

COMMITTEE MINUTE RECORD

Minute of: Ark Board of Management

Date Held: 17th June 2021, 14.00

Venue: via Zoom

Chair: Graham Mitchell

Secretary: Bobby Duffy

Present: Mr Graham Mitchell (Chair), Mr Neil McKnight, Dr Fraser Quin, Ms Lucy Robertson, Dr Darcey Black, Mr Ken Brown, Mr Nikolas Koutris, Ms Joanna Mansell, Mr Ian Logan, Mr Dave Proudfoot, Ms Marilyn Barrett, Ms Anne Lane

Observing: Ms Kayleigh Bryan

In Attendance: Mr Bobby Duffy (Chief Executive Officer) (CEO), Ms Victoria Knox (Director of People & Organisational Development) (DPOD), Mr Mark Hall, (Director of Operations) (DO), Ms Caryn Innes (Director of Development and Business Improvement) (DDBI), Mr Ron Watson (Director of Finance) (DF), (DMs Mary Bell (PA to CEO) (Minutes)

ITEM	
1.	<p>Welcome</p> <p>The Chair welcomed all attendees to the Board of Management zoom meeting of 17 June 21 and extended a further welcome to Ms Bryan who was observing her first meeting. The Chair recorded his appreciation to Members for their attendance at this extra meeting to fit in all the extra work that have arisen this year noting that the 27 May 21 meeting was for discussion papers and today's meeting is for reporting purposes.</p>
2.	<p>Apologies: N/A</p>
3.	<p>Declaration of Interest</p> <p>It was noted that, Mr Neil McKnight, Mr Ken Brown, Mr Ian Logan and Ms Lucy Robertson were also members of Ark Commercial Investment Limited (ACIL) Board and Ark Services Limited (ASL) Board.</p>
4.	<p>Items for Approval</p>
4.1	<p>Minutes of Previous Meeting held on 27 May 21</p> <ul style="list-style-type: none"> ○ The Chair enquired if Members had any comments or queries in regards to the 27 May 21 BoM meeting minutes. ○ The Chair clarified that he and the CEO have commenced discussions in regards to the changes that will be made to strengthen all Board sub committees and memberships of subsidiary companies and advised that proposals will be finalised for this year's AGM being held on 23 September 2021. This will be noted as an action point. ○ The CEO clarified that ACIL and ASL are both registered with Companies House and that Impact Scotland was the only company of the three who submitted dormant accounts. ○ The Chair confirmed that the process for internal audit reporting will be through the Audit Sub-Committee. ○ The CEO noted that personal information in the minutes is redacted prior to being placed in the public domain. ○ Mr Proudfoot asked if the wording in item 9.5 could be amended to read "Mr Proudfoot was asked" and this was agreed. ○ Further to the above clarifications and amendments the minutes of the 27 May 21 Board of Management meeting were approved as an accurate record of the meeting. <p>Members approved the 27 May 21 Board of Management meeting minutes</p>
4.2	<p>Matters Arising and Actions from Previous Minute</p> <p>Actions</p> <p>The action list was reviewed and updated and the following updates were noted:-</p> <ul style="list-style-type: none"> ○ The CEO advised that further to agreement for the next strategic development update there will be planning dates shared with the BoM. ○ Draft revised proposals for Windsor Square are on today's agenda and this item will be removed from the action list. <p>Members noted the status of the Action List</p>
5.	<p>Items for Discussion/Decision</p>

	5.1	Policies <ul style="list-style-type: none"> ○ The Chair noted that there were no policies due for approval at today's meeting.
6.		Fife Legal Case <ul style="list-style-type: none"> ○ The DPOD advised that she had contacted the solicitors on the 2 June 21 and that they had responded to say there is no update to give and that they would make contact when there are any changes to note. Members noted the status of the Fife Legal Case
7.		Chairs Remarks Annual Reviews <ul style="list-style-type: none"> ○ The Chair thanked Members for agreeing dates for their annual reviews noting that one had already taken place and asked the Members who had not yet agreed a date to forward to DPOD or the PA to complete the process. ○ The Chair advised that Ms Barrett was resigning from the BoM after today's meeting and thanked her for the contributions she had made in her time as a Member. The Chair added that Ms Barrett will be missed and wished her all best wishes for the future from all Members. Ms Barrett noted her thanks and that she had enjoyed the 5 years she had served as a Member of Ark BoM. ○ The Chair thanked all Members for the work that had been carried out over the last 12 challenging months and for their commitment and contributions. The Chair added that despite the challenges Members have provided a strong framework and response for the ET and SLT and that interactions have been successful. The Chair noted that the following reports will provide evidence of the significant work that has been completed over these difficult times. Members noted the Chair's Remarks
8.		CEO Remarks/Reports Special General Meeting (SGM) <ul style="list-style-type: none"> ○ The CEO informed that the SGM went ahead at 1pm today and the 7 Members who attended in person approved the new SFHA Model Rules for Ark. The CEO noted that he will now complete the process by engaging with TC Young who will lodge the documents with the FCA and it is anticipated that the new Rules will come live early to mid-July 2021. The CEO noted that this will allow the 23 September 2021 AGM to be held remotely if it is not possible for people to meet in person. The CEO thanked the Members for coming along to the Priory to attend the SGM. Priory Closure <ul style="list-style-type: none"> ○ The CEO advised that the ET had reviewed the ongoing closure of the Priory and given the circumstances with Covid have agreed to continue the closure until the end of September 2021 but the situation will be constantly assessed to ensure staff return to the Priory safely when it is time to do so. ○ The CEO thanked Ms Barrett for the support she has given to the ET throughout her time on the BoM noting that Ms Barrett was also involved in the Audit Sub-Committee and his recruitment to CEO. The CEO added that in the time Ms Barrett has been a Non-Executive Director her contribution to Ark has been valuable. Members noted the CEO Remarks
		Standing Items
9		2020/21 Performance
	9.1	Objectives Annual Summary Report <ul style="list-style-type: none"> ○ The DoF commented on the summary report for year ending 31 March 2021 and noted that 41 from the 48 measures had been achieved by the SLT. The DoF advised that from the 7 measures not achieved 2 were due to Quality Scotland going into liquidation and the others were due to the impact of Covid on Ark's operations. The DoF noted that the SLT had accomplished a strong performance for the year. ○ The DoF confirmed that measures 9.1.3 and 9.2.1 were still on course to be finalised by their scheduled dates. ○ The DoF verified that in terms of the organisations main objectives, the unachieved measures do not have a significant impact on the future of Ark operations. Members noted the Objectives Annual Summary Report
	9.2	Key Achievements Summary Report <ul style="list-style-type: none"> ○ The DPOD notified that the summary report seeks to highlight some of the key achievements across the organisation through the last financial year despite the challenges faced. The DPOD advised that the list is not exhaustive and the SLT and their teams have pulled together and highlighted some of their key successes that they have delivered. The DPOD noted that a communication had also been sent to all staff along with the pay increase notification to provide them with a summary of the range of activities that have delivered and this had been well received. The DPOD asked Members for comments in regards to the report and its usefulness for reporting the activities delivered over the last year.




		<ul style="list-style-type: none">o Phone recordings: The DPOD confirmed that no recordings had been made during telephone contact but notes may be taken. The CEO added that the phone calls had been made early on in the pandemic and was carried out by the Housing services team who had phoned vulnerable tenants to ensure they were coping with the restrictions.o The DPOD verified that she was looking for comments on Item 9.2 – Key Achievements document to determine if Members thought it useful to receive as it sits out with the normal objective reporting.o Mr Logan noted that the document was excellent and it was interesting to see how much has been achieved during Covid, that were either Covid related or not, and a lot of things are looking positive for the future of Ark.o The CEO commented that when work was being carried out on the Business Plan that the ET knew that there were a number of areas for improvement that they would be working on that were not in the objectives and this report was to highlight these areas to the BoM. <p>Members noted the Key Achievements Summary Report</p>
9.3	<p>Year End Management Accounts</p> <ul style="list-style-type: none">o The HoF informed that the year-end management accounts sets out the results for the Ark group and noted that he had previously reported up to period 10 and would report on the last 2 months of the financial year. The DoF informed that it had been a very positive year financially for the group and noted that the net surplus results have significantly outperformed the budget. In addition this had included the increased pension deficit cost and the one off staff payment made in December 2020.o The HoF informed what the key highlights within Housing and Care were and commented that the forecast for Care and Support services had been slightly optimistic, with actual results reflecting a mix of reduced income and higher staff costs within Care, and higher levels of repair expenditure in Housing, in the final quarter. The HoF advised that the results for Housing were broadly in line with budget and this includes the reduction in rent and management fee recharge from ACIL. The HoF added that there had also been the removal of a small number of properties to let during the year as part of the strategic review of Ark's property assets.o The HoF noted that there had been a big reduction in Central Overheads, in particular due to the high level of home working by Priory based staff throughout the financial year.o The HoF highlighted the surplus in Treasury Management that reflected the positive swing in value of investments and noted that they are at their highest point to date. The HoF informed that an additional table has been added to the report showing capital investment required to cover new build developments and the largest spend has been for the Livingston development.o The HoF advised that the Loan Portfolio and 5 Year Financial return were also included in the report as appendices and noted that he had missed the Covenant information from the Loan Portfolio report that was shared and this was then discussed. The HoF advised that the covenant calculated that the value of Ark properties requires to be at least 100% of the values of the loans and noted that Ark are exceeding this significantly, with one loan sitting at over 800% and the other is at 1800%. The HoF advised that Interest Cover requires an adjusted operating surplus of more than 110% of Ark's interest costs and Ark are reporting results over 4000% for this. The HoF advised that the Net Worth covenant requires that the value of Ark loans need to be no more than 30% of the value of Ark, and Ark are reporting a result at under 3%. The HoF informed that he will be sharing this with the SHR and is happy to share the updated report with Members. The HoF advised that the SHR five year financial return is based on the 5 Year Financial Plan that was approved at the 18 March 2021 BoM meeting, and has been updated to reflect this year's actual results.o A discussion ensued in relation to the idea of inviting Fund Managers to establish what they could offer in regards to investments and Mr Brown noted that Ark are happy enough with Brewin Dolphin's (BD) return on investment at present. Mr Brown advised that there was discussion in regards to other funds from ASL being invested and this was deferred in the event that money was needed to support the Association. The DoF advised that BD are out-performing the benchmarks set and Ark should stay with BD until the markets start settling down again. Mr Brown noted that the investment performance will be re-visited.o Mr Proudfoot asked about the valuation of our properties used as security on our loans, enquiring if there is a need to review this on a regular basis. The HoF informed that he has been in discussions with Ark's existing funders recently, looking at new funding as part of the 5 Year Financial Planning and that they had not highlighted a concern about this, but it will be done as part of reviewing the stock condition for security on Ark's assets. The HoF noted that this will be done on a more regular basis going forward and that the banks are confident with the information they have received to date. The HoF added that scenario testing will be carried	

	<p>out to assess how much Ark are comfortable with borrowing. The DDBI noted that this will also form part of the Asset Management Strategy in terms of the stock condition and this is ongoing for this financial year.</p> <p>Mr Koutris enquired if any changes in the figures from the External Auditor are expected. The HoF advised that the Auditor is due on 6 July 2021 therefore there will be a tight turnaround for the Audit Sub-Committee and BoM meetings taking place in August 2021. The HoF noted that he is expecting a negative pension adjustment and that Ark are devaluating the asset at Windsor Square, Penicuik now that demolition has been approved. In addition there will be a few non-material adjustments to be made but he is not expecting any surprises.</p> <p>[REDACTED]</p> <ul style="list-style-type: none">o The HoF explained that there has been an increase in the SHAPS pension scheme deficit recognised through the statutory accounts, which are currently being produced. The HoF noted that the tri-annual valuation will commence from the end of September 2021, and Ark should have a better indication of the revised financial position of the Scheme by March 2022.o A discussion ensued in relation to a comment in the ASL Directors report about future use of reserves, and whether gift aid payments from ASL to Ark HA are in line with the wording. The DoF confirmed that in the past ASL have supported Ark with new builds and that he would provide clarity around the wording in the Directors report. <p>Members Noted the results for the year to 31 March 2021; Approved the Loan Portfolio submission at Appendix 1 and Authorised this to be submitted to the SHR; Approved the Five-Year Financial Return submission at Appendix 2 and Authorised this to be submitted to the SHR.</p>
9.4	<p>Care and Support Outcomes and Impact Report</p> <ul style="list-style-type: none">o The DoO advised that Good Life plans had been introduced a few years ago to record people’s outcomes as well as individual feedback in regards to the service they received. The DoO noted that the return rate of outcome data had been 74% for years 2019/2020 and 2020/21 and this allowed a valuable insight into the people’s perception of the progress they are making towards their outcomes. The DoO noted that this information gives Members a sense of what will be reported going forward on a quarterly basis in terms of people’s outcomes and feedback.o The DoO advised how the information had been set out in the report to present to Members in a meaningful way. The DoO added that he has used the information in contract management meetings with the LA’s who appreciate this level of detail and in addition the whole approach being outcomes based in terms of the Feeley report and self-directed support. The DoO highlighted in terms of the 26% where outcome data has not been returned that the reviews will all have taken place and if not the Care Inspectorate would pick this up during the annual inspections as it is a regulatory requirement that people have their support reviewed every 6 months.o Mr Proudfoot enquired about the majority of outcomes being partially met or ongoing and the outcomes where there is no progress happening whether the percentage could be masked by the way this information is presented. The DoO noted that the purpose of reviews is to consider individual support needs and whether the support is meeting their needs, the reasons people might not be achieving their outcomes meet those needs and interpreted what partially met and ongoing meant. A discussion ensued in regards to ongoing outcomes and the chance that something may be lost as the reporting comes up to the top level and the DoO advised that the detail is recorded in the individual review. As the information is aggregated for reporting purposes, the likelihood is that there will be something lost, but it isn’t practical to report to the level of detail in each review. The DoO noted that he will consider the reporting to see whether any practical changes would improve the information.o Mr McKnight asked whether the roll out of AIMS would impact on reporting, the DoO advised that AIMS does record people’s support and that reviews are subsequently recorded. Once the system is fully rolled out, this will remove much of the transactional element that currently exists.o The Chair read out Ms Mansell’s question “If people weren’t getting the Care & Support they needed due to the complexities and limitations of the pandemic, has this had any unintended consequences on health and wellbeing as is reflected in feedback that some people feel their outcomes have not been met in full?” The DoO noted that he had not gone through all the detail but it had been reported to him that some people’s well-being

		<p>had been impacted due to change of routine resulting in their frustration, in addition the DoO said that there has been some increases in behaviours of concern. . He informed that there is no data within the report that would provide evidence around the effects of the pandemic impacting peoples' outcomes. The DoO advised that he will assess this position and report back at a future BoM meeting.</p> <ul style="list-style-type: none"> ○ The DoO confirmed that qualitative questions are included in the feedback section of the survey and that there is a narrative box in the review paperwork where people can expand upon their feedback. The DoO added that a thematic analysis of the qualitative information is planned. The DoO informed the process that will be gone through to consider whether plans are required to respond to themes at service level or if organisational themes emerge, these will be used to inform improvements. The DoO added that this will also be looked at as part of the Communication and Engagement Strategy that is planned for next year. <p>Members noted the Care & Support Outcomes and Impact Report</p>
	9.5	<p>Ark Business Plan – Version 2</p> <ul style="list-style-type: none"> ○ The CEO informed that the SHR ask for an updated business plan every year and they will receive this in the format provided for today's meeting. The CEO summarised the changes that had been made and noted that this version of the business plan is presented to the BoM in June of each year for approval for submitting to the SHR. <p>Members approved the Ark Business Plan for Submitting to the SHR</p>
	9.6	<p>Management Accounts 21/22 P2</p> <ul style="list-style-type: none"> ○ The HoF reported that the results to end of May 2021 were positive and noted the following key highlights: <ul style="list-style-type: none"> ○ Income in Care & Support higher than budget reflecting the prudent approach taken to budgeting for this year and noted that with the continuation of last quarter with a number of staff on furlough, agency spend has increased. ○ Increase in repair spend in Housing due to the easing of restrictions and a back log of repairs over the winter period being worked through though it is expected to ease off in the coming months. ○ Central overheads is reporting a healthy favourable variance to budget reflecting the continuation of people working from home. ○ The HoF noted the driver behind the high agency spend in East Lothian. ○ Mr McKnight highlighted that accessible PPE is being withdrawn and asked if this would have any implications on the budget. The HoF advised that no changes to budget have been made to date and that he will look into this in more detail in regards to the potential of ongoing costs to organisation but he hopes the costs can be absorbed through existing budgets.
	9.7	<p>SRR</p> <ul style="list-style-type: none"> ○ The CEO informed that comments from Members in relation to the structure and narrative of the SRR have hopefully been addressed and it will be brought back to the BoM meeting on 9 December 2021 for its 6 monthly approval. <p>Members approved the SRR</p>
10	Session 21/22	
	10.1	<p>Development Update</p> <ul style="list-style-type: none"> ○ The DDBI advised that a lot of detail had been added to the first report in regards to scene setting in terms of the types of areas that will potentially come back to Members for the bi-annual reporting. The DDBI added that the report was developed with capital and development activity over the life of the 5 year business plan and for Ark moving into a different environment and investment levels. The DDBI noted that they the two new Directors have spent time stabilising and restructuring to keep the organisation safe and she is looking forward to progressing with her objectives. ○ The DDBI highlighted the inflationary uplift on construction costs as a concern and reported that come August 2021 there may be a different situation and it could potentially be to put a stop on the development at Crusader Rise to re-focus on the financials. The DDBI noted that it is potentially a challenging time for Ark to start to build new homes but she is confident that the development will work out over the next 12 months. ○ The DDBI updated Members with the details of the Priory appraisal, noting that this will be timetabled in line with the 5 year business plan and financial strategy. ○ The DDBI advised that the Housing and Property Working Group has now been established and noted that with one Member leaving it has been agreed to carry on with the current compliment and potentially recruit another Member after this year's AGM.

		<ul style="list-style-type: none"> Mr Brown noted caution in this environment and further noted that when the work commences to ensure there is a sound financial structure. The DDBI agreed and noted that an early cost check will be discussed with the ET in July and there is the potential to push back the Business Case to December 2021. The DDBI added that new risks are being identified and available mitigations are being sought to respond to those risks. The DDBI advised that it will be early July before the Scottish Government grant will be known and an internal review of the financials will take place before bringing a paper to the Finance Sub-Committee and BoM. The Chair noted that there are a lot of alternative opportunities with the development sites and it will be interesting to see what comes back to the BoM in August 2021. Mr Proudfoot thanked the DDBI for the report and noted that it was positive to see a couple of opportunities coming up in Perth and Kinross and added that it was good to see the term asset management strategy being mentioned in the report as this has been the solution to a number of issues for a few years that now has a completion date for the end of the financial year. The DDBI noted that she will update appendix 2c with ET as lead for Asset Management. Mr McKnight asked if there is potential for another organisation to share the Priory with Ark. The DDBI advised that seeking advice from the business base unit with Savills in regards to what the current sector is doing this was discounted mainly because of the current format of the Priory and explained why this would not be a viable solution. A discussion ensued in regards to the use of the community living fund monies from the Scottish Government as part of the out of area placements and HAG monies and the DDBI noted that she has programme meetings with the Scottish Government where they talk about funding options and these are all filtered through the programme management who are working towards getting an increase in grant benchmark to take account of all the extras. <p>Members noted the Development Update</p>
	10.2	<p>Programme for Improvement</p> <ul style="list-style-type: none"> The CEO advised that this document was a rewrite of the milestones to make it a more engaging for reporting progress around the objectives and this will be used to report to customers and other people across the organisation as well as the BoM. The CEO added that the report will also be used for the ET and SLT to monitor progress of the objectives. The CEO clarified that this document would be populated with narrative over the course of the reporting period and he will provide a summary report with this document in the future and will ensure all measures can be read. <p>Members noted the Updated programme for Improvement</p>
11.	Items for Noting Only	
	11.1	<p>AIMS</p> <ul style="list-style-type: none"> The DoO noted that the Manager commenced work with the staff team at West Lothian at the beginning of May 2021 and the programme is progressing as planned. A further update will be provided at the 26 August 2021 BoM meeting. <p>Members noted the AIMS update</p>
12	AOB	
	There were no further matters to be discussed and the meeting closed at 4.00pm	
	It was noted at the end of the meeting that there were no potential impacts identified in relation to people with a protected characteristic.	
13.	Date of Next Meeting: Thursday 26 August 2021 via Zoom	

Meeting Dates in 2021

-  Thursday 23rd September
-  Thursday 28th October
-  Thursday 09th December

ACTIONS

Meeting Date	Agenda Number	Action	Who	Status
18/03/21	9.1	ET strategic planning dates to circulated to Members	BD/MB	Ongoing
	9.3	Draft revised proposals for Windsor Square to be provided at 17 June BoM meeting	CI	Ongoing
17/06/21	4.1	Proposals in regards to strengthening all Board sub committees and subsidiary memberships to be finalised for this year's AGM	GM/BD	
	6	Re-visit investment performance	RW/KB	
	9.4	Review outcomes reporting to consider whether critical information is being missed Review outcomes reporting to establish whether there is evidence of the pandemic impacting on people achieving their outcomes	MH MH	
	10.1	Add ET to lead for Asset management in appendix 2c	CI	