



**CUBE HOUSING ASSOCIATION LIMITED
MINUTE OF THE MANAGEMENT BOARD MEETING
AT MARYHILL BURGH HALLS, 24 GAIRBRAID AVE, GLASGOW, ON
TUESDAY 4 February 2020 AT 6.00PM**

Present: Peter Kelly, Robert Keir, Jennifer Williamson, Bill Coghill, Eric Gibson, Kerri McGuire, Suzanne Lavelle and Kenny Simpson.

In attendance: Stephen Wright, Elaine Melrose, Laura Henderson, Linzi Heggie, Pauline Turnock and (in part) David Fletcher, Mark Nicol and Stuart Johnson

1.	Apologies for Absence	
	There were no apologies for absence. The Chair declared that a quorum was present.	
2.	Declarations of Interest	
	The Board noted the standing declarations of interest. Eric Gibson declared an interest in item 15 and did not participate in the discussion or decision making.	
3.	Minute of Board Meeting held on 10 December 2019 and matters arising	
	Minute of the meeting on 10 December 2019 was approved.	
4.	Action Points	
	No actions	
5a.	Chair's Update (verbal)	
	<p>The Chair provided updates in relation to the following matters:</p> <ul style="list-style-type: none"> ▪ Queen's Quay development project (which was later discussed in detail at item 11) ▪ Dumfries and Galloway Housing Partnership Limited joining Wheatley Group 	
5b.	Director's Update (verbal)	
	<p>The Managing Director provided an update in relation to the following matters:</p> <ul style="list-style-type: none"> ▪ British gas litigation ▪ Increased levels of customer engagement at 151, 171 and 191 Wyndford Road including through the Community Improvement Partnership 	

	MAIN BUSINESS ITEMS	
6.	Rent and other charges 2020/21	
	<p>The Board received the report and noted that 61% of respondents to the rent consultation supported a rent increase, the most popular option being the increase of 3.4%.</p> <p>The Board carefully considered the proposed rent and service charge increase and the analysis of the responses from the focus groups and consultation which had been issued to all customers. The Board considered the customer feedback and discussed the impact of rent increases on our customers. The Board further considered the steps being undertaken to help customers with financial difficulties, including the additional support provided by Wheatley Foundation. It was agreed that this should continue to be promoted widely to customers.</p> <p>Decided: The board considered the feedback received through the extensive consultation process with tenants on our 2020/21 RSL rent and service charge increase and approved a 3.4% rent and service charge increase for 2020/21 and that we formally write to tenants to confirm this.</p>	
7.	Financial Projections 2020/21	
	<p>The Board received a report on the financial projections and business plan provisions that would support delivery of the proposed new strategy, <i>Inspiring Ambition, Unleashing Potential</i>.</p> <p>The Board discussed the financial projections in detail with particular consideration being given to the provision for:</p> <ul style="list-style-type: none"> ▪ New build development ▪ Borrowing costs ▪ Impact of universal credit on rent arrears ▪ Repairs costs and medical adaptations <p>The Board sought confirmation on new build property valuations. The Board was informed about the accounting treatment of new build development. An explanation was provided about: the interaction of the valuation methodology applied to our housing stock (existing use value - social housing (EUV-SH)); comparison of this to gross construction cost prior to the recognition of grant income; and resulting write down of gross cost.</p> <p>The Board considered the impact of universal credit on the provision being made for arrears and noted that this was anticipated to reduce in years 2 and 3.</p>	

	<p>The Board considered the provision for repairs and for medical adaptations, both of which were flat across 5 years. In relation to repairs it was noted that we may be able to achieve efficiencies which might reduce the actual cost. Although the number of medical adaptations was likely to increase over the coming years; considering our changing stock profile and increased number of new build properties then it is expected the costs will remain consistent. This is because it is usually more cost effective to adapt new build properties. It was noted that medical adaptations are also often grant funded.</p> <p>Decided: The board approved the updated projections for investment in assets and services over the five-year period to 2025 and agreed that the projected 2020/21 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.</p>	
8.	Inspiring Ambition, Unleashing Potential: Our Strategy 2020-25	
	<p>The Board considered the strategy which had been developed during the last year and which reflected previous Board discussion, including at a workshop. The Board welcomed the proposed approach to customer engagement and the transition to digital interaction while still ensuring we maintain face to face contact for those are not digitally enabled. The Board discussed the aspiration of the strategy and the need to ensure we have robust performance measures in place to track our progress. It was noted that a detailed performance framework would be brought to a future meeting.</p> <p>The Board discussed the strategy document and need to ensure it is accessible and tailored to its audience.</p> <p>Decided: The board approved the summary Cube Strategy 2020-2025: <i>Inspiring Ambition, Unleashing Potential</i>.</p>	
9.	High Rise Living Framework – Uniqueness by Design	
	<p>The Board received a presentation on our new high rise living framework, which sets out our aspirations for customers in multi storey flats. The Board considered our stock profile and noted that approximately half of all units were classed as multi storey. The Board supported the proposed approach.</p> <p>Decided: The board noted the progress to date on promoting High Rise Living and approved the High Rise Living Framework 2020-25.</p>	
10.	Five Year Development Programme	
	<p>The Board received the report and discussed the proposed 241 units that were to be developed during the next 5 years.</p>	

	<p>The Board discussed whether there would be opportunities to increase the number of units being developed. It was explained that this will depend on availability of grant funding and that the grant funding post 2021 is not yet certain. Once this becomes clearer, there could be the possibility to expand the new build programme.</p> <p>Decided: The board</p> <ol style="list-style-type: none"> 1) approved Cube’s five-year development programme as summarised in the report 2) noted that the five-year development programme will be reviewed annually and presented for approval to the Board, in conjunction with the presentation of the Group Business Plan; and 3) noted that authority for individual project approvals will continue to be delegated to the Group Development Committee. 	
<p>11.</p>	<p>Cube Queen’s Quay: New Build Project</p>	
	<p>The Board received an update on the proposed project at Queen’s Quay, Clydebank including the scrutiny undertaken by the Group Development Committee. The Board was informed about the progress of the commercial discussions that had taken place and the contractual arrangements that are being put in place as summarised in the report.</p> <p>The Board reviewed the project costs, including the increase in total development cost and the significant level of grant funding that was being made available for this project. It was noted that the total development cost increase was greater than the increase in grant funding because the development cost included additional costs which would be recoverable from other parties.</p> <p>[paragraph redacted]</p> <p>The Board discussed in detail the district heating system that would serve the development by drawing heat from the river Clyde. The Board discussed the technology used in the system and was advised that this was tried and tested in areas such as Scandinavia. The Board considered the anticipated financial benefit to customers in having a tariff that was set with reference to lowest rate of the ‘big 6’ energy providers in the postcode area.</p> <p>Decided: The Board:</p> <ol style="list-style-type: none"> 1) Noted the update on Cube’s Queen’s Quay project, as outlined in the report; 	

	<p>2) Noted that a report was presented and agreed at a special meeting of the Group Board on 31 January 2020 confirming that Cube now execute the building contract with CCG (Scotland) Limited for the construction of 146 units of social rent housing and four commercial units at Queen's Quay, Clydebank at a construction cost of £23,920,372 and a total development cost of £27,106,831, inclusive of land acquisition, subject to the prior conclusion of the missives described at paragraph 5.4 of the report;</p> <p>3) Noted the total development cost to Cube Housing Association of the 80 units of social housing of £14,307,892; and</p> <p>4) Noted that additional grant funding of £118,500 from the Scottish Government had been sought (and verbally agreed) to cover the cost of post tender costs [redacted] and that execution of the building contract by Cube would be conditional on receipt of a satisfactory offer of additional grant funding.</p>	
12.	Fire Safety update	
	<p>The Board received an update on our approach to fires safety including our partnership with Strathclyde Fire and Rescue and our Fire Prevention and Mitigation Framework. The Board was informed about the steps that we take to promote fire safety, for example through a programme of home fire safety visits. The Board noted the intelligence work that was undertaken to capture information and trends in accidental dwelling fires so that we can take steps to help reduce these and improve the safety of our customers.</p> <p>Decided: The Board noted the annual update of the implementation of the Framework and the FRA methodology including assurance reporting to the Audit Committee.</p>	
	OTHER BUSINESS ITEMS	
13.	Finance Report for the period to 31 December 2019	
	<p>The Board received the report and considered the key highlights, noting that the financial position for the period was favourable to budget.</p> <p>The Board considered the current arrangement through which Loretto Care has access to an on-lend and the proposed change to this once it becomes a direct subsidiary of Wheatley Housing Group Limited, including the effect on the cross-guarantee.</p> <p>Decided: The Board:</p> <p>1) Noted the management accounts for the period to 31 December 2019 at Appendix 1; and</p>	

	2) Approved the intra-group facility agreement and delegated authority to the Chair, any Board member, Group Chief Executive, Group Director of Finance, Director of Treasury or Group Company Secretary to execute.	
14.	Performance Report – YTD 2019/20 Quarter 3 (Oct – Dec)	
	<p>The Board considered the report and noted the areas in which we were achieving our targets and the areas which had been identified as below target and in need of improvement.</p> <p>Decided: The Board noted the contents of the report.</p>	
15.	Board appraisal and succession Planning	
	<p>The Board received the report.</p> <p>Decided: The Board:</p> <p>1) Noted the feedback form the Board appraisal process and the actions being taken in response; and</p> <p>2) Approved the updated Cube Housing 3-year succession plan, including:</p> <ul style="list-style-type: none"> ▪ the immediate appointment of Eric Gibson as Vice Chair; and ▪ subject to Group approval, Eric Gibson’s appointment as the successor to Peter Kelly as the Chair from the 2020 AGM. 	
16.	AOCB- Stock Tour	
	It was agreed that a stock tour would be arranged for April.	