

Board of Management Minutes

Date of Meeting: 19 August 2024

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**KINGDOM HOUSING ASSOCIATION (KHA) LTD
MINUTES OF THE BOARD OF MANAGEMENT MEETING**

HELD ON MONDAY 19 AUGUST 2024

AT 5.30 PM

AT SALTIRE CENTRE, GLENROTHES

HYBRID MEETING VIA GOOGLE MEET

PRESENT:

Linda Leslie (Chair)	Guy Thomson
Julie McKinnon	Sinclair Young
Loretta Mordi	

**PRESENT VIA VIDEO
CONFERENCING:**

Ryan Cossar	David Redpath (Vice Chair)
Blair Louden	Stephen Swan
Graeme Mackay	

IN ATTENDANCE:

Tom Barclay, Group Chief Executive
 Calum Kippen, Director of Governance, Risk & Performance
 Leigh Grubb, Group Director of Corporate Services
 Tricia Hill, Development Director (*agenda item 12 only*)
 James Hudson, Asset Management Director (*agenda items 12-14 only*)
 Andrew Latto, HR Director (*agenda item 14 only*)
 Susan McDonald, Executive Director of Operations
 Lesley Proudfoot, PA to Chief Executive & Executive Support Officer
 Paul White, Executive Director of KSC

Reference to abbreviated Job Titles in the Action Column:	<p>BM - Board Members GCEO - Group Chief Executive AMD - Asset Management Director DD - Development Director DofGRP - Director of Governance, Risk & Performance GDofCS - Group Director of Corporate Services EDofKSC - Executive Director of Kingdom Support & Care EDofO - Executive Director of Operations HRD - HR Director PA - PA to Chief Executive & Executive Support Officer</p>
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The Chair welcomed everyone both in person and virtually to a hybrid meeting of the Board of Management.

Like previous hybrid meetings the Chair advised that she would invite Board members who have joined virtually to ask any questions first then invite Board members in the room to ensure everyone is captured.A

It was noted that Board Members had an opportunity to ask any questions ahead of the meeting. It was noted that no questions had been received prior to the meeting.

The Chair referred to an email which had been received from Ian Crocker in relation to agenda item 7; which is attached at the end of these minutes as Appendix 1.

1. **Apologies**

Ian Crocker and Carol Watson (Special Leave of Absence).

2. **Declaration(s) of Interest**

The Chair 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 the Chief Executive or Director of Governance, Risk and Performance.

The standard declarations were noted as;
Linda Leslie - Board of Directors for KSC
Loretta Mordi - Board of Directors for KI
Tom Barclay - Board of Directors for KI and KSC

The Board agreed that all noted Board Members and the Group Chief Executive can remain at the meeting whilst these items are being presented.

The Board noted that there is one additional declaration from Linda Leslie for agenda item 14. The Vice Chair as part of the Board appraisal process completed the 9 year rule appraisal process with the Chair and there is a recommendation that she continues on the Board. It was agreed that while this item is being presented with the permission of the other Board members the Chair will remain in the meeting however if a discussion is needed she will be excused.

3. **To approve the minutes of the Board of Management meeting held on 20 May 2024**

The minutes from the meeting were **approved** by Loretta Mordi and Sinclair Young.

To approve the minutes of the Board of Management meeting held on 17 June 2024

The minutes from the meeting were **approved** by Guy Thomson and Loretta Mordi.

4. **Matters arising from the minutes**

ACTION BY

The Chair advised that all items were complete, carried forward, or an update was provided as part of the papers.

5. **Update from the Committees held since the last Board meeting**

The Director of Governance, Risk and Performance presented the report.

The Board **noted** the update provided.

6. **To Receive a Verbal Update from the Audit, Finance & Risk Committee held since the last meeting**

The Chair of the Audit, Finance & Risk (AF&R) Committee provided the following update;

Strategic Risk

The AF&R Committee reviewed the strategic risk register and took a deeper dive into 3 of the strategic risks with presentations on;

- (a) the risks in the Development Programme by the Development Director,
- (b) the Economic Environment and Cost of Living Crisis by the Group Director of Corporate Services, and
- (c) Risks to KSC income from the Executive Director of KSC.

The Board noted that this is part of a rolling programme to examine all 14 of the current strategic risks over coming meetings allowing the committee to get a deeper understanding of how the risk score was determined and the mitigating factors and control measures in place for the risk examined.

Internal Audit

The AF&R Committee received reports from Henderson Loggie on recent audits and updates from the 2023 audit cycle.

The main focus of discussion centred on the 3 recent audits on **Complaints, Gas Safety** and on the **special audit commissioned by management on the Rent Increase Notification Process**

THE MINUTE HAS BEEN REMOVED AS IT CONTAINS COMMERCIAL SENSITIVE INFORMATION

External audit and the Group Accounts for the year ended 31 March 2024

The Committee heard from the Group Director of Corporate Services on the annual audit and tabled the Consolidated Accounts for 2024

highlighting the key changes from the overall surplus reported in the Q4 management accounts. He reported the audit had gone well with no audit overrun costs expected at that point and clean unqualified audit reports on both the group accounts and subsidiary accounts.

Prior to considering whether to recommend the accounts for adoption by this full board today, the committee heard from our external auditors RSM, on the outcome of the year end audit talking through their Audit Findings Report which was positive about the process adopted by both Kingdom and RSM this year contributing to a smoother audit than in some recent years. Only one relatively immaterial unadjusted misstatement was identified. A small number of improvements were suggested to enhance future control.

The committee were pleased to offer their thanks and appreciation to the Group Director of Corporate Services for his efforts and positive outcomes around the year end process and to pass those on to the wider Finance team.

The committee also had a short private session with RSM without management present during which the audit process and conclusions were further explored. No matters of concern arose as a result of that private meeting.

Since the AF&R committee meeting last week, board members noted that the KI Board decided not to fully offset their tax liability by way of Gift Aid to KHA resulting in taxation now to be paid by KI of around £44,000 which was not proposed in the Draft accounts presented.

Although a relatively small and immaterial amount by KHA measures, it nevertheless results in reduced net surpluses and tax now due to be paid to HMRC and additional audit work by RSM. The KI board decision occurred post the committee meeting so the recommendations made to this board by the committee relate to the original draft accounts presented by the Group Director of Corporate Services.

After consideration of the original documents, the committee were happy to recommend to the full board that they;

- Sign and adopt the Accounts for the year ended 31 March 2024, also that the Board
- Sign a Letter of Representation to the external auditors, and also that the Board
- Sign the usual Letter of Support for Kingdom Initiatives.

The Chair of the AF&R Committee drew board colleagues attention to the detailed content of the Letter of Representation, which was

provided with tonight's papers, which includes the statement **that the board as a whole has made appropriate enquiries of other board members and of officials in making their representations to the auditors.**

The Board noted that although a single board member will physically sign the Letter of Representation; a reminder to board members that it is incumbent on all board members individually to ensure that the matters represented in the letter are the relevant facts each board member is aware of, from their knowledge of the business, from the reports presented to the board and from discussions with management, in approving that the letter be signed by a single board member on each of our behalf. That includes, this year, one specific point in question relating to the

MINUTE REMOVED AS IT CONTAINS COMMERCIAL SENSITIVE INFORMATION

The committee also received the usual reports on the quarterly accounts, treasury and other finance matters. There are no specific comments to make to the board in that regard.

Finally, the Board noted that the committee was asked to consider 4 Corporate Policies, which now fall under the Audit, Finance & Risk Committee's remit for consideration and approval.

Updated policies on:

- Fraud Bribery & Corruption
- Whistleblowing
- Reserves, and
- Risk Appetite

All were approved with minor wording changes. A review period request to move to 3 years for the Reserves Policy was approved, but the committee retained the one year period for Risk Appetite.

Digital Review Report

7. **MINUTE REMOVED AS IT CONTAINS COMMERCIAL SENSITIVE INFORMATION**

Board Appraisal Feedback Report

The Director of Governance, Risk & Performance presented the report and highlighted the following;

Key themes identified:

- 100% of Board Members will remain in position following the AGM in September.
- The top 5 areas rated as 'excellent' knowledge are; Housing, Performance, Business Planning, Employment & HR and Strategy.
- The bottom areas rated as 'needs improvement' are; Wider Role (Kingdom Works/ Care and Repair), Legal & Regulatory Issues, Tenant Participation and Scrutiny

It was noted that the training which has been highlighted by Board members will be organised, i.e Treasury Management and Risk Management.

The Director of Governance, Risk & Performance thanked the Board for taking the time to complete the surveys and attend 1-1 meetings, the Chair and Vice Chair who made themselves available for 1-1 meetings and ensured the process ran smoothly and the great work of Gillian Maton, Compliance Officer and Callum Main, Housing Graduate who coordinated and noted the 1-1 meetings and pulled together the key findings.

The Board **approved** the action plan and noted that progress updates will be provided on a quarterly basis in the Group Services Report going forward.

8. **Chief Executive Report**

The Group Chief Executive presented the report and highlighted the following;

Section A - Items for Specific Approval and Consideration / Discussion

1.1 - Delegated Authority, Reserved Powers, Disposals and Board Electronic Decisions

Written Resolution

None used since the last update.

Chairs Emergency Powers

The Board noted that Chairs Emergency Powers have been used as part of agenda item 18.

Delegated Approvals

Tenancy

One tenancy offer was noted.

Employment

Six offers of employment were noted.

The Board **noted** the decisions above.

Section B - Highlighted Items

2.1 - One Kingdom on the Road

The Chief Executive advised that he will soon be approaching the 9 month mark of the *One Kingdom on the Road* engagement events and commented that he is encouraged by the participation of staff at these events and will keep pressing to engage our staff.

The Board noted that by the end of all these sessions engagement is expected to be 92% of Kingdom Housing Association employees.

2.2 - 7 Strategic Enablers ('The Magnificent 7')

1 - People Structure (Fit for the Future) - The Board noted that Leigh Grubb has been appointed as Group Director of Corporate Services and the Group Director of Communities interviews are being held on Tuesday 20 August. A note of thanks to those Board Members from the Group who were on the panels for interviews.

2 - Independent review of Digital Systems - The Board were thanked for their input and feedback with this project, noting that this decision had not been taken lightly.

3 - Group Business Estate - The Board noted that a full update on this will be provided as part of the November Board papers.

4 - Vertical Integration Plans - The Board noted the update provided.

5 - Governance Review - The Board noted that a 3rd party review will take place before 21 October.

6 - Group Business Plan and Treasury Management - The Board noted that an update on current funding arrangements will be covered at agenda item 13.

7 - Group Performance (including risk and business continuity) - The Board noted the update provided.

2.4 - Scottish Government and Local Government Engagement Update

The Board noted the update provided.

2.5 - First Minister's visit to Bertha Park, Perth

The Group Chief Executive and Chair updated the Board on recent engagement with the First Minister at Bertha Park, Perth and at the Bute House session led by the SFHA.

The Board **noted** Section B.

Section C - Items for Update / Information

3.3 - Press Releases and Awards

The Board noted that we were successful in winning the Excellent in Accessibility & Inclusion Scottish Homes Award for Primrose Place in Alloa.

The Board noted that we have been shortlisted again for the CIPP In House Payroll Team of the Year, noting that we have already won this award in 2020 and 2023.

3.4 - Key Stakeholder Meetings & Diary Matters

The Board noted the update provided and the Chief Executive's annual leave plans for September.

Post Meeting Note: The Chief Executive's annual leave plans have changed.

10. Annual Accounts Report 2023-24

The Group Director of Corporate Services presented the report and highlighted the following;

The accounts from KSC have been approved by the KSC Directors.

At this point Loretta Mordi and Tom Barclay declared an interest in the next discussion and took no part in it.

KI Accounts - The Board noted that the KI Board had decided not to fully offset their tax liability by way of Gift Aid to KHA resulting in taxation now to be paid by KI of around £44,000 which was not proposed in the Draft accounts presented.

This tax change has now been recognised in KI accounts and reflected in the Kingdom Group accounts. New copies of the accounts have therefore been uploaded to Admin Control for the Boards reference.

THIS MINUTE HAS BEEN REMOVED AS IT CONTAINS COMMERCIALY SENSITIVE INFORMATION

The Group Director of Corporate Services advised that he will share this letter with the Chair of KI later on today.

The Board thereafter **approved** the following;

- The accounts for the year ended 31 March 2024, delegating signing to the Chair
- The Letter of Representation to the auditors, delegating signing to the Chair
- The Letter of Support to Kingdom Initiatives, delegating signing to the Chair
- **Noted** the Audit Findings Report, and
- **Noted** the year-end subsidiary company accounts.

11. **Secretaries Report**

The Board **noted** the Secretaries report ahead of the Annual General Meeting per the Rules of the Association.

The Development Director and Asset Management Director joined the meeting at this point.

12. **Operations & Customer Services Report**

Section A - Items for Specific Approval and Consideration / Discussion

The Development Director presented Section A of the report noting Board approval was being sought as the Meigle scheme was larger than 20 homes and we are extending our appraisal process from 30 years to 40 years. This scheme will be built by Champion Homes.

The Board **approved** the progress of the development at Forfar Road, Meigle as set out in Section A.

Section B - Highlighted Items

2.1 - Gas Safety

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2.2 - Performance & Service Improvements

The Executive Director of Operations highlighted the Q1 Performance for Rent Arrears was 7.51%, noting that April and May saw improved collection rates for arrears, unfortunately June saw arrears increasing again.

Signed (Chair):

Signed (Secretary):