

**MINUTES OF THE JOINT GOVERNING BODIES' BOARD MEETING OF
CAIRN HOUSING ASSOCIATION AND ANCHO LIMITED
HELD ON THURSDAY 24 NOVEMBER 2022 AT 3:00PM
VIA TEAMS**

Cairn HA Angus Lamont (Acting Chair)
 Laurence Casserly
 Neil Wood
 Nigel Chapman

Ancho Bill Finlay (Ancho Chair)
 Nigel Fortnum
 Steven Travers
 Colin Love
 Fiona Callaghan

In Attendance: Jason MacGilp, Group CEO and Company Secretary CEO
 Derek Adam, Director of Finance and People Services DFPS
 Morag Boyter, Director of Business Services DBS
 Sean Connor, Director of Customer Services DCS
 Simon Campbell, Property Investment Co-ordinator PIC
 Paul Andrews, Asset Manager, Ancho AM
 Carolyn Owens, Governance Services Manager GSM (*CHA Minutes*)
 Catherine Bradley, Governance Services Assistant GSA (*Ancho Minutes*)
 Yvonne Gunn, Housing Officer (*observer*)

	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 including a preference to change the order of the Agenda items on budget assumptions and the rent increase consultation, and the issues that should be given prominence in order to manage the meeting well and get best value from the time.</p> <p><i>Staff members joined the meeting. The Chair welcomed everyone.</i></p>	
1.2	<p>Apologies</p> <p>Apologies were received from Don Jamieson, Helen Barton, Lizzie Crawford, Kenny Green, Emma Peveril and Douglas Reid</p> <p>The Chair advised that Don Jamieson, Cairn HA Chairperson, would return from a leave of absence on Monday 28 November.</p>	Noted
1.3	<p>Declarations Of Interest</p> <p>The Group CEO declared an interest in item 6.4. All staff declared an interest in the Redundancy Policy items at 6.1.1. The Chair confirmed that staff members would be asked to leave the meeting for the items.</p>	Noted

1.4	<p>CHA (JGB) Minutes – 1 September 2022</p> <p>Minutes of the Joint Governing Body Meeting of Cairn HA and Ancho held on 1 September 2022 were proposed by Laurence Casserly, seconded by Neil Wood and approved by the CHA Board.</p>	Approved
1.5	<p>CHA AGM Minutes – 29 September 2022</p> <p>Minutes of the Cairn HA Annual General Meeting held on 29 September 2022 were noted.</p>	Noted
1.6	<p>CHA Minutes – Elections - 29 September 2022</p> <p>Minutes of the Cairn HA Meeting – Elections, held on 29 September 2022 were proposed by Angus Lamont, seconded by Laurence Casserly, and approved by the CHA Board. The GSM confirmed that all decisions taken had been subsequently approved by all members via email.</p>	Approved
1.7	<p>Matters Arising</p> <p>None</p>	
1.8	<p>Action Tracker</p> <p><u>Item 3</u> – the DCS advised the timetable for the Service Charge project would be brought to the January 2023 meeting.</p> <p><u>Item 9</u> – the DBS confirmed penetration testing had been completed in September and all actions were medium/low risk which were being taken forward by the IT Team on an ongoing basis.</p> <p>The Action Tracker was noted.</p>	Noted
2	<p>CHA ITEMS FOR DECISION/APPROVAL</p>	
7.1	<p><i>At the request of the Chair, members agreed to take Agenda Item 7.1 next</i></p> <p>Board Survey And Budget Assumptions Update</p> <p>The DFPS presented the report and summarised the current financial operating climate highlighting the uncertainties around a potential rent freeze, or a consultation on rent increases. A survey had been emailed to members to gather feedback on some general assumptions for the budget, which were presented within the paper, along with initial assumptions for budgeting going forward in order to prepare a budget for approval in March. The position was still to be reviewed further and discussed at the Strategy Day on 8 December 2022, during an interactive session, to look at the assumptions, variations and impacts of changes to the assumptions. In January a clearer position on where rents may sit following the Scottish Government decisions on RSL rents would inform a further review of the budget assumptions.</p> <p>The DFPS ran through the assumptions as detailed within the report including projected inflation and interest rates, potential rent increases and cumulative impacts of those, assumptions related to new development costs, planned maintenance, responsive repairs, employment costs, fixed interest rates,</p>	

	<p>protecting current cash reserves and modelling for current new build commitments and 50 units per year for up to 5 years to manage cashflow. The DFPS suggested new build Section 75 opportunities would decrease due to mortgage rate and component cost increases, and the internal rate of return would be highlighted to the AMDC. The DFPS ran through employment/cost of living increases aligned to EVH proposals subject to trade union negotiations, responsive repairs cost increases, Pentland tenant promises on investment and rent increases.</p> <p>The DFPS said the assumptions would need to be changed if additional borrowing was required. At the Strategy Day the DFPS would demonstrate changes and impacts to the assumptions including interest rate changes and postponing investment via live interactive modelling.</p> <p>In response to members questions the DFPS advised that:-</p> <ul style="list-style-type: none"> - Uneconomically viable assets had not been considered as they do not raise substantial additional income, but would be identified in terms of future costs. The Group CEO advised that a paper would be presented to AMDC in December on high cost voids. - <i>Confidential - Text redacted.</i> - As the majority of investment promises at Ancho had been delivered the Ancho rent assumptions would be well below the rent promise. - The rent consultation letters would be sent out within the next few weeks with a proposal, the Group CEO advised that until 14 January 2023 it is unclear what the Scottish Government legislation on rents will be, but ultimately the Board can decide the rent increase in January. The DCS advised the letter explains the increase is subject to change but the consultation feedback would be available for consideration by January. - On opportunities for additional new build, the Group CEO advised that if there was an appetite and funding available, and HAG grant rates rise to make schemes sustainable with a feasible IRR, these could be explored. - On controlling employment costs, the Group CEO advised that EVH are an employer and would be negotiating with their members, including 6 Ancho staff on the proposals. <p>The Joint Governing Bodies approved the proposed draft Budget/Financial Forecast assumptions and agreed that the plan be further developed for final approval at the March 2023 Board meeting.</p> <p><i>Confidential – text redacted</i></p>	
<p>2.1</p>	<p>Rent Proposal For Consultation</p> <p>The DCS presented the report and an overview of the proposals highlighting the decision on 15 January 2023. In response to members’ questions the DCS advised that around 70% of Ancho and 53% of CHA tenants were in receipt of a benefit, pension age tenants data was also available and these had been considered re affordability along with impacts on the cashflow and previous lower than CPI rent increases. Sector analysis was between a 5.5% - 7% rent increases and the Group CEO referred to the SFHA and Scottish Government draft joint statement of intent based on SFHA member averages.</p>	

	<p>Members discussed the options further in relation to affordability, CPI, previous below CPI increases, additional support for tenants, current arrears and delivery of services. The letters would refer to RPI and CPI and also include cash figures for tenants. Following consideration, on the proposal of Neil Wood, seconded by Nigel Chapman the Board:-</p> <ul style="list-style-type: none"> - Approved the proposed consultation process as outlined in the Report - Approved the proposal to consult tenants on an increase of 7% for 2023/24 which is below the current CPI inflation rate of 11.1% and RPI rate of 14.2%. - Approved the Rent Increase Consultation Letter to be sent out to all CHA tenants. - Approved the Rent Increase Consultation Letter to be sent out to former PHA tenants (as part of the affordable rent guarantee of inflationary rent increases linked to CPI). - Agreed to receive a further report in January 2023 on the feedback of the consultation exercise which will include a recommendation on the increase. 	<p>Approved Approved Approved Approved Agreed</p>
3	CHA UPDATES	
3.1	<p>Q2 Management Accounts and Financial Projections</p> <p>The DFPS presented the Q2 Accounts including executive summary and referred to questions answered available in Teams. The report was noted.</p>	Noted
3.2	<p>Legionella Update</p> <p>The Group CEO presented the update report on behalf of the DPS highlighting the meetings, actions, ongoing works and the bathroom replacements due in the next few months. The PIC referred to further comprehensive works undertaken through the analysis of the draft risk assessment, and a quality assurance tender had been published to review internal processes and procedures. A QA consultant would be appointed shortly to advise on improvement actions to implement as part of the learning on works undertaken at Lochbrae Court and managing Legionella going forward. The immediate remedial actions were to rectify blind ends/dead legs in the existing infrastructure prior to the bathroom contract being awarded. The Legionella budget had been fully spent, but other adjustments were available if required and the PIC advised the overall PM budget had several splits and other associated costs in the cyclical budgets which would be adjusted within the overall allocation by operational managers.</p> <p>The report was noted.</p>	Noted
4	CHA DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	None.	
5	CHA AND ANCHO JOINT BOARD MEETING	
5.1	<p>Ancho Apologies</p> <p>Apologies from Ancho Board members were received from Michael Donnelly, Zoe Brawn and Phyllis Rodgers (LOA)</p>	Noted

5.2	Ancho Declarations of Interest None.	
5.3	Audit & Performance Committee Minutes Minutes of the Audit & Performance Committee meeting held on 8 November 2022 were noted .	Noted.
5.4	Remuneration Committee Minutes Minutes of the Remuneration Committee Meeting held on 15 November 2022 were noted .	Noted
5.5	Assurance Statement Working Group Minutes Minutes of the Assurance Statement Working Group held on 30 June 2022, 13 September and 23 September 2022 were noted .	Noted
6	GROUP ITEMS FOR DECISION/APPROVAL	
6.1	Policies for Approval	
6.1.1	Redundancy Policy – Confidential <i>Text redacted</i>	
6.1.2	Domestic Abuse Policy; Progression Policy; Capability Policy; Flexible Working Policy The DFPS provided an overview of the policies for review which were available in Teams. The Board approved all of the policies.	Approved
6.2	Ancho Transfer of Engagements Project Plan - Confidential <i>Text redacted</i>	
6.3	Group Board Training and Development Plan The GSM presented the report detailing training and development for the group Boards for 2022-2023. At the proposal of Neil Wood, seconded by Angus Lamont, Board approved the Board Training and Development Plan for 2022-2023.	Approved
6.4	Remuneration Committee Recommendations - Confidential <i>Text redacted</i>	
7	GROUP UPDATES	
7.1	Board Survey And Budget Assumptions Update <i>Previously considered after Agenda Item 2</i>	
7.2	Pentland Delivery Update	

	<p>The Group CEO presented the written report on the Pentland Delivery issues post transfer. There were no questions.</p> <p>The report was noted.</p>	Noted
7.3	<p>Development & Asset Management Update</p> <p>The Group CEO provided a verbal update on behalf of the Director of Property Services. He highlighted the commentary in the report on the impact of the economic situation as well as the change of the gas servicing arrangements, ongoing work on energy efficiency and the continued work on the Asset Management and Energy Strategy. The program of delivery on development continues well and the team were on target to deliver the 119 properties by March. He mentioned the recent scheme openings and thanked Board Member Helen Barton for attending the opening of the scheme in Murray. With regards to the retirement housing program, he advised that there is a proposal coming to the next AMDC meeting to delay the Adam Grossert Court work.</p> <p>The Group CEO highlighted the project approval request for the development of 20 units in West Lothian and provided some verbal background in support of the report. The real rate of return i.e. after the assumed rate of inflation was taken into account, was highlighted as being only 2.8% by the Ancho Chair.</p> <p>The report was noted and the approval request for the development of 20 units at Uphall Station was proposed by Angus Lamont, seconded by Nigel Chapman and approved by the Board.</p>	Noted Approved
7.4	<p>H&S 6 Month Strategy Update/Review</p> <p>The DBS presented the report on behalf of the Health and Safety Manager. She highlighted that the new lone worker device program has been successfully rolled out. She also mentioned that the fire risk assessments had been completed.</p> <p>The report was noted.</p>	Noted
7.5	<p>Six Monthly Monitoring Report On Corporate Social Responsibility</p> <p>The DFPS took the report as read and welcomed any questions on the 6 month update.</p> <p>The report was Noted.</p>	Noted
7.6	<p>IT Project Plan Update</p> <p>The DBS advised that the update had been developed with the Board sub-group and provided a verbal update in support of the report.</p> <p>The progress was Noted.</p> <p><i>At the request of the Chair members agreed that items 11.2 and 12.3 were taken next</i></p>	Noted

Item 11.2	Ancho Pension Scheme – Confidential <i>Text redacted</i>	
Item 12.3	Q2 Management Accounts and Financial Projections The DFPS took the paper as read and advised he had not been sent any questions. He asked that any questions be emailed. <i>The DFPS left the meeting.</i>	
7.7	Q2 KPI's The Q2 KPI's for Cairn and Ancho discussed at the Audit and Performance Committee meeting were noted . The Group CEO raised the sad case of Awaab Ishak, the toddler who died in his housing association home in Rochdale due to exposure to mould in the property. He advised that on the back of this incident, the approach that Cairn currently uses to deal with damp and mould will be assessed and brought for update at the January Board meeting.	Noted Action DPS
7.8	Q2 H&S Update There were no questions, and the update was noted .	Noted
7.9	Welfare Benefit Service The DCS presented the report and invited questions. He also advised that the SFHA fuel poverty fund had also allocated another £69,000 to help with 'Cosy Heat Packs' for the winter. The report was noted .	Noted
7.10	Risk Register and New/Changed Risks The DBS provided a verbal update on the process for the risk register which will come for full review at the Strategy Day.	
7.11	Items for Audit & Performance Committee Consideration The Chair advised that the next projects for audit will be discussed in detail in the next A&P meeting. Currently the areas being considered are project management, ICT, asset management, business planning and income protection. He asked Members for any other areas that could be considered for audit. A member asked if Health and Safety could be added to the list.	Action DBS
8	GROUP GOVERNANCE, REGULATION & CORPORATE	
8.1	Chairpersons' Update Reports	

	<p>The Ancho Chair welcomed Fiona Callaghan to the Ancho Board. He also advised that he has spent time looking at the financial modelling for capital appraisal which is why he had highlighted the real return on the Uphall Station project and hopes the AMDC committee will take that on board.</p> <p>The Ancho Chair advised that he did not find the A & P Committee meeting useful as a hybrid meeting as there was too much difficulty hearing discussions in the room in Edinburgh.</p> <p>The reports were noted.</p>	Noted
8.2	<p>Governance & Regulation Update</p> <p>The GSM took the report as read and highlighted that the Ancho Board is still in need of a Vice-Chair. She asked that any member interested in taking that role get in touch with her.</p> <p>The report was noted.</p>	Noted
9	GROUP DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	No items to report.	
10	ANCHO BOARD	
10.1	<p>Ancho (JGB) Minutes – 1 September 2022</p> <p>The Minutes from the Ancho (JGB) meeting on the 1 September 2022 were proposed by Colin Love, seconded by Nigel Fortnum and approved.</p>	Approved
10.2	<p>Ancho AGM Minutes – 22 September 2022</p> <p>The Ancho AGM minutes from the 22 September 2022 were Noted.</p>	Noted
10.3	<p>Ancho Minutes – Elections – 22 September 2022</p> <p>The Minutes from the Ancho Elections held on the 22 September 2022 were proposed by Colin Love, Seconded by Bill Finlay and approved.</p>	Approved
10.4	<p>Matters Arising</p> <p>There were not matters arising.</p>	
10.5	<p>Action Tracker</p> <p>The Chair asked for an update on the £100,000 hardship fund. The DCS advised that he will get a further breakdown of cost to see what is remaining in the budget by January.</p>	Action DCS

	The Chair asked for an update on the Real Living Wage proposal. The Group CEO advised that the plan is to seek accreditation as agreed by both Boards at the last meeting. He advised the tracker will be updated.	Action DFPS
11	ANCHO ITEMS FOR DECISION/APPROVAL	
11.1	Rent Increase Consultation The DCS referred to the discussions held at item 2.1 which also related to the proposed Ancho rent increase consultation. The proposal to consult on the proposed rent increase of 7% was proposed by Nigel Fortnum, seconded by Steven Travers and approved .	Approved
11.2	Ancho Pension Scheme <i>Considered following item 7.6</i>	
12	ANCHO UPDATES	
12.1	Operational Update The DCS provided a verbal presentation of the written report which was noted .	Noted
12.2	Partnership Investment Delivery Update The AM provided an update on the investment delivery. He advised there has not been much change. Good progress is being made despite the challenges of Covid and contractor availability. The focus has been the kitchen upgrade and compliance program. Due to budget constraints, the kitchen upgrades have had been scaled back. He noted that the riverbank work costs have come back and are extremely high and funding is still to be allocated, the timing of the work will also have to be agreed. He provided an update on the current state of erosion and access challenges. The report was noted .	Noted
12.3	Q2 Management Accounts and Financial Projections <i>Considered following item 7.6</i>	
13	ANCHO DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	Nothing to report.	
14	AOCB	
	The formal leave of absence request for Ancho Board member Phyllis Rodgers was approved .	Approved
15	DATE OF NEXT METTING	

	The next Joint Governing Bodies Meeting of Cairn HA and Ancho would be held on 26 January 2023 via Teams	
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Signed _____

Date: 26 January 2023