

**Minute of the Virtual Meeting of the Board of Management of Langstane Housing Association Limited held on Wednesday 15 December 2021 at 12.30pm**

**Present:** J Knowles, Chair  
J Fraser  
J Drummond  
J Greener  
I Jamieson  
M Keith  
M Martin  
A Stevenson  
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 Habib

**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 – 3 November 2021**

The Board approved the minute as an accurate record.

**3.1 Matters Arising**

There were no matters arising not already on the agenda.

**4. Statement of Outstanding Business**

The Board considered and noted the statement. Noting in particular the Board Portal training (Item 2) would be carried out as soon as practical and the Director of Finance and Corporate Services would provide detail of the work required to facilitate face to face, hybrid meetings and agile working later on the agenda. All of the other items had future target dates.

**5. Financial Reports to 31 October 2021**

The Board considered and noted the report. Speaking to it, the Director of Finance and Corporate Services highlighted the surplus which showed a favourable variance against the revised forecast. This was due, in the main to, delayed spend on cyclical and major repairs, the gain on sales and ongoing pandemic savings. The Association will continue to focus on the delayed spend and on voids. With regard to the latter, Members were informed the Association is currently experiencing an unusually high

level of voids which looks set to continue into January with the anticipation there should be improvement thereafter. There appears to be no specific trend / reason for the terminations but letting the properties will, due to low demand for two bedroom properties and the wide choice of properties available to those looking for accommodation, be challenging.

With regard to the delayed spend in cyclical maintenance, major repairs and major reactive repairs, the Director of Property informed the meeting activity levels were not as forecast but work on kitchen / bathrooms and windows are programmed to begin in January and February respectively with work anticipated to be completed by 31 March 2022. Contractors are currently experiencing delayed lead-in times for certain materials. However action is in hand to ensure materials are ordered and available on site for the commencement of the works.

The Director of Finance and Corporate Services reported all covenants are comfortably being met but given the Association has not achieved its forecast level of spend the situation will continue to be closely monitored.

In respect of the face to face meetings referred to under Item 3, the Director advised work to facilitate this, hybrid meetings and agile working, is ready to progress. [REDACTED]

[REDACTED]

[REDACTED]

It was agreed Item 6.1.1 which provided context and information on the tenant consultation and on the proposed rental increase, included in the budget, would be the next item to be discussed.

#### 6.1.1 Rent Affordability and Consultation

The Board considered the report which set out in detail the proposed rent increase for Langstane Housing Association for 2022-2023, which was the basis on which the consultation with tenants would be carried out.

Speaking to the report, the Director of Housing highlighted that in line with the Rent and Service Charge Setting Policy the Association must ensure rent and service charges are affordable to tenants on a living wage. In terms of affordability, the Association aims for a ratio of net income spent on rent and service charges for single households on a living wage of 30% or under.

Lengthy discussion ensued from consideration of the report and robust questioning on the recommendations detailed under Item 8, the affordability of each increase option based on tenants on the living and minimum wage, the comparison of the Association's rents with other housing providers and on the information published today in respect of inflation which reached 5.1% as at 30 November 2021. Taking into account the impact the high inflation rate may have on the budget, it was agreed the decision on the recommendations made within the report would be deferred until full consideration had been given to the Budget presented under Item 6.1.

## 6. Draft Budget 2022 – 2023

### 6.1 Langstane Housing Association

The Board considered the covering report and accompanying appendices (Schedules 1-15). The draft budget had been prepared on the basis of the management accounts to 31 October 2021, knowledge as at December 2021, and in accordance with the Scottish Housing Regulator's (SHR) Regulatory Standard 3. It also met the affordability criteria set out in the Association's Rent and Service Charge Setting Policy as detailed under Item 6.1.1.

The Director of Finance and Corporate Services drew particular attention to Schedules 5 – 7, the Brixx projections (SOCl, SOFP and SOCF)<sup>1</sup> which provided a summary of the 30 years from 2022-23 to 2052-53. Further attention was drawn to the challenges faced by the housing sector on Page 2 of the report. While not all of them are currently quantifiable, cognisance had been taken of them in the preparation of the draft budget.

Moving to Item 2 of the report and the four rent increase options set out under 2(a), the Director reported all of proposed options are achievable [REDACTED]

[REDACTED] Of the four options, the variable rent increase is the most favourable.

Members were informed external scrutiny of the draft Budget by a Brixx specialist had suggested it to be balanced but delicate with little margin for deviation. In their opinion, the Association is being prudent in its rent increase of CPI + 1.5% and CPI only thereafter and for the suggested increase for 2022-23. It was therefore agreed that further consideration be given to the rental increases suggested for 2022-23.

Moving through the report, there was particular discussion on the cost of living increase, staffing structure review and associated job evaluation exercise, on the impact of high inflation rates on maintenance, on the options for further savings being made in addition to the on-going efficiencies agenda, scenario testing and the additional costs pressure on the Budget arising from the requirements of Housing to 2040.

Further lengthy discussion was held on the level of surplus shown in the budget against what had been forecast with the suggestion consideration be given to reducing this figure to provide a budget with a higher degree of flexibility. The meeting was informed the surplus would ensure compliance cash levels stated in the TMP. The level had been set when the Association was in high regulatory engagement with the SHR. [REDACTED]

Prior to concluding the discussion, the Director drew Board attention to Item 4 of the report (Governance) informing members the Financial Regulations stipulate "*the Chair shall have authority to authorise overspends of up to £100,000 per item as specified in the detailed financial procedures of Langstane in-between meetings of the Board of*

<sup>1</sup> SOCl – Statement of Comprehensive Income, SOFP – Statement of Financial Position, SOCF – Statement of Cash Flow

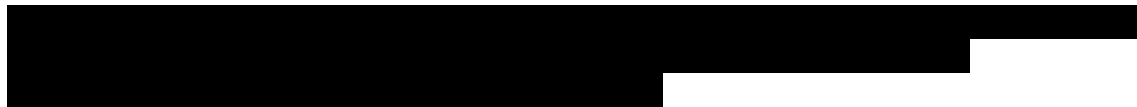
*Management subject to a subsequent report to them*". The Regulations had always allowed for this but it was important to formally record the level of delegated authority.

The Board:

- a) Approved that delegated authority be given to the Chair, Vice Chair and leadership team to agree 2022-23 rental increases. These will take into account tenant affordability levels and comparisons with the Association's peers.
- b) Approved the assumptions made and the draft budget presented in the attached Appendices for financial year 2022-23, subject to any change following the outcome of the Tenant Consultation process.
- c) Approved the draft 30 Year Plan, subject to any change following the outcome of the Tenant Consultation process.
- d) Agreed a variance from the Business Plan assumption of CPI plus 0.5% for financial year 2022-23.
- e) Noted the risks considered as part of the budget setting process and the stress testing of the forecasts.

## **7. Chief Executive's Update Report.**

The Board considered the report noting (a) five submissions, had been received for the internal audit tender and (b) given the information provided earlier on the agenda regarding the current rate of inflation, the information provided under Item 7 – Appendix 7.9.1 may no longer be relevant.



## **8. Corporate Document Review Report**

The Board considered the changes made to the policies under Items 8.1 – 8.6.

### **8.1 Risk Management Policy V5**

The policy had, subject to minor changes, been approved by the Board on 3 November 2021. The suggested changes made by G Urquhart had been incorporated into the document and reviewed by her. The revised policy had therefore not been presented or made available to view. Having noted the changes detailed in the covering report, the Board approved V5 of the policy and as requested gave permission to 'drop' the first assessment of 'Likelihood and Impact' which is currently 'hidden' on the version of the Risk Register presented to the Joint Audit and Governance Committee and the Board of Management.

### **8.2 Business Continuity Plan**

The Board noted a full review of the Plan would be carried out following the migration to a Cloud-based infrastructure, anticipated to be mid 2022; scenario testing of the plan would be carried out thereafter. In the meantime, the plan would, under delegated authority, continue to be updated on an on-going basis to ensure job titles and contractor / supplier's details are kept up to date.

The Board approved the renewal of the current Business Continuity Plan.

### 8.3 Governance Manual V2

The Board, having noted the document had been updated to remove references to outdated documents and the addition of a section on the Financial Conduct Authority (FCA), approved the V2 of the Manual.

### 8.4 Compliance Checklist

The Board considered and approved the checklist. The Board noted the rationale for the request to remove the requirement for the checklist to be presented separately on an annual basis to the Board; that being the checklist forms part of the Annual Assurance documentation which is presented to the Joint Audit and Governance Committee.

### 8.5 Annual Planning Calendar

The Board approved the Annual Planning Calendar (January – June 2022).

### 8.6 Information Security Policy V3

The Board approved V3 of the policy noting the changes made would assist the Association meet the requirements of Cyber Essentials Plus.

## 9. Draft Minutes

### 9.1 People Committee – 26 October 2021

The Board had considered and noted the minute which had been available to view in the Board Portal. Members were informed A Stevenson had been re-appointed Convener of the Committee.

### 9.2 Performance Committee – 10 November 2021

The Board had considered and noted the minute which had been available to view in the Board Portal. Members were informed M Martin had been appointed Convener of the Committee.

### 9.3 Langstane Property Limited – 17 November 2021

The Board had considered and noted the minute which had been available to view in the Board Portal. Members were informed C Lynch had been re-elected as Chair.

## 10. AOCB

J Fraser reported that upon receiving a copy of the winter newsletter he had asked his congratulations be passed to the staff involved in providing a very interesting and informative document.

J Knowles wished the Board and Leadership Team a Merry Christmas and asked that the Board's best wishes be conveyed to staff.

## 11. Date of Next Meeting

16 February 2022