

MINUTES OF A MEETING OF THE BOARD OF MANAGEMENT OF ANCHO LIMITED HELD VIA TEAMS ON THURSDAY 15 OCTOBER 2020 AT 4:00PM

Present: Mary Black (Chair), Bill Finlay (Vice-Chair), Michael Allan, Kelly Arrol,

Michael Donnelly, Nigel Fortnum, Etta Mounce and Steven Travers

In Attendance: Jason MacGilp, Group CEO and Company Secretary

Derek Adam, Director of Finance & Business Services

Keith Henderson, Head of Service (ANCHO)

Carolyn Owens, Governance Services Manager (Minute)

Lynn Smyth, Finance Manager

	Item	Decision
1.	Board Members only (none)	
	The Chair opened the meeting by welcoming Bill Finlay as the new Vice-Chair.	
1.1	CHA Appointee To Ancho Board	
	The Group CEO confirmed that the CHA Board as group parent had confirmed Michael Allan as their nominee to the Ancho Board.	
	The Ancho Board endorsed the appointment.	Endorsed
1.2	Ancho Nominee To CHA Board	
	Michael Allan proposed Mary Black as the Ancho nominee to the Cairn HA Board, Board members approved the nomination and approved for Steven Travers or Kelly Arrol to deputise in Mary's absence when required.	Approved
2.	Apologies	
	Apologies were received from Zoe Brawn, Colin Love and Ruth Burley. Board approved an extension to Ruth Burley's Leave of Absence, until 30 November 2020.	Noted Approved
3.	Declarations Of Interest	
	Etta Mounce declared an interest in Item 7.1, Rent Increase Consultation.	Noted
4.	MINUTES OF PREVIOUS MEETING AND MATTERS ARISING	
4.1	Ancho Board Minute – 3 September 2020	
	Minutes of the Board meeting held on 3 September 2020 were proposed by Nigel Fortnum, seconded by Bill Finlay and approved .	Approved
4.2	CHA Board Minute – 10 September 2020	

	The Governance Services Manager advised that the CHA draft Minute had not yet been circulated as it was awaiting approval by the CHA Chairperson who was currently absent due to ill-health.	
5.	ACTION TRACKER	
5.1	Action Tracker	
	<u>Item 1</u> - The Head of Service (Ancho) gave an update advising that an article for the Newsletter later in the month was being prepared, once finalised it would be emailed to Board members prior to circulation to tenants.	Action KH
	<u>Item 5</u> – due to Covid-19 restrictions the virtual tour had been changed to a PowerPoint slide deck which would be circulated to members. The Group induction session had been circulated by the Group CEO.	Action KH
	<u>Item 13</u> – The Group CEO advised that the target date was 30 October and had been completed, the Group's Mission Statement had been changed to add the word "safe", and the website would also be updated.	Action JMG
6.	OPERATIONAL UPDATE	
6.1	Operational Update	
	The Head of Service (Ancho) advised there were no operational updates since the last meeting and asked for any questions, there were none.	Noted
7.	ITEMS FOR DECISION/APPROVAL	
7.1	Rent Consultation	
	The Chair referred to the report by the Head of Service (Ancho) and asked for any questions. Bill Finlay asked what would happened if CPI goes negative. The Director of Finance and Business Services advised that the financial projections for the Group are based on CPI at 1% as a guide within the Budget model, not on an inflationary increase, so the Board can decide to apply an increase regardless of inflation and that if a lower rent increase is applied it limits capacity to invest in stock. The Head of Service (Ancho) referred to the tenant promises of CPI +1% increases, the Director of Finance and Business Services advised that a negative or zero increase would impact on achieving the investment requirements promised to tenants, so rent increases need to be balanced on investment needs.	
	Steven Travers asked how costs track inflation. The Director of Finance and Business Services advised that all overheads, and around 30% of costs track inflation, mainly salaries and other overheads. Responsive repairs costs were currently increasing slightly higher than inflation and were being monitored to ensure best value for money from that area of the business. The Group CEO summarised that the affordable rent guarantee was an important part of the partnership promises as were investment promises, and albeit there is a 5 year rent guarantee there would still be consultation with Ancho tenants. Less rental income equates to less money to complete investment in stock and ultimately, based on tenant feedback, the Board would decide.	
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	The Head of Service (Ancho) advised that historically tenants had been consulted on options for rent increases and depending on the CPI figure published next week the rent consultation letter could be amended to provide options for tenants and advise the reasons for the change. Board noted the contents of the report, agreed to consult on an increase based on September 2020 CPI in line with the Rent Guarantee, approved the Rent Increase Consultation Letter to be sent out the tenants and amend it as detailed if October CPI was negative, and agreed to receive a further report in January on the outcome of the consultation exercise which will include a recommendation on the increase to be applied from 1 April 2021.	Noted Agreed Approved Agreed
7.2	Landlord Report The Chair referred to the Landlord Report asking for any comments. The	
	Head of Service (Ancho) advised that usually the end of year figures along with previous years for Ancho, other Scottish RSL's and national indicators are available, however due to delays to the regulatory returns that information is not yet available as it is not yet published by SHR. It is intended that the report will go out alongside the tenant newsletter with a summary of performance for this year, and later in the year once the results are available from SHR comparisons will be published on the website and tenants will be notified at that time as detailed in the Tenant Newsletter.	
	The Group CEO advised that in addition a brief partnership update is also being prepared to confirm the progress on delivering partnership promises to customers and a draft would be circulated to Board prior to distribution.	Action JMG
	The Chair commended the report, particularly the support provided including contact details.	
	Board approved the Report.	Approved
7.3	Proposed Transfer of Management of Garages	
	The Chair referred to the item and to her previous email copied to members with questions on the proposed transfer.	
	The Director of Finance and Business Services then summarised the report, advising that the purpose of moving the management of the garages was to ring-fence VAT and protect the charitable status as detailed in the report by sub-letting the garages to Cairn Homes & Services (Cairn Living/CHS) to let to Ancho tenants, and move non-core items to CHS.	
	In response to questions raised by the Chair on conducting tenant consultation on the proposed transfer, an overview of operational matters and rents was provided and it was confirmed that any transfer of responsibilities would require approval by Ancho Board and Cairn Board as group parent.	
	In response to a question from Bill Finlay on accounting and rental income members were advised that current Ancho garage rental income was £60,000 plus a £23,000 cross charge of staff time. Any surplus or profits from CHS, whose purpose is to support the Housing Association	

rather than become an asset holding business in its own right, could be gift-aided back to Ancho prior to year-end, and to CHA 9 months after the year-end to reduce corporation tax liability. Transferring properties would not be viable as CHS does not currently hold assets as it is a management agent, albeit the Group CEO advised that a future discussion in 2-3 years on whether CHS should be asset holding, and potential risks and responsibilities of that, particularly around employing staff, would be for future Board decision.

The Chair referred to the lock up garages which had helped to maximise income to feed back into Ancho for the benefit of tenants, all garages are located next to stock rented by tenants and owners, and the importance of consultation on the proposed changes and a courtesy pre-warning for renters. The Director of Finance and Business Services advised the only change for renters would be the name on the Tenancy Agreement and they would be informed that the garages were still being managed locally by the Ancho team and the changes were to minimise tax implications on non-core activities. The Group CEO advised that a post would be created in the current restructure process with overall responsibility for all commercial activity across the Group including management of garages. It was confirmed that the same Lease would be used as for CHA which had been drafted by lawyers and that there were no stamp duty land tax/LBTT implications.

The Director of Finance and Business Services advised that other activity highlighted in a recent VAT audit was factoring which could potentially move into the CHS subsidiary. The Group CEO reminded members that moving management of garages and factoring to CHS were agreed in principle in the original partnership agreement, to come back to the Board for approval.

The Director of Finance and Business Services explained the wording on the Lease would be slightly different to make it consistent with the CHS Lease, and on advice from the Head of Service (Ancho) would include wording around storing items other than cars adopted into occupancy agreement. It was noted that the consultation letter would be sent on Ancho headed paper with assistance on the content from Head of Service (Ancho) and the Comms Team. The draft letter would be sent | Action DA to the Chairperson prior to distribution.

The Board **approved** the interposed lease arrangement between Ancho and Cairn Homes and Services Ltd for the lease of 179 garages, subject to prior consultation and feedback from tenants. Board **approved** the proposed transfer of responsibilities to CHS and, prior to implementation, that tenant feedback and next steps would be considered and delegated to the Chair and Vice-Chair for decision. The Ancho Board also wished to be consulted each year by CHS on the annual rent increases.

Approved

Approved

Action DA

In response to a member's question on whether the constitutional review impacted any of the garage changes, the Group CEO advised that the working group would be convened in December and a report would be produced for Boards in Spring 2020. He advised that there was no need to delay a decision on the garages.

7.4 **Board Training & Development Plan**

The Governance Services Manager presented the report, reminding members that the individual training sessions were presented to the last meeting.

	Board approved the Group Training and Development Plan.	
	Deals appleted the Cloup Training and Development Flan.	Approved
8.	GROUP UPDATES	
8.1	Partnership Investment Delivery update	
	The Update was noted.	Noted
8.2	Governance Improvement Plan Update	
	The Governance Services Manager provided an updated on the collective Board self-assessments which are being progressed with Ali Jarvis and timeline for completion of actions by the end of November in line with the Annual Assurance Statement submission.	
	The Report was noted .	Noted
9.	ITEMS FOR DISCUSSION/EARLY VIEWS	
9.1	-	
10.	ITEMS FOR NOTING/PROGRESS MONITORING	
10.1	KPI's	
	In response to a query from Nigel Fortnum, the Head of Service (Ancho) confirmed the KPI performance pack are the most up to date figures from April to date. Nigel referred to the SHN benchmarking session and raised attention to findings of the report, Ancho in general terms was performing well on a national basis but was poorer in the peer group at lower quartile in areas of tenant participation, arrears, emergency repairs satisfaction and adaptations, which may require an action plan to ensure they are receiving attention going forward. The Group CEO referred to opportunities for involvement, the new tenant involvement strategy and local engagement issues. The Head of Service (Ancho) referred to the full Tenant Satisfaction report completed earlier in the year and subsequent plans to do estate walkabouts, which could potentially then progress memberships. However due to Covid-19 restrictions this has not been possible and through the Customer Engagement Strategy we are currently looking at alternative ways such as digitally to deliver. Head of Business Services would circulate slides from the SHN presentation then consider an approach. The Head of Service (Ancho) explained the 5 week delays in housing payments from UC, leading to an increase in arrears, and changes by the Scottish Government around decrees, recovery action and further delays due to court/legal procedures leading to 6 month delays. He advised that arrears were being monitored continuously by the Housing team. It was noted that the Covid-19 and UC impacts will lead to increased arrears in the benchmarking and will reflect all RSL's arrears challenges.	Action MB
	The Report was noted.	Noted
10.0	Pick (any new items)	
10.2	Risk (any new items) The Group CEO advised that the updated Risk Register would be presented to the Strategy Day on 30 October for consideration and reviewing previously agreed priorities in the Business Plan and areas of performance focus over the next year. Steven Travers referred to Covid-19 leading to risks in performance, and highlighted the need to review the Plan in relation to the elevated risk profile on Covid-19.	Action MB

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10.3	Board Meetings Schedule/Forward Planner	
	The report was noted .	Noted
11.	GOVERNANCE & REGULATION	
11.1	Recent SHR Publications/Guidance For Information	
	The Governance Services Manager highlighted the new SFHA	
	Governance Forums and asked for any interested members to advise	
	her via email if they would like to attend.	
11.2	Governance Update	
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	The Governance Update was noted .	Noted
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12.	DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	The Group CEO provided an update on a previously reported staffing	Noted.
	matter which was still pending.	Notou.
	matter without was still perfullig.	
13.	AOCB	
13.1	The Chair referred to the 20 th Anniversary of Ancho which would be	
	mentioned in a forthcoming press release.	

Meeting finished at 5:15pm