

MINUTE
Management Board Meeting
10.30am on 7 February 2019
Hopetoun Street, Edinburgh

Present: Simon Guest (Chairperson)
Michael Allan (vice-Chairperson)
Gill Walch
Helen Barton
Angus Lamont
Neil Wood
Bill Gillespie
Laurence Casserly
Nigel Chapman

Jason MacGilp, Group CEO and Company Secretary
Derek Adam, Director of Finance and Business Services
John Davidson, Director of Customer 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)
Walter Clarkson, Head of Customer Services (Property)
Carolyn Owens, Governance Services Manager (Minute)

	Item	Action
1.	Board Members only (if required) None.	
2.	APOLOGIES:- Lizzie Crawford, David Venters, John Clark, Don Jamieson and Jackie Browne	
3.	DECLARATIONS OF INTEREST None	
4. 4.1	MINUTES OF PREVIOUS MEETINGS Board Meeting - 16 November 2018 In response to a member's question on Item 17(f), the Head of HR & OD advised that Turning Point had been engaged to advise on a new job evaluation process, salary system and gradings for implementation in 2020. It was confirmed that the salary benchmarking framework would be subject to approval by the Board prior to any salary amendments. The Director of Finance and Business Services advised that a view would be taken on Turning Point's recommendations and benchmarking percentages to fit within budget restrictions. The Group Chief Executive sought an additional member to participate in the Working Group which had been set up to complete benchmarking and evaluation processes adding that the project would also look at harmonisation of terms and conditions for ANCHO staff members, with parallel consultation around it, and that all	

	<p>decisions would be subject to Board approval. A new pay policy would be required, within financial constraints and the Association's budget, and consultation with staff would be undertaken from August.</p> <p>A Board member commented on the large year on year variances of Inbucon benchmarking, the Group Chief Executive reminded the board that these had never been recommended by the SMT and confirmed that any new pay policy to be developed for Board approval later this year would address this, and that turning Point had been brought in to address the lack of staff confidence in the current job evaluations process.</p> <p>The Minute was approved</p>	APPROVED
4.2	<p>Audit & Performance Committee - 16 November 2018</p> <p>It was noted that the Minute would be available two weeks after meetings.</p> <p>The Minute was approved</p>	APPROVED
5.	<p>Matters Arising</p> <p>None.</p>	
6.	GROUP UPDATES	
6.1	<p>CAIRN LIVING UPDATE AND NOMINATIONS</p> <p>Board noted the resignations of Derek Ferguson (Chairperson) and Ken Ward from the Board of Directors of Cairn Homes & Services Ltd.</p> <p>Board approved in principle, subject to a formal proposal by the Board of Cairn Living, the proposed appointments of Simon Guest and Robert Melville as Board Directors of Cairn Homes & Services Ltd (trading a Cairn Living).</p>	NOTED APPROVED
6.2	<p>PARTNERSHIP INVESTMENT DELIVERY UPDATE</p> <p>The Group Chief Executive advised that the Scottish Government were working on a resolution to the owner occupier WIF funding issues detailed in Appendix 1 of the Report, and reported that if the funding was unavailable there may be potential for ANCHO to complete the work and recover the costs at point of sale of the properties.</p> <p>Members highlighted that the targets were not on tolerance and were advised that the indicators for the table would be reviewed.</p> <p>The Report was noted.</p>	NOTED
6.3	<p>GROWTH & PARTNERSHIP UPDATE</p> <p>The Group Chief Executive updated members on the outcome of the recent Wishaw & District Housing Association tender bid. The Head of Business Services and Head of Customer Services (Tenancy) provided further overview of feedback received which members then discussed.</p> <p>Board noted the outcome of the partner selection process and feedback from Wishaw & District Housing Association. The Chair thanked those members and staff involved in the bid process.</p>	NOTED

	<p>Board approved delegated authority to the Group Chief Executive to continue discussions with Pentland HA, and that the Growth & Partnerships Working Group be delegated to consider the potential opportunity as and when a formal bid invitation was received.</p>	APPROVED
7.	ITEMS FOR DECISION/APPROVAL	
7.1	<p>FEEDBACK ON RENT INCREASE CONSULTATION AND CAIRN RENT PROPOSAL</p> <p>The Director of Customer Services highlighted feedback as detailed in the Report on the 3.3%, and 3.9% to allow £40,000 for medical adaptations, rent consultation options and process which had received a 12.76% response rate, advising that comments received related to affordability and property condition of kitchens and bathrooms.</p> <p>The Head of Customer Services (Tenancy) advised members of a letter received from an MSP, expressing concern about rent increases of 3.3% and approach on affordability for tenants in difficult circumstances, copied to G Walker, SHR Chair. The Group Chief Executive advised members that the emerging rent proposals had been shared with SHR who were content with the approach the Association was taking. A response would be sent to the MSP.</p> <p>Members discussed the current economic climate, large proportion of comments received relating to affordability, medical adaptation issues, and noted the RPI inflation of 3.3% at October 2018.</p> <p>Following full consideration of the feedback Board approved a 3.3% rent increase for all rents excluding the former Communities Scotland Tenants from 1 April 2019, and in context of new rent policy and restructuring.</p> <p>A member highlighted that there appears to be a disconnect with Local Authorities and NHS in relation to the benefits of medical adaptations which enable longer tenancies and reduce bed-blocking. The Director of Customer Services referred members to a recent Report by Hanover HA on the matter.</p>	APPROVED
7.2	<p>Special Audit Report – Rent Consultation</p> <p>The Group Chief Executive presented the Report, apologising on behalf of the Senior Management Team for the administrative errors highlighted in the recent rent consultation process. Members were advised that for additional assurance and transparency a Special Audit Report on the processes and controls involved had been undertaken, and that due to the additional complexity implementing the new rent restructuring model the process had been more complex this year.</p> <p>In response to the Chair’s enquiry the Director of Finance and Business Services confirmed that an incorrect column from a financial spreadsheet had been selected for a mail-merge document. The Director of Customer services added that the additional complexity of checking figures, due to the restructure and new rent model, had been underestimated despite the same project plan being used in previous years.</p>	

<p>7.3</p>	<p>A member commented on the cost of the Audit being added to the financial implications within the Report, potential reputational damage and asked whether the Association was over-committed and how this would impact on future partnerships. The Group Chief Executive responded that there had been no reputational impact, referred back to the Report detailing how the error had occurred and provided the fee for the Audit Report. It was also acknowledged that the error happened during the Wishaw bid, however this was an avoidable administrative error and the focus was now to correct it with as much assurance as possible provided to the Board with improved project management arrangements and clarity of roles.</p> <p>A member expressed concerns relating to void re-let properties detailed within the Report. The Director of Customer Services confirmed the process was agreed on implementing the restructure, checked in June and that assurances had been provided at that time. Open Housing system has been locked down, but not all new tenancies had been checked for a new rent level, and only completed by 2 identified officers. The Director of Finance & Business Services confirmed that the rents will catch up to base rents in rent restructure over next 4-5 years, the £6,000 will reduce.</p> <p>Board will be informed once the rent increase letters had been sent out. Board noted the Report and agreed that the Audit & Performance Committee would consider the Report in more detail at their next meeting.</p> <p>DRAFT 2019-2020 BUDGET AND BUSINESS PLAN</p> <p>The Head of Finance presented detailed key budget assumptions (see attached presentation).</p> <p>Members expressed satisfaction with progress to date on the draft budget and were requested to direct any further questions to the Head of Finance or Director of Finance and Business Services. The final Budget would be presented to the next meeting.</p> <p>7.4 2019 ANNUAL SALARY REVIEW (Confidential) <i>Board members, Director of Finance and Business Services and Governance Services Manager only</i></p> <p>The Director of Finance and Business Services presented the Salary Benchmarking Report provided by Ashworth Black. In response to a members' questions it was confirmed that the variance of a 3% v 2.4% increase would be £20,000, Cairn had received an intra-group management fee from ANCHO, and that ANCHO salaries were under different T&C's through EVH.</p> <p><i>(The Director of Finance and Business Services left the meeting)</i></p> <p>Members discussed market rates, cost of living, growth and partnerships, staff performance during the year, retaining staff engagement and budget constraints.</p> <p>Following consideration of the recommendations of the Ashworth Black report for 2019/20 Board approved a 3.0% increase.</p>	<p>NOTED</p> <p>APPROVED</p>
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7.5	<p>Terms of Reference for Remuneration Committee Following discussions Board agreed to defer any changes to the Terms of Reference pending further information on group roles. It was agreed that further information on group roles, including job descriptions, additional responsibilities and remuneration for group roles would be presented to the next meeting.</p> <p><i>(Senior Management Team members returned to the meeting)</i></p>	DEFERRED
7.6	<p>Group Schedule of Delegated Authorities The Group CEO presented the report, for approval of delegated authorities, with the exception of Section 6 including HR matters subject to further consideration of 7.5 above.</p> <p>ANCHO Board had made comments following presentation to their Board meeting, largely of drafting matters. In relation to item iii Rent Setting – it was confirmed rent setting was for ANCHO Board approval</p> <p>Subject to review of Section 6 in relation to HR matters, and subject to minor amendments proposed by ANCHO Board members, Board approved the Group Schedule of Delegated Authorities.</p>	APPROVED
7.7	<p>Group Treasury Management Policy The Director of Finance and Business Services presented the re-written policy to manage deposits and where they are placed, advising that day-to-day banking was transferring from RBS to Santander to access preferential deposit rates.</p> <p>Board approved the Group Treasury Management Policy.</p>	APPROVED
7.8	<p>Annual Risk Report and Strategic Risk Register The Head of Business Services presented the report and Auditors letter.</p> <p>The Annual Risk Report and Strategic Register was approved as recommended by the Audit & Performance Committee at their meeting on 16 November 2018.</p>	APPROVED
7.9	<p>Bellshill Office Lease Board approved Option 2 to renew the lease at Bellshill</p>	APPROVED
7.10	<p>Lochbrae Court Service Review Following full consultation with tenants and staff involved, Board approved the recommendation to delete the Court Coordinator post at Lochbrae Court and implement the proposals taking into account feedback from consultation with tenants.</p> <p>In response to a member’s enquiry in relation to procurement for energy contracts, the Head of Finance advised that preferential suppliers were reviewed regularly.</p>	APPROVED
8.	ITEMS FOR DISCUSSION/EARLY VIEWS	

8.1	None	
9.	ITEMS FOR NOTING/PROGRESS MONITORING	
9.1	<p>Q3 KPI Performance FS advised as requested by members, the intention was to now move to sector scorecard for future KPI reporting. Proposed KPIs for Audit & Performance committee and the ANCHO Board would be presented to the next Audit & Performance Committee Meeting. Board noted the Report.</p>	NOTED
9.2	<p>Board KPI Review – Proposals Considered under item 9.1</p>	
9.3	<p>Strategic Goals Monitoring The Report was noted.</p>	NOTED
9.4	<p>Q3 Management Accounts The Report was noted.</p>	NOTED
9.5	<p>Development Programme The Head of Customer Services (Property) advised that the Abroath handovers from Angus HA had been delayed by one week. All was expected on track and sites and numbers were being closely monitored and the budget altered accordingly. 3-4 schemes were anticipated to go through before 31 March 2019.</p> <p>The Report was noted.</p>	NOTED
9.6	<p>Health & Safety Health & Safety provision was currently under review.</p>	
9.7	<p>Risks No reports</p>	
9.8	<p>Audit – Draft Internal Audit Plan 2019-20 Members were invited to propose internal audit areas for the 2019-2020 audit programme. Proposals to be discussed at the Audit & Performance Committee meeting on 19 February 2019 were the Assurance Statement and ANCHO responsive repairs, income maximisation and arrears management, void management, customer engagement and satisfaction</p>	
10.	GOVERNANCE, REGULATION & CORPORATE	
10.1	Chairperson’s Update Report - circulated	
10.2	<p>Board Appraisals, Development Plan and Working Groups The Report was noted.</p>	NOTED
10.3	<p>Report on Statutory Registers None</p>	
11.	DECISIONS TAKEN UNDER DELEGATED AUTHORITY	

11.1	Openness, Access and Confidentiality Policy	
11.2	Approvals – 25% Buyback of SO Property: 1 Cairn Court	
12.	AOCB	
12.1	<p>Our Power – into Administration The Head of Customer Services (Property) advised members that Our Power had ceased trading. Staff were currently working to safeguard the interests of tenants and liaising with Utilita as an alternative supplier.</p> <p>Board noted the information.</p>	NOTED

The Meeting ended at 1:30pm

Signed

11 April 2019