

**BOARD
MINUTES**

MINUTES OF	:	Board of Management Meeting
TIME & DATE HELD	:	25th March 2025
DATE APPROVED	:	27th May 2025

BOARD MEMBERS	:	Elizabeth Battersby, Grace Barbour, Brian Barclay, Tracey Kernahan, Irene McGinnes, Ross Ramsay, Eddie Robertson, Janice Saunders and Linda Sichi
APOLOGIES	:	Rae Connelly and Hugh McIntosh
STAFF PRESENT	:	Tony Teasdale (CEO) Kirsty Brown (DFCS) Colette McKenna (DPS)
IN ATTENDANCE	:	None

1. Apologies

As noted above.

2. Declarations of Interest

There were none.

3. Minutes for Information

The draft minutes of the following meetings were noted:

- | | | |
|------------|--|------------|
| 3.1 | Operations Committee Meeting | : 04.03.25 |
| 3.2 | East End Housing Development Company Board Meeting | : 11.03.25 |
| 3.3 | Upkeep Board Meeting | : 11.03.25 |
| 3.4 | Audit & Corporate Sub-Committee Meeting | : 18.03.25 |

Following review of the Audit & Corporate Sub-Committee meeting minute, the DFCS provided an update on the Internal Audit Plan for the 2024/25 year. Members noted that:

- the 2024/25 audit work was now complete and the annual report had been received and was available for viewing on Decision Time;
- the three internal audit review areas covered in the year had all received the highest level of assurance grading, being 'Strong';
- 'Substantial' progress had been made in progressing recommendations from previous internal audit review areas;
- there were no issues that the Audit & Corporate Sub-Committee felt necessary to report to the Management Board; and

- the internal auditor, WBG, had provided the following overall opinion: *Shettleston Housing Association did have adequate and effective risk management, control and governance processes to manage its achievement of the Association's objectives at the time of the audit work. The Association had proper arrangements to promote and secure value for money.*

4. Minutes for Approval

4.1 Board Meeting - 11.02.25 (Confidential)

The draft Confidential Minute was **approved** on a proposal from Brian Barclay, seconded by Tracey Kernahan.

4.2 Board Meeting - 11.02.25 (Non-Confidential)

The draft Non-Confidential Minute was **approved** on a proposal from Brian Barclay, seconded by Tracey Kernahan.

4.3 Special Board Meeting - 25.02.25 (Confidential)

The draft Confidential Minute was **approved** on a proposal from Brian Barclay, seconded by Grace Barbour.

The Special Meeting had been to discuss the proposal from employers' body EVH for a three-year salary agreement. The Board noted that it was not intended to publish a non-confidential version of the Minute on the website.

5. Matters Arising Schedule

Members noted the update from the CEO in relation to the lunchtime briefing sessions and the need to reschedule dates.

6. Compliance and Safety Update

Members **noted** the content of the Compliance & Safety Update Report, and in particular:

- There had been no new Notifiable Events reported since the last meeting.
- An ad hoc return relating to voids and empty homes had been submitted to the SHR within the requested timeframe since the last meeting date.
- There had been no significant Health and Safety incidents to report since the last meeting date.

7. Chief Executive Progress Report

Members noted the content of the report and the following in particular:

Office Bearer Decisions since the last meeting:

- The Office Bearers had approved an increase in hours for the vacant housing officer post to restore this to a full-time, 5 day a week post. An early decision on this had avoided delay in the recruitment process. It was noted that the added cost would be in the region of £7,154 per annum but this was felt to be worth it given added service delivery capacity it would bring.

- They had also approved that the Association re-join training agency SHARE (at a 2025/26 cost of £2,500), in light of improved membership fee/membership benefits on offer. An early decision on this had opened up access to courses for Board Members sooner.

Staffing Update: Two long-serving staff were retiring. Housing officer Karen Galloway had left on 12th March and Factoring Officer Moira Stoops was now due to retire on 17th April. Welfare Rights Assistant, Stephen Brown would also be leaving the Association from 31st March.

Members noted that the SHA ballot paper, with accompanying comments, had been submitted to EVH following the Special Board Meeting held on 25th February. The outcome of the ballot of all EVH members had been in favour of the proposed three year pay deal. As a consequence, pay for Association staff would now increase by 4% from 1st April and by 1.5% above inflation (CPI) in 2026 and 2027 (on the proviso that inflation at the preceding October falls within a range of 1-4%).

Shaping Shettleston and Neighbourhood Infrastructure Investment Fund (NIIF): It was intended to submit a SHA view, on the area and possible improvements, into the Shaping Shettleston process. The Board also noted the opportunity that had arisen to make suggestions as to how the Council should spend its £1m Neighbourhood Infrastructure Investment Fund (NIIF) for the Shettleston ward. The CEO highlighted the Community Centre and the derelict Shettleston halls site as potential priorities for investment. Proposals would be worked up and further views sought from Member prior to submission.

Local and National Housing Policy:

- *Homelessness:* All RSLs had been asked by the Scottish Government to provide data on empty homes. SHA had only a very small number of empty homes and these were being let relatively quickly. In addition, senior officials responsible for homelessness in the City had written to the CEO seeking a meeting to discuss an increase in the proportion of SHA voids being offered to statutorily homeless ("section 5") referrals. The agreed quota for 2024/25 had been 50% but our performance for the year to date had been only around 39% but was increasing. A meeting had been scheduled for 26th March and an update would be provided to the Board/Operations Committee in due course.
- *Tenant safety:* This continued to be a hot issue and the Regulator had recently confirmed that all RSLs would once again be required to include specific comments on compliance with tenant and safety compliance within the 2025 Assurance Statement. Recent news announcements suggested that the Scottish Government was considering introducing provisions to replicate "Awaab's Law" in relation to dampness/mould issues, as now apply in England and Wales.
- *Issues with bulk refuse:* The Board's attention was drawn to the increasing issues being experienced by Upkeep as outlined in the minute of the Upkeep Board meeting on 11th March (section 7,1). Further representations would be made to the Council to seek improvements.

Scottish Housing Regulator: The Board noted with approval a recent indication from SHR that the Association would retain its "compliant" status in 2025/26 following the latest regulatory risk assessment. This still to be publicly confirmed however.

8. Review of Asset Management Strategy

The DPS presented the proposed revisions and updates to the Asset Management Strategy and highlighted the greater focus on our objective to improve the energy efficiency of homes and understand the wider environmental impact of our activities.

Members noted the proposal to undertake a net present value assessment of housing types. The DPS clarified that this assessment will be instrumental in determining the viability of future works, particularly where significant investment would be required to meet the new energy efficiency standards. The assessment will consider the current value of stock; rental income; ongoing repairs and maintenance costs; regular life cycle component replacements; and then the cost of any energy efficiency or decarbonisation works. The outcome will inform decisions on where to target investment and whether there are any properties where it would not make financial sense to invest and demolition / re-provisioning should be considered.

The DPS also confirmed that valuation surveys are being undertaken in the next month of all non-domestic properties and 30 year life cycle investment plans will be prepared for these assets in the coming year.

The draft revised Group Asset Management Strategy was approved by the Board.

9. Finance Report

9.1 Final Budget 2025/26

The DFCS shared a short presentation which provided an overview of the key changes made to the final draft of the 2025/26 budget since the first draft was approved in December 2024. The following changes were noted:

- Turnover is £15k less than the draft budget due to the revision of the lease payment due by EEHDC.
- Management and Factoring costs are £21k more than the draft budget due to the following changes:
 - The 4% EVH cost of living award (3.3% was included in the draft budget).
 - The minor changes to the Customer and Community Services Team (including Factoring) staff structure.
 - Downward review of depreciation for other assets.
 - A prudent uplift in insurance costs, however we remain hopeful that the final cost will be less than indicated.
 - Removal of SHA's contribution to the TMAS salary costs.
 - Inclusion of valuation costs for non-domestic properties.
 - Inclusion of Pantry cleaning costs.
 - Inclusion of SHARE membership renewal.
- Service charge costs have increased by £44k due to the uplift in landscaping costs following the recent review and tender exercise for this service.
- Planned repairs have increased by £23k due to the inclusion of replacement flooring for common areas.
- Housing depreciation charges have increased by £47k due to the carry forward of major repairs spend from 2024/25 to 2025/26.

The DFCS advised that the adjustments have reduced the expected outturn by £150k. However Members noted that £34k relates to overall depreciation which is a non-cash movement and £60k relates to charging within the group structure (the lease agreement with EEHDC (£16k) and the landscaping contract with Upkeep (44k)), leaving £56k of additional costs. The additional costs are mainly from the increase in revenue major repairs for open area flooring, changes to EVH cost of living award and the CCS Team staff structure changes.

Spend on Capitalised Major Repairs has been increased by approx. £617k since the first draft of the budget was prepared. Members noted that this was due to the estimated carry forward spend from the 2024/25 year. The DFCS confirmed that these projects were due to complete in quarter 1 of the 2025/26 year. There was no impact on the closing cash on hand figure as the opening cash figure was now higher due to the spend being delayed.

The updated cashflow forecast for the year ahead confirmed that the Association's minimum cash requirement of £1,000k in the bank at all times was expected to be met. Opening cash was estimated at £3,600k with closing cash estimated at £1,891k. Members noted that the reduction in cash on hand over the course of the 2025/26 year was due to the capital loan repayments that were due to commence in the year and also the increase in capitalised major repairs spend. No loan drawdowns were expected to be required in the year.

The DFCS highlighted that the budget contains some prudent assumptions and there is potential for the final results to be better than the budget assumes. In particular:

- Insurance costs – final renewal terms have still to be received from the broker and the budget assumption has remained prudent; and
- Landscaping costs included in Service Charges – since the budget workings were finalised the DFCS advised that there has been a downward movement in the contract price of approx. £16k. It was agreed to leave the budget amount in case there was further movement / review of the contract price. Members also noted that there was approx. £15k of overhead costs included in the landscaping contract price. This related to open space areas that were not rechargeable.

The DFCS confirmed that covenant compliance is achieved across all RBS indicators in the final draft of the budget (asset cover, gearing and interest cover).

The Management Board **approved** the final draft budget for the 2025/26 year.

9.2 Update to 5 Year and 30 Year Financial Projections

The DFCS provided a short presentation on the key outcomes from the updated 30 Year Financial Projections. Members noted that:

- The plan captures latest forecast for 2024/25 along with final budget workings for 2025/26;
- Year 1 is 2024/25 (the plan will be rolled forward once the year-end balance sheet position is final);
- The interest rate assumption has been revised downwards for year 2, now 4.5%, (previously 5%);
- Real earnings inflation now mirrors EVH pay award for year 3 and year 4 (1.5%, previously 0.5%);
- Pension deficit payments of £200k per annum in years 3, 4 and 5 have been incorporated;

- The plan achieves annual surpluses and positive cash balances throughout (all annual cash balances are over our minimum requirement of £1m); and
- The plan achieves covenant compliance throughout.

The DFCS confirmed that the plan is showing a reduction in loan finance requirement of £1,000k when compared to the March 2024 plan with all loan finance continuing to be repaid within the 30 year business plan period. The timing of loan drawdowns has been adjusted slightly over years 3, 4 and 5.

Members were reminded that approximately 84% of the Association's borrowings are on a fixed rate and as such is not as vulnerable to interest rate movements as some other organisations.

Members noted that the planned capital major repairs spend had been smoothed over the business plan period to achieve positive cash balances each year of over £1,000k. A total of £200k of expenditure has been pushed back from year 5 to year 7, £500k had been reallocated from year 8 to 11 and £1,000k moved back from year 21 to 22. All planned investment spend has been accommodated over the 30-year business plan period.

The update business plan was showing an increase in average cash balances compared to the prior year version, £5,184k compared to £4,720k. This is due to growth in rental income, reduced borrowing, slightly reduced interest rate assumption and also the slight delay in timing of loan drawdowns in the early years of the plan.

Members noted that all loan covenants will be met over the 30-year business plan period: asset cover, gearing (financial indebtedness) and interest cover. The DFCS confirmed that the new interest cover calculation provide more headroom / spending power and compliance issues reported in previous years were no longer an issue.

The DFCS provided an overview of the sensitivity analysis workings that had been done on the updated business plan projections. There were ten 'what-if' scenarios calculated to show the vulnerability of the plan in relation to inflation rates, interest rates, bad debt rates, above inflation rent increases and increased operating and capital expenditure. Board Members noted that:

- Inflation is good for the plan if there are no specific restrictions on income inflation.
- The plan is relying on above inflation rent increases going forward. Where this was removed or restricted it provided the worst outcomes of all the sensitivities.
- Annual surpluses were still achieved in all scenarios where only one change was made to the base model assumptions, with the exception of the removal of the above inflation rent increase assumption which resulted in some deficits being reported in later years.
- The main issue with adverse scenarios was negative cash, covenant compliance was achieved in each of the ten scenarios.
- Investment spend could be smoothed or restricted to achieve positive cash in some of the scenarios where costs were increased through increasing bad debts, operating costs or capital expenditure. Additional finance / revolving credit could also help in these scenarios.

The DFCS reminded Members that a sensitivity with a new development project incorporated had been presented at the January 2025 Strategy Day. It was noted that the feasibility study for the Old Shettleston Road site was underway and once the further information was available on updated costings, the sensitivity would be updated for Board review.

It was noted that the latest approved version of the business plan model will be used to populate the 5 Year Financial Projection Return due to be submitted to SHR by 31 May 2025. This will be presented to May 2025 Management Board meeting for approval before submission.

The DFCS also advised that once the opening balance sheet position was confirmed and the plan was rolled forward so that year 1 was 2025/26, the workings would be shared with the Association's lender RBS.

The Management Board considered and approved the draft updated 30 Year Projections. This version of the plan now being the new base model.

The presentation relating to Agenda Items 9.1 and 9.2 is available on Decision Time.

10. SHA Business Plan 2025

The CEO presented the report and the draft updated Business Plan.

It was noted that proposed changes to the Plan had regard to discussion and decisions at the Strategy Day in January and at the February Board meeting. Attention was drawn to the main areas of change, and in particular:

- All statistics about the Association and Group in introductory section one had been updated. It was pointed out by a Member however that there is a need to reconcile stock numbers in different sections of the Plan).
- Section three had been fully re-written to outline the Review of progress in 2024/25 and this would form the basis of the draft Review of Business section of the Annual Accounts.
- Under section four (Strategic Review) the SWOT analysis had been updated and a new section titled Strategic Options included, to reflect discussion at the Strategy Day and since.
- Whilst the five Strategic Objectives from the 2024 Plan had not changed the description of action planned in respect of each Objective had been updated.
- The overview of our financial position and plans (Section 6) had been fully re-written to reflect current circumstances.

All of the appendices had also been updated including: Risk Register (1); Delivery Plan, with detailed action plan for 25/26 (2); KPIs for 25/26 (3); Budget for 25/26 (4); 5 year cash-flow (5).

The Board considered and approved the proposed updated Business Plan. It was agreed that a Summary of the Plan will be produced for distribution to staff and other stakeholders.

11. Membership Applications

The Board noted the content of the report and **approved** the following applications for share-holding membership of the Association:

Miss Grace Black
Edrom Path, GLASGOW
(Miss Black is an Association tenant)

Mr Graeme Burnett
Edrom Path, GLASGOW
(Mr Burnett is an Association tenant)

Miss Michelle Graham
Shettleston Road, GLASGOW
(Miss Graham is an Association tenant)

Miss Elizabeth Connolly
Shettleston Road, GLASGOW
(Miss Connolly is an Association tenant)

Miss Linda Quayle
Edrom Path, GLASGOW
(Miss Quayle is an Association tenant)

Mrs Annabelle Espener
Edrom Path, GLASGOW
(Mrs Espener is an Association tenant)

Mr Thang Nguyen
McNair Street, GLASGOW
(Mr Nguyen is an Association tenant)

Mr John McDonald
Shettleston Road, GLASGOW
(Mr McDonald is an Association tenant)

Miss Chloe Conway
Shettleston Road, GLASGOW
(Miss Conway is an Association tenant)

Mr Mohammad Selman
Vesalius Street, GLASGOW
(Mr Selman is an Association tenant)

Mr Abdalla Bashir
Hermiston Road, GLASGOW
(Mr Bashir is an Association tenant)

Mr Thomas Murray
Edrom Path, GLASGOW
(Mr Murray is an Association tenant)

Miss Lauren Murphy
St Marks Street, GLASGOW
(Miss Murphy is an Association tenant)

Miss Nicole Regan
St Marks Street, GLASGOW
(Miss Regan is an Association tenant)


Mr Peter Towler
Old Shettleston Road, GLASGOW
(Mr Towler is an Association tenant)

12. Any Other Business

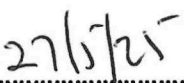
There was none.

Minute prepared by Tony Teasdale (CEO); Kirsty Brown (DFCS) and Colette McKenna (DPS)

SIGNED:


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(Chairperson)

DATE:


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