

ALBYN HOUSING SOCIETY LIMITED

REPORT OF THE BOARD MEETING HELD ON TUESDAY 14 AUGUST 2018 AT 10:30 AM AT ALBYN'S OFFICES, INVERGORDON

Present

Mr D Russell (Chair)
Mrs J Carr

Mr S Smith (Vice-Chair)
Mr I Fosbrooke

Mr S Gracie
Ms M Smith (from Item 4.1.8)

In Attendance

Mr C Macaulay: Chief Executive
Miss C Lawrie (Minutes)

Mr R Nairn: Chief Operating
Officer
Ms J Soley: Customer Services
Manager South (Item 4.8 only)

Mr A Martin: Head of Finance &
Corporate Services
Ms S Cribb: Highland Residential
Business Development Manager
(Item 4.8 only)

1. APOLOGIES

- 1.1 Apologies had been received from Mr Convery for this meeting. In addition, Ms Smith had indicated that she would be late arriving, due to a diary conflict.

2. DECLARATIONS OF CONFLICTS OF INTEREST

- 2.1 Messrs Macaulay and Nairn noted any potential conflict regarding Agenda Item 4.3 on the staff contract of employment. Once she joined the meeting, Ms Smith noted any conflicts that may arise in her role as a Highland Councillor. She also declared her interest in Highland Residential (Inverness) Ltd as it is selling a property for her.

3. MINUTES OF PREVIOUS MEETING

3.1 Board Meeting: 26 June 2018

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

3.1.1 **Action Items**

A written update on the action items had been provided.

3.1.2 **Action Item 3.1.7: Facebook**

Mr Macaulay had provided a written update on this matter in the action items. He noted that one idea being considered is the possible development of a mobile phone application as part of the communication process with tenants. A review of resources within the Corporate team was required, and this would include social media requirements and a strategy. It was noted that some comments on Facebook had been followed through as complaints. The Chair commented that any complaints would be treated as confidential and it may be that further comments could not then be posted on Facebook, save confirmation that the matter is being treated as a complaint.

3.1.3 **Matters Arising**

There were no matters arising.

4. DECISION MAKING PAPERS

4.1 Statutory Accounts and Associated Documents

4.1.1 The paper sought the Board's approval for the undernoted:

- The Report of the Board and Consolidated Financial Statements;
- The Letter of Representation for Albyn for the financial year to 31 March 2018 for submission to the Regulator and for onward filing;
- The final Audit Findings Report for submission to the Scottish Housing Regulator; and
- The Audited Financial Statements return for the financial year and that it is submitted in line with the Regulator's requirements

4.1.2 Mr Martin took the Board through a presentation on financial performance.

4.1.3 Mr Martin reported that turnover from affordable lettings has increased year on year. The Society has 3,152 units which leads to just over £15.4m turnover, an increase of just over £1m from the previous year. Mr Martin reported a £4.98m operating surplus, an increase of just over £1m on the last year. Interest costs are increasing sharply, due to interest charges now requiring to be paid on the private placement loan.

4.1.4 Mr Martin reported on the performance of Albyn Enterprises Ltd. The income statement included information on discontinued activities, which related to the fact that the first quarter of the year included activities such as mid-market rent, which had subsequently been moved over to Highland Residential (Inverness) Ltd from the second quarter onwards.

4.1.5 The Chair asked about the future of Albyn Enterprises Ltd. Mr Nairn confirmed that the Big Lottery activity will continue until September 2019 and the future of the subsidiary will need to be considered thereafter.

4.1.6 Mr Martin reported on Highland Residential (Inverness) Ltd and commented that this was the first year of the subsidiary's trading. There is a small trading loss which is due to the transfer of the activities during Quarter 2, which left the first quarter's profits with Albyn Enterprises Ltd.

4.1.7 Highland Residential is seeking to grow its presence in the estate agency market. Mr Martin noted that the factoring arm does not generate a profit. Mr Nairn added that staff resources within the subsidiary are increasing, on the basis that income will also increase in the future.

At this point, Ms Smith joined the meeting.

4.1.8 Mr Martin took the Board through the Significant Findings contained within the Audit Report. Mr Smith commented that the Audit & Risk Management Committee had gone through the report in great detail, with input from the auditors.

4.1.9 Mr Smith referred to the significant issue in the report which reported that a sum of money had been mistakenly paid to the wrong supplier. Additional measures had now been put in place to ensure that this could not happen again.

4.1.10 It was noted that Mr Convery and Ms Smith had approved the accounts for Albyn Enterprises Ltd and Highland Residential (Inverness) Ltd. The Chair noted that the Audit and Risk Management Committee had also reviewed the accounts. Mr Smith confirmed that the Committee had been content to approve the accounts.

4.1.11 The Board approved the undernoted:

- The Report of the Board and Consolidated Financial Statements;
- The Letter of Representation for Albyn for the financial year to 31 March 2018 for submission to the Regulator and for onward filing;
- The final Audit Findings Report for submission to the Scottish Housing Regulator; and
- The Audited Financial Statements return for the financial year and that it is submitted in line with the Regulator's requirements

This was proposed by Mr Russell and seconded by Mr Smith.

4.1.12 The Chair thanked the finance team, Mr Martin and Mr Nairn for their hard work in preparing the accounts this year, in light of the loss of the former post holder and temporary cover for some months.

4.2 Growth Potential: Build Programme 2020 to 2023

4.2.1 The paper sought approval from the Board for the target to develop 250 properties for each year of 2021, 2022 and 2023. Mr Nairn reported that the current budget covers development during 2019 and 2020. This will effectively use the private placement funding and other funding, and will meet the total number of new units of 750 which had previously been agreed by the Board.

4.2.2 Mr Nairn took the Board through some financial scenarios, including basic assumptions for the build programme. The scenarios were based on only building one new property, building 250 new homes, or 750. The scenarios included assumptions on CPI and rent costs.

4.2.3 Mr Macaulay commented that it was likely the Scottish Government would at some point want to see long term plans in place to replace gas systems with electrical systems fuelled by renewables.

4.2.4 Mr Nairn had revisited the risk matrix and identified the areas of risk which could become red if a further development programme went ahead. He had then updated the mitigating actions to address these risks and this information was contained in the documents provided to the Board.

4.2.5 Mr Nairn said that further discussions were due to take place with the funders to discuss future development and the timing for that. There was an argument about size of development versus size of private placement loan, where a larger development would be seen more positively. It would not be possible to obtain bank funding for development, as the repayment terms would be no more than 10 years.

- 4.2.6 Mr Nairn was seeking approval to review long-term financial options for future development. A decision would be needed in a year's time about whether future development, and at what level, would take place. The funding would need to be ready to implement, even if development decisions were taken on an annual basis. Mr Nairn wanted to consider external factors in order to ascertain where the market is, the situation for other housing associations who have sought funding, the position in relation to the UK Government, Scottish Government, Brexit and so on regarding the future funding of affordable housing.
- 4.2.7 Mr Nairn confirmed that he was seeking the Board's agreement that its ambition was to develop 250 properties in each of the three years, although firm decisions on actual development could be made annually.
- 4.2.8 The Chair commented that the Board accepted the ambition of developing a total of 750 new homes.
- 4.2.9 The Board could commit to a level of development at this point, with a final decision required in a year's time. Mr Smith asked for some stress testing to take place to identify which figure of development would mean there is no benefit. Mr Nairn agreed to produce further data over the next couple of months.
- 4.2.10 The Chair commented that this discussion was taking place against the backdrop of a lengthy list of people on the register who needed a home. He believed that the Board members had the ambition to build another 750 homes, and that the preparatory work was authorised up to the point of actually arranging contracts for construction. At this point, the Board would need to decide on how much development, if any, should take place. This would be based on all the risk factors and meeting of financial covenants.

4.3 Contract of Employment Consultation

- 4.3.1 The members of the Boards had previously received by email further information setting out staff feedback on the consultation of the proposed new contracts of employment. The Board was now asked to endorse the decisions taken via email on 25/26 July 2018.
- 4.3.2 Mr Macaulay reported that a number of contracts had been returned, although quite a number remained outstanding. The deadline for return is 15 August 2018.
- 4.3.3 The Board endorsed the decisions taken by email on 25 and 26 July 2018.

4.4 Office Bearer Nominations

- 4.4.1 The paper asked Board members to agree nominations for the Office Bearers at this meeting which could then be formally presented for election in front of the AGM guests. This followed on from the change to this procedure last year and replaced holding a separate Board meeting on the night of the Annual General Meeting.
- 4.4.2 The Chair reported that he intended to stand down as Chair of the Board at the Annual General Meeting. He intended to stay as a Board member. Nominations were now sought for the office bearers.
- 4.4.3 Mr Russell proposed Mr Smith as Chair of the Board. No further nominations were offered and no-one opposed the nomination. Mr Smith was willing to accept this nomination. On that basis, Mr Smith was elected as Chair of the Board.

- 4.4.4 Mr Smith nominated Mr Russell as Vice-Chair as he would very much appreciate Mr Russell's ongoing support. Mr Russell was willing to take on this role for a maximum of one year. Ms Smith supported this nomination. On that basis, Mr Russell was elected as Vice-Chair of the Board.
- 4.4.5 Mr Russell nominated Ms Smith to continue as Board Secretary. There were no other nominations. Ms Smith was content to continue in the role. On that basis, Ms Smith was re-elected as Board Secretary.
- 4.4.6 Mr Smith reported that he and Mr Macaulay were currently interviewing Board candidates. Mr Macaulay gave an update on those interviewed to date. Further candidates were due to be interviewed on 15 August.
- 4.4.7 One person is needed for the Society Board, and a minimum of one each for the two subsidiaries. Further advertising will be taking place in the next week or so to try and find additional local candidates. Mr Macaulay asked Board members to suggest local organisations or people who could be approached about Board membership.
- 4.4.8 Board members agreed nominations for the Office Bearers as discussed at this meeting and these will be formally presented for election in front of the Annual General Meeting guests.

4.5 Society Membership Application

- 4.5.1 Board members were asked to consider one application for Society membership, received from Mr Cargill of Invergordon.
- 4.5.2 Board members approved the Society membership application from Mr Cargill.

4.6 Keeping Vulnerable People Safe: Update

- 4.6.1 A paper had not been provided for this item.

4.7 Evictions: Approval

- 4.7.1 The paper sought the Board's approval for two evictions. The Board discussed both cases in some detail.
- 4.7.2 The Board approved the two evictions.

4.8 Project Newland: Inverness Office Move

Ms Jenny Soley, Customer Services Manager (South) and Ms Sam Cribb, Business Development Manager for Highland Residential (Inverness) joined the meeting for this paper.

- 4.8.1 An update was provided to the Board on progress in seeking new premises for the Inverness office, where staff had now outgrown the premises.
- 4.8.2 The Board members discussed the options available and offered their thoughts to Ms Soley and Ms Cribb.
- 4.8.3 Next steps in the process were agreed, which Ms Soley and Ms Cribb will now progress.

At this point Ms Soley and Ms Cribb left the meeting.

4.9 Staffing Resources: Finance

- 4.9.1 The paper sought the Board's approval for the recruitment of a permanent, full-time Finance Assistant. A job description and person specification had been provided in relation to this proposed post. This request would also address the current ongoing use of an agency member of staff, which is in itself an expensive option.
- 4.9.2 The Chair commented that there is a general desire to reduce agency staff. Mr Smith said that he was aware of bank (retired) staff being used in other places, rather than agency staff, to provide flexible and trained staff and thought this might be an option worth exploring.
- 4.9.3 The Board approved the recruitment of a permanent, full-time Finance Assistant.

5. **MINUTES OF COMMITTEE MEETINGS**

5.1 **Audit & Risk Management Committee: 26 July 2018**

The minutes of the meeting were noted. As Vice-Chair of the Committee, Mr Smith reported that there was a detailed discussion on the accounts, the audit findings, and the performance of both internal and external auditors. The Committee had been content with the responses from the auditors at the meeting.

5.1.1 **Audit & Risk Management Committee's Annual Report to the Board**

Mr Smith commented that the Committee was generally content with the draft report when it had been discussed at its meeting, with one addition being requested to highlight the risk management work. This had been added before being provided to the Board. Mr Nairn noted that the external audit tender was now being progressed. The Chair thanked the Committee for the work carried out over the year.

6. **HEALTH AND SAFETY**

- 6.1 There were no matters to raise.

7. **LEAVE OF ABSENCE**

- 7.1 A leave of absence was requested by Ms Smith for the next meeting taking place on Tuesday 16 October 2018.

8. **ANY OTHER COMPETENT BUSINESS**

8.1 **Staff Consultative Forum**

Mr Macaulay reported that the Staff Consultative Forum had been somewhat in abeyance over the last few years. However, with work to be done on the policies and procedures to support the new staff contract, this Forum was expected to be revitalised to progress the work.

9. **DATE OF NEXT MEETING**

- 9.1 The next Board meeting is due to take place on 16 October 2018.

10. POLICY PROPOSALS AND REVIEW

10.1 Board Remuneration Policy

- 10.1.1 A paper will be provided to the Staffing, Health & Safety and the Environment Committee meeting on 25 September, with a further paper provided to the 16 October Board meeting.

11. INFORMATION PAPERS

11.1 **Standing Item: Key Actions and Future Activity**

This paper updated Board members on work carried out by the Chief Executive since the last meeting.

11.2 **Standing Item: Dalmore Fit Homes Update**

This paper reported that a fire risk assessment had now been carried out and the outcomes were provided to the Board. Work will progress on adding hatches to the decking to ensure they are regularly emptied of rubbish. Tenants will be advised that they cannot use heat sources, such as chimeneas, on the decking.

11.3 **Annual General Meeting: 2018**

This paper provided Board members with information on this year's AGM, due to take place on 11 September.

11.4 **Proposed Meeting Schedule: 2019 and 2020**

This paper provided Board members with information on meeting dates for the next two years.

As this would be his last Board meeting as Chair, Mr Russell thanked the Board for all their support over the years.

At this point the meeting ended.