



Minutes of the Board meeting held on Wednesday 14th December 2022 in the Boardroom, Parkhead Housing Association, 40 Helenvale Street, G31 4TF

Present:, Sher McKenzie, William Pearson, Fatih Vursavas, Robert Donnelly, Susan McKeown, Adele Edwards, Izabela Trzcielinska, John Buchanan, Jon Cowlan and Hayley Swanson

In Attendance: Aileen McGuire, Laurie Boles, Matthew Reid, Kayla Roden

1. **WELCOME & APOLOGIES**

Apologies were received from Kimberley Barker and James Reilly.

2. **CASUAL VACANCY**

The Board reviewed the report relating to the appointment of Kayla Roden to the Board of Parkhead Housing Association as a casual member. After reviewing the information the Board approved the appointment.

Kayla Roden joined the meeting at this point.

The Board and staff introduced themselves to Kayla.

3. **MINUTES OF THE PREVIOUS MEETING**

The minutes were moved by Susan McKeown and seconded by Izabela Trzcielinska.

4. **MATTERS ARISING**

Community Living Room – The Board were provided with an update with the progress of this project. The Director of Operations also advised the Board that the Association is experiencing a lot of issues with heating systems due to the combination of the cold weather and the fact that tenants are unable to afford to put their heating on.

5. **REDACTED MINUTES**

The Board approved the redacted version of the minutes.

6. **MINUTES FOR NOTING**

The Board noted the following minutes –

Audit & Risk Sub Committee – August 2022
Performance & Policy Sub Committee – August 2022
PDC Board – August 2022
PLC Board – August 2022

The Board discussed the issue of approving the minutes at the last round of sub committee meetings due to lack of numbers.

The Board agreed to approve the draft minutes from the P&P sub Committee from August 2022.

7. **SUB COMMITTEE SUMMARY REPORT**

The Board noted the report.

8. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

9. **EXTERNAL BODIES FEEDBACK**

The Board were provided with an update regarding the RTO Christmas parties.

10. **2023/24 DRAFT BUDGET**

The Director of Finance and ICT presented the Board with a covering report and various appendices relating to the budget process.

The Board were advised that the reporting format has changed slightly, in particular for presenting to our commercial lenders. The Board were advised that the process for pulling together the budget has been smooth however the political and economic climate has added additional pressure on the budget process overall.

UK inflation as per the October figure was 11.1% and the November figure just released was at 10.7%. The Board were also advised that the Bank of England base rate is at 3%. This forms part of the Association's financial

planning assumptions of a midrange 4.25%.

The Board were advised of the importance of loan covenants as they monitor the Association's ability to cover interest payments from in year surpluses. We need to confirm we can achieve this or we will be in breach. The Board were advised that this is where a lot of the focus of the budget process has been placed, in terms of meeting loan covenants while maintaining rent affordability.

It was confirmed that whatever the Board decide to do in terms of the rent increase, it is forecast to be a tight year for the Association, which will require close monitoring, and further budget reviews during the year.

The Director of Finance advised that conversations have taken place with the Association's lenders, focussing in particular on the calculations used to assess the Association's covenant performance. The Board noted that no overall agreement had yet been reached but this would be discussed further at a scheduled meeting next week. It was advised the Board would be updated at the next meeting.

The Board were also advised of some of the bigger, additional costs during the forthcoming year. This includes a forthcoming energy tariff renewal and pension related costs now included in the budget as a result of FRS 102.

The Director of Finance also discussed in detail the Association's financial commitments in respect to component replacement programmes and repairs and maintenance. The Board were advised of the impending reduction of income for both Parkhead Schoolhouse and the Drill Hall Pantry. This is due to the end of available funding, however work is underway to assist in this area.

The Board also reviewed a breakdown prepared by the Association covering a range of scenarios of rent uplifts and the impact this can have on turnover, operating surplus and the surplus after interest. The Breakdown also covered the projected interest cover covenant imposed by our lenders. The Board noted that the amount of money PHA has in the bank is irrelevant as far as the lenders are concerned, focussing mainly on surplus generated in the year.

It was made clear to the Board that irrespective of which rent scenario the Board agree to, the Association will have to closely monitor it's financial performance throughout the year.

The Director of Operations advised the Board that there is also an added complication of the potential of emergency legislation from the Scottish Government regarding an imposed rent freeze.

The Board thanked the Director of Finance for his presentation and then opened the floor for comments from the Board members.

The Chair enquired what a review of the budget during the year would entail. It was confirmed that the Association would be unable to revisit items such as the rents and salaries but areas such as component replacements could be reviewed. However the Board noted that these areas have already been cut back from initial plans.

Following a question from Susan McKeown, the Board were advised that there is likely to be around 900 tenants paying some kind of cash towards their rent. The Board were also advised that anecdotally the Association is conscious that many of those that are in work are in low paid positions.

Hayley asked of the possibility of using cash to reduce the level of borrowing to reduce the risk of further interest rate rises. The Director of Finance agreed that this could be possible however the focus of building up the cash balance is to give the Association the ability to self-fund one off developments.

Following some further detailed discussion and contributions from other Board members the Board agreed to go out to consultation based on a 2.5% rent increase pending further information on the Scottish Government emergency legislation.

11. **MEMBERSHIP**

The Board approved the application of membership.

12. **POLICIES FOR APPROVAL**

The Board approved the policies that had been discussed and approved at their relevant sub committees.

Adele provided the Board with a comment relating to the equalities policy and the wording around ethnicity. It was agreed that the Director of Operations would review this however the Association is guided by the language by the Scottish Housing Regulator.

13. **BOARD APPRAISALS**

The Board reviewed a detailed report regarding the 2022 appraisal process. The Board discussed the process that took place which included separate surveys for existing Board members and a different survey for newer Board members. Furthermore the Chair and Stuart Eglinton met with our new Board members to discuss their training needs in more detail.

The Board reviewed the priorities as highlighted from the appraisal process, these included –

- **Priority 1** – There is a clear message from you as Board members to have a deeper understanding of the economic challenges currently facing our community. It is also clear that there is a desire to fully understand how the Association can continue to support tenants and how this fits in to our strategic objectives.
- **Priority 2** – Another area of focus from the appraisal process is continuing to have an awareness of the Association’s organisational culture and ensuring that the relationship between staff and Board is healthy and strong.
- **Priority 3** – There is an emphasis from the appraisal returns on key governance issues such as risk management, succession planning and the Association’s relationship with the Scottish Housing Regulator.

The Board agreed these priorities for the forthcoming year with a focus on external and internal providers to assist with delivering these topics.

14. **ARC BENCHMARKING**

The Director of Operations presented the Board with his detailed report. The Board were advised that this is something that the Association carries out every year around this time. The information presented in the report is drawn from the Association’s ARC return and the PHA data is compared against the previous year, the Scottish average and two local peers.

The Board were advised that some of the figures reported were from the satisfaction survey carried out immediately after the covid year. This survey was carried out at the insistence of the Regulator and it is felt that some of the figures reflect the lack of service during lockdown.

The Director of Operations advised the Board that there has been a significant upturn in some indicators since year end including arrears and days to let.

Going forward there has been some discussions around benchmarking more regularly with local RSLs and whether they would be willing to exchange figures at the end of every quarter or half year. This would also allow the sharing of any best practice.

Further general discussion took place and the Board noted the report.

15. **AOCB**

The Director of Operations provided the Board with an overview of the work of the Association in the year gone past. The Board thanked the staff for all their hard work. The meeting finished at 19.50.