

**MINUTES OF WESLO BOARD MEETING NO. 174**

**14 October 2009**

Present:	Peter Robson	Chair
	Mike Bruce	Chief Executive
	Mike Crozier	Operations Director
	Douglas Drummond	Finance Director
	John Spraggon	Community Director
	Cllr. Frank Anderson	West Lothian Council Representative
	Eileen Stirling	Tenant Director
	Janette Wallace	Tenant Director
	Alex Bow	Tenant Director
In attendance:	Janice Gray	Lettings Officer
	Kate Hedges	Executive Assistant

The Chairman opened the Board Meeting by welcoming everyone to Kaim Park Hotel and introducing Janice Gray as the staff observer for this meeting.

	<b>ITEM</b>	<b>ACTION</b>
1	<b><u>APOLOGIES</u></b>  Apologies were received from Cllr. Gerry Goldie, Margaret McIntyre and Andrew Sneddon.	
2	<b><u>MINUTES OF PREVIOUS MEETING AND MATTERS ARISING</u></b>  The minutes of Board Meeting No. 173 were reviewed and the Chief Executive asked the Board's permission to revisit the wording in Item 5) The Direct Debit Incentive, as he felt that as minuted, the item presumed considerable savings which in fact the discussion and research into the incentive had not yet completed. In fact, although there are staff savings to made in terms of chasing arrears of rent or late payments, elsewhere in the organisation, direct debit payments were more labour intensive and in fact, more expensive to process. So, contrary to what the minute conveyed, the matter was more complex and the Chief Executive undertook to address this under Any Other Business.	CE
3	<b><u>SUPPORTED ACCOMMODATION LETS</u></b>  The Operations Director introduced the paper and reported that the Supported Accommodation Lets are well established and going well, with twenty-four bed spaces across eight projects.  A notice of termination for 12 The Avenue is expected soon. Weslo is likely to get the property back in 2010 and staff are already putting time into the consideration of new tenants as this is a large converted property. The Operations Director undertook to keep the Board updated.  The Board noted the contents of the report.	MC

**4 2009/10 SALARY REVIEW FOR ALL STAFF EXCLUDING EXECUTIVE DIRECTORS**

The Finance Director introduced the paper and explained that originally the rent and salary increases were based on the Retail Price Index (RPI) but in recent years the Government moved towards using the Consumer Price Index (CPI) which does not take mortgage and Council Tax payments into account and is considered better for purpose.

The Finance Director advised that the September figures were RPI -1.4% and CPI -1.1% and noted the unusual negative figure. The Finance Director then invited the Board's views on his recommended salary increase of between 1% and 2% which, as outlined in the paper, was based on factors influencing the increased cost of living with consideration given to Weslo's healthy financial position.

Some discussion ensued during which it was agreed that the rent increase is linked to RPI and it was also established that while an undertaking had been made, with staff that transferred from Scottish Homes in 1994, to increase salaries annually by at least the level of inflation, there is no contractual arrangement in place to commit Weslo to those terms. However it was generally agreed that the staff continue to work hard and maintain a high standard of service to both the Company and to tenants and that showing appreciation of this would be appropriate.

John Spraggon proposed an increase of 1% or 1.5% and the Chief Executive invited discussion as to the message this would send, adding that while Weslo is in a healthy financial position, it would be prudent for the Board to discuss applying no increase to salaries this year, given the RPI and CPI figures presented.

The Operations Director pointed out that the Board should also to consider that staff and other families are likely to have been adversely affected by the current economic climate.

Alex Bow said that he felt that a 1% increase would send the right message to staff and this prompted further discussion.

The Chairman asked about how the Board would be asked to determine the rent increase in 2010, in light of what was agreed with regard to salaries. The Finance Director advised the Board that the rent increase would be looked at with a long-term view, relating to the economic climate at the time. The salary increase would subsequently be looked at with the same view and he assured the Board that the rent would not be increased to fund a salary increase.

Eileen Stirling asked the Finance Director to clarify that Weslo's projected figures for the next five years indicated a secure position. The Finance Director confirmed that projected assumptions, which include the maintenance programme, indicate that only a succession of years of negative inflation would give cause for concern but as both the rent and salary increases are reviewed annually, the Board will have the opportunity to maintain Weslo's financial position by setting each accordingly.

Alex Bow asked where Weslo stands relative to other Registered Social Landlord's on this

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matter to which the Finance Director replied that our salary and rent review schedule is not in line with any other RSL so an accurate comparison cannot be made.

John Spraggon summarised that as the cost to the Company is relatively small and the benefit to staff would be significant, he felt strongly that a salary increase was called for.

It was agreed that an increase should be applied and John Spraggon proposed 1.5%. This was seconded by Eileen Stirling and the motion was passed.

### 5 **2009/10 SALARY REVIEW FOR EXECUTIVE DIRECTORS**

The Chairman introduced the paper and invited the Board's comments.

Some general discussion ensued and John Spraggon stated that as the salary increase for all staff has been the same for the last twelve years, and the staff work in unison to provide quality service to tenants, he felt that the same increase, and certainly not less, should be applied to the Directors.

Cllr. Anderson stated that as the Unions differentiate between employees according to Pay Grade, he felt that a freeze on the higher level salaries merited consideration as those at the higher earning level are in a better financial position from the outset.

Further discussion ensued and it was agreed by the majority that the Executive Directors should receive the same level of increase as the rest of the staff. This was proposed by Alex Bow, seconded by Janette Wallace and the motion was passed.

### 6 **2010 CYCLE OF BOARD MEETINGS**

The cycle of Board meetings for 2010 was presented and it was noted that the rent increase paper will be presented at the meeting on 3 February 2010.

The Board noted the contents of the paper.

**Post Meeting Note** – Due to the CIH Conference Glasgow taking place from 16-18 March 2010, the meeting on 17 March has been moved to 10 March. In addition, the meeting on 9 June has been moved to 2 June. A revised cycle of Board meetings will be issued with the minutes.

KH

### 7 **DIRECTORS REPORTS**

7a) The Chief Executive issued his report and the following was noted:

- 1) The 2010/11 Programme schedule will be brought forward by around six weeks in order that:
  - A capital work programme will be wholly identified and thus will complement the Business Plan preparation
  - Tenders can be costed earlier in the year so maximising potential for better weather work

**ITEM****ACTION**

- There will be more time available to plan for issues surrounding owner charges and communication.

Janette Wallace complimented our Central Heating contractor, Scottish Gas, on the quality of service provided when they recently visited her home to undertake a repair.

- 2) The balance of the notional savings sum, raised by way of savings and discount buying power, now stands at £2,160.80 and it is hoped that by continuing to target price negotiating and discount attraction, these notional sums may at some point match the budget of the Community Budget Committee and hence fund the work of the Committee on an annual basis.

- 3) The West Lothian Strategic Alliance (WLSA) have been having some issues with discrepancies between initial valuations and the subsequent valuations carried out by funders. The Finance Director would cover this in further detail in his report.

CE

- 4) The Chief Executive and Finance Director were scheduled to meet with a representative of Sal Investments in the afternoon in order to further discussions about the potential acquisition of a site in Wishaw. In addition, Weslo have been offered the opportunity to develop a site at Grahamstoun.

The Chief Executive undertook to keep the Board advised of progress.

CE

- 5) Weslo Initiatives Limited is up and running and the Chief Executive stated that he considers it unnecessary to include as standard in his Activity Report from this point on, unless a particular issue arises.

- 6) Further to his attendance at the RSL Forum on the Development of the Local Housing Strategy at the Paragon Housing Association Offices in Grangemouth, the Chief Executive has been seconded to the Housing Need, Demand and Supply Executive Group along with the Chief Executive of Horizon Housing Association.

- 7) Further to a review of the Strategic & Annual Internal Audit Plan our internal auditors, Scott-Moncrieff have been instructed to conduct a review of our Corporate Governance practices. As part of this process, Scott-Moncrieff will be conducting a meeting with Non-Executive Directors after the Board meeting and the results of this will form part of the final report.

CE

- 8) Cllr. Goldie has tendered his resignation from the Board, citing the pressure of workload and actual and potential conflict of interest with his position as Convenor of Housing with Falkirk Council. We await formal notification from Falkirk Council and the Chief Executive will advise the Board once this has been received.

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7 The Finance Director issued his report and the following was noted:

- 7b) 1) Budgetary Control Report

**ITEM****ACTION**

1. A copy of the Budgetary Control Report for period ending 30 September was issued at the meeting. The report followed on from the half year review where updated forecast outturns and revised profiles were produced for all items of income and expenditure. The majority of the changes made to forecast outturn were a fine tuning of the original estimate with this process continuing for the remainder of the year. Of the changes to forecast outturn the Finance Director felt the following worthy of note.
  - The revised forecast outturn for Voids and Debts has been increased from the original estimate figure of £69,000 to £110,000. This is a result of the one off write-off following on from the Internal Audit review of Former Tenant Arrears. The revised forecast outturn for voids and Bad Debts now includes the one-off write-off of Former Tenant Arrears. This amounted to £55,000.
  - Forecast outturn for RTB Sales income has been reduced from £609,000 to £455,000. Completed sales at the end of August along with those in the pipeline will result in a shortfall compared to the original estimate. The relatively small number of higher value Modernised Sales included in the original estimate has so far failed to materialise. Longer term lower sales numbers are beneficial to the company's financial well being.
  - The combined forecast outturn for Planned Maintenance and Improvement works has been reduced from £912,000 to £713,000. This is due to a combination of very competitive tendering and some minor works being carried forward to 2010/11.
  - The original estimate for Programme Fees has been increased from £25,000 to a revised outturn of £59,000. This is the result of undertaking a one-off survey of all unadopted footpaths and hard landscapes areas.
  - A new item of expenditure since the original estimates is £345,000 for the refurbishment of the Bathgate office. This figure compares well with the original cost plan estimate of £384,000. Competitive tendering from contractors has helped bring down the forecast outturn.
  - The forecast outturn for Loan Charges Part 1 now incorporates the savings made by taking a five year fix for this facility. Revised outturn is £446,000 compared to the original estimate of £646,000.

When all the changes to forecast outturn are put together the bottom line for the year is a reduction in funds carried forward with forecast outturn still showing a healthy carry forward balance of £2,323,000 into 2010/11 compared to the original estimate of £2,519,000. None of the variances from the revised profiles are material.

- 2) The Finance Director met with Craig Fulton of DTZ to discuss valuation methodology in light of the issues the WLSA have encountered with valuations for new build schemes. Increasing levels of private finance are not being matched by recent valuations.

Cllr Anderson expressed concern about the low Right to Buy figures and the Finance Director

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assured the Board that the budget is not dependant on Right to Buy income. In any event, due to recent legislative changes and the current economy the demand for house sales - and therefore receipts – is more challenging than ever to predict.

FD

7 The Operations Director issued his report and the following was noted:

- 7c) 1) The office refurbishment is due to complete by 23 October.
- 2) Further to feedback from the Staff Away Day, Mike Beniston of Abacus Caledonia Ltd. is looking at a revised system of performance management for Weslo staff, to take the place of the current appraisal system.
- 3) A review of Weslo's Annual Gas Service Policy is taking place to test the robustness of our procedures particularly in the few cases where we are unable to carry out the annual service within the statutory twelve month period.

### Maintenance Works to Unadopted Footpaths and Parking Bays in Bo'ness

These are due to commence Monday 19 October and this has been advertised in Bo'ness press.

### Arrears

September arrears stand at £107k, down from £138k in August and a significant amount of this difference can be attributed to the last working day of August being a bank holiday.

### Voids

These are still increasing, albeit slowly. Gregor Colville, Housing Support Officer, is compiling a report by 30 October to assist in identifying areas in which we may be able to improve internal procedures to reduce Void times.

### Reactive Maintenance

There is currently a 1.67% overspend.

### Repair Response Times

Two jobs were missed in September; the first was due to contractor error and the £15 is being reclaimed from them; the second was an internal problem and procedures have been reviewed and revised to avoid a recurrence.

### Repair Satisfaction Cards

Thirty-four cards were returned. There were no negative comments.

**ITEM****ACTION**

Alex Bow asked if the Operations Director considered it worthwhile to have staff make a follow-up call to those who did not submit a repair satisfaction card. The Operations Director advised that he is currently considering this and other methods of maximising tenant feedback.

OD

**8 ANY OTHER BUSINESS****i) The Direct Debit Incentive**

The Chief Executive advised the Board that the decision had been made to shelve the Direct Debit Incentive idea for the time being as, after investigation, it looks as though it will be more costly in terms of time and money than first envisaged.

**ii) Scottish Housing Regulator Visit**

The Inspection Submission document was received on 7 October with a return date of 5 November. Weslo's Housing Manager and Administration Officer are compiling our submission and meeting with the Executive Team every Monday morning for an update. We expect our Inspection Visit w/c 7 December and this will be carried out over two four-day weeks. The Regulator intends to meet with the Executive Team and the Board just before Christmas and the exact dates will be confirmed in due course.

The Chief Executive explained that part of the inspection process will involve the signing-off of documents as part of the Inspection Submission. The Scottish Housing Regulator stated that the document required to be signed off by the Board or Chairman. In Weslo's case, as for the submission of the Annual Performance Statistical Return, this can be delegated to the Chief Executive and he asked that the Board to grant him delegated authority to do so, which the Board duly did.

The Chief Executive felt that it was worth noting that tenant surveys are one of the criteria used by the Regulator to assess RSL's. The Executive Team have been in early discussions about Weslo's next one in 2010, with our last being in 2005.

**iii) Tenant Directors Election**

The Operations Director advised that, in accordance with Weslo's Articles of Association the two longest serving Tenant Directors are due to retire from office at the next AGM. Janette and Eileen will therefore be due to stand down at that time but can stand for re-election. Nominations for the positions of Tenant Director will be invited in the early part of 2010.

OD

**iv) The Next Meeting**

The next meeting will be held at 10am on 25 November at our Bathgate offices.

The meeting closed at 11.40am.