

WESLO HOUSING MANAGEMENT

BOARD OF DIRECTORS MEETING NUMBER 259

HELD ON WEDNESDAY 27 MAY 2020

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**Minute of the meeting of Weslo Housing Management Board – No. 259
Held on Wednesday 27 May 2020 at 9.30am via MS Teams**

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 Tenant Director (EP)
Ken Tudhope, Finance Director (FD)

In attendance: Jim Preston, Interim Chief Executive (ICE)
Sarah Bickerstaff, HR Director (HRD)
Gillian Anderson, Governance Manager (GM) (minute)
Anna Evans, Director, Indigo House (AE)
Liz White, Housing Manager (HM)
Richard Green, Maintenance Manager (MM)
Lynsey Breen, Observer (LB) (Until item 5)
Alistair Booth, Observer (AB) (Until item 5)
Stephen Pringle, Wylie and Bisset (SP) (Item 12 only)

No	Item	Action
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1. Welcome and Apologies

The Chair welcomed everyone to the meeting including the two new prospective Board members Lynsey Breen and Alistair Booth. The Board will discuss Board recruitment at the end of the meeting outwith the presence of the observers.

The Board noted that the Operations Director Diana MacLean leaves Weslo on 29 May 2020 and therefore will resign from the Board at that date.

Apologies were received from Kenny Redmond.

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. In addition, the FD declared an interest in all items on the agenda as he is an employee of the business.

3. Minute of the Board Meeting held 29 April 2020

For additions to the minute, DC referred to the last Board meeting where he asked if the loan agreement contained a material adverse change clause and noted that the FD checked the agreement and it does have this clause.

DC also stated that there will be cross default clauses in our loan agreements which means if one aspect of the loan is in default then it is all in default.

In addition, DC stated that it was discussed, but it was not included in the minute, that there would be substantial breakage costs for the fixed rate loans if we wanted to get away from those. [REDACTED]

Subject to these points being added to the minute and a few minor typographical errors corrected, the minute of the meeting held 29 April 2020 was agreed as an accurate record. It was proposed by EP, seconded by BH and will be signed by the Chair.

4. Matters Arising

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

Action 82: The Board will review the position of furloughing colleagues at a future Board meeting monthly therefore this action will remain open.

Action 92: The Chair asked that this action remain open and add to the narrative that we await comments from Nationwide and RBS following the Options Appraisal.

5. Interim Chief Executive Report

The Interim CE highlighted the following key points from his report:

a. Coronavirus Covid 19

The Covid 19 updates will continue to be circulated weekly and the monthly return is due to the Regulator by the first week in June.

[REDACTED]

b. Development Sites

The Interim CE stated that he has continued discussion with the [REDACTED] over the development of the Waverley Depot site. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ICE

Weslo have four live Notifiable Events still registered with the Housing Regulator namely:

[REDACTED]

It is important we clear these as soon as possible.

c. Corbiehall

Referring to the matters at Corbiehall [REDACTED]

The Board heard Ashley Millan, Head of Private Rented Service is project managing the work and dealing with owners and we have a consultant Contract Manager in place to get the works on site.

The Chair asked for further explanation about the situation at Corbiehall. The Interim CE stated that there are two main issues. Firstly, issues with the solum has caused damp problems in the ground floor flats and there have been protracted discussions over liability and insurance. Secondly, Weslo have not been undertaking any of the factoring responsibilities such as painting, external lighting, and other associated repair and cyclical works. A budget provision has been made in 2020/21 and the Contract Manager is tasked with progressing the works to bring it to a conclusion as soon as possible. A progress update paper will be brought to the June Board meeting. ICE

The Chair stated that there is confusion about the issues in Corbiehall as the previous report to Board updated the insurance claim relating to the solum and noted that the previous OD was [REDACTED] and the Chair stated that the issues have not been fully understood.

d. Board Recruitment

The recruitment for Community Directors has been successful with the two prospective Board members observing today's meeting. An advertisement for a tenant member was placed on our social media sites with no response. A text message was then sent to 2,004 tenants for whom we have updated contact details for. In the first 24 hours since this was sent, we have had 14

responses expressing information or interest. The HM and GM will progress this work and bring forward proposals to Board as soon as possible. The Interim CE reiterated that EP requested to be involved in the interviews. GM will liaise with EP on all expressions of interest and EP will be involved in the recruitment process.

e. Lifecycles

As noted at the last meeting, the Interim CE stated that the industry standard lifecycles are attached as an appendix to his report. BH asked the Interim CE to check the lifecycles for pitched slate roof as 80 years appears to be too long. The Interim CE stated that the Business Plan figures are predicated on these industry standard lifecycles, but these are guidelines and he noted that sometimes we do see early failures for some components. ICE

f. Investigation and Governance Report

JG asked if there was any update on the CGPM report and invoice as the final draft was due at the end of April. The Interim CE stated that whilst the Governance Working Group were informed that further work would take place to finalise the report, we have had no correspondence or contact from the company. The Interim CE stated that several actions from the draft reports have been included in the annual assurance action plan and we are currently working to address these. The Interim CE confirmed that the Regulator has not heard from Dr Mitchell about the reports, and in his regular meetings with the Regulator the Interim CE continues to update him on the work towards completing these actions.

6. Regulatory Assurance Action Plan

The GM presented the updated Regulatory Action Plan and drew the Board's attention to the 40 outstanding actions and the number of actions completed since the previous meeting.

GM referred to the analysis of the actions completed against each of the Regulatory Standards, highlighting in particular the number of actions which relate to the outcome of the Options Appraisal (as shown in appendix 4).

The Board heard that the actions and the respective timescales will be reviewed and re-forecasted in advance of the next Board meeting. The Interim CE will update the Regulator once the amended timescales are known.

7. Cash Collections in Offices and Bo'ness Office Use

The HM presented the paper outlining the reasons for ceasing the cash collections and closing the Bo'ness office focusing on the results from the tenant consultation. She noted that the Bo'ness office is not fully utilised and collecting cash does not represent value for money as well as present a security risk.

JG stated that he understands closing the office and he supports the proposal but would have preferred a separate paper on the closure of the office. The

Interim CE stated that it was felt that the cash collection and the use of the office were interdependent hence the combined report.

JG referred to the tenant consultation and asked if we asked tenants to give their opinions if the office should close as the largest response to both surveys was in the 'other' category. The HM noted that using survey monkey, it is difficult to break the questions down, therefore the team focused on the main key questions to be asked.

37% of people who responded to the office closure survey have not had the opportunity to explain why they opted for the 'other' category therefore it is unknown how Weslo will address this if the office closes.

EP stated that from a tenant's point of view that this (the survey) was a very kind and nice way to ask people what their honest opinion on the office closure. EP referred to the preface to the survey and the HM confirmed that this background context would have been given the Board clarity had this been added to paper.

BH stated that the Board need to be assured that the tenants have understood what we were asking the questions for. She agreed that the section missing from the paper is the context to the survey.

The Chair stated that as a Board, we need to be mindful of the cost savings whilst also addressing how we are going to assist the tenants who do use the Bo'ness office. The HM stated that there are easily accessible alternative methods for tenants to pay cash rent payments if they are unable to pay in the Weslo Offices. The Chair stated that we need to make cost savings in the business which is one reason why we are suggesting closing the Bo'ness office.

JG asked what changes in procedures will be put in place if it is agreed that the office is closed. The HM stated that there will be a plan developed to communicate with tenants what the alternative options will be, such as home visits to tenants rather than meetings with Housing Officers in the office.

BH suggested that a follow up report be presented to the June Board meeting to cover the points raised at the meeting today. Specifically, outlining what the tenant replacement service if something is taken away from them. HM

The Interim CE stated that he acknowledges JG's points about the information missing from the reports and will ensure that this is covered in all future Board reports.

With no further questions or comments, the Board agreed to close the Bo'ness office and cease the cash collections, this was proposed by BH and seconded by GF.

8. Performance Report March 2020

The HM referred to the first month of performance for the year and focused Board's attention on the following points:

- One housing offer made in April which was refused, and no further offers were made in April owing to Covid 19
- One tenant was dissatisfied on moving into a property and the HM explained the reasons for this and the measures taken to address it
- Regarding rent arrears, during April we achieved 3.09% which is slightly above the target
- There has been an increase in the number of universal credit applications made and also an increase in number of tenants in arrears in excess of £1,000, these were arrears accruing prior to the lockdown restrictions
- No court recovery action is being taken until the courts are open, but the housing team continue to engage with the tenants
- The ARC report will be submitted to Board at its July meeting and to the Regulator by 31 July 2020.

BH stated that she has asked for an aged debt report and is conscious of the difficulty getting this information from the system. She said that she does not understand how long the debt has been carried for. The HM stated that she is working with the ICT Manager to answer the queries raised.

JG asked what percentage of Universal Credit cases allow for the money to be paid directly to Weslo. The HM agreed to check this figure. The HM also stated that should the Universal Credit be paid directly to Weslo there is an additional delay to receiving these funds. The Interim CE stated that rent arrears have not increased as much as we had initially expected to see since lockdown started and will look to see the benchmarking on how other RSL's are performing. We will continue to analyse how to present the statistics in the coming months to provide additional transparency on total debt including former tenants and rechargeable repairs.

HM

The Interim CE confirmed that we will continue to work on addressing BH and JG's rent arrear queries.

HM

The Chair stated that the Board will need to be assured on the accuracy of the figures, specifically around the submission of the ARC figures. Referring to the Wylie and Bissett report she noted the report states that the target for arrears is 2.54% whereas this is not the current target. The Chair referred to the first three indicators which will not change until 2022 as they relate to the three yearly tenant satisfaction survey. The HM confirmed that Christine Dugan will be validating several figures on 23 June in preparation for the ARC submission by 31 July 2020.

The Chair stated that arrears are when money is due, (not just when we decided to take recovery action) and we are trying to actively recover any money due to Weslo. The HM said when people experience financial hardship, the estates team are putting processes in place to work with these tenants to get the money due from them.

The Chair referred to the EEESH standard and the Interim CE has asked for more detail on the standard before the ARC is submitted so that we can work towards compliance by December 2020. Further detail will be provided in the Performance report to the June Board.

The Chair asked about the Freedom of Information request, stating that it is good practice to put as much information onto the website as we are able to, which should minimise the number of FOI requests received. [REDACTED]

[REDACTED] The Interim CE stated that we are currently looking into publishing more information on the website.

There being no further comments or questions, the Board noted the Performance Report for April 2020.

9. Management Accounts for the two months ending April 2020

The FD referred to the accounts which showed a higher surplus than had been budgeted at this stage. Income was close to budget despite the increase in arrears figures as this is reflected in the cash flow not the trading account.

He stated that for accounts purposes, the only items that would impact on income that would result in a realised loss would be a sharp increase in voids or debt written off, neither of which has happened in the first two months of these accounts. The FD stated that the cash flow is impacted when rent is not paid on time, but those amounts are regarded as irrecoverable if we get to the stage where the tenant has defaulted or exhausted all means of recovery.

Expenditure showed savings in various areas including salaries through vacant posts and maintenance, some of which may be spent post-lockdown. The finance team are analysing what we have spent currently against the budget to assess what is a real gain as well as any temporary timing difference. If it is a timing difference, we will catch up on the expenditure once lockdown is over.

The FD highlighted that there may well be an increase cost for a backlog of maintenance requests which the team will catch up on once lockdown allows. The phased budget to date does not include the planned maintenance costs which were scheduled towards the end of the year.

The management accounts for the first quarter will be presented to the Board at the June meeting which will highlight any developing trends.

The FD referred to the balance sheet and the improvement in net current assets (effectively cash equivalents) since the beginning of the year. [REDACTED]

[REDACTED] so that artificially depresses the cash-equivalent position at any one point in time. The cash-equivalent figure increased by just over £300,000 at the end of April and the bank balances remain significantly higher than the start of the year despite the negative impact on arrears from Covid.

GF asked if when calculating loan covenants, we have to make an adjustment for the pension deficit. The FD confirmed this condition only referred to one-off payments made, and not either a change in valuation or the standard monthly contributions which were already in operating costs.

JG asked about the terminology for the rental income and the FD explained the accounting terminology for income, cash movement and write offs. The

Chair said that what matters to Board is the total actual money received to get a true position for the actual income for the months reported on.

The FD agreed that a reconciliation of rental income with arrears would be good to have in the management accounts – starting with the opening arrears, show what is due for the month, show money received and any write offs, then end with a closing arrears position. The budget is lower than the amount received as there was an assumption that we would be selling a few properties this financial year which was included in the Business Plan. **FD**

The Chair also asked about the planned maintenance not being reflected in the budget and queried if the budget should not include what planned maintenance we have to do. The FD noted that there is detailed planned maintenance budget and it is not in the accounts at present due to the phasing of when the expenditure will occur. The Interim CE stated that the money is still in the budget.

BH stated that she does not like this style of phasing the budget and would prefer the actual annual agreed budget. So future management accounts will include annual budget, budget to date, spend to date and forecast outturn, these are the four key areas. This additional information will clarify the accounting terms and the cash performance. The Interim CE agreed to add an additional appendix to the accounts which details the arrears. **FD**

BH asked about the rents due figure and where the voids are being shown. The Interim CE stated that the correct voids figure in the report is £12,500 lost on voids to date.

DC asked how often during the year are the arrears figure and debts assessed. The FD stated that as soon as debt moves to former tenants, we would provide a percentage for it within the accounts. The FD reviews the status of the arrears and bad debts every quarter. DC asked if there were other bad debts lurking anywhere and is reliant on the housing team to let the FD know if there will be a potential write off forthcoming.

DC then asked about the pension revaluation and the FD stated that it is due by the end of the month and will be circulated to Board as soon as it arrives. **FD**

DC asked about the sequence of the information sharing following the Options Appraisal. AE stated that the Regulator will see it first and the lenders will be high on the list of those to inform.

GF stated at the last meeting, the FD was to speak to the auditors about impairment, but the FD stated that from the conversation with the audit senior and manager they are not intending to provide for anything in the accounts.



10. Policy Approval: Rent Setting Policy

The Interim CE stated that the Assurance Action plan outlined the need for the rent setting paper. He noted that it is a very general paper at this time, and that towards the end of the year we will develop the Rent Setting Policy based on a point system which will take into account a number of factors including affordability, attributes and conditions of individual property for which we now have the information.

JG asked if this was a guidance document as setting rent is the balancing point. The Interim CE explained the principles of how the points system works including the flexibility the system has.

The Chair referred to the affordability figures of 40% of income whilst the Chartered Institute of Housing affordability guidance sets a 25% marker for affordability. The Interim CE stated that the 40% marker is based on the SFHA guidance.

The Interim CE stated that when the paper on fixing rent in ICE October/November is brought to the Board we will have it on a price per point system which will allow us to flex and adjust.

The Interim CE stated that the Board is asked to agree the framework now and has the assurance that bringing a paper back to the October or November Board meeting gives flexibility if we are seeking a partner. The Board was happy to approve the Rent Setting Policy on this basis, this was proposed by JG and seconded by BH.

11. Change of Financial Year

The FD stated that the purpose of the paper was to outline the implications for changing the financial year to 31 March, which followed a suggestion from the Regulator. He stated that there are more positives to changing the financial year than negatives.

However, given the Options Appraisal is close to reporting the FD recommended that this is paused until the report is presented to the Board and the decision is made. The Board was concerned about the work required with QL to make this change which therefore reinforced the Board's decision to postpone this matter.

12. Internal Audit Report 1 – GDPR 2 – Universal Credit

The Chair welcomed Stephen Pringle (SP) to the meeting and invited him to present the two audits.

a. Universal Credit and Arears Management and Rechargeable Repairs

SP explained to the Board the review process and the documentation assessed during this audit which led to a substantial level of assurance in this area. He stated that there are 11 areas of good practice and with three recommendations, this is slightly lower than the RSL benchmark for audits in this area. The medium grade recommendation focused on the end to end

process in rechargeable repairs which has been accepted by management and the HM will ensure the consistency of approach with procedures and invoices to be issued by the Housing Officers.

JG referred to the rechargeable repairs section and stated that the Audit appears to focus on how the debt is raised and the issuing in invoices. JG asked if the audit had reviewed how the debt is monitored and procedures for collection. SP stated that there is a good process for arrears management in place.

The HM explained how the sub debt categories are set out and she confirmed that this is not reported to the ARC.

Referring to the audit content, JG asked SP about the reporting rechargeable repairs to the Board. SP stated that the reporting for all three areas has been grouped together and there is no reporting of rechargeable repairs to the Board. BH requested we have a six-monthly report on rechargeable repairs to the Board. HM

The Board noted that the rechargeable repairs write off is included in the write off report submitted to the Board. JG asked that a sundry account details all of the rechargeable repairs along with the write off report. We will pick this up at the next time of the report.

The Chair asked SP about the target for arrears which was lower than the current target. SP confirmed that the information given to him was last years' targets, and the audit fieldwork started in March.

The Chair stated that we should be working through the three recommendations from this audit. She then asked SP to speak to the second audit.

b. GDPR Audit

SP stated that the purpose of the review was to look at the compliance and reporting with the Data Protection Regulations since in came into force in May 2018. SP stated that the report has concluded a weak level of assurance, whilst there are 13 areas of good practice, there are 15 recommendations put forward, one high recommendation relates to data cleansing.

BH stated her surprise about the report which is very disappointing given the amount of preparation the Board were told was being done in advance of GDPR coming into force and that we are not as compliant as we should be. The interim CE stated that it is the responsibility of the officers to undertake these actions and to make sure that we regularly feedback to Board on the progress of all of the actions.

The Chair asked if we have the capacity to address the actions as soon as possible. The data cleansing deadline is stated by SMT to be September but it is marked as urgent by the auditors. The Interim CE stated that the IT systems are holding back this process, but steps are being taken to address this so as to ensure we meet the September deadline. The Chair noted her

concern about meeting this deadline if the IT system could not be relied on and the lengthy timescale.

The HRD stated that we have a file system INVU, but it would be a manual process to delete these files. She stated that the ICT Manager is reviewing how to automate the deletion of files from QL in line with our retention schedule and we have over 11 years of emails in a GFI system to destroy. The HRD stated that the deletion was planned for July 2019, but this was paused due to the investigation and governance review. The Chair noted that the Board was not informed of the this pause. If the company have a legal duty to delete information, then that was paramount. Any information required by the investigation or governance review would not have gone back more than a couple of years (3 for credit cards only) at the most.

The Chair pointed out now that we have a knowledge and training issue and asked how easy it is whilst we are working from home during lockdown to train staff. The Interim CE stated that we need to find a way to make sure that we action these recommendations.

The Board want to be assured that there is an action plan. The HRD noted that there was a 77-point action plan in place since last year and there is a plan to develop a GDPR working group to take forward this action. We need to ensure that we have a Retention Policy and update the retention schedule before the purging of data will take place. The Chair asked what was involved in undertaking this work. The HRD stated that the work will be mapped out and staff with GDPR experience will be on the working group to ensure that actions are completed.

BH stated that this needs to be completed as soon as we can in light of the Options Appraisal outcome. The HRD stated that she thinks that it is unlikely that we are unable to achieve all the actions before September.

The Chair asked about the DPO role. The HRD stated that the guidance from TC Young was that Weslo did not need the specific role in the organisation. There is a responsible person at the moment for data protection but the longer-term decision about where this role best sits will be decided after the options appraisal report. The Chair asked if there was a person in charge of GDPR and the HRD confirmed she was.

BH asked about how to take this forward to achieve the actions. The HRD stated that she is forming a working group, developing the terms of reference and the group will use the 77-point action plan along with the audit recommendations to the working group and they will meet fortnightly to keep the momentum going.

SP confirmed that in his opinion, the data retention and destruction need to be the action which is prioritised. He stated his surprise at the number of recommendations in the report two years on from when the regulations were implemented. The HRD stated that we have data flows and data inventories and therefore are aware of what information we have; we now need to be able to start destruction.

The Chair asked that the terms of reference and the action plan is brought to the next Board meeting and then the progress of the working group on the monthly agenda for an update.

HRD

The Interim CE stated that the Procurement Audit will be presented to the June Board and he stated that this is not a good audit, likely to give another weak level of assurance. The FD is speaking with the auditors to clarify sections before the management response is added to this. It was agreed that as soon the final draft is ready, it will be circulated to Board for their review in advance of the next meeting.

ICE

13. Weslo Initiatives Gift Aid

The FD referred to discussions at the Weslo Initiative Board meeting regarding the level of Gift Aid given back to the parent company. Whilst the draft accounts show a surplus of [REDACTED] with in Weslo Initiatives accounts.

The FD noted that he has taken advice from the auditor regarding tax liabilities and loan interest and confirmed that WI are able to retain the surplus with no liability for Corporation tax.

Weslo Housing Management can instigate a further gift aid at any time in the future, but the FD noted that it would be good practice to leave this surplus with WPM as a cash flow contingency.

BH supported the recommendation based on the ability of the parent company to collect the additional funding should we require it in the future.

The Chair noted that gift aiding adds to the support that that Weslo Housing Management is receiving from Weslo Property Management.

Board ratified Weslo Initiatives Board's recommendation to pay [REDACTED] in Gift Aid in order to retain a small reserve in the subsidiary company. This was proposed by DC and seconded by JG.

14. Chairs report

The Chair stated that the furlough Board meeting was held, and she was pleased to hear that one member of staff is being recalled back to work. The other matters she has been involved in have been referred to above. Others are;

a. Board Appraisals

The Chair stated that these are underway with one Board member completed, two to go, EP does not yet need an appraisal and one more date to organise.

[REDACTED]



c. Board Members

The Chair reflected on the Community Board Director recruitment to date with the culmination of the two Board observers attending today's meeting. The Chair stated that she and BH interviewed both Alister and Lynsey in advance of the Board today and explained the situation as well as the time commitment required. Both confirmed after their interviews that they were happy to continue with their application to become a Board member.

The Board resolved to appoint Lynsey Breen and Alistair Booth as Weslo Housing Management Board Members from today. The Board unanimously agreed to their appointment. The GM will write to them both to process their appointments with Companies House. **GM**

In addition, the Board accepted the Kenny Redmond's resignation from today, his resignation will be processed through Companies House accordingly. The process is currently underway to recruit a new Tenant Director.

15. Any Other Business

There was no further business.

16. Date, Time and Place of next meeting

The next Board meeting (260) will be held on Thursday 4 June 2020 at 11am to discuss the Options Appraisal report via MS Teams.

The following Board meeting (261) will be held on Wednesday 24 June 2020 at 9.30am via MS Teams.