

Argyll Community Housing Association

Board of Management Meeting

Thursday 27th May 2021 at 10.00am via Skype

Minute

Present:

Councillor Roddy McCuish
 Jim Milne
 Ian McIntyre
 Esther Hughes (Item 6 – 21)
 Bruce Marshall
 Councillor Donnie MacMillan
 Pat McVey
 Betty Rhodick

Not in Attendance:

In Attendance:

Alastair MacGregor, Chief Executive
 Kirsteen McGinn, Director of Investment & Regeneration
 Bruce West, Director of Finance & IT
 Christine Gannon, Director of Housing & Neighbourhood Services
 Colette Benham, Director of Human Resources & Corporate Services
 Gayle Stead, Governance & Compliance Manager
 Lesley Lindsay, PA to Board of Management

The Chair welcomed attendees to the meeting and provided a summary of the running of the meeting; the Chair will proceed through the agenda; at each item the Chair will open for questions/comments. He will then move to recommendations. Silence will indicate agreement.

The Chair asked that microphones be muted until there is a requirement to speak.

The Chair asked that each speaker introduced themselves for the purposes of minuting the meeting.

1.	Apologies Cathy Grant, Brian Tester, Councillor Paterson David Carmichael, Sonja Aitken and Cameron Grant – Leave of Absence.	Actions to be completed by 24/06/21
2.	Minutes of Meeting – 29th April 2021 The Board of Management APPROVED the minute as a true and accurate record of the meeting. Proposed by: Jim Milne Seconded by: Bruce Marshall	
3.	Matters Arising	

	<p>Page 2 – Item 4 - <i>The Board of Management stated they hoped Nancy's health improved. It was AGREED to arrange for something to be sent to Nancy for all her contributions to the Board and Audit Committee.</i> The Board noted a bouquet of flowers had been sent to Nancy as per the email circulated by the PA to the Board of Management on 30th April 2021 and the thank you email submitted by Nancy.</p> <p>Page 2 – The Chief Executive advised a walk around Cowal Place, Dunoon with the Director of Investment & Regeneration, Cathy Grant and Bruce Marshall had been arranged for 18th June 2021.</p> <p>Page 4 – Item 7 - <i>The Board of Management unanimously APPROVED the revised option from Feis Latharna to utilise the grant funding and this would be communicated to the Group</i> The Board were advised Feis Latharna had been advised of the outcome of the Board's decision.</p> <p>Page 8 – Item 17 - <i>The Director of Finance & IT assured the Board the error had not been caused by ACHA. He stated he would carry out further investigation and report back to Board members outwith the meeting</i> The Director of Finance & IT confirmed he had issued an explanatory email following the April meeting. The Chair asked Pat McVey if he accepted the clarification provided but did not receive a response</p> <p>Page 9 – Item 19 - <i>Land at Glenshellach retained by MacLeod Construction. The Director of Investment & Regeneration advised she had raised the issue with MacLeod Construction and was awaiting a response. She advised she would feedback as soon as a response had been received.</i> The Chief Executive advised the Director of Investment & Regeneration had been liaising with MacLeods who confirmed re-seeding work would be carried out.</p> <p>Page 9 – Item 19 - <i>The Director of Investment & Regeneration stated an audit would be carried out to ascertain the state of all the land retained by MacLeod Construction and request the return of any ground not being maintained.</i> The Director of Investment & Regeneration is working on collating all information and will update the Board once all information is available.</p> <p>Page 9 Notifiable Events - Confidential</p> <p>Page 13 – Item 25 - <i>Following discussion, the Board of Management unanimously AGREED they would prefer to use Zoom for future Board meetings. The Chair advised he would inform the Director of Human Resources & Corporate Services.</i> The Chair advised the Chief Executive would cover under Item 6.</p>	
4.	<p>Correspondence None.</p>	
5.	<p>Declaration of Interest None intimated.</p>	

6.	<p>Chief Executive Presentation</p> <p>The Chief Executive advised a copy of the presentation had been circulated electronically on Tuesday 25th May 2021.</p> <p>The Chief Executive delivered his presentation covering:</p> <ul style="list-style-type: none"> • Covid 19 Update • Progress with other business • External Updates • Scottish Social Housing Fuel Support <p>The Board of Management NOTED the contents of the presentation.</p> <p>Bruce Marshall asked if the Association were able to re-commence window and door contracts. The Director of Investment & Regeneration advised the window and door contracts had re-started on-site with AHFA having a proportion of the contracts.</p> <p>Bruce Marshall stated if it were swallows nesting at Columhill that would delay works until August. The Director of Investment & Regeneration advised there were swallows nesting in the properties and wood pigeons nesting in the trees. She stated work would not proceed until September.</p> <p>The Vice Chair asked when the new build development at Garelochhead would be allocated to tenants. The Director of Investment & Regeneration advised the homes would be handed over week commencing 31st May 2021 and would be allocated following that. The Director of Housing & Neighbourhood Services advised that work had been done on the selection and validation process and offers issued. She stated sign ups would commence as soon as the properties had been handed back to ACHA.</p> <p>The Chair asked if there had been a spike in the uptake of Welfare Rights assistance during the pandemic. The Director of Housing & Neighbourhood Services advised the number of representations had doubled. She further advised the financial benefits to tenants had also doubled. The Director of Housing & Neighbourhood Services stated it was a remarkable achievement. The Chair thanked staff for their hard work.</p> <p>The Chair asked if the new MSP would be meeting with the Association. The Chief Executive advised he had written to Jenny Minto MSP offering to provide a briefing. The Chief Executive confirmed the existing arrangement that had been in place with Michael Russell would continue. The Chief Executive stated that Jackie Baillie had also been re-elected, covering the Helensburgh & Lomond area. He advised that facilities were in place already to liaise with Ms Baillie.</p>	
7.	<p>Annual Return on the Charter</p> <p>The Director of Human Resources and Corporate Services advised the Annual Return on the Charter had been compiled for presenting to the Board of Management for approval, and thereafter, submission to the Scottish Housing Regulator prior to 31st May 2021. She advised the original submission timescales had been reinstated following an extension period provided for the 2019/20 return as a result of COVID-19.</p>	

	<p>The meeting noted it was a statutory requirement for social landlords to submit information on an annual basis to state their performance against the Scottish Social Housing Charter, and subsequent technical guidance, to the Scottish Housing Regulator for the period 1st April to 31st March of each financial year.</p> <p>The Director of Human Resources and Corporate Services advised the information contained within the Annual Return on the Charter would be used by the Scottish Housing Regulator to assess the Association's risk level and decide on their level of engagement.</p> <p>The Board of Management unanimously APPROVED the Annual Return on the Charter for submission to the Scottish Housing Regulator prior to 31st May 2021.</p>	
8.	CONFIDENTIAL	
9.	<p>Board Portal Brief</p> <p>The Vice Chair took the meeting through his report highlighting that following a lengthy appraisal of four Board Portal systems the Board Portal Working Group (BPWG) selected Admin Control as the preferred supplier.</p> <p>The Vice Chair stated that unless all members of Boards, Committees and Sub Committees use the Board Portal there would be duplication resulting in a considerable effort on the part of the administrators, in particular when dealing with late papers, amendments/additions to papers etc. He stated that a combination of ACHA provided devices and training should address any concerns arising from equalities issues.</p> <p>The Vice Chair advised that the portal could operate on either an ACHA provided device (tablet or laptop) or a Governing Body member's own personal device. He stated that an ACHA device would permit IT staff to "remote" onto the device to provide IT support but that facility would not be available to any Governing Body member using their own device.</p> <p>The Vice Chair took the meeting through the timelines for the implementation of the Admin Control Board Portal:</p> <p>5th August 2021 – Senior Management Team 19th August 2021 – ACHA Board of Management 28th September 2021 - AHFA Board of Directors 11th November 2021 – Audit Committee</p> <p>The Director of Human Resources & Corporate Services to advise on meeting dates for Policy Committee, Health & Safety Committee and Remuneration Committee meetings.</p> <p>The Vice Chair advised that training would be delivered to the Senior Management Team in July 2021 and ACHA and AHFA Board Members prior to implementation. The Vice Chair further advised that two "mock" meetings would be set up following the training and in advance of the 19th August 2021 to allow familiarisation and confidence using the system.</p> <p>The Vice Chair asked that all Board members highlight their preference of</p>	

	<p>device no later than 3rd June 2021. With the options being:</p> <ul style="list-style-type: none"> ○ ACHA tablet ○ ACHA laptop ○ Use own device <p>Bruce Marshall asked if an email could be issued to Board members asking them to highlight their preference by return. The Vice Chair agreed this would be actioned.</p> <p>The Vice Chair stated a letter would be required to be issued to Sonja and David.</p> <p>The Chair thanked the Vice Chair for his hard work.</p> <p>The Chief Executive advised he had missed several Board Portal Working Group meetings and asked for clarification that all Board members would be required to utilise the modernised facility and move away from paper copies. The Vice Chair confirmed Board members would not have a choice to opt out of using the Board portal and by providing several options for devices the Association met the equality requirements.</p> <p>The Board of Management unanimously APPROVED the policy that all members of ACHA Group Boards, Committees and Sub-Committees selected to use the Board Portal shall be required to use it.</p> <p>The Board of Management unanimously APPROVED the timescales for the introduction and training.</p> <p>The Board of Management NOTED the costs attached.</p>	<p>Lesley Lindsay</p>
10.	<p>Permanent Changes In Financial Procedures</p> <p>The Director of Finance & IT took the meeting through his report advising that previously the Board had agreed a number of temporary changes to the financial procedures to allow ACHA to continue to operate during the Covid 19 pandemic. He advised that during the last 13 months, the finance team had reviewed how the temporary measures had worked in practice and concluded it would make sense to permanently change some of the financial procedures moving forward.</p> <p>The Director of Finance & IT advised the move to allowing electronic approval 'signatures' and primarily operating with electronic documents rather than hard copies had the following positive impact:</p> <ul style="list-style-type: none"> • Preferred by finance and non-finance staff in terms of making the process more user friendly and efficient overall • Allowing for staff to authorise invoices more quickly and remotely (i.e. not having to be in a particular location to receive a hard copy) • Reduced postage (which will allow for a small financial saving as a result) – again part of quickening up the process • Days to pay creditor invoices, particularly for AHFA, have reduced as a result of the electronic method • More efficient retention of documents, with scanned copies and emails referenced and saved onto the ACHA network, rather than paper copies retained in a single office location (again copies can be located and accessed remotely and at any time) 	

	<p>The Director of Finance & IT confirmed that advice had been sought from both tax advisors and ACHA's external auditors previously in relation to this process, and in particular for tax in relation to retention of documents to satisfy HMRC and no issues were identified.</p> <p>The Director of Finance & IT advised that by permanently adopting the measures this would also allow the ACHA group to be more flexible in relation to authorisation and payment of creditor invoices, where staff location and availability was previously a constraint when dealing with 'wet' signatures and hard copy documents.</p> <p>Bruce Marshall stated he was very much in favour of utilising modern technology. He further stated AHFA had found the electronic system extremely beneficial.</p> <p>Betty Rhodick agreed that technology should be used where possible.</p> <p>The Board of Management unanimously APPROVED the permanent change to accepting electronic authorisation of creditor invoices The Board of Management unanimously APPROVED the permanent change to allow scanned and emailed documents to be accepted in relation to creditor payments The Board of Management unanimously APPROVED further temporary extension in relation to verification of bank details.</p>	
11.	<p>Time to Pay for Private Owner Investment Works</p> <p>The Director of Finance & IT advised many options had been explored which had resulted in the complex report being presented to the Board of Management. He stated he planned to spend a while taking the meeting through his detailed report.</p> <p>The Director of Finance & IT stated ACHA had a significant number of flats in mixed tenure blocks, where some of the flats are owned by ACHA and some are owned privately which could present a challenge in terms of progressing common repairs and investment works in such mixed tenure blocks. The challenges could relate to both getting agreement of private owners to proceed but also the ability of private owners to meet their share of the costs. He further stated the issue had become even more important as ACHA had secured significant funding to allow investment in external wall insulation and some related roof repairs for flatted accommodation which could be held up by either non participation or lack of access to funds by private owners in mixed tenure blocks. If these works were to be delayed or unable to proceed it would impact on ACHAs ability to meet SHQS and EESSH, as well as the quality of home offered to tenants.</p> <p>The Director of Finance & IT advised the options contained within his report sets out the issues and challenges arising from common investment works in mixed tenure blocks which has been assessed as having a significant impact on the Association's ability to meet the SHQS and EESSH.</p> <p>The Director of Finance & IT advised the options appraisal contained within his report sets out the scale of the issue and identifies and evaluates options to address the issue. He stated the matter was not straightforward as there were implications relating to investment in housing, charity law,</p>	

consumer credit, ACHAs finances etc. The Board noted a preferred option had been identified along with a range of implications relevant to the preferred option.

The Director of Finance & IT stated the preferred approach was firstly to continue to seek payment in full upfront but where that was not possible, as a last resort private owners would be offered the option of paying in 12 instalments over a maximum of 12 months. It would also be a condition that a notice of potential liability be taken out. Where costs are not repaid at the end of the 12 months ACHA would take legal action to recover the balance outstanding.

The Director of Finance & IT stated that the preferred option, if agreed, would reduce the investment programme by around £250,000 in 2021-22 which could be offset by additional RHI income that has been forecast now that lockdown has ended. Assuming private owners repay or legal proceedings recover unpaid balances then there would be no net cost to ACHA. There would be an interest cost as ACHA cannot charge interest under this proposal. The Director of Finance & IT advised that if approved permission from Lloyds Banking Group would be sought and the Scottish Housing Regulator would be advised. The Board of Management noted that legal advice had been received and reflected in the options appraisal and recommendation on the preferred approach.

The Director of Finance & IT took the meeting through each of the headings in detail from page 4 of his report, covering:

- Options Analysis
- Current approach of full payment up front by private owners before works commence
- Exempt housing authority loan
- Secured Housing Loan
- Loans on a full interest basis as consumer credit loan
- Provide a guarantee to allow a bank or building society to lend to private owners
- Allow private owners to pay in 12 instalments within 12 months along with a notice of potential liability

The Director of Finance & IT then took the meeting through the recommendations contained within his report:

- To consider and note the issues and detail set out in the options appraisal
- To approve the following approach:
 - The preferred approach is to continue to require payment in full up front.
 - Where this is not possible and has been evidenced and documented, then as a last resort private owners will be offered the option of paying in 12 instalments over a maximum of 12 months.
 - A condition of allowing payment by 12 instalments in 12 months is that a notice of potential liability be taken out.
 - Where costs are not repaid at the end of the 12 months ACHA would take legal action to recover the balance outstanding.
 - The initial cost of £250,000 is funded from the investment programme in

	<p>2021-22 noting that additional RHI income will offset this.</p> <ul style="list-style-type: none"> ○ This options appraisal is submitted to Lloyds Banking Group for approval by them. ○ The options appraisal is also submitted to the SHR for information. ○ The approach set out is for the 5-year period 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26. <p>The Chair thanked the Director of Finance & IT for the huge piece of work and the thorough explanation of all options.</p> <p>The Vice Chair stated he was very happy with the explanation. He asked if it would be possible to extend the 12-month period to pay to 24 months which would make the payback more affordable for owners and the additional interest cost could potentially be offset with the lower risk of having to take court action. The Director of Finance & IT advised the Association were unable to go beyond a 12 month/12 instalment period under the current consumer credit legislation.</p> <p>Esther Hughes thanked the Director of Finance & IT for considering all options. She advised her initial preference had been towards the FCA option but she was willing to back the 12-month repayment option. Esther stated she had three questions:</p> <ol style="list-style-type: none"> 1. Would the private owner have a say in which contractor is appointed The Director of Investment & Regeneration advised the Association had a procurement process to go through to appoint a contractor. She further advised from experience owners were generally happy with the costs ACHA were able to achieve. The Director of Investment & Regeneration advised private owners would not have the opportunity to choose the contractor. 2. In relation to the reference to security, Esther queried if that related to a deposit from the owners. The Director of Finance & IT stated the security reference only related to the three loan options and meant as the lender ACHA would take out a standard security against the owners' property which would mean the owner could not sell or dispose of the property without permission from ACHA. It also meant that if payments were defaulted upon the Association could force the sale of the property to recover money owed. 3. What is the likely cost of chasing up missed payments via the courts. The Director of Finance & IT stated it was his hope the cost of legal action would be relatively low as high numbers of defaulters were not expected. He further advised the Finance Department would review on a monthly basis to ensure payment was made. <p>Pat McVey stated if owners find out about the 12 months to pay it was likely numbers would increase. The Director of Finance & IT advised that if the proposal being considered by the Board today if approved, the cost could never exceed £250k. He stated for clarity that ACHA would not be offering the 12 months to pay as an option but as a last resort where owners could not obtain a mortgage, re-mortgage, second mortgage, personal loan or equity release loan. He stated owners would require to provide evidence of the inability to access funds before being considered</p>	
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	<p>for the 12 months to pay.</p> <p>Bruce Marshall stated he was delighted with the report as owner occupiers have been such a problem since the birth of ACHA. He advised he supported the recommendations 100%.</p> <p>The Chair of the Audit Committee congratulated the Director of Finance & IT on the report. He stated owner occupiers had always been an issue within shared ownership blocks. He raised a slight concern over using the Oban project as a ballpark for Argyll and Bute but stated there was no other data to work from. The Director of Finance & IT agreed and stated numbers would only become apparent once the process of identifying those properties requiring investment had been carried out. He reiterated the 12 months to pay would be a last last resort for owners.</p> <p>The Chair of the Audit Committee commented if an owner was unable to meet the criteria from their own resources or third-party lenders it was likely that owner would be unable to afford the 12 months to pay and as such could stop the development/investment. The Director of Finance & IT agreed that could be a possibility.</p> <p>Bruce Marshall asked if the current staffing levels were adequate to resource the additional work or would further recruitment be required. The Director of Finance & IT stated the upfront work looking at private owners' ability to pay would be carried out by the Warm Homes Fund team and the tracking of payments would be carried out by the Finance Department. The Director of Investment & Regeneration stated the Warm Homes Fund team had sufficient resources.</p> <p>Betty Rhodick stated a lot of people had bought their houses and had got a good deal at the time but did not take into consideration ongoing repairs and maintenance.</p> <p>The Chair stated he fully endorsed the comments made by Bruce Marshall and reiterated the owner occupiers in mixed tenure blocks had always been an issue. He advised he fully supported the recommendations contained within the report.</p> <p>The Board of Management NOTED the issues and detail as set out in the options appraisal.</p> <p>The Board of Management unanimously APPROVED:</p> <ul style="list-style-type: none"> ○ The preferred approach is to continue to require payment in full up front. ○ Where this is not possible and has been evidenced and documented, then as a last resort private owners will be offered the option of paying in 12 instalments over a maximum of 12 months. ○ A condition of allowing payment by 12 instalments in 12 months is that a notice of potential liability be taken out. ○ Where costs are not repaid at the end of the 12 months ACHA would take legal action to recover the balance outstanding. ○ The initial cost of £250,000 is funded from the investment programme in 2021-22 noting that additional RHI income will offset this. ○ This options appraisal is submitted to Lloyds Banking Group for 	
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	<p>approval by them.</p> <ul style="list-style-type: none"> ○ The options appraisal is also submitted to the SHR for information. ○ The approach set out is for the 5-year period 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26. 	
12.	<p>Intercompany Loan Repayment – Discharge of Floating Charge The Director of Finance & IT provided the background to the loan facility. He advised the loan had been fully repaid by AHFA in March 2021 and accordingly, there was no longer a requirement for the bond and floating charge to be in place to provide security to ACHA.</p> <p>The Chair commented the loan repayment from AHFA was good news.</p> <p>The Board of Management NOTED the intercompany loan with AHFA had been fully repaid. The Board of Management unanimously APPROVED the signing by the Director of Finance & IT on behalf of ACHA the deed of release and non-crystallisation. The Board of Management unanimously APPROVED the updating of Companies House records accordingly.</p>	
13.	<p>Exemplar Estates Update There were no questions and the Board of Management NOTED progress in relation to the 2020/21 projects as contained within the appendix and further NOTED the proposed projects for 2021/22.</p>	
14.	<p>KPI Scorecard There were no questions and the Board of Management NOTED the content of the KPI Scorecard.</p>	
15.	<p>AHFA Management Accounts to 31st March 2021 There were no questions and the Board of Management NOTED the AHFA Management Accounts to 31st March 2021.</p>	
16.	<p>ACHA Management Accounts to 31st March 2021 There were no questions in relation to the Management Accounts and the Board of Management NOTED the ACHA Management Accounts to 31st March 2021.</p>	
17.	<p>Regeneration Update There were no questions and the Board of Management NOTED progress of the development programme against the targets for 2020/21. The Board of Management NOTED the proposals for potential future developments and further NOTED the continuing impact on the programme due to the Covid 19 pandemic.</p>	
18.	<p>Investment Update There were no questions and the Board of Management NOTED progress of the Investment Programme against the targets for 2020/21. The Board of Management further NOTED that all Investment Contracts had been impacted by lockdown.</p>	

19.	Notifiable Events The Board of Management NOTED the Notifiable Events contained within the report which were submitted since the previous update.	
20.	A.O.C.B. 1. Evictions The Director of Housing & Neighbourhood Services provided an update on evictions. She advised that due to the pandemic the Government had placed a ban on evictions for arrears in levels 3 and 4 but as Argyll and Bute was now in level 2 the situation in relation to the decrees that had come into play during the ban were being considered. She stated that 1 eviction for anti-social behaviour had been carried out. In relation to decrees for rent arrears there were 3; the first had managed to clear the arrears account of just over £4k, the second totalling £5.5k had been cleared by Argyll and Bute Council's pay off rent arrears prevention programme and the third, just under £6k was also being considered by the Council's pay off rent arrears prevention programme and the outcome was awaited. The Director of Housing & Neighbourhood Services stated it was worth noting that the highest arrears balance did not accrue as a result of Covid 19.	
21.	Date & Time of Next Meeting Thursday 24 th June 2021 at 10.00am via Skype.	