

**Minute of the Virtual Meeting of the Board of Management of Langstane Housing Association Limited held on Wednesday 14 December 2022 at 12.30pm**

**Present:** M Martin, Chairperson  
J Knowles  
D Bain  
J Drummond  
I Jamieson  
G Urquhart

**In Attendance:** H Gauld, Chief Executive  
M Ballance, Director of Property  
L Macfarlan, Director of Finance and Corporate Services  
J Sutherland, Director of Housing  
A Bruce, Executive Assistant (Minutes)

**Apologies:** A Stevenson

The Chair introduced and welcomed D Bain to his first meeting of the Board of Management.

*Decision: The Board unanimously approved D Bain's application for membership of the Board of Management. He would be co-opted to the Board and his appointment ratified at the Annual General Meeting on 21 September 2023.*

**1. Apologies**

The apology noted above was intimated to the meeting.

**2. Declaration(s) of Interest**

There were no notes or declarations of interest.

**3. Draft Minute – Board of Management Away Day – 17 November 2022**

The Board agreed the away day had been successful with engaged discussion and clarity and consensus on the Group's strategic direction.

*Decision: The Minute was approved as an accurate record.*

**3.1 Matters Arising**

The matters arising would be dealt with under Item 12.

**4. Draft Minute – Board of Management - 26 October 2022**

The Minute was approved as an accurate record.

**4.1 Matters Arising**

**4.1.1 6.1 –** The Director of Housing reported two focus group meetings had taken place the previous week. Further information was provided under Item 8.1.

4.1.2 8.2 – The Director of Finance and Corporate Services reported the utility company automatically applies a reduction to the Association’s bills.

## **5. Statement of Outstanding Business**

The Board considered and noted the Statement.

## **6. Financial Reports to 31 October 2022**

The Board considered and noted the report. Speaking to it, the Director of Finance and Corporate Services drew attention to the voids figures, the overspend in day to day maintenance, the higher than budget office costs (due in the main to spend on IT and consultancy), the adverse variance against budget of interest and detail of component spend. In addition the Board was informed there had been no breach of covenants and all payment obligations had been met in full.

## **7. Mid Year Financial Review**

The Board reviewed the report and accompanying appendices, namely Appendix 1 - Statement of Comprehensive Income to 31 March 2023 (forecast) / Office costs / Asset Management – Components (forecast) and Appendix 2 – ICT savings.

The report provided an update on the financial performance of the organisation for the first half of the financial year and a look ahead to year end and beyond to identify potential issues and risks. The purpose of the report being to provide assurance the organisation is being properly managed to ensure its sustainability and ability to deliver its business plan objectives

Speaking to the report, the Director of Finance and Corporate Services highlighted the challenges faced during the year in terms of the economic situation, for example the increased interest rates, rising inflation, increased cost of utilities and the higher number of voids and arrears. The resulting financial position as at 30 September being the surplus is less than forecast.

The Director highlighted Item 2.2 of the report which referred to the increased costs against budget of component spend of £285,189 and assured the Board spend will be closely monitored and planned activity reduced if necessary. Board approval was being sought for the increased spend.

*Decision: The Board noted the update on the mid-year financial position and outturn to 31 March 2023 and approved the increase in component spend against budget of £285,189 and additional ICT spend to the end of the financial year*

## **8. Budget 2023-24**

### **8.1 Rent Affordability and Consultation**

The Board noted the report which provided information to inform its decision on the 2023-24 Budget as well the proposed rent increase options to be used in consultation with tenants. Speaking to the report, the Director of Housing highlighted the proposed increase would be dependent on the decision by the Scottish Government

as to whether it will extend the rent freeze. This will be known no later than 14 January 2023.

There ensued lengthy discussion on the proposed rent increase options. Given the current challenges, the Board were ever more mindful of the requirement to strike the right balance to ensure rents are affordable to tenants whilst maintaining services and delivering a programme of investment to improve its stock portfolio and ensure compliance with regulatory and legislative requirements as well as the long term financial viability of the organisation.

*Decision: The Board noted the report taking into account the proposed rent increase would be dependent on whether the Scottish Government decides to extend the rent freeze.*

## 8.2 Langstane Housing Association Budget 2023-24

The Board considered the budget paper and accompanying 11 appendices. The Director of Finance spoke to the report and informed the meeting the draft budget had been prepared on the basis of the management accounts to 31 October 2022 and current knowledge as at December 2022. A separate budget will be prepared for Langstane Property Limited.

Sensitivity analysis will be carried out before the budget is presented for final approval on 16 February 2023.

*Decision: The Board discussed at length the challenges and risks affecting the budget and having fully considered Items 8.1 and 8.2 agreed the following:*

- a. *Rental increases of 5.5% and 6.5% will be used as the basis for tenant consultation. The Board was aware this was higher than the 5% and 6% recommended in the report but based on the affordability criteria the increase would still be within the thresholds and would enable the Association to maintain services, invest in its stock and sustain its financial stability.*
- b. *Approved negotiations begin with Unite on the proposed cost of living increase* [REDACTED]
- c. *Approved the assumptions made and the draft budget presented in the Appendices for financial year 2023-24, subject to any change following Government policy and the outcome of the tenant consultation process.*
- d. *Approve the draft 30-Year Plan, subject to any change following Government policy and the outcome of the tenant consultation process.*
- e. *Approve a variance from the Business Plan assumption of a rent increase of CPI plus 0.5% for financial year 2023-24.*

## 9. Update on Replacement of Revolving Credit Facility (RCF)

Proposed replacement revolving loan facility from Bank of Scotland plc:

The CEO advised the meeting the Association's Director of Finance had been discussing with Bank of Scotland plc (the "Bank") the terms of a proposed new bilateral revolving loan SONIA facility [REDACTED] (the "Facility"), and the Bank had now issued for acceptance on behalf of the Association post-sanction indicative terms relating to the Facility (the "Indicative Terms"). A copy of the Indicative terms was provided to the members.

It was reported to the meeting that in accepting the Indicative Terms and then in signing the facility agreement which would be based on the Indicative Terms and borrowing the Facility in full, the Association would not breach its rules or any existing contractual or statutory obligations and that the Association is fully empowered to enter into the Agreement, to perform its obligations thereunder and to grant security in support of the borrowing of the Facility.

It was resolved as follows:

- a. the Association delegates authority to Helen Gauld, the Association's Chief Executive (the "Authorised Signatory"), to (a) accept on behalf of the Association the Indicative Terms, and (b) negotiate, finalise, approve and accept the whole terms and conditions of, and the transactions contemplated by, the facility agreement which will be prepared by the Bank's solicitors following acceptance of the Indicative Terms (the said facility agreement and any notices, schedules and other documents referred to therein or ancillary thereto being the "Documents").
- b. the Authorised Signatory be and is hereby authorised to execute the Documents on behalf of the Association and to execute any other documentation pursuant thereto on behalf of the Association.
- c. the Authorised Signatory be and is hereby authorised to sign and/or despatch all documents, certificates and notices to be signed and/or despatched by the Association under, or in connection with, the Documents.
- d. execution of any of the Documents or other documents may, without limitation, be by way of electronic authentication using DocuSign or a similar facility.

In addition to the aforementioned, the Association authorised the Chair, Vice Chair, Chief Executive and Director of Finance & Corporate Services to negotiate on any minor points.

## 10. Chief Executive's Update

The Board noted the report and accompanying appendices (10.1 and 10.2 were attached to the report and 10.4 had been made available for members to view in the Board Portal). Speaking to the report, the Chief Executive highlighted and discussion ensued on Items 10.1, 10.4 and 10.5. In addition, the Chief Executive informed the Board the People Committee had met the previous day and approved, in principle, the Association's participation in the Modern Apprenticeship Scheme. Subject to Board approval, a full time Business and Administration Modern Apprentice will be recruited to replace a vacant part time administrative post at an additional cost to the staffing budget [REDACTED]. Further details on the People Committee would be provided in the CEO's report which will be presented on 16 February 2023.

The additional spend to the staffing budget, as noted in the preceding paragraph, was approved by the Board of Management.

## 11. Corporate Document Review

### 11.1 Corporate Document Review Report

The Board noted the report which summarised the changes to the policy documents presented under Items 11.1 – 11.2 which had been available to view in the Board Portal.

#### 11.1.1 IT Disaster Recovery Plan

The Board approved the policy which had been subject to a full update to reflect the significant changes taken place within IT.

#### 11.1.2 Strategic Financial Planning Policy

The Board having considered and noted the minor amendment to the date of the last bullet point of Section 3, approved the policy as presented.

#### 11.1.3 2023 Policy Review Timetable

There was no discussion on this item which had been available to members to view in the Board Portal.

## 12. Business Planning

The Board considered the report and accompanying Appendix 1 – STEEPLE Analysis. Speaking to the report, the Chief Executive reiterated the five year Group Business Plan will be influenced by the ten “take aways” from the Board Away Day and will be implemented next financial year.

*Decision: The Board formally approved the ten ‘take aways’ as detailed in the Executive Summary of the report and the updated STEEPLE analysis attached as Appendix 1.*

## 13. 2023 Annual Planning Calendar

The Board noted the calendar, an internal document which acts as an aide memoire ensuring all Board / Committee business is included on each meeting agenda and statutory returns are dealt with timeously.

*Action: The People Committee meet on an ad hoc basis but had agreed that with a number of key milestones to be met, meetings would be diarised for 2023. These will be added to the planning calendar.*

## 14. Draft Minutes

### 14.1 Draft Minute – Health and Safety Working Group 30 November 2022

The Board considered the draft Minute which had been available to members in the Board Portal. The proposed changes to the Health and Safety Working Group were highlighted and in particular that Safety Scotland would be chairing the new operational working group meetings. The Board noted the remit of the working group had still to be finalised.

*Action: Arising from the discussion, it was suggested it would also be useful for the Board to have sight of the Health and Safety Policy and given an assurance the policy is fully implemented and being adhered to.*

*Action: A report on the revised Health and Safety Working Group and its remit be presented to the Board's next meeting on 16 February 2023.*

#### 14.2 Draft Minute – Performance Committee – 1 November 2022

The Board had considered and noted the Minute which had been available to members to view in the Board Portal.

#### **15. AOCB**

There were no matters raised under this heading.

#### **16. Date of Next Meeting**

Thursday 16 February 2023 at 12.30pm.