

ATRIUM HOMES

Minutes of Meeting of the Board held on Tuesday 26 November 2024

At 6:00 p.m. via Zoom

Present: Alistair Reid, Carolyn Hope, Alan White, Craig Leitch, Dominic O'Donnell, Maureen Gimby, Ron Sharpe, Scott Cunningham

Attending: Barry Lees (Director of Property Services, DoPS), Shannon Watson (Chief Executive, CX), Steven Young (Howden Insurance Brokers) at start
Jennifer Steell (Finance & IT Manager, FM) from 7:12 p.m.

Chair: Alistair Reid

The Chair opened the meeting asking everyone to confirm that they had read and understood the papers which had been circulated via DropBox the week prior to the meeting.

The Chair confirmed that the meeting was quorate.

Confirmed

Item	
	<p>Insurance market update</p> <p>SY of Howden Insurance Brokers attended the meeting to provide Board with an update on the changes to the insurance market.</p> <p>SY noted that the number of insurers willing to provide cover to the RSL market had increased in recent months and that talks continued between Howdens and these insurers in order to determine the terms that might be offered to clients. Howdens will then benchmark all 70 clients' insurance quotes against each other.</p> <p>SY noted that over the last few years insurers of RSLs had been making losses on their policies with claims exceeding premiums, which had resulted in a number of insurers withdrawing from the market. SY noted that costs to carry out insured repairs had increased in line with the increased maintenance costs experienced by RSLs (e.g. an average escape of water claim cost £2,600 in 2019 but this had risen to £6,500 in 2024).</p> <p>As a result, even with greater competition to provide cover now, the industry will not see a return to the low premiums enjoyed a few years ago.</p> <p>SY noted that some organisations were at risk of under-insurance due to the way that the reinstatement values for social housing had been calculated in the past. Atrium had however received an independent, professional valuation of its housing property reinstatement values which had informed the renewal premiums in 2024/25 and so was in a much stronger position than some of its peers. SY further noted that while Atrium's properties are not at high risk of flooding, there is a higher risk of storm damage due to the typical weather experienced in the West of Scotland.</p> <p>SY left the meeting at 18:26</p>

<p>A Board member asked for clarification on a comment which had been made regarding escape of water claims in wet rooms and DoPS confirmed that the cost of the damage is often far greater than in other escape of water incidents because the damage is hidden from view by the finishes installed in a wet room.</p>	
1	Apologies
	Steven Fraser, Ken Tudhope, Julie Templeton, Joyce McCroskie (Director of Housing & Community Services)
2	Declarations of Interest
	RS declared an interest in item 5. No other declarations of interest in business to be discussed were noted.
3	Minutes of Meeting on 29 October 2024
	<p>The minutes of the meeting of the Board held on 29 October 2024 were reviewed and approved.</p> <p style="text-align: right;"><i>Approved for publication</i></p>
4	Matters Arising
	<p>a) Board noted the items which remained in progress; following a question, CX noted that it was hoped that feedback on key themes from the recent Customer Satisfaction Survey would be available for the January meeting.</p> <p style="text-align: right;"><i>Noted</i></p> <p>b) Board noted that Atrium is up to date with all compliance requirements.</p> <p style="text-align: right;"><i>Noted</i></p>
5	Annual Rent Review Consultation and Business Planning
	<p>Board considered the detail provided in the paper following FASSC’s review of the first draft budgets prepared in November. CX noted that the rent increase which would be consulted on would need to be based on what the organisation needs to continue operating and providing essential services to tenants, while balancing this with the affordability of rents for tenants.</p> <p>Board had been provided with updated versions of the budget outcomes; a FASSC member noted that the scenarios considered at FASSC had included the impact of restricted increase which were not sustainable and so Board were presented with the financial impacts of 3%, 3.5% and 3.9% increase on both tenants and Atrium.</p> <p>CX noted that there were a number of financial pressures which had emerged since the budgets for 2024/25 – 29 were approved in March 2024. These included:</p> <ul style="list-style-type: none"> • The cost of maintenance and improvements to tenants’ homes has continued to increase year on year. • Atrium was not successful in securing £1.1m of grant funding to support the cost of external wall insulation works to its no fines properties, and there is a significant risk that we will not secure funding in the future; these works will make tenants’ homes easier to heat and so Atrium is committed to carrying out the work even if we do not get any financial assistance; the work has been budgeted to be carried out over a number of years to spread the impact of the costs; the executive management team will continue to look for funding for this work.

- The level of funding received from the Scottish Government to help with medical adaptations was significantly lower than what had been requested. Atrium received a grant offer of £44.5k against typical annual spend of £80-90k. It is expected that this funding will be reduced again next year, while the need for adaptations to enable tenants to continue living safely in their homes for as long as possible will not decrease.
- The increase to the employer’s National Insurance contribution rate announced in October will impact Atrium and its contractors, making costs rise across the board.
- The cost of borrowing money to fund the investment needed in tenants’ homes is also expected to remain higher for longer than we had previously hoped.

CX also noted that, while budgeting for the coming year could be done with a reasonable amount of certainty, as we extend our budgets and investment plans past five years and up to 30 years, it becomes more difficult to accurately predict costs. While the 30-year plans prepared for the meeting showed a shortfall in available cash across the period, management anticipates that there is sufficient time in hand to enable Atrium to explore additional loan funding available, using its assets as security for the borrowings.

Board also noted that the Scottish Housing Net Zero Standard to be published by the Scottish Government continues to be delayed and so there is no certainty as yet on what standards RSLs will have to meet and what the deadlines for these will be. The potential costs of the work needed to upgrade homes and replace gas central heating systems remain unknown as there are currently no available solutions which are affordable for either RSLs or their tenants.

It is hoped that the works to meet net zero standards will reduce tenants’ heating costs but these will have to be self-funded by Atrium in addition to the planned works needed to ensure houses remain fit for tenants to live in and do not start to fail the Scottish Housing Quality Standards.

A wide-ranging debate followed on what level of rent should be consulted on and whether the various options continued to provide tenants with homes which were affordable. Board were keen to try and ensure that rents remain affordable for Atrium’s tenants while ensuring that the organisation remains financially viable and able to continue to provide essential housing for tenants for the foreseeable future. Board also noted that, while the consultation with tenants was underway, management would continue to review the budget assumptions for changes which might come to light and these updates would inform Board’s final decision on rent increases to be applied at the January 2025 meeting.

Board noted the proposed timetable for consultation and notification of rent increases and approved management consulting with tenants on a 3.5% rent increase for 2025/26.

Approved

6

Policy Reviews

Board considered the eight policies which had been reviewed in detail by the relevant sub-committees.

	<p>Board approved the changes made to the two staffing policies which had been reviewed and updated to reflect recent statutory and good practice changes, and the changes consulted on with staff. Board further approved the one new staffing policy and the Atrium Group Statement on Fair Work First.</p> <p>Finally, Board endorsed the two Corporate policies and the two Property Services policies which had been approved by the Sub-Committees.</p> <p style="text-align: right;"><i>Approved</i></p>
7	<p>Finance, Audit & Staffing Report</p> <p>a) Board noted the minutes of the Finance, Audit & Staffing Sub-Committee (FASSC) meeting on 18 November 2024.</p> <p>A Sub-Committee member noted that the policies had been reviewed in detail and some changes to the staffing policies had been recommended before they were put to Board for final approval.</p> <p>A detailed discussed had been held on the draft budgets presented to the meeting, noting the key inclusions and exclusions, and the changes to assumptions since the budgets were approved in March 2024.</p> <p style="text-align: right;"><i>Noted</i></p> <p>b) Board considered the financial performance reports to 30 September 2024.</p> <p>Board noted that the surplus for the period was better than budgeted. Reactive Repairs spend remains higher than the previous year for the same period with substantial costs incurred on fencing repairs in the quarter which had not been predicted in the budget. The overspend is offset by cost savings on void repairs in the period.</p> <p>Adaptations spend is below budget as we were only advised of our funding allocation in October 2024. All of the funding received is already allocated to tenants who were on the waiting list for works needed.</p> <p>The revenue elements of the Homes Fit for 21st Century Living Standard works programme have been lower than budgeted but overall spend is reasonably on target with the contractor making good progress in the quarter. Atrium is on track to have improved the 113 properties budgeted for plus the additional 40 properties brought forward from next year's programme by the end of the financial year.</p> <p>Board noted that Atrium continues to comply fully with its lenders' financial covenants. Board approved the performance reports for the six months.</p> <p style="text-align: right;"><i>Approved</i></p>
8	<p>Housing & Community Services Report</p> <p>a) A committee member noted that this had been another quarter of strong performance by the team. It was noted that there had been a slight increase in the number of days to re-let properties in the quarter. Board also noted the activities being undertaken by the team under the Reach & Connect Initiative.</p> <p style="text-align: right;"><i>Noted</i></p>

	<p>b) Board noted the positive performance reported in the quarterly performance summary to 30 September 2024.</p> <p style="text-align: right;"><i>Noted</i></p>
9	Property Services Report
	<p>a) A committee member noted that external wall insulation works to a small number of properties had commenced in once of Atrium’s estates, and that the work is expected to be complete in March 2025. There is still no update on the delayed Net Zero guidance being developed by the Scottish Government.</p> <p>Board noted that management had been given delegated authority to extend a number of contracts which had been procured as 2+1+1 contracts, beyond the first two-year period.</p> <p style="text-align: right;"><i>Noted</i></p> <p>b) Board noted the positive performance reported in the quarterly performance summary to 30 September 2024.</p> <p style="text-align: right;"><i>Noted</i></p>
10	Eviction Updates
	<p>Board considered the updates of actions taken on two eviction cases which had previously been approved. Board noted the continued attempts by staff to engage with the tenant involved in an effort to avert the need to carry out the evictions.</p> <p style="text-align: right;"><i>Noted</i></p>
11	Strategic Risks – emerging risks and changes (standing item)
	<p>Board considered the current strategic risk register which had been included in the papers for the meeting.</p> <p>FM noted that the sub-committees had each reviewed the strategic risks which were relevant to their areas of the business at their quarterly meetings and that no changes to the current risks had been noted as a result of these reviews.</p> <p>A Board member noted the risk posed to the business by the reduced funding available to RSLs (e.g. the reduced funding for medical adaptations and the reduced funding for energy efficiency measures) and the resulting potential need for Atrium to fund activities which might otherwise have been partially funded in order to provide adequate homes for tenants. Board noted that discussions on these issues will be a key part of the strategic planning discussions due to take place from January 2025 onwards.</p> <p style="text-align: right;"><i>Discussed</i></p>
12	Health & Safety (Standing Item)
	<p>DoPS confirmed that there were no new matters to report to the meeting.</p> <p>DoPS further noted that the office Health & Safety audit was completed in November and there were no significant recommendations noted.</p> <p style="text-align: right;"><i>Noted</i></p>
13	Any Other Competent Business
	<p>No additional business matters were noted.</p> <p style="text-align: right;"><i>Noted</i></p>

14	<p>Dates of Next Meetings</p> <p>In-person Board training – Tuesday 28 January 2025 at 5:30 p.m.</p> <p>In-person Board meeting – Tuesday 28 January 2025 at 5:30 p.m.</p>
	<p>The meeting closed at 7:30 p.m.</p>

Chair:

Date: