

**THE WEST LOTHIAN HOUSING PARTNERSHIP LIMITED**

**BOARD MEETING**

**Wednesday 27 May 2020 at 2.00pm  
Via Zoom videoconference**

**AGENDA**

1. Apologies for Absence
2. Declarations of interest
3. Minute of Meeting held on 6 February 2020, actions & matters arising
4. Business update
5. Framework for startup and renewal of activity
6. Annual Return on the Charter
7. Barony stock transfer update
8. Jarvey Street update [redacted]
9. a) Finance Report and 2020/21 Budget  
b) CCFF Scheme
10. Governance update
11. AOCB

## Report

**To:** West Lothian Housing Partnership Board

**By:** Lynsey Fotheringham, Acting Head of Housing

**Approved by:** Olga Clayton, Group Director of Housing & Care

**Subject:** Business update

**Date:** 27 May 2020

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### 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 our 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 All customer facing staff across WLHP have now been working from home successfully for eight weeks.

We do, however, retain a significant presence “in the field” in many areas of the organisation. The sections below provide a more detailed update on many of the areas introduced in recent update emails to all Board members.

## 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. These include:

#### Keeping our customers safe in their homes:

- Life and limb repairs continue for all our customers. In the months of March and April we completed 112 such repairs in customers’ homes.
- Our environmental team are able to review sites for safety issues, removing bulk and other waste which could potentially be a fire hazard. They also maintain visual security checks on buildings.
- Carrying out gas safety servicing in line with our statutory obligations via a revised process to meet some of our customers’ concerns about visitors to their home and to take into account restricted functions due to offices being closed. We have adopted a personal approach in replacing letters with conversations with customers led by both compliance colleagues and Housing Officers. This has had a positive impact and WLHP are pleased to report no expired gas certificates at this time.
- The anti-social behaviour investigation team continue to deliver a service via home working and they are providing a response for all ASB complaints received across Group. All serious incidents are being progressed via partner agencies, in particular Police Scotland. 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 over a six-week period.

Week	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	17	13	0	10	0	3	10	19	7

### Maintaining regular contact with our customers:

- Creating a direct link between customers and their housing officers (200 customer patch) while local offices are closed. This is being done through proactive direct contact focused first on the vulnerable, elderly and those who normally make payments by face to face methods. We have made over 361 outbound calls and contacts with our tenants to check on welfare and provide general support.
- We have developed a revised approach to ensure our customers get the welfare benefits and fuel advice they most urgently need – largely through new telephone based services. Staff have made more than 63 to our welfare services (such as benefits advice, fuel advice, EatWell and tenancy support).
- We have accelerated the development of bulk SMS messaging to support contact with our social tenants, which are now underway



- Customers have been appreciative of our contact and have responded through our various communications channels. One response read, “Hope you and the team and your families are keeping well. Thank you for looking out for us, especially during this crisis, and as always thanks for the fantastic jobs you and the team do.”
- The relationships we have with our customers allows us to develop a greater understanding of their needs and that of their family. A Housing Officer made contact with a family and asked how their daughter was as she knew she was receiving counselling through school which wasn't possible during lockdown. The parents said the situation was impacting greatly on their daughter's mental health. After the call the Housing Officer contacted the Wheatley Foundation to ask if the Response Fund could provide a Worry Monster (a soft toy designed to help children address worries) for the girl to provide her with some comfort. This was agreed and following consultation with her parents the Worry Monster was ordered in the girl's favourite colour. This message was later received by the Housing Officer. “We would like to thank you for our daughter's gift, the worry monster. She absolutely loves it and has not put it down since it came even goes to bed with her, such a lovely wonderful thing for you to do. Thank you.”

### Supporting customers with financial difficulties and benefits:

- Provision of proactive support to our tenants to help them in relation to difficulties they may have with rent payment and/or applying for Universal Credit – this contact has also enabled us to provide support for a wider range of issues facing our customers. Our conversations help 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.
- Guidance and support has been provided to 36 customers making a new claim for Universal Credit. This has extended to how to make a claim, information on advance payments and repayments and payment methods appropriate to the customer.
- 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.

### Preserving employment and supporting the supply chain:

- New accelerated payment terms have been developed to ensure our suppliers & sub-contractors get paid quickly to provide income in this emergency period
- Suppliers have been asked to support this process with the submission of electronic invoices

### Continuing to provide care and support services:

- Across Group, provision of care services to 3,000 care customers through telephone and face to face services (500 still require face to face services) including a move to telephone support for some outreach services such as our Tenancy Support Service (which helps customers maintain their home).
- Continuing to meet regulatory requirements for care and shared living environments

### Working with local authorities to address homelessness:

- Working with our partners to resolve immediate homelessness through the provision of a pipeline of void properties to local authorities. We have been liaising with West Lothian Council on our ability to provide assistance in this regard with unallocated properties being offered to them as temporary accommodation.

## Addressing food shortages in our communities:

- Through our NETs team, and supported by Wheatley Foundation Eat Well service we have been able to deliver 17 food parcels to our vulnerable customers with no other means of support. Staff have contacted customers, many of whom have had a decrease in income, to offer this support. We have other customers whose income has decreased or who are self-isolating who have been able to make alternative arrangements regarding food provision. They have, however, appreciated the support available if needed.
- The transfer of former Barony properties to WLHP stock changes the landscape of our support provision figures. Taking account of those former Barony properties receiving a food parcel sees our figures increase from 17 to 44. The service has, on the whole, been utilised by households with little or no family support. The large number of single person households transferred from Barony stock is indicative of this. A Barony customer who received a food parcel shared their story with us stating “There was so much fresh soup that I was able to share this with my neighbours. I was pleased to do so because it meant that I could return their kindness which I would not have been able to do otherwise.”
- The “softer” support of providing activity packs to children has been welcomed as readily as those who have received a food parcel. This provision, whilst not a basic necessity, is helping address an identified need in our households within the scope of what we can provide. Here is one of the many expressions of gratitude received, “Thank you for the activity pack my son received, it’s fab has lots of different things to keep him busy and he especially liked the snack pack. Typical boy!”
- We are working in partnership with community groups across our business to support customers with food delivery, to mitigate isolation and to ensure the most efficient use of resources. This work has also been supported by the Response Fund which has been able to provide customers with white goods to appropriately store and cook food where required.
- Wheatley Group’s front funding of food for our customers has also maintained employment in some catering provision companies who were about to lay off staff prior to us placing medium term supply orders with them.
- The Group has also supported our partners at Social Bite with £100,000 donation to help with their initial work in this emergency period.

### 5.2 Across Group we are currently investigating a number of other avenues to support our customers and stakeholders:

- Examining the potential of extended use of Alertacall (intensive housing management) for some of our older and more vulnerable customers;

- Liaising closely with Scottish Government to seek additional funding to support further food delivery and support to our communities. The Scottish Government announced a package of £350m in March to support local efforts to tackle the impact of Coronavirus. The Group has made bids to the £70m Food Fund to support the work noted above, as well as to the Communities and Wellbeing Funds. 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, the Wheatley Group Chair has 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.
- Wheatley Group 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.

**(ii) *How we are managing and protecting our staff***

- 5.3 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.
- 5.4 We are following the Scottish Government’s guidance in respect of staff working with customers in the provision of support and life and limb repairs. 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. Staggered lunch breaks and altered work patterns have also been put in place where necessary to maintain social distancing.
- 5.5 Phone and video-conference meetings have replaced face to face contact for teams 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.

- 5.6 Given the extent of activity we have suspended, we have made use of the UK government scheme to put a number of staff across the Group on a temporary leave of absence, known as “furlough”. These staff will continue to be paid in full, with no interruption to their benefits or pension service, but in areas such as new build and R&D, 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. This scheme has been utilised for one member of WLHP staff however regular contact is being maintained with training and well-being opportunities offered.
- 5.7 Across Group we are tracking the mood of staff 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. 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.
- 5.8 Coupled with the current circumstances we have a number of new roles in what is a small team. Additional support has been provided for these colleagues through the use of the available technology and peer mentoring.

**(iii) Safeguarding our financial position**

- 5.9 The risk to our rental income has significantly increased, as many tenants struggle to adapt to the current situation. We have made 1661 contacts with customers via phone, text and email to provide support with rent. The increase in Universal Cases across our customer base sees us record the highest number of customers on UC in Group at 20.85%. In addition, the new Scottish Government legislation which extends the timescale before eviction proceedings can begin to six months in the both the social and private rented sector creates increased risk that tenants do not prioritise paying their rent.
- 5.10 We continue to give the message to customers that “we are here for you”, and that payment of rent continues to be important to keep customers out of debt. Our housing staff continue to support customers to pay their rent from their new positions working from home. We are encouraging use of online and phone payments, particularly for those customers who previously paid using in-person methods such as Paypoint terminals in shops.
- 5.11 Nevertheless, we anticipate an increase in arrears. Predicting this is challenging at present, but a number of scenarios have been modelled at Group level, including a scenario that c9000 (15%) customers pay no rent at all for the next 6 months. Across Group, this would equate to lost rent of around £20m.
- 5.12 Set against this risk, 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.

## **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.

## **10. Implementation and deployment**

- 10.1 Co-ordination of all Group activity continues to be led by the Group CEO and Executive Team, who have a group call at least twice daily.

## **11. Equalities impact**

- 11.1 None noted.

## **12. Recommendation**

- 12.1 The Board is asked to note this update.

## Report

**To:** West Lothian Housing Partnership Board

**By:** Lynsey Fotheringham, Acting Head of Housing

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

**Subject:** Framework for startup and renewal of activity

**Date of Meeting:** 27 May 2020

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### 1. Purpose

1.1. This report sets out a framework for the staged resumption of more of our business operations over the coming months.

### 2. Authorising context

- 2.1. The Group CEO has responsibility for business operations across the Group. The Covid-19 situation has had a significant effect on these operations and has impacted on the delivery of the Group strategy signed off by the Board late last year.
- 2.2. The Group Board agreed the principles of the framework for how we might work over the coming months, subject to the detail of Scottish Government legislation and guidance.

### 3. Risk appetite and assessment

- 3.1. Our risk appetite relating to laws and regulations is “averse”; defined as avoidance of risk and uncertainty is a key organisational objective. Our strategic risk register identifies the particular risk associated with associated with non-compliance with health and safety requirements.
- 3.2. Our priority in the coming months will continue to be protecting the health and safety of our customers, our staff and the other people they come into contact with. The proposals in this paper seek to do that in the context of some relaxation of lockdown restrictions, but recognising that government guidance may change and mean we have to alter our plans.

### 4. Background

- 4.1. Since lockdown in mid-March, we have been running a significantly altered operating model, with many staff – including our call centre and housing officers - working from home. We have continued to provide essential frontline services such as life and limb repairs, many care activities and a huge expansion in our EatWell service, to provide food to those in need.

## 5. Discussion

- 5.1. On Thursday 7<sup>th</sup> May, the Scottish Government announced that the current lockdown-style restrictions will continue for at least another three weeks. However, there has been progress in reducing the rate of infection nationally, and the First Minister has indicated that at the next review on 28 May, there is likely to be some easing of restrictions of movement and contact, including outdoor work being permitted. For scenario planning purposes we have assumed this might include, during June:
- Continuation of the advice to work from home if possible and enforcement of social distancing
  - The ability to extend a family/household “bubble” to include other close relatives such as grandparents, allowing travel to visit these people
  - Approval for a resumption of construction activity in Scotland (which has taken a stricter line than England, effectively banning all activity at present), based on strict controls designed to maintain social distancing
  - Reintroduction of the ability to move house, again based on maintaining social distancing
  - An increase in the range of shops that may be permitted to open
  - Acknowledgement by the Scottish Government that staff may return to workplaces such as offices and factories, but on strict condition that 2 metre social distancing can be enforced
- 5.2. In anticipation of this, we have been planning for some weeks what our “phase 2” response might be, and what services and activities we would reintroduce. We have also carried out a review across the organisation of what has been working well, how we have addressed challenges, and what we might need to do differently as we approach the next phase.
- 5.3. Clarity and transparency will be vital as we adapt our service model in the next phase. A comprehensive internal and external communications strategy will be needed to explain to staff, customers and stakeholders why we are reintroducing certain services (or not), and how people will be kept safe as we do this. Close working with our trade union partners will be important in developing this.
- 5.4. Our proposals are set out below, detailing the current service/activity and how this would change for an assumed period from June to the end of September. It should be emphasised that these are provisional plans at this stage, and may need to be altered depending on what the Scottish Government decides in the coming weeks. Some indicative considerations for the period beyond this to the end of the year are discussed.

### **Housing and Environmental Services**

- 5.5. *Current operating model: mid-March to end of May*
- Housing officers all working from home
  - Call centre staff all working from home
  - Priorities have been welfare calls, referrals for food distribution and supporting tenants who have had difficulties paying their rent, eg phone/online benefits advice

- Grass cutting and other environmental maintenance and cleaning generally suspended, with the exception of cleaning in our retirement complexes
- Letting of new homes suspended and all void properties offered to local authorities for homeless people under lease arrangements
- Reduction in our police resource through the Community Improvement Partnership, as these staff have been recalled by Police Scotland (although our remaining resource has continued to be focused on areas with the most acute anti-social behaviour and serious crime issues)

5.6. *Potential operating model: June to September*

- Introduction of a face-to-face arrears and debt counselling team of housing officers in the East of Wheatley Group
- The remainder of housing officers continue to work from home
- Call centre staff continue to work from home, other than night shift, which would return to their base at Lipton House in Glasgow
- Welfare calls, food distribution and benefits support remain high priorities for outbound calling – with a particular focus on ensuring those on the shielding lists are contacted regularly and supported where possible
- A presumption in favour of outdoor environmental work and most indoor cleaning work carried out by our own staff recommencing (eg grass cutting, stair cleaning), unless specific circumstances make two metre social distancing impossible or impractical. This would be carried out in most cases in the early morning or late at night, to minimise “passing traffic”, with supplementary specialist deep cleans involving full disinfectant etc on a regular basis
- Resumption of direct letting, with a particular focus on homeless people and those experiencing/at risk of domestic violence, meaning void clear-out and improvement work could also resume
- Increase in available community police resource (although not back to full capacity), allowing greater intervention in some anti-social behaviour situations

5.7. Where our services have been delivered effectively by home working staff, they should continue to be carried out this way. Our “virtual call centre” has worked well, albeit on a much-reduced call volume, and it is proposed that we continue with this model. We will return staff from furlough as required to meet demand. While housing officers can carry out many of their activities by phone or even video call, there are some situations where a face to face visit may be required, particularly in relation to persistent refusal to engage with us on rent arrears. For that reason, we propose a small team of housing officers operating across the East area, who would focus on face to face collections and act as a point of referral for the rest of the housing officers. We would temporarily expand some patch sizes to cover those of the re-allocated housing officers.

5.8. These staff will be exposed to a greater degree of risk than home-based housing staff. They will operate on the premise of maintaining two-metre social distancing when talking to customers. They will also be provided with suitable PPE, including the minimum grade of face mask recommended by the Scottish Government and World Health Organisation for care providers dealing in close quarters with patients who may be infected with Covid-19, known as an “FFP2” mask. A comprehensive PPE strategy will be required across all of our activity to ensure no staff are left without appropriate protection.

- 5.9. Having suspended non-essential environmental maintenance and cleaning activity, we now propose to reintroduce these tasks. However, our local environmental team leaders will continue to use judgement on whether social distancing can be maintained, and in some cases the layout of buildings (such as narrow stairwells and a large number of people passing close by during cleaning) might make this impractical. Again, we would provide staff with suitable PPE in line with Scottish Government guidance. Our guidance to staff will have to evolve in some areas, such as travel; continuing to give clarity in areas such as the numbers of people who can travel in vans.
- 5.10. We have been operating a rapidly growing emergency food offering to vulnerable customers through our EatWell service. This was successful in the Group attracting £350,000 of Scottish Government funding in April. We would envisage the continuation of this during the next three months; it is proving to be a lifeline for many customers. However, this has involved a number of environmental operatives being reassigned from their previous duties. If we introduce more environmental maintenance, we will need to ensure the balance of staff between those carrying out different activities is sustainable. A number of staff will need to return from furlough.
- 5.11. We envisage that a resumption of letting activity might be possible, albeit using different approaches. For example, any accompanied viewings would need to ensure the housing officer “hangs back” two metres at all times, and in some properties this might mean waiting outside the front door which a prospective customer views a property. Similarly, issues of utility connections and signing tenancy agreements which typically involved close personal contact, would need to be done in new ways. Tenancy agreements could be signed in electronic form (simple to do in pdf on an iPhone, for example), or handled with disposable gloves, placed on a table from which the housing officer then backs off, etc. It remains to be seen whether removal services will be available to customers, although this could in theory be done while maintaining social distancing.

### **Repairs, investment and building safety compliance in existing stock**

- 5.12. *Current operating model: mid-March to end of May*
- Life and limb repairs only (ie those which protect customer health and safety)
  - All major capital investment work suspended, including smoke and heat detector installation
  - Void work carried out by trades operatives only where the properties are required for homeless customers or to reduce hospital bed-blocking
  - Fire risk assessments suspended
  - Gas servicing not enforced where customer refuses

5.13. *Potential operating model: June to September*

- Repairs expanded to include some non-emergency work, where this can be safely carried out with social distancing
- Void work resumed in line with re-opening of letting
- Capital investment resumed only for legislative compliance work (such as smoke and heat detector installs – unless Scottish Government changes the legislative deadline from February 2021) and external/outdoor activities such as roofing, fencing, paving
- Fire risk assessments to resume
- Resumption of enforced gas servicing and prioritisation of catch up on those which have exceeded 12 months since the last service

5.14. With the resumption of letting, ensuring we can catch up with the inevitable initial spike in activity will be important. This will mean we need more repairs operatives working on getting void properties into lettable condition. Even during lockdown, we have experienced around 1-2 people giving up their tenancy each week, generally to move in with family or due to other personal circumstances.

5.15. In the capital investment programme, we will continue to pause internal work in customers' homes and communal areas that could be considered discretionary, such as kitchen and bathroom replacements where there is no specific defect or fault. We do not anticipate that customers would want people in their homes unnecessarily, particularly if the work could be rescheduled for a point when social distancing requirements are less strict. External works such as roofing can be carried out with less close-quarters contact, and so we envisage resuming these.

5.16. We have continued with our fire safety checks in our retirement complexes, but we anticipate resuming our programme of fire risk assessments. These are typically carried out by a single assessor, and form an important part of keeping our customers safe. Similarly, while we have been using our best endeavours to ensure customers have gas servicing carried out within the legal 12-month timeframe, we have not been enforcing this since late March in cases where customers repeatedly refuse entry. This would change to an enforced provision.

### **New build development**

5.17. *Current operating model: mid-March to end of May*

- All work suspended
- Contractors are responsible for security of all sites

5.18. *Potential operating model: June to September*

- Activity may resume, subject to enforcement of social distancing

5.19. The construction industry has been lobbying the Scottish Government to allow a re-opening of construction sites. The position in England has been less strict than Scotland, where some activity has been permitted to continue.

- 5.20. One of the impacts of social distancing on a building site is that tasks may take longer to complete, meaning the timescale for us to receive completed homes may be longer than usual. We have been in regular dialogue with our contractors in recent weeks and all remain committed to holding previously agreed tender prices. However, extensions of time to previous contractual completion dates will be required in all cases.

### **Back-office support services**

- 5.21. *Current operating model: mid-March to end of May*

- All working from home

- 5.22. *Potential operating model: June to September*

- Continuation of home working as the norm; staff visits to offices will be limited to carrying out of essential tasks linked to our phase 2 operating model
- From an HR perspective, a continued freeze on non-essential recruitment, but some essential roles could involve interviews in an office context, with a minimum 2-metre distance observed at all times

- 5.23. Feedback from staff indicates a range of views on returning to an office environment, based on individual preferences for ways of working. It is important that we emphasise that home working remains the presumption, and visits to the office should be the exception, subject to strict rules including social distancing with desk spaces, use of hand sanitiser, one person at a time in lifts, etc.

- 5.24. Across all of our workplaces and care settings, risk assessment will be carried out and Operational Safety Manuals will be updated to reflect new required practices, encompassing handwashing/sanitiser, PPE, distancing, etc.

- 5.25. From July, some evictions are expected to resume for issues other than rent arrears (which were banned for six months). This means some staff, for example in the Group legal team, may be required to come into the office. Similarly, to support the next stage of frontline working arrangements, IT or asset staff might need to do the same. This would be on as limited a basis as possible.

- 5.26. Given that around three months will have passed since our “phase 1” model was put in place, we anticipate the resumption of our internal audit and assurance activity. The audit plan for the year will be refocused on areas of key risk in the context of our new operating arrangements; for example, areas where risk of fraud might have increased by virtue of home working arrangements or less person-to-person oversight.

### **Governance**

- 5.27. *Current operating model: mid-March to end of May*

- Reduced agendas – keeping the boards updated on what is happening, and items requiring a decision
- Reduced board numbers dialling in to allow easier management of conference calls/video calls

5.28. *Potential operating model: June to September*

- Continuation of current arrangements

5.29. Board meetings in person generally involve between 10 and 15 people when staff are taken into account, and it will continue to be difficult to enforce appropriate social distancing in this context. For that reason, we envisage a continuation of the current “virtual meeting” arrangements.

## 6. **Key issues and conclusions**

6.1. Between now and the potential point of an assuming easing of restrictions, whether it be June or slightly later, there are a number of preparatory tasks to be completed. These include:

- An examination of all policies and procedures that require face to face contact and an assessment of how these need to be changed to function in the “new normal” to which the Scottish Government has referred
- A new housing allocation process needs to be designed, taking into account the considerations discussed above
- Plans need to be implemented for how offices will be reconfigured to allow minimum 2-metre social distancing and other infection control procedures to be put into effect (noting a very limited number of staff will be using our offices), with operational health and safety procedures manuals updated accordingly
- A new annual leave policy to be developed, and working principles to be defined for those who may have children involved in partial attendance at school
- A more systematic “audit” of home working arrangements to identify where improvised home set-ups are inadequate, and personalised support to address this (eg video consultations by health & safety team, issue of work chairs, monitors etc)
- A new strategy for new build tendering, informed by the condition of the construction market and costs/prices;
- Gas servicing - planning for the catch up so we can achieve 100% compliance with the 12-month rule as soon as possible
- Voids – prioritising the workflow, with those requiring least work to be done first
- Planning the workforce requirements for the phase 2 operating model - for example, the number of trades operatives and mobile housing officers required
- A comprehensive communication strategy will need to be developed for all staff, customers and stakeholders to explain clearly what our phase 2 model is, and why and how we will restart certain services

- 6.2. We currently have 1 member of staff directly on furlough, and services we draw from across the Group have staff furloughed. This is generating significant income; helping offset, at least temporarily, the increase in rent arrears. Prior to agreeing any return to work for furloughed, we will test the “business case” for each area in the context of the service model set out in this paper. Each area of the business will need to set out their proposals in the following template:

	<b>Weeks 1-8 (June – July)</b>	<b>Weekly 9-16 (August- September)</b>	<b>Notes/comments</b>
<b>Number of staff currently furloughed</b>			
<b>Proposed staff to return (list names and job titles)</b>			
<b>Monthly lost furlough income caused by staff returning</b>			
<b>Service priorities</b>			
<b>Outcomes and how these staff will deliver them</b>			

- 6.3. In light of the above proposals, it will be important that the staff who are “reactivated” to work in restarted activities feel confident that they are doing so in line with Scottish Government advice, and are supported properly with personal protective equipment and any other help they need to do their jobs.
- 6.4. For that reason, Wheatley Group will use their role on the National Housing Resilience Group, as well as other contacts with the Scottish Government to make the case that a wider group of staff should be designated as “key workers” moving into the next phase of the country’s pandemic response. This would include, but not be limited to:
- Housing officers
  - Legal staff involved in court processes
  - IT staff key to supporting permitted activity
- 6.5. Staff on this list of phase 2 key workers will also be issued with letters confirming their status to allow them to travel to and from their place of work in the event of being stopped and challenged by the police.
- 6.6. Looking beyond September to the end of the year, and without a widely available vaccine, it is unlikely that we will be experiencing a return to full “normal” business operations. Other activities that we will need to carry out in the coming months therefore include:
- An assessment of how our service model stood up to the current environment, and what lessons can be learned from this;
  - Linked to this, a review of our 2025 strategy, including areas such as our approach to office accommodation, remote working and new build targets (noting we have significantly accelerated parts of this through our current home working arrangements);
  - An evaluation of how effective our stakeholder management has been and what lessons can be learned from our experiences;
  - How we continue to support our most vulnerable customers, including those who may be on the shielding list for some time to come

## **7. Value for money implications**

- 7.1. The approach set out in this paper is designed to ensure we deliver as much value as possible for customers, while keeping them and our staff safe. That is why our focus remains on essential health and safety activity, and supporting customers with help, advice and food.

## **8. Impact on financial projections**

- 8.1. Our business plan financial projections, last updated and approved by Board in February, are being revised at present to take account of the new context. These will be shared with Board in the coming months.

## **9. Legal, regulatory and charitable implications**

- 9.1. The approach set out in this paper is based on an anticipation of how the Scottish Government legislative and guidance framework might evolve in the coming months. Our proposals may therefore need to change as the detail of such government advice develops. We continue to notify the Scottish Housing Regulator of changes to our operating model and services through their “notifiable events” web portal.

## **10. Implementation and deployment**

- 10.1. The Group Executive Team will direct the deployment of the proposals set out in this paper.

## **11. Partnership implications**

- 11.1 As set out in the report, we continue to work with partners as part of our ongoing approach to service delivery.

## **12. Equalities impact**

- 12.1. We will continue to take special account of those who have underlying health conditions or are shielding. The latter category of staff will not be required to leave their homes and it is recognised their ability to work may be restricted by the shielding provisions in force.

## **13. Recommendations**

- 13.1 The Board is asked to note the proposals set out in this paper in principle, subject to the timing of their implementation and any adjustments necessary to ensure ongoing compliance with Scottish Government legislation and guidance

## Report

**To:** West Lothian Housing Partnership Board

**By:** Lynsey Fotheringham, Acting Head of Housing

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

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

**Date of Meeting:** 27 May 2020

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### 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 West Lothian Housing Partnership (“WLHP”) and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the WLHP Board is responsible approving regulatory returns including the Charter. It is also responsible for monitoring of performance against agreed targets. In the case of WLHP, this includes the on-going performance of its services.
- 2.2 In addition, the Group Authorising Framework states that the WLHP Board is responsible for approving any changes to their 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

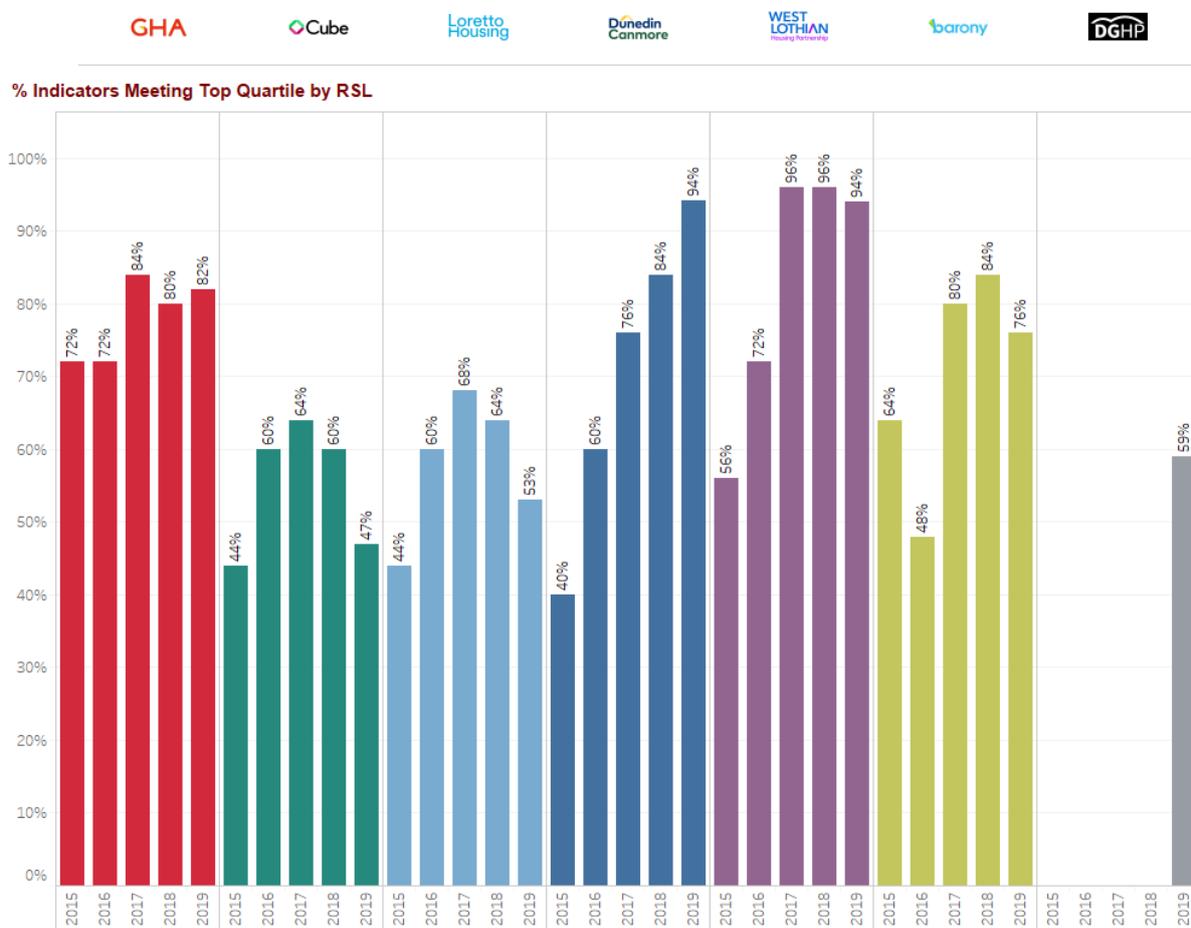
- 3.1 Our agreed Group risk appetite in relation to Board Governance is “cautious”. This level of risk tolerance is defined as *“Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward”*.

## 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 31 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.

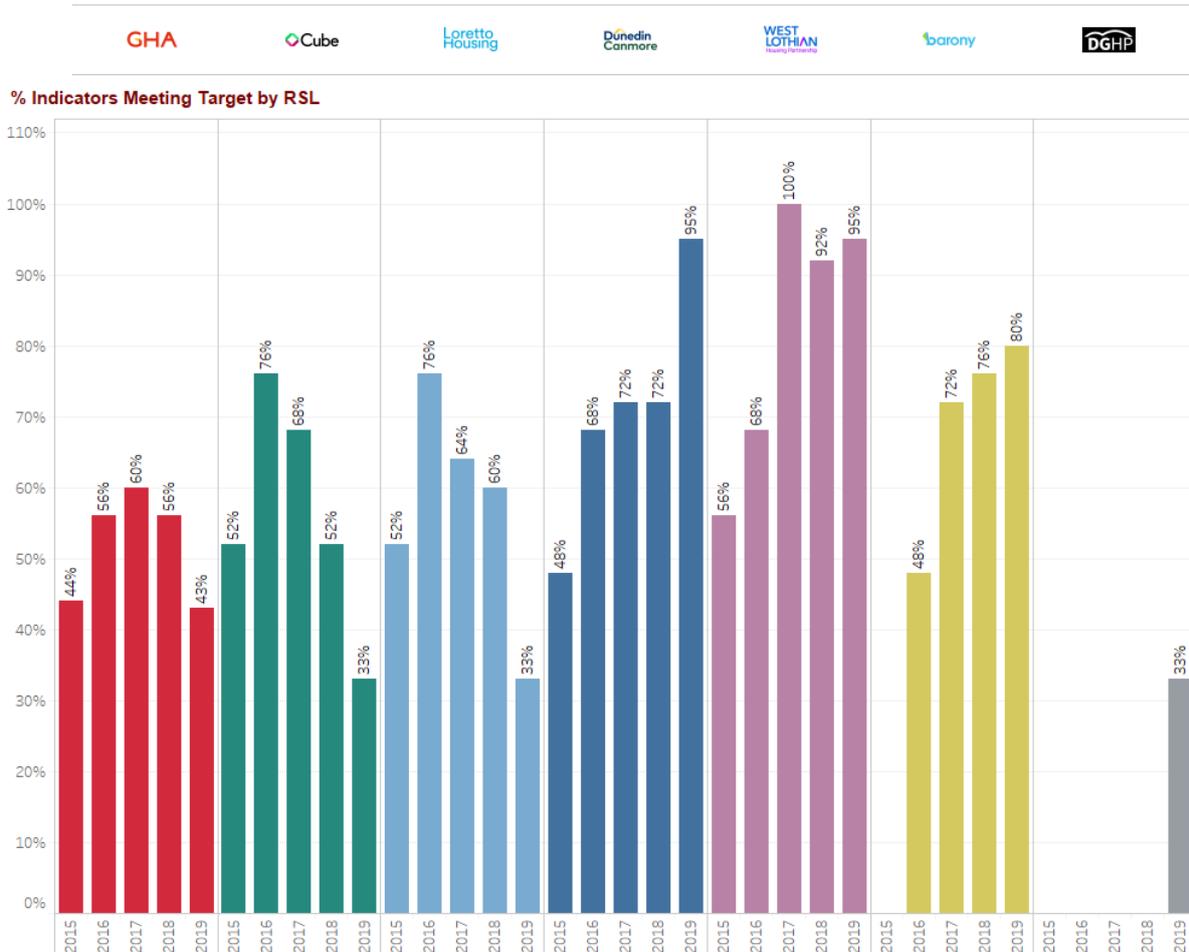
## 5. WLHP Performance in 2019-20

- 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. WLHP has shown strong and continuous improvement, over the duration of the Investing in our Futures strategy, delivering sector leading performance.
- 5.2 The graph below shows progress to top quartile for each Subsidiary. This shows that WLHP has exceeded the strategic target 80% of ARC indicators at top quartile level as set out in the 2015-2020 “Investing in our Futures” strategy, reaching **94%** of indicators in the top quartile; joint top across Group subsidiaries.



Appendix 1 shows the draft final results for submission in the ARC.

- 5.3 Each year the Board approves targets for WLHP to either maintain current good performance or to stretch performance to meet or exceed top quartile. All WLHP targets were set at or above the top quartile benchmark and **19 of the targets set for the 20** measures for 2019/20 have been met. The 1 remaining measure, % Annual tenants who feel their landlord is good at keeping them informed about their services and decisions, which sits within the amber variance, narrowly missed target and top quartile with a result of 92% against a 93% target. We will be reviewing how to improve this for 2020/21.
- 5.4 The improvements throughout the lifetime of the strategy have been remarkable year on year, the indicators which have improved since last year are;
- Average time to complete emergency repairs (hours)
  - % Reactive repairs completed right first time
  - % Tenancy offers refused during the year
  - Average length of time taken to re-let properties (calendar days)
- 5.5 Of the measures which experienced a slight decline in 2019/20, all but one met top quartile.
- 5.6 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.



- 5.7 **Customer Satisfaction** results for 2019/20 have shown a slight decrease in overall satisfaction by -3% from the previous year. The result of 95% is still an

exceptional result which exceeds top quartile benchmark. The change relates to levels of satisfaction as it worth noting that customers who are dissatisfied with the service provided by WLHP remains at 1%.

- 5.8 **Average length of time taken to re-let properties (calendar days)** is 1.54 days against a target of 6.5 days. To date WLHP has been able to achieve exceptionally high reletting performance as we have benefited from relatively modern housing stock which has high standards of investment and maintenance. In addition, over the past year we have let 83 new build properties which have assisted our letting figures. Our strong partnership with West Lothian Council lettings team who provide us with the nominations has supported this. With the introduction of Barony properties to our stock it is expected that this indicator will become more challenging. Our re-let days will increase as we will no longer have full control of the letting process, relying on Social Work to identify customers for our supported tenancies, which takes both assessment and time. We will, however, continue to develop these relationships to ensure the quickest re-let possible for the benefit of both the customer and WLHP.
- 5.9 **Rent lost through properties being empty** generally links to performance in days to let properties. In line with the exceptional performance our rent loss is 0.03% against a top quartile benchmark of 0.44%. It is anticipated that rent loss will increase going forward as outlined.
- 5.10 **Tenants who feel that the rent for their property represents good value for money** showed the most improvement from customer satisfaction results with an increase of +4.95%. WLHP figures exceed top quartile performance at 89%, an increase from 84% last year. Customer conversations are utilised to explain the wraparound services available. This provides an awareness of what can be accessed should the need arise.
- 5.11 **Anti-social behaviour cases reported in the last year which were resolved (new indicator)** is at 100% and is our baseline marker. This has been achieved through the relationships with our customers, our collaborative working with our colleagues in the Community Improvement Partnership and the forged relationships with Police Scotland.
- 5.12 **Satisfaction with the management of the neighbourhood (new indicator)** is at 91% and our baseline marker. This has been achieved through close working relationships with our NETS colleagues and will be supported through working with customers in Keep Scotland Beautiful assessments and patch 'walk abouts'
- 5.13 **Reactive repairs completed right first time** has seen an improvement to 96.42%
- 5.14 **Lettable homes becoming vacant** remains within target at 5.59% for WLHP and exceeding top quartile benchmark of 7.33%.
- 5.15 **Rent collected** is an unusual measure in that it is higher where organisations are recovering historic levels of high arrears. As a result, this is generally lower where existing good arrears levels are being maintained. This measure has not been included in the top quartile benchmarking because it tends to worsen where RSLs have better arrears levels. WLHP results in this indicator are 98.95%

5.16 **Gross rent arrears** has been a challenge to all subsidiaries, the impact on Universal Credit has been very complex for customers to negotiate. Our target was set at 2.3%. Robust conversations with customers, wrap around services, money advice and tenancy sustainment focus have all contributed to WLHP coming in on target.

## **6 Key issues and conclusions**

6.1 This report provides the year end performance results for WLHP. It sets out the actions and achievements over the reporting year of 2019/2020 and outlines the success in meeting and exceeding the strategic targets set out in the 2015/2020 Investing in our futures strategy.

## **7 Value for money implications**

7.1 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.

## **8. Impact on financial projections**

8.1 No implications.

## **9. Legal, regulatory, and charitable implications**

9.1 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 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.

## **10 Partnership implications**

10.1 Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help WLHP achieve its strategic vision.

## **11 Implementation and deployment**

11.1 Not applicable.

## **12. Equalities impact**

12.1 There is no direct equalities impact from this report.

## **13 Recommendations**

13.1 The Board is asked to:

- 1) Approve the draft 2019/20 Charter results;
- 2) Note the detail of activity involved in the performance results achieved;

- 3) 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
- 4) 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

WLHP Charter Indicators	2018/19 Results	2019/20 Draft Results	19/20 Target	TQ
ARC survey questions measured annually				
01. % Annual tenants satisfied with the overall service	98%	95%	91%	91%
02. % Annual tenants who feel their landlord is good at keeping them informed about their services and decisions	100%	92%	93%	93%
03. % Complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	New	91.67%	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	4.45	Baseline Year	
05. % Annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	100%	93%	90%	86%
06. % Stock meeting the Scottish Housing Quality Standard (SHQS).	100%	100%	100%	97.28%
07. % Annual existing tenants satisfied with the quality of their home	93%	92%	90%	89%
08. Average time to complete emergency repairs (hours)	2.47	1.90	3	4.04
09. Average time to complete non-emergency repairs (working days)	4.86	4.92	5.5	8.49
10. % Reactive repairs completed right first time	95.49%	96.42%	95%	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	0	0	
12. % Tenants satisfied with repairs or maintenance carried out in last 12 months	98%	94%	93%	92%
13. % Annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	New	91%	Baseline Year	
14. % Tenancy offers refused during the year	23%	13%	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	94.73%	98.39%	93%	92.44%
17. % Lettable houses that became vacant	2.06%	5.59%	7.33%	7.33%
18. % Rent due lost through properties being empty	0.02%	0.03%	0.44%	0.44%
19. Number of households currently waiting for adaptations to their home.	New	0	Contextual	
20. Total cost of adaptations completed in the year by source of funding (£).	New	£20,600	Contextual	
21. Average time to complete approved applications for medical adaptations (calendar days)	10.62	14.33	25	36.34
22. % Court actions initiated which resulted in eviction - overall	50%	33%	25%	
23a. % Referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	New	100%	Baseline Year	
23b. % Offers made to LA Section 5 and other referrals for homeless households that result in a let.	New	100%	Baseline Year	
25. % Annual tenants who feel that the rent for their property represents good value for money	84%	89%	83%	83%
26. Rent collected as % of total rent due	99.78%	98.95%	99.70%	
27. % Gross rent arrears	1.7%	2.3%	2.3%	3.5%
28. Average annual management fee per factored property.	N/A	N/A	N/A	
29. % Annual owners satisfied with the factoring service	N/A	N/A	N/A	
30. Average length of time taken to re-let properties (calendar days)	2.14	1.54	6.50	17.31
<b>Meeting Top Quartile</b>				<b>94%</b>

## Report

**To:** West Lothian Housing Partnership Board

**By:** Stephen Devine, Director of Business Growth  
Lynsey Fotheringham, Acting Head of Housing WLHP

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

**Subject:** Update on transfer of stock from Barony

**Date of Meeting:** 27 May 2020

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### 1. Purpose

1.1 To provide an update on the transfer of Barony's housing stock to WLHP.

### 2. Authorising context

2.1 Under the Group Authorise/Manage/Monitor Matrix, the Board has responsibility for monitoring strategic projects. Work to transfer Barony's housing stock to us, as part of a larger Barony restructuring, is an agreed strategic project.

### 3. Risk Appetite and assessment

3.1 The transfer of stock from Barony to WLHP is covered by various categories in the risk appetite framework, namely regulatory, board governance and laws and regulation. Our risk appetite in each of these areas is "minimal". This level of risk tolerance is defined as "preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward".

3.2 Our approach throughout has reflected this risk appetite with external advice brought in where necessary and in-depth engagement with stakeholders including staff.

### 4. Background

4.1 The Board received an update at its last meeting on the transfer of Barony's housing stock to WLHP and approved the transfer agreement that would be used to make the change. This update informed the Board that the transfer was expected to take place in late March.

4.2 The outbreak of Covid-19 and actions to control the spread of the virus, have had some impact on progress.

## 5. Progress update

- 5.1 The planned transfer in late March 2020 of Barony's 215 properties in West Lothian and Bo'ness to WLHP was completed on 17 May 2020. The delay was due to Registers of Scotland's ("RoS") response to Covid-19 which meant that all property transactions in Scotland were effectively put on hold. RoS has now developed a limited online approach that has allowed our legal advisors, Harper Macleod, to register the necessary dispositions for the transfer of properties from Barony to WLHP.
- 5.2 In parallel with completing necessary legal aspects of the transfer, operational changes have been made to ensure continuity of service for customers and that we can manage the stock effectively. These included:
- implementing the proposed 2% rent increase;
  - including the transferred homes with our stock for performance management purposes;
  - assigning the transferring properties to patches;
  - making changes to ensure rent and other payments go to/from the correct bank accounts;
  - updating housing management and other key systems to support effective service delivery by our and call centre staff;
  - planning welcome communications from us for transferring customers including through housing officers and social media.
- 5.3 The transfer of stock from Barony has increased our stock from 527 to 742 homes, and this will rise again through the increase in new build. The stock will be managed between the two housing officers previously employed by Barony and our two existing housing officers. Bringing both sets of staff together has been straightforward because they were operating effectively as one team while working for WLHP and Barony. Our properties, including the former Barony stock, have been split into four patches with a ratio of approximately 200 properties per patch officer. In doing this, account was taken of geography, the mix of supported properties and new build in an area.
- 5.4 There are two particular changes that come with the transfer of properties from Barony - the introduction of supported tenancies and an increase in single person households in our customer profile. Staff members who come from Barony will manage the supported tenancies to ensure the transition is seamless. The proportion of single households that make up our stock will increase to around 44% because 70% of the properties from Barony are single person households, whereas we have 34% at present. Again, the experience that staff from Barony bring will support us in meeting the needs of this particular customer group.
- 5.5 As part of seeking necessary customer approval for the transfer, 'promises' were made that would benefit transferring Barony tenants if the transfer went ahead. These included:
- accelerated and additional investment of up to £1 million in tenant homes between now and April 2023;
  - lower rent increases than would otherwise be needed with the promise that rents will increase by no more than 2% each year for the next three years;
  - no change to the services currently enjoyed such as 24/7 contact centre, Housing Officers in communities and Welfare Benefits Advisers;
  - around 250 new build homes for affordable rent;
  - their landlord changing from Barony to WLHP.

5.6 The rent increase for 2020/21 at 2% has been put in place for transferring tenants, their landlord has changed to WLHP with the transfer and customers will continue to enjoy the same services, even although some aspects are limited at present due to our response to Covid-19. Linked to this, work is ongoing to plan for new build and to re-plan investment in customer homes as part of moving to a 'new normal'. The commitments to around 250 new build homes and an additional £1 million investment in homes by April 2023 will be included as part of this planning.

## **6. Key issues and conclusions**

6.1 Following some delay, the transfer of Barony's housing stock to WLHP is now complete, as are many of the operational changes for its effective management. This has included updating systems and incorporating the transferring stock as part of our operations.

## **7. Value for money implications**

7.1 The proposed transfer of properties from Barony to WLHP is expected to positively impact our investment in homes value driver through accelerating improvement works for tenants in homes that transfer from Barony.

## **8. Impact on financial projections**

8.1 The impact of the proposed transfer from Barony has been assessed previously on our current business plan. No issues have been identified as work has progressed to adversely impact the positive impact of the transfers presented previously. The delay in the transfer will be reflected in revised business plans which are being prepared currently

## **9. Legal, regulatory and charitable implications**

9.1 Separate legal advice has been taken and due diligence carried out as part of the stock transfer, and no issues of significance were identified.

## **10. Partnership implications**

10.1 Partners, including the SHR and the strategic housing authority have been kept informed throughout.

## **11. Implementation and deployment**

11.1 The transfer from Barony has now been completed and necessary operational changes made to ensure effective management of the stock. Going forward performance reporting will include the stock that transferred and our initiatives and priorities will include meeting the needs of the customers that joined from Barony including ensuring that the 'promises' to customer as part of the transfer are met.

## **12. Equalities impact**

12.1 There are no particular equalities implications associated with this paper.

## **13. Recommendations**

13.1 The Board is asked to note the completion of the transfer of housing stock from Barony in West Lothian and Bo'ness to WLHP.

## Report

**To:** West Lothian Housing Partnership Board

**By:** Morgan Kingston, Finance Manager - WLHP

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** Finance Report and 2020/21 Budget

**Date of Meeting:** 27 May 2020

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### 1. Purpose

- 1.1 The purpose of this report is to provide the West Lothian Housing Partnership (“WLHP”) Board with an overview of the management accounts for the period to 30 April 2020, seek approval for the 2020/21 Budget and provide a summary of the full year to 31 March 2020.

### 2. Authorising Context

- 2.1 Under the terms of the Intra-Group Agreement between WLHP and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the WLHP Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.
- 2.2 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.

### 3. Risk Appetite and assessment

- 3.1 Our agreed risk appetite in WLHP’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”.

### 4. Background

- 4.1 This report outlines performance against budget for April 2020, the full year to 31 March 2020 and includes a summary of the Budget 2020/21 for approval.
- 4.2 The 2020/21 financial projections were prepared on the basis of the transfer of the properties from Barony Housing Association taking place on 1 April 2002. The transfer was delayed until 17 May due to the suspension of business by the Registrars of Scotland as a result of the COVID -19 lockdown. A number of the variances in the April results relate to expected income and operating costs for the Barony properties.
- 4.3 The appendices provide more detail on the financial results.

## 5. Discussion

### Finance Report for Period to 30 April 2020

5.1 WLHP has reported a statutory deficit of £85k to the end of period 1. This is £4k adverse to budget.

- Total income of £202k is £89k adverse to budget. Gross rental income is £98k adverse to budget, and of this, £95k relates to the Barony units. The remaining £3k variance is due to 8 units at Dixon Terrace not being completed as planned in P12 of 2019/20 as a result of construction sites being closed due to the Coronavirus epidemic. Void losses are £9k favourable to budget.
- Operating costs of £207k have been incurred to date, reporting a £84k favourable variance. All lines are reporting lower spend or on track with budget.
- Revenue repairs and maintenance expenditure is £30k favourable to budget. The majority of this variance (£20k) relates to the Barony properties with the remaining £10k variance due to the operation of a “life and limb” repairs service which has resulted in a reduction in the number of jobs and lower than expected costs

5.2 Net capital expenditure of £8k has been incurred in the year to date, £215k lower than budget.

- Core programme expenditure of £3k is £50k favourable to budget. Of this variance £27k relates to the Barony units and the remaining variance is linked to the postponement of the majority of investment works. A revised investment programme is being developed subject to the timing and nature of any relaxation of the lockdown.
- No new build grant income has been claimed as there has been no significant new build activity to date following the decision by Scottish Government to close all construction sites on 23 March.

## 6. Budget 2020/21

6.1 The 2020/21 budget is presented within Appendix 1 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 surplus of £11,472k, and a statutory surplus of £10,554k, which is in line with financial projections. The key change to note between 2019/20 and 2020/21 is the financial impact of the 222 units transferred from Barony HA.

Key points to note:

- The 2020/21 budget allows for the rent and service charge increase of 3.4% and employee cost of living increase of 2.2%, in line with the business plan projections.
- Within income, the budget includes provision for release of £11,263k of grant income in relation to Almondvale (120 social rent units and 26 MMR units) and Jarvey Street (42 social rent units) The schemes are budgeted to complete in March 2021.
- Running costs, and repair and maintenance expenditure increase as a result of the additional stock transferred from Barony HA and also reflect inflation assumptions. These expenditure lines also include additional budget provision reflective of the additional new build completions.
- Within capital expenditure, the budget allows for £645k of investment expenditure on our existing stock, which has been increased to reflect investment in the Barony HA. New build expenditure is budgeted at £18,138k with provision for expenditure on new build sites at Harthill, Blackness Road, Winchburgh Phase 3 and Raw Holdings.
- WLHP's interest payable has increased due to increasing borrowings, primarily to fund the new build programme.

## **7. Full year to 31 March 2020**

7.1 A summary of the full year to 31 March 2020 is presented within Appendix 1 and reports a statutory surplus of £5,464k which is £1,101k adverse to budget. Excluding grant income our underlying position was £266k favourable to budget.

Key points to note:

- Net rental income for the year is £173k favourable to budget. This is largely driven by the early completion of 77 units at Dixon Terrace which were not budgeted to complete until March 2020.
- Grant income recognised in the year is reporting an adverse variance of £1,367k. The majority of this variance relates to £1,302k budgeted for the units at Jarvey Street which were budgeted to complete in May 2019 but are now expected to be completed in 2020/21.
- Other income is reporting an adverse variance of £189k. This is also due to the delayed completion of the development at Jarvey Street as we have not received the budgeted lease income from Lowther Homes for these properties.
- Operating costs of £1,977k is £103k favourable to budget. All lines are reporting lower spend or on track with budget, most notably in repairs and bad debt costs.

7.2 Net capital expenditure of £4,275k has been incurred in the year to 31 March 2020, £2,537k lower than budget. This is driven by lower than expected spend at the Almondvale development from a reordering of works by the contractor and the delays at Jarvey Street. This is offset by higher than budgeted expenditure at Kirk Lane, which was not originally included in the WLHP programme,

## **8. Key issues and conclusions**

8.1 The report informs the Board of the financial performance against year to date budget. The statutory deficit for April of £85k is £4k adverse to budget.

## **9. Value for money implications**

9.1 Ensuring financial performance remains in line with approved budget is a key element of continuing to demonstrate value for money. The results in the year to date show we are on-track so far.

## **10. Impact on financial projections**

10.1 The 2020/21 Business Plan was approved by the Board at the February 2020 meeting. No material changes have been noted since this date.

## **11. Legal, regulatory and charitable Implications**

11.1 Not applicable.

## **12. Partnership implications**

12.1 Not applicable.

## **13. Implementation and deployment**

13.1 Not applicable.

## **14. Equalities Impact**

14.1 There are no direct equalities implications arising from this report.

## **15. Recommendation**

15.1 The Board is requested to:

- 1) note the management accounts for the period to 30 April 2020 and the full year to 31 March 2020; and
- 2) approve the 2020/21 Budget.

**Appendix 1:** Finance report - year to 30 April 2020 including summary full year results to 31 March 2020 and Budget 2020/21



# Period to 30 April 2020 Finance Report

# 1) Period 1 - Operating Statement

	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INCOME</b>				
Rental Income	202	300	(98)	3,664
Void Losses	0	(9)	9	(112)
<b>Net Rental Income</b>	<b>202</b>	<b>291</b>	<b>(89)</b>	<b>3,552</b>
Other Income	0	0	0	22
HAG Recognised in the Year	0	0	0	11,263
<b>TOTAL INCOME</b>	<b>202</b>	<b>291</b>	<b>(88)</b>	<b>14,836</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	33	46	13	546
Employee Costs - Group Services	6	6	(0)	72
Direct Running Costs	33	45	12	367
Running Costs - Group Services	4	4	(0)	46
Revenue Repairs and Maintenance	14	45	30	582
Bad Debts	2	4	2	49
Depreciation	115	142	27	1,702
<b>TOTAL EXPENDITURE</b>	<b>207</b>	<b>291</b>	<b>84</b>	<b>3,364</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>(4)</b>	<b>0</b>	<b>(4)</b>	<b>11,472</b>
<i>Net Operating Margin</i>	-2%	0%	-2%	77%
Interest receivable	0	0	0	2
Interest payable	(81)	(81)	0	(919)
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>(85)</b>	<b>(81)</b>	<b>(4)</b>	<b>10,554</b>

## Key highlights year to date:

- Net operating deficit of £4k is £4k adverse to budget. Statutory deficit for the period to 30 April is £85k, £4k adverse to budget.
- The original budget presumed that the units transferring from Barony HA would do so on 1 April 2020. As this transfer has not yet occurred, a number of the variances in the year to date relate to expected income and costs from the Barony HA units that have not yet transferred.
- Total income of £202k is £89k adverse to budget. Gross rental income is £98k adverse to budget, £95k of this variance relates to the Barony units with the remaining £3k variance due to 8 units at Dixon Terrace not being completed as planned in P12 of 2019/20 as a result of construction sites being closed due to the Coronavirus epidemic. Void losses are £9k favourable to budget.
- Revenue repairs and maintenance expenditure is £30k favourable to budget. The majority of this variance (£20k) relates to the Barony properties but the remaining £10k variance is due to the repairs service is operating a 'life and limb' service which has resulted in lower than expected costs.
- Group services charges for staff and running costs of £10k represent West Lothian's share of Wheatley Solutions' staff and service costs.
- Gross interest payable of £81k represents interest due on the £18.75m of loans due to Wheatley Funding Ltd 1.
- Core investment expenditure of £3k is £50k lower than budget. Of this variance £27k relates to the Barony units and the remaining variance is because a significant number of planned investment works have been postponed as a result of the Coronavirus epidemic.
- New Build expenditure of £5k is reported at the end of period with the variance of £1,369k driven by the Scottish Government instruction to close all construction sites.

	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>-</b>	<b>1,204</b>	<b>(1,204)</b>	<b>8,659</b>
Total Expenditure on Core Programme	3	54	50	645
New Build & Other Investment	5	1,373	1,369	18,138
Other Capital Expenditure	0	0	0	27
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8</b>	<b>1,427</b>	<b>1,419</b>	<b>18,809</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>8</b>	<b>223</b>	<b>215</b>	<b>10,150</b>

## 2) Management Information - Employee & Running Costs

Employee Costs	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Salary/NIC/Pension	37	59	22	734
Staff Costs Capitalised	(4)	(13)	(9)	(188)
Overtime	-	0	0	0
<b>TOTAL</b>	<b>33</b>	<b>46</b>	<b>13</b>	<b>546</b>

### Comments

### Employee Costs

- Employee costs of £33k are £13k favourable to budget. Salary and on-costs are £22k lower than budget driven by lower than budgeted costs as a result of the Barony properties not yet transferring and lower than expected new build staff costs with a claim received from the job retention scheme being made in respect of these employees. Capitalised staff costs are £9k adverse to budget linked to the lower costs of the new build team.

Direct Running Costs	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Consultancy/Legal/Insurance	1	3	2	32
Environmental Recharges	5	5	(0)	27
Initiatives	18	21	3	39
Office & Property	8	15	7	262
Staff Related Costs	0	1	1	8
<b>TOTAL</b>	<b>33</b>	<b>45</b>	<b>12</b>	<b>367</b>

### Running Costs

- Direct running costs of £33K are £12k favourable to budget.
- Central environmental recharges include the use of the Bathgate depot, owned by Dunedin Canmore and vehicle and equipment use, where the costs for these are incurred centrally.

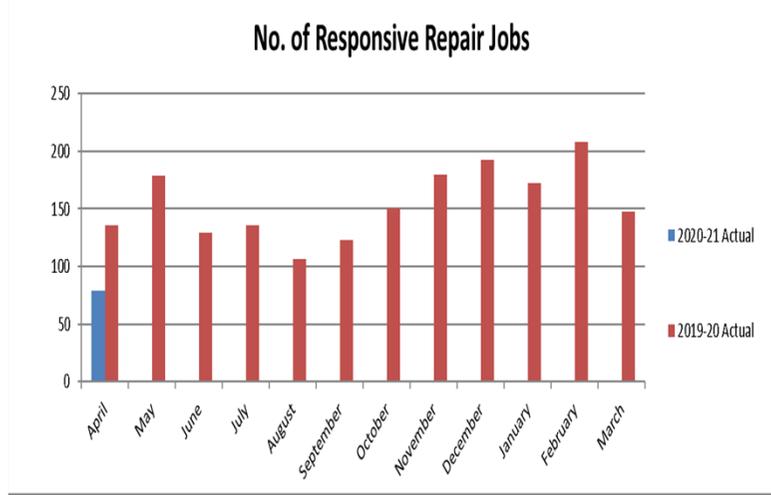
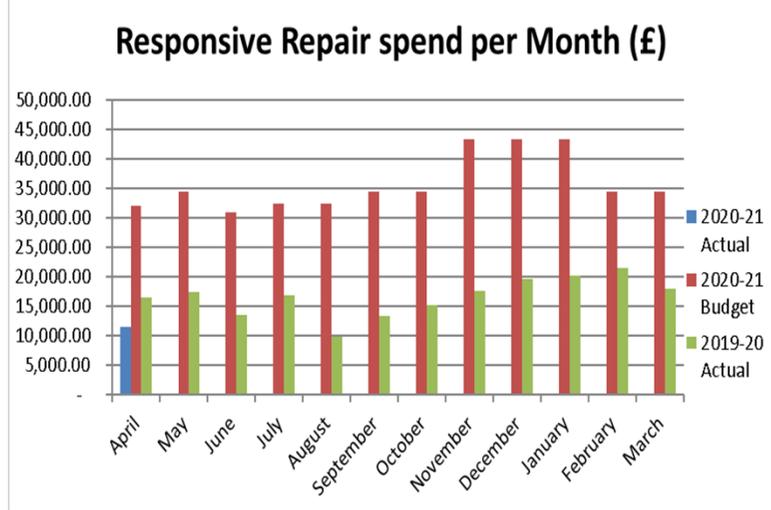
Initiatives	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Helping Hand	-	0	0	2
Tenancy Support Service	1	1	0	8
Think Yes	-	0	0	5
Wheatley Foundation	17	17	0	17
Wider Action	1	3	2	6
<b>TOTAL</b>	<b>18</b>	<b>21</b>	<b>3</b>	<b>39</b>

### Initiatives

- The bottom table provides a breakdown of year to date Initiative expenditure. The annual donation to the Wheatley Foundation has been paid in period 1.

### 3) Management Information - Repairs and Investment

Repairs & Maintenance	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Responsive Repairs	11	32	21	431
Cyclical Maintenance	3	12	9	146
Communal Heating	0	0	0	5
<b>TOTAL</b>	<b>14</b>	<b>45</b>	<b>30</b>	<b>582</b>



#### Comments

#### Repairs

- Repairs and maintenance expenditure of £14k to the end of period 1 is £45k favourable to budget.
- Responsive repairs costs are £21k favourable to budget. Cyclical maintenance costs are £9k favourable to budget. This reflects the fact that the Barony units have not yet transferred and the operation of a “life and limb” repairs service during April.
- The graphs present the 2020/21 spend and volume of responsive repair jobs against budget and prior year trends. The volume of jobs is 42% lower than the same period in 2019/20, which given the current operating model, is in line with expectations.

#### Investment

- Core investment spend of £nil is £44k lower than budget again this reflects that the Barony units have not yet transferred and the postponement of the majority of works in the investment programme.
- Void costs of £1k are £2k favourable to budget.

Investment	Year to 30 April 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Void	1	3	2	37
Core Investment	0	44	44	536
Capitalised Staff	2	6	4	71
<b>TOTAL</b>	<b>3</b>	<b>54</b>	<b>50</b>	<b>645</b>

## 4) Management Information - New Build

	Year to 30 April 2020			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
SR - Almondvale	- 1	1,032	1,033	6,841
SR - Dixon Terrace	- 0	-	0	160
SR - Harthill	-	41	41	3,209
SR - Winchburgh	-	-	0	1,614
SR - Kirk Lane	-	28	28	41
SR - Jarvey Street	4	263	258	2,760
SR- Blackness Road	-	-	0	223
SR - Raw Holdings	-	-	0	1,691
MMR - Almondvale	-	-	0	1,482
Deans South	- 0	-	0	-
Capitalised Employee Costs	2	10	8	117
<b>TOTAL INVESTMENT</b>	<b>5</b>	<b>1,373</b>	<b>1,369</b>	<b>18,138</b>
GRANT INCOME	-	1,204	1,204	8,659
<b>NET CAPITAL EXPENDITURE</b>	<b>5</b>	<b>169</b>	<b>165</b>	<b>9,478</b>

### New Build Expenditure

- £5k of new build expenditure has been incurred in the year to date which is £1,369k lower than budget. This is a result of the Scottish Government instruction to close all construction sites on 23 March.

### Grant Income

- No grant income has been received in the year to date which is £1,204k lower than budget, again this reflects that all sites are currently closed.

## 5) Balance Sheet

	30 April 2020 £'000	31 March 2020 £'000
<b>Fixed Assets</b>		
Social Housing Properties	42,572	42,679
Other Fixed Assets	350	350
	<u>42,922</u>	<u>43,029</u>
<b>Current Assets</b>		
Trade & Other Debtors	174	156
Cash & Cash Equivalents	688	701
	<u>862</u>	<u>857</u>
<b>Creditors: within 1 year</b>		
Trade Creditors	(3)	(11)
Accruals & Deferred Income	(11,160)	(11,209)
Prepayments of Rent and Service Charge	(57)	(61)
Other Creditors	(77)	(77)
Amounts due to Group Undertakings	(765)	(722)
	<u>(12,062)</u>	<u>(12,080)</u>
<b>Net Current Liability</b>	<b>(11,200)</b>	<b>(11,223)</b>
<b>Long Term Creditors</b>		
Amounts due to Group Undertakings	(18,725)	(18,724)
Other provisions	(60)	(60)
Pension Liability	(102)	(102)
	<u></u>	<u></u>
<b>Net Assets</b>	<b><u>12,835</u></b>	<b><u>12,920</u></b>
<b>Capital and Reserves</b>		
Share Capital	-	-
Revenue Reserve	12,835	12,920
	<u></u>	<u></u>
<b>Partnership's funds</b>	<b><u>12,835</u></b>	<b><u>12,920</u></b>

### Comments:

- The balance sheet as at 31 March 2020 is subject to final audit and the inclusion of year end statutory accounting adjustments including the annual housing property valuations and the updated pension valuation.
- The value of our **fixed assets** has decreased to £42,922k reflecting capital spend of £8k in the year to date less depreciation of £115k.
- **Trade & other debtors** of £174k include an intercompany balance of £54k and net rent arrears (after the provision for bad and doubtful debts) of £50k.
- **Cash at Bank** – At 30 April WLHP had £688k in the bank and has access to draw down further funding from WFL1 as and when required.
- **Short-Term Creditors** – Amounts due within one year of £12,062k include £765k due to other Wheatley entities and £11,160k in accruals and deferred income, primarily HAG received for the construction of new build properties. The remaining balance includes rent received in advance from our tenants, trade and other creditors.
- **Long-Term Creditors** - This includes £18.75m of loans due to WFL1 less fees paid. This borrowing has primarily been used to fund the new build investment programme.
- **Pension Liability** – The next update to the £102k liability will be made for the preparation of the 2019/20 statutory accounts.

## 6) Operating Statement – budget 2020/21

	2019/20	2020/21	2020/21	2020/21
	Full year £ks	Financial Projection £ks	Budget £ks	Budget Variance to FP £ks
<b>INCOME</b>				
Rental Income	2,158	3,664	3,664	-
Void Losses	0	(112)	(112)	-
<b>Net Rental Income</b>	<b>2,158</b>	<b>3,552</b>	<b>3,552</b>	-
Other Income	2	22	22	-
Grant Income	5,879	11,263	11,263	-
<b>TOTAL INCOME</b>	<b>8,039</b>	<b>14,836</b>	<b>14,836</b>	-
<b>EXPENDITURE</b>				
Employee Costs - Direct ER/VR	324	546	546	-
Employee Costs - Group Services	35	72	72	-
Direct Running Costs	191	367	367	-
Running Costs - Group Services	20	46	46	-
Revenue Repairs and Maintenance	266	582	582	-
Bad Debts	0	49	49	-
Depreciation	1,140	1,702	1,702	-
<b>TOTAL EXPENDITURE</b>	<b>1,976</b>	<b>3,364</b>	<b>3,364</b>	-
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>6,061</b>	<b>11,472</b>	<b>11,472</b>	-
<i>Operating Margin</i>	75%	77%	77%	-
Interest Receivable	-	2	2	-
Interest Payable	(599)	(919)	(919)	-
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>5,464</b>	<b>10,554</b>	<b>10,554</b>	-
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>7,992</b>	<b>8,659</b>	<b>8,659</b>	-
Total Expenditure on Core Programme	279	645	645	-
New Build Expenditure	11,876	18,138	18,138	-
Other Capital Expenditure	112	27	27	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,267</b>	<b>18,809</b>	<b>18,809</b>	-
<b>NET CAPITAL EXPENDITURE</b>	<b>4,275</b>	<b>10,150</b>	<b>10,150</b>	-

### Key highlights:

- Net operating surplus per the 2020/21 budget of £11,472k and statutory surplus of £10,554k are in line with financial projections.
- Net rental and service charge income of £3,552k is in line with financial projections. It is £1,455k higher than the 2019/20 forecast, largely due to the addition of 222 properties transferred from Barony HA and the full-year impact of the additional new build properties completed during 2019/20 at Dixon Terrace and Kirk Lane. Void assumptions reflect the addition of the Barony HA units.
- Other income of £22k reflects lease income from Lowther for 26 mid-market units at Almondvale, The budget also includes income of £12k for medical adaptation grant.
- Direct employee costs of £546k reflects the addition of 2 staff from Barony HA plus the full cost of the head of housing which is currently shared with Barony HA. It also includes WLHP's share of the neighbourhood environmental team, and the Wheatley 360 team.
- Recharges to Wheatley Group services, include employee and running costs of £72k and £46k respectively, are in line with financial projections.
- Direct running costs are budgeted at £367k, reflect the addition of the Barony HA stock. The budget includes £35k of initiative spend, including a donation to the Wheatley Foundation. The majority of the budget covers office and housing running costs, including insurance, property rental costs, and day to day office expenditure.
- Budgeted revenue repairs and maintenance expenditure of £582k is in line with financial projections. Expenditure in 2020/21 is £316k higher than 2019/20 outturn, and reflects the additional units transferred from Barony HA, and additional budget provision linked to additional new build properties.
- Bad debt expenditure per the budget of £49k is in line with financial projections and has been set prudently, allowing provision for an increase in arrears and the potential impact of welfare reform.
- Depreciation of £1,702k is in line with financial projections and includes depreciation on housing properties and other fixed assets.
- Interest payable of £919k is in line with financial projections and reflects interest due to WFL1. The increase on the 2019/20 forecast is due to additional drawdowns to fund the new build programme.
- Net capital expenditure is budgeted at £10,150k for 2020/21. This includes new build, investment in existing properties, and other fixed asset additions.

## 7) 2019/20 – Full year to 31 March 2020

	Year to 31 March 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
<b>INCOME</b>				
Rental Income	2,158	2,016	142	2,016
Void Losses	0	(31)	31	(31)
<b>Net Rental Income</b>	<b>2,158</b>	<b>1,985</b>	<b>173</b>	<b>1,985</b>
Other Income	2	191	(189)	191
HAG Recognised in the Year	5,879	7,246	(1,367)	7,246
<b>TOTAL INCOME</b>	<b>8,038</b>	<b>9,422</b>	<b>(1,384)</b>	<b>9,422</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	324	333	9	333
Employee Costs - Group Services	35	35	0	35
Direct Running Costs	191	196	5	196
Running Costs - Group Services	20	20	0	20
Revenue Repairs and Maintenance	266	321	55	321
Bad Debts	0	35	35	35
Depreciation	1,140	1,140	0	1,140
<b>TOTAL EXPENDITURE</b>	<b>1,977</b>	<b>2,080</b>	<b>103</b>	<b>2,080</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>6,061</b>	<b>7,342</b>	<b>(1,281)</b>	<b>7,342</b>
<i>Net Operating Margin</i>	75%	78%	-3%	78%
Interest receivable	1	0	1	0
Interest payable	(599)	(777)	178	(777)
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>5,464</b>	<b>6,565</b>	<b>(1,101)</b>	<b>6,565</b>

	Year to 31 March 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>7,992</b>	<b>5,895</b>	<b>2,097</b>	<b>5,883</b>
Total Expenditure on Core Programme	279	280	1	280
New Build & Other Investment	11,876	12,405	529	12,405
Other Capital Expenditure	112	22	(90)	22
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,267</b>	<b>12,707</b>	<b>440</b>	<b>12,707</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>4,275</b>	<b>6,812</b>	<b>2,537</b>	<b>6,824</b>

### Key highlights year to date:

- Statutory surplus of £5,464k is £1,101k lower than budget. The variance is largely due to lower than expected HAG income recognised in the year. The majority of this variance relates to £1,302k budgeted for the units at Jarvey Street which were budgeted to complete in May but are now expected to be completed in 2020/21.
- Total income of £8,038k is £1,384k lower than budgeted. Letting performance remains strong with gross rental income £142k favourable to budget due to the early completion of units at Dixon Terrace where units were completed earlier in the year when all units were budgeted to complete in period 12. Void losses are £31k favourable to budget. Other income is £189k adverse to budget due to the MMR units at Jarvey Street not being completed in 2019/20 and the lower associated lease income charged to Lowther Homes.
- Revenue repairs and maintenance expenditure is £55k favourable to budget with responsive repairs spend £50k favourable to budget.
- The bad debts are £35k favourable to budget. The budget was set prudently following the roll out of universal credit.
- Group services charges for staff and running costs of £55k represent West Lothian's share of Wheatley Solutions' staff and service costs.
- Gross interest payable of £599k represents interest due on the £18.75m of loans due to Wheatley Funding Ltd 1.
- Core investment expenditure of £279k relates to the bathroom, boiler and smoke alarm replacement programmes. Small levels of medical adaptation, capitalised void costs and capitalised repairs spend has also been incurred.
- New Build expenditure of £11,876k is reported at the end of period 12 with the variance of £529k largely driven by progress at the Almondvale development offset by higher than budgeted expenditure at Kirk Lane, which was not originally included in the WLHP programme, and Jarvey Street. Almondvale is now on site and progressing satisfactorily, spend in the year to 31 March is £1,432k lower than budget following a change in the order of works by the contractor at this site.

## Report

**To:** West Lothian Housing Partnership Board

**By:** Samantha Bett, Director of Treasury

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** CCFF scheme

**Date of Meeting:** 27 May 2020

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### 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%.

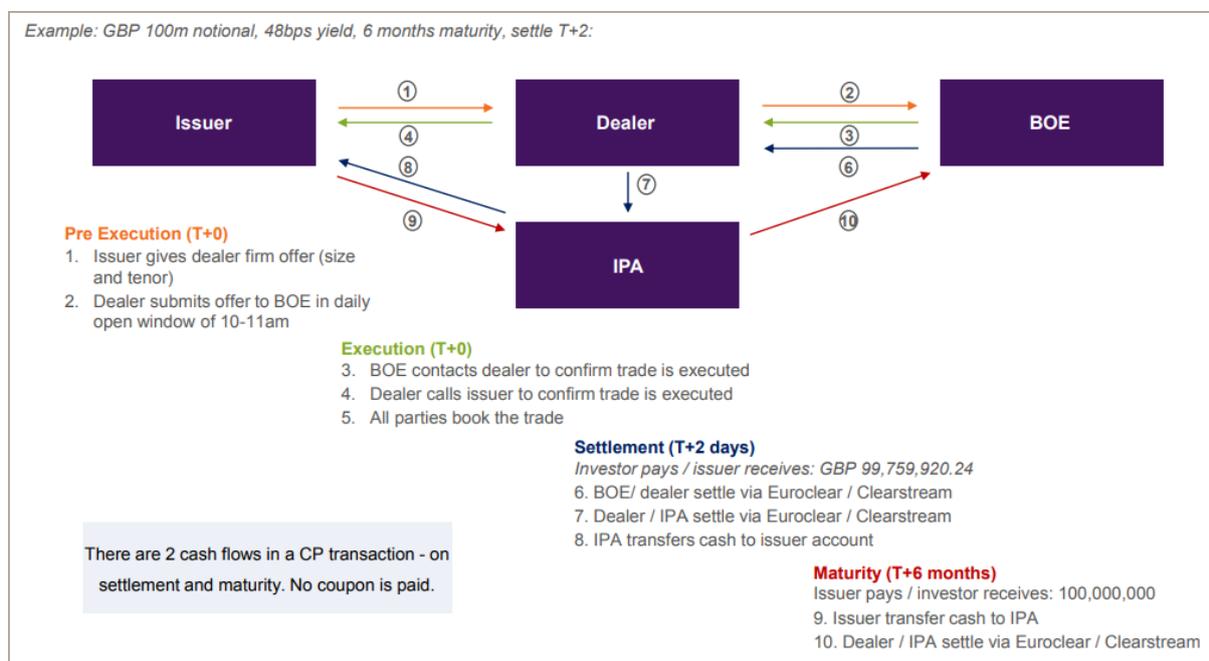
The pricing and availability of our various Revolving Credit Facilities (RCFs) for WFL1 are set out below:

[redacted]

The weighted average across WFL1 RCFs is [redacted]% for the non-utilisation fee and [redacted]% 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 depository 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:** West Lothian Housing Partnership Board

**By:** Anthony Allison, Director of Governance

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** Governance update

**Date of Meeting:** 27 May 2020

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### 1. Purpose

1.1 To update and, where applicable, seek Board approval in relation to the following governance matters:

- 1) changes to our Articles;
- 2) use of the Chair Urgent Actions provision;
- 3) updates to the Group Standing Orders;
- 4) Proposed application for a consumer credit licence; and
- 5) Additional July meeting

### 2. Authorising context

2.1 The Board is responsible for recommending any changes to our constitution (“the Articles”), to the members for approval. A Special General Meeting of the members is required to pass a resolution to adopt changes to our Articles.

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 Articles 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 Articles 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 Articles 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 seven 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 Articles 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

### Proposed application for consumer credit licence

- 5.13 Our strategy 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.
- 5.14 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.
- 5.15 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.
- 5.16 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.

### Additional meeting

- 5.17 It is proposed that we will have an additional meeting cycle in July to keep the Board up to date on essential activities. The proposed date is Wednesday 8<sup>th</sup> July at 14.00. In addition to this the Group Chair has written to the streamlined Board regarding an informal session to hear its feedback and inform a review of the interim governance arrangements. The proposed date for this is Wednesday 10<sup>th</sup> June at 11.00am.

## **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 Article 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 Article 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 Articles 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 amendments to the Group Standing Orders;
- 4) Approve our application for a consumer credit licence; and
- 5) Agree the additional meeting on Wednesday 8<sup>th</sup> July at 14.00

Appendix 1 – Track changed Articles

Company Number: SC188968

## **The Companies Act 2006**

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## **Company Limited by Guarantee and not having a Share Capital**

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### **Articles of Association**

**of**

### **West Lothian Housing Partnership Limited (the "Company")**

#### **INTRODUCTION**

##### **Constitution of the Company**

- 1 The model Articles as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of the Company.

##### **Objects**

- 2 The objects of the Company 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 Company's permitted activities and powers will include anything which is necessary or expedient to help the Company achieve the objects set out in article 2.

- 4.1 The income and property of the Company shall be applied solely towards the promotion of its objects as set out in article 2 and except as further provided for in this article 4, no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to Members.
- 4.2 Nothing in this article 4 shall prevent the Company from managing a property in accordance with its objects, notwithstanding the fact that the tenant, lessee, owner occupier or licensee of such property may be a Member or Board Member, subject to the proviso that any Board Member who is a tenant, lessee, owner occupier or licensee of any such property shall not be entitled to speak in any debate or cast his/her vote in respect of any matter relating solely to the property of which he/she is lessee, owner occupier, tenant or licensee and shall absent himself/herself from such proceedings, but such Board Member shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties owned or managed by the Company.

## **Powers**

- 5.1 Without prejudice to the generality of the provisions of article 2, and without restricting any powers the Company has, the Company shall have power to provide land, amenities and services, or provide, construct, repair or improve buildings, for the benefit of the Company's residents and others, with the purpose of promoting economic, social and environmental regeneration in the areas of deprivation in which the Company operates.
- 5.2 Subject to any statutory requirements applicable to the Company and without limiting its general powers, the Company shall have power to:
- 5.2.1 dispose, in such manner as the Board sees fit, of land and of other assets or interests of the Company, present or future, including by way of heritable security, floating charge, security assignment, mortgage or charge;
  - 5.2.2 subject to article 6.1, borrow money or issue loan stock for the purposes of the Company on such terms as the Company thinks fit;
  - 5.2.3 insure the property of the Company against any foreseeable risk and take out other insurance policies to protect the Company as the Board considers prudent;
  - 5.2.4 insure the Board Members against the costs of a successful defence to a criminal prosecution brought against them as Board Members or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty;
  - 5.2.5 form or participate in forming, purchase or otherwise acquire, or to encourage or promote in any way, support or aid the establishment and development of any Subsidiary or any joint venture established by the Company, or by a Subsidiary, with another entity or entities;
  - 5.2.6 subscribe to, purchase, or acquire in any other way, any incorporeal property (including but without prejudice to the generality of the foregoing any stock,

share, security, debenture or debenture stock in each case whether preferred, deferred or secured or unsecured) of any Subsidiary; and

5.2.7 acquire land or any interest in land.

## **Borrowing powers**

- 6.1 The Company can borrow money for as long as the Company's total borrowing at any time is not more than £100,000,000 or such larger sum as the Company, with the prior written consent of ~~The Scottish Housing Regulator and~~ the Parent, determines from time to time in general meeting. The Company can enter into any Guarantee in respect of or to secure by heritable security, mortgage, charge, floating charge, lien or other security which the Company is permitted by law to grant, upon the whole or any part of the Company's property or assets, the obligations and liabilities of any Subsidiary; or of any joint venture established by the Company (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 Company (including the foregoing limits) contained in these Articles or otherwise.
- 6.2 In respect of any proposed borrowing for the purposes of article 6.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Company 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.
- 6.3 For the purposes of article 6.1 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 Company at the time of the proposed borrowing.
- 6.4 The Company 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.
- 6.5 The Company will not accept money on deposit from any party.
- 6.6 Subject to the provisions of article 6.9, the Company 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 Company 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 Company 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.
- 6.7 The Company may borrow money from such lawful sources as is permitted by its treasury management policy subject always to the requirement that the Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

6.8 Subject to the foregoing provisions of this article 6, the Board can, with the prior written approval of the Parent, determine and change conditions under which the Company can borrow or lend money.

6.9 With the exception of the Parent, the Company shall not lend money to Members.

## MEMBERSHIP

7 The Members of the Company shall be: (a) those persons ~~or organisations~~ whose names are entered in the Register of Members; and (b) the Parent.

### Applying for membership

8.1 The Board shall set, review and publish its membership policy for admitting new Members. ~~Other than the Parent and s~~Subject to the provisions of article ~~87.2~~, the following shall be eligible to become Members:

8.1.1 tenants of the Company;

8.1.2 ~~service users of the Company;~~any person who is a Board Member and who is not a tenant or Parent Appointee; and

8.1.3 ~~other persons who support the objects of the Company; and~~the Parent.

~~8.1.4 — organisations sympathetic to the objects of the Company.~~

8.2 A person applying for membership must send a completed and signed application form and the sum of one pound (which will be returned if the application is not approved) to the Company's registered office. Whilst it is the Company'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:

8.2.1 where membership would be contrary to the Company's Articles or policies;

8.2.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest, may adversely affect the work of the Company; and/or

8.2.3 where the Board considers that accepting the application would not be in the best interests of the Company.

8.3 An application for membership shall be considered by the Board as soon as reasonably practicable after its receipt by the Company. 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.

8.4 If the Board approves an application for membership, that person will immediately become a Member and his/her name and other necessary particulars will be included in the Register of Members within seven working days.

~~8.5~~ Subject to article 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 Articles and his/her name and other necessary particulars will be included in the Register of members within seven working days.

~~8.65~~ The Parent shall apply for membership in terms of these Articles and shall make payment of the sum of one pound to the Company's registered office. The Parent shall then ~~become~~be a Member of the Company and its name and other necessary particulars will be included in the Register of Members within seven working days.

~~8.76~~ The Parent and the Company, 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 Company 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.

~~8.87~~ Notwithstanding the other provisions of this article 8, the Parent may in its absolute discretion admit or remove any person as a Member.

~~98.8~~ A person can apply for membership of the Company from the age of 16.

~~9~~ A member representing an unincorporated body shall for all purposes be treated as an individual member but shall have entered against his/her name in the Register of Members the name of the unincorporated body which he/she represents.

10 If a Member changes his/her address, he/she must let the Company know by writing to the Secretary at the Company's registered office or by Electronic Communication within three months. This requirement does not apply to (a) the Parent; or (b) if you are a tenant of the Company and have moved home by transferring your tenancy to another property owned and managed by the Company.

## ENDING MEMBERSHIP

11.1 Membership of the Company will end and the Board will record the ending of a person's membership in the Register of Members if:

11.1.1 that person resigns his/her membership by giving seven days' notice in writing to the Secretary at the Company's registered office;

11.1.2 except in the case of the Parent, the Board reasonably believes that a Member has failed to tell the Company of a change of address as required by article 10;

11.1.3 except in the case of a Tenant Board Member and the Parent, the Board is satisfied that a Member is no longer a serving Board Member following:

11.1.3.1 retirement pursuant to article 39.2;

11.1.3.2 removal or disqualification pursuant to article 44; or

11.1.3.3 resignation of the Chairperson pursuant to article 59;

11.1.43 for five annual general meetings in a row that person has not attended; ~~submitted apologies, exercised a postal vote~~ or appointed a representative to attend and vote on his/her behalf by proxy;

11.1.54 except in the case of the Parent, the Company receives a complaint about a Member's behaviour and two-thirds of the Members voting at a special general meeting agree to end that person's membership. The following conditions apply to this procedure:

11.54.1.1 the complaint must be in writing and must relate to behaviour which could harm the interests of the Company;

11.54.1.2 the Secretary must notify the Member of the complaint in writing not less than one calendar month before the meeting takes place;

11.54.1.3 the notice for the special general meeting will give details of the business for which the meeting is being called;

11.54.1.4 the Member complained of will be called to answer the complaint at the meeting. The Members present will consider the evidence supporting the complaint and any evidence the Member complained of decides to introduce;

11.54.1.5 the Members can vote in person or through a representative by proxy; and

11.54.1.6 if the Member complained of receives proper notice but does not go to the meeting without providing a good reason, the meeting will go ahead without that Member and the Members will be entitled to vote to end the membership of the Member complained of.

11.2 If a person's membership is ended in accordance with article 11.1.54, that person will immediately cease to be a Member from the date that the resolution to end that person's membership was passed and any further application for membership by that person 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 Company. 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 Company 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 article 12.2 and withdrawing the authority of the original representative.
- 12.4 ~~If a person is a~~ representative of the Parent in terms of article 12.2,~~of an organisation which is a Member, that person~~ cannot be a Member as an individual. If that person is already a Member as an individual when he/she starts to represent ~~an organisation which is a Member~~the Parent, the Company will suspend his/her membership as an individual, until such time as he/she is no longer a representative of ~~an organisation which is a Member~~the Parent.

## LIABILITY OF MEMBERS

- 13 The liability of the Members is limited.
- ~~14.1~~ The liability of each Member is limited to one pound, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he/she is a Member or within one year after he/she ceases to be a Member, for:
- 14.1 payment of the Company's debts and liabilities contracted before he/she ceases to be a Member;
- 14.2 payment of the costs, charges and expenses of winding up; and
- 14.3 adjustment of the rights of the contributories among themselves.

## Transferring membership

- 15 A Member shall not be entitled to any property of the Company in their capacity as Member and their membership is not transferable ~~save in the circumstances set out in articles 16 to 19 (inclusive)~~.
- ~~16~~ ~~A Member can transfer their membership if the Board agrees, other than in respect of the Parent's membership which may not be transferred but may be cancelled on the written request of the Parent.~~
- ~~16~~7 If a Member dies or ends their membership or has their membership ended,~~or a person is a representative of an organisation which no longer exists~~, the Board will cancel their membership ~~(except in those circumstances outlined in articles 18 and 19)~~.
- ~~18~~ ~~A Member can nominate the person to whom the Company must transfer their membership in the Company when they die, as long as the person that is nominated is eligible for membership under these Articles and in terms of the Company's membership policies. On being notified of a Member's death, the Board shall transfer that Member's membership to the person they have identified.~~
- ~~19~~ ~~If a Member dies or becomes bankrupt and their personal representative or trustee in bankruptcy seeks to claim their membership, the Board (to the extent that the Members'~~

~~personal representative or trustee in bankruptcy has right) will transfer the membership in terms of the Member's representative's or trustee's instructions.~~

## GENERAL MEETINGS

### Annual General Meeting

~~1720~~ The Company will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Company. The functions of the annual general meeting are to:

~~1720.1~~ present the Chairperson's report on the Company's activities for the previous year;

~~1720.2~~ present the accounts, balance sheet and auditor's report; and

~~20.3~~ ~~elect Board Members; and~~

~~17.320.4~~ consider any other general business included in the notice calling the meeting.

### Special General Meeting

~~1821.1~~ All general meetings other than annual general meetings shall be called special general meetings.

~~19.121.2~~ The Board may call special general meetings and, on the requisition of the Parent or Members pursuant to section 303 of the Act, the Secretary shall, within 10 days of having received the requisition, give all Members notice calling the meeting. The meeting must take place within 28 days after receipt by the Secretary of the requisition. 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 at his/her own discretion decide the time, date and place for the meeting.

~~19.221.3~~ Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.

~~2021.4~~ If the Secretary fails to call the meeting within 10 days of having received the requisition, the Board or the Members who have signed the requisition may themselves give notice and convene the meeting pursuant to the terms of section 304 of the Act.

~~2121.5~~ 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 but a general meeting may be called by shorter notice if it is so agreed:

- 22.1.1 in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and
  - 22.1.2 in the case of any other general meeting, by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at the general meeting of all Members.
- 22.2 The notice shall specify:
- 22.2.1 the time, date and place of the meeting;
  - 22.2.2 whether the meeting is an annual or special general meeting;
  - 22.2.2 the business for which the meeting is being called; and
  - 22.2.3 if a special resolution, or a resolution requiring special notice under the Act, is to be proposed, the notice shall also specify the intention to propose such a resolution and include the exact text of the resolution.
- 22.3 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.
- 23 The proceedings of a meeting shall not be invalidated by the accidental failure of the Company to send a notice calling the meeting to any Member, other than the Parent. Subject to the provisions of the Act, failure of the Company 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 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the Parent and at least seven Members. ~~If there are more than 70 Members, the quorum for a general meeting shall be at least one-tenth of the Members, including the Parent.~~
- 24.2 If the Parent is not present in person or by representative and/or a quorum is not present within half an hour of the time to meeting was scheduled to start, the meeting shall stand adjourned 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 adjourned 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 the adjourned meeting a quorum is not present at the scheduled starting time then notwithstanding article 24.1, the Members present shall constitute a quorum.

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 Company 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 the chairperson at all meetings of the Company. If there is no Chairperson or he/she is not present or willing to act, ~~the Members present must elect~~ a Board Member ~~to 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 a Member's behalf by proxy, the Member must let the Company have a properly completed document in the form shown in Appendix 1, which may be submitted by Electronic Communication. The Member's proxy does not need to be a Member.

27.2 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board Members may:

27.2.1 be deposited at the Company's registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the document proposes to vote;

27.2.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll;

27.2.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairperson or to the Secretary or to any Board Member; and

27.2.4 an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

27.3 If there is any doubt about whether a Member's proxy has authority to vote, the Chairperson will decide and his/her decision will be final.

- 27.4 The maximum number of proxy votes that may be cast by any one person is 10.
- 27.5 To reverse a Member's appointment of a proxy, the Member must let the Company 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 Company before the meeting, at which the Member who no longer wants to be represented by proxy, convenes.
- 27.6 A vote given or poll demanded by proxy shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the Company's registered office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 27.7 The Chairperson will report to the meeting the details of any documents seeking to appoint a proxy received but which are not valid. ~~If a person represents an organisation, their authorisation or appointment as a representative requires to be in accordance with the terms of article 12.2.~~
- ~~27.8 If there is to be an election of Board Members at an annual general meeting, Members can vote by post. Not less than 14 days before a meeting is held at which one or more Board Members will be elected, Members will receive a ballot paper for the election. Members 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 a 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 Articles 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 article 29.23). Where a vote is by a poll, every Member, including the Parent, present in person or who has appointed a proxy 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 At any meeting called for the passing of a special resolution by the Secretary in accordance with these Articles for the purpose of considering and, if appropriate, approving:
- 29.23.1 any amendments, additions or deletions to any of these Articles;

29.23.2 the winding up or dissolution of the Company; and/or

29.23.3 any change of name of the Company,

the Parent shall be allocated and shall be entitled to cast three quarters of the votes available to be cast on relevant special resolution at the meeting and the other Members of the Company (collectively the "Other Members") shall among them be entitled to cast one quarter of the votes available to be cast on the relevant special resolution at the meeting. Votes exercisable by the Other Members in terms of this article 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 special resolution(s) separately and shall count the number of votes in favour and against the special resolution(s) and shall notify the meeting of the totals and accordingly the manner in which the one quarter of votes available to be cast on the relevant special resolution at the 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 article 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. Unless a poll is duly demanded, a declaration by the Chairperson that a resolution: has been carried; or carried unanimously or by a particular majority; or lost; or not carried by a particular majority, together with an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

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 in accordance with articles 27.1 and 27.2) 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 A Member 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. That Member 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 Articles, the Chairperson will give his/her ruling. ~~If the Chairperson's ruling is challenged by more than one Member, the Chairperson will step down and those Members 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 Company shall have a Board of 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, one Board Member shall be the Parent Appointee (as defined in article 37.76).
- ~~37.2~~ The Company 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 the Board Members will also be published by the Company on its website, and in its annual reports and other similar documentation.

- 37.32 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 article 37.76), ~~each and any of whom must be aged 18 or over but need not be a Member.~~
- 37.43 With the exception of the Parent Appointee (as defined in article 37.76), an employee of the Company, ~~or a Close Relative of an employee,~~ may not be a Board Member.
- 37.54 No Board Member may act as such until they have signed and delivered to the Board a statement, confirming that they will meet their obligations to the Board and the Company as set out in the Company's code of conduct for Board Members and their appointment has been ratified by the Parent. Any Board Member who has, without good cause, failed to sign such a statement within four weeks of appointment / election to the Board shall immediately cease to be a Board Member.
- ~~37.5 Notwithstanding article 37.1, if at any time there are fewer candidates standing for election pursuant to article 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.~~
- 37.6 The Parent may from time to time and at any time by written notice to the registered office of the Company appoint up to one person as a Board Member (the "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 Company's registered office or such later date as may be specified in the notice.
- 37.7 Notwithstanding any other provision of these Articles:
- 37.7.1 the Parent is the parent body of the Company 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;
- 37.7.2 any appointments and removals from office in terms of article 37.7.1 may be made from time to time and at any time in writing signed on behalf of the Parent and served on the Company and, in each case, shall take effect upon the date of lodgement of written notice at the Company's registered office or such later date as may be specified in the notice; and
- 37.7.3 all candidates for ~~election, re-election,~~ appointment, or re-appointment as Board Members in terms of these Articles 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.

- 37.8 Each of the Board Members shall, in exercising his/her role as a Board Member, act in the best interests of the Company, its tenants and service users and will not place any personal or other interests ahead of his/her primary duty to the Company; and, in particular, must:
- 37.8.1 seek, in good faith, to ensure that the Company acts in a manner which is in accordance with its objects;
  - 37.8.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
  - 37.8.3 in circumstances giving rise to the possibility of a conflict of interest between the Company and any other party:
    - 37.8.3.1 put the interests of the Company before that of the other party, in taking decisions as a Board Member; and
    - 37.8.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the Company and refrain from participating in any discussions or decisions involving the other Board Members with regard to the matter in question; and
  - 37.8.4 ensure that the Company 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 Company's Code of Conduct for Board Members take leave of absence and not attend any meeting in his/her capacity as a 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 Company.

## 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 Company 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 Company 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 Company'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 article 38.2, provided that there are at least three remaining Board Members who are entitled to remain in terms of this

article 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 Company's policy referred to in article 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 Articles 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 article 39.5.
- 39.2 ~~At every annual general meeting e~~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 article 39.2 shall be eligible for re-~~election~~ appointment subject to the following:
- 39.2.1 where any Board Member retiring under this article 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 article 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 article 39.5.
- 39.3 Board Members must also retire if they have been co-opted onto the Board under article 42.1 ~~or have filled casual vacancies under article 41.~~
- 39.4 If a Board Member leaves the Board for any reason other than by virtue of article 39.2, that Board Member will not be eligible ~~to stand~~ for re-~~election~~ appointment or to be co-opted onto 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 article 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 Articles and ~~stands for re-election~~ is re-appointed, subject to article 39.4, any time previously served on the Board shall count towards their period of service for the purposes of article 39.5.

39.7 The other terms of this article 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 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 Company's Articles 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 Company; 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 Company.

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.

~~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 article 27.8 will elect Members onto the Board, in accordance with article 29.2. Each Member present or who has appointed a proxy 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 Company 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 Company 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 Company 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 article 37.3 and 43, and that they are willing to be elected. Nomination forms can be obtained from the Company and must be completed fully and returned by hand or by post to the Company'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.~~

## 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 these Articles, the membership of the Company or the election of the Company'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 a quorum is present to allow the meeting to take place as required by article 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 Company;

- 43.1.4 he/she is or will be unable to attend 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 resigned from the Board in the previous five years in circumstances where his/her 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 article 44.5;
  - 43.1.7 he/she has been removed from the Board in terms of articles 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 article 40.2;
  - 43.1.12~~4~~ he/she has been removed from the governing body of any other member of the Group; or
  - 43.1.13~~2~~ he/she has left the Board and a period of five years has not expired since his/her departure for the purposes, unless otherwise agreed by the Parent in accordance with the terms of article 39.4.
- 43.2 A person cannot be re-~~elected~~ appointed as a Board Member if the Board is not satisfied 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 shall 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 article 42.1 or an appointee of The Scottish Housing Regulator;
- 44.3 he/she missed four Board Meetings in a row without special leave of absence previously 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 the Members voting at a general meeting decide this. ~~The Members will then appoint another to take his/her place. If a replacement is not appointed at the general meeting, the Board may appoint a Board Member in terms of article 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 Company;
- 44.5.2 failure to sign or failure to comply with the Company's code of conduct for Board Members; or
- 44.5.3 a breach of the Company's Articles, standing orders or other policy requirements;
- 44.6 he/she becomes ineligible as a Board Member in terms of article 43;
- 44.7 he/she is a co-optee and whose period of office is ended in accordance with articles 39.3 or 42.1;
- 44.8 he/she is a Board Member retiring in accordance with article 39.2;
- 44.9 he/she is the Parent Appointee and the Parent subsequently removes him/her from the Board; or
- 44.10 he/she has failed to sign and deliver to the Board a statement confirming that the Board Member will meet his/her obligations to the Board and to the Company as set out in the Company's code of conduct for Board Members.

## POWERS OF THE BOARD

- 45 Subject to the provisions of the Act and these Articles, the Board is responsible for directing the affairs of the Company and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Company. The Board is not permitted to exercise any powers which are reserved to the Company in general meetings either by these Articles or by statute. The Board is responsible for the leadership, strategic direction and control of the Company with the aim of achieving good outcomes for its tenants and other service users in accordance with the Regulatory Standards and Regulatory Guidance issued by The Scottish Housing Regulator from time to time. The Board is responsible for ensuring that the Company 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 Subject to the provisions of the Act, the Board acts in the name of the Company 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.
- 47.1 Without prejudice to its general powers conferred by these Articles, the Board may exercise the following powers:
- 47.1.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses;
  - 47.1.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Company and act as employer for anyone employed by the Company;
  - 47.1.3 grant heritable securities over land owned by the Company and floating charges over all or any part of property and assets both present and in future owned by the Company. This includes accepting responsibility for any related expenses;
  - 47.1.4 decide, monitor and vary the terms and conditions under which property owned by the Company is to be let, managed, used or disposed of;
  - 47.1.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Company's business;
  - 47.1.6 refund any necessary expenses as are wholly necessary incurred by Board Members and sub-committee members in connection with their duties;
  - 47.1.7 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 Company; and
  - 47.1.8 accept donations in support of the activities of the Company.
- 47.2 No alteration of these Articles shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this article 47 shall not be limited by any special power given to the Board by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

## **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 per calendar year. The quorum for the transaction of the business of the Board at the time when the meeting proceeds to business shall be four, 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 to~~ Electronic Communication 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 a specific proposed Board Meeting, that a shorter period is required. The accidental failure to give notice to a Board Member (other than the Parent Appointee) or the failure of the Board Member to receive such notice shall not invalidate the proceedings of the relevant meeting.
- 51 Board Meetings 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 Articles, 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 Articles, 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 special meeting, this will not prevent the meeting going ahead.

## Sub-committees

- 58.1 The Board may 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 a 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 articles 42.1 and 42.3 which provisions do 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 Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary and any other Office Bearers shall be appointed by the Board for such term and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board. The Office Bearers, except for the Secretary, must be ~~elected~~ Board Members ~~and~~ but cannot be co-optees. An employee of the Company, the Parent or any other member of the Group may hold the office of Secretary although shall not be a Board Member. If the Secretary cannot carry out his/her duties, the Board, or in any 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 Articles is subject to the prior written approval of the Parent.

- 59.2 The Secretary and the 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 article 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 Company and all the Board Meetings;
  - 59.3.2 keeping the minutes for all meetings of the Company 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 Registrar of Companies and The- Scottish Housing Regulator;
  - 59.3.5 ensuring compliance with these Articles;
  - 59.3.6 keeping the Register of Members and other registers required under these Articles and the Act; and
  - 59.3.7 supervision of the Company's seal.
- 59.4 The Secretary must produce or give up all the Company's books, registers, documents and property whenever requested by a resolution of the Board, or of a general meeting.
- 59.5 The Chairperson will be appointed in accordance with article 59.76 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 the appointment (the "office term"), subject always to the provisions of article 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, these Articles and the standing orders of the Company. 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:

- 59.65.1 the Board works effectively with the senior staff;
- 59.65.2 an overview of business of the Company is maintained;
- 59.65.3 the Agenda for each meeting is set;
- 59.65.4 meetings are conducted effectively;

- 59.~~65~~.5 minutes are approved and decisions and actions arising from meetings are implemented;
  - 59.~~65~~.6 the standing orders, code of conduct for Board Members and other relevant policies and procedures affecting the governance of the Company are complied with;
  - 59.~~65~~.7 where necessary, decisions are made under delegated authority for the effective operation of the Company between meetings;
  - 59.~~65~~.8 the Board monitors the use of delegated powers;
  - 59.~~65~~.9 the Board receives professional advice when it is needed;
  - 59.~~65~~.10 the Company is represented at external events appropriately;
  - 59.~~65~~.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 Company; and
  - 59.~~65~~.12 the training requirements of Board Members, and the recruitment and induction of new Board Members is undertaken.
- 59.~~76~~ 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 Board Meeting agree to this.
- 59.~~87~~ 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.~~98~~ 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.~~109~~ 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 article 43. The Board will then elect another Board Member as Chairperson.
- 59.~~110~~ 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 article 39.
- 59.~~121~~ 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 article 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.

## **NOTICES**

- 60.1 Any notice which requires to be given to a Member under these Articles shall be given either in writing or by way of an Electronic Communication. Such a notice may be given personally to the Member or be sent by post in a pre-paid envelope addressed to the Member at the address last intimated by him/her to the Company or (in the case of a Member who has notified the Company of an address to be used for the purpose of Electronic Communications) may be given to the Member by way of an Electronic Communication.
- 60.2 Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 hours after posting. For the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 60.3 Any notice contained in an Electronic Communication shall be deemed to have been given on the day it is sent. For the purpose of proving that any Electronic Communication was sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.
- 60.4 A Member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

## **INDEMNITY**

- 61.1 Every Board Member or other Office Bearer or auditor of the Company shall be indemnified (to the extent permitted by section 232, 234, 235, 532 and 533 of the Act) out of the assets of the Company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office. That may include, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or in which he/she is acquitted or any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the Company.
- 61.2 The Company shall be entitled to purchase and maintain for any Board Member insurance against any loss or liability which any Board Member or other Office Bearer of the Company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232 (2) of the Act.

## **THE BOARD'S MINUTES, SEAL, REGISTERS AND BOOKS**

### **Minutes**

- 62 Subject to the provisions of the Act, 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 Company shall execute deeds and documents in accordance with the provisions of the Act and the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Company 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 a Board Member and the Secretary or a second Board Member and recorded in the register.

## **Registers**

64 The Company 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 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 Company;

64.3 a statement of other property in the Company whether in loans or loan stock held by each Member; and

64.4 the names and addresses of the Office Bearers of the Company, their positions and the dates they took and left office.

65.1 The Company 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 property. This second register must be used to confirm the information recorded in the original Register;

65.1.2 a register of loans and to whom they are made;

65.1.3 a register showing details of all loans and charges on the Company's land; and

65.1.4 all other registers as may be required under the Act.

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 Company.

## **Registered name**

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

## Documentation

- 67 The Company's books of account, registers, securities and other documents must be kept at the Company'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 articles 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 Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain day to day entries of all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the Company.
- 70 The Board must send the Company's accounts and balance sheet to the Company's auditor. The auditor must then report to the Company on the accounts it has examined. In doing this, the auditor must follow the conditions set out in the Act and Part 6 of the Housing (Scotland) Act 2010.
- 71 The Company must provide The Scottish Housing Regulator and such other organisations as the Board determines appropriate 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 Auditors of the Company shall be appointed and their duties regulated in accordance with the Act.

## ANNUAL RETURNS AND BALANCE SHEET

- 73 Every year, within the time allowed by law, the Secretary shall send to the Registrar of Companies the confirmation statement in the prescribed form and to the Office of the Scottish Charity Regulator the annual return in the prescribed form, together with all such documentation required by the Act and the Charities and Trustee Investment (Scotland) Act 2005.
- 74 If requested, the Company must provide a free copy of the latest confirmation statement, annual return and auditor's reports to Members or people with a financial interest in the Company.

- 75 The Company must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 76 The Company must comply with the requests of The Scottish Housing Regulator for annual returns.

## DONATIONS

- 77 The Board shall set and review periodically its policy for the donation of funds to charities. Such donations must further the objects of the Company and the Board shall report to the Members on such donations.

## INVESTMENTS

- 78 The Company'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 Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

## INSPECTING THE REGISTER

- 79 Any Member or person having a financial interest in the Company 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 seven 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 Company 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

- 80 Every dispute between the Company or the Board and:
- 80.1 a Member;
- 80.2 a person aggrieved who has ceased to be a Member within the previous six months; or
- 80.3 a person claiming under these Articles,

shall be dealt with in accordance with 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 Sheriffdom in which the Company's registered office is located.

## COPIES OF ARTICLES

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

## CLOSING DOWN THE COMPANY

- 82.1 The prior written consent of the Parent is required before the Company can be wound up or dissolved.
- 82.2 If any property remains after the Company has paid its debts, this property will be transferred to such other charitable registered social landlord as determined by The Scottish Housing Regulator.

## AMENDING THESE ARTICLES

- 83.1 Any changes to these Articles shall require the prior written approval of the Parent and, subject to such approval, these Articles can be changed or deleted and new Articles can be introduced if:

~~83.1.1~~ three quarters of the votes at a special general meeting are in favour of the amendment(s); ~~and~~

~~83.1.2~~ The Scottish Housing Regulator has approved the amendment(s).

- 83.2 Where an amendment of these Articles affects the objects of the Company the prior approval of the Office of the Scottish Charity Regulator is required. The Company 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 Company intends to amend its objects. Any other amendment of these Articles requires to be notified to them within three months of the change having been made.

~~83.3~~ The Company must notify The Scottish Housing Regulator within 28 days of the change or amendment being made to these Articles.

- ~~83.43~~ The Company can change its name if:

~~83.43.1~~ three quarters of the votes at a special general meeting are in favour of the change;

~~83.43.2~~ the Office of the Scottish Charity Regulator has given its prior approval. The Company 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 Company intends to change its name; and

~~83.43.3~~ the Parent approves the change in writing.

- ~~83.54~~ If the Company changes its name in terms of article ~~83.43~~ it must ~~inform~~ notify The Scottish Housing Regulator in writing within ~~14-28~~ days of the change being made.

- ~~83.65~~ The Company can change its registered office but must:

- 83.~~65~~.1 notify The Scottish Housing Regulator of the change in registered office within ~~seven working~~28 days of the decision having been made;
- 83.~~65~~.2 notify the Registrar of Companies of the change within 14 days of the change having been made;
- 83.~~65~~.3 notify the Office of the Scottish Charity Regulator within three months of the change having been made; and
- 83.~~65~~.4 obtain the prior written approval from the Parent.

## INTERPRETING THESE ARTICLES

- 84.1 In these Articles, the following definitions and rules of interpretation shall apply:
- 84.1.1 "**Act**" means the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force;
  - 84.1.2 "**Articles**" means these articles of association as originally adopted or as altered from time to time;
  - 84.1.3 "**Board**" means the board of management of the Company from time to time (or such other term that is used by the Company to denote the governing body of the Company) referred to in article 37.1;
  - 84.1.4 "**Board Meeting**" means a meeting of the Board;
  - 84.1.5 "**Board Member**" means any director for the time being of the Company and shall (save where expressly excluded) include co-optees to the Board pursuant to article 42;
  - 84.1.6 "**Chairperson**" means the chairperson of the Company (or such other term that is used to denote the holder of this office) referred to in article 59.1;
  - 84.1.7 "**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;
  - 84.1.8 "**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, the day after it was sent) and also the day of the meeting;
  - ~~84.1.9 "**Close Relative**" means any person who is the spouse, cohabitee, civil partner, parent, grandparent, child, stepchild, grandchild, brother, sister, aunt, uncle, nephew or niece of any Board Member or employee of the Company from time to time;~~
  - 84.1.~~9~~10 "**Electronic Communication**" has the same meaning as is assigned to that expression in the Electronic Communications Act 2000;

- 84.1.101 **"Group"** means the Parent, the Company, and any Subsidiary from time to time;
- 84.1.112 **"Group Agreement"** means the written agreement from time to time between the Company and the Parent in relation to the objectives and operation of the Group;
- 84.1.123 **"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;
- 84.1.134 **"Independent Board Member"** means a Board Member who is neither a Tenant Board Member nor the Parent Appointee;
- 84.1.145 **"Member"** means any person who is admitted to membership of the Company in accordance with the provisions of these Articles;
- 84.1.156 **"Office Bearer"** means the Chairperson, Secretary and any such other office bearer of the Company appointed under article 59.1;
- 84.1.167 **"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;
- 84.1.178 **"Parent"** means Wheatley Housing Group Limited, a company incorporated in Scotland (company number SC426094) and a registered social landlord (registration number 363), having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL;
- 84.1.189 **"Register of Members"** means the register of members referred to in article 64;
- 84.1.1920 **"The Scottish Housing Regulator"** means the body corporate established under section 1 of the Housing (Scotland) Act 2010 ~~known as the Scottish Housing Regulator, having its principal office at 3rd Floor, Sutherland House, 149 St Vincent Street, Glasgow, G2 5NW;~~
- 84.1.201 **"Secretary"** means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
- 84.1.212 **"Subsidiary"** means any organisation which is from time to time a subsidiary of the Company within the meaning of Section 164 of the Housing (Scotland) Act 2010;
- 84.1.223 **"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; and

84.1.2~~3~~<sup>4</sup> "**Tenant Board Member**" means a Board Member who is elected to the Board pursuant to these Articles and is a residential tenant of the Company from time to time occupying a residential property let by the Company under a Scottish secure tenancy or a short Scottish secure tenancy.

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

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

~~84.4 — In the event of Sterling joining the Euro any sums of money referred to in Sterling in these Articles 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 article 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 Company's meeting on (insert date) and any other dates that meeting continues on.

Your name

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Your signature

---

Date

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## 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 article 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 Company'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

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Your signature

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