

**COMMITTEE MINUTE RECORD**

**Minute of:** Ark Housing Association Board of Management  
**Date Held:** 31<sup>st</sup> March 2022, 2.00pm  
**Venue:** via Zoom  
**Chair:** Graham Mitchell  
**Secretary:** Bobby Duffy

**Present:** Mr Graham Mitchell (Chair), Mr Neil McKnight (Depute Chair), Mr Ian Logan, Mr Ken Brown, Ms Catriona Clarke, Ms Lucy Robertson, Ms Joanna Mansell, Mr Dave Proudfoot, Mr Nikolas Koutris, Dr Darcey Black, Ms Anne Lane, Mr Yaseen Yousaf (Co-optee)  
**In Attendance:** Mr Bobby Duffy (Chief Executive Officer), Ms Victoria Knox (Director of People & Organisational Development), Mr Mark Hall (Director of Operations), Ms Caryn Innes (Director of Development and Business Improvement), Mr Stuart Green (Director of Finance), Ms Mary Bell (PA to CEO) (Minutes)  
 Mr Stuart Beattie (Audit Manager) C+T was in attendance for the Pre-Board Meeting only

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| 1.   | <p><b>Welcome</b><br/>           The Chair welcomed all attendees to the 31 March 2022 Board of Management meeting.</p>  |
| 2.   | <p><b>Apologies:</b> Ms Lorraine Charnley, Ms Kayleigh Bryan</p>   |
| 3.   | <p><b>Declaration of Interest</b><br/>           It was noted that, Mr Ken Brown, Ms Lucy Robertson and Mr Ian Logan are also members of Ark Services Limited (ASL) Board. In addition Mr Neil McKnight, Ms Lucy Robertson and Ms Catriona Clarke are also members of Ark Commercial Investment Limited (ACIL) Board.</p>  |
| 4.   | <p><b>Items for Approval</b></p>   |
| 4.1  | <p><b>Minutes of Previous Meeting held on 24 February 2022</b></p> <ul style="list-style-type: none"> <li>○ The Chair enquired if Members had any comments or queries in regards to the 24 February 2022 Board of Management meeting minutes.</li> <li>○ Mr Proudfoot highlighted an amendment to the wording at Item 5 - Policies to make it clear that an overarching policy does exist and further noted that the word uplift should be changed to weighting to clarify the funding position at Item 8 – 2022/23 Pay Award. Ms Bell noted the suggested changes and will ensure that they are updated in the minute prior to signing.</li> <li>○ Mr McKnight confirmed that he was content with it being noted that he objected to the Crusader Rise proposal.</li> <li>○ There were no further queries or matters arising and Members noted that the 24 February 2022 minutes would be updated to reflect Mr Proudfoot’s comments prior to being signed by the Chair.</li> </ul> <p><b>Members approved the 24 February 2022 Board of Management meeting minutes</b></p>   |
| 4.2  | <p><b>Actions</b><br/>           The action list was reviewed and the following was noted:-<br/>           24/02/2022</p> <ul style="list-style-type: none"> <li>○ Item 5 Policies - The DPOD advised that the Health &amp; Safety Policies will now be reviewed by the Audit Sub-Committee and this will be discussed with the Chair at the agenda planning meeting for the 26 May 2022 meeting. This action has been completed.</li> <li>○ (Removed for Security)</li> <li>○ Item 9.1 Crusader Rise Proposal – The DDBI noted that further to the last BoM meeting delegated authority was given to the ET to carry out a full financial due diligence on the contractor that had been completed satisfactorily, initially by her and the DoF then approved by the wider ET. The DDBI advised that on the 10 March 2022, the Scottish Government had issued their approval for the full grant award that had been requested and subsequent to this Ark accepted the contractors tender on 11 March 2022. In addition the DDBI noted that some of the process that had been followed for the due diligence had been shared with the Finance Sub-Committee and this will be implemented into combination of the Financial and Development strategies and Treasury Management in terms of the process being formalised.</li> <li>○ The DDBI provided a summary of the due diligence process noting the following areas that were considered:-               <ul style="list-style-type: none"> <li>○ A minimum of 10 mil turnover in JR Construction’s accounts that was satisfied</li> </ul> </li> </ul> |

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|    | <ul style="list-style-type: none"> <li>○ The DoF had appraised 3 years annual accounts and was satisfied in terms of with the income, expenditure, assets and liabilities.</li> <li>○ Credit checking and scoring formed part of the process and the initial credit check carried out by Experian on JR Construction had highlighted an above average risk and Ark had analysed further speaking to the contractor and other housing associations in terms of the processes they carry out and what had been identified was that the JR Group don't register or pay a fee to Experian and have had challenges over the last 12 months that they have been trying to resolve. Another credit check was carried out by Dun and Bradstreet and this was satisfactory.</li> <li>○ A bank reference was requested from the Clydesdale Bank and was satisfactory.</li> <li>○ Liability and contractual commitments were also assessed and the conclusion was that JR Construction is becoming one of Scotland's larger housing association developers and it was noted that as part of the ongoing due diligence part of process the DoF will carry out credit checks through the duration of the contract. This action has been completed.</li> <li>○ Item 9.2 Strategic Review – Follow up will be discussed at Agenda Item 9.2 on today's agenda.</li> </ul> <p>09/12/2021</p> <ul style="list-style-type: none"> <li>○ Item 9.2.1 Development Risk Register – Has been circulated to all Members. This action has been completed.</li> <li>○ Item 10.7 Entitlements, Payments and Benefits Form – Completed by all Members.</li> </ul> <p><b>Members noted the updates and current status of the action list</b></p>   |
|    | <p><b>Ron Watson, Director of Finance Retirement</b></p> <p>The CEO thanked Mr Watson for his 11 and half year service to Ark noting that his contribution through some really tough times in recent years has not gone unnoticed. The CEO added that Mr Watson always ensured that the ET were focused on results and that he considered risks and that enabled the ET to plot a fairly steady path through difficult times to bring Ark up to a reasonably firm financial place. The CEO noted that the ET are now able to benefit from this in regards to making decisions about the future and starting to make investments on the back of the way Mr Watson had lead the finances. The CEO thanked Mr Watson again and noted on behalf of everyone in Ark that he will be missed and wished him a very long happy retirement.</p> <p>Mr Watson stated that it has been an interesting 11 and half years between the global financial meltdown and pandemic noting that Finance is never a one man job but part of a team and he has been fortunate to work with good teams. Mr Watson added that he has worked through 4 Care &amp; Support restructures noting that times have been difficult but manageable. Mr Watson noted that it has been a privilege to be the Finance Director and had work with great Chairs and Finance Sub-Committee Chairs who have been very supportive. In addition, Mr Watson said that Mr Green was a fine successor and with the support of the Board and the ET that he will do very well and there will be exciting times ahead. Mr Watson thanked the PA for her work behind the scenes and for her support and thanked everyone for all their support noting it has been a pleasure and he is looking forward to the future.</p> <p><b>Members noted the Retirement of Mr Ron Watson from the post of Director of Finance</b></p>  |
| 5. | <p><b>Policies</b></p> <ul style="list-style-type: none"> <li>○ HS16 – People at Risk of Chocking</li> <li>○ The DPOD advised that the policy and procedure that have been Issued have been updated as part of the routine policy updates and also incorporates the learning from the incident that had taken place a couple of years ago. The DPOD added that normally procedures don't come to the BoM nor the full policy when it has been routinely updated but the decision was taken to share the full detail given the ongoing focus in this area of practice. In addition the DPOD noted that the procedure was shared for information purposes only advising that it had already be approved by the SLT and that the review of both has been carried out robustly. The DPOD noted that she was looking for approval for the policy today and based on the fact that she has not received any advanced queries she is hopeful that the BoM are satisfied with both and asked if there were any questions.</li> <li>○ The Chair commented on the ownership of the paper in terms of the writing given the circumstances is it right to assume that there was sense checking or third party input from other organisations that formulated the policy. The DPOD advised that HS16 is owned as a Health &amp; Safety policy but there has been a much wider review consultation. The DO advised that the first iteration of the policy and procedure in 2017/18 was owned by Health &amp; Safety but this was paused and Care &amp; Support were introduced into the process, not just for a consultation but a re-write of the original policy. Following the incident in 2019 there was a significant organisational response that involved going out to the sector health colleagues and the comments from the HSE were taken into consideration. The DO commented that there was a lot of work carried out in 2020 to develop practices including that bespoke training that had to be developed and until this work had been concluded to absolute satisfaction the procedure was behind the practice</li> </ul> |

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|    | <p>development. The DO added that up until autumn 2021 the speech and language therapy colleagues in Fife were evolving their thinking around how they supported the third sector providers and this caused further delay in terms of the procedure being updated. The DO informed that although the procedure is 2 years out from the incident there has been a lot of work going on and practice has led the procedure noting that it is presented after a fairly deep process focusing on the organisational response and engagement with external partners.</p> <ul style="list-style-type: none"> <li>○ Mr Brown placed a focus on agency staff enquiring how it is ensured that they are aware of the supported persons need and trained appropriately. The DO advised that it is written into the procedure that we know whether its Arks own staff, new staff, relief staff or agency staff that will be able to work with some supported people and if the agency staff does not have the training this is the Manager’s responsibility to ensure the agency member of staff works with the appropriate people. The DPOD added that local relationship with agencies is that Ark have the same staff and Managers ensure the staffing is consistent.</li> <li>○ Mr Proudfoot highlighted that the policy only mentions the associated procedure and asked if reference to the procedure be noted at the section on page 6 headed related policies and procedures. The DPOD noted that this will be included.</li> <li>○ Mr Proudfoot noted that the procedure mentions the supported people who are at risk of choking without mentioning how they are identified. The DPOD stated that the management of the good life planning and risk and vulnerability processes includes this information and will reference the risk of choking. The DO highlighted section 3.3 where it identifies the good life plans and Mr Proudfoot was happy with this response.</li> <li>○ Mr Proudfoot remarked that he assumed that cyclical updates to the procedure will not be submitted to the BoM in the future and the DPOD confirmed it was brought to the BoM this time to provide assurance to Members at this time and won’t be presented to them again.</li> <li>○ Ms Mansell noted that the policy was really thorough and has read that there is an issue with the time staff can spend with supported people and asked for re-assurance that staff will be able to dedicate the time and space detailed in their plan. The DOPD advised that the good life plans contain more detail than what is in the policy and procedure and identifies steps for each individual and staff are given the appropriate time to spend with the supported person to enable them to go through the right process when they are eating and drinking. The DO noted that the amount of time required is included in the person’s package of support. In addition the DO said that people who are at risk of choking would normally receive a large support package and if there were any issues identified in regards to a lack of time the Manager would go back to the social work department and ask for a re-assessment in terms of the amount of time.</li> </ul> <p><b>Members approved HS16 People at Risk of Chocking Policy</b></p> |
| 6. | <b>(Removed for Security)</b>   |
| 7. | <p><b>Chairs Remarks</b></p> <ul style="list-style-type: none"> <li>○ Board/ET Away Day June 2022 - The Chair highlighted that given the relaxations with the Covid restrictions, that the time has come for the BoM to get together again and proposed that a meeting takes place in June at a convenient location for travel and parking. The Chair added that the meeting will include some downtime for Members and noted that the CEO and PA are working on finding a suitable venue and details will follow in due course.</li> <li>○ Memberships - The Chair informed that Ms Charnley, Board Member of Ark, has now missed 4 BoM business meetings and in terms of protocol and membership of the BoM that regretfully a letter will be sent to let her know that her membership is no longer applicable. In addition, the Chair advised that Stuart Yorkston, Non-Executive Director of ACIL has given his resignation and a letter of thanks will go out to him.</li> <li>○ Pre-Board Meeting – The Chair highlighted the discussion he had with the ET regarding staff pressures and noted that the objectives are pretty onerous and time consuming for the ET which is concerning given the issues with staff recruitment and retention. The Chair added that the DPOD had provided him with brief stats since September 2021 to date, in regards to staff recruitment and advised that there has been 101 new starts over the organisation adding that he is aware that there is pressure upon the ET to take on a number of tasks that are not normally in their roles. The Chair stated that he was pleased in terms of recruitment that it is coming back to a level playing field and noted that as a BoM they should be supportive to the ET in terms of their roles. The Chair noted that at times, due to staff turnover at the Priory that some objectives are delayed and as a group everyone wants to see targets being met. The Chair further noted the objectives, development items, the Priory, strategic review and programme for improvement are on today’s agenda and all the documents detail requirements and issues that the BoM are asking the ET and Teams to complete within the timeframes that are set. The Chair added that it would be unfair not to recognise the challenges put on the ET to undertake and complete the tasks within timescales, noted the items and issues that are ongoing and as Chair he advised that Members should not be putting additional objectives or pressure on the ET in terms of requirements or</li> </ul>   |

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|   | <p>requests. The Chair recorded that the ET require to go forward and formulate plans that have been asked of them based upon what is already there otherwise the worry is that the BoM don't receive the level of reporting require and missed deadlines. The Chair added that the CEO will oversee this to ensure everything comes back on track as asked to do.</p> <ul style="list-style-type: none"> <li>○ Board Development Paper – The Chair advised that there is legislation out entitled The Ethical Standards of Public Life etc. (Scotland) Act of 2020 that sets out a protocol and procedure in terms of governance and encouraged Members to read the document in tandem with the Board Development paper as it sets standards for life in terms of Ark, Governance, Conduct and Reporting.</li> <li>○ The CEO noted his appreciation of the Chairs comments noting that the ET and SLT have been working hard over the last few months in relation to setting out the plans, some for approval today, are confident in their commitments and don't underestimate the size of the task. The CEO added that some of that plans that have been set out have been driven by external factors and some are ambitious in moving the organisation forward from Ark's people through to the development programme that everyone at a management level have all had an input with the plans. The CEO noted that the ET are content with the outcome in relation to the plans.</li> </ul> <p><b>Members noted the Chairs Remarks</b></p>  |
| <p>8.</p>                                   | <p><b>CEO Remarks/Reports</b><br/>         Pay Award 22/23</p> <ul style="list-style-type: none"> <li>○ The CEO noted that when the agenda for the meeting was set the pay award was noted as a verbal update as matters were so uncertain and moving forward from day to day. The verbal update would have enabled the ET to bring the most up to date position to the BoM. The CEO added that the ET had discussed and agreed to bring to the BoM a paper explaining what has transpired and the current position and noted the DOPD was lead for this piece of work.</li> <li>○ The DPOD apologised for the late issue of the paper and noted the reasons for this and that discussions have been ongoing externally and up to the Finance Sub-Committee meeting there was no definite proposal. The DPOD thanked the Finance Sub-Committee Members for their patience and agreement to the proposal going to the BoM first. The DPOD advised that the situation has been complex and ongoing since Ark implemented the £10.02 hourly rate from December 2021 to front line staff, Care &amp; Support Managers and Operation Managers at this stage and the context of the paper provides the background to the discussions and that they are still ongoing. The DPOD advised that the full cost of implementing the £10.50 rate is not being covered by income and discussions are continuing at a national level however the ET would like to bring forward approval of the proposal to allow Ark to move quickly to maintain and protect the staffing position. The DPOD advised that normally the same % is implemented across the organisation but this year the % increase from an affordability point of view this is not in Arks means therefore a different set of proposals are being presented for approval. The DPOD advised that the % increase is being proposed for all front line staff and a flat rate of £925 be added to all other staff salaries that will give the lowest paid staff the highest % increase. The DPOD advised that she was requesting approval for the increases to be implemented from 1 April 2022.</li> <li>○ Mr Brown made an observation that there could be an impact on the higher paid staff who are receiving the lowest increase in regards to them moving on to other organisations for more money. The DPOD agreed that this is a key risk as the highest level equates to a 1% increase noting that some organisations are waiting to see if the funding position changes before applying the increase and that Ark are hoping to move as quickly as possible with the increase to attempt to retain people and keep the level of staffing up.</li> <li>○ Mr Koutris raised a concern that the £925 increase is not enough to cover the basic costs noting the rate of inflation and the NI increase and enquired if something different could be applied to lower staff salaries. The DPOD noted that NI is increasing at the top end of salaries and mid category salaries pay less NI because the threshold has been lifted adding that a further increase comes back to affordability. The Chair agreed that the increase comes down to fairness and affordability and in these situations it is a difficult balance to attempt to offer a pay award with the funds available and that the ET must be comfortable with what can be afforded for the BoM to consider at this point in time.</li> <li>○ Mr Logan questioned if there was anything other than a salary increase that could be done to retain staff in particular at the Priory. The DPOD informed the majority of leavers from the Priory over the last year have moved on to much higher financial packages noting that Ark could not compete with this, in addition the DPOD informed that a staff engagement forum is being set up to address some of the staffing challenges.</li> <li>○ Mr Proudfoot question if the £925 guarantees that no one will be earning under £10.50 per hour and the DPOD confirmed that this is the minimal salary in the organisation and noted that national living wage at present is £9.50 rising to £9.90 per hour.</li> </ul> <p><b>Members noted and approved the Pay Award Proposal</b></p> |
| <p><b>Items for Discussion/Decision</b></p> |   |
| <p>9.</p>                                   | <p><b>Session 21/22</b></p>   |

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| <p>9.1</p> | <p><b>Crusader Rise Development Progress Report</b></p> <ul style="list-style-type: none"> <li>○ The DDBI provided a brief update advising that the new Development Manager had commenced in post and having 14 years-experience has fitted in well. The DDBI informed that from the exit of the previous Development Co-ordinator the job description had been slightly revised and improved the salary up to a Managers salary and this has helped in terms of his recruitment. The DDBI advised that in terms of his priorities the Development Manager will move forward with the options appraisal and redesign of Windsor Square adding that Ark engages with a development consultant who will be with Ark until the end of Q1 with a focus of getting Crusader Rise on site. The DDBI informed that the next key object for Crusader Rise is to formally get to building contract and achieve a start on site by the end of June 2022 and the project is working towards these timelines.</li> <li>○ The DDBI advised that she has had an initial meeting at a senior level with the contractor and there were good signs coming from them in terms of their values and ethics as an organisation and employer and noted that they are keen to work with Ark in terms of potential community benefits that they can offer around the contract and this will be progressed through the Housing and Care &amp; Support Teams.</li> </ul> <p><b>Members noted the Crusader Rise Development Progress Report</b></p>  |
| <p>9.2</p> | <p><b>Priory Appraisal</b></p> <ul style="list-style-type: none"> <li>○ The DDBI advised that the purpose of today's paper is a follow on from the information shared at the 09 December 2021 BoM meeting noting that the 2 key matters are agreement that the Priory building is no longer suitable for Ark's office space and also for the future in terms of hybrid working. The DDBI added that associated to this is the running costs for staying in the Priory and the ongoing maintenance investment. The DDBI advised the other key matter is for agreement for moving forward with the pre-planning application to assess what the planners will support that will then result in a full business case and a fuller informed marketing appraisal being supported by Savills.</li> <li>○ The Chair of the Finance Sub-Committee (Chair FSC) informed that Members had fully discussed this at the 23 March 2022 Sub-Committee meeting and were very supportive of the proposal and agreed the next step of the process being the options for the property itself.</li> <li>○ The Chair highlighted that he appreciated the fact that moving to another location will be cost neutral and noted that he has comfort from reading the report that any monies that may come from the Priory will be ring fenced for specific purposes and not just being lost in normal expenditure.</li> <li>○ Mr McKnight enquired about just selling the Priory given the pressures that are already on Ark resources and the DDBI informed that a sale has not be discounted but if Ark go through the planning process it will maximise the opportunity for Ark's income. The DDBI noted that when the likely direction of travel that the planners provide is that will be the point when a decision about the Priory building will be agreed. In addition the DDBI noted that in terms of resources, there will be external support from Savills and said that this links in with the planned corporate transformation project and in terms of resource, given that the Asset Team are back up to full capacity this will be one of her key priorities and once the planning application is in there will be no resource required as this will be with the planners for 6 to 8 months and will give the opportunity to realise how we can improve Ark in terms of reinvestment.</li> <li>○ Mr Proudfoot stated that it is appropriate to formally include, as an option in the report to sell the Priory as is or with the minimum refurbishment required to make it a saleable item. Mr Proudfoot added that this would give the BoM all the options for making a decision adding rather than making a decision today to discount this option. The DDBI confirmed that to sell and do nothing is an option and noted that for this report she had broken it down into stages and what was required today was approval that the Priory is surplus to Arks requirements for an office building and look at alternatives and also to trigger the pre planning process to inform the wider business case that will come back to the BoM hopefully in December 2022. The DDBI confirmed that she was not asking for any options to be approved at present and the next report to BoM will be a business case around a preferred office location and then what the option are for the Priory</li> <li>○ The Chair highlighted that the land title at the Priory is still to be resolved and nothing can move forward until this has happened.</li> <li>○ The DDBI clarified that Ark require to purchase the pockets of land from Edinburgh Council and advised that they do not have a development value therefore based on calculations used for Crusader Rise and Windsor Square the cost to Ark would be circa £30k including legal fees, adding that they can only be used for amenity space or for access purposes.</li> <li>○ The DDBI confirmed that dependant on the position in regards to approvals today the Asset Team have been instructed to keep the building wind, water tight and compliant with regulations and legislation and the</li> </ul> |

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|     |  | <p>potential £20k in the budget is to keep Ark compliant for the next 12 -18 months and no further works will be carried out in the building if the BoM approve today. Information in this regard will also feature in the wider staff communications.</p> <p>The Chair asked Members if they approved the following recommendations:</p> <ul style="list-style-type: none"> <li>○ Give delegated authority to the Executive Team to acquire identified pockets of land from City of Edinburgh Council to resolve The Priory title discrepancies</li> <li>○ Declare The Priory Office surplus to operational business requirements</li> <li>○ Develop a project brief for Arks new Head Office and formerly initiate a property search to establish a short list of viable office options</li> <li>○ To submit a pre app planning advice application to the Planning Authority for the proposed redevelopment of The Priory site to determine residential use</li> </ul> <p><b>Members noted and approved the Recommendations noted above</b></p>  |
| 9.3 |  | <p><b>Strategic Review Actions</b></p> <ul style="list-style-type: none"> <li>○ The CEO noted that the strategic review actions were agreed at the 24 February 2022 meeting and the Chair added that the actions were clear as to what was to follow and asked Members to note the paper.</li> </ul> <p><b>Members noted the Strategic Review Actions</b></p>  |
| 9.4 |  | <p><b>Programme for Improvement 22/23</b></p> <ul style="list-style-type: none"> <li>○ The CEO advised that the BoM had approved the programme for improvement at the 24 February 2022 meeting where the ET were asked to break some of the milestones down further and this has been completed. The CEO noted that there is not a lot of operational detail included in the paper and that the ET are confident that they will be able to report progress to the BoM.</li> </ul> <p><b>Members noted the Programme for Improvement 22/23</b></p>  |
| 9.5 |  | <p><b>5 Year Financial Plan</b></p> <ul style="list-style-type: none"> <li>○ The Chair FSC summarised the discussions that had taken place at the 23 March 2022 meeting noting that the assumptions in regards to ongoing costs and inflation assumptions within the costs had been discussed at length and the Sub-Committee were comfortable with these. The Chair FSC highlighted that discussions also took place in regards to contingency planning to ensure there is something in place should Ark require it, adding that the Priory and Brewin Dolphin monies would be part of the thinking and that the Sub-Committee were pleased that something will be brought forward to the BoM in due course. In addition, the Chair FSC noted that it was recognised that the plan was ambitious and that the DoF had advised that the ET want to transform and re-calibrate the business and will do their upmost to deliver the targets. The Chair FSC advised that the Sub-Committee were comfortable and highlighted that this will be closely monitored, noting the economic and political issues that will be faced. In addition the Chair FSC advised that it was agreed that this is a good template to move forward that will be closely scrutinised in line with the long term strategic aims of the business.</li> <li>○ The DoF noted the additional pension deficit assumptions included for the next 2 years have been based on current expenditure levels, less 20%, based on information to date, and that updated information will be provided by the Pensions Trust by the summer. The DoF advised that the figures for the interest cover covenant look very tight in the first 3 years and re-assured Members that those are based on the existing RBS loan calculation, which is no longer tested by RBS, but is a standard covenant calculation to inform capacity for obtaining new loan funding in the future, and there is now only an interest covenant test on the Bank of Scotland borrowings and noted the reasons for not borrowing right now but to use Ark’s own money for the developments.</li> <li>○ Mr Proudfoot asked for assurance and justification for the inflation percentages at 3% and also the expenditure remaining static in housing over the next 5 years. The DoF advised that for every additional unit you model in additional repair and investment spend has been included in the figures, the static figures primarily relate to staffing as the existing staff resource will be able to manage with the 80 new units. The DoF noted that in terms of how inflation is modelled is, if you increase inflation the rents will have to be increased adding that the budgets had been increased in some areas particularly around the insurance costs. The DoF reported that the message he has been sending to ET and SLT budget holders is that if additional monies are required within 1 area of the budget savings need to be found in another budget area. In addition the DoF said that the decision was made to only increase the rent no higher than 2.5% and highlighted that it is not looking likely that Ark will receive inflationary increases for non staffing costs within Care &amp; Support and spend has been reduced to offset</li> </ul> |

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|    |      | <p>this without impacting on the bottom line. The DoF informed that, as part of his objectives for the year, he is looking to realise efficiency savings to compensate for any higher inflationary increases.</p> <ul style="list-style-type: none"> <li>○ Mr Proudfoot asked if Care &amp; Support are subsidising Housing, due to the low rent increase. The DoF advised that Ark Housing are not in a loss making position, with significant investment planned to keep the properties to a good standard, noting that Ark are doing everything it can to keep rents as low as possible.</li> <li>○ The Chair noted that it will be interesting to see the budget trends at each meeting in a summarised format and asked Members if they were comfortable with the 5 Year Financial plan and the discussions to allow the ET to move forward, as recommended by the Finance Sub-Committee.</li> </ul> <p><b>Members noted the discussions and approved the 5 Year Financial Plan</b></p>  |
|    | 9.6  | <p><b>2022/23 Budget</b></p> <ul style="list-style-type: none"> <li>○ The DoF informed that he was happy to go to questions as this is year 1 of the 5 year plan noting that he had slightly adjusted slightly the I&amp;E in the financial plan and that there were no assumptions around dividend income from Brewin Dolphin but has added to the budget for next year for income in treasury management to net of interest costs. The DoF noted that within exceptional items he had assumed monies for the HSE fine in this year's budget and this was approved by Chiene and Tait.</li> <li>○ The DoF clarified that the income in Care &amp; Support increasing by 8.6% is due to the increase received from 1 December 2021 of 5.5% and the increase from 1 April 2022 of 4.6.</li> <li>○ The DoF explained how the contract budgeting is calculated noting that it is usually based on 31 hours per staff member once down time for training, meetings and annual leave has been incorporated. The DoF added that it has been established that it is slightly higher within Care &amp; Support and the budgeting was designed around 32.5 hours adding that the assumptions around staff sickness and agency staff has been increased and when compared against performance historically he is hopeful it will be enough.</li> <li>○ The Chair asked Members if they were content to approve the 2022/23 budget.</li> </ul> <p><b>Members approved the 2022/23 Budget</b></p>   |
|    | 9.7  | <p><b>5 Year Financial Return to the SHR</b></p> <ul style="list-style-type: none"> <li>○ The DoF informed that the SHR have brought forward the submission date for the Five Year Financial Plan return and that he had transposed the information from the 5 Year plan discussed today into the SHR format</li> </ul> <p><b>Members approved the submission of the SHR 5 Year Financial Return</b></p>  |
|    | 9.8  | <p><b>Board Development Paper</b></p> <ul style="list-style-type: none"> <li>○ The DPOD advised that she had issued the Board Development paper providing the context and background in regards to the SFHA issuing new guidance in terms of Board Development. The DPOD added that the Board Performance Management Framework requires to be reviewed against the new guidance, including any supporting documents. The DPOD asked Members for agreement to assign her to carry out the actions noted in the report and bring forward a proposal with external input where required.</li> </ul> <p><b>Members agreed that the DPOD be assigned to carry out a review of their Performance Management Framework</b></p>   |
| 10 |      | <p><b>Items for Noting</b></p>  |
|    | 10.1 | <p><b>Period 10 Management Accounts</b></p> <ul style="list-style-type: none"> <li>○ The DoF informed that the first 4 months of the year had out-performed budget and since then have been broadly in line. January and February 2022 results, within Care &amp; Support in particular, are slightly behind budget and the driver for this is the higher agency spend and lower established staffing levels, adding that the funding has been received from the Scottish Government for the salary increase from 1 December 2021.</li> <li>○ The DoF said that the budget within Housing had been profiled to reflect higher repair and maintenance expenditure during the winter period when more repairs are expected, informing that this additional budget has not been met with a corresponding increase in spend, and in terms of performance against budget there has therefore been an improvement in recent months.</li> <li>○ The DoF noted that central overheads are favourable compared to budget and this is due to continued staff vacancies and prudence in how the budget had been set.</li> <li>○ The DoF said that within the Treasury management section, although an increase in the value of the Brewin Dolphin investment had been reported, this is expected to reverse out by year-end, as due the war in Ukraine there has been a significant drop in the value of Ark's investments.</li> <li>○ In addition the DoF, noted that ACIL and ASL performance in the year to date has continued, with no issues to highlight.</li> </ul> <p><b>Members noted the Period 10 Management Accounts</b></p> |

|     |   |  |
|-----|---|--|
| 11  | 11.1  | <p><b>Disposals, Lease Renewals</b></p> <ul style="list-style-type: none"> <li>○ The DDBI informed that leases would normally go to the Finance Sub-committee then to the BoM in terms of disposal approvals and then notification to the regulator. The DDBI noted that as part of the portfolio analysis exercise that the third party leases are currently being renewed lead by the Head of Housing and Muir Court had been chosen to pilot how the leases would look going forward. The DDBI advised that Ark had engaged with TC Young to review and update Ark’s lease protocols, roles and responsibilities, a revaluation of the value of the lease had been carried out and increases made where relevant. The DDBI added that internal governance and regulatory requirements have also been refreshed and when renewing leases they will go to the Finance Sub-Committee then to BoM for approval going forward. The DDBI noted that the only other instruction that was made was where Ark are managing on behalf of a third party lease or other care providers a 10% administration charge has been introduced mainly for repair and duty of care services and also Health &amp; Safety management therefore there will be slightly more income coming into Ark.</li> <li>○ The DDBI asked for approval to: <ul style="list-style-type: none"> <li>○ Renew the lease between Ark Housing Association and Community Integrated Care for the property at 10 Muirs Court, Uphall, EH52 5JQ</li> <li>○ Renew the lease between Ark Housing Association and West Lothian Council for the property at 8 Muirs Court, Uphall, EH52 5JQ</li> <li>○ Renew the lease between Ark Housing Association and West Lothian Council for the property at 9 Muirs Court, Uphall, EH52 5JQ</li> <li>○ Renew the lease between Ark Housing Association and Leonard Cheshire Disability for the property at House 2, 73 Stenhouse Place West, Edinburgh, EH11 3LB</li> </ul> </li> <li>○ The DDBI clarified that in all cases Ark own the asset and have a property lease with the care providers and they have an occupancy agreement with the supported people, adding that as part of the lease that Ark have various responsibilities around repair, duty of care and Health &amp; Safety services for each care provider. The DDBI clarified that LCD had de-registered and is now an HMO rather than a registered care home.</li> </ul> <p><b>Members noted and approved the Renewal of the Leases noted above</b></p> |
| 10. | <p><b>AOB</b></p> <p>The Chair thanked the Finance Sub-Committee for their input and considerable oversight given in terms of the financial statements and budgets and noted that this gives the BoM comfort that the finer detail has been scutinised. The Chair also thanked the ET for the reports and papers created for today’s meeting noting that it had been an interesting meeting where considerable progress has been made in moving Ark forward.</p> <p>The Chair thanked all for their attendance.</p> |  |
|     | <p>There was no other business to discuss and the meeting was closed at 4.00pm</p>  |  |
|     | <p>It was noted at the end of the meeting that there were no potential impacts identified in relation to people with a protected characteristic.</p>  |  |
| 11. | <p><b>Date of Next Meeting: Thursday 26 May 2022</b></p>  |  |

- 2022 Dates for Board of Management Meetings – commencing 14.00**  
**Board Member Only sessions will commence at 13.30 unless agreed otherwise**
- 🚦 23 June
  - 🚦 25 August
  - 🚦 29 September
  - 🚦 27 October
  - 🚦 15 December



**ACTIONS**

| Meeting Date | Agenda Number                     | Action   | Who    | Status   |
|--------------|-----------------------------------|--|--------|----------|
| 31/03/22     | 4.1 – Minutes of Previous Meeting | 24 February 22 minutes to be updated with Mr Proudfoot’s comments                                    | MB     | Complete |
|              | 5 – Policies                      | Reference to the procedure be noted at the section on page 6 headed related policies and procedures. | VK     | Complete |
|              | 7 – Chairs Remarks                | Venue for June meeting to be booked<br>Membership letters to Ms Charnley and Mr Yorkston             | CEO/MB | Complete |
|              | 9 – Board Development             | Performance Management Framework to be reviewed  | VK     |          |