

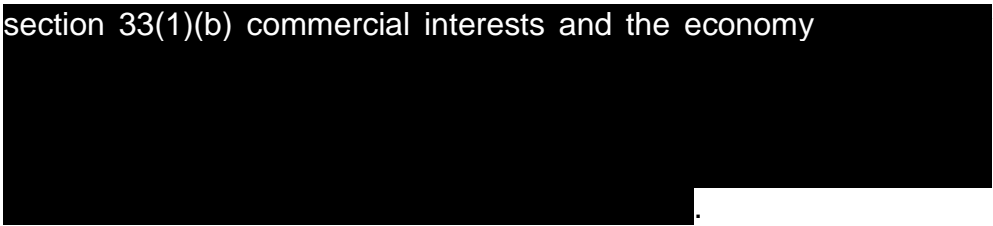



CONFIDENTIAL

	<p align="center">Minutes of Berwickshire Housing Association Limited Board of Directors Tuesday, 23 January 2024, at 17:30 Hybrid meeting – in person and via video conference</p>	
PRESENT	IN ATTENDANCE	
<p>In person Jim McDevitt (Chair) Hugh Carr John Campbell (<i>joined at 17.45</i>)</p>	<p>In person Michelle Meldrum (MM), Chief Executive (CE) Dan Blake (DB), Executive Director – Customer Experience (EDCE) Richard Hukin (RH), Executive Director – Business Support (EDBS) Evie Copland (EC), Customer Experience Lead</p>	
<p>Via Teams Jordan Manning Claire McMillan (<i>left at 18.35</i>) John Urwin Anneka Gill Karen Featherstone Viv Cockburn Carolyn Wood Paul Matthews</p>	<p>Via Teams Joanna Voisey (JV) Head of Assets and Sustainability (HOAS) Nikki Allman, Executive Assistant (Minute Taker)</p>	
PARA		ACTION
	1. Apologies for Absence	Noting
1	Brian Devlin and Elspeth Robertson	
	2. Declarations of Interest	Noting
2	John Campbell declared his interest in BHA Enterprise.	
	3. Minutes of meetings held on the 28th November 2023 and Matters Arising	Approval
3	Proposed by Viv Cockburn and seconded by John Urwin the Board approved the minutes of the meeting of the 28 th November 2023 as a true record of the meeting.	
	4. Strategic Partnership Update	Noting
4	<p>The CE provided an update to the Board on the Strategic Partnership activity on the exploration of a joint business case between BHA and section 33(1)(b) commercial interests and the economy. The findings and recommendations from the Savills stock condition validation report along with the indefinite shift in market conditions means the partnership is not viable and the Board’s red lines are breached. section 33(1)(b) commercial interests and the economy</p>	

CONFIDENTIAL

		
	<i>John Campbell joined the meeting at 17.45</i>	
5	The Board acknowledged that further analysis and data is required from the final Savills report along with assessing the new Net Zero Standards for Social Housing, to be able to confirm any next steps in the strategic options work. In conclusion the Board fully agreed the Savills report to be highly valuable for BHA being better informed on the current position and market conditions. [1]	CE
6	RESOLVED that the Board: <ul style="list-style-type: none"> a) The Board noted the Strategic Partnership Update and agreed to discuss at the next Board Strategy Away Day, to be scheduled for April. [2] b) The Board expressed their extensive thanks to the Executive Team, Viv Cockburn and the HOAS for their work involved in the Strategic Options activity. 	CE
5. 2024/2025 Budget and Financials		
7	The EDBS presented an overview of the key changes to some assumptions from the current plan which was presented in November 2023. With budget planning continuing to be challenging following key influences including external economic challenges, despite inflation decreasing it remains difficult to forecast, and the outcome of the Savills stock condition survey.	
8	<p>The EDBS reported on the financial assumptions being set at the consulted 6% rent increase, along with Reactive Maintenance costs being held at 2024/25, the Planned & Cyclical Maintenance costs increasing to section 33(1)(b) commercial interests and the economy reflecting current forecast spend, and the change made to reflect business plan assumptions to use CPI as opposed to RPI.</p> <p>section 33(1)(b) commercial interests and the economy</p> <p></p> <p>The EDBS advised the revised plan will see the investment over the first five years adjusted as per Savills revised rates. section 33(1)(b) commercial interests and the economy</p> <p></p> <p>In addition, the EDBS confirmed there is currently no provision for any investment in garage/lock up and non-traditional or other assets.</p>	

CONFIDENTIAL

	The Board were further advised that SONIA rates for lending are revised to 4.5% as opposed to 2.5%, subsequently increasing the cost of borrowing and removal of the Net Zero Grant is now correctly in line with the accounting policy under capital grants.	
9	Providing an overview of the negative impact to the ICR covenant, the EDBS advised that the five-year asset replacement plan will therefore be aligned with Savills SOR and local knowledge rather than life cycle and there will be a reduction in the Net Zero spend until further guidance is issued and grants are made available to ensure the covenants are met.	
10	The Board sought assurance on ongoing discussions with the associations treasury advisors which will start to begin in the coming weeks and any updates to be reported to the Board. [3]	EDBS
11	The Board discussed their concerns on the best and worst case scenarios including a review of any discretionary spend and gift-aid from the windfarm being stress tested in preparation for the full budget being presented to the Board in March. [4]	EDBS
6. Rent Consultation Results & Proposal		Approval
12	The EDCE presented the report on the rent increase proposal for the next financial year 2024/25 following approval from the Risk and Assurance Committee and the customer consultation (from 30 th October to 20 th November) on a 6% increase, effective across all rents and service charges from 1 st April 2024.	
	<i>Claire McMillan left the meeting at 18.35</i>	
13	<p>Key discussions took place on the comparability of BHA rents to other housing providers within the Borders region. It was noted that BHA's rent compare favourably from a customer affordability perspective. The Board fully understood the ongoing cost of living impact to customers but given the recent Savills report and challenges currently being faced on the investment gaps and breach of covenants within the financial analysis, the level of percentage rent increase will need to be stringently reviewed for 2025/26 along with a review of the methodology for future rent consultations.</p> <p>The Board discussed the 2024/25 rent increase customer consultation process and agreed at this point in time that no further consultation should take place, given the reputational impact this could have to the association.</p> <p>The Board agreed customer profiling data, affordability assessment and stress testing should be reviewed fully by the Board at the Strategy Session scheduled for November 2024 or at the November Board meeting to ensure more robust rent setting discussions and that all obligations to manage the viability of the association are undertaken and the decision process is overseen fully by the Board.</p>	
14	Following a question from the Board, the EDCE advised there was no direct question to customers within the rent consultation survey on	

CONFIDENTIAL

	value for money within their rent. However, it is captured within the ARC perspective surveys and it had been asked in previous years consultations and therefore should be re-considered to be included in the 2025/26 consultation.	
15	RESOLVED that the Board: a) Approved the rent increase of 6% across all rents and service charges from 1 st April 2024. [5]	EDCE
	7. Governance Calendar	Approval
16	The Board were presented with the draft Governance Calendar for 2024/25	
17	RESOLVED that the Board: a) Approved the Governance Calendar 2024/25 [6]	EXA
	8. Written Resolution – Kitchen & Bathroom Tender	Homologation
18	<p>The Chair provided feedback on the recent Kitchen & Bathroom tender distribution short response time for Board Members given the implications on the cost increase within the 2024/25 budget and reduced number of kitchens and bathrooms being replaced being reduced from 94 to 56.</p> <p>Both the EDCE & HOAS duly acknowledged the feedback and advised the Board on the implications of the tender not being approved, putting BHA significantly behind on the programme. However, in future there will be a more planned approach, detailing any differences in cost projections to such programmes being presented in full at Board meetings.</p> <p>The HOAS advised customers had received communication regarding the programme advising this was subject to the outcome of the tender process. Customers that have been affected to the reduction in the programme will be further communicated with and those properties that had been hoped to have completed this year will be moved into the early part of 2024/25.</p>	
19	RESOLVED that the Board: a) Homologated the Written Resolution for the Kitchen & Bathroom tender.	
	9. Any other Competent Business	
20	None	
	Date of next meeting 13th February at 17:30	
The meeting closed at 19:10		
<p>Signed: (Chair) Date:</p>		

CONFIDENTIAL

BHA BOARD ACTION LOG

Item	DETAILS	RESPONSIBILITY	TARGET COMPLETION	STATUS
23/05/23-07	Item 18 – Policies for review: Internal audit review of financial regulations would be considered for the programme next year to ensure key aspects of the regulations are included.	EDBS	Apr-24	In progress
19/09/23-04	Item 5 – BHA Board Succession Plan and Skills Report: Data within the skills report to be anonymised in future.	EDBS	Aug-24	In Progress
28/11/23-02	Item 4 – Options Appraisal – Applin Cross, Coldingham : Provide further report with detailed costings and market analysis for all options	HOAS	Feb-2024	In Progress
28/11/23-04	Item 6 – Chief Executives Report: Pursue BTO to gain some progress on current situation with Adston.	EDBS	Jan-24	In Progress - BTO continue to chase Womble Bond Dickinson for a response to email back in December which outlined costs for Bryan Laird as had been requested. We await further instructions
28/11/23-07	Item 8 – Repairs & Asset Report: Circulate written resolution to the Board for the approval of the Kitchen & Bathroom tender.	HOAS	Dec-23	In progress
24/01/24-01	Item 4 – Strategic Partnership Update : Upon completion circulate final Savills report to Board Members	CE	ASAP	In progress
24/01/24-02	Item 4 – Strategic Partnership Update : Arrange Board Strategy Day for 19 th April and include attendance from Savills and DTP.	CE	ASAP	In progress
24/01/24-03	Item 5 – 2024/25 Budgets & Financials: Provide updates from Treasury Advisor discussions to Board.	EDBS	Ongoing	In progress
24/01/24-04	Item 5 – 2024/25 Budgets & Financials : Carry out requested stress testing for presentation of Budget in March	EDBS	26/03/24	In progress
24/01/24-05	Item 6 – Rent Consultation Results & Proposal : Instruct 6% rent increase across all rents and service charges, effective from 1 st April 2024.	EDCE	01/04/24	In progress
24/01/24-06	Item 7 – Governance Calendar : Circulate diary invitations for all Board and Committee Meetings for 2024/25	EXA	ASAP	Complete

CONFIDENTIAL

Item	DETAILS	RESPONSIBILITY	TARGET COMPLETION	STATUS
[Red]	Action completion overdue			
[Yellow]	Action ongoing and date not due			
[Green]	Action complete			