

MINUTES OF MEETING NO. 675
QUEENS CROSS HOUSING ASSOCIATION BOARD OF MANAGEMENT
HELD ON TUESDAY 31 JANUARY 2023 AT 5.00 P.M.

Andrew Burns, Margaret Glass, David Horner, John McIntyre, Matthew Millar, Anne Ramsey, Bronwyn Wyper.

Shona Stephen (Chief Executive), Neil Manley (Director of Finance & Corporate Support), Rona Anderson (Director of Property, Enterprise & Regeneration), Donalda Hogg (Head of Business Services), Elizabeth Hood (Depute Director of Neighbourhood Services), Fiona Smith (Executive Office Manager) minutes, Alison McKay (observer) John Boyle (Head of Property – Item 4 only).

ACTION

1.0 Housekeeping

1.1 Noted.

2.0 Welcome and Apologies

2.1 The Chair welcomed everyone to the meeting. This meeting had been arranged for the earlier time of 5.00pm.

Apologies were noted from board members Ian Elrick and Sadie Gordon and Louise Smith Director of Neighbourhood Services.

3.0 Declarations of Interest

3.1 There were no new declarations.

4.0 Reactive Repairs and Voids Services Tender

4.1 John Boyle, Head of Property Services, presented the outcome of the procurement exercise **for the reactive repairs and voids services contract** and asked the Board to approve the appointment of the contractor. Contracts in excess of £1,000,000 per annum as set out in the Scheme of Delegations, must be approved by the Board.

4.2 The current Repairs & Maintenance contract expires on 31 March 2023, and in order to continue the repairs service, the Association needs to procure new contracts to commence on 1st April. The current contract commenced in 2016, and was designed as an “all-in” commission, covering almost all of the Association’s repairs and cyclical maintenance requirements. In light of the current procurement environment, the Association aims to meet our requirements for reactive repairs and cyclical works via a number of separate contracts, to address the limited competition and price inflation in the marketplace.

4.3 The Board is very aware that repairs and maintenance services are highly valued by customers and have a direct influence on overall customer satisfaction. The Board noted that early engagement with tenants took place via a survey and CIG discussions to establish views of our current service and any suggested improvements. Section 3 of the report outlined the prices submitted and outcome scoring for Price and Quality. Also noted were the financial implications at section 6 of the report and it was noted that the contract is for a term of 3 years plus 2 years extension. This was considered most suitable for the Association’s needs as it’s the intention to build capacity of our own tradespeople and to roll out mobile working technology in the immediate future.

4.4 The Board discussed the key risks set out at section 9 of the report and was satisfied with the mitigations in place. Risk mitigations, progress on agreed objectives, and

performance will be measured from the outset, to allow management to take swift action if required.

- 4.5 After discussion the Board approved the tender received from **WrightKerr All Trades Ltd** for the Reactive Repairs and Voids Service in the amount of **£2,537,039.70 per annum** and noted that this is a measured term contract (rather than fixed price) and the annual cost is based on a priced Schedule of Rates and the volume of works orders issued. It was also noted that an inflation factor **will be applied to the agreed rates after year 1**.

John left the meeting at 6.35pm

5.0 2023/24 Draft Budget report

- 5.1 Neil Manley, Director of Finance and Corporate Support, presented the draft budget for the **2023/24** financial year consisting of the income statement, the cashflow and the financial position statement together with the associated 30 year forward financial plan. The Board noted that detailed budget meetings have been held with managers of each budget area to confirm the resource requirements for services supporting the business plan delivery. The Board now had the opportunity to critically review the position and the assumptions made, recommend any revisions, and seek clarifications or assurance on areas such as bank covenants and the supporting sensitivity analysis, prior to the final budget being presented for approval at the meeting on 28 March.
- 5.2 The Board had reviewed the financial planning parameters at the Business Planning Event held in November 2022 including the rent increase options for consultation. In January following the feedback from the consultation process and noting Scottish Government/SFHA announcements on rent setting the Board agreed that the Association would implement a **rent increase of 7% from 1 April 2023**. This increase was less than the prevailing general inflation rate and, as previously highlighted, more so against QCHA's internal rate of inflation, and has a significant impact on the financial capacity of the association. The draft budget also allowed the Board to consider the additional budget requests as well as the wider financial planning assumptions in the context of the volatile post Covid and inflationary "cost of living crisis" financial environment. The key financial objective for the Association is to maintain its financial viability whilst providing value for money services. The Brix model demonstrates viability through ensuring the organisation can meet all its service and investment obligations whilst servicing and repaying its loan debt within the 30-year period. By incorporating the new build schemes proposed it also demonstrates the viability of these new build schemes and their contribution to the Associations finances.
- 5.3 **The Board had questions on 6.4 of the report Financial Covenant Performance.** Performance against these covenants was detailed in **Appendix 5**. This demonstrated that the financial forecast as stated does not meet the interest cover **1.10** target in **2023/24** as a result of the overall surplus being squeezed by the cost increases. This measure had been tight in last year's projections and the adverse expenditure inflation this year have resulted in this outcome. The measure is also close in year **2026/27** but beyond these years the covenant can be met. The Board noted that to be able to meet the interest cover target the association has two options open to it, either to rework the **phasing of Investment budget** in the early years of the programme or alternatively to approach lender to review the covenant. The impact of this in **2023/24** is all other things remaining the same the investment budget would need to be reduced to **£2.3m** from **£5.5m** to meet the covenant target. Given the impact of covid over recent years on the investment programme, when the HA had a 50% relief on the component spend, in the interest cover covenant this can be put forward a reason for this to be

extended. Alternatively given the recent history in the delivery the investment programme we may want to consider reviewing the programme. This budget forecast will provide some data for Neil to approach the lenders with and discuss. The board noted that if this is not agreed with the lenders it wants to be able to complete investment and would want Neil to discuss a way forward.

6.0 Private and Confidential Report not for publications - Queens Cross 60+ Wellbeing Service – Funding

7.0 Private and Confidential Commercially sensitive report – Hamiltonhill- Conclusion of Legal Documentation

8.0 Proposed new approach to reviewing and demonstrating compliance with SHR Regulatory Standards

8.1 The purpose of this report by Fiona Smith, Executive Office Manager, was to present a proposed new approach for consideration. The Board must have assurance on delivery of key services, sound internal processes and production of credible information to allow it to make good decisions and fulfil its role effectively. Where there are uncertainties around any of these, confidence diminishes. The proposal seeks to strengthen board confidence.

8.2 After consideration the Board:

- a) Agreed the proposed new approach to assessment of compliance with the Regulatory Standards as set out in the report.
- b) Agreed to carry out an initial self-assessment exercise with Board, ET and LT to identify a programme and priorities for reviewing our current compliance against each standard.
- c) Agreed to rename quarterly performance board meetings Performance and Assurance meetings and to set aside time for self-assessment against regulatory standards.

9.0 Customer First Strategies (QC Group and Housing Association) and Action Plan

9.1 This report was presented by the Chief Executive in the absence of the Director of Neighbourhood Services. The purpose of this report was to present a draft Group Customer First Strategy and a draft QCHA specific Customer First Strategy. A strategic action plan was also included with this paper and it was noted that each part of the group will incorporate specific actions relevant to their annual plans in their Departmental Plans. The final documents have been uploaded to the board portal.

9.2 Draft strategies were circulated in May 2022 to all Group Board members and feedback was invited. The feedback has now been incorporated into these draft documents being presented for approval. The Strategy covers the 2022-25 period to sit alongside the current Business Plans. The Strategies support the Group Business Plans and help ensure that we have a consistent approach to delivering excellent customer services to both internal and external customers. Tenants were consulted through the Community Involvement Groups, the Resident's Task Force and Café Conversations in 2022.

9.3 The Board;

- a) Approved the Group Customer First Strategy and the QCHA Customer First Strategy
- b) Approved the strategic action plan
- c) Noted that operational activities to ensure delivery of the strategy will be included in annual departmental plans.

d) Thanked Louise for her hard work in preparing these strategies and the action plan.

10.0 Not for publication contains personal information - Update on complaint

11.0 Health and Safety

11.1 The Director of Property, Enterprise and Regeneration advised the Board that a working group has been set up to carry out a review of all existing procedures for reporting, recording and managing properties where there is known issues of condensation, damp and mould. The review commenced in November and is likely to last 6 months, to allow time to consider the required improvements to our processes and to engage customers meaningfully on this issue. The Association has seen an increase in both reporting and complaints about condensation and mould. It was agreed that a full report will be brought to the next meeting of the Board.

Rona

12.0 New Membership Applications

12.1 The Board approved one new application for membership and noted that the tenant was interested in getting involved.

13.0 Minute of Previous Meeting

13.1 The minutes of the following meetings were reviewed for accuracy and matters arising.

1. Meeting 672 held on 29 November 2022
2. Meeting 673 held on 19 December 2022
3. Meeting 674 held on 18 January 2023

13.2 Subject to an amendment to add John McIntyre and Margaret Glass as being in attendance on 18 January, the minutes were agreed as an accurate account, proposed by David Horner, and seconded by Matt Millar.

14.0 Action Tracker

14.1 It was agreed to add an action to review pension rates.

Shona

15.0 AOB

15.1 Private and Confidential report

16.0 Date and Time of Next Meeting

The meeting concluded at 7.20pm The next meeting is scheduled to take place on 28 February at 6.00pm

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

Chair: Date: