



KINGDOM
Housing Association

Board of Management Minutes

Date of Meeting: 18 November 2019

Please note that these minutes have been edited to remove any commercially sensitive or confidential discussions.

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HAPPY TO TRANSLATE

KINGDOM HOUSING ASSOCIATION (KHA) LIMITED
MINUTES OF THE BOARD OF MANAGEMENT MEETING
HELD ON MONDAY 18 NOVEMBER 2019
AT 5.30 PM
AT SALTIRE CENTRE, PENTLAND COURT, GLENROTHES

PRESENT:	Tom Barr	Graeme Mackay
	Laura Brotherton	Loretta Mordi
	Iain Connelly	Laurie Naumann
	Freya Lees (Chair)	David Redpath
	Linda Leslie	Guy Thomson
	Charles Oliver	Carol Watson

IN ATTENDANCE:	Bill Banks	Scott Kirkpatrick
	Matthew Busher	Nick Pollard
	Maureen Dickson	Alan Simpson
	Calum Kippen	Steven Whyte

ACTION BY

Prior to the Board meeting there was an overview of the Digital Strategy presented by Gary Haldane, Head of Digital.

1. ELECTION OF THE VICE CHAIR(S)

Freya advised that in accordance with the election of the Vice Chair process previously agreed by the Board; Laurie Naumann and Linda Leslie were **duly elected** as joint Vice Chairs of the Association un-opposed.

2. APOLOGIES

Stephen Swan

The Board **granted** a special leave of absence for Stephen Swan till March 2020 due to his new temporary employment with Fairfield Housing Cooperative, to avoid any perceived conflict of interest.

The Board **agreed** some flexibility in the leave of absence depending on Stephen's employment situation the leave could be shortened or extended.

Bill/Calum

3. **DECLARATION OF INTEREST**

Freya highlighted that Board members may have an association or working relationship with other organisations that work in partnership with Kingdom and whilst this may not be a direct conflict of interest the relationship should be declared as a standard declaration. It was noted that if Board members are in doubt about what to declare speak to Bill or Calum.

The Board reviewed and **approved** the proposed treatments below;

Agenda Item 10, Chief Executive Report, Section 3.1 - Board Directors of KSC

The Board **agreed** that Linda Leslie can remain at the meeting while this item is being presented.

Agenda Item 10, Chief Executive Report, Section 3.2 - Board Directors of KI

The Board **agreed** that Iain Connelly can remain at the meeting while this item is being presented.

Agenda Item 13, Confidential Items

The Board **agreed** that all staff apart from Bill Banks will be excused from the meeting whilst these items are being presented.

4. **TO APPROVE THE MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON 21 OCTOBER 2019**

In section 6.1, Annual Accounts 2018/19; only Kingdom Support and Care was mentioned and the minute should also include Kingdom Initiatives.

In section 11B, the minute was not written in the 3rd person.

Pending the minor changes listed above the minutes of the meeting were **approved** by Carol Watson and **seconded** by Loretta Mordi.

5. **MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 21 OCTOBER 2019**

It was **noted** that all action points are included in the papers or are complete.

**Board
Members**

Lesley

Lesley

6. **AUDIT & FINANCIAL COMPLIANCE (A&FC) VERBAL UPDATE**

Guy highlighted the following key areas from the meeting;

1. *Internal Audit;*

Good progress against the audit plan is being reported, Henderson Loggie were in attendance at the meeting to provide external assurance and updates.

2. *Q2 Management Accounts;*

The Q2 Management Accounts for KHA, KI and KSC were presented and noted at the meeting.

3. *Role of the A&FC sub committee in scrutinising and recommending the subsidiary annual accounts;*

The sub committee discussed the remit in regards to the annual accounts process and it was felt the subsidiaries should be seeking external assurance of the accuracy of the annual accounts and the sub committee could not fully scrutinise and recommend the accounts for approval. The remit and process for the annual accounts will be fully considered at the next meeting in April and KHA's parental responsibility will be fully explored and considered.

Calum/Nick

4. *A&FC sub committee meeting in August 2020;*

It was **agreed** to bring forward the August A&FC sub committee meeting in August 2020 by 1 week to ensure the annual accounts can be fully considered and any changes made before the August KHA Board meeting.

Calum

The Board **noted** the verbal update from the Audit & Financial Compliance (A&FC) Sub Committee. The minutes of the meeting will be **noted** at a future Board meeting.

7. **DEVELOPMENT REPORT**

Scott presented the report.

The Board asked for an update on Nairn Street, Kirkcaldy and Scott advised that the planning appeal had been refused; more information when received would be presented to the Development focus group.

Scott explained that there were no items requiring specific approval, therefore the Board **noted** the report and appendices.

8. **PROPOSED RENT AND SERVICE CHARGE INCREASE 2020-21**

Matthew presented the results of the consultation and it was clear that the tenants felt that only; Option A to increase the rent by 2% based on Kingdom's costs for 2020/21; 0.5% less than the rate assumed in our business plan or Option D to increase the rent by 2.5% for 2020/21 and 2021/22 rate assumed in our business plan were viable options for them.

Matthew highlighted that a total of 378 (9%) of our tenants responded to the consultation survey This is an increase on the 6% of tenants who responded to the previous rent consultation survey in 2017/18. Option A received 41% of the vote and option D received 50%.

In respect of the feedback received, the Board were asked to consider an additional Option E. The largest volume of tenants had selected option D as preferred choice. However a significant minority of tenants have indicated that they would prefer that rents are increased by 2% as per option A, if indeed at all. A compromise option which combined the 2% in year 1, with the 2.5% for two years was presented by Management as 2.25% in 2020/21 and 2.25% in 2021/22.

The Board discussed the fundamental importance of listening to our tenants and rent affordability in line with the requirements of the Scottish Housing Regulator. The Board also carefully considered the impact on the business plan if the rents were to be set at 0.25% below the business plan assumptions and the impact this could have on our services.

After all the views of the Board members were heard a general consensus could not be agreed and the Chair called for a vote on the matter between option D and E.

There were 4 Board members in favour of a 2.5% rent increase for 2020/21 and 2021/22 (Option D) and 6 Board were in favour of 2.25% for 2020/21 and 2021/22 (Option E).

One Board member did not vote and Loretta Mordi as a Sharing Owner did not take part in the vote to manage an actual or perceived conflict of interest.

The Board **agreed** a 2.25% increase to tenant rents for 2020/21 and for 2021/22.

The Board **approved** an equivalent increase of 2.25% to lease costs to KI for MMR properties, with the exception of those properties/developments specified in the housing report.

The Board **approved** an equivalent increase of 2.25% to the base rent used for

Matthew

calculating occupancy charges for Shared Ownership.

The Board **approved** a maximum equivalent increase of 2.25% on service charges for Scottish Secure Tenancies to be applied for 2020/21 and for 2021/22.

9. **FINANCE & DIGITAL REPORT**

Nick presented the report and highlighted the financial performance of all the companies of the Kingdom Group.

Nick advised that the routine repairs costs for KHA were being investigated and more information on the outcomes will be presented to the Board when available.

Nick/Alan

The KHA Board **noted** the;

- Quarter 2 KHA Management Accounts 2019-20 position
- Quarter 2 KHA Treasury Management position
- Quarter 2 KHA cash projection
- KI Quarter 2 Management Accounts 2019-20 position
- KI Quarter 2 cash flow forecast position
- KSC Quarter 2 Management Accounts 2019-20 position
- KSC Quarter 2 cash flow position

All other matters in section C of the report were **noted** for information only.

10. **CHIEF EXECUTIVE & CORPORATE GOVERNANCE REPORT**

Bill presented the report.

Section A – Items for Specific Approval and Consideration / Discussion

2.1 – Delegated Authority and Reserved Powers

Bill advised that full details are given in appendix B and there is nothing requiring specific approval.

The Board **noted** and **agreed** the report.

2.2 – SFHA Affiliation Fee

Bill advised that the management team still feel we gain value from continued membership of SFHA.

The Board **approved** our membership and the fee for 2020/21.

2.3 – Board Members Study Day - 6 December 2019

The Board **approved** the Study day programme.

2.4 – Board reporting cycle 2020-21

Pending the change to the date of the August Audit and Financial Compliance Sub Committee meeting advised above at agenda 6, the reporting cycle was **approved**.

Section B – Highlighted items, including areas for noting

Bill advised that the information in section B is highlighted for update.

3.1 – Kingdom Support & Care (KSC) update

The Board **noted** the update.

3.2 – Kingdom Initiatives update

The Board **noted** the update and the minutes.

3.3 – Board Member Focus Groups

Bill advised that the Focus Group meetings took place and the minutes will be issued when available.

3.4 – Woodmill High School, Dunfermline Fund Raising

Bill explained that the donation to Woodmill High School is being progressed with Fife Council.

The update was **noted**.

3.5 – Annual Assurance Statement

The Board **noted** the update.

3.6 – Scrutiny Panel Assignment

The Board **noted** the update.

3.7 –

Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive.

Sections C of the report was noted.

Section D - Quarterly updates

5.5 - Board Appraisal Action Plan

The Board **approved** the Board Appraisal Action Plan.

All other items in section D were noted.

Section E – Corporate Governance Report

Bill advised that Section E is the Governance update for information and update.

All items within this section were **noted** by the Board.

11. STAFFING PROPOSALS FOR 2020/21

Bill presented the report and highlighted the following areas;

Section 3 – Scottish Living Wage

We gained our accreditation as a living wage employer earlier this year and to retain the accreditation we need to continue paying the Scottish Living Wage (SLW) rate as our minimum hourly rate. On 11 November 2019, it was announced the rate was increasing from £9 to £9.30 per hour, which is an increase of 3.3%.

The Board **approved** the new SLW is applied to all eligible staff, from April 2019 and costs associated with this will be reflected in the 2020/21 budget.

Section 4 - Proposals for Additional Staff Resources for 2019/20

Bill identified the additional staff the management team feel they require for next year as outlined below;

There are 5 new posts recommended which represents 4.3 Full Time Equivalent (FTE).

- 1 x FTE Repair Services Co-ordinator
- 0.5 x FTE Housing Officer
- 1 x FTE Customer Accounts Officer
- 0.8 x FTE Money Advice/Arrears Officer
- 1 x FTE Digital Trainer

Bill outlined the full cost details to the Board.

The Board **approved** the recommendation that the post of Repair Services Co-ordinator is recruited now and the other posts are recruited in 2020 /21.

Section 5 - Current Trainee Programme

The Board **approved** converting the 2 trainee posts in Digital and Asset Management to permanent posts and offer the positions identified to the existing year 2 trainees.

The permanent posts would become effective from July 2020, when the trainee programme is due to end.

Section 6 - Proposed 2020/21 Trainee Programme

The Board **approved** continuing the trainee and apprenticeship programme in 2020/21 with the following posts;

- 1 x Trainee Finance Officer
- 1 x Trainee HR / Payroll Assistant
- 2 x Housing Trainees
- 1 x Apprentice Joiner

The Board **agreed** that the 2 housing trainee positions proposed could provide an opportunity to offer 2 Career Pathfinder Traineeships. It is proposed to progress this as part of the Naumann Initiative.

The recruitment processes will be initiated and the costs will be reflected in the 2020/21 budget, for final approval as part of the budget report to be presented in February 2020.

12. JOB EVALUTATION REPORT

Bill presented the report and advised that we have been looking to implement a new Job Evaluation system for KHA, which will be used to determine the salary grade of each role in the Association.

Bill highlighted that since 2008, grades have been determined through our Job comparison process which compares the role with others in the organisation to establish a grade. However, as Kingdom has grown, that process has become unfit for purpose.

Bill advised that we have engaged Law at Work to help us establish a new evaluation system. The new system is a very well established one created by Croner and that has been found to robustly and fairly establish the appropriate comparative value (and therefore grade) of roles in a high number of organisations.

Bill highlighted through the process, it is possible that the salary grades of some roles may reduce and as an aspiring employer of choice, management believes it is appropriate to take action to lessen the financial impact of that on affected individuals. It was noted that some salaries could increase and the

Board wanted more information in the potential impact of this before the final grading was implemented

The Board discussed affording those staff some form of temporary salary protection and the need to share that approach with staff in the initial communications about the new system to minimise any worries they may have on the potential impact on them.

The Board were happy in principle to support the new fair and transparent process and wanted regular updates on the number of staff affected by a reduction or increase in grade.

The Board **approved**, in principle, affording individual employees salary preservation on a cash-conserved basis until equity with their new grade is reached, however more information on the impact of this should be presented to the Board before implementation.

The Board **approved**, in principle, the option to consider approving a non-consolidated pay award to salary-preserved staff in line with the general “cost of living” pay award, however this would need considered on an annual basis

13. **CONFIDENTIAL ITEMS**

Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive.

14. **ANY OTHER BUSINESS**

Standing Orders

The report and revised draft Standing orders were discussed. The amendments were noted and agreed and the revised Standing Orders were **approved**.

Calum

15. **DATE OF NEXT MEETING**

Friday 6 December 2019 at 12.30 pm

Signed _____
Chair

Signed _____
Secretary

ITEMS CARRIED FORWARD

Date of Meeting	Minute Ref.	Item	Scheduled Meeting Date
20 August 2018	11	Management Salary, Terms & Conditions Benchmarking Review	August 2023 (or earlier if required)
20 May 2019	9	ARC - The Board asked that in the future an external validation exercise is carried out every year; previously validation exercises were carried out every 2-3 years.	May 2020