

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN
EILEIN SGITHEANAICH LTD
LOCHALSH AND SKYE HOUSING ASSOCIATION

**MINUTES of MEETING of BOARD OF MANAGEMENT held on
Monday, 27th March 2023 at 2.00 pm by Zoom/in person**

PRESENT:

In person	Mrs Audrey Sinclair	(Chairperson)
	Mr Ian Young	(Vice-Chairperson)
	Mr Iain Lewis	(Elected Member)
	Mr David Clapham	(Elected Member)
	Mr Donald Fergusson	(Elected Member)
By Zoom:	Mr Gareth Morgan	(Elected Member)
	Mr Robin Nairn	(Elected Member)
	Mr Rory Brown	(Co-opted Member)
	Ms Emma Johnston	(Elected Member)
	Ms Liz Williams	(Elected Member)
	Mr Robert Muir	(Co-opted Member)

IN ATTENDANCE:

In person:	Mr N Clapperton (Chief Executive - CE)
	Mr G Coull (Director of Finance & Corporate Services – DoFCS)
	Ms J MacInnes (Corporate Services Assistant)
On Zoom:	Mr D MacKay (Energy Advice Manager)

1. **APOLOGIES**

Mr Ken Wong (Co-opted Member), Mr John Watson (Elected Member) and Mr Robin Sarkar (Co-opted Member). Also apologies from Ruairidh MacKinnon, Handyperson Manager.

Robin Sarkar has requested a leave of absence, which Members agreed to.

2. **DECLARATIONS OF INTEREST**

None were declared.

Donnie MacKay (EAM) provided a very informative power point presentation about the Energy Advice Service's performance in 2022-23 and the current issues with poor heating and humidity management outcomes in some of our older properties, especially ones which were built with 4" kits and have storage heating.

EAM advised he would forward the power point slides to members following the meeting.

A Member asked about the requirements for EESSH2 and what compliance date has been set. EAM advised that the current aim is for properties to meet EPC Band B by 2032. However EESSH2 is currently suspended and being reviewed by Government. Many housing associations and local authorities have stated that the goal wasn't affordable for the sector. He also advised that the standard, which is currently based on EPC and/or SAP scores is being reviewed and alternate indicators such as energy consumption per square meter might be proposed following the recommendations of the Zero Emissions in Social Housing Task Force. LSHA has ensured it records both EPC and energy consumption per square meter amongst other outcome data.

A Member asked if there was a geographical split in lower performing properties. EAM advised that overall it's not geographical, but more related to the older properties like the rent of the shelf ones (ROTS) and those with storage and panel heaters. Properties built in the last 10 – 12 years are not generally a problem.

A Member enquired about the difficulty and value for money of heat pumps in relation to our Asset Management Strategy. EAM advised that heat pumps provide very efficient, whole house heating (currently with a real world average efficiency of 250%) and have been lasting approx. 15 years, which is 50% more than the 10 year lifespan earlier financial planning had used. He advised that we have to have the right balance across our stock, and pick the right solutions based on specific need. He advised in particular that a solution is required for Munro Place, which is a key type site of the energy strategy study and he believes if the chosen solution works there it would also work across our other properties.

He recommended maximising grant applications early to gain as much funding as possible while it's available and with 50% intervention rates. He advised that we need good evidence to back our case for subsidy and the only reason we managed to get the recent funding for 30 heat pumps is because it was well documented. The key challenge is that our properties are already zero carbon in effect as they are mostly electric heating based on local renewable generation. If we upgrade to a heatpump we are moving from less efficient electric to more efficient electric so must demonstrate significant performance improvement if the Government is to be persuaded to fund the upgrades. If its fabric only, we need to demonstrate the benefits as fabric upgrades are very costly.

He advised that there needs to be a minimum standard of insulation and fabric upgrade and that most of the government net zero pilots that have been funded to deliver PV and battery solutions have also involved heat pumps.

A Member commented on a pilot project relating to tenement flats which was discussed at the Finance Conference last year and asked if Munro Place could be used as a research project which could then be used as a model for all properties pre 2005. EAM advised that yes if we find the right fabric and heating solution in the energy strategy pilots then they will be ideally be rolled

out across our older stock. In essence we need to move away from 4 inch timber frame with suspended floor towards the more positive attributes of 6 inch timber frame and insulated floor – with appropriate room in roof upgrade. In an ideal world we would persuade planners that bungalows and two story new builds with no room in roof complications would be a simpler and more effective way forward.

3. **MINUTES OF PREVIOUS MEETINGS**

The minutes of the Board Meeting held on Monday, 27 February 2023 were proposed as a true and accurate record by Ian Young, seconded by David Clapham and approved unanimously.

The minutes of the AFR Sub-committee Meeting held on 13 March 2023 were proposed as a true and accurate record by Ian Young, seconded by Robin Nairn and approved unanimously.

4. **PROGRESS REPORT FROM PREVIOUS MINUTES**

The CE advised that most items are either complete or in progress. There were no specific questions on the items in the report.

5. **OTHER MATTERS ARISING**

None

Liz Williams joined the meeting, apologising for being late.

6. **RECOMMENDATIONS FROM AUDIT, FINANCE AND RISK SUB-COMMITTEE (FINANCIAL PLAN):**

The Chair of the AFR Sub-committee advised that at the Meeting on 13 March it was agreed to proceed as per Linda Ewart's recommendations with the Board Appraisals. He also advised that they had agreed the Financial Plan stating that there is a reasonable budget going forward and that DoFCS is due to report to the Board on 8 May with regard to treasury management and more detail on a new way to invest our cash.

7. **CHIEF EXECUTIVE'S REPORT**

The CE asked for a female volunteer to provide a member profile for the next tenant newsletter. Emma agreed to do this and asked CE to provide details of what is required.

With regards to minute taking, the CE noted that both the SFHA and the SHR had prepared guidance. The Chair advised that any difficulty raised by the CSM in working out what Action Points were agreed would be addressed by ensuring there is clarity for the minute taker in future.

A Member advised that they would like to see more on the Agenda for April's Development Meeting about the Skye and Lochalsh Development Forum.

8. **BUSINESS PLAN 2023 - 2028**

The CE advised that the AMS and the Development Strategy had been approved at earlier meetings, and the papers included a report on the Business Plan away day so Members could be assured the Business plan matches what was agreed .

A Member expressed concern that the SHR's publication of all social landlord rent increases had shown LSHA to have the highest percentage rent increase in Scotland, and this created a reputational risk. He suggested it would be valuable to include more information and an explanation in the Business Plan to support the reasoning behind this.

He also asked if the low level of development activity in 2024-25 would undermine the medium term strategy to reduce fairly high average operating costs by an increase in housing stock and new IT systems. He asked if the AFR sub-committee needs to look at improving other income streams and decreasing the average cost in other ways.

The DoFCS confirmed that the development programme would deliver the level of planned growth and efficiency over the next five years, reflected in the Financial Plan. He also advised that consideration has to be given to the complete 5 year plan, including savings and development activity and that this has been considered by the AFR in depth when they approved it. Whilst recognising the reputational risk, he advised that the Asset Management Strategy identifies what is to be done with the increased rents, and was developed with input from tenants. The rent rise may be high in comparison to our peers but it has been thought through and by next year should be nearer where our policy states we should be.

The CE advised that although SHR to have published these statistics with the percentage increase, we have to bear in mind that we are still one of the cheaper Housing Associations and that tenants supported our approach with a large response to the consultation. He noted that other RSLs and local authorities were significantly reducing their planned maintenance programmes over 2-5 years to pay for the rent cap, and LSHA is committing to significant investment in energy efficiency and lowering tenant energy bills, an action that will deliver far better outcomes for those on low incomes.

The Member who had expressed concern advised that even this discussion was good and would give partners assurance that we are taking this seriously. We need to ensure everything is robust and be aware of ways which we may be judged.

A Member advised that the rent increase shows prudence and bravery on the part of the Board.

Another Member advised that the discussion is valid in terms of what we're saying to our tenants. In terms of item 7.1.2, Rent Affordability and Value for Money, some effort is required to ensure commitments are delivered.

With reference to the Development Strategy appendix paper requested by the Board, the DML is to check the figures as there appears to be anomalies in dates shown.

The CE advised he had asked DM to redesign the Development Report and everyone was in agreement that the first page would be very useful as an addition to the Business Plan.

The CE advised that the Development Strategy would be revised after the April Development Strategy meeting, with amended targets and that this would feed into the next away day and next year's Business Plan.

The business plan to be re-submitted by the June board meeting, with amendments.

Members **approved** the Business Plan 2023-2028.

9. **A.O.C.B.**

A member asked if we could establish a standard rating for our properties which the Board would like to aim for and leave SMT to go and achieve this. CE advised this is a good suggestion, stating that the EPC score is too blunt an instrument which doesn't really work for Skye.

Chairperson

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The meeting closed at 3.40 pm and went into the Private Session.
