPORATE</b>	
10.1	<p><b>CHAIRPERSON'S UPDATE REPORT</b> The Report was <b>noted</b>.</p>	NOTED
10.2	<p><b>SHR ENGAGEMENT PLAN 2019-20 UPDATE</b> The Engagement Plan was <b>noted</b>.</p>	NOTED
10.3	<p><b>NEW REGULATORY FRAMEWORK</b> The Governance Services Manager highlighted changes to the new Regulatory Framework which came into effect on 1 April 2019 and reminded members they were available on the SHR website.</p>	
10.4	<p><b>REPORT ON STATUTORY REGISTERS</b> No report.</p>	
11.	<b>DECISIONS TAKEN UNDER DELEGATED AUTHORITY</b>	
11.1	The Service Charge Policy had been approved by SMT.	
12.	<b>AOCB</b>	
12.1	None.	
13.	<b>DATE OF NEXT MEETING</b>	
12.1	Thursday 13 June 2019	

The meeting ended at 5:25pm

Signed .....

13 June 2019