

## ALBYN HOUSING SOCIETY LIMITED

### REPORT OF THE BOARD MEETING HELD ON TUESDAY 24 JANUARY 2017 AT 10:30 AM AT ALBYN'S OFFICES, INVERGORDON

#### Present

Mr D Russell (Chair)	Mrs E Grant	Mr A McMaster
Mr S Gracie	Mr G Sinclair	Ms M Smith (To Item 5.3 plus Item 11.1)
Mr I Fosbrooke	Mr S Smith	Mrs I McLaughlan (Items 5.2 to 12.2)

#### In Attendance

Mr C Macaulay: Chief Executive	Mr R Nairn: Chief Operating Officer	Ms S Watson: Finance & Corporate Services Manager (Items 5.1 to 5.3)
Mr J Banks, Customer Services Manager (South) Items 5.5 and 5.6	Miss C Lawrie (Minutes)	
Mr P Freer, Scottish Housing Regulator	Ms K McMichael, Scottish Housing Regulator	Ms M Sharkey, Scottish Housing Regulator

#### 1. APOLOGIES

1.1 Apologies had been received from Mr Convery for this meeting.

#### 2. INTRODUCTION BY PETER FREER, SCOTTISH HOUSING REGULATOR

2.1 Mr Freer introduced himself and his colleagues, Ms Kelda McMichael and Ms Margaret Sharkey. Mr Freer referred to the governance assessment currently taking place and noted that he and his colleagues were attending the meeting in an observational capacity. Their role at the meeting was in relation to the process of carrying out a self-assessment against regulatory standards. The Scottish Housing Regulator (SHR) Board had been considering how it could obtain assurance on governance. The SHR Board had decided to engage with organisations about their own self-assessment against the standards. They were attending the Society's Board meeting to get a sense of how the Society's Board works in practise. The assessment process will consider matters that the governing body would be reviewing in any event. Written feedback will be provided at the end of the process to the Society's Board.

#### 3. DECLARATIONS OF CONFLICTS OF INTEREST

3.1 Ms Smith noted any potential conflicts of interest in relation to her role as a Highland Councillor. Mr Smith also noted potential conflicts of interest for any items which may be impacted by his current employment with the Royal Bank of Scotland. Mr Fosbrooke referred to the visit to Carbon Dynamic taking place after the meeting, and noted that his son occasionally worked for Carbon Dynamic.

## 4. MINUTES OF PREVIOUS MEETINGS

### 4.1 Board Meeting: 18 October 2016

The minutes of the last Board meeting were agreed as a true record.

#### 4.1.1 **Action Items**

A written update on the action items had been provided.

### 4.2 Board Strategy Day: 22 November 2016

The minutes of the Strategy Day were agreed as a true record.

#### 4.2.1 **Action Items**

A written update on the action items had been provided.

## 5. DECISION MAKING PAPERS

*Ms Shannon Watson, Finance & Corporate Services Manager, joined the meeting for this item.*

### 5.1 Private Placement Investment: Update

5.1.1 The paper provided the Board with an update on progress with the Private Placement exercise. A second paper had been circulated separately, which informed the Board members that an updated Private Placement Bid had been received on 16 January.

5.1.2 The revised proposal was within the parameters set by the Board for the Sub-Committee to agree the transaction. The Sub-Committee had therefore agreed the terms of the proposal by the deadline.

5.1.3 The Board was asked to remit the Sub-Committee to approve any action proposed by the Chief Executive, Chief Operating Officer and Finance & Corporate Services Manager that fitted within the parameters set by the Board.

5.1.4 The Chair formally recorded the Board's appreciation to all those involved in the investor's visit. This included organisations outwith the Society. The Chair commented that the investor had been very complimentary regarding the composition of the Board.

5.1.5 The Board approved the proposals as discussed.

### 5.2 Update on Mid-Market Rent Properties

*Ms Watson remained in the meeting for this item. Mrs McLaughlan joined the meeting at this point.*

5.2.1 The paper updated the Board on the current position relating to the 42 properties leased to Albyn Enterprises Ltd (AEL) for the purpose of onwards rent to tenants at mid-market rates. This information was due to be reported to the Scottish Housing Regulator. The Board was asked to approve the 2015/16 and 2016/17 leases by Albyn to AEL for mid-market rent purposes. The Board was asked to agree that these be dealt with once each year in January, with a Board representative being authorised to sign the leases on behalf of Albyn.

- 5.2.2 It was noted that 27 homes are new build properties specifically for mid-market rent (MMR). Three homes had been proposed to be used for MMR. 11 homes had previously been shared ownership homes in desirable areas where the sharing owner had sold their 25% share back to Albyn as a one-off transaction.
- 5.2.3 As the Board Secretary, Ms Smith agreed to be the Board representative authorised to sign the leases.
- 5.2.4 The Board approved the 2015/16 and 2016/17 leases by the Society to Albyn Enterprises Ltd for mid-market rent purposes. The Board agreed that these will be dealt with once each year, with Ms Smith being authorised to sign the leases on behalf of Albyn.

### 5.3 Rent Increase Proposal: 2017

*Ms Watson remained in the meeting for this item. Mrs McLaughlan left the meeting during this item.*

- 5.3.1 The paper sought approval from the Board for increases to rents and management fees to be charged by the Society for the year from 1 April 2017, as follows:
- Increase the rentals charged by CPI plus 1%; a total of 2.6%
  - Equalise service charges as previously proposed in November 2016
  - Continue to increase the Management Fee for Shared Ownership properties by £6.00 each year (£282 to £288 per annum)
  - Maintain any remaining furniture charges at current rates
  - Maintain garage rents at £13 per month
- 5.3.2 Ms Watson reported that the proposed rental increase of 2.6% would see an increase for most tenants of around £2 per week. There are 41 remaining fair rent tenants. There are 63 homes currently occupied by tenants whose homes were transferred under the Scottish Secure Tenancies Stock Transfer.
- 5.3.3 Mr Macaulay commented that Albyn's rent increases last year were moderate compared to the Society's peers. Of a group of half a dozen housing associations, plus the Council's proposed increase of 1%, the increases will range from 1.0% to 3.5%.
- 5.3.4 Discussion took place about what figure to use for the rent increase. Currently this was the December CPI figure. Alternative suggestions were discussed. It was noted that the December figure was used following previous consultations with tenants on setting rent increases.
- 5.3.5 The Board members discussed what level of increase to rents should be applied. They were very cognisant of the number of tenants who may be struggling with their budgets. The provision of affordable housing is Albyn's core business. After careful and detailed discussion, it was agreed that the increase should be 2.3%. It was confirmed that this provided for Albyn's future financial viability.
- 5.3.6 The Board approved the proposals detailed below:
- Increase the rentals charged by 2.3%
  - Equalise service charges as previously proposed in November 2016, subject to taking the responses from the consultation into account
  - Continue to increase the Management Fee for Shared Ownership properties by £6.00 each year (£282 to £288 per annum)

- Maintain any remaining furniture charges at current rates
- Maintain garage rents at £13 per month

Ms Watson was thanked for attending. At this point she left. Mrs McLaughlan rejoined the meeting.

#### 5.4 Transfer of Property Related Activities from Albyn Enterprises Ltd to Highland Residential (Inverness) Ltd

5.4.1 The paper sought approval from the Board to transfer the property related activities that are currently being undertaken by Albyn Enterprises Ltd to Highland Residential (Inverness) Ltd. It is proposed to transfer the following activities:

- Factoring, including the provision of that service to Albyn Housing Society's tenants
- Mid-Market Rent Activities
- Home Ownership Initiatives on behalf of the Scottish Government (such as Low Cost Initiative for First Time Buyers - LIFT Open Market, LIFT (own developed) Developer LIFT), and Help to Buy
- Estate agencies services
- Sale of shared ownership properties of behalf of the Society
- Private letting managed services

5.4.2 It was proposed that Albyn Enterprises Ltd would continue to undertake innovations activities such as the Scottish Legal Aid Board (SLAB) and Big Lottery funded projects; and the solar panels activities in Tain. The staff associated with the activities listed above will be transferred at the same time as the activities.

5.4.3 It was clarified that Highland Residential will be a separate subsidiary to Albyn Enterprises Ltd, but will sit alongside it under the Society which will be the parent organisation.

5.4.4 Mr Nairn said that an article had been placed into a recent edition of the Executive magazine regarding the work of Highland Residential and potential Board membership. No expressions of interest had yet been received. A follow up recruitment process is planned.

5.4.5 In answer to a query from the Chair, Mr Nairn said that the transfer of activities was due to be made from 1 April 2017. It was agreed that the Albyn Enterprises Ltd (AEL) Board will continue to act for Highland Residential until such time as a new Board is identified. In the short term, the AEL Board will be replicated into Highland Residential, with the understanding that as and when new directors for Highland Residential can be found they can gradually be brought in.

#### 5.5 Eviction Approvals: Chair's Homologation

*Mr Jim Banks, Customer Services Manager (North), joined the meeting for this item.*

5.5.1 Board members were asked to endorse the Chair's approval to enforce three court decrees for eviction.

5.5.2 After discussion the Board endorsed the Chair's approval for the three evictions.

## 5.6 Eviction Approvals

*Mr Banks remained in the meeting for this item.*

- 5.6.1 Board members were asked approve the enforcement of three court decrees for eviction.
- 5.6.2 The Board members discussed the cases in detail and received additional information on them from the Customer Services Manager.
- 5.6.3 After careful consideration, the Board members approved the three court decrees for eviction.

Mr Banks was thanked for attending the meeting. At this point he left.

## 6. **MINUTES OF COMMITTEE MEETINGS**

### 6.1 **Audit and Risk Management Committee: 27 October 2016**

The minutes of this meeting were noted. Mr Convery, as Chair of the Committee, had submitted comments about the meeting. He had noted that Mazars had been re-appointed as Internal Auditors. The Internal Audit Strategy for 2016-20 had been agreed. The Internal Audit Plan agreed for 2016/17 will contain reviews of the development programme, factoring and rent arrears.

### 6.2 **Staffing, Health & Safety and the Environment Committee: 1 November 2016**

The minutes of this meeting were noted. As Chair of the Committee Mrs McLaughlan reported that there was a concern about the process for lone working. It was hoped that this would be addressed soon.

### 6.3 **Performance Committee: 15 November 2016**

The minutes of this meeting were noted. As Chair of the Committee Mrs McLaughlan reported the improvements in repair times, Notice of Proceedings, rent arrears and gas servicing. Problems with voids were due to issues outwith the Society's control. This was primarily that the Society was not allowed to let a property where there had been a death until the police had finished their investigations.

### 6.4 **Albyn Enterprises Ltd Board: 17 November 2016**

The minutes of this meeting were noted. Mr Convery, as Chair of the Board, had submitted comments to the meeting. The AEL Board had agreed to create Highland Residential to take forward letting and factoring as a separate business, subject to main Board approval. The Board had discussed the Gift Aid Policy and what AEL should do with surplus generated if not retained within the business for further growth.

## 7. **HEALTH AND SAFETY**

- 7.1 There was nothing to note for this item.

## 8. **LEAVE OF ABSENCE**

- 8.1 There was one request for a leave of absence for the 14 March 2017 Board meeting.

## **9. ANY OTHER COMPETENT BUSINESS**

### **9.1 Board Members: New Website**

The Board members were provided with a brief overview of the new website that has been developed for them. This website holds all the Albyn-related information that Board members require, such as Board and Committee meeting papers and minutes, dates of future meetings, and other relevant information. It is anticipated that this website will go live within the next few weeks.

## **10. DATE OF NEXT MEETING**

10.1 The Board meeting is due to take place on 14 March 2017 in Invergordon.

## **11. POLICY PROPOSALS AND REVIEW**

### **11.1 Board Remuneration Policy**

This item was taken earlier on the agenda to allow Ms Smith to participate in the discussion before she had to leave.

11.1.1 The paper sought Board members' approval for the draft Board Remuneration Policy, subject to consultation. The paper had been drafted following recent discussions by the Board regarding remuneration for Board members. It was proposed that specific Board and Committee office bearers' posts receive remuneration. It was clarified that legally, only a maximum of five Society Board members (fewer than half of the maximum 12 Board places) could be remunerated.

11.1.2 Mr Macaulay commented that decisions now being made by Board members around subjects such as pensions or private placement have become more complex than in the past. What is asked of the Society's Board members in terms of their input has increased for regular Board members, and even more so for office bearers.

11.1.3 Mr Macaulay said that the consultation proposed would take a "sounding board" approach with the Society's tenants, staff and partner organisations, rather than the outcome of the consultation determining the decision made.

11.1.4 The Chair commented that all Board members have a conflict of interest for this item, but conversely also have no conflict. Nevertheless, a Board decision was needed for this matter. The Chair did not believe that the Board could vote itself remuneration. Therefore external views should be sought on the subject. He thought that it would help to send the draft policy to the Regulator to obtain a view, as well as the Office of the Scottish Charity Regulator (OSCR).

11.1.5 The Board members discussed this matter in some detail. Some Board members thought that some form of remuneration would help attract Board members with skills and expertise who may not have otherwise been able to accept a Board member role. For example, someone with a full-time role. It was noted that other local organisations pay their Board members. On the other hand, some Board members commented that the Society had run successfully for some 40 years with voluntary Board commitment. Taking a paid role on the Board may be a conflict to some people, such as tenants or prospective tenants. There was some concern that any payments would have to be taken from the rents charged to tenants.

11.1.6 After a vote, it was agreed that consultation should take place as a first step. Information will be provided to Board members via email on the proposed consultation process.

## 11.2 Entitlements, Payments and Benefits Policy

11.2.1 The paper and revised policy had been produced following the Board's consideration of the Scottish Federation of Housing Associations' (SFHA) model policy and a Highlands & Islands variant of it. The revised model was therefore based on the Nolan Principles. These are recognised as being the primary model for organisations and individuals working in the public sector.

11.2.2 Following provisional approval by Board members at their 18 October meeting, consultation had taken place with staff through the Staff Consultative Forum. The result of this consultation was that no further changes were required to the draft policy and procedures. It was therefore proposed that Board members approve the policy and procedures for implementation.

11.2.3 The Chair added that when this was last discussed at the October meeting, Board members were given the opportunity to pass any further views on to the Chief Executive, and none had been provided. Mr Macaulay said that the process could be tested after implementation and adjusted as required.

11.2.4 The Board members approved the draft policy and procedures for implementation.

## 11.3 Anti-Bribery Policy: Draft

11.3.1 Approval was sought from Board members for the draft Anti-Bribery Policy which the Society requires to have in place. The policy sits alongside the requirements of the Entitlements, Payments and Benefits Policy, and a number of other governance policies.

11.3.2 It was agreed that a process was required to ensure that staff have read the document, with evidence of this. It also needed to be effectively communicated to employees. Further information on this will reported back at the March meeting.

## 12. **INFORMATION PAPERS**

### 12.1 **Beauly Heating: Update on Legal Case**

This paper had been circulated separately by email to Board members. It was noted that a settlement had now been accepted in respect of this case. It was confirmed that the first indication that there was a systemic problem had come to light only after the post-defects period inspection.

### 12.2 **Procurement Strategy**

This paper had been circulated separately by email to Board members. The draft strategy is now due for consultation with tenants. The strategy will return to the Board for approval in due course.

*Mrs McLaughlan left the meeting. Mr Fosbrooke left the meeting for the following item.*

### 12.3 **Service Charge Review: Tenant Consultation**

This paper had been circulated separately by email to Board members. Mr Macaulay said that the responses would be taken into account as the process moves forward. The very low response to the consultation was noted by Board members.