

MINUTES OF BOARD OF MANAGEMENT MEETING HELD ON WEDNESDAY 29 JANUARY 2020 IN GRIERSON HOUSE, DUMFRIES

Members present: Bill Robertson (Chairman), Irene Clark, Maureen Dowden, John Henderson, Heather Macnaughton, John McCraw and George Thorley

In attendance: Alex McGuire (Interim Chief Executive Officer), Hugh Carr (Director of Finance), Jayne Moore (Director of Housing Services), Jim Preston (Interim Director of Investment and Regeneration), Andy Ashcroft (Interim Director of Repairs), Eilidh Mowat (Company Secretary), Christopher Watt, (Head of Corporate Business), Steven Henderson (Wheatley Group Director of Finance), Samantha Bett (Wheatley Director of Treasury), Anthony Allison (Wheatley Director of Governance)

1. Statement of conflict of Interest

None

2. Apologies for absence

None

3. Minutes of Board of Management meeting of 12 December 2019

The Board **APPROVED** the Minutes of the Board of Management meeting of 12 December 2019.

4. Board Action Tracker & matters arising

The Board **AGREED** the actions marked complete to be removed from the tracker and **NOTED** that the arrears analysis report will be presented to February Board.

5. Chief Executive Update

The Board noted the imminent departure of the Interim Director of Investment and Regeneration and agreed to record their thanks for all of his hard work over the last year.

The Board discussed the recruitment of the development manager, agreeing it was an important post which requires to be recruited urgently. The Board noted that the post had been discussed in detail and agreed by the development committee. The Board **AGREED** to proceed with the recruitment of a DGHP Development Manager.

The Board discussed our current progress with SHQS compliance, noting that the full figures will be contained in the February performance report and we now have accurate figures around exemptions and abeyances.

6. Development Update including Monreith scheme approval

The Board discussed the development update in detail and noted the high costs of developing out sites which are legacy sites, all with issues and high costs. The Board discussed the reputational risks associated if we did not proceed with the development of the sites, including abortive costs, agreeing that we must continue to build on our relationships with stakeholders, to build confidence in DGHP as a developer of choice.

The Board discussed the Monreith development and tender price particularly, noting that further discussions have taken place with the contractors and that further negotiations are underway. The Board NOTED that final costs will be reported to the development committee on 17 February and a full report to Board in February. The Board APPROVED the tender for the scheme within the financial envelope discussed for the completion of our development at St Medans, Monreith.

7. DGHP Transformation Programme

The Board received a presentation as an update on the transformation programme for DGHP. The presentation outlined the objectives, themes and outcomes of the transformation programme, discussed the key principles of the operating model and the key changes required to deliver that, together with a timeline for implementation of the programme.

The Board discussed the culture of DGHP going forward and how the culture will need to change to support the new operating environment. The changes to the operating model and the 'think yes' environment will mean that staff will need support from the executive and the organisation to be able to fulfil their roles.

The Board APPROVED a transformation programme for DGHP that delivers on the promises, commitments and outcomes enshrined in the Partnership Proposal endorsed by tenants in the recent ballot and the associated Business Case approved by DGHP Board.

8. DGHP Financial Projections 2020/2021

The Board discussed the financial projections for 2020/2021. The Board discussed the current DGHP approach of accounting for housing stock at depreciated cost and amortising grant over the life of an assets versus holding stock at valuation and taking grant direct to turnover on completion, as per the Wheatley approach. The Wheatley approach will be adopted going

forward and will include in the accounts for 2019/20 and will require restatement of the accounts for 2018/19. The Board APPROVED the updated financial projections for investment in assets and services, AGREED that the projected 2020/21 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

9. Board Governance Integration Report

The Board discussed the proposals to integrate DGHP's governance arrangements with those of Wheatley Group. The Board felt that the proposal to disband the audit committee was a sensible proposal. The Board discussed and agreed that we would have a different strategic relationship with Group moving forward and the Board must be sure that the framework meets DGHP's needs. The Board agreed that the proposals today will enable and assist the Board to evolve to a more strategic board and these are the first steps in the journey. The direct link between DGHP and Group Audit will be enhanced by the member of the DGHP Board on the Audit Committee, which will enable a link into and understanding of wider Group priorities and also, a clear route to group to resolve any issues. The Board noted that there will be a strategy day in early April which will cover development and governance which will enable time for a detailed discussion of the governance arrangements.

The Board AGREED the DGHP Audit Committee is disbanded after its next meeting; AGREED the current DGHP Audit Committee Chair is nominated to join the Group Audit Committee; AGREED the Chair of the DGHP Development Committee is nominated to join the Group Development Committee; AGREED the DGHP Development Committee is retained and subject to review at the end of the calendar year; AGREED that we initiate recruitment for 3 Non-Executive Directors with the following skills and experience: finance/accountancy; development (housebuilding/construction); and strategic housing; AGREED the selection panel for the recruitment of the Non-Executive Directors as the Chair, Vice-Chair and Chair of the Audit Committee; CONFIRMED the adoption of the Group Board and Committee reporting template with immediate effect; AGREED to the revised Board meeting cycle for the remainder of 2020 and NOTED the expression of interest process for the Wheatley Foundation and Wheatley Solutions Board.

10. IHR Mobilisation

The Board received a detailed presentation on the proposals for the in-house repairs mobilisation plan.

The Board asked if there will be an increase in cost of employees and noted that the repairs budget is ringfenced within the business plan and employee costs are within that budget. The Board discussed the procurement opportunities for local contractors and the successful recent 'meet the buyer' event which took place. The Board noted that we will be engaging with new suppliers and streamline the current arrangements for contractors.

The Board discussed the approach to vehicle branding and agreed the need to understand the broader 'story' and messaging associated with proposed branding as this should support the Board's vision/strategy. The branding of the vehicles should be considered within a wider strategy. The Board requested that further consideration be given to this and a paper brought back to Board.

The Board NOTED and DISCUSSED the overall Mobilisation approach; NOTED the cost of implementation support is being met within the Wheatley partnership provision; AGREED that we enter into a contract with Saint Gobain for the supply of material and equipment; and NOTED the proposed approach to fleet and sub-contractor arrangements.

11. Finance Report

The Board NOTED the deficit for the year to date of £7,491k; NOTED the commentary on the financial performance and projections; NOTED the loans balance at the end of December 2019 was £169m, comprising £114m with Dexia, £40m with THFC and £15m with Allia, and that net debt was £123.968m at 31 December; and NOTED the projected compliance with all lenders' covenants for 2019/20.

12. Performance Report – January

The Board NOTED the content of the Performance Information Pack and discussed the payment cycles for universal credit.

13. Tenancy Debt Write Off

The Board expressed some concern about the rechargeable repairs at relatively high levels. The Board agreed that moving forward there will be more of a role for the Housing Officers to help those in debt and to support our tenants to remain in their properties. The Board requested a further report detailing the how we will deal with rechargeable repairs under the new repairs function, how we classify rechargeable repairs and what we currently do to support our tenants in these situations. The Board AUTHORISED the write off of tenancy related debt totalling £269,251.59 as outlined in the report.

14. Digital Strategy Update

The Board NOTED the update on the development and implementation of the Digital Strategy.

15. Land Disposal

The Board APPROVED the land disposals outlined within the report.

The Board noted the Chair's announcement that he intended to stand down as Chair of DGHP from the end of March 2020. The Board will be advised of the process for filling the vacancy at the next meeting.

SIGNED:

DATE: