

10th December 2019

Board meeting

Minute of a meeting of the Board
At 4:30pm on 24th October 2019

Held at:
Viewpoint Housing Association Ltd.
Oswald Road
Edinburgh

Present

Board Members

Mr I Thompson, Chair

Mr T Roehricht, Vice Chair

Ms K Kennedy

Mr D McIntosh

Ms P Russell

Mrs J Simpson

Attending

Jean Gray, Chief Executive Officer (CEO)

Howard Vaughan, Director of Finance & Assets (DFA)

Helen McMorrان, Director of Business Support (DBS)

Mike Gibson, Head of Finance (observing)

Ann Wood, Director of Care (DC)

Esther Wilson, Director of People & Place (DPP)

Tom Mitchell, CGPM Consulting LLP

Apologies received

Mrs C Jardine

Mrs C Lumsden

Minute

Item	Subject	Action	Due Date
00	Welcome		
a	There being a quorum present, the Chair welcomed all and opened the meeting.		
b	Apologies were received from Mrs C Jardine and Mrs C Lumsden.		
c	JS declared an interest in item 4b. There were no declarations of interest other than those presently on record.		
01a	Minute of previous meeting		
a	The minute of the meeting of 17 th September 2019 was approved with minor amendments.		
b	IT signed the minute as an accurate record of the meeting of 17 th September 2019.		
01b	Matters arising and outstanding actions		
a	All actions except 4, 11, 13, 15 and 16 were considered to be closed.		
b	Following discussion, the meeting agreed that future Board meetings would start at 5:30pm. Meetings will be held on a Tuesday. Board dates are to be aligned with the business cycle as far as possible.		
02	Minutes of sub-Committees		

Item	Subject	Action	Due Date
a	<p>Risk and Audit Committee</p> <p>There was no minute yet available for the meeting of 22nd October 2019. TR provided a verbal update. A number of the items presented at the Risk and Audit Committee are on the agenda for approval and will be discussed during those agenda items.</p>		
b	<p>The RAC meeting discussed Health & Safety and updated the tracker ensuring that each action had an owner and that timescales were reasonable.</p>		
03	Assurance statement		
a	<p>The Assurance Statement and the evidence was considered at a meeting of Board Members on 10th October 2019. The statement and the evidence were reviewed again at the RAC meeting on 22nd October 2019. RAC considered the evidence in support of the Assurance Statement to be of sufficient depth and quality to make a recommendation that the statement is approved by the Board.</p>		
b	<p>The Assurance statement concludes:</p> <p>“Although VHA is working towards full compliance we are assured based on the evidence which we have reviewed, that there are no serious threats to the business or financial viability of the RSL.”</p>		
c	<p>The meeting considered:</p> <ul style="list-style-type: none"> • The meaning of full compliance in the context of VHA; • The meaning of a number of actions and how even with full compliance there can be actions in the context of continuous improvement; 		
d	<p>The meeting agreed to update the statement to include the phrase “... have identified specific improvement actions”.</p>	CEO	24 Oct 2019
e	<p>The meeting supported DMcl’s remarks that the Executive Team have done a very good piece of work with the Assurance Statement and congratulated them for it.</p>		
f	<p>Subject to one change noted in 03d, the meeting approved the Assurance Statement and authorised the Chair to sign it on behalf of the Board for submission.</p>		
04	Budget and rent consultation		
a	<p>The DFA thanked MG for the work he had done in pulling together all of the budget papers.</p>		
b	<p>The DFA outlined the housing income target for 2019-20. This takes into account a rent increase based on the 2% figure on which the tenant consultation will be undertaken. Service charges levels will vary according to the various commitments and benefits of longer term procurement. The assumed inflation rate is between the most recent CPIH (1.7%) and RPI (2.6%).</p>		
c	<p>As the Board is aware, the rent restructure took place three years ago and included staged increases and decreases for certain properties. This budget includes an acceleration of those who had been undergoing staged reductions in line with the approved policy. However, those who are undergoing staged increases in line with the approved policy will continue to benefit from that staging process.</p>		

Item	Subject	Action	Due Date
d	The Care income target is more complex. It is proposed to increase Care fees by 4%. Care rates vary depending upon room size only and not the level of Care required by a resident. No account is taken of movement in resident numbers and/or mix of private and local authority funding in the budget.		
e	The main component of the capital expenditure in 2020-21 will be the new heating systems. As agreed, a placeholder has been included until the level of detail required is available. The level of capital expenditure does permit some additional work also to be undertaken around bathrooms, lift replacements, etc. Given the scale of the programme for 2020-21 provision has been made for a part-time project manager.		
f	The DPP outlined the rent consultation process and the case for the proposed rent increase on which VHA will consult on. The proposals are based on VHA's rent and service charge policy.		
g	The proposal incorporates areas for service improvements. For example: <ul style="list-style-type: none"> • The reintroduction of the handy person service; • Voids to ensure that properties are of a good lettable standard; 		
h	Changes are also proposed in the composition of the services charges. There are six components and a service charge will be levied depending upon the components that are supplied to a given complex.		
i	A number of general needs properties have been paying a common area charge as a part of their service charge; these will be removed as they have no common area. Therefore, the common areas cost now needs to be spread across a much smaller number of properties, hence the high percentage, but low monetary value of the increase.		
j	The current central heating charge will cover heating only and it is proposed a new central heating and hot water charge will be introduced from 1 st April 2020. It is anticipated that the services charges related to these two components will be lower in the next financial year.		
k	The SFHA-endorsed toolkit for affordability has been used to confirm that the rent increase proposals remain affordable. The DPP explained the use of the toolkit and the work that had been done to ensure rents remain within affordability parameters.		
l	Rent arrears are c3%; it is currently above target but reducing. Arrears are higher in general needs stock and reflects that tenants are more likely to be caught up in the impact of welfare reform.		
m	We know from ARC returns that our weekly rents are below those we consider to be our peers. The Executive Team have also been out to their personal networks to understand what increases other organisations were considering. Most local landlords are considering a rent increase of around 2 to 3%.		
n	The consultation process will replicate and build upon last year's successful feedback. Response rates and engagement last year were very good. DPP explained the process and the nature of the questions which would be asked in order to gain insight into tenants' views.		
o	The meeting considered the budget in the context of the following matters: <ul style="list-style-type: none"> • Achievement of current year budget: permanent versus timing differences; • Taking into account current year reforecasting in forward planning; 		

Item	Subject	Action	Due Date
	<ul style="list-style-type: none"> • Margins of error in the budget and the mechanisms for dealing with the unexpected; • Affordability of rents and service charges and the impact on tenants; • The nature of tenant consultation, key messages and options available; • Achieving the balance between surpluses required under historical RBS covenant and realistic future capital investment; • The impact on accumulated reserves of the proposed programmes; • The accuracy of the scheduling of costs: flat rate versus profiling; • Competitiveness of Care fees with the marketplace in Edinburgh; • Effective capacity and occupancy rates in the Care Home market; • Challenges in recruiting good quality staff in certain fields; • Affordability and progress towards achieving Scottish and UK Living Wage rates; • Definition of inflation, the rates used and remaining competitive in the labour market for both the housing and care sides of the business; • Impact of General Election and Brexit on care funding policy, staffing and medication; • The sustainability of the business in the context of our Strategic and Operational Plans; • The thoroughness of the work done by the staff team. 		
p	The meeting asked that when the budget comes back for approval in February 2020 that it is supported by a monthly cash flow.	DFA	4 Feb 2020
q	The meeting confirmed that VHA proceed to consultation on the basis of a General 2% rent increase, 4% Care fees increase and service charge modifications and changes as proposed.	DPP	4 Feb 2020
r	The meeting confirmed that the draft budget was heading in the correct direction and that work should continue on the basis and subject to the matters discussed ready for presentation at the 4 th February 2020 Board meeting.	DFA	4 Feb 2020

Jean Simpson left the meeting

05	Organisational change		
a	<p>Programme Board update</p> <p>The first meeting of the Programme Board has taken place. The Terms of Reference were considered and agreed. The next meeting during November will get into the detail of the projects. The Board representatives will provide assurance to the Board that the programmes remain on schedule and on budget or what steps are being taken to remediate matters.</p>		
b	<p>Executive update</p> <p>The projects are progressing. The team has now had a "first look" at proposed team structures. Consideration is being given to this and to ensure that it promotes all the right skillsets being in the right place at the right time. Work is also taking place to ensure that the right outcomes are being planned which in turn will foster staff buy-in to the proposals.</p>		
c	<p>The Executive and Leadership teams have together looked at some of the areas where it was felt that strengthening was required; Leadership team have also looked at these matters on their own too. The important milestone now is to have the Organisational Design Project in a position where we can start to drive it forward with the whole staff. Employee workshop sessions have been held across the business; many staff in their feedback have stated that they are enthusiastic to hear how this organisational design will be taken forward.</p>		

Item	Subject	Action	Due Date
06	CAF Bank Loan		
a	The DFA sought delegated authority for either himself or the CEO to sign the final loan agreement with CAF Bank when ready.		
b	<p>The meeting discussed the delegation and considered, the:</p> <ul style="list-style-type: none"> • Content of the CAF-prescribed minute; • Scope of authority that is granted to executive staff; • Timing of the documentation in order to meet the proposed timetable; • Options for a supervised delegation; • Clarification that early redemption penalties only apply for the first 25 months; 		
c	The meeting approved the signing of the CAF Board minute and delegated authority to the Chair and Vice Chair to approve any changes to the loan agreement or documentation required prior to signature.		
07	Delegation of authority to make redundancies		
a	At the present time, the CEO may only consider a single redundancy.		
b	<p>The meeting discussed the proposal:</p> <ul style="list-style-type: none"> • Whether the fourth step outlined was necessary and if, given the oversight by the Programme Board, it may cause unnecessary delay; it was agreed that this should be removed; • The existence of the framework for reaching the amount any given redundancy may cost and that it is documented in the Redundancy Policy; • That the Redundancy Policy provides for contractual and statutory redundancy costs only; 		
c	The CEO sought, and the meeting approved, an increase the number of redundancies which may be considered, consulted and delivered, for the time being, to a number fewer than 20, for a period of one year.		
08	Policies for approval		
a	<p>Abandonment</p> <p>Most changes are minor and presented with track changes to allow Board members to see where these have been made. The meeting approved the revised policy.</p>		
b	<p>Disposal of land and assets</p> <p>The CEO presented this new policy. It is required and was also highlighted as a gap during the Governance Audit.</p>		
c	<p>The meeting discussed the following matters:</p> <ul style="list-style-type: none"> • Fragmentation of title on part disposal; • Cross-collateralisation; • Transfers of engagement are outside the scope of the policy and subject to separate arrangements; 		
d	The meeting approved the new policy.		
e	<p>Financial regulations</p> <p>The revised Financial Regulations were reviewed by the Risk and Audit Committee earlier this week and are recommended for approval by the</p>		

Item	Subject	Action	Due Date
	Board. The meeting approved the revised Financial Regulations, subject to the changes requested by the Risk and Audit Committee.		
f	Treasury Management The Treasury Management Policy was reviewed by the Risk and Audit Committee earlier this week and is recommended for approval by the Board.		
g	The meeting noted: <ul style="list-style-type: none"> The changes requested by Risk and Audit; That Risk and Audit would consider the need for, and content of, a Reserves Policy. 		
h	The meeting approved the Treasury Management Policy, subject to the changes requested by the Risk and Audit Committee.		
i	Procurement policy The Procurement Strategy and Policy were reviewed by the Risk and Audit Committee earlier that week and were recommended for approval by the meeting.		
j	The meeting noted: <ul style="list-style-type: none"> The changes requested by the Risk and Audit Committee; Revised procedures for low value purchasing; and The requirement for all procurement scoring to contain a qualitative element. 		
k	The meeting approved the Procurement Strategy and Policy, subject to the changes requested by the Risk and Audit Committee.		
l	Freedom of Information The policies to support the Freedom of Information framework were considered by the meeting. The meeting approved the policies to support the Freedom of Information framework.		
m	Whistleblowing Policy The draft policy was discussed at the previous meeting. Several changes were proposed, and these have now been made.		
n	The meeting noted: <ul style="list-style-type: none"> That the paragraph numbering was out of sync in the policy; Clarification to be made in the procedures around how realistic the schedule is where the complaint concerns the Chair. 		
o	The meeting approved the Whistleblowing Policy		
09	Governance report		
a	The meeting noted the content of the Governance Report.		
b	The meeting confirmed that the report on the Governance Action Plan was of the form and content required.		
c	The meeting noted the content of the Governance Action Plan.		
d	The meeting noted and agreed the proposed Board dates for 2020.		
e	The meeting approved the removal of the shareholder		
10	Quarterly management accounts		

Item	Subject	Action	Due Date
a	The half year accounts are positive relative to budget; there remains a works programme to complete in the second half of the year which will bring matters back into line with budget. All bank covenants have been met.		
b	The DFA took the meeting through the reforecast position showing the expected outturn at the end of the financial year. The meeting discussed: <ul style="list-style-type: none"> that most questions had been answered during earlier discussions on the 2020-21 budget. In respect of the programmes, the issue has been less about budget than it has about getting contractors on-site; The majority of variances from budget relate to timing differences rather than being permanent changes; and Clarification of the movements from amount budgeted to each quarter's reforecast position. 		
c	The meeting noted the Q2 Management Accounts.		
11	Performance report		
a	The members of the Executive each introduced their sections of the Performance Report. The meeting noted and discussed the following: <ul style="list-style-type: none"> Indicator 35 has come in under target at the end of Q2. There is an associated reduction in void loss; Whether the investment made at void stage represents value for money in terms of reduced void loss; The extent of rent arrears attributable to technical or non-technical reasons. There has also been a focus in case management of arrears and consequently the arrears position is improving; The Asset Management indicators are under scrutiny as two have deteriorated marginally; one where the indicator movement is attributable to a single case and the other tied into contractor management; All satisfaction surveys are still showing positive results. These reflect the increased work being done at the void stage. Contractors have been asked to ensure that quality is part of their briefing to their tradesmen; A new software tool has been introduced to support the case management of complaints. There is an improvement in the recording of complaints and their resolution at an earlier stage; The nature of the Adult Support and Protection Reports and the satisfactory resolution of these; There is one significant arrears case. Arrears have built up again and VHA have been assured that matters are in hand to eliminate the arrears position. Based on past experience, VHA have a degree of assurance that the matter may resolve without loss. However, the matter is more complex on this occasion due to interacting ownership provisions; The continued improvement in the proportion of staff who have completed mandatory training requirements; Staff on long-term sickness absence were noted; Reasons for staff leaving were noted; Recruitment times remain extended and it is hoped that reintroducing HR will make a significant difference; Age diversity is not reported although the statistics are gathered; these will be added in. Comparatives with other RSLs and the census data would be helpful. 		
12	Any Other Competent Business		
a	No other competent business was raised.		
13	Date of next meeting		

Item	Subject	Action	Due Date
------	---------	--------	----------

- a The next meeting will take place at 5:30pm on 10th December 2019 at Head Office.

The meeting closed at 7:50pm.

Approval of the minutes

Signed as a true record of the meeting, following the approval of the draft minute by a meeting of the Board on 10th December 2019:

Iain Thompson, Chair

Date: