

**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

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

	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.	
<b>5.</b>	<b>ACTION TRACKER</b>	
<b>5.1</b>	<b>Action Tracker</b>  <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.  <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.  <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 KH  Action KH  Action JMG
<b>6.</b>	<b>OPERATIONAL UPDATE</b>	
<b>6.1</b>	<b>Operational Update</b>  The Head of Service (Ancho) advised there were no operational updates since the last meeting and asked for any questions, there were none.	Noted
<b>7.</b>	<b>ITEMS FOR DECISION/APPROVAL</b>	
<b>7.1</b>	<b>Rent Consultation</b>  The Chair referred to the report by the Head of Service (Ancho) and asked for any questions.  Bill Finlay asked what would happen 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.	



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 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.

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.

Action DA

Approved

Approved

Action DA

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.



10.3	<b>Board Meetings Schedule/Forward Planner</b>  The report was <b>noted</b> .	Noted
11.	<b>GOVERNANCE &amp; REGULATION</b>	
11.1	<b>Recent SHR Publications/Guidance For Information</b>  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	<b>Governance Update</b>  The Governance Update was <b>noted</b> .	Noted
12.	<b>DECISIONS TAKEN UNDER DELEGATED AUTHORITY</b>	
	The Group CEO provided an update on a previously reported staffing matter which was still pending.	Noted.
13.	<b>AOCB</b>	
13.1	The Chair referred to the 20 <sup>th</sup> Anniversary of Ancho which would be mentioned in a forthcoming press release.	

Meeting finished at 5:15pm