

## Board Minutes

Name of Meeting	Board	Date of Meeting	18 September 2017
Venue of Meeting	CVG Office, 50 Scott Street, Motherwell, ML1 1PN	Time of Meeting	5.15pm

### 1. Sederunt

A Murray, J Fair, E Harkins, K Luscombe and A McFarlane

#### In Attendance

L Wassell, N Owens, S MacDonald, J Turnbull, W Manson (Minute), D Hogg (Harper Macleod LLP) for Agenda Item 6 and I McGowan (Observer).

#### Election of Office Bearers

As required by Association Rules C Boyd is to step down from office of Chairperson following service of five years. In line with the Association's Succession Plan, A Murray, current Vice Chairperson, was nominated for the office of Chairperson.

**On a proposal from J Fair, which was seconded by K Luscombe, A Murray was duly elected Chairperson.**

As a result of A Murray's succession to Chair, the office of Vice Chairperson was vacant and required to be filled. A nomination had been received from A McFarlane for the position.

**On a proposal from E Harkins, which was seconded by K Luscombe, A McFarlane was duly elected Vice Chairperson.**

Given the resignation of N Owens, Customer Services Director, the position of Company Secretary for CVHA was now vacant. As the Rules of the Company still allow for this position to be filled by a staff member L Wassell, Chief Executive, agreed to stand for this post.

**On a proposal from A McFarlane, which was seconded by J Fair, L Wassell was duly elected Secretary.**

### 2. Apologies

2.1 Apologies were noted for C Boyd, A Baird, L Usher.

2.2 A Murray, the newly elected Chairperson, welcomed all to the meeting, with particular mention given to D Hogg from Harper MacLeod, and I McGowan, attending as an observer and potential new Board Member.

### **3. Declaration of Interest**

3.1 None

### **4. Minutes of Previous Meeting**

4.1 Subject to a minor amendment at Paragraph 12.5, to include the insertion of an apostrophe at '*individual's*', the Board approved the minute of the meeting held on 26 June 2017, on a proposal by E Harkins, which was seconded by K Luscombe.

### **5. Matters Arising**

5.1 L Wassell updated Members on Item 10 from the Minute which included reference to the selection of external consultants to complete Board appraisals. Following a tender process, L Wassell advised that two consultants were being considered, with the final decision as to the successful consultant being confirmed shortly.

In terms of recruitment of new Board Members, L Wassell confirmed that three applications had been received and were being currently processed.

### **6. Presentation by Harper MacLeod**

6.1 D Hogg from Harper MacLeod LLP was in attendance to provide Members with a legal overview of the nature and process involved with 'Private Placements' as a means of raising finance.

Harper MacLeod LLP acts for over 50 Housing Associations and more particularly has handled almost all of the Private Placements completed in Scotland to date.

A Private Placement is a private agreement between an RSL and an investor, whereby the investor makes an investment in the RSL by purchasing bonds and notes, issued by the RSL to the investor, with the investor typically being a pension or life insurance company, and the Private Placement categorized as an investment rather than a loan.

The RSL undertakes to repay the investment amount at the end of an agreed period, along with an agreed rate of interest on the principal amount during that period. Bonds, which in theory are transferable, are secured by the RSL by granting fixed charge security over selected properties.

D Hogg detailed for Members the full process involved, from identifying the funding requirement, through identifying investors, ensuring due diligence on those investors and thereafter issuing of notes and receiving of funds.

A McFarlane asked if the documentation relating to deals between investors and RSLs were as complex as the current loan agreements. D Hogg noted that the actual format of documentation investors used was fairly standard whilst the terms and conditions would vary for each deal some of the existing agreements with existing lenders such as asset ratios and covenants being adopted.

In terms of the detail of the actual monies, Members were advised that amounts invested normally ranged from £20m to £45m and could be paid in staged drawdowns with a bullet repayment at end of agreed period. Interest rates were linked to relevant Government gilt rate plus investors margin, rates which were currently very competitive.

Given that investors would normally be looking for long term income, early repayment is not normally permitted.

In concluding the presentation D Hogg highlighted the legal issues to be considered when proceeding with Private Placements, principally the necessity to correctly word Section 107 consent and ensuring existing funders' consent.

6.2 At this point questions were invited from Members.

E Harkins asked for clarity as to what kind of entity would act as a 'Security Trustee'. D Hogg confirmed that in terms of this role it would normally be the Prudential Trustee Company.

K Luscombe asked for clarification as to the need for CVG to have a credit rating should CVG proceed with a Private Placement. D Hogg confirmed that typically for Private Placements there was no requirement for a RSL to obtain a credit rating, but he did advise that having a credit rating could open up opportunities from other investors.

6.3 There being no further questions, the Chairperson thanked D Hogg for his informative and concise presentation and Members for their questions.

## **7. Funding Options Report – Confidential**

This item is confidential

## **8. Group Report and Financial Statements – Confidential**

This item is confidential

## **9. SHR Regulatory Framework Self-Assessment**

9.1 A report outlining a self-assessment against the Scottish Housing Regulator's Regulatory Framework was presented for review and consideration by the Board.

9.2 Members were advised that following the issue of the Regulatory Framework in 2012 and an initial assessment by CVG at that time, ongoing compliance and review has since been implemented and secured through CVG's performance management framework, policy development and internal and external audit processes.

In line with both the Regulatory Framework, and subsequent publication of a thematic inquiry in August 2017 which detailed seven principles for effective self-assessment and which in particular suggested a review of achievement against standards every three years, a report for this element of review was presented for Members.

9.3 At the outset A Murray stated, and other Members also acknowledged, that the report, both in terms of standard of presentation and content, was excellent.

Members were advised that an independent verification of the self-assessment would be needed in due course, potentially by internal auditors or as part of our governance consultancy work.

Members were also advised that the ARC data accuracy visit by the SHR covering governance and evictions was rescheduled and will now take place this week.

9.4 J Fair asked, given the lengthy nature of the paper, if a ‘traffic light’ system, similar to that used in the Performance Report, could be included to show progress and status in the report. N Owens confirmed that this could easily be incorporated and for clarity, in terms of required actions, an annual plan would also be completed.

9.5 There being no further questions of scrutiny, Members duly noted the report.

## **10. Asset Management and Maintenance Update**

10.1 A report was presented for the purposes of updating Members on the Stock Condition Survey 2017, EESSH Strategy and Action Plan, Asset Management Strategy and Gas Servicing and Maintenance Contract.

10.2. **Under Stock Condition Survey**, it was reported that the total 30 years’ cash flow detail for all component replacement programmes, is still awaited. An update report for this is still scheduled for presentation to the Board at its December meeting.

10.3 **Under EESSH 2020 Strategy and Delivery Plan**, Members were advised that the energy data produced from the Stock Condition Survey revealed an increase in property numbers which were non-compliant in terms of EESSH. However also highlighted was the fact that in terms of budget, funds were sufficient for delivery of EESSH by the target date of December 2020.

10.4 **Under Gas and Maintenance Contract**, in considering acceptance approval of the bid from City Technical Services Ltd, K Luscombe made reference at this point to the sound performance from that company as per the existing Performance Report.

10.5 There being no further questions or comments and after careful consideration of the report, on a proposal from A McFarlane, which was seconded by E Harkins, the report as presented was noted and approved.

For clarity the recommendation contained within the report for approval was that of the appointment of City Technical Services Ltd for an initial three year period with a possible two annual extensions.

## **11. Gift Aid Report – Confidential**

This item is confidential

## **12. Performance Report**

12.1 The above report was presented to members to outline performance against identified Scottish Social Housing Charter indicators and other indicators deemed to be of strategic importance to the Board. The report details these figures to end of Quarter 1 for the year 2017/18.

12.2 At the outset A Murray commented on and acknowledged the very positive performance results contained within the report.

12.3 In relation to the detail of the report N Owens highlighted the following key points.

**Overall customer satisfaction and satisfaction with the repairs service** – up to date satisfaction results sit at 99%. This represents excellent achievement in terms of CVG meeting expectations of customers.

**Gross rent arrears in relation to Universal Credit cases** – Members were reminded that Universal Credit is due to rollout in South Lanarkshire on 4 October 2017. E Harkins stated that he remains apprehensive about Universal Credit. Assurance was given however that CVG is prepared as fully as is possible for this benefit change.

**Percentage of court actions initiated which resulted in evictions** – given benefit changes it is expected that this figure will increase over time. Members were advised that whilst this element of performance is being managed it will require close monitoring over time.

**Percentage of reactive repairs carried out that were completed right first time** - Members were advised that in cases where repairs were not completed right first time there was no identifiable pattern in terms of reason.

12.4 There being no further comment the report was duly noted by Members.

### **13. Strategic Risk Register**

13.1 The above report was presented to members to outline the Strategic Risk Register and position to end of Quarter 2 for the year 2017/18.

13.2 J Fair made reference to SR16 which highlighted potential failure to deliver Corporate Strategy Objectives in the event of senior staff leaving. Assurance was given that robust transitional arrangements were in place to mitigate for this risk.

13.3 After considerable discussion Members asked the Finance Director to review the scoring of this risk for the next meeting.

13.4 There were no further questions and the contents of the report were duly noted.

### **14. Repossession Actions - Confidential**

This item is confidential

### **15. Heritable Securities for Private Finance – Confidential**

This item is confidential

### **16. Committee Reports**

#### **16.1 Finance Committee**

16.1.1 Members noted the minute of the Finance Committee meeting of 31 August 2017. It was noted that the minute will be considered by Committee at their next meeting on 16 November 2017.

#### **16.2 Innov8 Board - Confidential**

This item is confidential

#### **16.3 Health and Safety Board**

16.3.1 Members noted the minutes of the Health and Safety Board Finance Committee meetings of 20 June and 31 August 2017.

### **17. AOCB**

- 17.1 A Murray took the opportunity to express sincere thanks to N Owens for her tremendous contribution and commitment to CVG over her time with the company.

On behalf of the Board he presented her with a gift and flowers and wished her every success in her new post.

**18. Date of Next Meeting**

- 18.1 The date of the next meeting will be 11 December 2017.

With no further formal business the Chairperson thanked Members for their input and formally closed the meeting.