

**MINUTES OF THE JOINT GOVERNING BODIES BOARD MEETING
OF CAIRN HOUSING ASSOCIATION AND ANCHO LIMITED**

Thursday 28 March 2024 at 3:00pm

via Teams

Present:

Cairn HA Angus Lamont (Chair)
 Lizzie Crawford (Vice-Chair)
 Don Jamieson
 Helen Barton
 Neil Wood
 Nigel Chapman
 Laurence Casserly
 Steven Travers

Ancho

Bill Finlay (Ancho Chair)
Nigel Fortnum
Colin Love
Suzie Lyons
Steven Travers
Laurence Casserly

In Attendance:

Ken Tudhope, DFPS and Interim CEO (DFPS)
Meg Deasley, Director of Property Services DPS
Morag Boyter, Director of Business Services DBS
Steven Pritt, SLHROD (*Item 5.6 only*)
Carolyn Owens, Governance Services Manager GSM (*Minute*)
Catherine Bradley, Governance Administration Assistant GAA

	Item	Decision / Action
1	CHA BOARD	
1.1	Board Members only session Board Members of CHA and Ancho discussed the day’s agenda, issues to raise during the meeting, and those which should be given prominence to manage the meeting well and get best value from the time.	
1.2	Apologies Apologies were received from Douglas Reid.	
1.3	Declarations of interest None.	
1.4.1	CHA (JGB) Minutes – 25 January 2024 Minutes of the Joint Governing Bodies’ Meeting of Cairn HA and Ancho held on 25 January 2024 were proposed by Don Jamieson, seconded by Helen Barton and approved .	Approved
1.4.2	CHA (JGB) Minutes Confidential – 25 January 2024	

	Minutes of the previously circulated Joint Governing Bodies' Meeting of Cairn HA and Ancho (Confidential) held on 25 January 2024 were proposed by Neil Wood, seconded by Helen Barton and approved .	Approved
1.5	<p>Matters Arising</p> <p>A member requested an update on the further specialised legal advice pursued in relation to the Annick riverbank, it was agreed that the DPS would provide an update under Agenda Item 12.4.</p>	
1.6	<p>Action Tracker</p> <p><u>Item 5</u> – the actions are still under review due to actions from the internal audit, the DFPS advised that authorisation levels will be reviewed as part of a review of financial regulations and levels of delegated authority, and will be included in the May 2024 Board report.</p> <p><u>Item 6</u> – to discuss appetite for using an external consultancy during Agenda Item 7.6.</p>	
2	CHA ITEMS FOR DECISION/APPROVAL	
2.1	<p>2024-2025 Budget (final) for CHA, ANCHO and PCE</p> <p>The DFPS presented the report highlighting that the financial projections would be presented to the May 2024 Board meeting for approval. Members were requested today to approve the 2024-2025 I&E Budget, based on the submissions of budget holders and assumptions applied, which would represent Yr 1 of the 5 and 30 year projections. The DFPS was analysing the budget in detail and he highlighted variances from last year's assumptions including insurance and service charges which would be explained in more detail in the May report. The new Finance IT system would produce more accurate comparison reporting from the 2024-2025 financial year onwards. The DFPS highlighted reactive maintenance costs were relatively high due to geographical challenges and would be focussed on to identify efficiencies. The planned maintenance programme was in place which covers the 30 year projections and may be subject to variations depending on contract outcomes and approvals. The budget will be monitored through the Management Accounts over the next year but is less predictable over 30 years.</p> <p>In response to a member's queries on:-</p> <ul style="list-style-type: none"> • Budget preparation and why comparison to the 2023-2024 budget could not be applied; the DFPS advised the issues were mapping the codes and the forecast to the system which would be an extremely time consuming exercise, the view was that the majority of costs and budget variances were plotted and would not be too dissimilar to what were recorded in the year end management accounts. The member commented they would like to see more explanation on why the forecast is used as a basis for the budget rather than the budget for last year which is out of date. The DFPS agreed to amend this for the purposes of the 30-year projections report. • 'Other income'; the DFPS advised that this included asset sales and factoring, the new coding structures would replace the 'other income' in the accounts. 	

<p>2.2</p> <p>2.3</p>	<ul style="list-style-type: none"> • Cashflow; the DPS advised that the recent successful tender and catch up with planned maintenance programme is expected to reduce reactive repair costs. • Employment costs; the DFPS advised any future deviation from budget would be justified by a robust business case and tracked in the management accounts. Vacancies are expected to balance out with any absence cover and recruitment goes through Exec team for scrutiny and approval. • KPI's show increase to 207 staff members; the DFPS explained one was a temporary staff for implementation of new Finance systems. • Insurance costs continue to rise due to insurers leaving the market; the DFPS gave a sector/market overview and advised that price hikes should stabilise and new entrants to market should help. There had been some larger claims for fires in the past few years which impacted on claims history; increasing the excess had been explored but the additional risk was not viable and it was felt any benefit would be lost in additional repairs costs. A cost benefit analysis on excess levels was being carried out in the new finance IT system. <p>Angus Lamont, Bill Finlay and Neil Wood volunteered to form a working group to meet with the DFPS in relation to the 30yr financial projections.</p> <p>Members agreed to defer a decision until after Agenda Item 11.1, Ancho Budget, had been approved. [<i>See Item 14</i>]</p> <p>Shareholding Membership Review</p> <p>The GSM presented the report. Members were requested to note cancellations as detailed in the Appendix and approve new shareholding membership applications for which the £1 fees had been received.</p> <p>At the proposal of Angus Lamont, seconded by Lizzie Crawford the new shareholding membership applications were approved.</p> <p>New Board Member Approvals</p> <p>Following a Board recruitment process and successful interviews with the CHA and Ancho Chairs, CEO and GSM, it was now proposed to co-opt two new Board members onto the CHA Board. The co-options of Donna Paton and Andrew Clark to the CHA Board were proposed by Angus Lamont, seconded by Don Jamieson, and approved.</p>	<p>Action DFPS</p> <p>Agreed</p> <p>Approved</p> <p>Approved</p>
<p>3</p>	<p>CHA UPDATES</p>	
<p>3.1</p>	<p>Q3 Management Accounts</p> <p>The DFPS presented the report highlighting a YTD surplus of £1.4m which was a £403k variance against budget. Repairs and renewals were £500k above the anticipated position which was a combination of the volume of jobs and unit costs, which would hopefully be reduced with the new North tender. He explained how the phasing process and seasonal fluctuations affect the budget, and advised that more accurate actuals v budget would be presented in the management accounts over the year ahead. The DFPS reported good covenant compliance, cash in the bank and the unused £10m revolving credit</p>	

	<p>facility available. The projected figures and 30yr model would be produced and discussed with the working group prior to presentation to the Board on 30th May.</p> <p>In response to a member’s question the DFPS provided an overview of the purchase to pay system and accruals issues, advising that it would be resolved by the new finance system from 1 April.</p> <p>The report was noted.</p>	Noted
4	CHA DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
4.1.1	The DPS provided a verbal update on contracts approved under delegated authority for:- Royal Scot Court refurbishment works.	Noted
4.1.2	Caithness Kitchens Contract.	Noted
5	CHA AND ANCHO JOINT BOARD MEETING	
5.1	Ancho Apologies Apologies were received from Fiona Callaghan and Zoe Brawn.	Noted
5.2	Ancho Declarations of Interest. None.	
5.3	PCE Minutes - 7 February & 14 March 2024 Minutes of the Pentland Community Enterprises Meeting held on 7 February and 14 March 2024 were noted .	Noted
5.4	AMDC Minutes – 15 February 2024 Minutes of the Asset Management and Development Committee meeting held on 15 February 2024 were noted . The AMDC Chair updated members on the discussions which took place at the meeting.	Noted
5.5	Audit & Performance Committee Minutes – 26 February 2024 Minutes of the Group Audit & Performance Committee meeting held on 26 February 2024 were noted . The Chair highlighted the Audit reports. The A&P Chair updated members on the discussions which took place at the meeting, internal audit reports considered and those due over the next year including HR recruitment and retention, asset management investment programme, allocations, voids and strategic property disposal. The Committee had also discussed the Annick riverbank provision in detail. <i>All officers except the DFPS, SLHR&OD and GSM left the meeting.</i>	Noted
5.6.	Remuneration Committee Minutes – 26 March 2024 and	

	<p>to consider RC recommendations (Confidential)</p> <p>Minutes of the Remuneration Committee meeting held on 26 March 2024 were noted.</p> <p><i>See separate Confidential Minutes.</i></p> <p><i>All officers re-joined the meeting.</i></p>	Noted
6	GROUP ITEMS FOR DECISION/APPROVAL	
6.1	<p>Business Plan 2024 – 2027 (final), including KPI Targets and Annual Risk Report and Strategic Risk Register</p> <p>The DBS presented the reports advising that the risk report and targets had been approved by the A&P Committee, this was the first time the reports had been presented together, and it reflect discussions at the Strategy Day held in November 2023.</p> <p>Subject to approval of the 30 Year Financial Projections, the 2024 – 2027 Business Plan was proposed by Angus Lamont, seconded by Lizzie Crawford and approved.</p> <p>Members noted the associated risk register and targets for 2024-25 as approved by Audit & Performance Committee under delegated authority.</p>	<p>Approved</p> <p>Noted</p>
6.2	<p>Asset Management Strategy</p> <p>The DPS presented the Strategy which had been developed following focus sessions, Strategy Day discussions and drafts presented to the Board and AMDC. The Asset Management Strategy was tied in closely with the Health & Safety Strategy, Business Plan and options appraisal process to cover the full breadth of asset management activity.</p> <p>Lizzie Crawford commented that the amber indicators in the risk register seemed harsh considering all the work that had been undertaken, and asked what it would take to improve them. The DPS responded that she would analyse them and revert back to Lizzie after the meeting.</p> <p>A member referred to the map in relation to the geographical spread and outlier properties and asked whether property swaps would be part of the scope of rationalisation. The DPS responded that this would be explored as part of the strategy, that mapping would be enhanced to show more density/detail of properties as part of a strategic review on how/who can provide the best service for those assets, and the sector now has more of an appetite for stock swaps in principle, although they can be challenging to bring to fruition.</p> <p>In response to a member’s question the DPS advised that the stock condition survey tender was now on Public Contract Scotland, the data would feed into the strategy and also inform future investment. The AMDC Chair requested a future AMDC Agenda item on how we track stock condition data and reduce risk, and said she was content the new regulatory guidance is being met.</p>	<p>Action DPS</p> <p>Action DPS</p>

	The Asset Management Strategy was proposed by Helen Barton, seconded by Angus Lamont and approved .	Approved
6.3	<p>H&S Strategy</p> <p>The DBS presented the Health & Safety Strategy reiterating that it was tied into and compliments the Asset Management Strategy and focusses on regulatory compliance with tenant and resident health and safety, alongside the other objectives, to collaborate on actions and works on areas including water hygiene, fire safety, EICRs, asbestos and damp, mould and condensation.</p> <p>The H&S Strategy was proposed by Don Jamieson, seconded by Suzie Lyons and approved.</p>	Approved
7	GROUP UPDATES	
7.1	<p>Ancho Transfer of Engagements Project Plan</p> <p>The DFPS provided a verbal update on the plan advising that the Boards will be presented with the updated Business Case in May which will show economies of scale and cost efficiencies which will feed into the 30 year projections, (for CHA and Ancho standalone and also combined). Following this there will be consultation with SHR, the stage 2 notice will be issued for tenant consultation prior to ballot.</p> <p>In response to the Ancho Chair’s questions, the DFPS advised that the arrangements with TPAS for tenant engagement would continue, that the vote was scheduled for September 2024 and if the outcome was successful the respective Special General Meetings would be convened to meet the deadline for transfer at the end of March 2025. Tenants would be engaged over the Summer prior to the vote, there had to be votes albeit there was no minimum percentage threshold, and tenant engagement is a regulatory requirement.</p> <p>The verbal update was noted.</p>	Noted
7.2	<p>Development/AMDC Report</p> <p>The DPS presented the report and provided verbal updates:-</p> <ul style="list-style-type: none"> the stock condition survey contract should be appointed in May; the handover of the last units 32 at Granton will be delayed by just 5 days taking it into the next financial year, resulting in 112 units completed this year and 32 within the next week, the product is of a high quality/standard and tenant feedback had been good; the funding bid for the Lambhill development site had been submitted to Glasgow Council; a meeting to discuss the approach to cost savings at the Aviemore development had taken place. <p>The report was noted.</p>	Noted
7.3	SHR Regulatory Standards	

	<p>The GSM presented the report highlighting the SHR’s new regulatory guidance and standards which would be integrated into the assurance statement working group work process, with a focus on additional assurance requirements</p> <p>The SHR’s Engagement Plan had been uploaded to the Teams channel. Members were advised on forthcoming SHR items including Business Planning Advisory Guidance, determination of accounting requirements and revision of the ARC later in the year. The DBS added that the ARC review and consultation would commence in 2024/25, technical guidance would be available by the end of the year and indicators for the new framework from 2025/26, and base figures around it, would be taken to the A&P Committee for feedback.</p> <p>The report was noted.</p>	<p>Noted</p>
<p>7.4</p>	<p>Six Monthly Monitoring On Corporate Social Responsibility</p> <p>The DFPS presented the report produced by the Procurement Officer showing contracts tendered and added value elements related to CSR weightings, advising that reputable companies which comply with the CSR criteria that we request had been appointed.</p> <p>In response to members’ questions the DFPS confirmed that community benefit was part of the tendering process and he would find out whether benchmarking against peers was undertaken and report back in the next report.</p> <p>The report was noted.</p>	<p>Action DFPS</p> <p>Noted</p>
<p>7.5</p>	<p>IT Project Plan Update</p> <p>The DBS provided a verbal update on progress with the new IT systems, training, staff feedback/improvements, and transfer of databases into HomeMaster in order to go live on 8 April which was currently on schedule and on budget. Board would be kept updated if there were any project delays as the system goes live.</p> <p>The report was noted.</p>	<p>Noted</p>
<p>7.6</p>	<p>Service Charge Review Update</p> <p>The DFPS presented the report and an overview of proposals on how to improve the recovery of service charges incurred, the current process, and issues/impacts on the accounting process. The new approach was explained as detailed in the report. The DFPS would also check with TC Young on the legal validity of current service charge agreements.</p> <p>In response to members’ questions the DFPS advised that:</p> <ul style="list-style-type: none"> • Service charges relating to voids in the Courts are allocated to Cairn and not passed to the other residents, • Tenants will be billed for debts accrued at tenancy termination, again not passed to other customers, 	<p>Action DFPS</p>

	<ul style="list-style-type: none"> the legal position regarding our ability to levy service charges is sound but if clarification of what is in or out of scope were required it would be sought immediately and if necessary changed, in mixed tenure estates, the budget is based on items currently charged and in some cases also billed to owners, service charges currently included in rents will be analysed during the review process with a view to separating out rent and service charges in future, under-recoveries during the financial year will be reported at the year-end; around 1,000 tenancies are subject to service charges, communicating any changes in approach to tenants will be done appropriately, any debt write-offs shared across other properties was unlikely, and not progressed without Board approval. <p>Board noted the report and at the proposal of Angus Lamont, seconded by Lizzie Crawford the Board approved in principle the methodology for accounting for and recovering service charges.</p>	<p>Noted Approved in principle</p>
7.7	<p>CHA and Ancho KPI's</p> <p>The DPS highlighted that Ancho achieved 100% EICR compliance in December 2023, and CHA had reached 90% at the end of February 2024. The A&P Chair advised that further detail would be included in the EICR KPI targets.</p> <p>The reports were noted.</p>	<p>Noted</p>
7.8	<p>Items for Audit & Performance Committee consideration</p> <p>None.</p>	
8	<p>GROUP GOVERNANCE, REGULATION & CORPORATE</p>	
8.1	<p>Chairpersons' Update Reports</p> <p>The CHA and Ancho Chairs provided verbal updates on work undertaken and attendances since the last meeting.</p>	<p>Noted</p>
8.2	<p>Governance & Regulation Update</p> <p>The GSM presented the report and updated members on the location for the Development Day on 31 May in the Bellshill area and stock visit, and reminded members that the next meeting was hybrid at the Edinburgh office.</p> <p>The report was noted.</p>	<p>Noted</p>
9	<p>GROUP DECISIONS TAKEN UNDER DELEGATED AUTHORITY</p>	
9.1	<p>Members were informed of the policies reviewed under delegated authority since the last meeting which were available to view in Teams, namely; Development Policy; Fire Safety Policy and; Alterations and Improvements Policy.</p> <p><i>The Ancho Chair chaired the meeting from Item 10 to Item 13 incl.</i></p>	

10	ANCHO BOARD	
10.1.1	<p>Ancho (JGB) Minutes – 25 January 2024</p> <p>Minutes of the Joint Governing Bodies’ Meeting of Cairn HA and Ancho held on 25 January 2024 were proposed by Nigel Fortnum, seconded by Colin Love and approved.</p>	Approved
10.1.2	<p>Ancho (JGB) Minutes Confidential – 25 January 2024</p> <p>Minutes of the previously circulated Joint Governing Bodies’ Meeting of Cairn HA and Ancho (Confidential) held on 25 January 2024 were proposed by Nigel Fortnum, seconded by Colin Love and approved.</p>	Approved
10.2	<p>Matters Arising</p> <p>None.</p>	
10.3	<p>Action Tracker</p> <p>The Action tracker was noted.</p>	Noted
11	ANCHO ITEMS FOR DECISION/APPROVAL	
11.1	<p>Final Ancho Budget 2024-2025 and 30 yr Financial Projections</p> <p>The DFPS presented the final Ancho Budget, highlighting the anticipated surplus projection as detailed in the report and asked for questions.</p> <p>The Ancho Chair raised the use of the budget for last year in comparison to the budget for this year, and there appeared to be some costs not included. The DFPS agreed, especially related to employment costs picked up through the intercompany recharge when employees moved to Cairn. He advised it would be presented that way in the future. The Ancho Chair requested further explanation on variances, the DFPS suggested that the budget be used to input figures into the system for the financial year monitoring, and the projections would include comparisons presented in the next paper. It was agreed that delegated authority be given to the working group to sign off the financial projections.</p> <p>At the proposal of Bill Finlay, seconded by Nigel Fortnum, Board approved the 2024-25 budget subject to approval of the 30 year financial projections.</p>	<p>Action DFPS</p> <p>Agreed</p> <p>Approved</p>
11.2	<p>Shareholding Membership Review</p> <p>The GSM presented the report. Members were requested to note cancellations as detailed in the Appendix and approve a new shareholding membership application for which the £1 fees had been received.</p> <p>At the proposal of Bill Finlay, seconded by Nigel Fortnum one new shareholding membership application was approved.</p>	Approved
11.3	<p>Approval of New Board Members</p> <p>Following a Board recruitment process and successful interviews with the CHA and Ancho Chairs, CEO and GSM, it was now proposed to appoint one</p>	

	<p>candidate to fill a casual vacancy on the Ancho Board. The GSM advised that another candidate had also been offered a co-option to the Ancho Board and following acceptance of the offer further details would be circulated via email to Ancho Board and CHA Board as group parent for approval.</p> <p>At the proposal of Bill Finlay, seconded by Nigel Fortnum, the appointment of Andrew Latto to fill a casual vacancy on the Ancho Board was approved. At the proposal of Angus Lamont, seconded by Don Jamieson, the appointment was approved by the CHA Board as group parent.</p>	<p>Approved</p> <p>Approved</p>
12	ANCHO UPDATES	
12.1	<p>Q3 Management Accounts</p> <p>The DFPS provided a verbal overview of the report explaining the YTD SOCI and negative variance from budget of £264k mainly due to planned maintenance work which had not yet been capitalised and which would be reviewed in Q4, fluctuations on employment costs due to transfers to Cairn T&C's, and timing of some overheads. Phasing of the budget for the new financial year would provide more accurate quarterly accounts monitoring.</p> <p>The Ancho Chair highlighted the accrual of the Riverbank liability costs in the 2023-24 accounts but the cash outflow would be in 2024-25. The DFPS advised that at this stage the best estimate figure would be presented to the Auditors.</p> <p>The report was noted.</p>	<p>Noted</p>
12.2	<p>Operational Update</p> <p>The DFPS referred to the report and asked for any questions, there were none and the report was noted.</p>	<p>Noted</p>
12.3	<p>Partnership Investment Delivery Update</p> <p>The DPS presented the report advising that a new format would be used for investment reporting and a draft would be circulated prior to the next meeting. She highlighted an options appraisal had been completed on one of the original mortgage to rent properties which was now void, and as part of the AMS the AMDC would be requested to approve the disposal, and the Board would be requested to approve the disposal via email in due course.</p> <p>The report was noted.</p>	<p>Noted</p>
12.4	<p>Annick Riverbank Update (Confidential)</p> <p><i>See separate Confidential Minutes</i></p>	
12.5	<p>2024 Annual Salary Cost of Living Proposal</p> <p>The DFPS gave an overview of the report. Board noted that the salary of the remaining ANCHO employee would increase by 6% from 1 April 2024 following a negotiated settlement between EVH and the Unite union.</p>	<p>Noted</p>

13	ANCHO DECISIONS TAKEN UNDER DELEGATED AUTHORITY	
	-	
14	AOCB	
	<p><i>The CHA Chair chaired the item.</i></p> <p>Following approval of the Ancho Budget at Item 11.1, the CHA chair requested a decision on Agenda Item 2.1.</p> <p>At the proposal of Neil Wood, seconded by Don Jamieson, the CHA Board approved the 2024-2025 Budget for CHA, Ancho and PCE subject to approval of the 30 year financial projections.</p>	Approved
15	DATE OF NEXT MEETING	
	<p>Board Meeting 30 May 2024 – Hybrid meeting tbc</p> <p>Development Day 31 May 2024 – Bellshill</p>	

The meeting closed at 6:00pm