



**BOARD MEETING AGENDA
6.15pm on 18 May 2020
By telephone**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. Minute of Meeting held on 10 February 2020, actions & matters arising
4. Business update
5. Annual Return on the Charter and year-end results 2019/20
6. a) Finance report for the period to 31 March 2020 and budget 2020/21
b) Bank of England facility application
7. Alertacall expansion
8. Governance update
9. Duke Street update [redacted]
10. AOCB

Report

To: Loretto Housing Association Board

By: Laura Henderson, Managing Director

Approved by: Olga Clayton, Group Director of Housing and Care

Subject: Business update

Date: 18 May 2020

1. Purpose

- 1.1 This report provides an update on our response to the impact of the current Coronavirus crisis on our partner organisations, their tenants and communities.

2. Authorising context

- 2.1 The activities addressed in this report are principally of an operational nature, and are therefore delegated to the Group CEO under the Group Standing Orders. The Board has been kept regularly apprised of our progress through email updates.

3. Risk appetite and assessment

- 3.1 The unprecedented nature of the current situation raises risks in a number of key areas. These include:
- i. *Customers* - risks that Loretto Housing customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current government measures causing other effects such as hunger, isolation and mental and physical health problems
 - ii. *Staff* - risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively
 - iii. *Financial viability* - risks to our financial position, such as increasing rent arrears and reduced cash flow
- 3.2 These areas and the steps we continue to take to mitigate the risks are addressed below.

4. Background

- 4.1 This report provides a further update to Board members on our contingency operations to support both essential business and the new issues faced by Loretto Housing and tenants.

5. Discussion

(i) *How we are supporting customers*

- 5.1 We have determined the services which are essential for our customers & continue to provide these. The provision of services has evolved over the eight weeks as we gain experience in the “new normal”. Core services can be categorised into:

- Keeping our customers safe in their homes;
- Supporting our customers in a time of crisis;
- Supporting the provision of emergency accommodation;
- Delivering our priority care services; and
- Wheatley 360 services; and
- Support to local organisations.

- 5.2 Some specific examples to give a flavour of the support we are giving to customers are contained in Appendix 1.

Keeping our customers safe in their homes

- 5.3 Our core service provision relates to ensuring life and limb repairs continue for our customers, gas safety servicing and maintaining some of our environmental service particularly to deliver actions which support fire safety.

- 5.4 **Life and limb repairs** continue and for the month of April, we undertook 177 essential repairs for Loretto Housing Customers. These repairs include emergency repairs to gas heating or boilers, emergency repairs to toilet and essential forced access and lock changes for Loretto Customers.

- 5.5 The **gas safety service** has developed as the coronavirus emergency measures continue. We are now finding that some customers do not wish to allow tradespeople into their homes to undertake a service whether they are shielding or not. Our approach is in line with Scottish Government advice – where customers refuse a service or are unavailable, they are added to a list of refusals due to Covid – 19, with detailed notes made of the discussion with the tenant and the reason for refusal. We will re-contact these customers as soon as the lockdown comes to an end to ensure servicing is completed. To date 8 gas certificates have expired for Loretto Housing from over 1,224 homes with gas appliances.

Supporting our customers in a time of a crisis

- 5.6 Many of our customers are facing difficulties, whether through the loss of work, the need to shield, lack of school and child care or the increased risk of domestic abuse during lockdown. While the majority of these issues are not related to our housing provision, our contact with customers places us in a strong position to help them directly or through signposting.

- 5.7 Our housing officers are maintaining **regular contact** with customers and have so far completed a welfare contact to every Loretto Housing Customer. This contact has a particular focus on those who may be vulnerable (such as older customers) and also those who may have issues with paying rent – including those who currently use face to face payment or who have missed a rent payment. We have also worked with strategic partners to identify which households are in the ‘at risk’ category for health and have undertaken targeted support calls to those households. A further source of contact is through our call centre contacting customers out with office hours and environmental staff who have been helping maintain local contact with Loretto Housing customers while abiding by all social distancing requirements.
- 5.8 A priority in these calls is to identify any customer wellbeing issues and our housing officers have been highly effective in identifying needs for food, fridges, benefits advice and a range of other issues. In addition to arranging support through the suite of services we offer across the Wheatley Group for our customers, housing officers and environmental officers have been adept at going the extra mile to find solutions to very specific needs. Examples of this include providing families with young children with activity packs to support parents and tablets to complete their homework, helping ensure medication is delivered to customers who are shielding with health needs, linking families who have specific food requirements into local food delivery services such as a local butcher for fruit and vegetables and arranging baby clothes for a new mum. We have also helped to provide mobile phones for customers to assist with making UC claims. Some examples of the support given are included in Appendix 1.
- 5.9 Our **Eatwell** service has been massively expanded to deal with the current crisis. This has been supported through £250,000 of funding from within the Wheatley Group. Over 10,000 packs have been delivered as shown in the graph below. This was previously a Glasgow only based service but with this expansion Loretto Housing customers in our wider areas such as Falkirk, South Lanarkshire, North Lanarkshire, West Dunbartonshire and Renfrewshire have all benefited from the service.



- 5.10 Over 280 packs have been delivered to Loretto Housing customers who have regularly contacted us to share positive feedback. As the service is available to all our customers Eatwell packs have also been provided to our customers in Care and our temporary accommodation sites at Fordneuk, Inchyra, Fullarton and Carlisle Road. Our NETs teams have been utilised to deliver packages across many of our areas. The service has been able to respond to some very acute need by providing deliveries not only on the same day but often the same hour.

- 5.11 **Additional support** is also available to our tenants through welfare benefits advice, fuel advice and some limited furniture provision where this is essential. Our welfare benefits advisors have provided help and support to some customers in very desperate times, helping them to apply for benefit and to navigate appeals and tribunals. The crisis has meant that the advisors are speaking to many customers that they have not previously been in contact with and this has provided an opportunity to increase benefits for many households.
- 5.12 Advisors have very successfully adapted to the new experience of appeals and tribunals by telephone, frequently at short notice, often achieving very successful outcomes for customers. Our fuel advisors have helped a number of customers who had run out of credit and had no power. They have also helped achieve a smoother and faster process for utility connections in the homes that we are leasing to local authorities for temporary homeless accommodation.
- 5.13 The **Wheatley Foundation Emergency Response Fund** has enabled our staff to support customers with needs which extend beyond food and benefits. Some of the main items funding has been used for are:
- Mobile phones to help people maintain contact while in lockdown;
 - Activity packs to help entertain and educate children which includes puzzles, Play-Doh and Lego;
 - Fridges, hoovers, microwaves, toasters and washing machines where customers had none or these had broken;
 - Baby supplies such as milk and clothes to new parents;
 - Window boxes with soil and seeds, including for a tenant to use with their disabled son;
 - Pet food and other items not covered by Eatwell packages; and
 - Sadly, we have also provided flowers to a grieving family in at least one instance due to a loss in their family.

Supporting the provision of emergency homeless accommodation

- 5.14 The requirement for homeless individuals and households to self-isolate or shield has significantly increased the pressure on the availability of temporary accommodation for homeless households provided by local authorities. We have offered 3 suitable properties to our key local authority partners in Glasgow.
- 5.15 Further to the above, liaison is also underway with relevant agencies in relation to accommodation requirements for those fleeing domestic abuse and for the planned early prisoner release.

Delivering our care services

- 5.16 Loretto Housing have maintained our close working relationship with Wheatley Care staff who have continued to provide **support** to customers. Service delivery models and support have been refined to ensure each person receives a tailored approach based on their individual needs. This includes both face to face support and telephone support, while taking cognisance of regulatory requirements in respect of staff presence in our building based services and Government guidelines.

- 5.17 Wheatley Care have been successful with their 'Stay Safe and Home' and management of self –isolation in our building based services, it has been a challenge across some of the services, in particular Fordneuk and Fullarton, given the complex issues people have in their lives. An assertive approach towards health and safety, accommodation management, a redesign of how staff work in these services, and working closely with GHSCP and where necessary Police Scotland has assisted in the effective management which provides staff and people we work for with a level of reassurance in these unprecedented times.
- 5.18 We have also worked in partnership with relevant HSCP or NHS colleagues across the 9 local authorities to maintain these services.
- 5.19 The **challenges to supporting people we work for in Care**, some of whom have complex support needs, cannot be understated. Supporting individuals in shared living environments and Wheatley Care care homes has posed a number of issues.
- 5.20 To date staff have done an exceptional job in difficult circumstances and in our care homes and shared living environments, while there have been people displaying symptoms, no one has been diagnosed with covid 19.
- 5.21 It is worth noting that Wheatley Care care homes are registered to support individuals with Alcohol Related Brain Damage and individuals with enduring mental health concerns. While these individuals have their own vulnerabilities, collectively it differs from the vulnerabilities associated with care homes for the elderly which have been present in the news in recent weeks.
- 5.22 Work is underway to ensure that every Wheatley Care employee is issued with a smart phone in the coming 12 weeks. This will give Care staff instant access to emails, Intranet, training resources and enable them to communicate with a range of colleagues, agencies and people we work for through issuing of an equipped Organisational device. This is a significant investment for Care staff, being delivered much earlier than anticipated within the 2025 strategy.

Wheatley 360

- 5.23 The service model for Wheatley 360 has been completely realigned in many areas to ensure safe working and, as far as practically possible, services continue to be delivered.
- 5.24 The anti-social behaviour investigation team continue to deliver a service via home working and they are providing a same day response for all ASB complaints received from Loretto Housing customers. All serious incidents are being progressed via partner agencies, in particular Police Scotland, who are still able to provide a physical presence and carry out onsite investigations. The focus of the team is to provide reassurance to all complainers, log and record all complaints and to triage complaints to ensure the most serious and repeat complaints receive the appropriate response. The table below summarises the caseload from Loretto Housing over the last four weeks.

Week	Subsidiary	No. of Incidents Reported by Customers	No. of Incidents Loaded into STREETWISE	Category	Category	Category A	Category B	No of Advice ONLY CALLS	No. of Customers contacted to discuss their report.	No. of Cases escalated to other AGENCIES
				A	B	COVID	COVID			
Week 1-6 23.03.2020 - 03.05.2020	LORETTO	22	24	0	17	0	7	15	28	5

5.25 Fire safety remains a key priority for us and resources have been realigned and shift patterns reconfigured to ensure this continues to be the case.

5.26 Following the suspension of our grass cutting and close cleaning services a smaller environmental team has continued to operate to patrol all Loretto Housing stock types and areas on a daily basis and remove bulk and other items which are a fire safety risk which has been praised by our customers. They have also assisted older or more vulnerable customers who have been unable to move their waste to the correct area and are playing a key role in the delivery of our Eat Well food packages. The NETS have demonstrated a great “Think Yes” approach to helping our customers and some examples are included at Appendix 1.

Working with local organisations

5.27 Loretto Housing is working to support our local third sector and community based organisations. This has involved funding and practical.

5.28 In Glasgow and our surrounding areas, we have been working with organisations ranging from those which operate city wide to some small organisations in local communities. These include Richmond Fellowship, Salvation Army, Turning Point, Lambhill Stables, Stepdown, Simon community, Through Care and After Care, local foodbanks and Glasgow Womens Aid. Housing officers have also accessed some of these services to support customers. As an example, we provided a donation of food to the Richmond Fellowship service and their customers in need.

Other developments

5.29 Over the last 6 weeks as a Group, Wheatley have maximised the benefit of our strong partnership relationships with Government, local authorities and other agencies to try to ensure the best results for the housing and care sector and most particularly for our customers.

5.30 Our Group Chief Executive attends virtual meetings of the Scottish Housing Resilience Group which helps to advise the Scottish Government in relation to housing policy through lockdown and beyond. We have used this forum to ensure that the Government is aware of issues on the ground, to encourage changes to guidance and legislation where this is required and to provide support to lobby for change elsewhere.

5.31 We have been able to lobby the DWP, Scottish and UK Governments around key asks and issues, particularly in relation to improving the customer experience around making a claim for Universal Credit, the challenges faced

by our customers in applying and the impact that issues such as the 5-week wait were having on customers.

- 5.32 The Wheatley Group have continued despite lockdown and the emergency working provisions to ensure that our new single care vehicle **Wheatley Care** went live as an entity on 1 April with a virtual launch via internet. We have concluded the arrangements for Wheatley Care to become a direct subsidiary of Wheatley Housing Group, effective from 11 May. This means we are no longer their Parent and the responsibilities previously associated with this now transfer to Wheatley Housing Group. We will continue to work closely with our colleagues in Wheatley Care to support our shared customer group.

Future developments

- 5.33 We are currently investigating a number of other avenues to support our customers and stakeholders and to continue to evolve our emergency business model:

- Working in partnership with organisations specialising in support to those facing domestic abuse to ensure pathways to assistance and potential provision of accommodation;
- Liaising closely with Scottish Government to seek additional funding to support our communities in relation to non-food items. We are liaising with senior Scottish Government officials to push our case for support, based on our ability to deploy support rapidly and at scale;
- Lobbying government for potential changes to statutory requirements, benefit issues and fuel poverty issues which affect our tenants. In particular, we have written to the Secretary of State for Work and Pensions to request changes in areas such as allowing backdating of benefit payments, deducting rent automatically from advances received by claimants and ending the five-week wait for the first payment under Universal Credit;
- Reviewing options for business priorities in the first phase of any easing of lockdown; and
- Working with partners to support the early prisoner release programme.

(ii) How we are managing and protecting our staff

- 5.34 In Loretto Housing and across our services we have supported the “Stay Home, Stay Safe” approach by ensuring all noncritical staff are working from home. This includes:

- All housing officers;
- All central support staff;
- Care staff who are providing support by telephone;
- Our 24-hour call centre in Glasgow – technology and equipment was sourced and deployed at very short notice to allow all functionality to take place with staff working from home. 5,200 calls were taken last week despite the transition to home working;
- Ceasing new build development and investment works.

- 5.35 We are following the Scottish Government’s guidance in respect of staff working with customers. Occupational Safety Manuals have been updated with the relevant guidance about when and where to use personal protective equipment and how to implement social distancing requirements. This has been supplemented by an additional message from the Chief Executive to reinforce the guidance.
- 5.36 Phone and video-conference meetings have replaced face to face contact for teams within Loretto Housing and to our colleagues across the Group, with people adapting rapidly to different ways of working and showing great innovation to make sure they keep in touch. Inevitably, some activities are more difficult to do remotely, and after the initial period of change, staff are beginning to settle into a new routine.
- 5.37 These measures have ensured that staff morale and motivation remains high. The evidence from some of our work with customers in Appendix 1 shows that they continue to ‘Think Yes together’ and have taken this to a new level across all aspects of the business.
- 5.38 Given the extent of activity we have suspended, we are proposing to make use of the new UK government scheme to put 1 staff member in Loretto Housing on a temporary leave of absence, known as “furlough”. This staff member will continue to be paid in full, with no interruption to their benefits or pension service, where little activity is currently possible, we will be able to claim back salary costs. The furlough period must be reviewed at 3 weekly intervals, and staff can come and go from the list at these break points.
- 5.39 Loretto Housing are tracking closely the mood of staff over the weeks ahead to try to identify common issues arising and maintain morale when face to face contact is impossible. This is especially important with those staff who are on the furlough leave period. We are already making sure that the positive stories of the difference we are making to people’s lives are shared through our intranet and a daily email to all staff, as well as blogs and planned online events and competitions. In addition, the confidential 24/7 Support service is available to all staff. We are keen, despite the difficult circumstances, to track the learning we take from this period about how a workforce functions remotely away from the office. This was clearly a theme in our 2025 strategy, and while this strategy will now need to be recast in part, we wish to understand which elements of this remote working service model work well and which do not.

(iii) Financial viability

- 5.40 **Income collection** is a core part of our function and without that income we will not be able to provide the support and accommodation our customers need. Housing Officers and our colleagues in the Hub have had a firm focus on this work throughout the lockdown period. Those with missed payments, direct debit rejections or who make their payments through face to face methods have been contacted.
- 5.41 Contact is provided in a supportive manner to identify the issues that our customers face. Daily tracking of income shows new UC cases and customers with increasing arrears balances which indicates where attentions and support needs to be directed.

- 5.42 Our Housing Officers have made 2305 calls supporting our customers to pay their rent, taking over £10,000 in payments and setting up 38 new Direct Debits. During these calls 74 customers have mentioned they have financially felt the impacts of Covid and we have ensured that they have the all the advice and assistance they need during what is for some an exceptionally difficult time.
- 5.43 Our conversations help Loretto Housing customers to switch payment methods where that is helpful to them. Where customers are furloughed we have managed amendments to direct debits to be paid once they receive income. Where they may have other issues we are able to support access to power and review of benefit entitlement. Our ability to support our customers through wider assistance has received outstanding feedback and helps them to recognise the need to pay their rent where they can.
- 5.44 The biggest challenge in rent collection is the number of tenants who now need to move onto **Universal Credit**. Many of these customers have no previous experience of the benefits system and are delighted to receive much needed advice from our staff and support through this journey. Loretto Housing now have 236 customers on Universal Credit as we have had an increase of 39 cases (16%) in April 2020. Previously the average increase in Universal Credit customers had been 12 new cases per month. The numbers applying, as seen through our access to the DWP portal, were at an all-time high early in April. While numbers have now steadied there is a risk that there will be further waves of unemployment and income reduction as the health emergency has an increasing economic impact.
- 5.45 Since 20 March 2020, our Welfare Benefits and Fuel Advisors have supported more than 70 of our customers with benefits and fuel issues and making Universal Credit and other benefits claims. These have often involved using video and conference calling to assist our customers to explain their situations to DWP and other advisors.
- 5.46 Our Tenancy Support Service Plus team have experienced a 5-fold increase in the number of customers it supported in the first few weeks of this crisis compared to the previous month, delivering advice, support and guidance over the phone and via e-mail. Our standard TSS service also continues to provide advice and support by telephone and e-mail. Provision has been made to allow face to face contact where this is essential to the person's welfare.
- 5.47 Loretto Housing staff have also routinely made referrals for customers to receive Eat Well packages, support from local groups able to provide hot food and other help, draw down assistance from the Emergency Response Fund and make applications to a wide range of other appropriate bodies and service providers to meet any other customer needs they have identified.
- 5.48 We have accelerated our use of bulk texting to customers. Initial messages encouraged customers to make contact so that we could help and targeted messages are now being sent to those who have missed payments. The next phase of messaging will provide links to the payment site so that customers can easily pay when they are reminded.
- 5.49 We anticipate an increase in sitting tenant arrears beyond the initial 39 customers moving on to Universal Credit, predicting this is challenging at present. However, we are working hard to ensure that customers make

payment to their rent where they have received a DWP advance payment and that we are engaging with customers to set up a Direct Debit for ongoing payments at the same time their UC payment is due. Where a customer had been furloughed but had not received any pay, we are now starting to receive payments from these customers.

- 5.50 Set against the risk of arrears increasing, we have instigated a number of cost saving measures. The cessation of non-life and limb repairs and investment work is the most significant.

6. Value for money implications

- 6.1 We continue to work to provide value for money to our customers; prioritising their needs within the constraints of the limitations on staff movement imposed on us.

7. Impact on financial projections

- 7.1 Set out above. These will continue to be updated as the situation persists over the coming weeks and months.

8. Legal, regulatory and charitable implications

- 8.1 We have maintained regular dialogue with the Scottish Housing Regulator over recent weeks, and they have appreciated our role, for example, in the housing sector National Resilience Group along with Scottish Government and local authority representatives, and our offer of support to smaller RSLs who may be unable to effectively deliver services in the current conditions.

9. Partnership implications

- 9.1 We continue to utilise our strong relationships with Scottish Government, local authorities and national agencies to support delivery during the crisis but also to influence planning to the benefit of our customers and services. Loretto Housing is working closely at a local level with third sector organisations to benefit local communities.

10. Implementation and deployment

- 10.1 Co-ordination of all Loretto Housing activity continues to be led by the Managing Director and Head of Housing.

11. Equalities impact

- 11.1 None noted.

12. Recommendation

- 12.1 The Board is asked to note this update.

Appendices

Appendix 1: Supporting our customers – some examples

Appendix 1: Supporting our customers – some examples

- Loretto Housing customers in financial difficulty have been applying for the British Gas Fund through our Money matters service and have received essential top up credit for their gas/electricity prepayment meters.
- One Housing Officer arranged an Eatwell food delivery and baby essentials including milk, nappies and wipes within a days' notice to a new parent in need in North Lanarkshire. Following this there were a number of Housing Officers ensuring new parents had these essential items and also baby clothes which relieved some pressure on families.
- Keeping children entertained and learning whilst at home with school closures has been a challenge for some customers and Housing Officers have utilised the Emergency Relief Fund to access tablets for completing homework, activity packs and some toys for younger children. These have varied depending on age and needs such as one family with a child who had autism benefited more from a jigsaw puzzle. Parents and Children have praised these deliveries with comments coming in such as “a big thank you from me and the girls for the toys we received today”.
- The Eatwell service expansion across all Loretto communities including our wider areas such as North Lanarkshire, South Lanarkshire, Falkirk and Renfrewshire has been essential for our customers. For our Customers who have been placed into sudden hardship or having to self-isolate, providing food has taken away unnecessary concern and worry for our customers.
- We have also had some Loretto Customers with very specific food needs and the Housing Officer and our environmental team went above and beyond by arranging and delivering fruit and vegetables from a local butcher – customer replied with “you should all get a medal”. Our Housing Officer also arranged a new fridge for one customer who requires specific build up drinks for medical needs so that they can store a longer stock to reduce the need to keep going to the shops.
- Our environmental team have also been working hard to ensure that bin stores don't have a build-up of items whilst families are spending more time at home and have cleared a number of our bin stores to minimise any fire risk in particular South Lanarkshire, Linwood and Johnstone.
- For Loretto customers who have had no credit in their mobile phones, Housing Officers have arranged a top up to allow them to contact Loretto Housing when they need assistance, successfully apply for benefits, attend a tribunal and contact family and friends during isolation.
- Some customers have required emergency household items such as white goods which they don't have or have broken down such as fridges, hoovers, microwaves, toasters and washing machines. In these difficult times finding and financing these items has been difficult for our customers so we have sourced these through our Emergency Relief Fund, Customers have passed on comments including “you're a life saver” and “I can't believe it, thank you so much”

- Customers have been appreciative for our welfare contacts and having been passing on their thanks for all the Housing Officers support and help. An example is a customer who was assisted with benefit applications and a referral to the tenancy support service “I can’t thank you enough, I feel like a new person and can talk to people now without being all doom and gloom”. Also one customer said “you wouldn’t believe the difference your phone call has made to my mood within a matter of seconds – I could cry”. One customer in Linwood was delighted that Loretto Housing staff care about them and took the time to make the contact including comments such as “keep up the good work”.
- We have also received a lot of positive caring messages for the staff as well, in particular to look after themselves and their families in these challenging times.
- A Housing Officer also supported a family with a disabled son who was finding these times challenging. She arranged a delivery of window boxes, soil and flower seeds so they can watch something grow together whilst at home. Customer then sent a message to the Housing Officer with thanks, they were so grateful when they arrived and for going above and beyond.
- We also had a Housing Officer who wanted to assist a customer who was upset after her sister’s health declined. The Housing Officer arranged some flowers to be sent to say we were thinking of you. The customer contacted us to say she was very grateful and surprised for the help and support the Housing Officer had provided.
- Finally, we have also continued our close working relationship with all of our stakeholders including agencies and local groups in these challenging times. Loretto Housing have contacted all organisations that we work with and in particular we have helped provide a donation of food to the Richmond Fellowship and the customers living within our property at Raploch Avenue site which helped provide essentials to those in need.

Report

To:- Loretto Housing Association Board

By:- Laura Henderson, Managing Director

Approved by:- Olga Clayton, Group Director of Housing and Care

Subject:- Annual Return on the Charter and year end results 2019-20

Date of Meeting: - 18 May 2020

1. Purpose

- 1.1 This report provides the Board with draft results for the 2019/20 Annual return on the Charter (the Charter) for approval prior to submission.
- 1.2 Final verification of ARC results is still underway to ensure that all figures validate correctly for submission. In order to allow any changes to be made this report requests delegated authority to the Group Director of Housing and Care to submit the ARC results (including the Energy Efficiency Standard for Social Housing) on behalf of the organisation and to sign off any non-material changes if required subsequent to the Board meeting.

2. Authorising context

- 2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the Board is responsible approving regulatory returns, including the Charter. It is also responsible for monitoring our performance against agreed targets. This includes on-going performance of our services. In addition, the Group Authorising Framework states that the Board is responsible for approving any changes to the service delivery model or arrangements which it may consider necessary in order to deliver the level of performance to achieve agreed targets.

3. Risk appetite and assessment

- 3.1 Our agreed Group risk appetite in relation to Board Governance is “cautious”. This level of risk tolerance is defined as *“Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward”*.

4. Background

- 4.1 Social landlords are responsible for meeting the standards and outcomes set out in the Charter and are accountable to their tenants and customers for how well they do so. The Charter is part of the Scottish Housing Regulator’s assessment of how these outcomes are being met. All RSLs and local authority

housing services are required to complete the Charter indicators and submit these by 31st May each year.

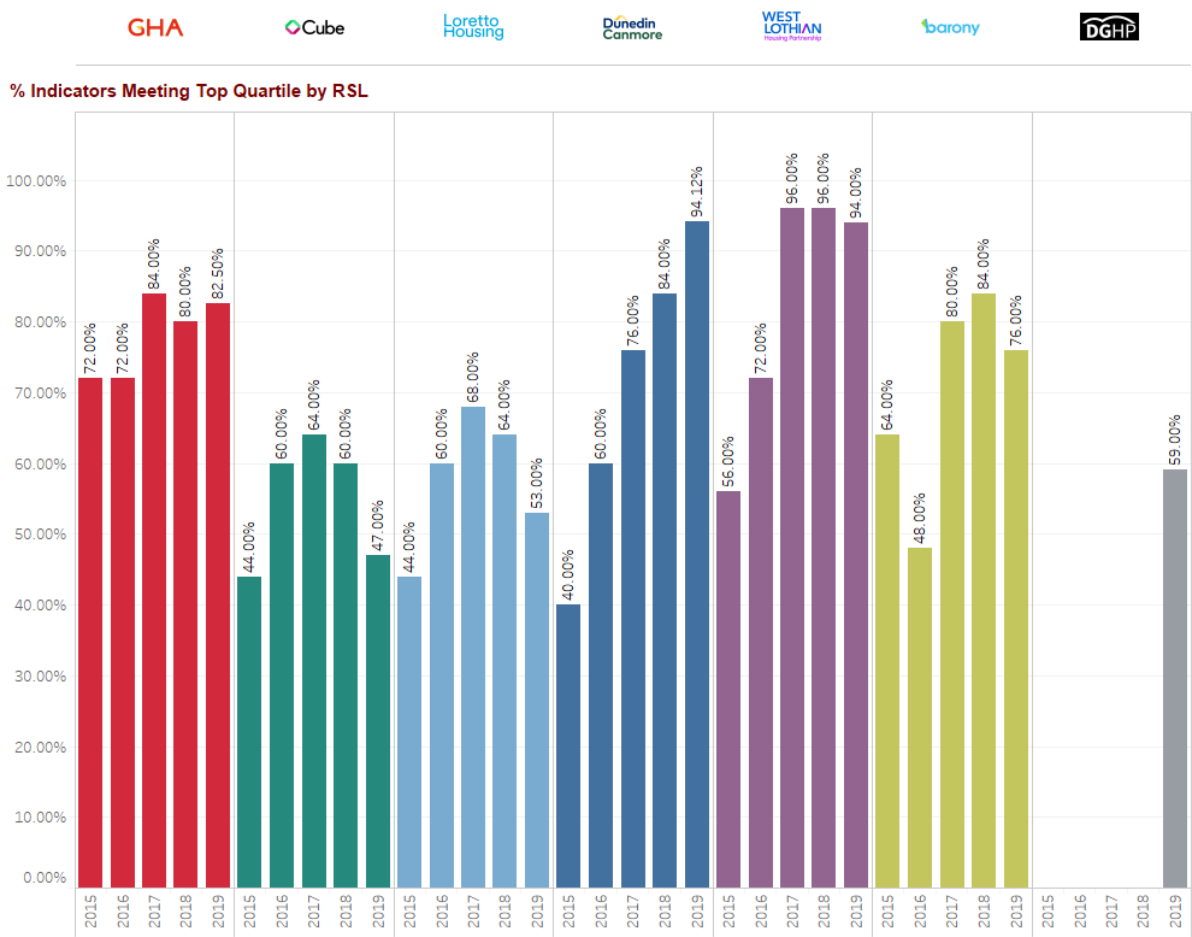
4.2 Due to COVID19, this deadline has been extended to 31 July 2020. Results for all organisations will be published on the Scottish Housing Regulator (SHR) website later in the year; we are awaiting confirmation of when this will be. These enable tenants and others to compare results between organisations. Benchmarking of performance will be reported to a future meeting once wider information is available.

5. Loretto Housing Performance

5.1 The key strategic aim in terms of RSL performance across the Group is to demonstrate excellent performance by ensuring that 80% of Charter indicators are at top quartile levels by the end of the strategy timescale in 2019/20. We achieved 53% against these benchmarks.

5.2 The graph below shows progress to top quartile for each subsidiary. This shows that we reduced in 2019/20 from 64% in the previous year to 53% ARC indicators at top quartile level as set out in the strategy.

5.3 Appendix 1 shows the draft final results for submission in the ARC together with last year's performance to show trends and a comparison to top quartile.



5.4 Indicators which improved this year include:

- % of tenants satisfied with repairs and maintenance carried out in the last 12 months. This indicator has reached top quartile for the first time, improving from 91% to 93%.
- % tenancy offers refused has improved to 16% from 30% the previous year. This has shown the benefit of our new My Housing allocation process.

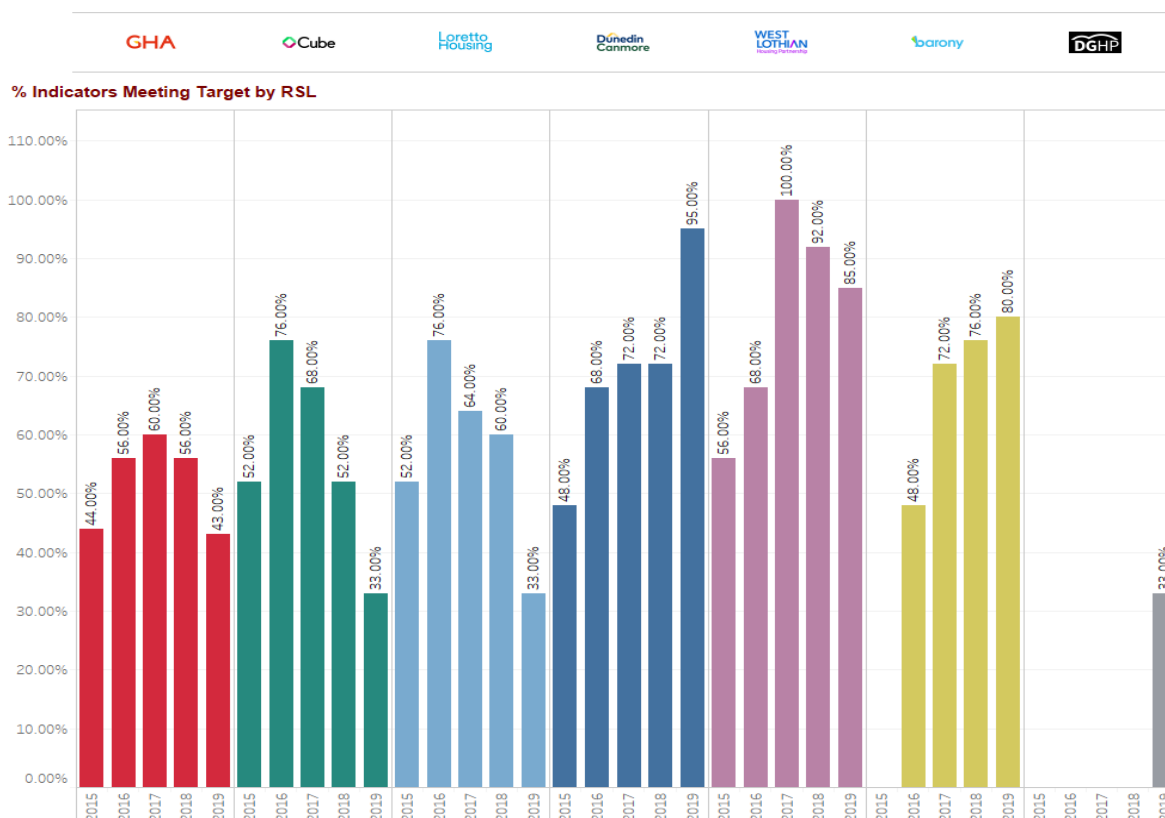
5.5 We have seen a reduction in 2019/20 for two indicators that previously achieved upper quartile:

- % Annual tenants who feel their landlord is good at keeping them informed about their services and decisions, now 76% against a 93% target;
- % of Annual tenants satisfied with the opportunities given to them to participate which has reduced to 64% against an 86% target.

5.6 We are working towards improving the number of satisfaction measures to top quartile level. The focus will be to continue to find new ways to engage and gather customer feedback, including as part of our new engagement framework.

5.7 Each year the Board approves targets for us to either maintain current good performance or to stretch performance to meet or exceed top quartile. We have met 7 of the targets set for the 21 measures for 2019/20. 8 of the remaining targets are in amber variance of 0-10% of the target.

5.8 The graph below shows how this compares to other parts of the Group. However, it should be noted that each subsidiary has targets set to its own performance context.



5.9 The issues proving most challenging tend to be more unique to each subsidiary, some key indicators where we did not achieve target include:

5.10 **Satisfaction indicators**

- % Annual tenants satisfied with the overall service,
- % Annual existing tenants satisfied with the quality of their home, and
- % Annual tenants who feel that the rent for their property represents good value for money

Following the results of the annual satisfaction survey, a detailed action plan will be put in place to try to improve the results.

5.11 **% Reactive repairs completed right first time** indicator was above target throughout the year, in period 12 the introduction of our life and limb repair service as an impact of Covid 19 resulted in a reduction from 98.06% to 96.44% against a 97% target. Although we did not achieve target, we still achieved top quartile performance for this indicator.

5.12 **% lettable houses that become vacant** in 2019/20 was 11.77% against a 7.33% target. We had 6 additional give ups from 2018/19 resulting in the higher percentage. The main reasons for end of tenancy identified for this year are: tenants deceased, ill health, medical reasons, and a successful rehousing of customer with changing needs.

5.13 **% Gross rent arrears** remains a challenge across all subsidiaries as we continue to manage the impact of Universal Credit on performance. For 2019/20 we achieved 5.1% against a 4.6% target. This is an increase from 5.0% in 2018/2019. This increase is attributable to our universal credit arrears as our core arrears have continued to reduce.

5.14 **Average length of time take to re-let properties (calendar days)** in 2019/20 was 14.34 days against a 14-day target. Though our days to let ended above target, we still achieved top quartile performance for this indicator.

6. **Value for money implications**

6.1 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

7. **Impact on financial projections**

7.1 No implications.

8. **Legal, regulatory, and charitable implications**

8.1 Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. RSL Subsidiary Boards approve the final return and this information is included in the year end performance report to the Wheatley Group Board. RSLs are also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually.

9. Partnership implications

9.1 Reports can be used to identify areas where partnerships need to be strengthened or amended to help Wheatley achieve its strategic vision.

10. Implementation and deployment

10.1 Not required.

11. Equalities impact

11.1 There is no direct equalities impact from this report.

12. Recommendations

12.1 The Board is asked to:

- 1) Approve the draft 2019/20 Charter results;
- 2) Delegate authority to the Group Director of Housing and Care to sign off any non-material changes to the results which may be required prior to submission; and
- 3) Delegate authority to the Group Director of Housing and Care to sign off the Charter and ESSH submissions on behalf of the Governing Body.

List of Appendices

Appendix 1: 2019/20 Draft ARC results

Loretto Housing Charter Indicators	2018/19 Results	2019/20 Draft Results	19/20 Target	TQ
ARC survey questions measured annually				
No new factoring satisfaction survey in 2019/20				
01. % Annual tenants satisfied with the overall service	89%	84%	91%	91%
02. % Annual tenants who feel their landlord is good at keeping them informed about their services and decisions	95%	76%	93%	93%
03. % Complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	New	97.18%	Baseline Year	
04. Average time in working days for a full response at Stage 1 and the average time in working days for a full response at Stage 2 - Overall	New	4.22	Baseline Year	
05. % Annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	92%	64%	90%	86%
06. % Stock meeting the Scottish Housing Quality Standard (SHQS).	100%	100%	99.75%	97.28%
07. % Annual existing tenants satisfied with the quality of their home	92%	89%	90%	89%
08. Average time to complete emergency repairs (hours)	2.97	3.02	3	4.04
09. Average time to complete non-emergency repairs (working days)	4.11	4.90	5.5	8.49
10. % Reactive repairs completed right first time	96.44%	96.44%	97%	94.92%
11. Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	New	1	0	
12. % Tenants satisfied with repairs or maintenance carried out in last 12 months	91%	93%	93%	92%
13. % Annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	New	75%	Baseline Year	
14. % Tenancy offers refused during the year	30%	16%	21%	22%
15. % Anti-social behaviour cases reported in the last year which were resolved.	New	100%	Baseline Year	
16. % New tenancies sustained for more than a year - overall	90.85%	90.59%	92.5%	92.44%
17. % Lettable houses that became vacant	8.20%	11.77%	8%	7.33%
18. % Rent due lost through properties being empty	0.48%	0.55%	0.44%	0.44%
19. Number of households currently waiting for adaptations to their home.	New	4	Contextual	
20. Total cost of adaptations completed in the year by source of funding (£).	New	£122,145	Contextual	
21. Average time to complete approved applications for medical adaptations (calendar days)	18.50	21.68	25	36.34
22. % Court actions initiated which resulted in eviction - overall	88.89%	61.54%	25%	
23a. % Referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	New	49.50%	Baseline Year	
23b. % Offers made to LA Section 5 and other referrals for homeless households that result in a let.	New	68.90%	Baseline Year	
25. % Annual tenants who feel that the rent for their property represents good value for money	80%	77%	83%	83%
26. Rent collected as % of total rent due	98.84%	98.55%	99.20%	
27. % Gross rent arrears	5.0%	5.1%	4.6%	3.5%
28. Average annual management fee per factored property.	£148.00	£184.51	Contextual	
29. % Annual owners satisfied with the factoring service	67%	67%	72%	
30. Average length of time taken to re-let properties (calendar days)	12.55	14.34	14	17.31
Meeting Top Quartile				50.00%



Report

To: Loretto Housing Association Board

By: Gillian Ogilvie, Finance Manager

Approved by: Pauline Turnock, Director of Financial Reporting

Subject: Finance report for the period to 31 March 2020 and budget 2020/21

Date of Meeting: 18 May 2020

1. Purpose

1.1 The purpose of this report is to provide the Board with an overview of the management accounts for the period to 31 March 2020 and seek approval for the 2020/21 Budget

2. Authorising Context

2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the Loretto Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

3. Risk appetite and assessment

3.1 Our agreed risk appetite in Loretto's Performance against Group is "Open". This level of risk tolerance is defined as "Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

3.2 This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

4. Background

4.1 This report outlines performance against budget approved by the Loretto Board on 25 March 2019.

4.2 The full year budget for Loretto has a statutory surplus of £549k, which is driven by the recognition, upon completion, of £2,578k of grant income for new build properties in the Operating Statement. Surpluses and deficits reported are extremely sensitive to the timing of grant recognition.

4.3 The appendices provide more detail on the financial results.

5. Discussion

Finance Report for Period to 31 March 2020

- 5.1 Loretto has reported a statutory surplus of £3,391k for the 12-month period to 31 March 2020, which is £2,842k favourable to budget. When interest payable, depreciation (EBITDA) and grants are removed the reported surplus is £219k favourable to budget.

Key points to note:

- The completion of new build units at Muiryhall St in May 2019 has resulted in a favourable variance in grant income being reported with the budget assuming that this site would complete in 2018/19. Total income in the year recognised for Muiryhall St units was £2,439k. Other completions in the year were Buckley St in October 2019 with recognised income of £2,724k. There were no other completions in the year.
- TSS employee costs continue to be below budget, however, this is offset by a related reduction in income received from the RSLs (reported in other income).
- Direct running costs reports a variance of £45k unfavourable to budget following notification from GCC of an increase in Duke St council tax charges on our void properties, the available exemptions having been exhausted. In addition, there was an agreed increase in service charge income passed to Loretto Care after the business plan for 2019/20 was finalised.
- Total repairs and maintenance spend to 31 March reports a variance of £17k favourable to budget, mainly as result of reactive repairs spend being lower than budget.

- 5.2 Loretto has reported net capital expenditure of £3,085k for the financial year to 31 March 2020, which is £797k favourable to budget.

Key points to note:

- Capital grant income at £1,717k is £1,298k less than budget. The budget included grant income, matched with costs, on new build sites which did not have specific projects identified. During the year, new sites at Dargavel and Hallrule have been approved and grant of £1,465k claimed against spend on these projects.
- New build expenditure currently reports spend of £3,062k which is £1,768k lower than budget. Similar to the variance reported in grant income claimed, the variance in new build spend results mainly from lower spend being recorded against the allocation for new projects. Spend at new sites Dargavel and Hallrule Drive has offset an element of the underspend. In addition, spend at the Muiryhall St project, which was budgeted to complete in the previous financial year, was delayed into 2019/20 with the site completing in May 2019.
- Overall, investment programme spend is £305k lower than budget, mainly as a result of no spend being recorded against the Duke St remedial work.

6. Budget 2020/21

- 6.1 The 2020/21 budget is presented in Appendix 1 for and tracks comparative figures from the financial projections to the 2020/21 budget as well as the 2019/20 actuals to give the context of the year on year changes. The 2020/21 budget is aligned to the financial projections approved by the Board in February 2020.
- 6.2 The 2020/21 budget reports an operating deficit of £306k, and a statutory deficit of £2,284k. When interest payable and depreciation are removed the budgeted EBITDA is £3,394k.
- 6.3 The key variance between the operating deficit in 2020/21 budget and the 2019/20 actuals is the level of grant income recognised on completion of new build properties. While there are a number of new build projects in progress in the year, there are no planned completions and as a result, no grant income recognised in the year.
- 6.4 Net rental income of £7,959k is in line with financial projections and reflects the agreed 3.4% rent increase and the full year effect of rental income for properties completed during 19/20. A prudent void loss assumption of 3.2% has been made and is a combination of a void loss of 1.3% on general needs and 7% on supported housing.
- 6.5 The Tenancy Sustainment Service ('TSS') income and costs have been transferred to the new care service in 2020/21, reducing Loretto's other income by £1,240k, matched with a reduction in costs to fully offset.
- 6.6 This budget, once approved, will be used as the basis to monitor performance in the management accounts provided to the Board throughout the year.

7. Value for Money implications

- 7.1 Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. Loretto has reported a statutory surplus, excluding interest payable, depreciation and grants to end March 2020 of £3,393k, £219k higher than the surplus of £3,174k budgeted.

8. Impact on financial projections

- 8.1 The 2019/20 Business Plan was approved by the Board at the February 2020 meeting. No material changes have been noted since this date.

9. Legal, regulatory and charitable implications

- 9.1 No implications.

10. Equalities impact

- 10.1 Not applicable.

11. Recommendation

11.1 The Board is requested to:

- 1) note the finance report for the period to 31 March 2020
- 2) approve the proposed 2020/21 budget

LIST OF APPENDICES

Appendix 1: Period 12 – 31 March 2020, Finance Report and Budget 2020/21

Period 12 – Period to 31 March 2020
Finance Report

Operating Statement – YTD March 2020

	Period To 31 March 2020			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	7,862	7,876	(13)	7,876
Void Losses	(116)	(248)	133	(248)
Net Rental Income	7,747	7,628	119	7,628
Other Income	1,527	1,588	(61)	1,588
Grant Income	5,232	2,578	2,654	2,578
Total Income	14,506	11,793	2,712	11,793
EXPENDITURE				
Employee Costs - Direct	2,281	2,426	145	2,426
Employee Costs - Group Services	266	270	4	270
ER / VR	34	0	(34)	0
Direct Running Costs	1,683	1,638	(45)	1,638
Running Costs - Group Services	160	158	(2)	158
Revenue Repairs and Maintenance	1,326	1,344	17	1,344
Bad debts	130	206	76	206
Depreciation	3,465	3,465	0	3,465
TOTAL EXPENDITURE	9,345	9,507	161	9,507
OPERATING SURPLUS / (DEFICIT)	5,160	2,287	2,873	2,287
Interest Payable	(1,770)	(1,738)	(32)	(1,738)
STATUTORY SURPLUS / (DEFICIT)	3,391	549	2,842	549
EBITDA	8,625	5,752	2,873	5,752
EBITDA (excluding grants)	3,393	3,174	219	3,174

Income and Expenditure account – key points

- Operating surplus of £5,160k and statutory surplus of £3,391k are both favourable to budget, the key driver being the recognition of the grant income for the new build units completed at Muirhall St; which were assumed to complete in the previous financial year. Both EBITDA measures are also favourable to budget.
- Void losses in the year to date are 1.4% against a budget of 3.1%
- The grant income release is the main reason for total income reported above budget of £2,712k. All planned property completions occurred earlier in the year and as a result the closure of construction sites has not impacted the number of completions in the financial year.
- Employee costs report a favourable variance of £145k, most of which relates to TSS, with staff numbers slightly lower than budgeted due to vacancies. Note that overall the TSS service reports a nil surplus/deficit, excluding Loretto HA's share of TSS costs.
- Direct running costs are £45k unfavourable to budget and this results from higher property costs in the year with council tax costs on void Duke Street properties as the end of the exemption period has been reached.
- Group services charges of £426k represents Loretto's share of Wheatley House staff and employees.
- Revenue repairs and maintenance expenditure is £17k favourable to budget due to underspends in reactive repairs and cyclical maintenance.
- Bad debts are £76k favourable to budget and include an additional £17k provision made for tenants who have moved onto Universal Credit in the year. A prudent approach was taken when setting the budget due to the anticipated impact of Universal Credit.
- Interest is paid on £37.3m of loans due to Wheatley Funding Ltd 1 and in addition loan fees are included here. Development interest has been capitalised at budgeted level of £34k.

Operating Statement (2) – YTD March 2020

	Period To 31 March 2020			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	1,717	3,015	(1,298)	3,015
Investment Works	1,602	1,907	305	1,907
New Build	3,062	4,830	1,768	4,830
Other Capital Expenditure	139	161	22	161
TOTAL CAPITAL EXPENDITURE	4,803	6,897	2,095	6,897
NET CAPITAL EXPENDITURE	3,085	3,882	797	3,882

Capital Expenditure – key points

- The net capital position of £3,085k is £797k lower than budget of £3,882k.
- New build capital Investment Income is £1,298k adverse to budget . The budget included grant income and associated new build costs for sites which has not been allocated to specific projects. This has been partially offset by grant claims for Dargavel and Hallrule.
- Investment works expenditure of £1,602k predominantly relates to bathroom and kitchen replacements.
- New build expenditure of £3,062k mainly relates to Buckley Street which was fully complete in October, and the acquisition of land for Dargavel site. New build capital expenditure is lower than budget due to very little spend being recorded against the provision for unallocated projects included in the budget.
- Other capital expenditure relates to the Group IT contribution and office capital. The office capital budget £78k for the conversion/ refurbishment of housing properties previously used as offices by Wheatley Care services has not been fully utilised.

Rental and Other Income – YTD March 2020

Income £'000	1 April 2019 - 31 March 2020			19/20 Annual Budget
	Actual	Budget	Variance	
Rental Income	7,862	7,876	(13)	7,876
Voids	(116)	(248)	133	(248)
Net Rental Income	7,747	7,628	119	7,628
TSS Income	1,243	1,312	(69)	1,312
LC Management Fee	203	203	0	203
Mid Market Rental Income	81	73	8	72
Miscellaneous Income	-	1	(1)	1
Other Income	1,527	1,588	(61)	1,588
Grant Income	5,232	2,578	2,654	2,578
TOTAL INCOME	14,506	11,793	2,712	11,793

Comments

Net rental income

- Rental income of £7,862k is £13k unfavourable to budget following the delay in completion of the Buckley Street new build units.
- Void lost rent of £116k is £133k favourable to budget and the YTD void rate is 1.4%, versus the budgeted rate of 3%.

Other income

- Tenancy Sustainment ("TSS") income of £1,243k is £69k unfavourable to budget for the year. All expenditure linked to this service is recharged out to participating Group RSL's, therefore the unfavourable variance within income is matched with a favourable variance within TSS costs, mainly due to vacancies in the staffing structure.
- Management fee income of £203k was received from Wheatley Care for their share of Lipton House admin and running costs. Note that in Wheatley Care the management fee paid to LHA is reported net of the TSS management fee received from LHA.
- Mid market rental income relates to the lease of Barclay Phase 2 units to Lowther Homes.

Grant Income

- Grant Income has been released in relation to the completion of 28 units at Muirhall Street in May 2019 and 28 units at Buckley Street over September and October 2019. The business plan and the budget assumed that Muirhall Street would complete in March 2019, which leads to a favourable variance being reported. Buckley Street was anticipated to complete in August 2019.

Direct Running Costs – YTD March 2020

Direct Running Costs £'000	1 April 2019 - 31 March 2020			19/20 Annual Budget
	Actual	Budget	Variance	
Environmental Service	8	15	7	15
Equipment and Furniture	3	14	11	14
Initiatives	103	113	11	113
Insurance	50	37	(13)	37
Misc Running Costs	87	107	20	107
Property Costs	336	294	(43)	294
Staff Related Costs	5	10	5	10
Travel and Vehicles	26	32	6	32
TSS Running Costs	240	232	(8)	232
Group recharges	825	784	(41)	784
TOTAL RUNNING COSTS	1,683	1,638	(45)	1,638

Initiatives £'000	1 April 2019 - 31 March 2020			19/20 Annual Budget
	Actual	Budget	Variance	
Helping Hand	24	21	(2)	21
Sheltered relief	10	15	5	15
Tenancy Support Service	33	35	2	35
Think Yes	8	10	2	10
Wheatley Foundation	25	25	(0)	25
Wider Action	2	7	5	7
Total	103	113	11	113

Comments

- Direct running costs of £1,683k are £45k unfavourable to the budget of £1,638k.
- Group Recharges are £41k unfavourable to budget, mainly following an agreed increase in service charge income transferred to Wheatley Care for the Carlisle Road service.
- Property costs are £43k unfavourable to budget the key driver for the additional spend is the council tax on the void properties at Duke Street has increased following exhaustion of the exemption.
- TSS running costs of £240k and employee costs of £1,003k total £1,243k, which equals TSS income on the previous page.
- The second table provides a breakdown of Initiatives expenditure. The Wider Action budget of £7k is new this year. We had anticipated utilising the full budget, however activity in March was stopped due to the pandemic lockdown.
- Note TSS costs of £33k included in Initiatives represents Loretto HA's share of TSS costs for the provision of the service to Loretto tenants.

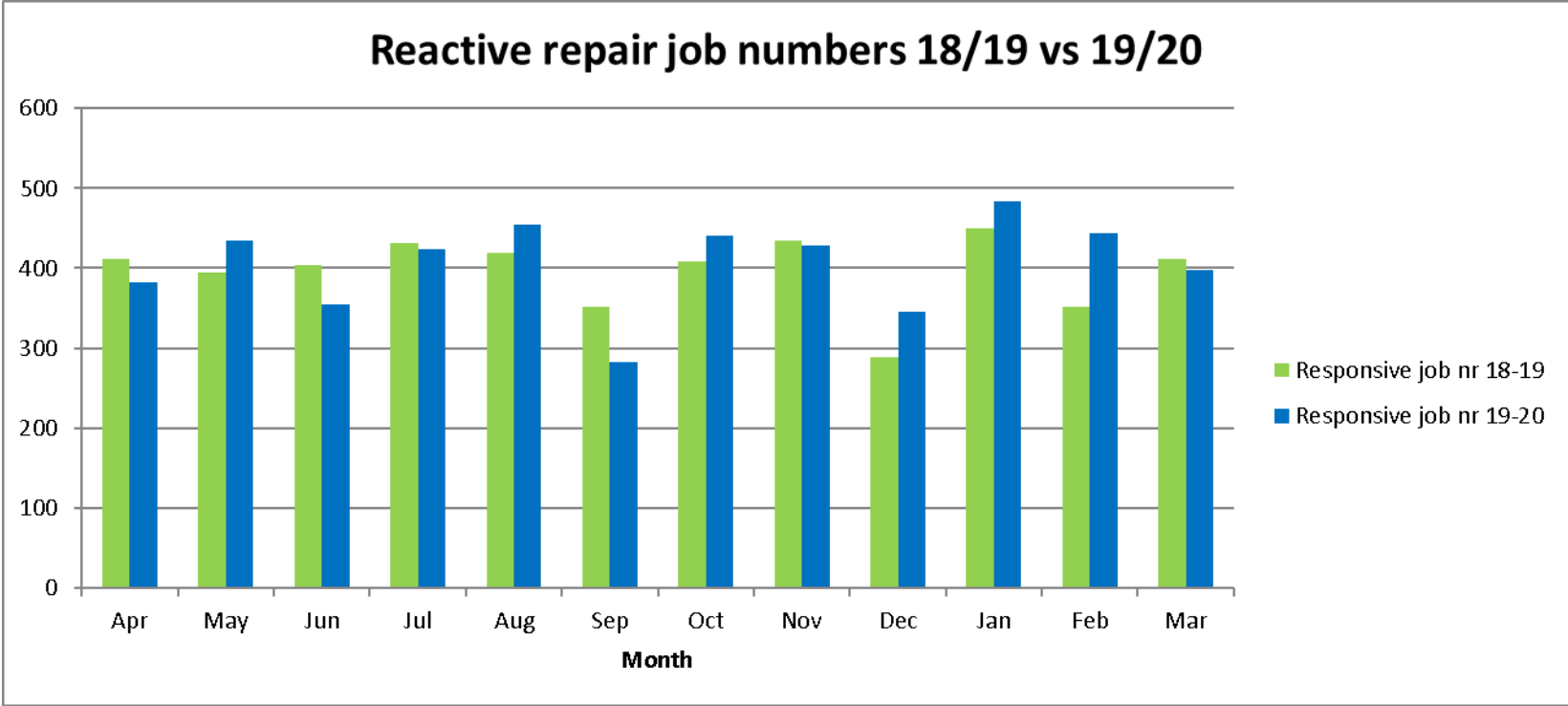
Repairs and Maintenance – YTD March 2020

Repairs & Maintenance Expenditure £'000	1 April 2019 - 31 March 2020			19/20 Budget
	Actual	Budget	Variance	
Reactive repairs	616	660	44	607
Cyclical maintenance (compliance)	473	478	5	531
Cyclical property maintenance	20	20	-	20
Other	49	21	(28)	21
Communal Electricity	168	165	(3)	165
TOTAL R&M Expenditure	1,326	1,344	17	1,344

Comments

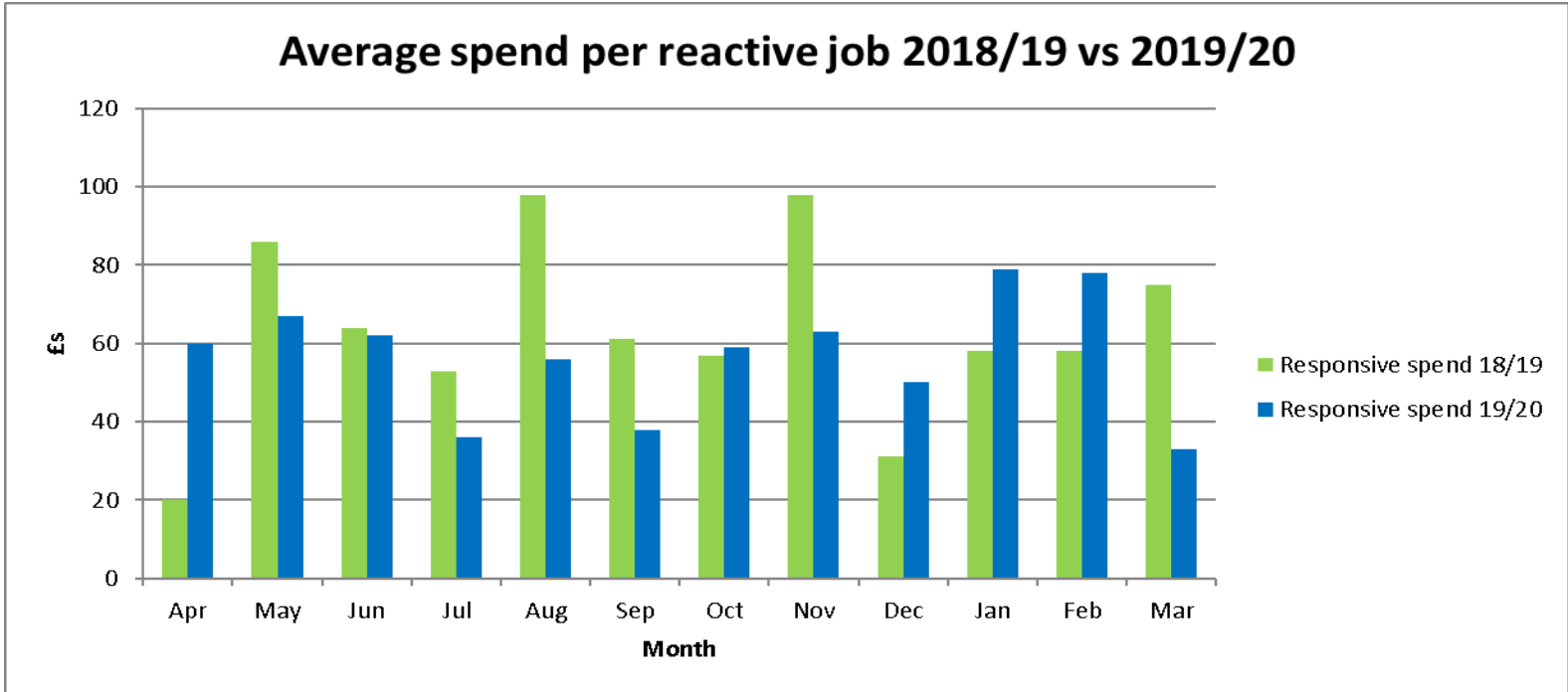
- Revenue repairs and maintenance costs of £1,326k are £17k favourable to the budget £1,344k.
- After deduction of capitalised repairs, the reactive repairs spend is £44k favourable to budget, following a reduction in the average spend per repair, compared to the prior year.
- Loretto's compliance based cyclical programme is for gas servicing, lifts, fire safety equipment, alarms, pumps and tanks and TMVs. A favourable variance of £5k is currently reported.
- Other R&M expenditure relates to decant/removal costs, laundry equipment, alarm monitoring, key holding and small repairs jobs undertaken by contractors other than City Building.

Reactive repairs analysis (1) – YTD March 2020



Reactive job numbers	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
18-19 month	412	394	404	431	419	352	408	434	289	450	352	411
18-19 YTD	412	806	1,210	1,641	2,060	2,412	2,820	3,254	3,543	3,993	4,345	4,756
19-20 month	383	434	354	424	455	282	440	428	345	484	444	398
19-20 YTD	383	817	1,171	1,595	2,050	2,332	2,772	3,200	3,545	4,029	4,473	4,871

Reactive repairs analysis (2) – YTD March 2020



Average Spend	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
18-19 £month	49	218	158	123	234	173	140	226	107	129	165	182
18-19 £YTD	49	132	140	136	156	158	156	165	160	157	157	160
19-20 £month	157	154	175	85	123	135	134	147	145	163	176	83
19-20 £YTD	157	155	161	141	137	137	136	138	139	141	145	140

- All data relates to completed jobs and is prior to the deduction of capitalised repairs. Broad Street (Fordneuk service) repairs are excluded from the figures as these are recharged to Wheatley Care.
- YTD the volume of repairs is in line with the prior year and the YTD average cost has decreased by 12.5%, noting that the CB rates uplift for 2019/20 was 3.54%.

Investment Works – YTD March 2020

Investment Works £'000	1 April 2019 - 31 March 2020			19/20 Annual Budget
	Actual	Budget	Variance	
Investment Works Grant Income				
Adaptations	70	112	(42)	112
Total	70	112	(42)	112
Investment Works Expenditure				
Core programme	1,254	1,607	353	1,607
Void repairs	208	188	(19)	188
Adaptations	140	112	(28)	112
Total	1,602	1,907	305	1,907

Breakdown of core programme £'000	1 April 2019 - 31 March 2020			19/20 Annual Budget
	Actual	Budget	Variance	
Capitalised repairs	148	96	(52)	96
Capitalised staff costs	29	37	8	37
Compliance costs (capital)	208	162	(46)	162
Duke Street	0	420	420	420
Fire Safety	0	36	36	37
Internal Common Work	0	36	36	36
Kitchen, Bathrooms and Rewire	789	748	(42)	747
Windows	78	72	(6)	72
Various	2	0	(2)	0
Total	1,254	1,607	353	1,607

Comments

- Overall investment works expenditure of £1,602k for the full year is £305k lower than the budget of £1,907k.
- Core programme works undertaken include kitchen replacements in Linwood and Falkirk and bathroom replacements in Hamilton and Linwood. The favourable variance reported on core programme follows a delay in commencing capital compliance works. No Spend recorded against the Duke street programme.
- Void repair costs report an overspend due to a small number of higher value jobs, rather than an increase in the number of voids.
- The current approved grant for adaptations is £70k for the year. Additional grant will be requested from local authorities to cover the additional costs incurred this year; however, a decision is not expected until after the end of the financial year.

New Build Programme – YTD March 2020

Name	Contractor	Year To Date			FY Budget
		Actual £s	Budget £s	Variance £s	
Barclay Street - Phases 1,2	-	10	0	(10)	0
Shawbridge Street	CCG	111	184	73	184
Wallacewell Quadrant	MACTAGGART	63	113	50	113
Buckley Street	MACTAGGART	1,353	1,076	(277)	1,077
Muiryhall Street	CCG	328	110	(218)	110
Glenburn Road		3	0	(3)	0
Eri boll		6	0	(6)	0
Hallrule Drive	MACTAGGART	223	0	(223)	0
McDowall Street	-	3	0	(3)	0
Social 20/21 completion	-	0	2,965	2,965	2,965
Gourlay Street	-	0	0	0	0
Forfar Avenue		9	0	(9)	0
Cobblebrae Farm		10	0	(10)	0
Dargarvel		58	0	(58)	0
Land Acquisition	-	653	150	(503)	150
Feasibility	-	0	0	0	0
Loretto		2,830	4,598	1,768	4,599

Capitalised Insurance		2	0	(2)	0
Capitalised Interest		34	34	0	34
Capitalised Staff Costs		197	198	1	197
Gross New Build Costs		3,062	4,830	1,768	4,830

Grant Income		1,647	2,904	(1,257)	2,904
Net new build costs		1,415	1,926	511	1,926

Capital Investment Income

- Grant income reported within the capital budget represents the cash received in the YTD and outstanding claims accrued.

New Build Expenditure

- Buckley Street (BP* completion August 19):** This project was the redevelopment of an old school. A fire at the site at the start of the development delayed the development programme and the last handovers took place in October. **COMPLETE**
- Muiryhall Street (BP* completion March 19):** Commenced on site in February 2018. Site completed in May 2019. **COMPLETE**
- Hallrule Drive:** This site is owned by Loretto and demolition works are now complete. Planning Permission has been granted. Site investigation results received at the end of September. Offer of grant has been accepted.
- McDowall Street:** Following discussions with Renfrewshire Council it was agreed that we look at possibilities of enlarging this gap site. The council are willing to fund acquisition of the site as of 2019-20 but further development funding won't be available until 2021/22 at the earliest. Discussions required with the Council to determine timelines.
- Hallrule Drive and McDowall Street were not identified as sites in the 19/20 budget, however available budget is in the "unspecified" Social 20/21 completion line. Scope also exists within this line to accommodate spend on the recently approved project at Dargarvel (site was acquired in December).
- Land Acquisition:** Spend of £653m relates to the acquisition of the Hallrule Drive £92k and Dargarvel £561k.
- Grant Income:** Dargarvel £1m Grant, £465k Hallrule and £176k Buckley street

*BP = 2019/20 business plan approved in February 2019

Balance Sheet

	31 March 2020 £k	31 March 2019 £k
Tangible Fixed Assets		
Housing Properties	61,135	59,752
Investment Properties	1,150	1,150
Other Assets	1,298	1,343
	<u>63,583</u>	<u>62,245</u>
Current Assets		
Debtors	2,466	1,062
Cash at Bank and in Hand	614	862
	<u>3,080</u>	<u>1,924</u>
Short Term Creditors		
Amounts due within one year	(2,067)	(3,208)
Deferred Grants	(1,649)	(4,907)
	<u>(3,716)</u>	<u>(8,115)</u>
Net Current Assets	(636)	(6,191)
Long Term Creditors		
Amounts due after one year	(37,253)	(33,751)
Pension Liability	(2,222)	(2,222)
	<u>(39,475)</u>	<u>(35,973)</u>
Net Assets	<u>23,472</u>	<u>20,081</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	22,303	19,773
Current year surplus/(deficit)	3,391	2,530
Pension Reserves	(2,222)	(2,222)
	<u>23,472</u>	<u>20,081</u>
Association's Funds	<u>23,472</u>	<u>20,081</u>

Comments

The balance sheet reported is before any statutory account adjustments for the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme. The result are subject to the year end audit.

- **Fixed Assets** - Expenditure is capitalised in accordance with our accounting policy. There have been £4,803k of additions in the YTD.
- **Investment Properties** – These are the Barclay Street Mid Market Rent properties, leased to Lowther Homes.
- **Debtors** – increase in debtors is due to reporting of the £1m award for Dargavel, cash received first week in April 2020.
- **Cash at Bank** - The change from the year end principally reflects the timing of the settlement of intercompany balances and supplier payments.
- **Deferred grants** – The relates to the schemes currently on site. Upon completion of the properties this income will be released to the I&E as grant income.
- **Long-Term Creditors** - This includes £37.3m of loans due to Wheatley Funding Ltd 1.

2020/21 Budget - Operating Statement

	2019/20	2020/21	2020/21	2020/21
	Actual £ks	Financial Projections £ks	Budget £ks	Budget Variance to FP £ks
INCOME				
Rental Income	7,862	8,224	8,224	-
Void Losses	(116)	(266)	(266)	-
Net Rental Income	7,747	7,959	7,959	-
Other Income	1,527	283	283	-
Grant income	5,232	72	72	-
TOTAL INCOME	14,506	8,314	8,314	-
EXPENDITURE				
Employee Costs - Direct	2,315	1,338	1,338	-
Employee Costs - Group Services	266	269	269	-
Direct Running Costs	1,683	1,531	1,531	-
Running Costs - Group Services	160	172	172	-
Revenue Repairs and Maintenance	1,326	1,388	1,388	-
Bad Debts	130	221	221	-
Depreciation	3,465	3,701	3,701	-
TOTAL EXPENDITURE	9,345	8,620	8,620	-
NET OPERATING SURPLUS / (DEFICIT)	5,161	(306)	(306)	-
Interest payable	(1,770)	(1,978)	(1,978)	-
STATUTORY SURPLUS / (DEFICIT)	3,391	(2,284)	(2,284)	-
EBITDA	8,626	3,394	3,394	-
EBITDA (excl grants)	3,394	3,322	3,322	-
INVESTMENT				
Total Capital Investment Income	5,317	8,889	8,889	-
Investment Works	1,602	1,525	1,525	-
New Build	3,062	11,012	11,012	-
Other Capital Expenditure	139	179	179	-
TOTAL CAPITAL EXPENDITURE	4,803	12,717	12,717	-
NET CAPITAL EXPENDITURE	(515)	3,827	3,827	-

Comments

- The 2020/21 budget reports a net operating deficit of £306k and statutory deficit of £2,284k. The 2020/21 budget is aligned to the financial projections as previously approved by the Board in February 2020.
- The 2020/21 budget reflects an increase in rental income, compared to the 2019/20 full year as a result of the 3.4% rent increase and the full year effect of new build completions to date.
- New build development continues in 2020/21, however with no properties scheduled for completion in the year, the grant income recognition of £72k relates to medical adaptations grant only.
- The Tenancy Sustainment Service has been transferred to Wheatley Care in 2020/21. The result of this reduces Loretto Housing's other income by £1,240k. Employee costs and running costs attached to this service are reduced by an equal amount, the service fully recharged all costs. In 2019/20.
- The provision for bad debts is budgeted by application of 2% of rent and service charge income for both general and supported properties to reflect the potential impact of Universal Credit.
- Loretto continues to fund the capital and new build programme through increased borrowing and is projected to reach peak net debt until 2026/27. Interest payable will increase in 2020/21, in conjunction with loan drawdowns.
- Net capital expenditure is budgeted at £3,827k for 2020/21. This includes new build, major repairs on existing properties, and other fixed asset additions.

Report

To: Loretto Housing Association Board

By: Samantha Bett, Director of Treasury

Approved by: Steven Henderson, Group Director of Finance

Subject: CCFF scheme

Date of Meeting: 18 May 2020

1. Purpose

1.1 This report seeks the Board's approval to act as a Guarantor for Wheatley Funding No.1 Limited (WFL1), such that WFL1 can sign up to the Bank of England's Covid Corporate Financing Facility ("CCFF").

2. Authorising context

2.1 Authorisation to proceed with the CCFF scheme is required from the Wheatley Board, the Wheatley Funding No. 1 Ltd ("WFL1") Board and each of the Boards of the WFL1 Guarantors (GHA, Cube, Loretto, Dunedin Canmore and WLHP). Barony will be excluded given the impending winding-up of this company and DGHP although not yet a guarantor of WFL1 will be included in the documentation such that they can accede to the scheme in due course.

2.2 There is no obligation to borrow via the CCFF scheme once the facility is in place, and there are no commitment fees or other costs payable after the set-up costs have been paid (legal fees, paying agent fees as set out in paragraph 5.6). We view the scheme as a form of insurance policy in case of unanticipated issues with any of our RSL Borrower Group bank facilities.

3. Risk appetite and assessment

3.1 We have a strong liquidity position; between cash-at-hand, revolving credit facilities/overdrafts and undrawn facilities, the Group has funds of £460.2m available at 30 April 2020. The table below shows the full Group position (WFL1, WFL2 and DGHP):

[redacted]

3.2 We pay commitment fees for the revolving credit facilities and, once drawn, the RCFs are charged at LIBOR + lending margin.

3.3 While the financial services sector has performed well and supported lenders to date thanks to their strong balance sheets, there is a remote chance that events could create a liquidity squeeze on banks, and undrawn committed facilities may be cancelled. There were examples of this in the 2008 credit crunch.

- 3.4 The Covid-19 crisis has not (yet) extended into a credit crisis for the banking sector, and while we do not anticipate such an outcome, in the event that banks do become credit-constrained, it would be prudent to have a backup option of a direct line of funding available from the Bank of England. Acceptance onto the scheme would also present an opportunity to manage our treasury strategy efficiently over the next 12 months.
- 3.5 The Bank of England has specifically launched the CCFF scheme as an alternative source of funds for companies like Wheatley Group to ‘help preserve the capacity of the banking system to lend to other companies, including small and medium-sized enterprises, which rely on banks’. The CCFF liquidity is provided as an alternative to bank funding.

4. Background

- 4.1 The UK Government, in tandem with the Bank of England, has introduced a range of measures to support UK businesses through potential liquidity constraints resulting from the severe slowdown in the economy due to Covid-19.
- 4.2 For eligible larger UK companies, such as Wheatley Housing Group, the Bank has introduced the CCFF programme. In contrast to the SME loan programmes which will be administered by banks, the CCFF provides liquidity via a Commercial Paper (“CP”) programme. The mechanics of this scheme are set out in Appendix 1.

5. Discussion

- 5.1 While the Group has a strong liquidity position as a result of our recent drawdown of £72m from our EIB 2018 facility and the extension of terms for Revolving Credit Facilities from our Syndicate lenders, the CCFF scheme provides a more efficient source of working capital to support the Group’s requirements over the short-term.
- 5.2 The scheme will remain open for applications until 31 December 2020 and Issuers must be approved by that date. We have had in-principle endorsement of eligibility from the Bank of England in order to allow us to proceed to the next stage, which is a more detailed application to be formally accepted onto the scheme.
- 5.3 Funds can be drawn until 31 March 2021, with only two days’ notice provided to the Bank of England. Paper can be issued on the 30 March 2021 for 364 days. The Bank will provide a 6-month notice period before the withdrawal of the CCFF scheme.
- 5.4 While the funding is short term (maximum period of 364 days), it is at very low rates of interest. At the time of writing, the rate would be under 0.3%. This compares to [redacted]% on most of our bank Revolving Credit Facilities.
- 5.5 While we do not necessarily anticipate a requirement to draw funds from the CCFF scheme, this depends largely on the timing of the re-introduction of construction sites and the associated funding requirement from the new build programme. We could potentially use the CCFF as our primary source of short-term funding, avoiding the need to draw from our committed RCFs which is one of the objectives of the BOE scheme.

5.6 It should take around three weeks to set up the CCFF scheme from the point of acceptance by the Bank of England. Once in place, there are no fees for issuance and no commitment fees are payable. The fees for establishing the CCFF scheme will total c. £40k and includes the following:

- i. Issuer counsel (Pinsent Mason) – [redacted]
- ii. Dealer counsel (NatWest Markets in-house legal team) – [redacted]
- iii. Issuing and Payment Agent (HSBC) – [redacted]

5.7 NatWest Markets are not charging any fees to act as Dealer under the CCFF scheme. Commonly, 1 basis point would be charged per issue. The minimum deal size is £1.0m, with £0.1m increments permitted.

6. Value for money implications

6.1 There are no restrictions on the use of funds and the funds are unsecured, with no loan covenants. For all of the reasons above, the scheme therefore represents a very low cost form of insurance policy, with potential option value for the future should it be extended. Greater access to liquidity also helps support Standard & Poor's view of our credit rating.

7. Impact on financial projections

7.1 It is not anticipated at this point that we would require to use the CCFF, but any use of it would be based on delivery of savings versus our current bank facilities.

8. Legal, regulatory and charitable implications

8.1 There are no consent requirements from our Syndicate lenders (RBS, BOS, Nationwide) or the EIB. We have already received consents from the BlackRock private placement and HSBC in relation to the granting of guarantees from the RSLs.

8.2 A range of technical legal documents are required as part of signing up to the scheme. These are explained in appendix 1 and provided in appendices 2-6.

9. Partnership implications

9.1 DGHP, which remains outside of the RSL Borrower Group at this time, will not be deemed eligible to access the CCFF initially due to its unrated status. If it accedes to the RSL Borrowing Group in due course it would be able to access these funds. However, between the significant cash reserves (£65.1m) and undrawn RCF (£35.0m), the cessation of construction and reduction of the repairs business to life and limb only, there is a limited requirement for additional liquidity for DGHP at this time.

10. Equalities impact

10.1 None noted.

11. Recommendation

11.1 The Board is asked:

- 1) to agree to provide a guarantee to WFL1 such that a full application can be made by WFL1 to the CCFF scheme; and
- 2) to approve the appended draft legal documentation required for the CCFF scheme and to delegate authority to the Group Director of Finance and/or the Director of Treasury to agree non-material changes and to sign these documents once all required Board and lender consents are in place by way of the Board Minute in Appendix 7.

List of appendices:

Appendix 1. Technical detail of CCFF and associated documentation	
Appendix 2. Guarantee	[redacted]
Appendix 3. Dealer Appointment	[redacted]
Appendix 4. Deed of Covenant	[redacted]
Appendix 5. Agency Agreement	[redacted]
Appendix 6. Global Note	[redacted]
Appendix 7. Board Minute	[redacted]

Appendix 1: Technical detail of CCFF and associated legal documentation

The Bank of England (“BOE”) is responsible for determining the eligibility of potential Issuers, with each corporate entity required to meet the following criteria:

- i. Sound financial health prior to Covid-19: investment grade or equivalent financial health as at 1 March 2020; and
- ii. Made a ‘material contribution to economic activity in the UK’; and
- iii. Have been economically impacted by Covid-19

WFL1 limited received in principle eligibility approval from HM Treasury on 23 April 2020, subject to the full application process, as a result of our rated status and our contribution to the UK economy.

The BOE has provided indicative pricing, and potential maximum drawings, for the CCFF scheme based on the investment grade of the Issuer (or Parent) on 1 March 2020. The pricing and potential maximum availability is set out in the table below:

Rating at 1 March 2020	Pricing	Amount
A1/P1/F1/R1	0.20%	Up to £1bn
A2/P2/F2/R2	0.40%	Up to £600m
A3/P3/F3/R3	0.60%	Up to £300m

Wheatley Housing Group was rated A+ Stable by S&P at the determination date, which is equivalent to a Short-term S&P rating of A1. WFL1 would qualify for the cheapest pricing at 0.20%. The BOE has given an indicative limit of £150m for WFL1 as part of their pre-approval indications. Please note, this limit is subject to change depending on the final application approval process.

The CCFF is priced at a spread over SONIA (the Sterling Overnight Index Average). This is a rate administered by the Bank of England and is based on actual transactions, to reflect the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. It is due to replace LIBOR as the main basis for variable rate lending in the UK, following LIBOR-rigging scandals.

For example, on 24 April 2020, SONIA was 0.066%, 1 month LIBOR was 0.22925% and 3 month LIBOR was 0.64375%.

The pricing and availability of our various Revolving Credit Facilities (RCFs) for WFL1 are set out below:

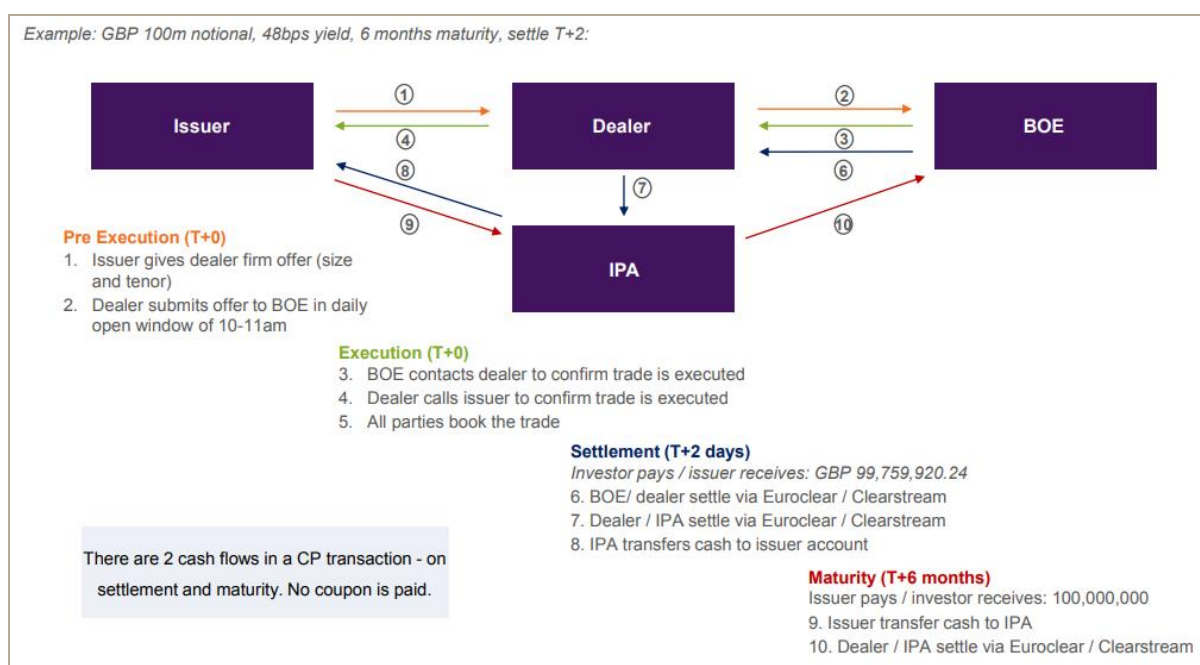
Facility	Lender	Amount	Commitment fee	Margin
Syndicate C1	RBS	71,500,000	0.46%	1.15%
Syndicate C2	BOS	40,750,000	0.40%	1.00%
Syndicate F1	RBS	19,850,000	0.46%	1.15%

Syndicate F2	Nationwide	8,400,000	0.65%	1.65%
HSBC	HSBC	100,000,000	0.54%	1.35%
Total		240,500,000		

The weighted average across WFL1 RCFs is 0.49% for the non-utilisation fee and 1.225% lending margin when drawn.

The RCFs are priced over LIBOR, with the period of the LIBOR rate determined by the duration of the drawdown (most commonly, 3 months), making the all-in cost of funds drawn under the SONIA-linked CCFF considerably cheaper than LIBOR-linked RCFs.

The execution process for the CCFF is set out in the funds flow diagram below:



Issuer – WFL1
 Dealer – NatWest Markets
 IPA – Issuing and Paying Agent, HSBC

Note that the interest payable is subtracted from the issuance amount upfront. The CP is priced as a fixed rate bond and is issued at a discount to par – i.e. we do not receive the full amount on the settlement date (T+2), rather the amount is adjusted upfront for the interest payable and we repay the full amount on the maturity date.

The legal documentation required for the CP programme is as follows, with draft documents set out in appendices 2 – 6.

- Guarantee** – the legal agreement between the guarantors of WFL1 (excluding Barony, given the imminent winding-up of this company) and WFL1 (the Issuer) to underwrite the facility. This has been prepared by Pinsent Masons.
- Dealer Appointment** – this agreement sets out the terms and conditions of the relationship between WFL1 and NatWest Markets

(NWM), where NWM will act as Dealer and will be the market-facing entity who markets our CP directly to the BOE (in usual times, the dealer would market our commercial paper to multiple investors in the wholesale market). The Dealer would normally charge 1 basis point per issue, but for the purposes of the CCFF programme, no charges will be levied.

- iii. **Deed of Covenant** – this is the contract between the Issuer (WFL1) and the note holders (in this case, BOE) of any particular issue when in global form.
- iv. **Agency Agreement** – the agreement between WFL1 and HSBC, where HSBC acts as the Issuing and Paying Agent (IPA). The IPA acts as an intermediary between the BOE and WFL1, making payments from each counterparty to the other and manages the settlement of the Commercial Paper on the clearing systems (Euroclear/Clearstream).
- v. **Global Note** – the note held by the IPA as the common depositary for Euroclear and Clearstream

In addition, there will be an Information Memorandum which will set out the business that WFL1 undertakes and the terms of the CP programme, and a Legal Opinions (one for Scots and one for English law), which our banking lawyers, Pinsent Masons will prepare, which will opine on the capacity and authority of the issue and the validity of the notes and the agreements.

Report

To: - Loretto Housing Association Board

By: - Laura Henderson, Managing Director

Approved by: - Olga Clayton, Group Director of Housing and Care

Subject: - Alertacall Expansion

Date of Meeting: - 18 May 2020

1. Purpose

- 1.1 To update the Board on the progress to date with the roll out of 200 Alertacall units to general needs customers across the Wheatley Group including 8 Alertacall units in Loretto Housing Properties.

2. Authorising Context

- 2.1 The activities addressed in this report are principally of an operational nature, and are therefore delegated to the Group CEO under the Group Standing Orders. The Board are asked to note and comment on the progress to date.

3. Risk Appetite and assessment

- 3.1 The agreed risk appetite for growth is “open” which is defined as “willing to choose the option most likely to result in successful delivery while also providing value for money”.

4. Background

- 4.1 In April 2018 we designed a new and bespoke Livingwell service in direct response to the removal of Local Authority funding for sheltered and very sheltered services in Glasgow.
- 4.2 There are currently 29 Livingwell complexes across the Wheatley Group including 2 of our sites: 5 Lourdes Avenue which has 26 properties; and 80 Patrickhill Road which has 27 properties.
- 4.3 The current Livingwell model is designed to support customers to live independently, safe and well. The model consists of 10 component parts:
- Safety and security – Alertacall
 - Technology and Smart TV
 - Volunteers and Peer Support
 - Local Community Engagement Team
 - Livingwell Advisor Team

- Low level adaptations
 - Daily social events calendars
 - Integrated Housing and Care teams on site planned times
 - Health and wellbeing focused activities
 - Support to signposting and managing changes in circumstances
- 4.4 The Livingwell team, who are employed by Wheatley Care, are responsible for delivering the service to our tenants. The service is an integrated housing and care model and delivers an enhanced housing management service to 949 tenants across the Wheatley Group, with Livingwell staff working very closely with Housing Officers.
- 4.5. The Alertacall (OK Today) system is an integral part of the Livingwell model. The service enables our tenants, through a specialist phone, to “check- in daily” using a button on their phone to confirm everything is okay at home. If a tenant has not “checked in” by their agreed time, there is a detailed escalation process which includes Alertacall staff responding initially with further escalation to Livingwell staff or appropriate agencies and/or emergency services where required. The number of escalations and the reasons vary however for some context, on average there are 4 escalations per week across the Wheatley Group for 949 customers.
- 4.6. Additionally, our tenants can use their phone to directly contact our Customer Service Centre or to ask Alertacall to report repairs.
- 4.7. We are able to send out mass voice mail messages to our customers via their Alertacall phones. This service can be used to alert customers to emergencies such as interruptions to their utility supplies, reminders about fire alarm tests in their buildings or to keep them up to date with news or activities.
- 4.8. Customers or family members can also use the phones to set up appointment reminders.
- 4.9. An independent evaluation carried out into the service in 2019 found that;
- “Most tenants felt that Livingwell made a clear, positive difference to their social connections” and “Most tenants felt that the Livingwell service had helped them to retain their independence while remaining safe in their home”.*
- 4.10. As the pandemic was announced and we deployed business continuity plans, we took the opportunity to review what current partners could offer to support our response.
- 4.11. Contact was made with Alertacall to explore anything they could offer specifically to our vulnerable customers at this time. An agreement was reached with Housing Proactive that they would fund and deploy the Alertacall System to our vulnerable customers as required by us. The Executive Team subsequently approved the proposal of rolling out 200 Alertacall systems throughout the Wheatley Group with 8 Loretto Housing main stream tenants accepting the service.

5. Discussion

- 5.1. The key motivation for introducing Alertacall services to mainstream housing customers at this time is to help reduce social isolation and improve opportunities to ensure our most vulnerable customers and their homes are safe and well through these unprecedented times with a view to understanding better how this system will assist in achieving a broader set of outcomes for our customers.
- 5.2. Customers in our two Loretto Housing Livingwell complexes who currently use Alertacall have repeatedly commented on the impact of the system and the contact with Alertacall staff throughout the day. Reminders for hospital appointments, interactions with Alert call staff, receiving birthday cards and ensuring properties are appropriately prepared prior to hospital discharge are a few of the areas commented positively on by customers.
- 5.3. As Government restrictions continue, potentially for a much longer period, introducing Alertacall will allow us to connect more easily with some of our older and more vulnerable customers and to ensure that individuals are supported to maintain their health, connectedness and home in challenging times.
- 5.4. Utilising the system will allow us to ensure that there is more frequent and systematic contact with those most isolated throughout this period by initially targeting older customers who are shielding as a result of their age or underlying health conditions.
- 5.5. Interactions via the Alertacall system will allow us to more easily understand if a customer may be requiring additional support such as food deliveries. It will also allow us to push out messages offering support to the most at risk individuals.
- 5.6. While we are working tirelessly to reach out in person to all of our customers the introduction of the system will enable us to target resources more effectively by quickly responding where we have concerns about someone's welfare. All responses will adhere to Government guidelines.
- 5.7. The units were delivered to our customers on Tuesday 28th April 2020 with the delivery plans designed to meet social distancing and infection control requirements. Units were placed outside customers' homes in sealed bags with no contact made.
- 5.8. Customers were supported through the installation process by our staff and no major issues were identified.
- 5.9. By the 30th April 2020 all of our customers were using the system as expected. The Livingwell team will now continue to support tenants until they are fully comfortable with the system.

Customer feedback

- 5.10. Prior to rolling out the second phase we contacted customers in phase 1 to gather their feedback and see what improvements could be made with the distribution and set up process.
- 5.11. Customers noted without exception that the delivery and installation process went well with our customers advising that they felt reassured knowing the system was there, they felt safe and secure. Recent quotes from customers include the following;

“I find having the system is reassuring for me and my family. My daughter works and knowing I have this system is a great comfort. System is fantastic and a great thing to have in place.”

“I found the whole process, from delivery to install, very efficient and the equipment straightforward to install. I might also take advantage of the other Alertacall services, appointment and social events reminding service.”

“The service is great I cannot believe how much my housing provider cares.”

Implementation – phase 2 and 3

- 5.12. In identifying potential customers, our Housing Officers targeted customers over the age of 65 who live in our Glasgow properties who may have less connectedness with their families and communities or individuals who may have a reduction in their informal or formal care arrangements as a result of the pandemic.
- 5.13. 8 of our Glasgow based customers were identified for inclusion in phase 2 of the Alertacall service roll out, with the customers connected and using the system by the 30th of April.
- 5.14. Early signs are that our 8 customers are coping well with the new system and seeing the benefits. The numbers of customers not ‘checking in’ each day was low considering the service was new to them. Only one customer was passed to Livingwell staff as Alertacall could not contact the customer but we were able to make contact and there were no concerns or issues from the customer.
- 5.15. Phase 3 of the roll out, circa 70 units across the Wheatley Group will be extended beyond Glasgow and will also be offered to customers across our wider geographical footprint. We have already had interest from our customers in North Lanarkshire, South Lanarkshire Renfrewshire and west Dunbartonshire.
- 5.16. Phase 3 roll out is being programmed to commence no later than 26 May 2020 to allow Housing Officers the appropriate time to engage with our customers who may need further information and support to help them decide if they want to sign up to the Alertacall service. We will target our conversations with people

who we understand to be shielding. This time will also be used to develop subsidiary specific protocols for escalation processes in the use of Alertacall.

- 5.17. The install for phase three will be supported by the Livingwell team and our Housing Officers.

Interim evaluation of outcomes and model refinement

- 5.18. Throughout phase's 1 – 3, implementation data and customer feedback will be collated and formally reported on to monitor the impact of the service and the outcomes it supports, to inform the longer term vision for the use of innovative housing management systems across Wheatley Group and Loretto Housing.

- 5.19. An Evaluation Framework will be devised that allows us to measure the impact against a set of intended outcomes of the system deployment which will include but not be restricted to monitoring impact in respect of the following outcomes;

- Reducing social isolation
- Customers feeling more safe in their homes
- Supporting individuals who are shielding to access the appropriate support
- Monitoring and responding to change in circumstances for our customers
- Improved communication with vulnerable customers specifically in respect of Health and Safety

- 5.20. Formal evaluation will be concluded within 3 months of full deployment and, in addition to demonstrating outcomes will explore the longer term financial viability and future operating model which would successfully support this product and customer offering with early thinking focusing on a reshaped service model for;

- Customers aged 65 or over and;
- Tenants who are shielding for a longer period of time.

- 5.21. While the introduction of the Alertacall system for our more vulnerable customers, out with Livingwell, has been as a result of our response to the pandemic emergency; very early discussions were already underway to explore how we may partner with Housing Proactive to provide enhanced services to our customers using the products they develop.

- 5.22. Housing Proactive have a number of products that support housing management some of which are being already explored for use in our Livingwell developments going forward. This includes a touch screen android tablet which provides all of the existing benefits of the Alertacall system but offers the following enhancements:

- Enhanced messaging capabilities, including voice, text and image based messaging
- Provides a smart device to all customers ensuring the initial step on digital inclusion journey for all customers

- Option to integrate with Wheatley's customer portal to allow for increased digital engagement & further step on digital journey
 - Potential to open up development for video conferencing and further digital inclusion.
- 5.23. Additionally, the touchscreens can be linked to environmental sensors which monitor, through simple technology, the temperature and humidity of properties. This in turn, can detect sooner potential maintenance issues and reduce repairs and maintenance costs.
- 5.24. While we are at the very early stages of scoping what this offering could look like, understanding the impact of its use in main stream housing throughout the current emergency and the subsequent evaluation will assist us to better scope the customer offering and determine the most appropriate model that results in the most positive and cost effective outcomes for our customers.
- 5.25. The evaluation will take into consideration discussions already underway, the range of products on offer and the longer term financial viability of the Alertacall system including any infrastructure changes required to support strategic deployment across Wheatley Group.
- 5.26. It is worth noting that current costs for the test areas are being met for 6 months by Housing Proactive. To retain thereafter the cost for each tenancy for the basic Alertacall system is £4.50 per week and is Housing Benefit eligible. It is anticipated that future costs would be met by standard rental income or service charge where appropriate, however as detailed earlier, longer term financial viability of the product offering will form a critical part of the evaluation.

6. **Legal, regulatory and charitable implications**

- 6.1. None.

7. **Partnership implications**

- 7.1. While no formal partnership is in place with Housing Proactive who deliver the Alertacall service we will continue to work closely with them as we explore opportunities to further support our tenants across group.

8. **Implementation and deployment**

- 8.1. The install for phase three will be supported by the Livingwell team and our Housing Officers.

9. **Equalities Impact**

- 9.1. There are no equalities implications arising from this report.

10. **Recommendations**

- 10.1. The Board is asked to note the progress made with phase one and two of the of the roll out and plans and associated timescales for phase three.

Report

To: Loretto Housing Association Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Governance update

Date of Meeting: 18 May 2020

1. Purpose

- 1.1 To update and, where applicable, seek Board approval in relation to the following governance matters:
- 1) changes to our Rules;
 - 2) use of the Chair Urgent Actions provision;
 - 3) updates to the Group Standing Orders;
 - 4) Loretto (Wheatley) Care change of membership
 - 5) Proposed application for a consumer credit licence

2. Authorising context

- 2.1 The Board is responsible for recommending any changes to our constitution (“the Rules”), to the members for approval. A Special General Meeting of the members is required to pass a resolution to adopt changes to our Rules.
- 2.2 Under the Group Standing Orders the Chair has authority to approve Urgent Actions for time sensitive matters reserved to a Board (Group or Subsidiary) or Committee which cannot wait until the next scheduled meeting.
- 2.3 The Group Standing Orders and any changes thereto are reserved to the Group Board. This report provides an update on changes that have been made.
- 2.4 Under its Terms of Reference, the Group Audit Committee is responsible for approving participation in new FCA regulated activities. This is relevant to our proposed application for a consumer credit licence.

3. Risk Appetite and assessment

- 3.1 Our risk appetite in relation to governance is cautious, which is defined as *“Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward”*.

- 3.2 We identified a risk that our current succession planning arrangements could lead to us not having the sufficient depth of skills and knowledge as the current interruption caused by the pandemic will significantly impact the recruitment and succession planning arrangements we had for the planned 2020 Board member and office bearer retirements.
- 3.4 The proposed changes to our Rules will permit changes in tenure length which will allow us to mitigate this risk.

4. Background

- 4.1 At its meeting on 8 April 2020 the Group Board agreed that the constitutions for each partner be updated to remove the existing restriction on tenure length for Board members and the Chair.
- 4.2 The Group Board agreed that we could grant time-limited, 12 month extensions for Board members and office bearers who are due to retire at the 2020 Annual General Meeting. All Board members were subsequently notified of this via a communication from the Wheatley Group Board Chair.
- 4.3 We were already planning to review our constitution this year to consider the updates to the Scottish Federation of Housing Associations Model Rules. We have therefore combined the tenure changes with a wider review of constitutions. As a general principle we seek to have consistency across all constitutions across Registered Social Landlord (“RSL”) constitutions where possible.

5. Discussion

Constitutional changes

- 5.1 Proposed changes to our Rules are attached at Appendix 1. Whilst we have sought to include the new provisions in the model Rules, we have also made other changes.

Tenure

- 5.2 The changes reflect the agreement by the Group Board to, under these exceptional circumstances, grant a one off, time limited 12-month extension to Board members who will reach their tenure limit in 2020. The constitutional changes are to allow this one exception, with our overall policy position remaining that 9-year tenure limits apply in all other cases.
- 5.3 As previously advised we are engaging the SHR regarding the restrictions relating to Chair tenure, with the Rules now applying an element of discretion not previously in place. The Chair has agreed to the request from the Group Board to extend his tenure as our Chair for a further 12 months to the 2021 Annual General Meeting.

Membership

- 5.4 Currently we operate with an ‘open’ membership model. We propose to amend this so that membership is limited to our tenants and current Board members. This is on the basis that decisions with an impact on key services to tenants should be made by tenants and Board members only.

- 5.5 This would include all Board member's membership automatically ceasing upon retiring from the Board save where they are also a tenant of the organisation. A consequence of this change would be that ten shareholding members would have their memberships cancelled.

Board recruitment and appointment

- 5.6 At present RSL constitutions, excluding DGHP, where we have open membership all appoint members by election. This means that appointments are subject to approval by Annual General Meetings, with members able to nominate fellow members without restriction.
- 5.7 Although appointments do remain subject to Parent approval, the existing process is not wholly consistent with our approach of recruiting for our Boards on the basis of an agreed skills matrix. In addition, it also restricts the pool of candidates to those who are members. In recognition of this, one of our partners (DGHP) recently changed its constitution to grant the Board authority to agree appointments rather than the membership.
- 5.8 It is proposed that we now replicate this approach, with the process for recruiting Board members and their appointment reserved to the Board (with the relevant Parent approval for appointments remaining). It is further proposed that we change to appointing rather than electing Board members at AGMs to remove duplication in the process.
- 5.9 The SHR require that "*The RSL encourages as diverse a membership as is compatible with its constitution and actively engages its membership in the process for filling vacancies on the governing body*". Based on the proposed membership changes we will be better placed to meet this requirement through engagement of our tenant groups. The engagement of membership will also be fed into our new Group approach to engagement.

Meetings and administration

- 5.10 The remainder of the changes are consequential amendments or updates to aid our administration. In particular, we have updated the Rules to include flexibility around the use of telephone conferencing and electronic communication as a means for Board decision making.

Updates to our Group Standing Orders

- 5.11 Updates have been made to the Group Standing Orders following the recent partnership with DGHP. The changes do not impact our operations; however, any updates to the Group Standing Orders are communicated to all Boards. The changes are as follows: so these are being presented by way of notification:
- (i) To acknowledge DGHP currently has DGHP-specific Development Committee
 - (ii) DGHP financial delegation levels

A copy of the updated Group Standing Orders has been circulated separately.

Use of the Chair Urgent Actions provision

- 5.12 Under the Group Standing Orders the Chair has authority to approve items of a time sensitive nature where it is neither feasible or practical to convene an additional meeting or agree a written resolution. Two such decisions required to be taken at the beginning of the lockdown. These were:
- (i) 20 March 2020 – granting of security to facilitate drawdown of European Investment Bank funding;
 - (ii) 23 March 2020 - updates to loan agreements

Loretto (Wheatley) Care

- 5.13 An update was provided at the last Board meeting on the change of membership of Loretto Care from us to Wheatley Housing Group Limited. The change was planned for the end of March, however due to the current operating environment took place on 11 May 2020 and as such Loretto Care is no longer a direct subsidiary.

Proposed application for consumer credit licence

- 5.14 Our new strategy, *Inspiring Ambition Unleashing Potential* aims to further help customers reduce the cost of running their home. One of the ways we already support customers is through our Home Comforts service which can provide recycled furniture and white goods.
- 5.15 Not all of our customers wish to receive recycled white goods so we have been considering potential alternative offerings. As part of this, we have been in discussion with Appliances Online (“AO”) with a view to signposting customers to an AO white goods rental scheme. The scheme has, in part, been designed to provide social housing customers with access to more affordable white goods.
- 5.16 Our intention was to include the scheme as part of the wider My Savings portal. Since we are introducing customers to AO.com through the portal and with a view to them entering into a consumer hire agreement then this is considered to be a form of regulated activity under the Financial Services and Markets Act (FSMA) for which a consumer credit licence is required.
- 5.17 The Group Audit Committee has responsibility for overseeing new regulatory activities and gave approval for us to apply for a consumer credit licence at its meeting on 6 May 2020. It is proposed we now proceed with this application.

6. Key issues and conclusions

- 6.1 The proposals within this report allow us to progress with constitutional changes that will facilitate more efficient governance. The focus of the constitutional changes is on ensuring that our governance arrangements are robust. Whilst we have updated our constitution to reflect the Model Rules where appropriate, we have also deviated where we consider it necessary.

7. Value for money implications

7.1 There are no value for money implications associated with this report.

8. Impact on financial projections

8.1 There is no impact on our financial projections arising from this report.

9. Legal, regulatory and charitable implications

9.1 We have sought external legal advice in preparing our Rule changes. We are engaging and will continue to engage the SHR on our proposals and how they meet the requirements of the Regulatory Framework. There is also a requirement to notify the SHR of any changes to our constitution under the Notifiable Events statutory guidance.

10. Partnership implications

10.1 There are no partnership implications associated with this report.

11. Implementation and deployment

11.1 A Special General Meeting will be arranged to approve the Rule changes. We will ensure we do so in a compliant way, with the use of proxies for example to prevent the need to convene physical gatherings beyond what is strictly necessary.

12. Equalities impact

12.1 There is no equalities impact associated with this report.

13. Recommendations

13.1 The Board is asked to:

- 1) Approve the proposed changes to our Rules and delegate authority to the Secretary to call a Special General Meeting;
- 2) Note the use of the urgent actions provisions in the Group Standing Orders on 20 March 2020 and 23 March 2020;
- 3) Note the change of membership of Loretto Care;
- 4) Note the amendments to the Group Standing Orders; and
- 5) Approve our application for a consumer credit licence

Appendix 1 – Track changed Rules

These are the Rules
of

Loretto Housing Association Limited

Based upon
SFHA Charitable Model Rules (Scotland) 202013
~~(as amended 2015)~~

Registered under the
Co-operative and Community Benefit Societies Act 2014
and the Housing (Scotland) Act 2010

Published by
the Scottish Federation of Housing Associations
in co-operation with The Scottish Housing Regulator

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Further guidance

Further Advice

A separate document is also available from the SFHA Rules Service, which gives guidance on the use of these rules and the options. Advice is also available from staff at The Scottish Housing Regulator.

Advice on the procedural aspects of making a Rule registration application or Rule Amendment application is also available from the SFHA Rules Service.

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INTRODUCTION

Name

- 1 The name of the Society shall be Loretto Housing Association Limited (hereinafter referred to as "the Association").

Objects

- 2 The objects of the Association are:
 - 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
 - 2.2 any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- 3 The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- 4.1 The Association shall not trade for profit and any profits shall only be applied for the purpose of furthering the Association's objects and/or in accordance with these Rules.
- 4.2 Nothing shall be paid or transferred by way of profit to Members.
- 5 The registered office of the Association is at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

MEMBERSHIP

- 6 The Members of the Association shall be: (a) those persons or organisations who hold a share in the Association and whose names are entered in the Register of Members; and (b) the Parent.

Applying for Membership

- 7.1 The Board shall set, review and publish its membership policy for admitting new Members. ~~Other than the Parent, membership of the Association shall be held in only one of the following categories~~Subject to the provisions of Rule 7.2, the following shall be eligible to become Members:
 - 7.1.1 tenants of the Association;
 - 7.1.2 any person who is a Board Member and who is not a tenant or a Parent Appointee; and
 - 7.1.3 the Parent.

~~(i) **General**~~

~~Membership within this category will be open only to organisations or individuals who have in a personal or professional capacity relevant knowledge, experience, skills or expertise which are complementary to the aims of the Association, who are not tenants of the Association and who fulfil such criteria for membership as the Board may from time to time determine; or~~

~~(ii) **Tenants of the Association**~~

~~Membership within this category will be open only to individuals who are tenants of the Association.~~

- 7.2 If you are applying for membership you must send a completed and signed application form and the sum of one pound (which will be returned to you if the application is not approved) to the Association's registered office. Whilst it is the Association's intention to encourage membership, the Board has absolute discretion in deciding on applications for membership and the following shall constitute grounds for refusal of an application for membership:
- 7.2.1 where membership would be contrary to the Association's Rules or policies;
 - 7.2.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest, may adversely affect the work of the Association; and/or
 - 7.2.3 where the Board considers that accepting the application would not be in the best interests of the Association.
- 7.3 Your application shall be considered by the Board as soon as reasonably practicable after its receipt by the Association. An application for membership will not be considered by the Board within the period of 14 days before the date of a general meeting. The Board has the power in its absolute discretion to accept or reject the application.
- 7.4 If the Board approves your application, you will immediately become a Member and your name and other necessary particulars will be included in the Register of Members within seven working days. You will then be issued one share in the Association.
- ~~7.5 An application for membership to be transferred from one membership category to another will be considered by the Board at the next meeting after the transfer application is received or as soon as practicable thereafter. The Board's decision on any such application for transfer of membership is final.~~
- 7.5 Subject to Rule 37.5, the Board shall have deemed to have admitted a person as a Member from the date on which he/she was appointed as a Board Member under these Rules and his/her name and other necessary particulars will be included in the Register of Members within seven working days. The Board Member will then be issued with one share in the Association.
- 7.6 ~~The Parent shall apply for a share in terms of these Rules and shall make payment of the sum of one pound to the Association's registered office. The Parent shall then become a Member of the Association and its name and other necessary particulars will be included in the Register of Members within seven working days~~

~~and shall be issued with one share to the value of one pound (the "Parent Share") in the Association.~~

- 7.7 The Parent and the Association, together with all other organisations in the Group will document, formally and in terms that are transparent and understandable, their constitutional and financial relationships through the Group Agreement or similar document. The role of the Association and its relationship with other organisations in the Group must be undertaken in a manner consistent with the Charities and Trustee Investment (Scotland) Act 2005.
- 7.8 Notwithstanding the other provisions of this Rule 7, the Parent may in its absolute discretion admit or remove any person or organisation as a Member.
- 8 You can apply for membership of the Association from the age of 16.
- 9 No Member can hold more than one share in the Association.
- 10 If you change your address, you must let the Association know by writing to the Secretary at the registered office or by electronic communication within three months. This requirement does not apply (a) to the Parent; or (b) if you are a tenant of the Association and have moved home by transferring your tenancy to another property owned and managed by the Association.

ENDING YOUR MEMBERSHIP

- 11.1 Your membership of the Association will end and the Board will cancel your share and record the ending of your membership in the Register of Members if:
- 11.1.1 you resign your membership giving seven days' notice in writing to the Secretary at the Association's registered office;
- 11.1.2 except in the case of the Parent, the Board reasonably believes that you have failed to tell the Association of a change of address as required by Rule 10;
- ~~11.1.3 you cease to fall within the definition or membership criteria of your membership category;~~
- 11.1.3 except in the case of a Tenant Board Member and the Parent, the Board is satisfied that you are no longer a serving Board Member following:
- 11.1.3.1 retirement pursuant to Rule 39.2;
- 11.1.3.2 removal or disqualification pursuant to Rule 44; or
- 11.1.3.3 resignation of the Chairperson pursuant to Rule 59;
- 11.1.4 for five annual general meetings in a row you have not attended, submitted apologies, exercised a postal vote or appointed a representative to attend and vote on your behalf by proxy;
- 11.1.5 except in the case of the Parent, the Association receives a complaint about your behaviour and two-thirds of the Members voting at a special general meeting agree to end your membership. The following conditions apply to this procedure:
- 11.1.5.1 the complaint must be in writing and must relate to behaviour which could harm the interests of the Association;

- 11.1.5.2 the Secretary must notify the Member of the complaint in writing not less than one calendar month before the meeting takes place;
 - 11.1.5.3 the notice for the special general meeting will give details of the business for which the meeting is being called;
 - 11.1.5.4 you will be called to answer the complaint at the meeting. The Members present will consider the evidence supporting the complaint and any evidence you decide to introduce;
 - 11.1.5.5 the Members can vote in person or through a representative by proxy; and
 - 11.1.5.6 if you receive proper notice but do not go to the meeting without providing a good reason, the meeting will go ahead without you and the Members will be entitled to vote to end your membership.
- 11.2 If your membership is ended in accordance with Rule 11.1.5, you will immediately cease to be a Member from the date that the resolution to end your membership was passed and any further application for membership by you will need to be approved by two-thirds of the Members voting at a general meeting.

REPRESENTING AN ORGANISATION THE PARENT

- 12.1 ~~An organisation which is a Member~~The Parent is free to nominate any person it considers suitable as its representative to the Association. That person will represent all of the ~~organisation's~~Parent's rights and powers at general meetings.
- 12.2 To confirm the identity of a representative, the ~~organisation~~Parent must send the Association a copy of the authorisation or appointment of an individual as a representative. This should be signed by a Director, Secretary or Authorised Signatory of the ~~organisation~~Parent which signature must be witnessed, ~~or in the case of a local authority, by the Chief Executive, or properly authorised officer of the local authority.~~
- 12.3 ~~An organisation~~The Parent can change the identity of the person entitled to represent ~~that organisation~~the Parent at any time by confirming the identity of the new representative in terms of Rule 12.2 and withdrawing the authority of the original representative.
- 12.4 ~~If you are a~~A representative of the Parent in terms of Rule 12.2, ~~of an organisation which is a Member, you~~ cannot be a Member as an individual ~~yourself~~. If ~~you are~~the representative is already a Member as an individual when ~~you~~they start to represent ~~an organisation which is a Member~~the Parent, the Association will suspend ~~your~~the representative's membership as an individual, until such time as ~~you~~they are no longer ~~a~~the representative of ~~an organisation which is a Member~~the Parent.

SHARE CAPITAL

Shares

- 13 The share capital of the Association will be raised by issuing one-pound shares to Members. Shares cannot be held jointly. Joint tenants of the Association may each become individual Members.
- 14 There is no interest, dividend or bonus payable on shares.

Transferring Shares

- 15 You shall not be entitled to any property of the Association in your capacity as a Member and your share is not withdrawable or transferable save in the circumstances set out in Rules 16 and 17.
- ~~16 You cannot sell your share but you can transfer it if the Board agrees other than in respect of the Parent Share which may not be sold or transferred but which may be cancelled on the written request of the Parent.~~
- ~~16.7.4~~ If you die ~~or end your membership or have your membership ended, or you are a representative of an organisation which no longer exists~~, the Board will cancel your share (except in those circumstances outlined in Rules ~~17.2 and 17.3~~) and the value of the share will then belong to the Association.
- 17.2 You can nominate the person to whom the Association must transfer your share in the Association when you die, as long as the person that you nominate is eligible for membership under these Rules and in terms of the Association's membership policies. On being notified of your death, the Board shall transfer or pay the full value of your share to the person you have identified. Your nomination must be in the terms required by the Co-operative and Community Benefit Societies Act 2014. If the person you nominate is not eligible for membership or your nomination is not in the said terms required, then following your death the Board will cancel your share.
- ~~17.3 If you die or become bankrupt and your personal representative or trustee in bankruptcy seeks to claim your share, the Board (to the extent that your personal representative or trustee in bankruptcy has right) will transfer or pay the value of your share in terms of your representative's or trustee's instructions.~~

BORROWING POWERS

- 18.1 The Association can borrow money as long as the total borrowing at any time is not more than £100 million or such larger sum as the Association, with the prior written consent of ~~the Scottish Housing Regulator and~~ the Parent, determines from time to time in general meeting. The Association can enter into any Guarantee in respect of or to secure by heritable security, mortgage, charge, floating charge, lien or other security which the Association is permitted by law to grant, upon the whole or any part of the Association's property or assets, the obligations and liabilities of any Subsidiary; or of any joint venture established by the Association (or by a Subsidiary) with any entity or entities. The foregoing power is valid notwithstanding, and is in no way limited by, any limits on the borrowing or lending powers of the Association (including the foregoing limits) contained in these Rules or otherwise.
- 18.2 In respect of any proposed borrowing for the purposes of Rule 18.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Association or any deep discounted security shall be deemed to be the amount needed to repay such borrowing in full if the pre-existing borrowing became repayable in full at the time of the proposed borrowing.
- 18.3 For the purposes of Rule 18.1 in respect of any proposed borrowing intended to be index-linked or on any deep discounted security, the amount of borrowings shall be deemed to be the proceeds of such proposed borrowings that would be receivable by the Association at the time of the proposed borrowing.

- 18.4 The Association will not pay more than the rate of interest which the Board considers to be the then market rate of interest on any money borrowed, having regard to the terms of the loan on any money borrowed.
- 18.5 The Association will not accept money on deposit.
- 18.6 Subject to the provisions of Rule 19, the Association can, with the prior written approval of the Parent, lend money to any person or organisation including, without limitation, the Parent; any Subsidiary; any joint venture established by the Association or by the Parent or by any Subsidiary, with another entity or entities on terms which the Board deems appropriate at the time of entering into the transaction. Where the Association is using a loan facility to on lend it must comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 18.7 The Association may borrow money from such lawful sources as is permitted by its Treasury Management Policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 18.8 Subject to the foregoing provisions [of this Rule 18](#), the Board can, with the prior written approval of the Parent, determine and change the conditions under which the Association borrows or lends money.
- 19 With the exception of the Parent, the Association shall not lend money to Members.

GENERAL MEETINGS

Annual General Meeting

- 20 The Association will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Association. The functions of the annual general meeting are to:
- 20.1 present the Chairperson's report on the Association's activities for the previous year;
- 20.2 present the accounts, balance sheet and auditor's report;
- ~~20.3 elect Board Members;~~
- 20.~~3~~⁴ appoint the auditor for the following year; and
- 20.~~4~~⁵ consider any other general business included in the notice calling the meeting.

Special General Meeting

- 21.1 All general meetings other than annual general meetings are known as special general meetings. The Secretary will call a special general meeting if:
- 21.1.1 the [Committee-Board](#) requests one;
- 21.1.2 the Parent requests one in writing; or

- 21.1.3 at least four Members other than the Parent request one in writing. If there are more than 40 Members, at least one tenth of all the Members must ask for the meeting.
- 21.2 Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.
- 21.3 If a special general meeting is requested, the Secretary must within 10 days of having received the request give all Members notice calling the meeting. The meeting must take place within 28 days of the Secretary receiving the Members' request. The Secretary should decide on a time, date and place for the meeting in consultation with the Board or the Chairperson, but if such consultation is not practicable the Secretary can on his/her own decide the time, date and place for the meeting.
- 21.4 If the Secretary fails to call the meeting within 10 days, the Board or the Members who requested the meeting can arrange the meeting themselves.
- 21.5 A special general meeting must not discuss any business other than the business mentioned in the notice calling the meeting.

Notice for Meetings

- 22.1 The Secretary will call all general meetings by written notice posted or sent by ~~fax or email~~ electronic communication to every Member (which must include the Parent) at the address, fax number or email address given in the Register of Members at least 14 clear days before the date of the meeting. This notice will give details of:
- 22.1.1 the time, date and place of the meeting;
- 22.1.2 whether the meeting is an annual or special general meeting;
- 22.1.3 the business for which the meeting is being called.
- 22.2 The Board may ask the Secretary to include with the letter or send separately to Members any relevant papers or accounts. If a Member, other than the Parent, does not receive notice of a meeting or papers relating to the meeting, this will not stop the meeting going ahead as planned. If the Parent does not receive notice of a meeting or papers relating to the meeting, the meeting cannot go ahead as planned. Each communication sent to a Member by post, addressed to his/her registered address, shall be deemed to have arrived 48 hours after being posted. Each electronic communication sent to a Member ~~by fax or email~~ shall be deemed to have arrived on the day it is sent.
- 23 The proceedings of a meeting shall not be invalidated by the inadvertent failure of the Association to send a notice calling the meeting to any Member, other than the Parent. Failure of the Association to send a notice calling the meeting to the Parent will invalidate the proceedings of that meeting.

~~PROCEDURE AT GENERAL MEETINGS~~ Procedure at General Meetings

- 24.1 For a meeting to take place the Parent and at least seven Members must either be present at the venue or represented at the venue by a representative approved in terms of Rule 27.1. ~~If there are more than 70 Members, at least one-tenth,~~

~~including the Parent, must either be present or represented at the venue by a representative in terms of Rule 27.1.~~

- 24.2 If the Parent is not present in person or by representative and/or not enough other Members are present in person or by representative within half an hour of the time the meeting was scheduled to start, the meeting shall be rescheduled to the same day the following week at the same time and at such place as may be fixed by the chairperson of the meeting and announced at the meeting. There is no need to give notice to Members of the rescheduled meeting with the exception of the Parent, who must receive such notice if it was not present in person or represented at the meeting to be rescheduled. If at that meeting there are not enough Members present in person or by representative at the scheduled starting time the meeting can still go ahead.
- 24.3 The Parent shall be deemed to be present in person at any general meeting if it is represented in person by an individual (who need not be a Member) who is appointed to act as such ~~in writing signed~~ by or on behalf of the Parent.
- 24.4 The Board shall determine the manner in which general meetings of the Association are held, subject to the prior approval of the Parent.
- 25 If a majority of Members present agree, the chairperson of a meeting can adjourn the meeting. No business can be discussed at the adjourned meeting other than the business not reached or left unfinished at the original meeting. There is no need to give notice to Members of the adjourned meeting.
- 26.1 The Chairperson of the Board will be chairperson at all meetings of the Association. If there is no Chairperson or he/she is not present or willing to act, ~~the Members present must elect a Member of the Board~~ tea Board Member will be chairperson of the meeting. If no Board Members are present, the Members present must elect a Member to be chairperson of the meeting.
- 26.2 If the Chairperson arrives later, after the meeting has commenced, he/she will take over as chairperson of the meeting as soon as the current agenda item is concluded.

Proxies/Representatives/Postal Votes

- 27.1 To appoint a representative to vote on your behalf by proxy, you must let the Association have a properly completed document in the form shown in Appendix 1, which may be submitted by electronic communication. Your representative does not need to be a Member. The document must reach the Association at least five days before the meeting at which you want to be represented.
- 27.2 If there is any doubt about whether your representative has authority to vote, the Chairperson will decide and his/her decision will be final.
- 27.3 The maximum number of proxy votes that may be cast by any one person is 10.
- 27.4 To reverse your appointment of a representative, you must let the Association have a properly completed document in the form shown in Appendix 2, which may be submitted by electronic communication. The document must be presented to the Association before the meeting at which you no longer want to be represented convenes. Alternatively, if you declare yourself present before the meeting

convenes, the appointment of a representative to vote on your behalf will automatically fall.

27.5 The Chairperson will report to the meeting the details of any documents seeking to appoint a representative received but which are not valid. ~~If you represent an organisation, your authorisation or appointment as a representative requires to be in accordance with the terms of Rule 12.2.~~

~~27.6 If there is to be an election of Board Members at an annual general meeting, you can vote by post. Not less than 14 days before a meeting is held at which one or more Board Members will be elected, you will receive a ballot paper for the election. You can vote in the election by returning the ballot paper to the Secretary at least five days before the day of the meeting, or by bringing your ballot paper along to the meeting.~~

Voting

28 If a decision of a meeting is put to the vote, the outcome will be determined by the majority of those Members voting. Voting will be by a show of hands except where a poll is requested or required. Votes cannot be taken on resolutions which conflict with any provisions of these Rules or the law.

29.1 Where a vote is by a show of hands every Member, including the Parent, present in person has one vote (subject in the case of the Parent to the provisions of Rule 29.23). Where a vote is by a poll every Member, including the Parent, present in person or who has appointed a representative has one vote. Where an appointed proxy is present, and he/she advises the Chairperson, the Chairperson shall direct that the vote is by a poll.

~~29.2 In relation to the election of Board Members, the vote is by a poll using the ballot paper issued to the Members prior to the meeting; votes received by post in advance of the meeting will be counted in the total number of votes at the meeting.~~

29.23 The Parent shall be allocated and shall be entitled to cast three quarters of the votes available to be cast:

29.2.1 ~~a~~At any special general meeting called by the Secretary in accordance with these Rules for the purpose of considering and, if appropriate, approving:

29.2.13.1 any amendments, additions or deletions to any of these Rules; and/or

29.2.13.2 any change of name of the Association; ~~and;~~

29.2.2 at any annual general meeting, but only for the specific purpose of approving the appointment of the auditors for the following year,

~~the Parent shall be allocated and shall be entitled to cast three quarters of the votes available to be cast at the relevant special general meeting~~ and the other Members of the Association (collectively the "Other Members") shall among them be entitled to cast one quarter of the votes available to be cast at the relevant special general meeting or in relation to the appointment of auditors at an annual general meeting. Votes exercisable by the Other Members in terms of this Rule 29.23 shall be counted for and against the relevant resolution(s) in the proportions for and against actually cast by each of the Other Members who are present and voting at the

meeting in person or by proxy respectively. The Secretary shall make arrangements for such Other Members to vote on the resolution(s) separately and shall count the number of votes in favour and against the resolution(s) and shall notify the special general meeting or annual general meeting of the totals and accordingly the manner in which the one quarter of votes available to be cast at the relevant special general meeting or annual general meeting and exercisable by the Other Members have been cast. The Secretary shall notify the meeting of the decision of the vote having regard to the votes cast by the Parent.

- 30 Except where a resolution is passed in accordance with the provisions of Rule 29.23, if there is an equal number of votes for and against a resolution, ~~or in relation to the election of Board Members~~, the Chairperson will have a second and deciding vote. The Chairperson's announcement of the decision of a vote will be final and conclusive. The decision is then recorded in the minutes of the meeting. There is no need to record the number of votes for or against the decision.
- 31.1 A poll can be required before or immediately after a vote by a show of hands, if at least one-tenth of the Members present at the meeting (in person or by proxy through a representative appointed in accordance with Rule 27.1) request this.
- 31.2 A poll must take place as soon as the Chairperson has agreed to it, in line with the Chairperson's instructions. The result of the poll will stand as the decision of the meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 32 All speakers must direct their words to the Chairperson. All Members must remain quiet and orderly while this is happening.
- 33 You will not be allowed to speak more than once on any individual matter unless it is to explain something or ask for an explanation until every other Member has had the chance to speak. You will then have the opportunity to speak a second time on a matter but only if the Chairperson agrees. Where the Chairperson raised the matter for discussion initially, he/she shall be permitted to make a final reply on the matter.
- 34.1 The Chairperson will decide how long each speaker is allowed to speak, allowing equal time to each speaker.
- 34.25 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling. ~~If the Chairperson's ruling is challenged by more than one person, the Chairperson will step down and those present will decide the point raised on a majority vote. If the vote is tied, the Chairperson's original ruling is carried.~~
- 356 Meetings must not last longer than two hours unless at least two-thirds of the Members present agree after the end of that time to continue the meeting.
- 36.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.2 A Member is able to exercise the right to vote at a general meeting when:

36.2.1 that Member is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

36.2.2 that Member's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

36.3 The Board may make whatever arrangements it considers appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

36.4 In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.

36.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

THE BOARD OF MANAGEMENT

Composition of the Board

- 37.1 The Association shall have a Board which shall have a minimum of seven and a maximum (including co-optees) of 11 persons of whom:
- 37.1.1 up to six Board Members shall be Independent Board Members;
 - 37.1.2 up to four Board Members shall be Tenant Board Members; and
 - 37.1.3 if appointed, ~~up to~~ one Board Member shall be the Parent Appointee (as defined in Rule 37.7).
- ~~37.2~~ The Association shall keep up to date a register of the names of the Board Members which shall be made available to any person at no cost. The names of Board Members will also be published by the Association on its website, and in its annual reports and other similar documentation.
- ~~37.2~~ ~~The first Board Members will be the Members who have signed the application to register the Association. The first Members and all subsequent Members who are eligible shall be Board Members until there are more than seven Members. Once there are more than seven Members of the Association, at the end of the next annual general meeting, all of the Board Members shall retire.~~
- 37.3 A person must be aged 18 or over and a Member to become a Tenant Board Member. ~~(including any person appointed to fill a casual vacancy) other than a person appointed as~~ A person must be aged 18 or over but need not be a Member to become a co-optee, a person appointed by The Scottish Housing Regulator or the Parent Appointee (as defined in Rule 37.76), ~~each and any of whom must be aged 18 or over but need not be a Member.~~
- 37.4 With the exception of the Parent Appointee (as defined in Rule 37.76), an employee of the Association, ~~or a Close Relative of an employee~~, may not be a Board Member.
- 37.5 No Board Member may take office until they have agreed to and signed the Association's code of conduct for Board Members and their appointment has been ratified by the Parent.
- ~~37.6~~ ~~Notwithstanding Rule 37.1, if at any time there are fewer candidates standing for election pursuant to Rule 39 to become Tenant Board Members than the number of available vacancies, then it shall become competent for a candidate who satisfies the criteria for election as an Independent Board Member to be eligible for election to fill the relevant place or places.~~
- ~~37.67~~ The Parent may from time to time and at any time by written notice to the registered office of the Association appoint up to one person as a Board Member (a "Parent Appointee") and by like notice remove or replace the Parent Appointee and in each case, such appointment or removal shall take effect upon the date of lodgement of such written notice at the registered office of the Association or such later date as may be specified in the notice.
- ~~37.78~~ Notwithstanding any other provision of these Rules:

- 37.87.1 the Parent is the parent body of the Association and shall be entitled to appoint any number of Board Members and remove from office any and all Board Members as it may in its sole discretion determine;
- 37.87.2 any appointments and removals from office in terms of Rule 37.78.1 may be made from time to time and at any time in writing signed on behalf of the Parent and served on the Association and, in each case, shall take effect upon the date of lodgement of written notice at the Association's registered office or such later date as may be specified in the notice; and
- 37.87.3 all candidates for ~~election, re-election,~~ appointment, or re-appointment as Board Members in terms of these Rules shall first be approved in writing by the Parent and any such ~~elections, re-election,~~ appointment or re-appointment of a Board Member shall not take effect unless and until such approval has been given.

37.89 Each of the Board Members shall, in exercising his/her role as a Board Member, act in the best interests of the Association, its tenants and service users and will not place any personal or other interests ahead of his/her primary duty to the Association; and, in particular, must:

- 37.98.1 seek, in good faith, to ensure that the Association acts in a manner which is in accordance with its objects;
- 37.98.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
- 37.98.3 in circumstances giving rise to the possibility of a conflict of interest between the Association and any other party:
 - 37.98.3.1 put the interests of the Association before that of the other party, in taking decisions as a Board Member; and
 - 37.98.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the Association and refrain from participating in any discussions or decisions involving the other Board Members with regard to the matter in question; and
- 37.98.4 ensure that the Association complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.

37.9 The Board can require that a Board Member who is being investigated for a potential breach of the Association's Code of Conduct for Board Members take leave of absence and not attend any meeting in his/her capacity as Board Member until the Board has completed its consideration of the potential breach. When on such leave of absence, the Board Member will not be entitled to receive minutes and/or documents in his/her capacity as a Board Member relating to the business of the Association.

Interests

38.1 The Board shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Association or serves on the Board or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In making any payment or conferring any benefit the Association shall act at all times with transparency, honesty and propriety.

- 38.2 If a person serves on the Board or any sub-committee he/she must declare any personal or other external interests on an annual basis in accordance with the Association's Code of Conduct for Board Members. If while serving on the Board that person has any conflict of interest in any contract or other matter about to be discussed at a meeting, he/she must tell the Board. He/she will be required to leave the meeting while the matter is discussed and will not be allowed to vote on the matter or to stay in the meeting while any vote on the matter is being held. If that person is inadvertently allowed to stay in the meeting and vote on the matter, his/her vote will not be counted. If no quorum exists for the purpose of voting on a matter only because of the operation of this Rule 38.2, provided that there are at least three remaining Board Members who are entitled to remain in terms of this Rule 38.2, such remaining Board Members are deemed to constitute a quorum for the purposes of voting and may proceed to make a decision as a quorate Board.
- 38.3 If a person serves on the Board or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the Charities and Trustee Investment (Scotland) Act 2005 and as set out in the Association's policy referred to in Rule 38.1. He/she shall also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 in respect of any conflict of interest that might arise.

ELECTING APPOINTING BOARD MEMBERS

- 39.1 Each Board Member ~~elected~~ appointed under these Rules shall be ~~elected~~ appointed for a fixed term of office expiring at the conclusion of ~~an annual general meeting~~ three years (a "fixed term"). ~~The fixed term shall be for a term of three annual general meetings,~~ unless the Board has set a lower number of ~~annual general meetings~~ years for the relevant Board Member on their ~~election or nomination~~ appointment. No fixed term shall be set which would cause the relevant Board Member to serve ~~beyond their ninth consecutive annual general meeting~~ for more than a period of nine years (whether continuous or in aggregate), unless otherwise approved by the Parent in accordance with Rule 39.5.
- 39.2 ~~At every annual general meeting~~ Each Board Member who has served their fixed term shall retire from office at the Board Meeting held immediately after expiry of their fixed term. Any Board Member who retires from office ~~at an annual general meeting~~ under this Rule 39.2 shall be eligible for re-~~election~~ appointment subject to the following:
- 39.2.1 where any Board Member retiring under this Rule 39.2 has only served one fixed term, that Board Member can ~~stand for re-election without being nominated~~ be re-appointed by the Board;
- 39.2.2 where any Board Member retiring under this Rule 39.2 has served two fixed terms, that Board Member shall be eligible for re-~~election~~ appointment for one further fixed term, but only with the prior approval of the Parent; and
- 39.2.3 where any Board Member has nine years' service on the Board, that Board Member shall automatically retire at the end of their ninth year, ~~regardless of whether this date is the date of an annual general meeting,~~ and shall not be eligible for re-~~election~~ appointment, unless the Parent agrees otherwise in accordance with Rule 39.5.
- 39.3 Board Members must also retire if they have been co-opted onto the Board under Rule 42.1 ~~or have filled casual vacancies under Rule 41.~~

- 39.4 If a Board Member leaves the Board for any reason other than by virtue of Rule 39.2, that Board Member will not be eligible ~~to stand for re-election~~ appointment or to be co-opted on to the Board until the expiry of five years following the date on which they left the Board, unless otherwise agreed by the Parent.
- 39.5 Other than the Parent Appointee (if appointed) no Board Member shall serve more than nine years' service in total on the Board, whether continuously or in aggregate, unless the Parent agrees otherwise. The Parent shall be entitled to approve a longer fixed term for any Board Member following the expiry of nine years' service where the Parent is satisfied that a Board Member is able to demonstrate his/her continued effectiveness as a Board Member. Where the Parent approves the re-appointment of a Board Member in terms of this Rule 39.5, the Parent shall review that Board Member's appointment on an annual basis.
- 39.6 If a Board Member retires from the Board in terms of these Rules and ~~stands for re-election~~ is re-appointed, subject to Rule 39.4, any time previously served on the Board shall count towards their period of service for the purposes of Rule 39.5.
- 39.7 The other terms of this Rule 39 shall not apply to the Parent Appointee (if appointed) who shall not be required to retire at any ~~annual general meeting~~ Board Meeting.
- ~~40.1 If, at the annual general meeting the number of Members standing for election is less than or equal to the number of vacant places, the Chairperson will declare them elected without a vote. If there are more Members standing for election than there are vacant places, those present at the general meeting or those exercising a postal vote in accordance with Rule 27.6 will elect Members onto the Board, in accordance with Rule 29.2. Each Member present or who has appointed a representative will have one vote for each place to be filled on the Board. A Member must not give more than one vote to any one candidate.~~
- ~~40.2 The Association will post or send by fax or email intimation of the intended date of the annual general meeting and information on the nomination procedure to each Member at the address, fax number or email address given in the Register of Members of the Association not less than 28 days before the date of the meeting. Nominations for election to the Board must be in writing and in the form specified by the Association and must give the full name, address and occupation of the Member being nominated. A Member cannot nominate himself/herself for election to the Board. Nominations must be signed by and include a signed statement from the Member being nominated to show that they are eligible to join the Board in accordance with Rules 37.4 and 43, and that they are willing to be elected. Nomination forms can be obtained from the Association and must be completed fully and returned by hand or by post to the Association's registered office at least 21 days before the general meeting.~~
- ~~41 If an elected Board Member leaves the Board between the annual general meetings, this creates a casual vacancy and the Board can appoint a Member to take their place on the Board until the next annual general meeting.~~
- 40.1 The Board shall determine the appointment process for Board Members from time to time, subject to the approval of the Parent.
- 40.2 An application for appointment to the Board can be rejected by a decision by not fewer than three quarters of the Board Members on one or more of the following grounds:

- 40.2.1 where appointment to the Board would be contrary to the Association's Rules or policies;
- 40.2.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest may adversely affect the work of the Association; or
- 40.2.3 where there is clear evidence of relevant circumstances from which it is concluded that appointment to the Board would not be in the best interests of the Association.

41 The rejection of an application for appointment to the Board shall be notified to the person concerned in writing following the relevant Board Meeting.

Co-optees

- 42.1 Subject to approval by the Parent, the Board can co-opt to the Board or to a sub-committee anyone it considers is suitable to become a Board Member or member of a sub-committee. Co-optees do not need to be Members, but they can only serve as co-optees on the Board or sub-committee ~~until the next annual general meeting~~for a period of up to one year or until removed by the Board. A person co-opted to the Board can also serve on any sub-committees.
- 42.2 A person appointed as a co-optee shall undertake the role of Board Member or member of a sub-committee and accordingly will be subject to the duties and responsibilities of a Board Member. Co-optees can take part in discussions at the Board or any sub-committees and vote at Board and sub-committee meetings on all matters except those which directly affect the ~~se~~ Rules, the membership of the Association or the election of the Association's Office Bearers. Co-optees may not stand for election, nor be elected as one of the Office Bearers of the Board.
- 42.3 Board Members co-opted in this way must not make up more than one-third of the total number of the Board or sub-committee members at any one time. The presence of co-optees at Board Meetings will not be counted when establishing whether the minimum number of Board Members are present to allow the meeting to take place as required by Rule 48 and the presence of co-optees will not count towards the quorum for sub-committee meetings.

Eligibility for the Board

- 43.1 A person will not be eligible to be a Board Member and cannot be appointed ~~or elected~~ as such if:
 - 43.1.1 he/she ~~has been adjudged~~is an undischarged bankrupt, has granted a trust deed ~~for or entered into an arrangement with creditors or his/her estate has been sequestrated and~~which has not been discharged ~~or is in a current Debt Payment Plan under the Debt Arrangement Scheme;~~
 - 43.1.2 he/she has been convicted of an offence involving dishonesty which is not spent by virtue of the Rehabilitation of Offenders Act 1974 or an offence under the Charities and Trustee Investment (Scotland) Act 2005;
 - 43.1.3 he/she is a party to any legal proceedings in any Court of Law by or against the Association;
 - 43.1.4 he/she is or will be unable to attend the Board Meetings for a period of 12 months;

- 43.1.5 he/she has been removed from the board of another registered social landlord within the previous five years;
- 43.1.6 he/she has resigned from the Board in the previous five years in circumstances where the resignation was submitted after the date of his/her receipt of notice of a special Board Meeting convened to consider a resolution for his/her removal from the Board in terms of Rule 44.5;
- 43.1.7 he/she has been removed from the Board in terms of Rules 44.4 or 44.5 within the previous five years;
- 43.1.8 he/she has been removed, disqualified or suspended from a position of management or control of a charity under the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the Charities and Trustee Investment (Scotland) Act 2005;
- 43.1.9 he/she has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners for England and Wales or by Her Majesty's High Court of Justice in England on the grounds of any misconduct in the administration of the charity for which he/she were responsible or to which he/she were privy, or which his/her conduct contributed to or facilitated;
- 43.1.10 a disqualification order or disqualification undertaking has been made against that person under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002 (which relate to the power of a Court to prevent someone from being a director, liquidator or administrator of a company or a receiver or manager of company property or being involved in the promotion, formation or management of a company);

[43.1.11 his/her application for appointment to the Board has been rejected in accordance with Rule 40.2;](#)

43.1.1~~2~~⁴ he/she has been removed from the governing body of any other member of the Group; or

43.1.1~~3~~² he/she has left the Board and a period of five years has not expired since his/her departure for the purposes of Rule 39.4.

43.2 A person cannot be re-~~elected~~appointed as a Board Member if the Board is not satisfied under Rule 37.6 of the individual's continued effectiveness as a Board Member. In these circumstances the Board must not allow the individual to stand for re-~~election~~appointment.

44 A Board Member will cease to be a Board Member if:

44.1 he/she resigns his/her position as a Board Member in writing;

44.2 he/she ceases to be a Member unless he/she is a co-optee in terms of Rule 42.1 or an appointee of The Scottish Housing Regulator;

44.3 he/she misses four Board Meetings in a row without special leave of absence previously being granted by the Board either at his/her request or by exercise of the Board's discretion;

- 44.4 except in the case of the Parent Appointee, the majority of Members voting at a general meeting decide this. ~~The Members at the meeting may then elect someone to take his/her place. If a replacement is not elected at the meeting, the Board may appoint a Board Member in terms of Rule 41;~~
- 44.5 except in the case of the Parent Appointee, the majority of those remaining Board Members present and voting at a special meeting of the Board convened for the purpose decide to remove him/her as a Board Member. The resolution to remove him/her as a Board Member must relate to one of the following issues:
- 44.5.1 failure to perform to the published standards laid down by ~~the Scottish Federation of Housing Associations and/or~~ The Scottish Housing Regulator adopted and operated by the Association;
 - 44.5.2 failure to sign or failure to comply with the Association's Code of Conduct for Board Members; or
 - 44.5.3 a breach of the Association's Rules, standing orders or other policy requirements;
- 44.6 he/she becomes ineligible as a Board Member in terms of Rule 43;
- 44.7 he/she is a co-optee and whose period of office is ended in accordance with Rules 39.3 or 42.1;
- 44.8 he/she is a Board Member retiring in accordance with Rule 39.2; or
- 44.9 he/she is the Parent Appointee and the Parent subsequently removes him/her from the Board.

POWERS OF THE BOARD OF MANAGEMENT

- 45 The Board is responsible for directing the affairs of the Association and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Association. The Board is not permitted to exercise any powers which are reserved to the Association in general meetings either by these Rules or by statute. The Board is responsible for the leadership, strategic direction and control of the Association with the aim of achieving good outcomes for its tenants and other service users in accordance with Regulatory Standards and Guidance issued by The Scottish Housing Regulator from time to time. The Board is responsible for ensuring that the Association can demonstrate its governance and financial arrangements are such as to allow The Scottish Housing Regulator to regulate effectively and exercise its full regulatory powers.
- 46 The Board acts in the name of the Association in everything it does. A third party acting in good faith and without prior notice does not need to check if the powers of the Board have been restricted, unless they are already aware that such a restriction may exist.
- 47 Amongst its most important powers, the Board can:
- 47.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses;
 - 47.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Association and act as employer for anyone employed by the Association;

- 47.3 grant heritable securities over land owned by the Association and floating charges over all or any part of property and assets both present and in future owned by the Association. This includes accepting responsibility for any related expenses;
- 47.4 decide, monitor and vary the terms and conditions under which property owned by the Association is to be let, managed, used or disposed of;
- 47.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Association's business;
- 47.6 refund any necessary expenses as are wholly necessary incurred by Board Members and sub-committee members in connection with their duties;
- 47.7 compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Association; and
- 47.8 accept donations in support of the activities of the Association.

BOARD PROCEDURE

- 48 It is up to the Board to decide when and where to hold its ordinary meetings, but it must meet at least six times [a-per calendar](#) year. There must be at least four Board Members present for the meeting to take place including (if appointed) the Parent Appointee (unless the Parent Appointee has presented their apologies in advance of the meeting).
- 49 The Board will continue to act while it has vacancies for Board Members. However, if at any time the number of Board Members falls below seven, the Board can continue to act only for another two months. If at the end of that period the Board has not found new Board Members to bring the number of Board Members up to seven, the only power it will have is to act to bring the number of Board Members up to seven.
- 50 Board Members must be sent written notice of Board meetings posted, or delivered, by hand or sent by ~~fax or email~~ [electronic communication](#) to the last such address for such communications given to the Secretary at least seven days before the date of the meeting, [unless the Chairperson determines, in relation to specific proposed Board Meeting, that a shorter period is required](#). The accidental failure to give notice to a Board Member or the failure of the Board Member (other than the Parent Appointee) to receive such notice shall not invalidate the proceeding of the relevant meeting.
- 51 Meetings of the Board can take place in any manner which permits those attending to hear and comment on the proceedings. A Board Member may participate in a Board Meeting by means of conference telephone, video conferencing facility or similar communications equipment whereby all the Board Members participating in the Board Meeting can communicate with each other. A Board Member participating in a Board Meeting in this manner shall be deemed to be present in person at the Board Meeting.
- 52.1 All speakers must direct their words to the Chairperson. All Board Members must remain quiet and maintain order while this is happening. The Chairperson will decide who can speak and for how long.

- 52.23 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling which will be final.
- 534 All acts done in good faith as a result of a Board Meeting or sub-committee meeting will be valid even if it is discovered afterwards that a Board Member was not entitled to be on the Board.
- 545 A written resolution ~~signed~~ agreed in writing or by electronic communication by not fewer than three quarters of the Board Members or three quarters of the members of a sub-committee will be as valid as if it had been passed at a Board Meeting or sub-committee meeting duly called and constituted.
- 55 Subject to these Rules, the Board may agree any arrangements which it thinks fit about how it takes decisions, and about how such arrangements are to be recorded or communicated to Board Members, subject to the prior approval of the Parent.

Special Board Meetings

- 56.1 The Chairperson, the Parent or two Board Members can request a special meeting of the Board by writing to the Secretary with details of the business to be discussed. The Secretary will send a copy of the request to all Board Members and to the Parent within three working days of receiving it. The meeting will take place at a place mutually convenient for the majority of Board Members, normally the usual place where Board Meetings are held, between 10 and 14 days after the Secretary receives the request.
- 56.2 No other business may be discussed at the meeting other than the business for which the meeting has been called.
- 56.3 If the Secretary does not call the special meeting as set out above, the Chairperson or the Board Members who requested the meeting can call the meeting. In this case, they must write to all Board Members at least seven days before the date of the meeting.
- 57 If a Board Member (other than the Parent Appointee) does not receive notice of the meeting, this will not prevent the meeting going ahead.

Sub-committees

- 58.1 The Board can delegate its powers to sub-committees or to staff or to Office Bearers. The Board will establish the terms of reference for such delegation, which will be set down in writing and communicated to the recipient of the delegated powers. Such delegation will be set out down in writing in standing orders, schemes of delegated authority or other appropriate documentation. In the case of a sub-committee such delegation shall include the purposes of the sub-committee, its composition and quorum for meetings. A minimum number of members for a sub-committee shall be three. There must be at least three of the members of a sub-committee present for the meeting to take place. The Board shall be responsible for the on-going monitoring and evaluation of the use of delegated powers.
- 58.2 The meetings and procedures of sub-committees or otherwise must comply with the relevant terms of reference.
- 58.3 Any decision made by sub-committee must be reported to the next Board Meeting.

58.4 The Board can establish and delegate powers to sub-committees, designated as Area Committees, to take decisions relating to the management and maintenance of properties within a particular geographical area. The Board will determine the membership and delegated responsibility of an Area Committee in its terms of reference. An Area Committee shall exercise such delegated powers notwithstanding the provisions of Rules 42.1 and 42.3 which provisions shall not apply to Area Committees.

58.5 The creation of any new sub-committees by the Board is subject to the prior approval of the Parent.

THE SECRETARY AND OFFICE BEARERS

59.1 The Association must have a Secretary, a Chairperson and any other Office Bearers the Board considers necessary. The Office Bearers, except for the Secretary, must be ~~electd~~ Board Members ~~and but~~ cannot be co-optees. An employee of the Association, the Parent or any other member of the Group may hold the office of Secretary although shall not be a Board Member. The Board will appoint these Office Bearers. If the Secretary cannot carry out his/her duties, the Board, or in an emergency the Chairperson, can ask another Office Bearer or employee to carry out the Secretary's duties until the Secretary returns. The appointment of an Office Bearer in terms of these Rules is subject to the prior written approval of the Parent.

59.2 The Secretary and the other Office Bearers will be controlled, supervised and instructed by the Board in respect of performance of their respective duties (which duties, in the case of the Secretary, are those set out in Rule 59.3).

59.3 The Secretary's duties include the following (these duties can be delegated to an appropriate employee with the Secretary assuming responsibility for ensuring that they are carried out in an effective manner):

59.3.1 calling and going to all meetings of the Association and all the Board Meetings;

59.3.2 keeping the minutes for all meetings of the Association and Board;

59.3.3 sending out letters, notices calling meetings and relevant documents to Members before a meeting;

59.3.4 preparing and sending all the necessary reports to the Financial Conduct Authority and The Scottish Housing Regulator;

59.3.5 ensuring compliance with these Rules;

59.3.6 keeping the Register of Members and other registers required under these Rules; and

59.3.7 supervision of the Association's seal.

59.4 The Secretary must produce or give up all the Association's books, registers, documents and property whenever requested by a resolution of the Board, or of a general meeting.

~~59.5 At its first meeting after registration of the Association, the Board will elect the Chairperson of the Association. Thereafter a~~The Chairperson will be appointed in accordance with Rule 59.76 and shall hold office for a period which shall commence on the date of the Chairperson's appointment and shall expire immediately prior to the next scheduled Board Meeting held after the expiry of three years from the date of appointment (the "office term"), subject always to the provisions of Rule 39.

Role of the Chair

59.6 The Chairperson is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of the Board's role and to ensure that the Board properly discharges its responsibilities as required by law, the Rules and the standing orders of the Association. The Chairperson will be delegated such powers as is required to allow the Chairperson to properly discharge the responsibilities of the office. Among the responsibilities of the Chairperson are that:

- 59.56.1 the Board works effectively with the senior staff;
- 59.56.2 an overview of business of the Association is maintained;
- 59.56.3 the Agenda for each meeting is set;
- 59.56.4 meetings are conducted effectively;
- 59.56.5 minutes are approved and decisions and actions arising from meetings are implemented;
- 59.56.6 the standing orders, code of conduct for Board Members and other relevant policies and procedures affecting the governance of the Association are complied with;
- 59.56.7 where necessary, decisions are made under delegated authority for the effective operation of the Association between meetings;
- 59.56.8 the Board monitors the use of delegated powers;
- 59.56.9 the Board receives professional advice when it is needed;
- 59.56.10 the Association is represented at external events appropriately;
- 59.56.11 appraisal of the performance of Board Members is undertaken, and that the senior staff officer's appraisal is carried out in accordance with the agreed policies and procedures of the Association; and
- 59.56.12 the training requirements of Board Members, and the recruitment and induction of new Board Members is undertaken.

59.67 The Chairperson must be elected from the Board Members (excluding co-optees) which election must ~~then~~ be approved ~~in writing~~ by the Parent. The Chairperson must be prepared to act as Chairperson until the end of their office term (unless he/she resigns the post). The Chairperson can only be required to resign if a majority of the remaining Board Members present at a special meeting agree to this.

59.78 If the Chairperson is not present at a Board Meeting or is not willing to act, the Board Members present will elect another Board Member to be chairperson for the Board Meeting. If the Chairperson arrives at the meeting late, he/she will take over as chairperson of the Board Meeting as soon as the current agenda item is concluded.

59.89 If the votes of the Board Members are divided equally for and against an issue, the Chairperson will have a second and deciding vote.

59.910 The Chairperson can resign his/her office in writing to the Secretary and must resign if he/she leaves the Board or is prevented from ~~standing for, or~~ being ~~elected~~ appointed to the Board under Rule 43. The Board will then elect another Board Member as Chairperson.

59.119 The Chairperson can be re-elected upon expiry of their office term for a further maximum of two years and must not hold office continuously for more than five

years, [unless otherwise approved by the Parent](#), subject always to the provisions of Rule 39.

59.1~~24~~ Upon expiry of their period of service as Chairperson, the Chairperson must resign as a Board Member and leave the Board. If the Chairperson resigns under Rule 59.~~76~~ or 59.~~109~~ then they shall also be deemed to have resigned as a Board Member, regardless of the length of their period of service as Chairperson.

FINANCIAL GUARANTEES FOR OFFICERS

60.1 The Board shall take out fidelity guarantee insurance to cover all Office Bearers and employees who receive or are responsible for the Association's money, or, these office bearers and employees must be covered by a bond as set out in Schedule 1 of the Co-operative and Community Benefit Societies Act 2014, or a guarantee under which they promise to account for and repay money due to the Association accurately.

60.2 The Board shall have the power to purchase and maintain indemnity insurance for, or for the benefit of, persons who are, or were at any time, Board Members, officers or employees of the Association. A Board Member may form part of a quorum and vote at a meeting where such insurance is under consideration notwithstanding the terms of Rules 38.1 and 38.2.

61 Office Bearers and employees will not be responsible for the Association's loss while they are carrying out their duties unless there has been gross negligence or dishonesty. If an Office Bearer or employee is dishonest, the Association will try to recover any loss that it has suffered and may alert the police or other relevant authority.

THE BOARD'S MINUTES, SEAL, REGISTERS AND BOOKS

Minutes

62 Minutes of every general meeting, Board Meeting and sub-committee meeting must be kept. Those minutes must be presented at the next appropriate meeting and if accepted as a true record, signed by the Chairperson of the meeting at which they are presented. All minutes signed by the Chairperson of the meeting shall be conclusive evidence that the minutes are a true record of the proceedings at the relevant meeting.

Execution of Documents and Seal

63 The Association shall execute deeds and documents in accordance with the provisions of the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Association may have a seal which the Secretary must keep in a secure place unless the Board decides that someone else should look after it. The seal must only be used if the Board decides this. When the seal is used, the deed or document must be signed by the Secretary or a Board Member or another person duly authorised to subscribe the deed or document on the Association's behalf and recorded in the register.

Registers

- 64 The Association must keep at its registered office a Register containing:
- 64.1 the names and addresses of the Members and where provided for the purposes of electronic communication, fax numbers and email addresses;
 - 64.2 a statement of the share held by each Member and the amount each Member paid for it;
 - 64.3 the date each person was entered in the Register as a Member and the date at which any person ceased to be a Member of the Association;
 - 64.4 a statement of other property in the Association, whether in loans or loan stock held by each Member; and
 - 64.5 the names and addresses of the Office Bearers of the Association, their positions and the dates they took and left office.
- 65.1 The Association must also keep at its registered office:
- 65.1.1 a second copy of the Register showing the same details as above but not the statements of shares and property. This second register must be used to confirm the information recorded in the main Register;
 - 65.1.2 a register of loans and to whom they are made; and
 - 65.1.3 a register showing details of all loans and charges on the Association's land.
- 65.2 The inclusion or omission of the name of any person from the original Register of Members shall, in the absence of evidence to the contrary, be conclusive that the person is or is not a Member of the Association.

Registered Name

- 66 The registered name of the Association must be clearly shown on the outside of every office or place where the Association's business is carried out. The name must also be engraved clearly on the Association's seal and printed on all its business letters, notices, adverts, official publications, website and legal and financial documents.

Documentation

- 67 The Association's books of account, registers, securities and other documents must be kept at the Association's registered office or any other place the Board decides is secure.
- 68 At the last Board Meeting before the annual general meeting, the Secretary must confirm in writing to the Board that Rules 62 to 67 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Board Meeting.

ACCOUNTS

- 69 The Association must keep proper books of accounts to cover its income, expenditure transactions and its assets, liabilities and reserves in line with Part 7 of the Co-operative and Community Benefit Societies Act 2014. It must also set up

and maintain a suitable system for controlling its books of accounts, its cash and its receipts and invoices.

- 70 The Board must send the Association's accounts and balance sheet to the Association's auditor. The auditor must then report to the Association on the accounts it has examined. In doing this, the auditor must follow the conditions set out in Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Part 6 of the Housing (Scotland) Act 2010.
- 71 The Association must provide The Scottish Housing Regulator and the Financial Conduct Authority with a copy of its accounts and the auditor's report within six months of the end of the period to which they relate [or such other period as may be permitted by the applicable regulatory authority from time to time](#).

THE AUDITOR

- 72.1 Each year the Association must appoint, at a general meeting of the Association, a qualified auditor to audit the Association's accounts and balance sheet. In this Rule "qualified auditor" means someone who is a qualified auditor under Section 91 of the Co-operative and Community Benefit Societies Act 2014.
- 72.2 None of the following can act as auditor to the Association:
- 72.2.1 a Board Member or employee of the Association;
 - 72.2.2 a person who is a partner of, or an employee or employer of a Board Member or employee of the Association;
 - 72.2.3 an organisation which is a Member of the Association.
- 73 The ~~Association must appoint an auditor within three months of being registered by the Financial Conduct Authority. The Board will appoint the auditor unless there is a meeting of the Association within that time. The~~ Board may appoint an auditor to fill in a casual vacancy occurring between general meetings of the Association. The Board shall take such steps as it considers necessary to ensure the continuing independence of the Association's auditor including the periodic review of the need for audit rotation. The Association must send a copy of its accounts and the auditor's report to The Scottish Housing Regulator within six months of the end of the period to which they relate [or such other period as may be permitted by The Scottish Housing Regulator from time to time](#).
- 74.1 An auditor appointed to act for the Association one year will be re-appointed for the following year unless:
- 74.1.1 a decision has been made at a general meeting to appoint someone else or specifically not to appoint them again;
 - 74.1.2 they have given the Association notice in writing that they do not want to be re-appointed;
 - 74.1.3 they are not a qualified auditor or are excluded under Rule 72.2;
 - 74.1.4 they are no longer capable of acting as Auditor to the Association; or
 - 74.1.5 notice to appoint another Auditor has been given.
- 74.2 To prevent an auditor being re-appointed or to appoint another person as auditor, not less than 28 days' notice must be given to the Association that the matter requires to be discussed at the next meeting of the Association.

- 74.3 The Association shall give notice to the auditor who is to be asked to step down that the matter will be discussed at the next meeting of the Association. If possible the Association will also give proper notice of this matter to the Members but if this is not possible, the Association can give notice by advertising in the local newspaper at least 14 days before the meeting.
- 74.4 The retiring auditor may make representations to the Association or give notice that he/she intends to make representations at the meeting and the Association must tell the Members of any representations made by the auditor under Section 95 of the Co-operative and Community Benefit Societies Act 2014.

ANNUAL RETURNS AND BALANCE SHEET

- 75.1 Every year, within the time allowed by the law, the Secretary shall send to the Financial Conduct Authority the annual return in the form required by the Financial Conduct Authority.
- 75.2 The Secretary must also send:
- 75.2.1 a copy of the auditor's report on the Association's accounts for the period covered by the return; and
 - 75.2.2 a copy of each balance sheet made during that period and of the auditor's report on that balance sheet.
- 76 If requested, the Association must provide a free copy of the latest annual return and auditor's reports to Members or people with a financial interest in the Association.
- 77 The Association must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 78 The Association must comply with the requests of The Scottish Housing Regulator for annual returns.

SURPLUSES AND DONATIONS

- 79.1 The Association must not distribute its surpluses to Members.
- 79.2 The Board shall set and review periodically its policy for the donation of funds to charities. Such donations must further the objects of the Association and the Board shall report to the Members on such donations.

INVESTMENTS

- 80 The Association's funds may be invested by the Board in such manner as is permitted by its investment policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

INSPECTING THE REGISTER

- 81 Any Member or person having a financial interest in the Association can inspect their own account. They may also inspect the second copy of the Register of Members which shall be made available to them for inspection within 7 days of the

request of a Member or eligible person. The books must be available for inspection at the place they are kept at all reasonable hours. The Board may set conditions for inspecting the books. ~~The Association will also maintain a register of the names of those Members who have given consent for this purpose which shall be made available for inspection within seven days of the request of any person.~~

DISPUTES

82 Every dispute between the Association or the Board and:

82.1 a Member;

82.2 a person aggrieved who has ceased to be a Member within the previous six months; or

82.3 a person claiming under the Rules of the Association,

shall be dealt with in accordance with these Rules and any procedures determined by the Board from time to time but without prejudice to all rights which any person may have to raise an action on the matter in any court with competent jurisdiction, including without prejudice the Sheriff Court in the Sherriffdom in which the Association's registered office is located.

STATUTORY APPLICATIONS TO THE FINANCIAL CONDUCT AUTHORITY

83 Any 10 Members of the Association who have been Members for at least the 12 previous months can apply to the Financial Conduct Authority to appoint an accountant or actuary to inspect and report on the Association's books on payment to the Financial Conduct Authority of the costs required.

84.1 One-tenth of the Members can apply to the Financial Conduct Authority to:

84.1.1 appoint an inspector to examine and report on the affairs of the Association; or

84.1.2 call a special general meeting of the Association.

84.2 If there are more than 1000 Members in the Association, only 100 Members need to apply to the Financial Conduct Authority in terms of Rule 84.1.

COPIES OF RULES

85 The Secretary shall, on demand, provide a copy of the Rules of the Association free of charge to any Member who has not previously been given a copy and, upon payment of such fee as the Association may require, not exceeding the amount specified by law, to any other person.

CLOSING DOWN THE ASSOCIATION

86.1 The Association may be closed down in either of the following ways:

- 86.1.1 by an order or resolution to wind up the Association as set out in the Insolvency Act 1986 ~~and/or Section 105 of the Housing (Scotland) Act 2010~~; or
 - 86.1.2 in accordance with Section 119 of the Co-operative and Community Benefit Societies Act 2014, by an instrument of dissolution to which not less than three-fourths of the Members have given their consent testified by their signatures to the instrument.
- 86.2 The prior approval of the Office of the Scottish Charity Regulator is required before the Association can be dissolved. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to dissolve.
- 87 If any property remains after the Association has paid its debts, this property will be transferred to such other charitable registered social landlord as determined by The Scottish Housing Regulator.

CHANGING THE RULES

- 88.1 Any changes to these Rules shall require the prior written approval of the Parent and, subject to such consent, these Rules can be changed or deleted and new Rules can be introduced if:
- ~~88.1.1~~ three-quarters of the votes at a special general meeting are in favour of the change(s); ~~and~~
 - ~~88.1.2~~ ~~The Scottish Housing Regulator has approved the change(s).~~
- 88.2 Where an amendment of these Rules affects the purposes of the Association the prior approval of the Office of the Scottish Charity Regulator is required. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to amend its purposes. Any other amendment of these Rules requires to be notified to them within three months of the change having been made.
- 88.3 The Association must apply to the Financial Conduct Authority to register every rule change as set out in treasury regulations. Each Member must receive a copy of the change. No change is valid until it has been registered by the Financial Conduct Authority. The Association must notify The Scottish Housing Regulator within 28 days of the change or amendment being made.
- 88.4 The Association can change its name if:
- 88.4.1 three-quarters of the votes at a special general meeting are in favour of the change;
 - 88.4.2 the Financial Conduct Authority approves the change in writing;
 - 88.4.3 the Office of the Scottish Charity Regulator has given its prior approval. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to change its name; and
 - 88.4.4 the Parent approves the change in writing.
- 88.5 If the Association changes its name in terms of Rule 88.4 it must ~~inform~~ notify The Scottish Housing Regulator in writing within ~~28~~ 14 days of the change being made.

- 88.6 The Association can change its registered office but must:
- 88.6.1 notify The Scottish Housing Regulator ~~and the Financial Conduct Authority~~ of the change in registered office within ~~seven working~~28 days of the decision having been made;
 - 88.6.2 notify the Financial Conduct Authority as soon as possible after the change in registered office has been made;
 - 88.6.~~32~~ notify the Office of the Scottish Charity Regulator within three months of the change having been made; and
 - 88.6.~~43~~ obtain the prior written approval from the Parent.

INTERPRETING THESE RULES

- 89.~~4~~ In these Rules, the following words and phrases have the meanings given below:
- 89.~~4.1~~ "A person claiming through a Member": includes an heir executor assignee or nominee. This heading would be used in connection with disputes about the transfer of a Member's share after his death. It would also cover executors of a former Member.
 - 89.~~4.2~~ "Association" means the registered social landlord referred to in Rule 1 whose Rules these are.
 - 89.~~4.3~~ "Board" means the Board of Management (or such other term that is used by the Association to denote the holder of this office) referred to in Rule 37.1.
 - 89.~~4.4~~ "Board Meeting" means a meeting of the Board.
 - 89.~~4.5~~ "Board Member" means a member of the Board.
 - 89.~~4.6~~ "Chairperson" means the Chairperson of the Association (or such other term that is used by the Association to denote the holder of this office) referred to in Rule 59.1.
 - 89.~~4.7~~ "charitable" means both charitable under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
 - 89.~~4.8~~ "clear days" excludes, in relation to the period of a notice, the day after the notice is posted (or, in the case of a notice sent by electronic ~~means~~communication, the day after it was sent) and also the day of the meeting.
 - ~~89.1.9~~ ~~"Close Relative" means someone who is the spouse or civil partner of a person, or (being either of the same or different sex) who cohabits with that person, or is that person's parent, grandparent, child, stepchild, grandchild, brother or sister.~~
 - 89.9 "electronic communication" has the meaning given in the Electronic Communications Act 2000.
 - 89.~~4.10~~ "Financial Conduct Authority" means the registering authority for societies registered under the Co-operative and Community Benefit Societies Act 2014 and

the Credit Unions Act 1979 set up in terms of the Financial Services Act 2012 or its successor body.

- 89.4.11 "Group" means the Parent, the Association and any Subsidiary from time to time.
- 89.4.12 "Group Agreement" means the written agreement from time to time between the Association and the Parent in relation to the objectives and operation of the Group.
- 89.4.13 "Guarantee" means any guarantee and includes any obligation (including as primary obligor), including a contract of indemnity or suretyship, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for securities and purchase of assets or services), indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any Subsidiary or any other person.
- 89.4.14 "Independent Board Member" means a Board Member who is neither a Tenant Board Member nor the Parent Appointee.
- 89.4.15 "Meeting" means a general meeting of the Association, whether special, general or annual referred to in Rules 20-23.
- 89.4.16 "Member" means a member of the Association whose name is entered in the Register of Members.
- 89.4.17 "Office Bearer" means the Chairperson, Secretary, and such other Officer Bearer appointed under Rule 59.1.
- 89.4.18 "Office of the Scottish Charity Regulator" means the body set up under the Charities and Trustee Investment (Scotland) Act 2005 to regulate charities in Scotland.
- 89.4.19 "organisation" means a legal body which exists separately and distinctly from its members and includes companies, building societies, community benefit societies, local authorities and so on and also for the purposes of these Rules includes unincorporated organisations such as social clubs, branches of political parties or trade unions and other voluntary bodies.
- 89.4.20 "Parent" means Wheatley Housing Group Limited, a company incorporated in Scotland (company number SC426094), a registered social landlord (registration number 363) and having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.
- 89.4.21 "property" includes everything which can be passed on by inheritance (including loans, certificates, books and papers).
- 89.4.22 "Register of Members" means the register of members referred to in Rule 64.
- 89.4.23 "Rules" means the registered Rules of the Association.
- 89.4.24 "The Scottish Housing Regulator" means The Scottish Housing Regulator as established pursuant to Section 1 of the Housing (Scotland) Act 2010.
- 89.4.25 "Secretary" means the Office Bearer appointed by the Board to be the Secretary of the Association or anyone authorised by the Board to stand in for the Secretary.
- 89.4.26 "Subsidiary" means an organisation which is a subsidiary of either the Association or the Parent within the meaning of Section 164 of the Housing (Scotland) Act 2010.

89.4.27 "Taxes Acts" means Part 11 of the Corporation Tax Act 2010 as read with Schedule 6 of the Finance Act 2010 and any statute or statutory provision which amends, extends, consolidates or replaces the same.

89.1.28 "Tenant Board Member" means a Board Member who is ~~elected~~ appointed to the Board pursuant to these Rules and is a residential tenant of the Association from time to time occupying a residential property let by the Association under a Scottish secure tenancy or a short Scottish secure tenancy.

89.4.29 Words in the singular also include the plural. Words in the plural also include the singular.

89.4.30 A reference to law or statute is a reference to that law or statute as re-enacted, amended or replaced.

~~89.2 — In the event of Sterling joining the Euro any sums of money referred to in Sterling in these Rules shall be redenominated into Euros at the rate of exchange applying for such redenomination as at the date of joining the Euro.~~

APPENDIX 1

PROXY FORM

You must use the wording shown below to appoint a representative to vote at a meeting for you. Please see Rule 27.1 for more details.

I (insert name) am a member of (insert name) _____ Limited.

My address is: (please insert).

I hereby appoint (insert name) who lives at (insert address) to be my representative and vote for me at the Association's meeting on (insert date) and any other dates that meeting continues on.

Your name _____

Your signature _____

Date _____

APPENDIX 2

CANCELLATION OF PROXY

You must use the wording shown below to reverse your application to send a representative to vote at a meeting for you. Please see Rule 27.4 for more details.

I (insert name) am a member of (insert name) _____ Limited.

My address is: (please insert).

I hereby revoke the appointment of (insert name) as my representative to vote for me at the Association's meeting on (insert date) made by me on the (insert date).

I no longer authorise the person referred to above to represent me at the meeting referred to above.

Your name _____

Your signature _____

SIGNATURE OF BOARD MEMBERS

Date

1

2

3

4

Members

5

6

7

Secretary
