

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

**MINUTES of MEETING of BOARD OF MANAGEMENT held on
Monday, 17th April 2023 at 2.00 pm by Zoom/in person**

PRESENT:

In person:	Mrs A Sinclair	Chairperson
	Mr Ian Young	Vice-Chairperson
	Mr Iain Lewis	Elected Member
	Mr David Clapham	Elected Member
	Mr Robert Muir	Co-opted Member

By Zoom:	Mr Robin Nairn	Elected Member
	Ms Liz Williams	Elected Member
	Mr John Watson	Elected Member
	EJ Johnston	Elected Member
	Mr D Fergusson	Elected Member

<u>IN ATTENDANCE:</u>	Mr N Clapperton	(Chief Executive - CE)
	Mrs H Brown	(Corporate Services Manager)
	Mr J Swinnerton	(Development Manager/Lead – DML)

1. APOLOGIES

Mr R Brown (Co-opted), Mr R Sarkar (Co-opted), Mr G Morgan (Elected),
Mr K Wong (Co-opted).

2. DECLARATIONS OF INTEREST

Mrs A Sinclair declared an interest as a member of the Communities Housing Trust (CHT) and Highland Housing Alliance (HHA).

Mr Neil Clapperton declared an interest as the RSL representative member on the HHA Board.

Neither declarations were deemed to impact the neutrality or integrity of the business under discussion.

3. MINUTES OF PREVIOUS MEETINGS

The minutes of the Board Meeting held on Monday, 27 March 2023 were identified as requiring amendments: namely reference to amended targets within the

Development Strategy and the rewording of two specific sentences.

Subject to the amendments, the minutes were **proposed** by Mr D Clapham and **seconded** by Mr R Nairn.

ACTION:-

(i) *The CSM to amend the minutes and submit to the Chair for signing.*

4. **DEVELOPMENT QUESTIONS**

The CE outlined the outcomes and purpose of the meeting, namely:

- To ensure clarity for the Board re the Development Strategy;
- To identify the objectives and priorities of development activities;
- To enable the submission of the revised Development Strategy to the May meeting for approval, to accompany the Business Plan submission to the Regulator and lenders.

The CE responded to a query re the previous meeting on alignment of year-end figures and advised that there was no need to alter these, as the principles which underpinned the development approach still applied.

The CE noted that the Chair and Vice Chair had requested a synopsis of the history of the Kiltaraglen site. A formal report on this will be delivered in the 8 May 2023 Board meeting.

Kiltaraglen is a site of strategic interest, thus it is important for the Board to review and consider key factors at stake if LSHA is to acquire it. The CE informed the Board that LSHA had precedent in the acquisition of large sites, for example, Home Farm, with 250 new homes, and Campbell's Farm in Broadford. These sites give us continuity and an ability to plan ahead.

The Kiltaraglen site, of 250 planned homes, was initially considered in 2019 as a key investment with the Highland Council and Scottish Government, and a master plan commissioned at that time. Viability needed to be confirmed, as there were a range of factors at stake, including peat, planning, rights of way, a link road and the mapping of development areas. This mapping was undertaken and excluded flood plain / peat areas. A public consultation took place in 2021. The Board approved the site as part of the Development programme but as it was at an early stage, not individually because formal acquisition approval would have been some time in the future. Planning in principle was obtained to allow the site to move to de-crofting, with a submission to the Crofting Commission in February 2023, and grant available to acquire once this has been agreed. The CE noted that despite some complexities relating to the purchase, including the acquisition of an adjacent site to complete the Link Road, this is an exciting project of growth and scope, and a significant part of the development programme.

A member added that the site was located in the north side of Portree to the west of the Staffin Road.

The DML presented the paper 'Development Questions' to the Board, the aim being to allow for discussion and clarification in order to better inform the Development

Strategy Review. Members commented on the clarity and professionalism of the document.

Members questions and comments are noted below:

Section 1. 2: DEVELOPMENT OPPORTUNITIES AND CAPACITIES WITHIN SKYE AND LOCHALSH AREA

The DML noted that a key member of staff, the Project Officer, had resigned from the team. The Board expressed the need to address staffing levels in order to ensure the requisite resourcing to deliver on LSHA development plans.

Members queried the match between opportunity, location and housing demand, giving an example of the position re the current Kyleakin site.

A member raised the fact that Kyleakin is an unusual example – in that applicants might be considering it as an alternative to Kyle.

The issues relating to Kyleakin were responded to by the CE, who explained that, whilst it had now been filled, the size of the site had meant LSHA had quickly reached the end of the high needs part of the housing list. He identified the fact that LSHA has a responsibility to better define housing need criteria, match that to investment, assess these issues and work with the Highland Council and the Housing Register. This is complex and nuanced across Skye, with a mismatch between what is recorded in the Highland Register and what is apparent within an area. He referred to an example of a questionnaire and engagement in Kilmuir. Of 21 people who expressed a need for housing, only 5 were on the register with 2 being local. Thus 10% of local demand was reflected on the Register. Similarly, in Uig, a CHT commissioned survey noted that of 63 respondents, 8 were on the register and 3 were local. Similar issues were identified in Lochinvar with a mismatch between local need and the Register.

Whilst the importance of the Register was understood, members raised questions about why it was not always an accurate reflection on the area's priorities and demographics. There was a debate on the requirement for the Register to be as accurate as possible, the affordability of the housing market, how can we engage in communities' needs, LSHA's position on housing priorities and the fact that information needed to be analysed objectively rather than according to local opinion. A cross section of points raised in this discussion are highlighted as follows:

A member stated that HHR had always had its issues – the only way we can be certain of demand is by ensuring that we are targeting communities and enabling understanding of how to get on the Register. Supporting people to register is a priority.

A member stated that community led work is advantageous and creates a sense of shared ownership.

A member raised a query re the balance between investment in local communities and the main centres. How does the Board provide strategic direction on this?

There is a perception of social housing is largely going to people outwith Skye. LSHA needs to engage with communities to fully understand the needs, obtain funding, expertise and resources.

A member advised that LSHA revisit the relationship with the CHT to ensure need is addressed and that we better engage and have dialogue with communities. He noted the potential for engagement with wind farm development / private sector funding to diversify our income base and potentially fund community housing. He elaborated on the diversity of housing need on Skye – particularly with regard affordability and young people – which is not always reflective of Highland Council priorities.

A member identified the possibility of a mix of social rent with alternative housing options.

The CE stated that the CHT has become the go-to body for community led development, but LSHA could potentially also engage, depending on internal resources. He supported the proposal to get to know communities better, whilst maintaining a strong relationship with the Highland Council and Housing Register. On the myth that social lets went to in-comers, he referred to data showing 90% of tenants housed by LSHA had been in the area for 2 or more years.

The CE noted people want a range of options, from co-ownership to self builds, and given the Association's focus on social housing, this presented an opportunity for further collaboration. Community benefit funding from windfarms is a significant opportunity to investigate.

A member identified that he had heard there was a move towards 15 minute villages. This is a recognised planning scheme aimed at improving quality of life, reducing loneliness and encouraging walking/cycling, with amenities available within a 15 minute radius.

A member raised the fact the Scottish Government had removed local connection as a criteria for homelessness in November, which was likely to have a crucial impact.

The CE stated that he did not know full impact yet but that this could cause problems around allocations. There are issues that need to be addressed, particularly relating to local lettings plans for more fragile communities.

A member raised the fact the balance at the moment seems to be main centre dominated. Once completed Kiltaraglen would mean that 50% of our stock would be in Portree. 250 units consume a significant part of the development budget, so how much will remain for other areas? Armadale and Kyleakin are relatively small in comparison. He questioned whether we had assessed risk for this level of concentration of units.

The CE responded to state that Portree and Broadford are the centres for service delivery and the economy, so having more affordable housing in these settlements made sense, and in addition they offered larger sites with better value for money and cost control. They offer continuity in terms of contractor relationship and the potential for more accessible housing. He intends to match this with

complementary housing development activity across the island over the next decade. The investment also supports a wide range of potential social needs, in particular recruitment of NHS / public sector staff. The CE referred to a meeting he had had with the NHS, where housing for staff / nurses was considered. This needs to be formalised as a relationship in order to better address housing allocation for public sector workers.

Financial resources: The CE stated that our development and growth is at the high end of the spectrum – a 5% growth. Most associations are at approx. 3% or less. With each new scheme we are borrowing more per unit and this does have a financial impact, pushing up debt per unit and putting pressure on lender covenants.

Finance and Development will be working together to assess boundaries, understand where 'the edge' is and how we establish that. This will enable the Board to be confident we are financially safe and assured that we are not over extending, which can be a powerful trigger for the Regulator. Development is healthy for LSHA and we need to consider how to balance this across the island and the programme.

Section 1. 3: DISCUSSION ON TENURES

A member raised the importance of mixed Tenures and partnership working. He questioned whether we had an MOU (Memorandum of Understanding) with the CHT and any agreements with regard to "rent to mortgage" and other tenures, plus formal clarity in respect of the different roles of LSHA and CHT.

The CE explained that there were MOU's for individual sites, rather than an overarching partnership MOU. He appreciated that the relationship needed to change with CHT to ensure greater information sharing – through perhaps formal meetings or information sharing forums. He noted that HHA has expressed interest in mid-market rent but had made no formal commitment, so some formal relationship might also be needed there.

A member reinforced the point that relationships with other bodies were key.

The CE stated that much of this is driven by the Scottish Government strategy. This has to be negotiated and the best way to start is through a better assessment of community needs / views and understanding what type of housing is required. Any agreement also has to factor in flexibility to change if the need shifts, so risk is shared. There has to be a willingness to switch to social rent if other tenures do not work. The SFM noted this was already agreed with SG for Campbell's Farm.

ACTION:–

- (i) *The CE to set up a meeting with the CHT and HHA.*

Section 1. 4: BOARD APPROVALS

A member noted that the point where LSHA signs off on the acquisitions is at the start of the process. He felt these should come to the Board for approval and decision before being submitted to the Scottish Government. The Board do not need to know the detail, but to be informed of the process, the rationale and how

the strategy for development and individual schemes has been decided. There needs to be a discussion with the Board prior to feasibility studies, site investigation and commitments made. This could be part of the Private Session.

The CE agreed that a project at inception could come to the Board for support, however, he questioned that following Board approval, there is a risk that the SG could turn down the proposals. He also raised the issue of commercial sensitivity or community confidentiality, which could complicate matters and restrict what could be shared.

The Board commented that they would rather have site of the preliminary stages / early information and to know when plans and projects face problems. If there are delays on planning and time extensions, the Board needs to be informed. That level of information should be provided as and when it arises, rather than once a quarter.

A member raised the fact that this needs to be balanced at the right level, bearing in mind the competence of staff and being mindful not to over-burden them with Board reporting requirements.

CE commented on the fact the Board has oversight responsibilities for the programme, with a particular emphasis on cash flow and financial capacity as well as programme management.

A member raised the issue of ageing stock, which needs to be addressed and also has an impact on finances.

A member raised the question of whether a post scheme review had been done and the timescale for this. The DML stated the final accounts would be available following the EOT negotiations in approximately 2 months. The CE also stated this would be the subject of an audit process.

ACTION:-

- (i) *The DML to amend the 'Board approvals' position in the Development Project Milestones process to sit before the feasibility section.*

Section 1. 5: LSHA INVOLVEMENT IN COMMUNITY LED DEVELOPMENT

This was covered in the debate / discussion which took place on section 1.2 above.

Section 1. 6: LSHA SHARED RSL DESIGN SPECIFICATION

The CE noted there was an effective feedback loop from tenants and Property Services to the Development team.

A Member raised the issues of environmental policy and discrepancies with the Broadford specifications. How do we ensure contractors meet expectations and policies re design? How do internal policies relate to the practice on the ground of meeting environmental objectives and sustainable materials? He noted this is a strategic issue for the Board.

The CE reiterated that improving sustainability and environmental impact was a high priority for LSHA.

A Member raised questions on general changes in housing quality over the years. There was a discussion about the use of particular materials, comparisons between timber windows and those made of u-PVC, and the use of larch versus artificial cladding materials. The CE said there would be a review of the two recent schemes where these materials were used.

Section 1. 7: SPECIAL HOUSING NEEDS

The CE pointed out the productive event at An Crubh, led by LSHA, where a coalition of community groups, the voluntary sector, Highland Council, tenants and the NHS discussed housing for particular needs. The outcome has led to a commitment to collaborate- with a range of groups and individuals. This will be a further topic for Board discussion.

A member noted that adaptations that are put in for particular tenants may need to be stripped out again when they end a tenancy and that this had cost implications. The CE stated that LSHA tried to re-allocate to an individual with a similar need, but this wasn't always possible.

Two members pointed out that we cannot always know the needs in advance and the importance of linking into Social Work with regard referrals from the Council.

Section 1. 8: PROCUREMENT ROUTES

The DML pointed out the issue re availability of contractors, e.g. Glenelg and the biomass site and the fact this is looking to go back out to tender. In terms of strategy, he stated that what procurement route is used depends on the best for a particular site at that point. There is the flexibility to choose the best option, related to specific projects and designs.

The Chair sought Board approval to continue the meeting beyond the 2 hour slot. This was agreed.

5. A.O.C.B.

A member questioned as to whether the CE / DML are seeking Board approval on the Development Strategy. The CE confirmed he was not seeking formal approval per se, but clarification as to whether the Board is happy with the direction of travel. He hoped there would be sufficient time to turn the points made in the discussion into a revised Development Strategy in time for submission with the Business Plan, but if not it would still inform the 2024-25 Business Plan.

ACTION:-

- (i) The CE and DML to review the Development Strategy considering all points raised.*

A member pointed out that the Tenure structure, housing priorities and community involvement are strategic needs in any scheme. The Board therefore needs to be

assured they have been addressed, that there is a process, that questions have been asked and evidence compiled as to how figures have been arrived at.

The Board therefore needs input into the process. As per the action in section 1.4 above, under Board Approvals it was noted again that:

ACTION:-

- (ii) *Board Approvals to be sought at the earliest opportunity, prior to feasibility studies and before going to the SG (as above).*

The Chair summarised other points as follows:

That the CE would speak to CHT and tap into rural housing funds (as per action 1.3 above) – speak to CHT and

That it was agreed with regard design that LSHA would consider the environmental impact.

That we would provide accessible housing when required and that this would be further reviewed, noting the points raised in 1.7.

That whilst procurement routes are included in strategy, the position is that staff are competent to select the most appropriate method for particular sites.

A member raised the issue of staffing and requested the Board was kept up to date re information.

The Board **noted** and **approved** the Development Report, subject to amendments.

The meeting closed at 16. 20 pm and went into the Private Session.

Chairperson

A. Sinclair