

Minutes of a board meeting of Castle Rock Edinvar Housing Association Limited t/as Places for People Scotland ('PfPS' or the 'Association') held at 4 pm on Wednesday 10 May 2023 at 1-2 St Andrew Square, Edinburgh, EH2 2BD and via Microsoft Teams

Present: Pamela Scott (Chair)
Janet Hamblin
Moira Sibbald
Tavish Scott
Euan Campbell
Kenny Fraser
Katie Smart (Director, PfPS)
Andrew Winstanley (Chief Financial Officer)

In Attendance: Dan Urmston (Finance Business Partner - Income)
Tim Weightman (Chief Investment Officer)
Amy Walker (Regulation Business Partner)
Kate Alsop (Deputy Company Secretary)

Actions

1.0 APOLOGIES

1.1 There were no apologies for absence.

2.0 CHAIR'S INTRODUCTION

2.1 The Chair welcomed everyone to the meeting noting in particular attendance by Tim Weightman and Amy Walker who would be addressing agenda items during the meeting.

2.2 The Chair took the opportunity to formally thank Tom Norris who had resigned from the board on 31 March 2023 having assumed other Group responsibilities and formally welcomed and congratulated Katie Smart who had been appointed Director of PfPS on 1 April 2023. The Chair also acknowledged that Janet Hamblin had agreed to become the board's Senior independent board member and that Euan Campbell had agreed to takeover chairing the Audit & Risk Committee when Janet planned on taking some time away during October 2023. It was further noted that appraisal

meetings had been held and the associated paperwork would be completed over the coming weeks.

- 2.3 It was noted that a quorum was present, so the meeting was declared constituted and open.

3.0 DECLARATIONS OF INTERESTS

- 3.1 There were no further disclosures or updates to existing disclosures of interests.

4.0 MINUTES & ACTIONS ARISING FROM PREVIOUS MEETINGS

- 4.1 The minutes from the meetings held on 8 February 2023 and 9 March 2023 were approved.

- 4.2 In respect of minute ref 11.2 (9 November) work remained to be done as regards producing terms of reference and membership policy and minute ref 9.1 (8 February) to provide a breakdown of capital requirements per site would be addressed in the next financial report. An update on Peffer Street was provided, noting that residents had been decanted into new homes nearby whilst options for this accommodation over the longer term were considered.

- 4.3 Where deadlines had been reached and relevant action taken, or otherwise covered within the papers, it was **agreed** that these items could be removed from the action list. KA

5.0 FEEDBACK FROM ANY GROUP BOARD, SUBSIDIARIES AND COMMITTEES HELD SINCE THE PREVIOUS MEETING

- 5.1 *Update from Group Board meeting(s)*

- 5.1.1 At its meeting in February the Group Board had received an update on the significance of the environmental, social and governance agenda for the overall group and how responsibility and coordination of activity was now being managed by a centralised team. The draft Group Business plan had also been presented and this was further approved at the Group Board meeting in March together with the stress testing modelling which created hypothesis to push the Group beyond its financial breaking point.

- 5.2 *Update from PfPS Audit & Risk Committee*

- 5.2.1

Annual updates on the Internal Audit

Charter and self-assessments against both IIA and regulatory standards received. A Group risk update had been received from Group's Director of Risk with the offer for the full PfPS board to receive some strategic risk management training. The bi-annual update from Group's Safeguarding team had been received and it was noted that proposed changes to the rent setting system would be brought to the PfPS board (and in fact, would be presented to the meeting today) for consideration in due course, the committee having received a paper on a review of the points rent setting system.

5.3 *Places for People Scotland Limited (t/as PfP Scotland Commercial)*

5.3.1 The chair of PfP Scotland Commercial provided feedback from the earlier meeting of this board. Current tenant areas had reduced but former tenant arrears had increased due to one business having gone into liquidation. The Rent & Debt Recovery Policy had been approved which acknowledged a different approach to dealing with arrears where commercial tenants were charitable or voluntary organisations reliant on funding. The board had further agreed, in principle, to appoint Group subsidiary, Tila Commercial, to manage its commercial properties. KPIs associated with void loss were the lowest they had been in two years and handovers reduced from six weeks down to three albeit this had exacerbated repairs due to the work required to clear and prepare them for new tenants.



A gift aid payment of £1.5m had been paid to the Association. An action had been taken to review the terms of the debt facility and consider whether current variable rate borrowing could be exchanged to fixed rate borrowing.

5.4 *Update from the Joint Development meeting*

5.4.1 The year-end development report had been received noting that with the exception of the significant impact that the defective overage clause had created, the team was generally pleased with the outturn. Legal advice had been sought as regards the significant structural issues encountered at the site at Raploch, Stirling with the likelihood being that this site would be put back a further year and other sites brought forward to backfill the gap.

6 DIRECTOR'S REPORT (INC Q4 OPERATIONAL UPDATE)

6.1 Changes within Homes Plus continued with structures in England now being aligned with those in Scotland. Policies and processes were being reviewed to devolve powers into regions. Changes would have minimal impact in Scotland with the role of Head of Neighbourhoods changing to Head of Communities and business support advisers moving back to the team.

- 6.2 Performance overall was stable with headway being made as regards reducing arrears. PfPS had been appointed preferred partner for the Reidvale Housing Association transfer of engagement opportunity. Customer sessions had attracted some negative feedback and press following an article by David Bookbinder, Director of Glasgow & West of Scotland Forum of HAs. A formal decision from a meeting of Reidvale's management committee was expected imminently and PfPS was ready to mobilise having submitted its Tier 1 plan on a page to Group's strategic delivery office. Board members suggested that a briefing with MSPs should be done following the committee's decision as how PfPS presented itself would be hugely important.

7 FINANCIAL PERFORMANCE REPORT

- 7.1 As at 31 March 2023, PBT was £22.7m, £5m ahead of budget and turnover £0.8m ahead of budget. Gross rents receivable was lower than budgeted due to slippage in MMR. Void loss was £0.2m lower than budget. Other income was £0.9m higher than budget due to a number of reasons including unbudgeted compensation received for delays in developments and the dissolution of a trust of which the Association had been a member. Sale of fixed assets had generated profits of £2.6m following the sale of 24 properties. The Association had further received an unbudgeted gift aid payment from its subsidiary undertaking amounting to £1.5m. £1.3m less than budgeted was spent on capital repairs but this was offset by spend in other areas with any balance being carried forward to FY 2023/24.

7.1.1 *Final business plan & budget FY 2023/24*

- 7.1.1.1 The final business plan and budget was presented for approval noting that a bridging table had been provided at section 9 of the report to demonstrate the differences between the draft business plan presented in February and the final business plan presented to this meeting. It was noted that the financial impact of any potential merger with Reidvale HA had not been assumed within the current business plan or budget so as not to distort numbers pertaining to FY 2022/23. Any future financial implications associated with the merger of Reidvale HA would need further consideration by the board and where necessary, additional board meetings would be convened to consider them. The board **approved** the final business plan and budget for FYs 2023/24-2025/26.

7.2.1 *Financial projections and scenario analysis FY 2023/24*

- 7.2.1.1 As part of the annual business planning process stress testing was undertaken on the business plan to understand the ability of the Association to withstand significant external shocks. November's PfPS Audit & Risk Committee had approved the proposed scenario analysis assumptions to be

applied to the 2023/24 business plan and following approval and testing of the business plan, had agreed that the findings would be presented to this board meeting. An analysis of the results was included in the paper and the Finance Business Partner provided an overview. The conclusions drawn were that PfPS remained financially strong, even when testing various sensitivities. There were only three of the eight scenarios tested which would result in a deficit by year 30. Those scenarios involved a freeze on rent, high interest rates or a combination of the two. In all the scenarios tested which could see the business fail, there were remedies which could be taken which would reduce the risk to the business. Scenario's seven and eight showed the impact that reducing the level of investment in new housing had on the financial performance of the business by reducing the debt burden. Other options might be to review the rent increase strategy or consider scaling back major investment in existing properties.

- 7.2.1.2 The board considered the findings and further asked about policy shocks that could further impact the business, such as a rent freeze, where approaches to policy in Scotland was different to England. The Chief Financial Officer explained that in Group's position, where the business plan was considered weaker at the outset, additional trigger points had been introduced so that a sudden decline in the market or interest rate hikes could be detected and where appropriate, action taken.

8 SELF-ASSESSMENT AGAINST THE REGULATORY STANDARDS PERTAINING TO THE SHR AND OSCR

- 8.1 It was noted that all areas of improvement from previous reviews had been addressed but a few additional suggestions for improvement had been noted and included and when reviewed by the Audit & Risk Committee in February it was agreed that a broader action plan would be developed to explain how these areas would be achieved with owners and timescales for completion included. It was further noted that through its Landlords Forum for Systemic Change, the SHR was reviewing its standards which might prompt further change FY 2024/25. In respect of accountability at 2.2, board members asked whether benchmarking was undertaken against its peer group and it was suggested that it might be useful to explore this further.

- 8.2 Board members **approved** the 2023 self-assessment against the SHR's regulatory standards of Governance & Financial Management and further approved the 2023 self-assessment against the OSCR duties.

9 SELF-ASSESSMENT AGAINST THE PROVISIONS OF THE UK CORPORATE GOVERNANCE CODE

- 9.1 Board members were reminded that in line with the Group, PfPS had adopted the UK Corporate Governance Code as its Code of Conduct. An annual self-assessment had been undertaken that had revealed no major

changes but for reasons associated with changes to working practices throughout the financial year under review. Board members reviewed and **approved** the 2023 self-assessment against the UK Corporate Governance Code.

10 RENT AND SERVICE CHARGE APPROACH FOR PFPS

10.1 As noted earlier, the Audit & Risk Committee had received a paper on this matter at its February meeting but noting that any change in the Association's approach to the rent setting system could have a significant impact it had been agreed that the scope of any proposed change should be a decision reserved to the PfPS board.

10.2



11 UPDATE ON DAMP AND MOULD

11.1 The Group's Chief Investment Officer had been invited to the meeting to provide updates on current initiatives to tackle damp and mould and asset strategy.

11.2 The board were reminded that following the death of a child in 2020 who had been found to be exposed to mould in his home managed by Rochdale Boroughwide Housing, the Group had experienced an immediate uptick in reports of damp and mould within its housing stock and had been working to address its own issues. In a business managing 10,700 homes, Scotland had fared relatively well with 393 reported cases. This was considered due to the fact that historically, the Association had invested more in the fabric of its homes. The team now had 100% stock condition coverability albeit it had not been able to access 13% of these homes. The position for dealing with reports in Scotland was currently better than England with cases generally being triaged within 15 days. This target had not been met in all

cases though due to lack of trades colleagues but a recruitment drive in December 2022 had resulted in a full team. Reported cases were expected to decrease over the warmer summer months but would increase again come the Autumn. There was an increasing expectation from the English Regulator that providers should know what's happening within the homes it manages and it was only a matter of time before this expectation would extend to Scotland. Colleagues entering homes had found cases concerning safeguarding and further unreported cases of damp and mould. Smart thermometers were being rolled out to help monitor conditions within homes but the only way to prevent this issue was to heat homes, so the issues were difficult to eradicate. Of the 61 cases reported in the latest period, 21 had been closed. The Scottish Housing Regulator had recently defined its position and having joined with other housing associations had published its briefing on tackling damp and mould in the social housing sector.

12 ASSET STRATEGY UPDATE

12.1 Having 100% stock condition surveys allowed the Group to plan resource and spend. What the Group would like to spend was not however the same as what it had available to spend due to other constraints on budget so it was about maintaining homes to good standards. The £100m allocated to achieve this FY 2022/23 did not take into account the additional capital spend required to tackle net-zero ambitions. The Group had seen an uptick in demand for repairs currently experiencing a rolling average of 242,000 a year and a budget overspend of £15m as at 31 March 2022. Of the 20,000-25,000 jobs logged each month, the team was addressing less than 20,000 so the immediate aim was to address the backlog and then work to improve systems and processes to make the service more effective. Having allocated c3,000 jobs to external contractors to help deal with backlogs in the South, the same approach would be taken to clear current backlogs in the North West and Scotland.

12.2 The Chair thanked the Group's Chief Investment Officer for his updates.

13 ADOPTION OF SLAVERY & HUMAN TRAFFICKING STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

13.1 Board members were reminded that PfPS was required to publish a Slavery & Human Trafficking Statement under the Modern Slavery Act 2015. Group's statement was in an advanced form for the financial year ending 31 March 2023 and in line with previous years, it was proposed that PfPS adopted Group's draft statement. Board members conditionally resolved to adopt Group's statement, the condition being that the Group Board adopted a statement that was not materially different from the version presented to the meeting.

14 PROPOSED BOARD DATES FY 2024/25 & TOPICS FOR EACH MEETING

14.1 Proposed board dates FY 2024/25 had been included in the pack together with the current plan of work. Board members were asked to inform the Deputy Company Secretary of any proposed dates that might present an issue and to make further suggestions as regards topics for discussions at meetings to allow the plan of work to evolve.

15 STANDING ITEMS REPORT

15.1 The report on standing items was reviewed and the list of documents signed under witness since the previous meeting including a number of dispositions, noted.

16 ANY OTHER BUSINESS

16.1 The Director of PfPS indicated that she would like to undertake a review of authorised signatories now that changes to the management structure had been finalised.

16.2 It was further suggested that the new Managing Director of Communities, Rachel Crownshaw, should be invited to a future meeting. **KS**

17 DATE OF NEXT MEETINGS(S)

17.1 *31 May 2023* – (Reidvale...next steps).
23 August 2023 – (scheduled board meeting).

https://placesforpeople365.sharepoint.com/sites/GST/CompanyPapers/Castle Rock Edinvar/2023/Minutes/2. 10 May/CRE Board minutes_100523.docx

