

Dumfries & Galloway Housing Partnership
Meeting of Board of Management on Thursday 12 December 2019
immediately after the EGM at Grierson House, Dumfries

Agenda (including confidential items)		
Item	Subject	Who
	Formal Business	
1	Statement of Conflict of Interest	Chair
2	Apologies for absence	Chair
3	Minutes of Board of Management meeting of 27 November 2019	Chair
4	Board Action Tracker & matters arising	Chair
	Items requiring a Board decision (or significant items for noting)	
5	Chief Executive Update	AMcG
6	Wheatley Group Partnership (including Intra-Group agreement)	AMcG
7	M & G and RBS Loan Agreements Item not published as commercially sensitive - Section 33(1)(b) of the Freedom of Information (Scotland) Act 2002	HC
8	Rent Increase Consultation 2019/2020	AMcG
9	Company Membership	EM
10	Door Entry Replacement Programme	JP
	Items for discussion time permitting	
	Reports for information only	
	Date of next meeting – 29 January 2020	

Members must not divulge confidential information outside of the Boardroom or to anyone who does not have a right and need to know that information. Members must never use any information they receive in their capacity as a Board member in such a way as to discredit DGHP.

MINUTES OF BOARD OF MANAGEMENT MEETING HELD ON WEDNESDAY 27 NOVEMBER 2019 IN GRIERSON HOUSE, DUMFRIES

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

In attendance: Alex McGuire (Interim Chief Executive Officer), Andy Ashcroft (Interim Director of Repairs), Jayne Moore (Director of housing Services), Jim Preston (Interim Director of Investment & Regeneration), Hugh Carr (Director of Finance), Eilidh Mowat (Company Secretary), Christopher Watt, (Head of Corporate Business), Steven Henderson (Group Director of Finance), Samantha Bett (Director of Treasury), Andrea Paterson (Indigo House Group), Derek Stewart (Indigo House Group), Kelsey Walker (Savills), Iain McAulay (Pinsent Masons), Kirsty McLean (Pinsent Masons).

1. Statement of conflict of Interest

John Henderson and George Thorley in respect of Item 9, as they are the applicants for the position of Chair of the development committee.

2. Apologies for absence

None

3. Minutes of Board of Management meeting of 22 October 2019

The Board APPROVED the Minutes of the Board of Management meeting of 22 October 2019

4. Board Action Tracker & matters arising

The Board AGREED the actions marked complete to be removed from the tracker. The Board requested that completion dates be added to all actions.

5. Chief Executive Update

The interim Chief Executive gave an update on the current notifiable events, the overwhelming positive response to the ballot and an update on the recruitment of the new Managing Director. The Board discussed the partnership implementation plan which is required to develop the actions flowing out of the partnership. The Board gave thanks to the Director of Housing Services and the whole team involved in the ballot for their excellent work. The Board further discussed the Stock Condition Survey. The Interim CEO reminded the Board that Savills had reported the costs of the Stock Condition Survey over the 30-year Business Plan period at £358m, excluding fees and VAT at 2019 prices. The Board noted that Savills had calculated this figure

using primarily DGHP outturn cost figures based on DGHP as a stand-alone entity (i.e. without any potential benefit from procurement savings as part of the Wheatley Group). The Board was further advised that the equivalent DGHP Business Plan allocation was £406m. This gave headroom of £48m in the Business Plan versus the projected SCS costs.

The Board were advised by the interim CEO that further review of the DGHP Business Plan identified that an error had been made in respect of an erroneous inclusion of VAT from year 11 onwards. Once this error was corrected, the revised DGHP Business Plan resulted in a like for like allowance of £361m (down from £406m) and reducing the headroom against the SCS from £48m to £3m.

The Board noted and agreed that steps had been taken to maintain some headroom in the plan and help facilitate the re-financing of DGHP, the SCS allowances (previously totalling £358m) have now been adjusted to show outturn Wheatley Group costs – reflecting the procurement savings and other synergies that DGHP can deliver as part of the larger Wheatley Group.

The Board discussed the position and noted the interim CEO's confirmation of a September 2020 deadline for the achievement of a 95% SQHS target.

6. Proposed Wheatley Group Partnership Update including full partnership business case

The Board discussed the partnership business plan, agreeing that we should, for the purposes of transparency, call the financial projections the 'business case'. The Board had a lengthy discussion on the proposed refinancing package, discussed the advice in the report on financial due diligence prepared by David Tolson Partnership, discussed interest rates and the level of debt per unit. The Board noted that there were some missing documents and asked for a copy of the Treasury Strategy to be circulated to the Board. The Board discussed the position with WFL1 Ltd, noting that there will be the option for DGHP to join WFL1 in the future, but the Board will have the opportunity to consider that proposal in detail at the time. The Board briefly discussed the options in that regard and the disadvantages of remaining outside the borrowing group, which would mean higher borrowing costs of funds.

The Board **NOTED** progress with the implementation of the partnership with Wheatley Housing Group, including conclusion of the financial due diligence carried out on Wheatley Group; and **APPROVED** the Partnership Business Case that will form the basis of developing the DGHP Business Plan for 2020/21.

7. Partnership refinancing proposal

The Wheatley Group Director of Finance gave a presentation to the Board on the current position with the refinancing of the Dexia loan. The Board received a recap on the funding and an update on the 4 key workstreams: Dexia prepayment, Lender consents, M&G private placement, RBS revolving credit facility (RCF). A large amount of security work has already been completed

and allocation of security complete. The Board did acknowledge that it is a risk that will remain.

The Board discussed the excellent rates of interest offered by the RBS Heads of Terms, noting the coming general election may have some impact on rates, which is a risk but there is a buffer in the Business plan.

The Board **NOTED** the progress of discussions with potential lenders to DGHP and the offers so far received (Appendix 1)

APPROVED the terms of the THFC consent to the partnership with Wheatley Group (Appendix 2);

APPROVED the terms of the draft Dexia consent and prepayment offer (Appendix 3);

APPROVED the Heads of Terms from M&G for a £114m private debt placement (Appendix 4), noting that Wheatley Group will be liable for the related legal fees on this transaction, even in the event that the loan is not drawn; and

APPROVED the change of external auditor from Scott Moncrieff to KPMG, to take place at the point DGHP joins the Wheatley Group

AGREED the draft form of minute and specifically, Item 1-9 listed therein.

8. In-House repairs business case

Andrea Paterson, Indigo House and the interim Director of Repairs gave a report. The presentation outlined the strategic analysis of the current repairs provision informing the business case, the proposed service delivery model including scope of works and integration with other DGHP teams, service commitments to tenants and the new IT system supporting service modernisation and next steps including day 1 considerations.

The Board highlighted the need to ensure that we drive a cultural change in terms of ensuring that we have a customer driven culture that puts customers at the heart of what we do and how it is done. Particularly, for the Morgan Sindall employees. The Board discussed the cultural change required and how that would be managed, noting that the Board will soon have sight of a detailed mobilisation plan. It is likely that there will be a two week initial period of downtime, to allow training and assimilation of staff. There will be a plan with contractors to backfill during that period. The Board agreed that the new service is an evolving process that can be tweaked as it progresses. The key element of the process is the scheduler who in real time can manage the process. DGHP will control the process and the new system will give us the intelligence to make changes where needed. The Board noted that the risk is slightly mitigated as a job line still exists in Orchard, therefore the repairs could be managed without Servitor and simply exist 'as is'.

The Board discussed the internet coverage across Dumfries and Galloway, agreeing that there are shortcomings across the area. The Board agreed that

an officer should engage with South of Scotland Economic Partnership (SOSEP) to influence change and perhaps to access sources of funding for this.

The Board **NOTED** and **DISCUSSED** the Full Business Case for the In-house Repairs Service; **AGREED** the proposed area-based service delivery structure and associated operating arrangements, including a dedicated voids team; **NOTED** the integration and alignment with other DGHP and Wheatley functions inherent to the success of the modernised in-house repairs service; **APPROVED** commencement of the recruitment of the Head of Repairs and the Health & Safety Manager as set out in the proposed service delivery structure; **APPROVED** commencement of the formal TUPE negotiations with Morgan Sindall regarding the transfer of the local workforce on 1st April 2020 to DGHP and to ensure continued performance/continuity of service during the transition period; **AGREED** that staff and other key stakeholders (including tenants and other service users) will be fully engaged and informed as appropriate; **NOTED** that a contractor's day has been arranged by the Wheatley Housing Group for December and that all Board Members are invited to attend (details will follow); **AGREED** commencement of the detailed mobilisation required to prepare fully for the new in-house Repairs Service between now and 1 April 2020; and **NOTED** the cost of implementation support is being met within the Wheatley partnership provision.

John Henderson and George Thorley left the meeting.

9. Appointment of Chair of Development Committee

The Board took a vote by secret ballot. On a majority of 5 votes against 1, John Henderson was **ELECTED** as Chair of the development committee.

John Henderson and George Thorley joined the meeting.

10. Finance Report

The Director of Finance gave a report. The Board discussed the finance report, noting that a detailed paper on the arrears analysis will come to Board in January, which will reconcile the information that members see in the performance report with the finance report. The Board discussed the need to make the finance report more prominent on the Agenda to ensure sufficient time for proper discussion. The Board requested an update on the digital strategy noting a paper will be brought in January.

The Board **NOTED** the deficit for the year to date of £808k; **NOTED** the commentary on the financial performance and projections; **NOTED** the loans balance at the end of March 2019 was £165m, and that net debt was £115.228m at 31 October; and **NOTED** the projected compliance with all existing lenders' covenants for 2019/20.

11. Performance Report to end of October 2019

The Board **DISCUSSED** and **NOTED** the content of the Performance Information Pack.

12. Demolition of garages

The Interim Director of Investment and Regeneration gave a report.

The Board noted that this paper had been brought to Board in terms of our current Asset Disposal Policy, all disposals have to be agreed by Board. The Board noted that work will be undertaken to amend our policy as matters of this nature should not come to Board. The Board asked for reassurance on the condition in which the site will be left, noting that the appropriate steps will be taken to ensure safety. The Board **AGREED** to demolish lock up garage sites at Summerville Avenue and Dunlop Road, Dumfries.

13. Strategic Risk Assessment

It was agreed this item would be considered as part of the risk workshop which would follow the meeting.

14. Draft Minutes of Audit Committee of 18 November 2019

The Board **NOTED** the Draft Minutes of Audit Committee of 18 November 2019.

SIGNED:

DATE:

Item 4
DGHP
BOARD DECISION TRACKER



Ongoing Actions

Date of Meeting	Agenda Item	Board Decision	Actions arising	Target Date for Completion
22.10.19	11	NOTED the scrutiny panel report on complaints and compensation	Programme of work for scrutiny panel to be drawn up and reported to Board	February 2019

Actions/Decisions from November meeting

Date of Meeting	Agenda Item	Board Decision	Actions arising	Target Date for Completion
27.11.19	5	<p>NOTED the Interim Chief Executive's update.</p> <p>NOTED the September 2020 deadline for DGHP stock to reach 95 of SHQS</p>	<p>Circulate the CV of the new Managing Director</p> <p>CEO to report progress on movement to that target at each Board meeting</p>	5 December 2019
27.11.19	6	NOTED progress with the implementation of the partnership with Wheatley Housing Group, including conclusion of the financial due diligence carried out on Wheatley Group; and	<p>Change the name of financial projections to business case</p> <p>Expand narrative in business case to explain the position of the funding coming from WG</p>	By end of December 2019

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		APPROVED the Partnership Business Case that will form the basis of developing the DGHP Business Plan for 2020/21.	Circulate the Items sought by David Tolson partnership, including the Treasury Strategy	By end of December 2019
	8	<p>NOTED and DISCUSS the Full Business Case for the In-house Repairs Service as set out in the attached Indigo House Group report;</p> <p>AGREED the proposed area-based service delivery structure and associated operating arrangements, including a dedicated voids team;</p> <p>NOTED the integration and alignment with other DGHP and Wheatley functions inherent to the success of the modernised in-house repairs service;</p> <p>APPROVED commencement of the recruitment of the Head of Repairs and the Health & Safety Manager as set out in the proposed service delivery structure;</p> <p>APPROVED commencement of the formal TUPE negotiations with Morgan Sindall regarding the transfer of the local workforce on 1st April 2020 to DGHP and to ensure continued performance/continuity of service during the transition period;</p> <p>AGREED that staff and other key stakeholders (including tenants and other service users) will be fully engaged and informed as appropriate;</p>	Engage with South of Scotland Economic Partnership to try to influence and strengthen the access/availability of suitable internet services across the region	ASAP

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		<p>NOTED that a contractor's day has been arranged by the Wheatley Housing Group for December and that all Board Members are invited to attend (details will follow);</p> <p>AGREED commencement of the detailed mobilisation required to prepare fully for the new in-house Repairs Service between now and 1 April 2020; and</p> <p>NOTED the cost of implementation support is being met within the Wheatley partnership provision.</p>		
	9	<p>ELECTED John Henderson as Chair of the development committee.</p>		
	10	<p>NOTED the deficit for the year to date of £808k;</p> <p>NOTED the commentary on the financial performance and projections;</p> <p>NOTED the loans balance at the end of March 2019 was £165m, comprising £110m with Dexia, £40m with THFC and £15m with Allia, and that net debt was £115.228m at 31 October; and</p> <p>NOTED the projected compliance with all existing lenders' covenants for 2019/20.</p>	<p>Paper with update on digital strategy to be brought to Board</p> <p>Paper on rent arrears analysis to be brought to January Board to reconcile information in finance report with that of the performance report</p>	<p>Board Meeting January 2020</p>

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	11	discussed and noted the content of the Performance Information Pack		
	12	AGREED to demolish lock up garage sites at Summerville Avenue and Dunlop Road, Dumfries.		
	13	<p>APPROVED the Strategic Risk Assessment & Heat Map;</p> <p>NOTED the Deep Dive template and the programme of reporting dates;</p> <p>APPROVED the new process and update from the operational risk assessments; and</p> <p>APPROVED the Business Continuity document and note that a full review will be required after the partnership is agreed and repair service move.</p>	RISK REGISTER: add an action to reflect that management training should take place in respect of the culture change required to mitigate risk of cultural change not happening	Risk register to be updated by next Audit committee in February
	14	NOTED the Draft Minutes of Audit Committee of 18 November 2019		

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	REPORT TO BOARD OF MANAGEMENT 12 DECEMBER 2019	ITEM NO 5
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TITLE	CHIEF EXECUTIVE UPDATE		
DATE	5 DECEMBER 2019		
AUTHOR	INTERIM CEO		
FOR	NOTING √	DISCUSSION √	DECISION
PURPOSE OF THE REPORT			
The purpose of the report is to update the Board on key activities and events since the last Board meeting. The report includes cross references to other agenda items as appropriate			
RECOMMENDATIONS			
12.1. NOTE the Interim Chief Executive's update.			
IMPLICATIONS			
FINANCIAL AND STAFFING	Where relevant, financial and staffing implications are picked up in related reports included elsewhere in the agenda.		
LEGAL/REGULATORY	Assists Board understanding of key business issues in accordance with SHR Regulatory Framework. Specifically, Board members attention is drawn to the Engagement Plan from the Scottish Housing Regulator.		
RISK ASSESSMENT/KEY RISKS	Highlights key risks as appropriate		

CONSULTATION REQUIRED OR PLANNED	None
IMPLICATIONS FOR SERVICE USERS	Nothing specific as this is a general update.
PRIMARY STRATEGIC OBJECTIVE	All
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010.

Background

- 1 The update is structured thematically to give the Board oversight of key issues since the last Update Report.

Governance, Regulation & Legal

- 2 Regular meetings, telephone discussions and email exchanges have taken place with SHR specifically regarding recent regulatory matters, Governance Review recommendations and the process to identify a potential constitutional group partner following the Review of DGHP's Strategic Purpose and Direction. The most recent update meeting was 4 December where SHR was brought up to date with progress in joining Wheatley Group and the associated EGM and re-financing arrangements and timeline.
- 3 There have been no further Notifiable Events submitted to SHR since the last Board meeting on 27 November 2019.
- 4 The progress with concluding the Partnership with Wheatley Housing Group and the associated re-finance and funding arrangements are reported separately under items 6 and 7 respectively on the agenda. Once we are part of the Group, an issue that we will need to consider is the remuneration of Board members. This was included and discussed in detail as part of our Governance Review during February/March 2019. It is proposed that a full report and policy position will be brought to the DGHP Board in early 2020 for consideration and approval within the overall context of the Group arrangements.

Freedom of Information

- 5 As Board members will be aware, Freedom of Information legislation became applicable to Registered Social Landlords in Scotland from 11 November 2019. (FOISA)
- 6 Since the implementation date of 11 November, DGHP (at the time of writing this report) has had two formal requests, as reported to the Board on 27 November 2019. No further FOISA enquiries have been received since then.

Strategic Environment

- 7 The Interim CEO continues to meet with Jamie Little, Head of Housing Strategy at Dumfries and Galloway Council, on a monthly basis to maintain a strategic dialogue and communications as we pursue our future Strategic Vision agreed by the Board.
- 8 The interim CEO continues to engage with elected members, including MSPs and Councillors to ensure communication is maintained through this important period for DGHP as we implement our Governance Review and Strategic Partnership arrangements, including the tenant ballot on our proposed Wheatley Partnership. So far, this engagement has been supportive and encouraging in terms of what DGHP wishes to achieve both in terms of strengthening our Governance and our new strategic direction linked to the Wheatley Group partnership proposal.

People incl. H&S

- 9 As reported at the last Board meeting, the process to identify and recruit a replacement for the Interim CEO has now concluded. Mr Matt Foreman has been offered and has accepted the post of DGHP Managing Director. Matt will formally commence his new role on Monday 24 February 2020 and will attend the EGM and Board meeting on 12 December 2019 to introduce himself to the Board.
- 10 Following a handover week, the current Interim CEO will depart on Friday 28 February 2020.
- 11 As agreed by the Board on 27 November, as part of the Repairs Service Business Case Approval, the process to identify and recruit a new Head of Repairs Service has commenced with a closing date for applications of 20 December 2019.

Recommendations

- 12 The Board is invited to:

12.1 NOTE the Interim Chief Executive's update.
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	REPORT TO BOARD OF MANAGEMENT 12 DECEMBER 2019	ITEM NO 6
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TITLE	PROPOSED WHEATLEY GROUP PARTNERSHIP UPDATE INCLUDING BUSINESS CASE APPROVAL		
DATE	5 DECEMBER 2019		
AUTHOR	INTERIM CEO		
FOR	NOTING ✓	DISCUSSION ✓	DECISION ✓

PURPOSE OF THE REPORT

NB This report has been predicated on the DGHP members voting to approve the changes to our Articles of Association at the EGM on 12 December, that will allow DGHP to join the Wheatley Group. If this does not happen this report will be withdrawn from the agenda. The purpose of the report is to update the Board on progress with creating a constitutional partnership with Wheatley Housing Group, as approved by the Board at its meeting on 26 June 2019 and to approve signing of the Intra-Group Agreement that underpins the partnership arrangement.

RECOMMENDATIONS

- 22.1. **NOTE** progress with the conclusion of the Partnership with Wheatley Housing Group, including the legal conclusion of the partnership arrangements agreed by DGHP members at the EGM arranged for 12 December; and
- 22.2 **APPROVE** the signing, by the Chair, of the Intra-Group Agreement between DGHP and Wheatley Group.

IMPLICATIONS	
FINANCIAL AND STAFFING	Financial and staffing implications will be picked up as part of implementing the detailed Group partnership arrangements and is reflected in the Partnership Business Case approved by the Board on 27 November 2019.
LEGAL/ REGULATORY	<p>SHR has made it clear that it expects DGHP to be in full compliance with the new Regulatory Standards as quickly as possible and certainly when it issues its first Regulatory Judgements in April 2020. Joining an existing well-resourced and high performing Group will assist in achieving this</p> <p>The constitutional Group arrangements have been overwhelmingly supported through a full ballot of DGHP tenants and will go forward for approval by our membership at the EGM immediately preceding this Board meeting on 12 December 2019. Our funders have also formally approved the proposed changes, subject to the members support at the EGM.</p>
RISK ASSESSMENT/ KEY RISKS	Indigo House report and presentation to the Board on 1 May 2019 covered the key risks. However, there is still a high risk of Statutory Intervention by SHR, resulting in default with our lenders, if DGHP does not take decisive action to address the issues identified in the Indigo House report, Governance Review and the SHR Engagement Plan of July 2019.
CONSULTATION REQUIRED OR PLANNED	<p>In undertaking the Strategic Review, we carried out extensive consultation with the Board, staff, customers, funders and key external stakeholders such as SHR, Dumfries and Galloway Council and Scottish Government officials.</p> <p>Jointly led by the Interim CEO, Wheatley Group CEO and Wheatley Group Director of Housing and Care, a number of information sharing sessions have taken place with staff groups, senior managers, District Management Committees and the repairs contractors operatives to introduce the Wheatley Group and the partnership proposal. The response has been extremely positive from customers and staff.</p>

	<p>Comprehensive consultation and engagement, including formal 'part 1' and 'part 2' consultation in accordance with SHR Guidance, has been a key aspect with customers, tenants and residents' groups in advance of the full tenant ballot that concluded with overwhelming tenant support on 18 November</p> <p>Consultation with staff, elected members and all stakeholders has been maintained as we seek to implement the proposed Group partnership arrangement</p>
IMPLICATIONS FOR SERVICE USERS	Pursuing the Group Partnership will deliver substantial improvements in services, customer experience, development, investment and repairs as well as provide better opportunities for engagement for all service users
PRIMARY STRATEGIC OBJECTIVE	All
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010

Background

- 1 After consideration of the Independent Review of DGHP's Strategic Purpose and Direction, the Board agreed on 1 May 2019, to pursue the recommended option to join or create a Group structure. Subsequently, at its meeting on 26 June 2019, after consideration of the proposals received, the Board agreed to the selection of the Wheatley Group as the preferred partner.
- 2 On 22 October 2019, the Board approved the changes to DGHP's Articles of Association that will allow us to enter into a constitutional Group arrangement with Wheatley Housing Group, subject to the membership supporting this at an EGM on 12 December 2019.
- 3 At its meeting on 27 November 2019, the Board approved the Partnership Business Case that supports the proposals that were overwhelmingly approved through our recent ballot of tenants. (95.5% support based on a 75.3% turnout). This will now inform preparation of the DGHP Business Plan that will come to the Board for approval in early 2020.

Partnership Business Case

- 4 The partnership board consisting of senior officers from both DGHP and Wheatley that was established to create, implement and monitor a project plan that will deliver the partnership and put in place the arrangements to make this a lasting success for both organisations has continued to meet and drive and monitor progress. The project board is led by Alex McGuire for DGHP and Elaine Melrose, Executive Director of Resources for Wheatley Group. The various workstreams required to deliver the partnership, including Repairs and Tenant Consultation/Ballot, report directly into the project board. The overall project plan remains very much on track.
- 5 Now that the formal partnership has been constituted, the role of the project board will turn to overseeing the implementation of the partnership arrangements and delivery of the outcomes contained within the agreed Business Case and the commitments made to our tenants through the consultation and ballot process.
- 6 In order to give the Board reassurance that we are fulfilling our commitments to tenants, staff and stakeholders, progress with implementing the partnership arrangements will continue to be a standing item on the DGHP Board agenda for the foreseeable future.
- 7 A separate Board report on the detailed funding and loan arrangements as well as the associated legal documentation will be provided under item 7 on the agenda.

Intra-Group Agreement and Articles of Association

- 8 The arrangements governing our membership of the Group are contained in the Intra-Group Agreement and this is reflected in the required changes to our Articles of Association to facilitate our Group membership. These were agreed by the Board at its meeting on 22 October 2019 and have now been issued to all of DGHP's members for consideration and approval at an Extraordinary General Meeting (EGM) to take place on 12 December 2019, at Easterbrook Hall, The Crichton, Dumfries. The changes to our Articles require to be approved by the DGHP membership at the EGM with support required from a minimum of 75% of those who vote (including those using a proxy vote). The Board meeting to consider this report will immediately follow the EGM at which point we will know the outcome of the membership vote.
- 9 At a meeting on 22 November 2019, Wheatley Group Board approved a resolution that, subject to a positive vote by DGHP membership at the EGM on 12 December, it will take up its parent shareholding in DGHP immediately following the EGM. This effectively brings DGHP into the Wheatley Group with the only remaining action being to register this arrangement with Companies House. This will also be done on 12 December, again subject to obtaining the requisite result at the EGM vote.
- 10 SHR has been kept fully informed of progress throughout the process in creating the Partnership and is satisfied with the approach adopted and the milestones achieved to date.
- 11 We have also obtained consent to the changes to our Articles that allow us to join the Group structure from both THFC and Dexia. Wheatley has also received the required consents for DGHP to join the Group from its main funders.

Tenant Consultation and Ballot

- 12 As Board members are aware, DGHP tenants have overwhelmingly supported the partnership proposal as reflected in the result of the recent ballot independently conducted by Electoral Reform Services that showed 95.5% of our tenants in favour based on an impressive turnout of 75.3% of all of those entitled to vote.
- 13 TPAS performed the role of independent advisors to our tenants throughout the consultation and ballot process. They have prepared a detailed report on their role and interaction with tenants throughout the process which they have now shared with SHR. SHR feedback on the report and process has been very positive. This report was appended to the update report to Board at the 27 November meeting.
- 14 The consultation and implementation plan provided to the Board at the meeting on 21 August has now been completed and is summarised below:
 - 5 to 9 August 2019 – Open Door newsletter delivered directly to tenants' homes - completed

- 12 to 31 August 2019 pre-consultation door to door discussions with tenants by DGHP staff – completed 24 August
- 2 to 30 September 2019 – ‘First notice’ formal consultation period (28 days) with document issued to all tenants containing partnership proposal/outline business case – completed
- 11 October 2019 - ‘second notice’ formal consultation period begins - completed
- 14 to 19 October 2019 – DGHP staff follow up with door to door consultation to provide any further information, answer queries or concerns, make referrals to TPAS where required and gauge support for proposals - completed
- 14 October 2019 - tenant ballot papers issued - completed
- 18 October 2019 – formal ballot period commences (28 days) and will be overseen by the Electoral Reform Society, Scotland - completed
- 18 November 2019 - ballot period concludes, and result issued 19 November 2019 - completed
- 20 November 2019 - notice and papers issued to DGHP members for Extraordinary General Meeting to vote on rule changes that allow joining Group structure - completed
- 12 December 2019 – members vote on rule change at EGM. -completed

Staff Engagement

- 15 In developing the Group Partnership, it is recognised that it will be important to engage with staff and obtain their buy-in and support if the Partnership is to be a success. Our DGHP staff and our contractors’ trades operatives, have been key voices and influencers in persuading our tenants to support the partnership proposals.
- 16 A series of further staff engagement sessions have been facilitated on co-creation of an operating model that will enable delivery of the commitments and opportunities presented through the Partnership Proposals and Business Case for tenants, communities, stakeholders and staff. These sessions were led by DGHP’s Head of HR, Michael Shrimpton, and supported by colleagues and expert consultants in organisational change from Wheatley Group. The outcome of these engagements and the resulting operating model and structures will be presented to the Board for approval in due course.
- 17 DGHP recognises Trade Unions and on-going consultation with the respective representatives has also been positive and will be maintained.
- 18 As well as our current DGHP staff, engagement has been carried out with the staff and trades operatives currently working our repairs (Morgan Sindall) and heating (Saltire) contractors who could potentially transfer to DGHP. Again, feedback has been very positive from those involved.

Wider Stakeholder engagement

- 19 As would be expected, we have been keeping SHR fully up to date and informed on progress with the Group Partnership. As well as our regular update meetings, we have also provided the consultation/engagement plan for its perusal and have also shared the formal consultation notices and supporting documentation for the part 1 and part 2 tenant consultation, the tenant ballot paper and the outline Partnership Business Case, in accordance with the published Guidance Note of February 2019. Following Board approval last month, the Partnership Business Case has also been provided to SHR for information (it no longer requires approving these). SHR will also be informed of the EGM outcome immediately following the meeting and will be provided with a copy of our registration amendment to Companies House.
- 20 The Interim CEO and Directors continue to engage positively with elected MSPs and Councillors to keep them informed, particularly at key stages of the tenant consultation process to deliver the Partnership arrangement. Again, feedback has been generally positive, particularly around the level of information we have been providing to them.
- 21 Discussion and regular contact has also been maintained with Council officers and Scottish Government civil servants to keep them informed and advised of key decisions and progress. In particular, Wheatley senior Directors are now helping us by directly engaging with the Council and Government on the DGHP development programme, to help give them assurance and rebuild our credibility around resources and capacity to deliver a programme going forward.

Recommendations

- 22 The Board is invited to:

22.1. NOTE progress with the conclusion of the Partnership with Wheatley Housing Group, including the legal conclusion of the partnership arrangements agreed by DGHP members at the EGM arranged for 12 December; and

22.2 APPROVE the signing, by the Chair, of the Intra-Group Agreement between DGHP and Wheatley Group.

	REPORT TO BOARD OF MANAGEMENT 12 DECEMBER 2019	ITEM NO 8
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TITLE	RENT INCREASE CONSULTATION 2019/20		
DATE	3 DECEMBER 2019		
AUTHOR	JAYNE MOORE		
FOR (PLEASE TICK ACTION REQUIRED)	NOTING	DISCUSSION	DECISION ✓

PURPOSE OF THE REPORT

The purpose of the report is to invite Members to agree the proposed rent increase for 2020/21 for consultation with our tenants.

RECOMMENDATION

- 11.1. **AGREE** to consult with tenants on the proposal to increase the rents by 2% in 2020/21 as has been set out in the partnership consultation and ballot information provided to tenants; and
- 11.2. **AGREE** to receive feedback from the consultation at its meeting in February 2020.

IMPLICATIONS

FINANCIAL AND STAFFING	The Partnership Business Case is based on the 2% increase and this will also be included in the Business Plan for 2020/21
LEGAL/REGULATORY	It is a regulatory requirement to consult with tenants on the rent increase
RISK ASSESSMENT/KEY RISKS	Given the level of consultation already undertaken on the partnership with Wheatley Group, it is unlikely that the proposal would be opposed
CONSULTATION REQUIRED OR PLANNED	Yes – mailing to all tenants but supplementary face to face contacts etc.

IMPLICATIONS FOR SERVICE USERS	Possibly further strain on household budgets – consultation document will highlight the assistance that could be offered along with some case studies of how the Welfare Benefit officers have assisted tenants.
PRIMARY STRATEGIC OBJECTIVE	SO5: to strive in all areas of management to be a cost effective and well managed organisation achieving high standards of governance and financial management
EQUALITY & DIVERSITY	The consultation document will be translated for the Syrian families and others with language needs.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	No

Introduction

1. Historically at its December meeting, the Board has considered its options for the following year's rent increase in advance of consultation with tenants.
2. This year is somewhat different. We have already consulted widely with tenants in respect of our proposed partnership with Wheatley Group and rent levels were front and central in those formal discussions and documentation that supported the ballot process and resulting overwhelming support from tenants.
3. Specific and direct feedback from tenants suggested that the offer to cap rent increases at 2% contributed significantly to the overwhelming support for the partnership with Wheatley. This compares to increases of CPI+1.75% for transfer stock and CPI+1.0% for new build, assumed in the 2019 DGHP Business Plan. In September 2019 CPI was 1.7%.

Proposal & Consultation

4. Although much consultation has taken place in respect of the wider partnership, there remains a regulatory requirement that we specifically consult tenants on any proposed rent increases.

5. This will give us an early opportunity to reinforce the tangible benefits from the Group partnership and also quickly demonstrate that the promises that were made during the consultation and ballot process are indeed being implemented.
6. The table below summarises current and proposed rents, and demonstrates the saving delivered by the partnership. Annual savings compared to the planned 'DGHP only' increase are approximately £60 for transfer stock tenants and £34 for new build tenants:

Rent £ pw	2019/20	2% Increase	CPI +1.75%	CPI +1.0%
Transfer house	81.19	82.81	83.99	
Transfer Flat	77.19	78.74	79.86	
New Build House	94.14	96.02		96.68
New Build Flat	87.39	89.14		89.75

7. The consultation document itself will include: -
- The background to the proposed 2% increase;
 - Implementing what was promised on time;
 - A breakdown of what that means for the different property types and sizes;
 - A comparison of what it would have been without the partnership & how that compares with other D&G RSLs;
 - How the company can support tenants to have benefit checks and budgeting assistance including case studies;
8. A separate consultation will also take place with the Federation of Tenants' and Residents' Association.
9. Feedback will be encouraged by providing a return consultation card. Front line staff will also be asked to have conversations with tenants about the rent proposals along with some texting/phone calls & social media interaction.

Timescales

10. The consultation document will be prepared for issue during week beginning 6 January 2020. Feedback will be presented to the Board at its meeting on 26 February 2020, in advance of then issuing the formal notification of the rent increase to commence on 6 April 2020.

Recommendations

11. The Board is invited to:

- 11.1. **AGREE** to consult with tenants on the proposal to increase the rents by 2% in 2020/21 as has been set out in the partnership consultation and ballot information provided to tenants; and
- 11.2. **AGREE** to receive feedback from the consultation at its meeting in February 2020.

	REPORT TO BOARD OF MANAGEMENT 12 DECEMBER 2019	ITEM NO 9
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TITLE	APPLICATIONS FOR COMPANY MEMBERSHIP		
DATE	12 NOVEMBER 2019		
AUTHOR	EILIDH MOWAT		
	TEL. NO: 01387 242544		
FOR (PLEASE TICK ACTION REQUIRED)	NOTING	DISCUSSION	DECISION ✓

PURPOSE OF THE REPORT

To invite Members to consider applications for Company Membership.

RECOMMENDATION

5.1 CONSIDER for approval the applications for Company Membership at Appendix 1.

IMPLICATIONS

FINANCIAL AND STAFFING	Not Applicable
LEGAL/REGULATORY	To comply with the company's membership policy and Memorandum and Articles of Association
RISK ASSESSMENT/KEY RISKS	Ensures that the criteria for assessing membership applications are followed and demonstrates high standards of governance.
CONSULTATION REQUIRED OR PLANNED	Not Applicable
IMPLICATIONS FOR SERVICE USERS	Not Applicable

PRIMARY STRATEGIC OBJECTIVE	SO5: - To strive in all areas of management to be a cost effective and well-managed organisation, achieving high standards of governance and financial management
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	Not Applicable

Introduction

1. This report invites Members to consider applications for Company Membership.

Background

2. The Membership Policy sets out the circumstances in which applicants will be admitted to membership of DGHP. The policy states that refusal of membership should be exceptional and although there are certain circumstances in which membership would not be permitted (i.e. section 7.5), it is anticipated that the majority of those who apply will be accepted as members.
3. It was previously agreed to anonymise those applicants not approved for membership and only report the number per area and quote the reason for refusal as "per policy".
4. The individuals recommended for approval are set out at Appendix 1.

Recommendations

5. The Board of Management is invited to:

5.1 CONSIDER for approval the applications for Company Membership at Appendix 1.

Authors: Eilidh Mowat
Company Secretary

Date: 12 November 2019

APPLICATIONS FOR TENANT MEMBERSHIP

MID GALLOWAY

Name	Address	Membership Recommended	Source of application	Date of application
		Yes	SIV Application	13/3/19

STEWARTRY

Name	Address	Membership Recommended	Source of application	Date of application
		Yes	SIV Application	25/3/19
		Yes	SIV Application	25/3/19
		Yes	SIV Application	28/3/19
		Yes	SIV Application	19/3/19

INDEPENDENT APPLICANTS

Name	Address	Membership Recommended	Source of Application	Date of Application
		Yes	New Applicant	10/10/19

DEFERRED APPLICATIONS

Name	Address	Membership Recommended	Source of Application	Date of Application
		Yes	SIV Application	31/10/18
		Yes	SIV Application	5/11/18

	REPORT TO BOARD OF MANAGEMENT 12 DECEMBER 2019	ITEM NO 10
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TITLE	DOOR ENTRY REPLACEMENT PROGRAMME (WIRELESS)		
DATE	3 DECEMBER 2019		
AUTHOR	JANE URQUHART/JIM PRESTON		
FOR (PLEASE TICK ACTION REQUIRED)	NOTING	DISCUSSION	DECISION
			√

PURPOSE OF THE REPORT

The purpose of the report is to seek approval to enter into an agreement with Martec Engineering Limited via the Scottish Procurement Alliance framework, for a Wireless Communal Door Entry System programme

RECOMMENDATION

11.1 **AGREE** to enter into a one-year framework agreement with Martec Limited via the Scottish Procurement Alliance within the budget allowance of £500,000 with an option to extend the contract for a further two years.

IMPLICATIONS

FINANCIAL AND STAFFING	The contract sum is expected to be under £500,000, which is within the budget figure for 2019/20
LEGAL/REGULATORY	Scottish Housing Quality Standards
RISK ASSESSMENT/KEY RISKS	Failure to meet the Scottish Housing Quality Standards Annex E: Healthy, Safe and Secure
CONSULTATION REQUIRED OR PLANNED	A pilot project and tenant consultation has already taken place October 2019
IMPLICATIONS FOR SERVICE USERS	Improved home security and DGHP control of entrance access re-programming of access saving time, money and improved customer service.

PRIMARY STRATEGIC OBJECTIVE	<p>SO2: To improve the quality and sustainability of our housing stock, communities and the environment in a cost-effective way, for the benefit of our customers;</p> <p>SO5: To strive in all areas of management to be a cost effective and well managed organisation, achieving the highest standards of governance and financial management; and</p> <p>SO6: To develop the capacity of our organisation and our people, to achieve continuous improvement in efficiency and in the end results experienced by customers and service users.</p>
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	NOT APPLICABLE

Introduction

1. To meet the Scottish Housing Quality Standards (SHQS), DGHP is required to have secure common external front door entry systems on its blocks of flats. The recent Stock Condition Survey has identified 152 blocks with no Door Entry. Work is ongoing to identify and consult with owners where they are in occupation.

Background

2. Following a previous Door Entry System programme which ended in February 2019, DGHP staff have reviewed new technologies available for Door Entry Systems. One of the problems apparent during the previous project was non-access to install handsets to some of the flats in a block which held up the commissioning of the system to the block as a whole. Wiring within the common areas also involved disturbance to finishes or surface mounted conduit for wiring. Wireless systems are now available whereby the occupiers are contacted via telephone – either their landline or mobile phone - thus eliminating the need for handsets and also removing the need for wiring in the common areas.

Installation time per block is therefore reduced. Electronic programming of fobs and phone access can be carried out remotely cutting down on staff time both at installation and change of tenancy.

3. A pilot project using the new wireless technology was installed to four blocks in Dumfries, Langholm, Castle Douglas and Stranraer between 30 September and 23 October 2019. Overall this was very positive aside from some minor problems which were quickly ironed out. Please see Appendix A to this report.
4. The pilot project undertaken in September/October 2019 was facilitated via the DGHP-Waiver process of formal procurement up to the value of £25k for this pilot project.
5. The expected benefits from the pilot project provided clear evidence that the system works and is an improved customer service and more efficient, effective control and operation of communal door entry to our property blocks across Dumfries and Galloway.
6. The main project has a procurement value of £500k for a one-year time period commencing January 2020. DGHP intends to use the Scottish Procurement Alliance (SPA) Framework to award the main project contract. Following discussions and submission of project details and scope to SPA they have identified Martec Engineering as the recommended framework provider. Additionally, Martec have evidenced that the wireless door entry product is a familiar system and they have experience of such installs and operations of the system.
7. The SPA framework provides the benefit of direct award of the main contract from the framework. Martec Engineering provided price, quality data and satisfied SPA procurement requirements. SPA monitor contract award and contract progress in terms of the price, quality and wider benefits offered via the framework contract.
8. Martec Engineering is a Glasgow based company and founded in 1985. Typically, their contract financial range of contracts is from £100k to £3m and the company has long established trading relationships with many of the U.K.'s major main contractors and local authorities. All sectors of the construction industry are serviced from their head office and manufacturing facility in Glasgow
9. The appointment of Martec Engineering Limited will be subject to a financial Due Diligence check prior to entering into a formal contract.
10. The appointment of Martech Engineering Limited will also be subject to DGHP being satisfied that all privacy and data protection implications are fully considered, and a Data Protection Impact Assessment will be carried out accordingly.

Recommendations

11. The Board is invited to:

11.1 AGREE to enter into a one-year framework agreement with Martec Limited via the Scottish Procurement Alliance within the budget allowance of £500,000 with an option to extend the contract for a further two years.