

**WESLO HOUSING MANAGEMENT**

**BOARD OF DIRECTORS MEETING NUMBER 257**

**HELD ON WEDNESDAY 25 MARCH 2020**

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**Minute of the meeting of Weslo Housing Management Board – No. 257  
Held on Wednesday 25 March 2020 at 9.30am via conference call**

- Present: Kate Dewar, Chair (KD)  
George Finnie, Community Director (GF)  
Donald Caskie, Community Director (DC)  
Jim Green, Community Director (JG)  
Brenda Higgins, Community Director (BH)  
Eileen Porter, Co-opted Member (EP)  
Kenneth Redmond, Tenant Director (KR) (Until item 12)  
Ken Tudhope, Finance Director (FD)  
Diana MacLean, Operations Director (OD)
- In attendance: Jim Preston, Interim Chief Executive (ICE)  
Sarah Bickerstaff, HR Director (HRD)  
Gillian Anderson, Corporate Services Team Leader (minute)  
Anna Evans, Director, Indigo House (AE)  
Karen Anderson, Director, Indigo House (KA) (Until item 9a)  
Scott McCreadie, Wylie & Bissett (SM) (Items 5 & 6 only)

<b>No</b>	<b>Item</b>	<b>Action</b>
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Before commencing with Board Business, the Chair had reviewed the Articles and Standard Orders and there was no mention in either of the means to hold a Board meeting virtually. It was therefore agreed to amend the standing orders to permit the holding of a Board meeting whether general or special by audio conference call, video conference call, in person or a combination of these to accommodate these unprecedented and challenging times. This motion was proposed by BH and seconded by JG.

**1. Welcome, Apologies and Board Membership**

The Chair stated that Joyce Cameron resigned as a Board member on 6 March and Craig Torrance resigned as a Board member on 10 March 2020. Both resigned with immediate effect therefore removed as Board members from Companies House, the SHR and the company website on their respective resignation dates.

Board agreed to co-opt Eileen Porter (previous tenant Board member and a member of the scrutiny panel) to the Board until the AGM in August 2020. The Chair referred to Clause 60 of the Articles which states that: 'In addition to their powers of appointment under Article 57, the Directors may at any time appoint any non-member to be a director providing he is willing to fill a vacancy. At the conclusion of each annual general meeting (including the first) all directors appointed and in office under this Article, which shall be limited to a maximum of two, shall vacate the office'. This agreement was proposed by GF and seconded by DC.

The Chair then welcomed Anna Evans and Karen Anderson from Indigo House Group to the meeting. Indigo House is appointed to undertake the Options Appraisal project and they are observing the meeting proceedings.

No apologies were received.

## **2. Declarations of Interest**

KD declared that she is a Board member of PACT, a subsidiary organisation of Fife Housing Association.

BH declared that she is the Chair of the Board of Weslo Initiatives, the subsidiary company of Weslo Housing Management.

The FD declared he is a Board member of Weslo Initiatives, the subsidiary company of Weslo Housing Management and a Director of Atrium Initiatives, the subsidiary company of Atrium Homes.

The OD declared that she is a Board member of Clydesdale Housing Association.

In addition, the FD and the OD declared an interest in all of the items on the agenda as they are employees of the business.

## **3. Minute of meeting held on 26 February 2020**

Point 8 it was agreed to add the additional word denoted in bold: Professional fees will continue to be paid but capped to one payment up to a maximum £300 per person for **relevant membership** fees in relation to their role.

Point 14 the words 'all of the' was replaced with 'the majority': The OD referred to the January 2020 performance report an enhanced report containing **the majority** of the ARC indicators.

Subject to these two changes and few minor typographical errors, the minute of the meeting held 26 February 2020 agreed as an accurate record. It was proposed by JG, seconded by GF and will be signed by the Chair.

## **4. Matters Arising**

### **a. Action Tracker**

Board reviewed the progress against the actions from recent meetings and the tracker was updated.:

- Action 53, Board noted that only 50% of March Tenant's newsletter have been posted due to the imposed restrictions as a result of coronavirus

- Action 58 was updated to reflect that the HRD will issue Board appraisal forms in May and arrange interview dates with Chair during June with administration support in attendance. The owner will change to the HRD and not the Chair.
- Action 69 was changed from 'closed' to 'in progress'
- Action 71 the progress will clarify that it is the Healthshield contract
- All target timescales changed to coincide with Board meeting dates
- JG asked if the investigation into the Bathroom Contract was concluded. The Interim CE stated that it has not yet concluded and that it would be brought to the May 2020 Board meeting

## **5. Regulatory Assurance Action Plan**

The Interim CE referred to the updated Action Plan and explained the new format now includes several of the draft actions from CGPMs governance and investigation review. The revised format separates completed actions from those still live. BH stated that it was very helpful to see all the actions in this way.

The Chair noted several comments made in advance of the meeting around the code of conduct, duplications and declaration of interests, and the Interim CE confirmed that all these comments had been taken on board and the plan will be updated to reflect these.

The Chair reminded Board that we will continue to update the narrative and the dates against these actions and that this is a live document for the Executive Team.

The Chair stated her concerns about the accuracy of several of the recommendations from CGPM's reports, specifically relating to comments that Weslo does not have policies in place, whereas they clearly are. The report does not disclose what documentation or what version of what document has been reviewed to form the basis of several recommendations. The Interim CE stated that the recommendations will be reviewed, specifically when it is known that they are incorrect, adding links into the evidence column where the evidence exists, and the action will then be closed.

The Board noted the collated action plan.

## **6. Internal Audit Actions and Programme 2020/21**

The Chair welcomed Scott McCready from Wylie & Bissett (W&B) to the meeting and asked him to present the papers for discussion.

### **a. Follow Up Report 2019-20**

SM referred to the follow up audit report which was undertaken in November 2019. He stated that they provided a weak level of assurance owing to only one of the five recommendations from previous audits having been completed.

SM stated that the two recommendations not implemented relate to the risk management policy and risk appetite. It was noted that this was presented to the February 2020 but withdrawn to reinforce the risk policy and risk statement and will be re-presented at the April Board for final approval.

The final two recommendations not implemented related to the development of a Communications Policy and the Repairs and Maintenance Policy; both these policies were on this Board agenda for approval today.

The Interim CE asked if there were any further outstanding actions from previous audits in 2016/17 and 2017/18 to which SM stated that as the follow up audits have been completed by W&B, these would have picked up and carried forward. The Interim CE stated that the final two outstanding actions will be presented to the Board in April 2020.

**ICE**

SM stated that the report is based on the follow up audit from 2018/19 and the financial controls audit. He stated that these were additional audits completed last year but that due to the work undertaken by Savills, they did not follow up on the gas safety, reactive repairs and maintenance and management of maintenance audits as it was felt a duplication of effort.

The Chair asked SM if the level of assurance in the report will change with the knowledge that steps are being taken to address all the actions. SM stated that as the report was undertaken in November 2019 the level of assurance is based at that point in time.

The Board therefore noted the actions taken to address the follow up audit.

**b. Draft Internal Audit Plan 2020-21**

Referring to the Internal Audit Plan 2020/21, SM referred to the list of proposed audits and noted that this audit plan will also cover the review of the follow up audit just presented.

DC asked if the auditor had sight of the bathroom contract whilst undertaking the procurement audit. SM stated that this audit is a general review of procurement and about to commence. There were no plans to specifically look at the Bathroom Contract.

Board discussed the merits of each of the planned audits, focusing on the timing of the void management and the IT systems audit. GF stated that it would be good for the Board to understand the progress of the changes made to QL and the work with Aareon that has been underway during the transformation programme. The Interim CE also stated that the IT system was also raised as an issue in the governance review and investigation report from CGPM. Board requested SM to see if resource can be made available to move these two audits carrying out IT in August 2020 and

voids in November 2020. If resource is not available, the void management audit will go ahead as planned.

It was acknowledged that the void management audit is important noting that our voids are in the region of 110 per annum and that void turnaround has increased recently owing to asbestos surveys. Board noted that they can monitor Year to Date void performance through the monthly performance reports.

The OD stated that as there has been significant work on asset management, she would prefer to keep this audit planned for November to test the implementation of the new systems.

Board noted that the Options Appraisal report will include high level observations about the IT system.

The Board agreed the Audit Programme for 2020/21 this was proposed by GF and seconded with BH.

JG highlighted how central audit is to good governance and raised the question of establishing a Finance and Audit Committee which would have the remit to plan and monitor the audit work. It was agreed that this will be reviewed once the Options Appraisal work is concluded and presented to the Board for consideration.

The Chair thanked SM for attending the meeting to present the audit plan and he left the meeting.

## **7. Corporate Risk Register March 2020**

The Interim CE stated that the previous register presented to Board in November contained 23 risks, and EMT were presenting a revised register today reducing to 10 key corporate risks to the organisation. The current albeit old strategic objectives have been considered when revising the Register. Operational Risk Registers have now been developed for other areas of the business.

The Interim CE stated that since the paper was written, Risk 4 which relates to loss of service due Pandemic has changed significantly. Government and Regulatory advice about the current Coronavirus changes daily. As such EMT recommend increasing the scoring of the gross risk likelihood to 5 and impact increasing to 4.

GF referred to the removed risk of recruiting enough Board Directors with the adequate skills and asked if this risk should be reinstated given the two recent resignations from the Board and the low numbers at present. The interim CE agreed stating that the risk should focus on the strength, energy and resilience of the Board to guide Weslo forward through the coming months following the options appraisal, the current workload with Regulatory Engagement and coronavirus.

The Chair asked if the QL system was a suitable control for the risk that the 'ICT is not fit for purpose'. The FD stated that this control is partially effective as the system does work for areas of the business and contained the data relating to the stock.

Regarding Risk 3, Failure to meet our obligations under the Health and Safety at Work etc Act (1974), the Chair asked that 'regulatory intervention' and 'making a Notifiable Event' are added to the list of initial risk impacts.

It was agreed that the Risk Register will be updated with these risks and amendments and brought back to the Board in April. This was proposed by BH and seconded by DC. **ICE**

Referring to the risk surrounding the numbers of the Board, it was noted that it may be challenging finding the correct calibre of candidate with the skills Weslo required which predominantly were HR and who has the ability to commit the time needed to Weslo. The Chair asked everyone to bring to the attention of the Chair / Interim CE if they are aware of suitable candidates, and that an advert would be placed in relevant housing and HR media.

## **8. Financial Regulations and Schedule of Delegated Authority**

The FD introduced the revised financial regulations and delegated authority and stated that the Chair has commented on these in the paper in advance of the meeting. The comments focused on:

- Giving greater clarity to the scope and the operational control of the Board
- Amendments to the delegated authority limit for some staff
- Removal of the reference to the LSVT stock transfer in section 6.9 as we no longer have contractual obligations in that regard.

The Chair noted that the updated document had been circulated to the Non-Executive Directors just prior to the meeting.

BH asked if the Finance Manager role should remain an authorised signatory despite the role currently being vacant. The FD asked that this remains for the time being.

The FD stated that if approval is given for the revised schedule today, this will be circulated to all staff and expenditure controls are in place.

BH raised concerns over the Executive Team's ability to commit expenditure of £100,000 or more without Board's prior approval as has been evidenced in the past. The Interim CE and FD confirmed that the approval was approval for the payment of invoices only on services/goods already approved, that monitoring is in place for expenditure and BH asked what assurances the Board can get that the financial delegations are being adhered to. In terms of assurances for the Board the FD agreed to add an itemised list of all expenditure over £20,000 into **FD**

the monthly management accounts presented to Board. This will be monitored after 3 months to assess if it is giving the appropriate assurances.

The Chair also noted that an additional financial control would be a Finance and Audit Committee once established.

The Board agreed that the limits stated in the Financial Delegations supersedes / takes priority over the generality of the Scheme of Delegations. The updated Financial Regulations and Schedule of Delegated Authority was agreed, proposed by BH and seconded by JG.

## **9. Policy Approvals**

### **a. Communications Policy**

The Chair invited the HRD to present the draft Communications Policy. The HRD stated that the Service Standards for written communication would change to acknowledge in 24 hours (working week) and respond in 5 days along with some further small amendments following comments received in advance of the Board meeting.

It was agreed we needed a service standard for customers visiting the offices, and that we will raise this with the Tenants Participation Committee to agree a standard and respond to the next Board.

**EMT**

Incorporating the changes noted above, the Board approved the Communications Policy. This was proposed by KD and seconded by BH.

### **b. Safeguarding Policy**

The OD presented the draft Safeguarding Policy to the Board and noted that there were a few typographical errors corrected. The Board agreed that it was prudent to have the policy in place to support and protect tenants. There being no questions, the Board approved the Safeguarding Policy. It was proposed by DC and seconded by KD.

### **c. Repairs and Maintenance Policy**

The OD presented the Repairs and Maintenance Policy and noted that this policy was an action outstanding from the follow up audit. The policy sets out our standards and has been developed in conjunction with the Asset and Maintenance Managers. The OD noted that small typographical changes made by the Chair in advance of the Board meeting.

Following discussion, the Board highlighted the following points:

- It was agreed to add the tenancy agreement into the legal framework list.
- KR asked about the specific circumstances why tenants would contact British Gas or Scottish Water. It was agreed to make this more specific.

- DC asked if the QL system will be updated once all the repairs are done and it was confirmed that this will be in the management procedures which supports the policy.
- JG asked if points 6.5 access and 7.2.1 power of access could be linked together.

With the changes noted above, the Board approved the Repairs and Maintenance Policy. This was proposed by JG and seconded by BH. **OD**

## **10. Tenants Satisfaction Survey Action Plan**

The OD stated that the Tenants Satisfaction Survey was completed in April 2019. A key response to the results was to employ a Community Engagement Officer who is now in post. The action plan presented to the Board sets out the actions the team will be working to achieve with the Tenant's Participation Committee and tenants.

BH asked if EP could report back to the Board on the progress of the action plan. EP stated that she would be very happy to do so and would be brought back to the Board under an item of 'voice of the customer'.

The Board noted the tenant's satisfaction survey action plan.

## **11. Performance Report - February 2020**

The OD highlighted the performance against the main key indicators. The Chair asked about the current position with validation from Christine Dugan. The OD stated that as a result of the Coronavirus implications we have postponed Christine Dugan until June when it is hoped to be able to access the offices again and to undertake her work.

The Chair referred to the validation status of the first four indicators relating to the tenant's satisfaction and noted that these will remain green until the new satisfaction survey is undertaken and results known. The Board noted the column that specified if external validation had been undertaken.

DC referred to the narrative against 'the percentage of the court actions initiated which resulted in eviction' indicator. The OD stated that she will review this as the figures appeared to be incorrect. **OD**

The Interim CE stated that the Weslo Property Management indicators were included but that this should be removed as the WI Board discuss these.

The Interim CE drew Board's attention to the high percentage of staff turnover and high staff sickness indicators in preparation for reviewing the measures taken to address the coronavirus.

There being no further questions or comments, the Board noted the February Performance Report.



## 12. Interim Chief Executive Report

The Interim CE referred to his report and brought the key areas of work to the attention of the Board.

The **Options Appraisal** work is continuing with the majority of the face to face focus groups taking place before the lockdown. A few focus groups will take place before 31 March via MS Teams and the project is on course to be presented to the June 2020 Board.

The Interim CE gave an update on the measures taken as a result of the **Coronavirus**. The Board heard that initially the priorities were to close offices and allow colleagues able to work from home, maintain an emergency repairs services, support tenant queries about their rent, review the ability to bring voids back into use, and ensure that we maintain gas servicing and compliance areas.

Since the Government enforced more stringent rules around social distancing, further measures have been taken to protect staff with all staff working from home. The welfare rights team are supporting tenants daily with advice about rent, arrears, their work and job opportunities. The Senior Management Team (SMT) is meeting twice weekly to review voids, rent arrears and cash flow with the FD presenting some finance modelling for SMT to monitor.

The OD stated that McDougall's are supporting Weslo with emergency repairs, but some tenants do not want our operatives into their homes. A robust risk assessment has been put in place for colleagues which includes asking the tenant to go into another room whilst the gas boiler is being serviced.

The Interim CE assured the Board that we are as prepared as we can be but with the situation changing daily, our responses need to be agile and appropriate.

The Chair asked what the minimum level of staff is needed to run the business. The Interim CE stated that there will be a discussion at the SMT about which staff are key to continue to work during this time, and the potential for furloughing a selection of staff.

JG asked if the Universal Credit (UC) cheques are being cashed. The OD stated that there are several tenants who have asked that the UC payment is made direct to Weslo and we continue to receive these. The OD stated that a concern is those tenants who are working and may not therefore be able to afford their rent or be made redundant and the Housing Officers are supporting these tenants. There will be an assessment at the month end to ascertain the impact. The Chair noted the level of cash reserves that we have currently which varies but is around ██████, and the assessment on the level of comfort to be taken from that should rents reduce.

JG asked if the Executive Team were aware of the level of income needed to break even with the current monthly expenditure figure. The FD stated that he will be modelling what this looks like and what impact a reduction of income would have on the cash flow.

The OD stated that none of the staff are considered as Government key workers.

It was agreed that the Interim CE will update the Board weekly on the financial position and measures taken by SMT. This matter will be a recurring discussion item on the Board. **ICE**

JG asked about the escalation process if more significant issues arise as a result of coronavirus, for example all of the Executive Team were to contract the virus. The Interim CE stated that the four senior managers would need to step up. For any serious events, the Interim CE reassured the Board that they would be informed immediately.

The Board noted the Interim CE report and thanked the Executive Team for reacting so quickly to an unknown situation.

### **13. Governance Review and Investigation Report Update (C)**

The Interim CE stated that a Governance Working Group meeting was held on 12 March 2020 with Dr Mitchell, BH, KD and GF. Dr Mitchell has undertaken to merge the two reports and interview the non-executive Directors as part of the process. He aims to have the final report for presentation by the end of April 2020.

### **14. Management Accounts for year ending February 2020**

The FD stated that this is a draft position at the year end. The FD noted that GF and DC returned comments to the FD in advance of the meeting and took each question in turn. The FD noted that:

- The last valuation was carried out in November 2018 Nationwide have offered to do a revised valuation at the end of the year, and we may consider taking this offer.
- The FD has had no visibility of the expected fees from CGPM, GF asked about the recoveries/bad debts variances. The FD noted that recoveries do vary depending on the nature of work being carried out but it should have been known at the point the budget was set.
- The staff benefits attributed to corporate services were higher in budget, but the FD will check these figures as it appears to be a reallocation.
- The Finance salaries varied over the course of the year owing to temporary staff and replacement of a vacancy.
- The audit fees were accrued at the time the audit was undertaken.
- GF asked that the FD split the movements in fixed assets.
- Development costs written off is included in the accounts, the two big costs relate to Waverley Depot and Corbiehall. The FD stated that his assumption included is the buyback clause is honoured. The Council

has extended the clause to 31 August 2020 to give Weslo more time to make an informed decision.

The Chair asked the FD about the assessment of risk included in the covering paper regarding the loan repayments which the FD said in his paper would be challenging. The Chair stated that the 30-year cash flow depends on drawing down more money whereas the end of year accounts shows what a challenge it will be to service that debt. The Chair asked if the FD was aware of the stock figure at the moment, she stated that she recalls the Finance Manager stating last month that it was £85m but the discounted value is only £65m. The Chair noted her concerns that the funders may not give us additional funding if they could rightly assume that the funding is for salaries and other operational costs and not to improve the value of the stock. In addition, DC stated that the forthcoming valuation on the pension liability will not show a favourable position for Weslo.

The Interim CE stated that the discussion at the previous Board meeting highlighted the tight financial position but that we have started to make large savings from the business. He stated that the Indigo House report will consider the financial position when putting forward options for the future of Weslo.

The Chair reiterated the concern that if the business plan is predicated on drawing more funds, the feasibility of us being able to do so is questioned when it is a risk to Weslo to meet our current financial commitments. The FD stated that we have more than adequate security to support more lending but stated that the Board was correct in noting on previous occasions that the 3rd year of the business plan is significant in requiring more funding and the sensitivity analysis to see where, if any, exposure exists.



The Chair advised that the previous FD had advised the Board that the RBS had not secured to the full extent of the lending as they had indemnified against a certain proportion of the lending but it was noted from the FD's enquires that this was not the case.

The FD stated that to give assurance to the Board, he will include a summary of the valuations done in 2018 and levels of debt with the management accounts.

BH asked what the £5 was included in the accounts for WPM. The FD stated that it is the cost for the share capital. He stated that surplus from WPM is gifted back to the parent company at the end of the year.

There being no more questions or comments, the Board noted the management accounts for the year ending 29 February 2020.

## **15. Chairs report**

The Chair thanked Indigo House for their work so far specifically in these unprecedented circumstances.

The Regulator has not joined the meeting today as a result of the additional measures placed on the Regulator following the coronavirus. The Chair stated that they will attend another meeting at a suitable time.

## **16. WPM Chair report**

BH stated that the WI Board met on 19 March 2020 and the Property Management staff are considering the costs and associated implications to terminate the lease in Glasgow Road and moving into the North Bridge Street office. A more detailed paper will be presented to the Board at a future meeting.

BH also stated that there will be a further discussion at the WI Board meeting on the level of gift aid and working capital for WPM going forward. BH will update the WHM Board after this discussion.

## **17. Gifts and Hospitality Register**

The Board noted the Gifts and Hospitality Register.

## **18. Any Other Business**

### **a. Meetings**

The Board raised their concerns about the cost of the conference call facility as each person calling into the meeting was being charged individually rather than Weslo being invoiced. It was agreed that Board members will submit a claim for the cost of the call and that the Interim CE will work with the ICT team to find a suitable low-cost value for money alternative. The Interim CE stated that Board should add any itemised calls they make on the monthly basis to their general expense's forms.

**ICE**

## **19. Date, time and place of next meeting**

The next Board Meeting will be held on Wednesday 29 April 2020 at 9.30am. The meeting is likely to be held via Microsoft Teams.