

**MINUTES OF THE JOINT GOVERNING BODIES' BOARD MEETING OF
CAIRN HOUSING ASSOCIATION AND ANCHO LIMITED
HELD ON 26 MAY 2022 AT 3:00PM
RIVERSIDE LODGE HOTEL, IRVINE, KA11 4LD**

Cairn HA Don Jamieson (Chair)
 Angus Lamont (Vice-Chair)
 Laurence Casserly (via Teams)
 Lizzie Crawford
 Douglas Reid

Ancho Bill Finlay
 Michael Donnelly
 Phyllis Rodgers
 Zoe Brawn
 Nigel Fortnum

In Attendance: Jason MacGilp, Group CEO and Company Secretary
 Derek Adam, Director of Finance and People Services DFPS
 Meg Deasley, Director of Property Services DPS
 Morag Boyter, Director of Business Services DBS
 Sean Connor, Director of Customer Services DCS
 Simon Guest, Director, Pentland Community Enterprises (*Item 5.4 only*)
 Carolyn Owens, Governance Services Manager GSM (*Minutes*)

	Item	Decision/ Action
1	CHA BOARD	
1.1	<p>Board Members only session</p> <p>Board Members of CHA & Ancho discussed the day’s agenda and the issues that should be given prominence in order to manage the meeting well and get best value from the time.</p> <p>Board members considered Agenda Item 6.1 and approved the Group CEO Objectives for 2022-23.</p> <p><i>Staff members joined the meeting.</i></p> <p>The Chair welcomed everyone and introduced Phyllis Rodgers, new Ancho Board member.</p>	Approved
1.2	<p>Apologies</p> <p>Apologies were received from CHA Board members Helen Barton, Bill Gillespie, Emma Peveril, Nigel Chapman, Neil Wood, Steven Travers and Kenny Green</p>	

1.3	<p>Declarations of interest</p> <p>Douglas Reid declared an interest in Item 7.5 in relation to the Ellis Street Site, Coatbridge as Sir Fraser Morrison (Morrison Construction) who are developing a site is a family friend.</p> <p>The Group CEO declared an interest in Item 6.1 on the Agenda.</p>	<p>Noted</p> <p>Noted</p>
1.4	<p>Minutes of Previous CHA Board Meeting</p> <p>Minutes of the CHA Board Meeting held on 24 March 2022 were proposed by Don Jamieson, seconded by Angus Lamont and approved.</p>	<p>Approved</p>
1.5	<p>Matters Arising</p> <p>None.</p>	
1.6	<p>Action Tracker</p> <p><u>Item 5</u> – required a revised target date <u>Item 17</u> – would be updated to confirm whether the item is open or closed</p>	<p>Action MB Action MB</p>
2	<p>CHA ITEMS FOR DECISION/APPROVAL</p>	
2.1	<p>Five Year Financial Projections (FYFP) & Loan Portfolio SHR Submission</p> <p>The DFPS presented the report based on the previously approved Budget, highlighting that following discussions with the SHR the actuals for Year zero were from last year’s budget; the new format and layout; the FYFP would be submitted by May; as the loan portfolio is as at the 31 March 2022 and is subject to audit it would be submitted in June 2022.</p> <p>In response to a member’s question on the risk section of the report, the DFPS advised that the paper had been circulated prior to the risk update being agreed at the Audit & Performance Committee meeting on 17 May. It was agreed that the most recently updated risk Register would be uploaded to the Governance Teams channel.</p> <p>At the proposal of Don Jamieson, seconded by Lizzie Crawford, the Board approved the annual Five Year Financial Plan (FYFP) and Loan Portfolio (LP) for submission to the Scottish Housing Regulator.</p>	<p>Agreed Action MB</p> <p>Approved</p>
2.2	<p>Former Tenant Arrears Write-Offs</p> <p>The DCS presented the report on former tenant arrears write-offs which had been approved by the DCS under the terms of the Group Schedule of Delegated Authorities. He referred to the information contained within the appendices relating to North/South figures, sequestrations, protected trust deeds and arrears over £2,000. He highlighted that the write-off amount</p>	

	<p>equated to 0.32% of CHA annual rental income for 2021/22, and reminded members of the reserved right to pursue tenant debt.</p> <p>In response to members' questions:-</p> <ul style="list-style-type: none"> - the DCS advised that it was a comparable figure across the sector, provision had been made for 0.95% and some of the former debts had been uneconomical to pursue. - the Group CEO advised this had been raised at the Audit & Performance Committee and a presentation on SHN benchmarking would be presented to the Board later in the year for sector comparison. - it was confirmed that a debt collector is used, a discussion took place on sequestrations, trust deeds and insolvency practitioners encouraging people to enter debt arrangement schemes and related challenges of that, and maintaining tenancies. - preventative measures being used include looking at previous information on current tenancies and using Rentsense to identify tenants for early intervention so they do not fall into debt. <p>Board noted the information contained in the Tenant Arrears Write-Off Summary.</p>	<p>Noted</p>
<p>3</p>	<p>CHA UPDATES</p>	
<p>3.1</p>	<p>Q4 Management Accounts (draft)</p> <p>DFPS presented the report advising it was the last time the report would be presented in this format as it would be aligned to the Budget and would provide more detailed narrative on the I&E sheet. The budgets would be reported in the same format for CHA, Ancho and PCE going forward.</p> <p>The position was a favourable variance against budget primarily due to underspends in planned maintenance and a slight favourable variance in salary and overhead costs. The end of year position was looking good, the accounts were still to be audited and at this stage the fixed assets had not been finalised, depreciation had been put in at a fixed level and would need to be adjusted, and amortisation of HAG was yet to be included.</p> <p>The External Audit would commence on 30 May 2022, all figures were still subject to audit albeit there had not been much change from March, and with the 181% interest cover there was headroom to accommodate any changes.</p> <p>In response to a member's question the DFPS advised any surplus would flow into reserves so the balance sheet would improve, therefore the cover for lenders improves. However, this does not help the following year as each year is individual and has to meet banking covenants so there would still be pressure on subsequent years as investment in stock was still required, and remodelling is revisited each year. It was a healthy and good position to be in, especially in relation to demonstrating a better than budget year end for the Standards & Poors' ratings. Overall it was a positive financial year and within budget.</p>	

	<p>Members were advised that the remaining £23m tranche of the RBS loan had been drawn down contributing to the healthy bank position with a balance sheet showing £27.7m at year end. The balance was on deposit.</p> <p>In response to a member’s question on the Ancho accounts, the DFPS confirmed a favourable variance due to a £274,000 underspend in planned maintenance due to Covid/Brexit delays, and explained how planned maintenance component replacements are capitalised and go into fixed assets, 90% are usually capitalised, and this had no impact on Ancho accounts but would impact CHA covenants where the relaxation was for 5 years. In terms of impacts on promises to tenants the annual report would detail any delays and issues.</p> <p>The DPS referred to plans to catch up in 2021/2 following the lifting of Covid restrictions, however, due to Brexit and other labour and materials delays for contractors and suppliers, the delivery gap had not closed resulting in the 274 kitchen replacement programme being further delayed, but there was a good level of confidence that the programme would catch up this year.</p> <p>The DFPS highlighted that CHS would be incorporated into PCE and audit adjustments would reduce the Balance Sheet to £1 (post audit), so that it would transfer for £1 on 1 April 2022. This would impact the CHA accounts due to a gift aid back to CHA of £30,000 and there would be further audit adjustments for CHS and PCE.</p> <p>The full audited accounts would be presented to the Joint Governing Bodies’ Board meeting on 1 September 2022.</p> <p>The DFPS would respond on the Teams channel to a question from a member on the net asset position for Ancho last year, with the surplus added on, and the figures in the Balance sheet, as to whether adjustments were expected.</p> <p>The Q4 Management Accounts were noted.</p>	<p>Action DFPS</p> <p>Action DFPS</p> <p>Noted</p>
<p>3.2</p>	<p>Care and Repair Annual Report</p> <p>The DPS presented the report and appendices and provided an overview of the content highlighting; changes in the Team over the past few months, including former Pentland staff, creating an active alliance between C&R providers across Highland; difficulties in tracking referrals; positive feedback from users; increasing demands for technical services; the accreditation renewal process and negotiating the contract going forward.</p> <p>In response to a member’s question on a waiting list for adaptations the DPS advised that prioritisation was done by NHS Highland before the referral and there were currently referrals at different stages of delivery.</p> <p>A discussion took place on the importance of continuing to deliver the good service which prevents bed blocking, albeit with no additional increase in funding which leads to financial pressures and C&R had been delivering more</p>	

	<p>with the same finances, therefore it just about breaks even. Costs had increased but there had been and no increase in income. Going forward if NHS/Highland Council did not increase funding a view would need to be taken on whether the service would need additional support to be viable. Many clients are homeowners so ultimately tenants' money may be subsidising homeowners. C&R runs its own I&E account and all staff are CHA employees.</p> <p>The DFPS explained the £1.2m income does not go through the accounts, only the grant that covers staffing cost, and the £1.2m income and £1m expenditure sits within an NHS Highland account with grant receipts and expenditure managed by finance team. Pentland's accounts had treated it differently as they had a separate bank account for C&R.</p> <p>The report was noted.</p>	<p>Noted</p>
<p>3.3</p>	<p>Gifts and Hospitality Register</p> <p>The GSM presented the annual Gifts and Hospitality report. In response to a members question it was noted that the SFHA Model Entitlement, Payments and Benefits Policy is used and any gift or hospitality offered with a value over £50 must be reported to a Director or Group CEO for a decision.</p> <p>The Gifts and Hospitality Register for 2021/22 was noted.</p>	<p>Noted</p>
<p>3.4</p>	<p>Annual Declarations of Interest</p> <p>The GSM presented the report and appendix for information.</p> <p>The DFPS requested an addition as he was a Board member at Fife Housing Association. Lizzie Crawford requested an addition as her family member was a tenant. The Group CEO confirmed to the Chair that declarations for payments to CHA Chair and Vice-Chair were covered in the Board Remuneration Policy.</p> <p>Subject to the additions Board approved the Declarations of Interest Register for 2021/22.</p> <p><i>Zoe Brawn joined the meeting</i></p>	<p>Action GSM</p> <p>Approved</p>
<p>4</p>	<p>CHA DECISIONS TAKEN UNDER DELEGATED AUTHORITY</p>	
<p>4.1</p>	<p>Redundancy - <u>Confidential</u></p> <p>The DFPS advised that as part of the restructure within the Business Services Team a staff member had the option to accept redundancy and having started the new position on 1 April 2022 as Business Improvement Manager had subsequently decided to take redundancy after two weeks. The redundancy payment would be covered by delaying recruitment on a combination of vacancies until July to make up for the shortfall in the Budget.</p> <p>The report was noted.</p>	<p>Noted</p>

5.5	<p>CHS Minutes</p> <p>The Minutes of the CHS Meeting held on 12 April 2022 were noted.</p> <p>The Group CEO highlighted the Pentland transfer of engagements as a notable moment for the Group and referred to the ongoing transition plan. The main conversations during the meeting had been around procedural issues in the deregistration of PHA, dissolving CHS, and consolidating and identifying resources to develop future business for the PCE subsidiary as well as keeping tangible assets for PCE.</p>	Noted
5.6	<p>PCE Minutes</p> <p>The Minutes of the PCE Meeting held on 12 April 2022 were noted.</p>	Noted
6	GROUP ITEMS FOR DECISION/APPROVAL	
6.1	<p>CEO Objectives – Confidential</p> <p>The Chair advised this Item had been discussed at the Board only session.</p>	
6.2	<p>Group Schedule of Delegated Authorities</p> <p>The Group CEO presented the report and gave an overview of changes since the Schedule was last updated at the time of the Ancho partnership. Ancho was now bedded in, Pentland had joined, some updates were required subsequent to the management restructuring, and a general tidy up had been completed. There were no other substantial changes. The schedule of Policy reviews would be undertaken and updates brought to the September Board meeting onwards, as required. Most policies are on a three year cycle though many had missed this timescale during the period dealing with other priorities during covid lockdowns.</p> <p>The Group Schedule of Delegated Authorities was proposed to the Cairn HA Board, as group parent, by Don Jamieson, seconded by Douglas Reid and approved.</p>	Approved
6.3	<p>Business Continuity Plan Annual Review</p> <p>The DBS presented the report highlighting the annual review requirement, personnel changes and critical business activities information held on the website. The document would be available on CHAT and the website with a hyperlink leading to the risk register and critical activity list.</p> <p>The Business Continuity Plan was proposed to the Cairn HA Board by Don Jamieson, seconded by Lizzie Crawford and approved.</p>	Approved
7	GROUP UPDATES	
7.1	Pentland Delivery Update	

	<p>The DPS presented the report and an overview of the delivery and work to engage with tenants. The DCS gave an overview of the processes, advised that the call message for ex-Pentland customers would be turned off at the end of June, and tenants had been contacted to set up AllPay and MyCairn accounts.</p> <p>In response to a member’s question on the timeline for deregistration of PHA the Group CEO advised the PHA Board would meet to approve the accounts and the deregistration process should be completed by September 2022. This requires the Board of SHR to give formal approval.</p> <p>The Chair commended the team for their work on the Pentland transfer. The report was noted.</p>	<p>Noted</p>
<p>7.2</p>	<p>SHQS & EESSH Update</p> <p>The DPS presented the report which had been discussed at the A&P Committee meeting where targets for this year’s SHQS performance were agreed. She highlighted the electrical safety position, the good internal review on documentation quality, the new Compliance Supervisor position to assist with compliance documentation, and geographical challenges. She explained the new processes from the previous 10 year cycle to the 5 year cycle, recording, monitoring and tracking, how previously Certificates were treated as work orders, and movement from an advisory to statutory position by SHR.</p> <p>The A&P Chair advised of discussions at the meeting, queries raised and thanked the DPS for the quality and transparency of the briefing note with a clear plan going forward, confirming that the Committee had been assured on progress.</p> <p>The report was noted.</p>	<p>Noted</p>
<p>7.3</p>	<p>Group Health & Safety: 6 Month Strategy Update</p> <p>The DBS presented the report and advised that further progress had been made with Orbis to be appointed to supply lone worker devices to all staff, following their feedback, and there would be one contract, alarm receiving centre and process for all staff which would deliver more VFM and more assurance on coverage for lone workers out in the field. Staff had given feedback after trials that they were more confident with the new devices.</p> <p>The Strategy was progressing, fire safety risk assessments were in place on an annual contract, risk assessments for HomeWorks staff were progressing and risk assessments undertaken for CV19 would be used in other areas and for streamlining. H&S data collection was being pulled into one system to make it easier for frontline staff reporting and assist with compliance reporting. The Strategy would be reviewed over the next 12 months and items for years 2&3 delayed due to the pandemic would be progressed and flow into the Strategy. The update would be presented to the Board in November 2022.</p>	<p>Action: DBS</p>

	<p>programme, which would be completed when void. Some tenants had also replaced their own kitchens. Issues around the roof and door entry systems in mixed tenure blocks would be discussed at the Development Day and brought back to the Board for future discussions. It was confirmed that the total spend was £1.2m and within budget.</p> <p>The report was noted.</p>	Noted
7.7	<p>Year-end performance update and ARC Submissions</p> <p>The DBS presented a high level summary overview of the ARC submissions to be signed for CHA and Ancho, and for Pentland which would be signed off by the PHA Board. Members were reminded that the sign off process was delegated to the Group CEO and Chairs for submission to the SHR.</p> <p>The CHA Chair commented on improvements in customer services and let times and commended the team.</p> <p>Board noted the ARC and delegated authority to the CEO and Chair to approve the submission to the Scottish Housing Regulator.</p>	Noted
7.8	<p>Update on proposed Transfer of Ancho Garages to PCE, inc. tenant consultation</p> <p>The DFPS presented the update advising there had been little progress on the transfer of Ancho garages due to ongoing work consolidating PCE into the group and aligning account systems. Following this a proposal would be prepared for the Ancho Board, and subsequently the Group Board, for transferring management of the garages to PCE which would allow the VAT element to move to the subsidiary.</p>	
7.9	<p>Risk Register and New/Changed risks</p> <p>The DBS referred to movement in the risk register and changes in scoring on financial risks based on the current situation nationally with cost of living increases, inflation and interest rate positions, which had been considered and approved by the A&P Committee. Further monitoring of the situation would be discussed under AOCB.</p>	
7.10	<p>Items for Audit & Performance Committee consideration</p> <p>None.</p>	
8	GROUP GOVERNANCE, REGULATION & CORPORATE	
8.1	<p>Chairpersons' Update Reports</p> <p>The CHA Chair provided a verbal update report on activities including meetings to discuss joint working opportunities with other HA's, with SHR regarding the engagement plan, and completing the CEO's annual review.</p>	

	The Ancho Chair provided a verbal update and suggested that members visit the SHR website for information on interventions with other HA's.	
8.2	<p>Governance & Regulation Update</p> <p>The GSM presented the report and an overview. The annual Board Self-Assessment and Development sessions would commence in June/July. Members were invited to join the Audit & Performance Committee, and Ancho members invited to nominate themselves for the Vice-Chair position. The ASWG process would commence in June, this would be discussed at the Development Day on 27 May. The CHA and Ancho Boards were asked to decide whether to hold their 2022 AGMs virtually or in person, considering the quorum for the CHA AGM due to the transfer of Pentland HA shareholders and logistics involved. A survey would be circulated to all CHA and Ancho Board members for their preferred option.</p> <p>The report was noted.</p>	<p>Action GSM</p> <p>Noted</p>
8.3	<p>SHR, Regulatory Engagement meeting</p> <p>The Group CEO gave an update on the scheduled meeting with the SHR Regulation Manager, the Minute would be circulated, and discussions were mainly on the business plan, financial forecasts, economic pressure and volatility in the operating environment, CV-19 responses and deregulation of PHA.</p> <p><i>Michael Donnelly joined the meeting</i></p>	Action: GSM
9	ANCHO BOARD	
9.1	<p>Minutes of the previous meetings and Items for Decision</p> <p>The Ancho Chair confirmed that the Ancho Board was quorate.</p> <p>The Group Schedule of Delegated Authorities (Agenda Item 6.2) was proposed to the Ancho Board by Phyllis Rogers, seconded by Nigel Fortnum and approved.</p> <p>The Business Continuity Plan (Agenda Item 6.3) was proposed to the Ancho Board by Phyllis Rogers, seconded by Nigel Fortnum and approved.</p> <p>Minutes of the Ancho Board meeting held on 10 March 2022 were proposed by Nigel Fortnum, seconded by Phyllis Rogers and approved.</p>	<p>Approved</p> <p>Approved</p> <p>Approved</p>
9.2	<p>Matters Arising</p> <p>None.</p>	
9.3	Action Tracker	

	<p>The Chair advising that 7 tenants had confirmed their attendance at the meet the Board session on 27 May. The DCS referred to the update on the Archer fund and first credit alliance union.</p> <p>The report was noted.</p>	<p>Noted</p>
<p>10</p>	<p>ANCHO ITEMS FOR DECISION/APPROVAL</p>	
<p>10.1</p>	<p>Five Year Financial Projections (FYFP) & Loan Portfolio SHR Submission</p> <p>The Chair advised that his pre-meeting queries on management charges and reconciliation of sorts between spend and details and budget, had been answered satisfactorily and he had no further queries.</p> <p>The DFPS advised the management charge is an estimate based on time spent on Ancho and PCE work, which will be captured as 2022-23 progresses and there may be leeway to adjust depending on covenants. Pentland was treated as a business unit and would be quantified in terms of cost/surplus initially to engage the impact it had.</p> <p>The DFPS gave an overview of the 5 year financial projects, years 1-5 were based on March 2023 budget, year zero was based on last year's budget and he explained the SHR's changes relating to submission dates, assumptions and output ratios. The loan portfolio was still subject to audit for submission at the end June. In response to a member's query the DFPS explained the Ancho and CHA loans structures.</p> <p>At the proposal of Phyllis Rogers, seconded by Zoe Brawn, the Board approved the annual Five Year Financial Plan (FYFP) and Loan Portfolio (LP) for submission to the Scottish Housing Regulator (SHR).</p>	<p>Approved</p>
<p>10.2</p>	<p>Former Tenant Arrears Write Off Report (Confidential)</p> <p>The DCS presented the report and Appendix. <i>Text redacted- confidential</i></p> <p>In response member's queries:-</p> <ul style="list-style-type: none"> - on the pro-rata per number of units being higher than CHA, the DCS advised that sector comparisons would prove useful later in year and that some FTA's go back to previous years. The DFPS advised that former tenant arrears are provided for in full with a grading structure for other arrears above a certain level then a full reduction to zero with two thirds provision of the overall arrear in bad debt provision which was a healthy position through to year end; - on provision for the current COL situation, last year's provision for furlough had been changed to reflect this year's economic situation; - the DCS advised of the continued monitoring and person centred approach by housing officers using conversations and signposting, the increase in numbers using national debt lines and protected trust/debt arrangement/IVA's, and that any cancelled direct debit notifications go to Housing Officers; 	

	<p>- Welfare/tenancy sustainment officers were doing a presentation as part of the Development Day on 27 May, and were proactive on new tenant financial checks, additional benefits checks and there had been £45,000 worth of gains through the welfare officer posts.</p> <p>The report was noted.</p>	Noted
11	ANCHO UPDATES	
11.1	<p>Operational Update</p> <p>The DCS presented the update report and provided an overview of the content including work on the welfare benefit advice service, fuel poverty fund, hardship fund, 1st Alliance Credit Union, Ayrshire Community Trust and Ancho Fun Day. In response to a member's questions on the amount of fuel poverty fund still to be distributed the DCS advised that 136 customers qualified and a quarterly update would be available at the end of June, and there was no financial exposure from using the Credit Union as savings were backed by the Government and the Association did not offer financial advice. Members discussed the benefits of credit unions and foodbanks.</p> <p>Recruitment for the Asset Officer post was progressing.</p> <p>The report was noted.</p>	Noted
11.2	<p>Q4 Management Accounts</p> <p>The DFPS presented the report, highlighting a favourable position and anticipated surplus at year end driven by planned maintenance underspends, overheads and salaries being lower than anticipated. The extension of CV-19 had led to lower expenditure. There was good covenant cover and looking good for the year ahead and for consolidation into the group. In response to a member's question the DFPS explained inter-company charges for staff, reducing the pension liability and future harmonisation of employee Terms & Conditions.</p> <p>The report was noted.</p>	Noted
11.3	<p>Ancho Pension Scheme Update (Confidential)</p> <p>Board noted the update.</p>	Noted
11.4	<p>Six Monthly Complaints/Feedback Overview</p> <p>The DBS presented the report highlighting that lessons learned had been picked up in terms of process improvement, the number had increased slightly due to increased activity at the end of CV-19 situation, but nothing major was to note. The DPS advised that complaints are fed directly back to contractors where relevant.</p> <p>The report was noted.</p>	Noted

11.5	Gifts and Hospitality Register The Ancho Gifts and Hospitality Register for 2021-22 was noted .	Noted
11.6	Annual Declarations of Interest Register The Ancho Annual Declarations of Interest Register was approved .	Approved
12	ANCHO DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	None.	
13	AOCB	
13.1	A Chair requested a report to each Board meeting on the IT project including spend, timing and an overview of any issues.	Action DBS
13.2	The Chair advised that given the current economic climate the Board had discussed how to consider priorities and projects if savings were needed. It was agreed all members would be contacted and an open briefing/discussion session would be held in September around 5pm or evening. The DFPS referred to the recent meeting with MetLife and suggested discussing investment, development, zero carbon, cash, cost inflation on development whilst keeping rent increases affordable. The DFPS would work up financial modelling utilising information from MetLife's analysts.	Agreed Action DFPS
14	DATE OF NEXT METTINGS	
	Joint Board Development Day, Friday 27 th May, Irvine Joint Governing Bodies Meeting Thursday 1 September 2022 via Teams	