



**Meeting: BOARD MEETING**  
**Date & Time: Tuesday 25 April 2023 at 5:30pm**  
**Venue: 51 North Bridge Street / Virtual via Microsoft Teams Conference Call**

**Present:** Ronnie Duma (Chair) (RD)  
Ian Davidson (Vice Chair) (ID)  
Kate Christie (Board Member) (KC)  
David Gordon (Board Member) (DG)  
Rita Stenhouse (Board Member) (RS)  
Christine Stewart (Board Member) (CS)  
Garyth Thomas (Board Member) (GT)  
Julie Watson (Board Member) (JW)  
George Young (Board Member) (GY)

**In Attendance:** Fraser Kelly (Chief Executive/Company Secretary) (CEO)  
Carole Yallop (Operations Director) (OD)  
Alan Brown (Interim Finance Manager) (IFM)  
June Wilson (Executive Support Officer) (ESO)

The Chair welcomed all of the Board Members to the April Board meeting.

**1. Apologies for Absence**

Apologies were received from Reuben Basak (CSD).  
Billy Robson (Board Member) did not attend.

**2. Declarations of Interest**

Fraser Kelly (CEO) declared an interest for Item 12 – Chairs Items - CEO Annual Appraisal.

**3. Minutes of Previous Board Meeting (28.03.23)**

The Minutes of the meeting held on Tuesday 28 March 2023 were approved and will be signed by the Chair and Company Secretary as being an accurate record of the meeting.

There were no other matters arising from the Minutes, items not on the Agenda or on the APT.

**4. Board Action Point Tracker**

The Board Members reviewed and noted the Action Point Tracker.

It was noted that there will be a further meeting with regard to Item, 2 – Private Financing, 2<sup>nd</sup> point re the Offer Letter terms on Wednesday 26<sup>th</sup> April 2023.

## 5. Upper Langlee – Progress

The Board Members were asked to note the content of the report containing updates on various workstreams being carried out to progress the estate regeneration plans for Upper Langlee.

The OD reported to the Board that there has been a few updates since the report was issued.

The Post Demolition Site Investigation (SI) has been completed and it has been noted that some asbestos has been found. We await the report.

There was a positive meeting with the design team in relation to the New Build with a review of Phase 1A.

There has been engagement with 21 prospective contractors requesting an expression of interests of which 18 responded:

- 9 contractors have intimated their interest in the project.
- 8 confirmed they would not tender.
- M&J Ballantyne have yet to confirm but they advise that they may be interested.
- 3 responses are awaited.

OD advised that when the tender is posted on PCS it will be accessible to all contractors registered on PCS so there may be additional interest.

There has been a meeting with Scottish Water and Langmuir & Hay, to discuss drainage and water design as minor alterations required, Scottish Water did not highlight any issues with the re-design and their Development Planner will speak to their design team who in turn will provide us with an update in due course.

Cameron Strachan & Yuill (CSY) were tasked with contacting SBC Roads Department with regard to any difficulties with accessing the site, re proceeding with phase 1A as a standalone phase.

CSY have undertaken a general specification review. The 1st draft has been received and Langmuir & Hay are in the process of reviewing it.

A Value Engineering (VE) exercise has been carried out as detailed in Appendix 2. Savings can be achieved with various changes in specification i.e.:

- The omission of Juliet balconies
- uPVC external doors in lieu of Alu-Clad
- Facing brick in lieu of Forticrete block
- Omission of concrete slab to mowing strip - uPVC downpipes in lieu of aluminium
- Powder coated steel (or cheaper alternative) in lieu of Zinc cladding
- Reduced internal door specification

Air Source Heat Pumps and PV panels have not been included in the VE exercise as there is no intention to replace these with an alternative for phase 1A. This may be an option in later phases.

JW explained that installing ASHPs would bring in additional Scottish grant funding, she recently attended a meeting with an Energy Advisor and it was suggested the PV panels and ASHPs work together. JW will send on the power point presentation once she receives it.

ID asked if the VE would have an impact on planning permissions. OD explained that CSY will have discussions with the planning dept at SBC. If the Juliet balconies are treated as a minor alteration this would not effect the planning permission in place. All other VE options would be treated as minor alterations. A uPVC panel would replace the bottom section of the glass if the Juliet balcony was omitted from design.

We are on course to get the specification information prepared for next month which in turn keeps us on track for the tender papers to be issued as detailed below:

- |                                          |                 |
|------------------------------------------|-----------------|
| • Design & Specification Review          | April 2023      |
| • Prepare/Issue revised tender documents | May 2023        |
| • Tender Deadline                        | Mid-July 2023   |
| • Tender Assessment                      | End July 2023   |
| • HAG Submission                         | Mid-August 2023 |
| • Tender Award                           | End August 2023 |
| • Site Start                             | October 2023    |

Communications - There was a video link within the report showing a timeline video and this will be added to once the newbuild phase begins. There has been an update included in the Tenant Newsletter, which is currently in the post to all tenants.

An Information session is scheduled for 27.4.23 at St Johns Church in Hawthorn Road, all the tenants and residents within the estate have been invited.

Private Financing – further meeting in place for 26.4.23. GT asked what was wrong with the Private Finance Report received, OD explained that the report had been cut and pasted from another document and had not been checked correctly before being sent out, therefore had errors. Phil Porter (Ark) and Eileen Barr (TC Young) have thoroughly checked the document and there are just a few other amendments to be completed for it to be finalised. Both sets of lawyers will attend the meeting re the legal terms within the Heads of Terms. The Chair noted that it is good these errors are being picked up and identified before the final signing takes place. TC Young are currently working with Barclays Bank legal representatives with regard to the release of security from Barclays loan.

There has been no notification from MHS with regard to the updated funding thresholds as yet but this is expected soon.

To date there have been 4 applications submitted to HARP with a total of £1.4M received.

Updated Financial Summary attached as Appendix 1, this includes the £10M loan.

The Updated Cost Plan is attached as appendix 2. The cost per unit is presently sitting at £248,000, which is considered best case scenario. . JW advised that overall a £220,000 - £230,000 is probably average at this present time. The increase in cost may be considered as the Borders-based premium. Which is clearly an issue compared to central-belt projects.

The Board Members noted the report.

**Action:**

- **JW to send on slides from meeting with Energy Advisor to ESO.**

**6. Annual Review of Approved Contractors' Performance for the year 2023/2024**

The Board Members were asked to approve the removal of contractors as highlighted within this report from our list of Approved Contractors.

The OD explained that there was only one contractor to be removed from the register of Saltire Electrical, they were only used for a one-off contract previously.

It was noted that sub-contractors are not being relied upon as much as before, the Eildon Contract is no longer in place and the WH inhouse trades team are able to cover the repairs adequately. However, it has been noted that although not receiving as much work as previously the sub-contractors have remained loyal and helpful when called upon.

**The Board Members approved the removal of the approved contractor highlighted on the list.**

**Action:**

- **Saltire Electrical to be removed from the Contractors List.**

**7. Handbooks, Strategies, Plans & Policies Review**

The Board Members were asked to approve the review and update of the following documents:

Given the size of the handbooks within this report and that they have had their annual legislative review it was agreed that a summary of the changes as detailed in the covering report is adequate. There is no need to include the Handbook.

Employee Handbook – underwent its annual legislative review through WorkNest with no substantial changes. The outcome of a consultation with staff on electronic payslips resulted in the Pay Policy being updated to reflect this.

It was noted by a Board Member that in the Guidance Notes on Recruitment (Appendix 2) page 81, point 2 the following narrative seemed inappropriate, it was agreed and approved to remove '*or anyone related to a member of the Governing Body*'.

Governance Handbook – underwent its annual review using any guidance received through SFHA. Following approval at the 14<sup>th</sup> March 2023 AICC meeting Annual Appraisal to be changed to Annual Review.

Scheme of Delegation – updated in line with the SFHA Guidance.

Decant Policy – underwent an interim review to add in section on tenants being offered £10 per night per household member for the duration of the period they are living in temporary accommodation to cover food.

Health & Safety Policy – annual review, previously reviewed and updated through the review from AV Safety Consultants. Virus transmission requirements that were in law have been removed.

**The Board Members approved the updates to all documents detailed above.**

## **8. Scottish Housing Quality Standard – Abeyances and Exemptions**

The Board Members were asked to note the report covering the current status of properties that do not meet the Scottish Housing Quality Standard.

In our annual report to the Board on 28 April 2022 there were 17 properties in abeyance and 468 properties considered to be exempt from SHQS. As at 31 March 2023 there are 13 abeyances and 68 exemptions. The exemptions have decreased considerably since 31 March 2022 due to completion of electrical inspection works, installation of the remaining fire detection systems by Saltire and Powertec and demolition of stock in Upper Langlee. There are a further 32 properties failing SHQS in terms of ESSH1. This is due to updated EPCs completed in financial year 2022-23.

Housing Officers continue to work with tenants to be able to get access to their homes for these works to be carried out.

The Abeyances will be revisited this year, in particular with Owners, with the hope to be able to get them to pay their share for the new entry systems and front doors. These upgrades cannot be carried out and then an invoice sent to them, only essential repairs can be treated this way.

Where tenants are refusing access WH can force access for essential compliance/health and safety works i.e. electric checks, however there are 15 properties that are scheduled to have varying energy efficiency works, these tenants have refused access for the works to proceed. , These properties will remain exempt until the properties become void and the required work can proceed.

Three properties are exempt due to condition of property. Housing Officers continue to work with these tenants to offer support to attend to the issues. Unfortunately, if tenants do not engage, it may result in recovery action being necessary.

There has been 32 additional properties added on due to EPC rating changes.

The Board Members noted the report.

## **9. Annual Review of Gas Servicing Contract and Contractors Performance**

The Board Members were advised of the performance of the current gas servicing contract for 2022/2023. This contract concluded in March 2023, after a procurement exercise through SPA, Dalex Systems has been re-appointed to cover the contract for 3 years from 1 April 2023 with an option of extending 1 + 1 years.

Dalex has serviced WH properties heating systems for the last 5 years. Dalex has since been awarded the contract going forward. There was only one bid for the contract and that was from Dalex. This is a joint contract with Eildon HA and BHA. SBHA contract PH Jones.

There was one CP12 missed in 2022/2023 which was a reporting failure between WH & Dalex. Reporting set up has been reviewed.

Sub-contractors are being sourced for the servicing of ASHPs.

KC noted that only having 6 complaints reflects well on WH.

The Board Members noted the report.

## 10. Scottish Housing Regulator – Annual Engagement Plan

The Board Members were asked to approve:

- The acceptance of the Waverley Housing – Engagement Plan issued by the Scottish Housing Regulator for 2023/24;
- The submission of the regulatory information as set out in paragraph 2.2 of the report;
- The posting of the Engagement Plan for 2023/24 on the WH website.

And to acknowledge the receipt of the Technical Guidance and FAQs circulated by the SHR on 21/3/23 (appendix 1).

The purpose of the report is to provide Board Members with details of the content of the Scottish Housing Regulator – Annual Engagement Plan for Waverley Housing.

Each year WH receives an Engagement Plan from SHR, as attached as appendix 1. The Engagement Plan for 2023/24 confirms that the status for WH is compliant and that the RSL meets regulatory requirements including the Standards of Governance and Financial Management. The Engagement Plan also advises that the Scottish Housing Regulator does not currently require any further assurance from Waverley Housing.

WH must provide the undernoted annual regulatory returns:

- Annual Assurance Statement;
- Audited financial statements and external auditor's management letter;
- Loan portfolio return;
- Five-year financial projections; and
- Annual Return on the Charter.

And alert the SHR to appropriate notifiable events.

CEO confirmed the engagement status confirmed by the Scottish Housing Regulator was compliant.

SHR are in the process of reviewing the ESSH2 requirements which does not require ESSH to be reported upon until 2024/25.

**The Board Members approved the**

- **The acceptance of the Waverley Housing – Engagement Plan issued by the Scottish Housing Regulator for 2023/24;**
- **The submission of the regulatory information as set out in paragraph 2.2 of the report;**
- **The posting of the Engagement Plan for 2023/24 on the WH website;**

And noted the acceptance of the SHR Technical Guidance and FAQs circulated on the 21.3.23.

**Action:**

- **Engagement Plan for 2023/24 to be uploaded to the WH Website.**

## 11. Performance Reports – March 2023 & April 2022-March 2023 Annual Reports

The Board Members were asked to note the Monthly Performance Reports for March 2023 and the Annual Reports for April 2022-March 2023.

The Chair noted that the Board Members had been notified that there had been an updated monthly report for March 2023 uploaded to the onedrive folder earlier that day once the financials had been completed for year end.

It was noted that overall performance was sitting in a good place and that this month the sickness report showed a decrease.

GY (AICC Chair) noted that in the Financials there was a substantial surplus based on these figures with a major variation on the planned maintenance.

The IFM apologised for the lateness of the financial information. As the books closed on the Monday afternoon it was always going to be tight getting the reports ready for the Tuesday afternoon deadline for uploading to onedrive.

He explained to the Board Members, this is the year-end, so concentration needs to be on the bottom line. There may be some movement as things filter through, but it isn't expected to be anything material.

In terms of viability the result is very good. A years surplus of £1.5m clears all the hurdles in terms of auditors, regulators and funders.

The IFM noted that there is a £1.5m surplus but only £724K was budgeted for, which makes the overall surplus 113% better than projected. Although very good that level of variance doesn't suggest tight control of the budget.

The variance is £816k net and actually the final variance is over £2M. Having analysed the variances they could be grouped into 4 loose groups:

Firstly, those that are fine, are:

- Driven external events (interest rates – better due to investments, house swaps) - £33K;
- Little value income variances where it is normal to be prudent – £18K;
- Big ticket expenditure items- the variance value is large but the % low, again acceptable prudence - £289K

Total of £340K. This is acceptable.

There is then a group around the grants, the resulting work and the use of sub-contractors in the capital works. Big value & percentage variances. However, they are all related and to an extent they cancel each other out.

The final net impact is only £49K.

IFM thinks if the recommendations he made at the previous Board meeting that:

- Component Capitalisation be separated from Planned Maintenance &
- The Internal Cost recovery be reallocated as a negative cost.

Greater clarity will be brought to these areas of the operations.

There has been a huge underspend of £331K in areas related to the revenue of the Upper Langlee project and the procurement of funding. That is partly caused by the slippage in securing the loan. The IFM has managed to accrue for legal fees where he feels it is justifiable. It must also be said that if the CSD situation had been otherwise the 6 monthly revised budget may have reduced the variance.

The final group of budget headings involves 44 budget headings of all small amounts that have a net aggregate of £96K, an average of £2K a heading. This the group he reduced the amounts by

the sum of £20K in the current years budget. There are too many headings all with small sums most with a bit of contingency in them. It amounts to budgetary slack that inhibits the taking of opportunities and the development of the service to the tenants.

The Cash Reserves have increased to £6.6M this year.

In summary

- In viability terms there is nothing to be concerned about
- However, in terms of planning and control the budgeting needs to be a closer fit.

The IFM recommends that going forward an overall contingency should be used.

The CEO noted that having the IFM review the budgets it has identified monies that can be used in other areas of the business that need it ie CAPITA, recruitment of staff. Recalibrating things going forward. Currently the budget is established at the beginning of the year then revised after six months. Having a fixed annual budget with quarter projections would make things clearer.

IFM noted that there is nothing wrong, it is just too prudent.

The CEO noted that there will be an exercise with the Management Team to review budgets. To date areas identified for upgrading has been the CAPITA system and now Housing Officers can access information through their work ipads within the server whilst they are out and about.

The Chair noted that it was reassuring that someone else has looked at the finances and there is nothing wrong.

The Monthly report and explanation were noted.

The Annual Reports were noted.

<b>12.</b>	<b>Chair's Items</b>
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The Board Members were asked to note the report regarding the Chief Executives Annual Appraisal.

Fraser Kelly (CEO) left the meeting for the discussion of this item.

The Chair reported that himself and the Vice Chair carried out the annual appraisal of the CEO on 28<sup>th</sup> March 23.

The Chair and Vice Chair agreed that Fraser has and continues to provide strong leadership and direction to the Management Team and all staff of Waverley Housing. Fraser has an excellent, open and honest relationship with the Governing body and represents Waverley Housing in a positive manner with external stakeholders. Fraser's people Management skills are excellent and have contributed to Waverley Housing being a friendly and welcoming Company to work for.

It was noted that the Chief Executive has intimated that it is his intention to retire from the position of Chief Executive at the end of March 2024. A future report will follow on how the recruitment will be carried out.

The Board Members noted the report.



### **13. Chief Executive's Items**

Addressing the reduction of reports going to the Board for Noting the CEO is proposing to cover, where appropriate, his reporting under the heading 'For Information' item.

### **14. Minutes of Committee Meetings**

None

### **15. Conferences, External Meetings and Training**

None

### **16. Equality Impact Assessment**

During discussion of the foregoing agenda items there were no Equality Impact Assessments identified.

### **17. Risk Assessment**

During discussion of the foregoing agenda items there were no new risks identified.

### **18. Communication to Stakeholders**

During discussion of the foregoing agenda items the following item was identified to be reported to the Stakeholders.

- Regulation letter – to be uploaded to the website.

### **19. Notifiable Events**

During discussion of the foregoing agenda items there were no notifiable events to be reported to the SHR.

### **20. For Information**

There following item was included in the papers for information:

- Getting the balance right: operational and strategic responsibility, attached as an appendix with the Board papers.

Rita Stenhouse has intimated that she is looking to stand down from the Board at the AGM in September.

**21. Date of Next Meeting**

**Tuesday 23<sup>rd</sup> May - Board Meeting @ 5:30pm.**

Certified as an accurate record.

\_\_\_\_\_ **Chair**

\_\_\_\_\_ **Company Secretary**

\_\_\_\_\_ **Date**