



Minutes of the Board Meeting held on Tuesday 21 January 2019 at 4pm at Link House, 2c New Mart Road, Edinburgh.

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Present:	Mr R Martin (Chair)	In attendance:	Mrs H Bayne
	Ms P Biberbach		Mr C Culross
	Mr C Allan		Mrs J Green
	Ms C Cuthbertson		Mr N Hall
	Mr A Diamond		Mr C Sanderson
	Mr I Dickson		Ms S Smith
	Mrs C Donaldson		Mr J Turner
	Mr J Flaherty		
	Mr D Mackie		Mrs J Ferri (Minutes)
	Mr A Smith		

## Action

### 1.0 DECLARATIONS OF INTEREST

Mr Diamond expressed an interest in item 6.0 Rent Increase.

### 2.0 APOLOGIES

Apologies were received from Ms Catterall and Mrs Sharp Webb.

### 3.0 APPROVAL OF THE MINUTES OF THE MEETING HELD ON 20 NOVEMBER 2018

The minutes of the meeting held on Tuesday 20 November 2018 were approved.

Moved: Mr Diamond

Seconded: Mr Flaherty

### 4.0 MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 20 NOVEMBER 2018

#### 4.1 Wishaw and District Housing Association (WDHA)

The Board noted that following the November Link Group Board and, as a result of concerns about timescales and differences in culture between the two organisations, Link had informed WDHA that it was withdrawing from the process. This view was the unanimous position reached by Link's Senior Management Group, in consultation with the Chair and the Chief Executive Designate.

It was noted that Trust Housing Association had been selected by WDHA as its preferred partner.

## **4.2 Larkfield DWP**

The Board noted that Link Housing was also a trusted DWP Partner.

## **4.3 Group Review**

Mr Turner reported that as the date of the proposed Strategy Day would not influence or impact on the business planning process it would be more beneficial if the day was devoted to exploring and establishing the scope and remit of what the effectiveness and efficiency review would encompass. The day would be specific to Link Group Ltd only and the proposed review remit would be shared with the Convenors Group, which could be the principal stakeholder group in the review process.

The Board agreed with the proposal although as some Board Members did not have Tuesday 19 February 2019 in their diaries, a change of date would be explored.

The Strategy Day itself would now take place in late March, potentially on the evening of Wednesday 27 March 2019 and the day of Thursday 28 March 2019.

## **4.4 Standard and Poors (S&P)**

The Board noted that subsequent to the November Board meeting Link hosted three representatives from S&P for the management meeting which was part of the credit rating assessment/re-assessment process. S&P considered that that Link should retain its A+ credit rating although the outlook was changed from stable to negative.

## **4.5 Royal Bank of Scotland £50M Facility**

The Board noted that all the documentation approved at the November Board meeting was duly signed and delivered to the bank's solicitors and the new £50M facility was now active, providing Link with liquidity through 2019 and into early 2020.

## **4.6 Any other Matters Arising**

### **4.6.1 Board Membership**

Following Ms Cuthbertson's appointment to the Board at the November 2018 meeting, Mr Martin proposed that Ms Cuthbertson be appointed to the Audit and Risk Sub Committee. The appointment was unanimously approved.

### **4.6.2 Chair Remuneration**

Mr Martin advised that further consideration was still ongoing regarding whether it would be appropriate to pay other Board Members, including vice chairs and chairs of sub committees.

## **5.0 LINK GROUP ACTIVITIES AND ACHIEVEMENTS**

The Board considered and noted the previously circulated report.

## **6.0 RENT INCREASE**

The Board considered and discussed the previously circulated report.

The Board noted that using the SFHA rent affordability tool, Link's rents remained affordable with the same percentage of properties (compared to 2017) with green or amber rated rents (98.25%). It was further noted however that the number of tenants consulted who were satisfied with the proposed rent increase of around 2.2% had fallen to only 27% of respondents.

Mr Hall explained that the survey methodology had changed between 2017 and 2018, with telephone surveys mainly being used in 2017 and all respondents in 2018 were by email or online.

The Board expressed disappointment that the tenant acceptance level had fallen but acknowledged that the consultant carrying out the research for Link did confirm that online and email surveys generally produced lower satisfaction levels.

The Board noted that Link had consulted on a rent increase of around 2.2%, being equivalent to the estimated CPI prevailing during 2019/20, and, on the whole, such a level of rent increase would be lower than many RSLs, with increases of 3% or greater not being uncommon.

The Board considered that with rising prices it would be difficult to preserve service standards if a rent increase of around 2.2% was not applied but the Board appreciated that any increase could be a financial burden for many tenants.

Mr Hall advised that although tenant satisfaction with the proposed increase was low the majority of tenants (78.6%) found the proposed rents either easy to afford or just about affordable, compared to 86.4% last year.

The Board agreed that irrespective of the decision on rent increases Link needed to do much more on tenant engagement and consultation on key areas of value for money, rent affordability and satisfaction. Mr Turner confirmed that the SMG would commence a review of the topic, starting at its January meeting.

***With the primary aim of preserving services the Board considered increasing rents by either 2.2% or 2.5% and, after debate, agreed that rents would be increased by 2.35% with effect from 1 April 2019.***

Mr Diamond expressed an interest in the matter and did not participate in the consideration of the rent increase.

## **7.0 FINANCIAL REPORTS**

### **7.1 Director's Report**

The Board considered and discussed the previously circulated report.

The Board noted that the operating surplus to 30 November 2018 of £4,088,726 was lower than budget by £138,245 and reviewed the variances behind the figure.

### **7.2 Funding the Development Programme**

The Board considered and discussed the previously circulated report.

Mr Hall advised that Link's investor presentation had been updated and he and Mr Turner would be meeting three investors / lenders in the coming weeks, to test out market interest and competitiveness.

## **8.0 GOVERNANCE**

### **8.1 Section 107 – Upper Achintore**

The Board considered and discussed the previously circulated report.

The Board acknowledged that Link had an agreed form of Missive for acquiring the site from Lochaber HA in order to facilitate the progression of this development. It was noted that the Missive was subject to a buy back clause to allow Lochaber HA to buy back any undeveloped land, should Link not have developed the land 10 years after the date Link purchased it from Lochaber HA.

It was further noted that Link was required to obtain Section 107 Consent to dispose of the land back to Lochaber HA. Lochaber HA had requested that the Section 107 consent be in place prior to concluding Missives which included this buy back clause and consequently Section 107 Consent was required in advance of the conclusion of the Missives.

***The Board approved the application of the Specific Consent under Section 107 of the Housing (Scotland) Act 2010 in order to dispose of the areas of land marked pink in the***

***accompanying report (or part thereof) to Lochaber Housing Association at a future date should the buy-back clause be triggered.***

## **8.2 Subsidiary Board Membership**

The Board considered and discussed the previously circulated report.

***The Board approved the recommendation to appoint Fraser Payne and David Robinson to the Board of Link Housing Association Ltd (LHA) and Amanda McKinnon to the Board of LinkLiving Ltd.***

The Board further noted the resignation of David Ogilvie from the LHA Board and Link Property Board and the appointment of Veronica Pollard and Henry Cooke to the Board of Larkfield Housing Association and the appointment of Angela Blacklock and Kyle Neary to the Board of Lintel Trust Ltd.

## **8.3 Authorised signatories**

The Board considered and discussed the previously circulated report.

***It was agreed that Link Group Limited's method of execution of any legal and contractual documents would be by any one of the following three methods:***

- 1. Any Board Member plus a witness***
- 2. The Secretary plus a witness***
- 3. An Authorised Signatory plus a witness***

***In addition it was further agreed that the Authorised Signatories per 3 above would be:***

- 4. The Chief Executive, Jonathan Turner***
- 5. The Director of Finance and Corporate Services and Company Secretary, James Neil Hall***
- 6. The Director of Development and Asset Management, Colin Culross***
- 7. The Director of Human Resources and Business Support, Helen Bayne***
- 8. The Director of Housing Services, June Mary Nisbet Green***
- 9. The Finance Manager, Lorraine Ann Utterson***
- 10. The Senior Accountant, Craig Ian Archibald***

***The Board also agreed that any document signed in the manner set out above would be binding and valid on Link Group Limited.***

***The Board further agreed that Mr Turner would be added to the signing authority on all Link loan and investor facilities and at the same time Mr Sanderson would be removed from these facilities as an authorised signatory.***

***The Board approved the following minute related to the Royal Bank of Scotland facilities:***

**Amendment and Restatement Agreement among Link Group Limited, The Royal Bank of Scotland plc, Prudential Trustee Company Limited and The Law Debenture Trust Corporation PLC dated 29 November 2018 relating to term and revolving credit facilities of up to £99,300,000 (the "Amendment and Restatement Agreement")**

1. It was reported that the meeting of the Board of Management of the Association had been duly convened and that a quorum was present.
2. The Chair advised the meeting that, with reference to the Amendment and Restatement Agreement and the future operation of the lending relationship set out in that Agreement, it was appropriate that Jon Turner as the Association's Chief Executive, become an additional authorised signatory for the purposes of all future documentation associated with or ancillary to the Amendment and Restatement Agreement.
3. It was resolved that, in addition and without prejudice to the persons who have already been so authorised by the Board of Management, Jon Turner as the Association's Chief Executive, be and is hereby authorised to sign and/or despatch all documents, certificates and notices to be signed and/or despatched by the Association under, or in connection with, the Amendment and Restatement Agreement and the Restated Facilities Agreement to which the Amendment and Restatement Agreement gave effect.
4. It was further resolved that Mr Craig Sanderson be removed as an authorised signatory with immediate effect.

***The Board approved the following minute related to the Bank of Scotland facilities:***

**Amendment and Restatement Agreement among Link Group Limited, Bank of Scotland plc and Prudential Trustee Company Limited dated 17 August 2018 relating to term and revolving credit facilities of up to £20,700,000 (the "Amendment and Restatement Agreement")**

1. It was reported that the meeting of the Board of Management of the Association had been duly convened and that a quorum was present.
2. The Chair advised the meeting that, with reference to the Amendment and Restatement Agreement and the future operation of the lending relationship set out in that Agreement, it was appropriate that Jon Turner as the Association's Chief Executive, become an additional authorised signatory for the purposes of all future documentation associated with or ancillary to the Amendment and Restatement Agreement.
3. It was resolved that, in addition and without prejudice to the persons who have already been so authorised by the Board of Management, Jon Turner as the Association's Chief Executive, be and is hereby authorised to sign and/or despatch all documents, certificates and notices to be signed and/or despatched by the Association under, or in connection with, the Amendment and Restatement Agreement and the Restated Facilities Agreement to which the Amendment and Restatement Agreement gave effect.
4. It was further resolved that Mr Craig Sanderson be removed as an authorised signatory with immediate effect.

***The Board approved the following minute related to the M&G facilities:***

**Note Purchase Agreement between Link Group Limited and (1) Prudential Retirement Income Limited and (2) The Prudential Assurance Company Limited dated 27 March 2014 relating to £45 million 4.99% senior secured notes due 2045 and (B) Note Purchase Agreement between Link Group Limited and (1) Prudential Retirement Income Limited, (2) The Prudential Assurance Company Limited, (3) The Board of the Pension Protection Fund and (4) M&G SIF Management Company (Ireland) Limited dated 3 June 2016 relating to £15 million 4.34% senior secured notes due 2046 (the "NPAs")**

1. It was reported that the meeting of the Board of Management of the Association had been duly convened and that a quorum was present.
2. The Chair advised the meeting that, with reference to the NPAs and the future operation of the issuer/investor relationship set out in the NPAs, it was appropriate that Jon Turner as the Association's Chief Executive, become an additional authorised signatory for the purposes of all future documentation associated with or ancillary to the NPAs including the Financing Agreements (as defined in the NPAs).

3. It was resolved that, in addition and without prejudice to the persons who have already been so authorised by the Board of Management, Jon Turner as the Association's Chief Executive, be and is hereby authorised to sign and/or despatch all documents, certificates and notices to be signed and/or despatched by the Association under, or in connection with, either of the NPAs or Financing Agreements.
4. It was further resolved that Mr Craig Sanderson be removed as an authorised signatory with immediate effect.

## **9.0 SUB COMMITTEE REPORTING**

### **9.1 Development Sub Committee**

Mr Culross advised the Board that the Development Sub Committee had met immediately before the Board meeting and had approved the following:

- to enter into a Design and Build contract with Ashleigh (Scotland) Ltd for the delivery of 186 Mid Market Rent units at Butterbiggins Road, Glasgow, for the sum of £27,835,537.
- to purchase the site at St Ninian's Crescent, Paisley from Renfrewshire Council in the maximum sum of £276,000. The site will deliver 23 new build units for social rent incorporating a mix of cottage flats and houses with associated car parking and amenity space.
- to purchase the site at Bridge Street, Cambuslang and enter into a subsequent Partnering (PPC2000) contract with JR Construction (Scotland) Ltd, for the delivery of 86 units in the revised maximum sum of £13,860,639 including the land value of £1,200,000.

## **10.0 QUARTER 2 UPDATES**

### **10.1 Quarterly Loan Covenant Compliance**

The Board considered and discussed the previously circulated report. The Board noted that Link had not breached any of its loan covenants in the period to 31 December 2018 and to the date of the meeting. It was further noted that it was not anticipated that Link would fail to meet any of its covenants in the period until the next review is due as there were no circumstances foreseen that would cause any covenant breaches.

### **10.2 Private Sector Leasing Write Offs – Quarter 2**

The Board considered and discussed the previously circulated report.

***The Board approved the write-off of former PSL tenant arrear balances totalling £412,889.30.***

*Mrs Bayne, Mr Culross, Mrs Green, Mrs Ferri, Mr Hall, Ms Smith and Mr Turner left the meeting at this point.*

**11.0 UNITE PAY CLAIM / COST OF LIVING AWARD**

The Board considered and discussed the previously circulated report.

The Board agreed a cost of living award of 2.1%, which would be conveyed to the Union for consideration.

**12.0 DATE OF NEXT MEETING**

Tuesday 19 March 2019 at Link House, 2c New Mart Road.

The Meeting closed at 6:15pm.