

<b>COMMITTEE MINUTE RECORD</b>	
<b>Minute of:</b>	Ark Board of Management
<b>Date Held:</b>	30 March 2023, 1.30pm
<b>Venue:</b>	Hybrid
<b>Chair:</b>	Graham Mitchell
<b>Secretary:</b>	Bobby Duffy
<b>Present:</b>	Mr Graham Mitchell (Chair), Mr Neil McKnight (Depute Chair), Mr Dave Proudfoot, Mr Ian Logan, Mr Darcey Black, Mr Craig Unsworth Co-optee, Mr David Belfall Co-optee
<b>Present Remote In Attendance:</b>	Ms Lucy Robertson, Ms Catriona Clarke, Ms Kayleigh Bryan, Ms Joanna Mansell, Ms Donna Downie Co-optee Mr Bobby Duffy (Chief Executive Officer), Mr Mark Hall (Director of Operations), Ms Caryn Innes (Director of Development and Business Improvement), Mr Stuart Green (Director of Finance), Ms Victoria Knox (Director of People and OD), Ms Mary Bell (PA to CEO) (Minutes), Ms Danielle Corker (Associate Director) Savills for Item 12.1
ITEM	
1.	<b>Welcome</b> The Chair welcomed all attendees to the 30 March 2023 Board of Management meeting.
2.	<b>Apologies:</b> Mr Oliver Saint
3.	<b>Declaration of Interest</b> It was noted that Ms Lucy Robertson, Mr Ian Logan and Ms Kayleigh Bryan are Members of Ark Services Ltd (ASL) Board, Ms Lucy Robertson, Mr Neil McKnight and Ms Catriona Clarke are Members of Ark Commercial Investment Limited (ACIL) Board.
4.	<b>Items for Approval</b>
4.1	<b>Minutes of Previous Meeting held on 23 February 2023</b> The Chair enquired if Members had any comments or queries in regards to the 23 February 2023 Board of Management meeting minutes. An amendment in regards to the declaration of interests was noted further to this amendment being rectified Members agreed that the content of the minutes are an accurate record of the meeting. <b>Members approved the 23 February 2023 Board of Management meeting minutes</b>
4.2	<b>Actions</b> The action list was reviewed and the following was noted:- 15/12/22 Item 9.11 Cost of Living Impact on Tenants won't be concluded until the end of March 2023 and the DO will report the outcome at the 25 May 2023 BoM meeting. 23/02/23 Item 7 Chairs Remarks - Plan for future BoM reporting is in progress and will remain on the action list Item 9.1 Property Development and Strategic Asset Management – Priory Update is on today's agenda for discussion and will be removed from the action list. Item 9.3 Aims Update - is on today's agenda and will be removed from the action list. All other actions remain on the action list or have been completed. <b>Members noted the updates and current status of the action list</b>
5.	<b>Policies for Approval</b> o The DPOD noted that HM01 Allocations policy had been approved by the Finance Sub-Committee under its remit. There were no policies for approval at today's BoM meeting. <b>Members noted that there were no policies for approval at today's BoM Meeting</b>
6.	6.1 <b>5 Year Financial Plan</b> o The DoF summarised the key updated financial projections for Ark for the five-year period to 31 March 2028 noting the information contained within the plan is very ambitious. The DoF highlighted the headlines and key assumptions included in the plan noting that C&S continue to operate at the same levels over the 5 years with a focus on growth. The DoF noted that the plan assumes a 3.81% uplift in salaries based on the funding being provided from the Scottish Government and Local Authorities (LA) in regards to the Real Living Wage. The plan for Housing and Asset Management includes 101 affordable homes being built or purchased over the next 6 years funded by a mix of Housing Association grants funding, new borrowings and other areas of funding including the

proceeds from the sale of the Priory. The DoF noted that a substantial increase has been planned for investment in existing housing stock adding that there has been an under investment in the assets over the last few years, primarily due to the level of pension deficit contributions. It was noted that more detail and discussion in relation to improvements when the Asset Management strategy is completed will follow. Investment has been planned for the non-property assets including ICT, funds linked to the new office, replacement software for office functions. The plan also includes revenue investment for on-going delivery of the Business Plan objectives. Capital and day to day investments for the strategic objectives are planned.

- The DoF highlighted the key concerns noted by the Finance Sub-Committee in regards to the operating surplus and Cashflow and explained what would happen if the operating surplus dropped. The DoF highlighted the key item in the assumptions is around the contract uplift as this has not matched the increases in salary uplift over the last 2 years and is a key risk to Ark over the longer term. It was noted that increases to contracts have been based only on the staffing element and that some LA's have provided inflationary uplifts. The DoF noted that the pension deficit payment had ceased in September 2022 and it is assumed that there will be no payment over the 5 year plan but this will be continually reviewed and if there is a risk that payments start again the strategic priorities would be re-profiled. It was noted that an assumption in regards to using a level of cash from the business and borrowing is also planned.
- The Chair of the Finance Sub-Committee noted that extensive discussions had taken place noting that he was in agreement that the 5 year plan was ambitious. In addition, he noted that it was ultimately seeking to re-configure the business in so far as it re-balances the business towards housing through investment. He added his support for the investment plans but highlighted the risk around the key assumptions on agency costs and contracts which are flat and noted that challenges will be faced.
- The DoF confirmed that if any service was costing Ark money a review would take place and a decision made to either hand back to the LA or to re-negotiate the contract noting that at this point in time there are no services that are an issue. In addition the DoF noted that all C&S services within Ark work together and if one service was handed back C&S would fail explaining how this would transpire and that the same experience is faced across all providers. The DoF noted that he had provided a number of financial scenarios at the end of the paper and if C&S continued to be underfunded it would break the financial plan quickly and this is a key risk to the organisation. The CEO provided assurance to Members noting that reviews are carried out on a regular basis and if any of the scenarios play out a major review of operations and structures would occur. A discussion ensued in regards to the assumed costs for re-active and cyclical repairs and the DDBI confirmed that cyclical activities require to be carried out as part of compliance and that savings will come from the re-active repairs through procurement.
- The Chair noted his general observations in regards to the plan commenting that in his opinion, the assumption for the Housing Services operating surplus is not reflective of the market, that he was disappointed at the potential savings in the running costs and further work is required in this area. The Chair further noted that there is no mention of business development within the strategic objectives and that this is a missed opportunity. The Chair requested re-assurance in regards to the position with covenant and also information about the plans for the capital investment in ASL. The DoF advised that RBS had taken the covenant away from Ark due to the low level of debt and explained how covenant is formulated within the sector. The DDBI advised that ASL had approved the investment plan to cover the backlog of under investment within the assets and informed how this will impact the cash position. The DDBI clarified that Ark only notify the regulator and record self-contained units and that there is a flat line assumption across all the assets at this time and will be explored in the future. The Chair asked Members to approve the 23/24 budget and 5 year financial plan.

**Members Approved the 23/24 Budget and 5 Year Financial Plan**

6.2 **Annual Pay Proposal**

- The DOPD shared background information in regards to how the decision was reached for proposing a 3.81% uplift for all grades and that if approved can be paid through the April 23 payroll. The DPOD noted how the decision was primarily driven as set by the Scottish Government and that the uplift was only granted for 86.9% of the contract value and as last year there is a funding gap to pay all staff grades. The DPOD noted that Ark recognise Unite as valuable partners and following ET and the Finance Sub-Committee mandating the Scottish Governments increase from £10.50 to £10.90 the proposal is to go into negotiation with Unite. It was noted that Members agreed that the uplift was not enough for the excellent work that is carried out but this was out with Ark's remit. The DPOD noted the next steps and explained the process. Higher uplifts were discussed and the DPOD noted that Ark are constrained within the budgets provided but would like to be in a position to do more.

**Members Approved the Annual Pay Proposal for a 3.81% Increase across all Staff Grades**

7.	<p><b>Items from Chair and CEO</b></p> <p><b>Chairs Remarks</b></p> <ul style="list-style-type: none"> <li>The Chair provided his thanks for Members input and thoughts in regards to the 5 Year Financial Plan and Pay proposal discussions noting that they were beneficial and that the additional BoM meeting planned for June 2023 will allow more time for discussion and decision making for Management to move forward with their strategic plans.</li> </ul> <p><b>Members noted the Chairs Remarks</b></p>
8.	<p><b>CEO's Remarks</b></p> <ul style="list-style-type: none"> <li>The CEO informed Members that Neil Armstrong (Regional Manager) had been successful for recruitment to the Assistant Director of Care &amp; Support post following a robust process and that an appointment has been made for the Head of Compliance and Improvement post.</li> </ul> <p><b>Members noted the CEO Remarks</b></p>
	<b>Items for Discussion/ Decision</b>
9.	<b>Session 22/23</b>
9.1	<p><b>Property Development and Strategic Asset Management Development Progress Report</b></p> <ul style="list-style-type: none"> <li>The DDBI noted that there was one update to provide for the Development Progress report and explained that a request had been made by one of the contractors for further information and the procurement process has been extended to 10 April 2023. The DDBI noted that this won't have an impact on the Windsor Square development timelines.</li> </ul> <p><b>Members noted the content of the West Adam Street Business Case and Windsor Square Option Appraisal planned date changes and Priory reporting date contained within the Development Progress Report</b></p>
	<b>Strategic Focus</b>
9.2	<p><b>Asset Management Strategy - Stage 1 Informatives</b></p> <ul style="list-style-type: none"> <li>The DDBI provided an introduction to the Asset Management strategy noting that it was planned to have the full Asset Management Strategy to today's meeting for approval but during discussions with ET and Pre-Board the financial plan is a crucial part of the strategy and referenced the complex asset base. The DDBI added that guidance had been issued by the SHR in relation to best practice noting that there has been a shift in the regulators requirements about how the BoM engage with the strategy and summarised the strategic core requirements for the ET. The DDBI informed that it had been agreed to set out the informatives that have influenced and drafted the strategy around legislative requirements and the Scottish Governments national strategy in regards to Housing 2040 to deliver and improve Ark's assets. The DDBI noted that investment in the financial plan and that once categorisation has been carried out the lowest performing assets will be the first for investment. The DDBI added that the investment plans are ambitions, noted the position for future investment over the next 20/30 years and outlined the scenarios. The DDBI noted that a light assumption has been made in regards to grants to fully design the asset management strategy and that it complements the report adding that there is a 2 stage process to follow. In addition the DDBI advised that the Asset Management Strategy will be back for approval at the 25 May 2023 BoM meeting. The DDBI noted that work is commencing for house visits for the new survey this year and specific questions in regards to the indicators will be asked noting that there has been a reasonable increase to tenant satisfaction recently. The DDBI further noted that she will update the information, create a communications plan and set up co-design opportunities with C&amp;S providers. It was noted that the draft Asset Management will be presented and discussed with the HPWG and an invite will be extended to all Members to attend the meeting via zoom.</li> </ul> <p><b>Members noted the Asset Management Stage 1 Informatives</b></p>
9.3	<p><b>Development Strategy</b></p> <ul style="list-style-type: none"> <li>The DDBI noted that the Development strategy reflects Ark's future ambitions and opened up to questions. It was noted that the Development strategy was a very useful document.</li> </ul> <p><b>Members noted the discussions and Supported the proposed Development Strategy</b></p>
	<b>Performance Reporting</b>
9.4	<p><b>Q3 Programme for Improvement Progress Report Update</b></p> <ul style="list-style-type: none"> <li>The CEO noted that the summary paper in relation to result for the Q3 key priorities had been shared for information adding that the objectives are covered in other parts of new corporate objectives.</li> </ul> <p><b>Members noted the Q3 Programme for Improvement Progress Report</b></p>
10	<b>Items for Noting</b>
10.1	<p><b>Period 11 Management Accounts</b></p> <ul style="list-style-type: none"> <li>The DoF noted the variation in results for P11 driven by an increase in adverse results over the past 2 months. The key drivers within C&amp;S was the reduced agency spend that has had a massive impact at the Perth services and for Housing a</li> </ul>

	<p>high level of repairs spend linked to winter challenges. The DoF advised that the budget for repairs had been profiled evenly this year and showing peaks and troughs in expenditure but will be profiled to mirror expenditure for future years. In addition the DoF noted that constant review of agency costs and rates will continue. The DoF confirmed what the agency pays to the agency worker and how much Ark is charged in comparison. A discussion ensued in regards to agency workers why some agency staff come to Ark full time and the DPOD noted that it is for the additional benefits offered and permanent contracts. The DoF noted that capital spend for Livingston has been monthly payments and the forecast to the end of year was for the work to be carried out before payments are made.</p> <p><b>Members noted the Period 11 Management Accounts</b></p>
11.	<p><b>AOB</b></p> <p><b>AIMS</b></p> <ul style="list-style-type: none"> <li>o The DO provided background information in relation to the AIMS project plan noting that it has taken 3 years to implement in 30 services and that 60 Managers have been trained to date. The DO advised what was entailed and that it was set up to put all paper based information into a digital format. The DO noted that 500 supported people's information has been added and 1000 staff have been trained and the system is continually developed and updated. In addition the DO advised that there is a Working Group formed of Managers who have brought about quality improvements and noted that reporting from the system is being developed. The DO highlighted that Workspace apps are being developed for management information. The DO noted that he will provide a comprehensive report for the 25 May 2023 BoM meeting.</li> </ul> <p><b>Members noted the AIMS Update</b></p>
12.	<p><b>Priory Session</b></p>
12.1	<p><b>Edinburgh Property Route</b></p> <ul style="list-style-type: none"> <li>o Savills Associate Director joined the meeting and provided information in relation to the Edinburgh property market and provided the various options that can be pursued. The Associate Director highlighted the option to proceed with the preparation of a full planning application for the residential redevelopment of The Priory and thereafter market and sell the opportunity on the open market. All proposed options were discussed at length and further discussions in regards to alternative properties to relocate the Priory ensued. The Chair thanked the Associate Director for her attendance and she left the meeting at this point.</li> </ul> <p><b>Members noted the Edinburgh Property Route</b></p>
12.2	<p><b>Priory Disposal Route for Approval</b></p> <ul style="list-style-type: none"> <li>o A discussion took place in regards to why the Priory was being sold and what the proceeds would be used for and the CEO noted that it is in line with how the office has been used over the last few years during COVID and a move to a better working environment and work life balance. The DDBI noted that any income received from the sale will be re-invested in Ark and confirmed that a due diligence process has been followed including the legally obliged money laundering checks and checks with the lawyers.</li> <li>o The Chair asked Members if they were content that Management proceed with the preparation of a full planning application for residential re-development of the Priory and thereafter market and sell the opportunity on the open market. The DDBI advised that it will be in the region of 8 months before the planning application will be granted and noted that it was amiss to put any further ambition into the plan for the Priory.</li> </ul> <p><b>Members Unanimously Approved the Decision to go for Planning Consent then Market and Sell the Opportunity on the Open Market</b></p>
	<p>There was no other business to discuss and the meeting was closed at 4.30pm</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>
12.	<p><b>Date of Next Meeting: Thursday 25 May 2023</b></p>

**2023 Dates for Board of Management Meetings – commencing 14.00**  
**Board Member Only sessions will commence at 13.30 unless agreed otherwise**

-  **29 June**
-  **24 August**
-  **28 September (AGM & BoM meetings)**

- ✚ 26 October
- ✚ 14 December

**ACTIONS**

Meeting Date	Agenda Number	Action	Who	Status
15/12/22	9.9 Treasury Management Strategy	Pro-forma agreement to be put in place with Brewin Dolphin	SG	May Meeting
	9.11 – Cost of living Impact on Tenants	Update to be provided for 25 May 2023 meeting	MH	
23/02/23	4.2 Actions	Employment Law Update to be shared for 25 May 2023 BoM meeting	VK	Complete
	7 Chairs Remarks	Plan to be created for future BoM reporting	BD	Ongoing
	9.1 Property Development and Strategic Asset Management	Windsor Square New Build Development Revised Business Case to 25 May 2023 BoM meeting West Adam Street Options Appraisal to 29 June 2023 BoM meeting	CI CI	Ongoing Ongoing
30/03/23	9.2 – Asset Management Strategy	BoM Members to be invited to the next HPWG Meeting	CI	