

MINUTES OF MEETING NO.649
QUEENS CROSS HOUSING ASSOCIATION BOARD OF MANAGEMENT
HELD ON TUESDAY 22 SEPTEMBER 2020 AT 6.00 P.M. VIA ZOOM

Andrew Burns, Marilyn Clewes, Ian Elrick, Margaret Glass, Sadie Gordon, David Horner, John McIntyre, Anne Ramsey, Robert Takenzire, Bronwyn Wyper.

Shona Stephen (Chief Executive), Neil Manley (Director of Finance and Corporate Support), Rona Anderson (Director of Property, Enterprise and Regeneration), Elizabeth Hood (Depute Director), Louise Smith (Head of Housing & Housing Support), Fiona Smith (Executive Office Manager), Adele Drennan (Governance Officer).

Matt Millar (observer).

ACTION

1.0 Welcome and Apologies

1.1 Marilyn welcomed everyone to the meeting.

Apologies from Donalda Hogg (Head of Business Services).

Board Members were invited to submit any questions they had in relation to the reports in advance of the meeting. There was one question in relation to the financial impact of Covid (Appendix 1) and this was addressed at item 3 of the agenda.

Robert Takenzire left the meeting at 7:20pm.

2.0 Declarations of Interest

2.1 No new declarations were made.

3.0 Q1 Performance 2020/21

3.1.1 The purpose of this report is to provide the Board of Management with performance information for the first quarter of the financial year 2020/21. Strategic performance is measured through the monitoring of the Association's Business Plan, Key Performance Indicators (KPIs), complaints and management accounts.

- Q1 KPIs as at 30 June 2020 (Appendix 3.1);
- Q1 Complaints and Compliments Report as June 2020 (Appendix 3.2);
- Q1 Resident Scrutiny Update (page 2, Item 6.0)
- Q1 Strategic Risk Register (Appendix 3.3);
- Q1 Management Accounts as at 30 June 2020 (Appendix 3.4).

3.1.2 Key Performance Indicators – Quarter 1 (Appendix 3.1)

Covid-19 has impacted service performance and this has meant some KPIs have not been met for Q1. Lockdown measures have had an impact on the accessibility of tenants' homes, lets had to be suspended and arrears have also been affected.

Appendix 3.1 shows our current performance against KPIs for Q1. There are twenty quarterly KPIs reported and one annual indicator, making 21 KPIs in total for the reporting year. The KPI report format and content focusses on KPIs that are either red or amber. The Board discussed the report and noted that action is being taken to address areas where performance could be improved:

- a) Fin 3: Expenditure (Variance to Budget)
- b) HSG 3: Void Rent Loss
- c) HSG 4: Average Property Re-let Time

3.2 Q1 Complaints & Compliments Report 202021 (Appendix 3.2)

- 3.2.1 The Board noted that 41 complaints were received this quarter (97 in Q4). We received 16 compliments and examples of this feedback are detailed in section 8 of the report.
- 3.2.2 The majority of complaints were in relation to cleaning services which was understandable given that we are in the middle of a global pandemic. We are continuing to learn from complaints in order to improve our services.

3.3 Q1 Residents Scrutiny Update

- 3.3.1 The Residents Task Force had their first online meeting in June 2020. The Board noted the activities of the RTF during Q1.

3.4 Strategic Risk Register (Appendix 3.3)

- 3.4.1 As part of the Association's risk management process, the Strategic Risk Register is attached as Appendix 3.3 and has been reviewed by the Executive Management Team.
- 3.4.2 **Risk 1** – The Association is significantly financially impacted by the Covid 19 crisis with a significant increase in rental arrear and void rent loss and additional emerging service costs impacting both viability, service quality and reputation. The Leadership Team are continuing to meet monthly and a Route Map has been devised for remobilisation and communication to staff and tenants. Lockdown has had a wider impact on homelessness across the city. As part of the Scottish Government recovery plan, all RSLs have been requested to let the majority of their properties to Section 5 applicants up until 31 March. The long term impact of this may delay our re-let time and tenancy sustainability, however we have put robust monitoring systems in place and developed strong partnership working with the North West Homeless Team, as control measures.
- 3.4.3 **Risk 2** – The Welfare Reform Act (WRA) changes and more generally, benefit freezes, will adversely impact tenants or specific groups of tenants. The organisation may see adverse impact on financial plans and tenants' circumstances, and we need to ensure that the rent restructure does not impact on affordability. The impact on arrears in Q1 has been significant – particularly in April although we managed to recover slightly in May/June; our arrears are still higher than they were pre-lockdown. Initially Universal Credit claims rose significantly but as lockdown eased during the summer, this is now averaging about 20 per month. We have reviewed the way that we work and our approach in relation to rent collection. The Income Maximisation Manager is overseeing all rent accounts and early intervention techniques are being applied as soon as any issue is identified. Looking forward, we anticipate that rent collection will continue to be challenging until at least 31 March 2021. Covid legislation is extended until March 2021 which restricts the legal action we can take against tenants who fail to pay their rent and refuse to engage with us. We are currently seeing some tenants incur significant high arrears and anticipate this continuing. We are working with our solicitors and applying our rent techniques to avoid and minimise this wherever possible.
- 3.4.4 **Risk 3** – Pension costs may become unaffordable under the current arrangements resulting in failure to deliver the Business Plan within budget. A report is being prepared and will be brought to the Board in November 2020 in respect of the future pension strategy.

Neil

- 3.4.5 **Risk 4** – The Association’s ability to react to changes in legislation, classification or SHR regulatory regime changes may impact on our capacity or policy approach. This may result in failure to deliver for tenants. This would include QCHA capacity to meet new procurement requirements. In order to mitigate this, Board meetings and business planning sessions have continued during lockdown via Teams and Zoom and we also held our first virtual Annual General Meeting (AGM) on 7 September.
- 3.4.6 **Risk 6** - SHQS-ESSH standards may not be met or be affordable which may result in stock not being fit for purpose or not desirable and therefore impact on demand. We are continuing our programme of ESSH works to improve compliance with target of 100% stock compliant by December 2020. Following Covid-19 lockdown, the Government has signalled that a lenient approach will be taken to RSLs not meeting the December deadline.
- 3.4.7 **Risk 6** – Ongoing new requirements for fire safety are likely following Grenfell Tower fire. Good progress has been made on the programme to install integrated fire detection systems in all properties, as per new legislation. Following Covid-19 lockdown, the Government has extended the deadline to 1 May 2021, and signalled that a lenient approach will be taken to RSLs not achieving full compliance. New SHQS requirement (advised April 20) for more frequent electrical testing will apply from March 2022, with resources & programme being established.
- 3.4.7 **Risk 6** - Procurement risk in identifying and managing competent contractors for large scale investment projects. Major Repairs Phase 1 procured with staged contract to manage risk.
- 3.4.8 **Risk 7** - Economic factors detrimentally affect financial viability including impact of council spending cuts on service funding. We will closely monitor the impact of the COVID 19 virus on finances and the Association has accessed available support funding.
- 3.4.9 **Risk 9** – Factoring, impact of both private competition and or growth of debt levels for QC Factoring may hit performance. This may have a negative reputational impact on the Association’s service delivery. The 2020/21 budget has been adjusted in light of expected impact of Covid-19, and management fee increase deferred until Q2. Major repairs projects have been delayed but works will restart late summer 2020.
- 3.4.10 **Risk 10** - Organisational Leadership skills / capacity may require development. Following Covid-19 lockdown, we have increased the frequency of meetings (monthly) to support planning for service re-mobilisation.
- 3.4.11 **Risk 12** - Organisation business resilience strategy not fully developed to ensure seamless service recovery after major incidents. The Covid-19 crisis is putting the organisation’s business resilience and digital recovery programme to test. Remote working with greater use of technology is supporting effective communication. Virtual Board meetings are being held to ensure continuity of governance arrangements. A constant review of frontline service delivery is being undertaken to ensure resources are in place so staff can work safely.

3.5 Q1 Management Accounts (Appendix 3.4)

The Director of Finance and Corporate Support presented the Q1 Management Accounts to the Board.

- 3.5.1 The Board noted that there was a **£646,604 surplus** against forecast deficit of **£354,724** (a £1,001,328 favourable variance to the budget target).

- 3.5.2 The Board discussed the income and expenditure position as detailed in Appendix 1. It was noted that we had some additional funds in relation to Covid-19 outreach work and furlough income to support salary costs and this is adding to the positive income position.
- 3.5.3 The detailed performance against the financial covenants is attached in Appendix 4. This shows that we are meeting the financial covenant targets as required.
- 3.5.4 Appendix 5 details the Association's loan portfolio and its cash deposits and show the interest rate arrangements applicable in both cases. The intention is to reduce the revolving credit debt by reducing cash reserves once security on the bond issue is complete.
- 3.5.5 The financial position of the Factoring subsidiary is detailed in Appendices 6 and 7 and shows a surplus to the end of Q1.
- 3.5.6 The financial position of the Workspace subsidiary is detailed in Appendices 8 and 9 and shows a surplus to the end of Q1.
- 3.5.7 The Director of Property, Enterprise and Regeneration advised that some last minute changes were made to the budgets for both subsidiaries as they had anticipated a potential increase in voids if some of their tenants had gone under. Fortunately, this did not happen and neither of the subsidiaries have been impacted. Both subsidiaries are continuing to meet their KPI's and we will continue the monitor this as time goes on.
- 3.5.8 The Board noted that there has been very little spend in Q1 in relation to our development and investment programmes (Appendices 10 and 11) due to Covid however we will start to see more spend across the next quarter.
- 3.5.9 The Director of Finance and Corporate Support addressed a question raised by a member in advance of the meeting in relation to the financial impact of Covid on the Association's overall finances. The Board noted that due to the governance cycle, the Quarter 1 reports detail the financial position of the Association from March until June 2020 and that we will have a clearer understanding of the impact of Covid in Q2. It was agreed that a further report would be brought to the Board for discussion at the next Board Planning Day in November, detailing the impact of Covid for the full 6 month period from April until September 2020.

The Board agreed that it was happy to review this again in November.

Neil

- 3.5.10 A further discussion took place in relation to the hard work and commitment of staff, particularly our key workers who continued to work on the front line despite the risks and ongoing uncertainties faced due to the pandemic. The Board agreed that a payment should be made to those key workers in recognition.

Neil

4.0 Annual Complaints & Compliments Report 2019/20

- 4.1 The purpose of this report was to provide the Board with a summary of the Association's complaint handling and compliments performance from 1 April 2019 to 31 March 2020, and to demonstrate performance against the Scottish Public Services Ombudsman's (SPSO) target.
- 4.2 In response to a member's question in relation to section 2.4 of the report, the Director of Finance and Corporate Support advised that the source of complaints will be reported to the Board in Q2 so that this can be monitored more closely.

Neil

4.3 The Board noted the report.

5.0 Business Plan 2020 – 2025

5.1 The purpose of this report was for the Board to consider and approve the draft Business Plan 2020-2025 (Appendix 1), the Communications Brief (Appendix 2) and the list of stakeholders to be consulted (Appendix 3).

5.2 The consultation began in the summer of 2019 when a number of sessions took place for tenants and staff to establish our direction of travel. We had hoped to launch the Business Plan in April 2020 however due to the global pandemic we wanted to take time to consider the effects that Covid may have on the Business Plan before the launch.

5.3 The Chief Executive also presented a sample front page and double page spread and invited feedback from members.

5.4 The Board discussed the content of the Business Plan and agreed that this was an excellent document, easy to read and is consistent with feedback received through workshops and clearly demonstrates what we want to achieve. In relation to the list of stakeholders it was thought that we may be missing someone who has a focussed view on technology as this is one of our biggest shifts in terms of how we deliver our services. An appropriate person will be added to the list before we go out to consultation.

Shona

5.5 Subject to renaming “key objections” to “priority actions” on page 8 and the correction of the percentage comparison of the number of people travelling by bus on page 7 to reflect the most up to date figure as published by Transport Scotland, the Board:

- a) Approved the test of the Business Plan 2020-25 subject to any minor changes that may arise from the consultation process (Appendix 1).
- b) Approved the Communications Brief for the launch and roll out of the Business Plan (Appendix 2)
- c) Approved the list of stakeholders to be consulted on the final draft (Appendix 3).
- d) Noted that the Business Plan will be launched virtually in November 2020 (exact date to be confirmed).

6.0 Rent Consultation 2020/21

6.1 The purpose of this report was for the Board to consider and agree the proposals for this year’s rent consultation.

6.2 Last year a new model of rent consultation was introduced with the key differences being: the consultation process commencing earlier to avoid the Christmas period, increased methods of consultation and incentives to participate including a free prize draw. Due to the Scottish Government’s restrictions as a result of Covid, we are proposing to issue a postal survey to all tenants this year and allow them the option to respond via text, online or by telephone. to avoid the need for face to face contact. We are again proposing that all responses be entered into a free prize draw as an incentive.

6.3 Recognising the ongoing issues of affordability for our tenants as well as the current economic situation due to Covid, it was proposed to raise rents only by the minimal amount to ensure the Association can viably continue to run services at their current level and meet our investment programme commitments. It is our policy to use September RPI as the proposed rent increase and in previous years we have given options slightly above or below this rate. This year we are proposing to raise rents based on the September RPI with this being the only option. September’s RPI is

expected to be in the region of 1.6% based on July's RPI however this will not be announced until 14 October 2020.

ACTION

- 6.4 An extensive discussion took place and the Board considered the potential impact that any increase may have on our tenants. It was agreed that there is a need to ensure a balance between keeping rents affordable and being able to continue to deliver, and improve upon, the levels of service that our tenants have come to expect.
- 6.5 The Director of Finance and Corporate Support presented the 30 year financial forecast for the Association and the Board took the opportunity to consider various options and how these may impact on the financial viability of the Association.
- 6.6 Following a lengthy discussion, the Board:
- a) Agreed to propose the September RPI as the only rent increase option.
 - b) Agreed to the consultation process from 19 October – 27 November.
 - c) Agreed to offer incentives to encourage participation.
 - d) Noted that initial findings of the consultation would be reported to the Board at the next Planning Day in November.

Elizabeth

7.0 Feedback on virtual AGM

- 7.1 Following our virtual AGM on 7 September we wrote to all members inviting them to contact our Governance Officer with their comments and feedback regardless of whether they were able to join the meeting, as this allows us to understand how we can make our online meetings more open and accessible in the future.
- 7.2 The Chief Executive reported that a number of our members had got in touch and advised that there were clear benefits to holding a virtual meeting as these allow members to join who otherwise may not have been able to physically attend a meeting. Feedback also indicated that virtual meetings could be barriers for those who may not have the appropriate technology and additional support would be required.

The Board noted that we are working to have the appropriate technology in place for blended/hybrid meetings going forward as this would allow us to be more inclusive.

8.0 Health and Safety

- 8.1 This is an opportunity to report on safety performance, funding requirements, safety failures and any other H&S related issues, to allow the Committee to give all such issues due consideration
- 8.2 There were no matters to report.

9.0 New Membership Applications

- 9.1 There were no new memberships to be considered.

10.0 Previous Minutes

- 10.1 The minutes of meeting no. 647 which took place on 31 August 2020 were approved as an accurate account, proposed by Anne Ramsey and seconded by Bronwyn Wyper.
- 10.2 The minutes of meeting no. 648 which took place on 7 September 2020 were approved as an accurate account, proposed by Margaret Glass and seconded by David Horner.

10.2.1 In relation to Section 3.10.1 of the previous minute on 7 September, The Executive Office Manager notified the Board that as we had not managed to appoint a representative onto Glasgow City Council's Anderson, City and Yorkhill Area Partnership, the place has been offered to another organisation. It has been confirmed that should we identify a suitable representative in the future then they can join the partnership as an observer until such times as another vacancy becomes available. Any new appointment will require HA board approval.

11.0 Action Tracker

11.1 2020/2021: 01 added for the 6-month financial position from April – September 2020 to be reported to the Board at the next planning day in November.

Neil

12.0 AOB

12.2 The Chair again wished to express her thanks and gratitude for all the hard work undertaken by staff to ensure that we can continue to support our tenants during these challenging times.

13.0 Date and Time of Next Meeting

The meeting concluded at 8pm.

The next meeting is scheduled to take place on Tuesday 27 October at 6pm.

I certify that the above minute has been approved as a true and accurate record of proceedings:

Chair: **Date:**