



Minutes of the Board Meeting held on Tuesday 12<sup>th</sup> May 2009 at 4pm at Link House, 2c New Mart Road, Edinburgh.

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Present:	Mr R Robertson (Chairman)	In attendance:	Mr C Sanderson
	Mr E Banks		Mr N Hall
	Mr T Clark		Ms E Johnston
	Mr A Colston		Mrs H Bayne
	Mr J Hinton		Ms M Middleton
	Mr D McMillan		Mr J Pollock
	Mr J O'Neill		Mr C Culross
	Mr D Esslemont		Ms B Higgins
			Ms J Wilson
			Ms P Boniface (Minutes)
Observer:	Mr R Shorter		

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## **BUSINESS**

The Chairman welcomed Mr Shorter, chairman of the LinkLiving Board, who was attending as an observer.

- |  | <b>Action</b> |
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| <b>1. DECLARATIONS OF INTEREST</b>   |               |
| None   |               |
| <b>2. APOLOGIES</b>  |               |
| Apologies were received from Mr Foreman, Mr Reidford and Mr Macneill.  |               |
| The Chairman proposed that a three month leave of absence be granted for Mr Reidford and this was approved.  |               |
| <b>3. APPROVAL OF THE MINUTES OF THE MEETING HELD ON 17<sup>th</sup> MARCH 2009</b>  |               |
| <b>4.4 – Lift Open Market Scheme</b>   |               |
| To delete the reference to “Mrs Higgins” and replace with “Mr Sanderson”.  |               |
| <b>9 – Commercial Factoring</b>  |               |
| To amend the minute to add that confirmation was required to determine that realistic assumptions had been used in calculating the projections (as well as being correctly applied and calculated) |               |

Moved: Mr Colston  
Seconded: Mr Esslemont

**4. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 17<sup>th</sup> MARCH 2009**

**4.1 Millarston Drive Paisley**

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**4.2 Funding the Development Programme**

The Board noted that the funding facilities had been accepted and that the Loan Agreement with Royal Bank of Scotland (RBS) had been finalised. Mr Hall tabled a proposed extract minute which the Bank's solicitors had requested be approved by the Board.

The Board considered and approved the following:

***BORROWING FROM THE ROYAL BANK OF SCOTLAND PLC AND LLOYDS TSB SCOTLAND PLC***

- 1 It was reported that the meeting of the Board of Management of Link Group Limited ("LINK") had been duly convened and that a quorum was present.***
- 2 The following documents, in connection with borrowing from The Royal Bank of Scotland plc (the "Bank") and Lloyds TSB Scotland plc in terms of the Amended and Restated Facility Agreement (defined below at 2.1) were produced to the meeting, each substantially in final form:***
  - 2.1 A supplementary agreement incorporating an amended and restated loan facility agreement (the "Amended and Restated Facility Agreement") to be made between (1) LINK as Borrower, (2) the Bank as Arranger, an Original Lender and as Agent and (3) Lloyds TSB Scotland plc as an Original Lender in respect of loan facilities therein mentioned of up to £65,000,000 (the "Facilities") to LINK.***
  - 2.2 An officer's certificate (the "Officer's Certificate") to be given by an authorised signatory of LINK containing various certifications required pursuant to the Amended and Restated Facility Agreement and including a list of the authorised signatories of LINK with a specimen signature of each authorised signature.***
  - 2.3 A fee letter (the "Fee Letter") detailing the fees to be paid to the Agent in terms of the Amended and Restated Facility Agreement and to be issued by the Agent and accepted on behalf of LINK.***
- 3 It was reported to the meeting that the borrowing by LINK of the full amount of the Facilities under the Amended and Restated Facility Agreement would not breach the rules or any existing***

**contractual or statutory obligations of LINK and that LINK was fully empowered to enter into the Amended and Restated Facility Agreement and to perform its obligations thereunder.**

**4 The Board of Management, having reviewed the advice of the Director of Finance and Corporate Services on the financing arrangements for LINK, considered that:**

**4.1 The proposed Facilities under the Amended and Restated Facility Agreement were necessary in order for LINK to implement its Business Plan (as that term is defined in the Amended and Restated Facility Agreement).**

**4.2 The terms of the Amended and Restated Facility Agreement were reasonable having regard to the status of LINK as a Registered Social Landlord.**

**4.3 In accordance with forecasts set out in the Business Plan, it will be able to repay the Facilities on the terms set out in the Amended and Restated Facility Agreement.**

**5 The Board of Management RESOLVED:**

**5.1 that borrowing the Facilities is consistent with LINK's borrowing strategy and that the Board of Management considers that entering into the Amended and Restated Facility Agreement is in the best interests of LINK;**

**5.2 that LINK be authorised to borrow up to £65,000,000, on the terms specified in the Amended and Restated Facility Agreement, to be utilised in furtherance of the objects of LINK and that LINK's participation in the Amended and Restated Facility Agreement be approved;**

**5.3 that the Amended and Restated Facility Agreement be approved in substantially the form of the relevant draft presented to the meeting with such amendments as any two Authorised Signatories (as defined in Paragraph 5.4 below) shall in their discretion approve;**

**5.4 that Mr R Robertson (Chairman) and Mr N Hall (Secretary) (each an "Authorised Signatory" and together the "Authorised Signatories") be and are hereby authorised to agree the final terms of the Amended and Restated Facility Agreement and any other document which they consider necessary or desirable in connection with the entry by LINK into the Amended and Restated Facility Agreement with such amendments as they shall approve;**

**5.5 that any one Authorised Signatory be and hereby is authorised on behalf of LINK to execute the Amended and Restated Facility Agreement and any other document which is required to be executed pursuant to the Security Documents and any other Finance Document (as those terms are defined in the Amended and Restated Facility Agreement) which is required to be executed, which documents shall be either sealed or witnessed as**

*appropriate, and registered in the books of LINK;*

**5.6** *that any one Authorised Signatory be and hereby is authorised on behalf of LINK to execute and deliver any other documents, notices, letters or other communications (including the Officer's Certificate and Fees Letter in substantially the form of the relevant draft presented to the meeting) and to perform all matters, acts and things which such person in his/her absolute discretion deems to be necessary or desirable in connection with the Amended and Restated Facility Agreement or any other Finance Document including the provision of any certificates required as a condition precedent to a loan advance;*

**5.7** *that, in connection with any Loans to be made in terms of the Amended and Restated Facility Agreement, any Authorised Signatory is hereby authorised to agree with the Agent the length of any interest periods and on the rate or rates of interest to be charged on Loans (as defined in the Amended and Restated Facility Agreement).*

#### **4.3 Commercial Factoring**

The Board noted that Mr Hall had confirmed that the financial projections for commercial factoring had been based on realistic assumptions which had been correctly applied and calculated.

#### **4.4 Fixed Interest Rates**

The Board noted that the fixed interest rate periods with RBS and Lloyds TSB had been extended resulting in annual interest savings of £115,090.

#### **4.5. Overhead Allocation and Charging**

The Board noted that the report would be submitted to the June 2009 meeting. **JNH**

#### **4.6. Investment in Affordable Housing**

Mr Sanderson advised that although the new Minister for Communities still wanted to drive forward reforms in order to deliver more homes for less subsidy, there appeared to be less enthusiasm for the "regions" as originally proposed. There was also acknowledgement that the proposed timescales were too ambitious.

### **5. NON CONSOLIDATED SALARY AWARDS**

The Board considered the previously circulated report.

***The Board approved the payment of non-consolidated awards totalling £14,096***

### **6. INTERNAL AUDIT PROGRAMME 2009/10**

***The Board considered and approved the proposed internal audit***

**programme for 2009/10.**

Mr Culross confirmed that the reason for the auditors not examining tendering in the proposed Non Building Works Procurement audit was because the tendering procedures, which apply to all forms of procurement, were fully reviewed during the building Works Procurement audited in 2008/09.

Mr Culross agreed to investigate why, in the proposed Major Repairs audit, neither the adequacy of the property condition surveys nor the appropriateness of estimated costs for remedial works would be audited. . **CC**

## **7. STANDING ORDERS**

***The Board considered and approved the Standing Orders which incorporated the changes Board instructed at the March meeting.***

***The Board resolved to amend the Standing Orders further at the June meeting as follows:*** **JNH**

***Appendix 7 – Senior Management Group (SMG) Remit – To expand upon the collective role of the SMG in relation to Performance Management, Regulation, Compliance and Governance. In addition further references would be made to ensure clarity in responsibilities of individual Directors and when acting as the SMG collectively.***

***Appendix 8 – Regulation of Subsidiary Companies – Under Powers of the Link Group Board, to add the words “Except in the case of subsidiaries with membership structures whose constitutions govern such matters” immediately prior to the words “The Board is responsible for”***

## **8. POLICY REVIEW**

### **8.1 Harassment Policy**

***The Board considered and approved the proposed policy subject to re-stating Clause 3.2 of Appendix A which, as currently drafted, was not clear.*** **MBM**

### **8.2 Fraud Policy**

***The Board considered and approved the proposed policy subject to amending the third paragraph of Section 2 “Scope” to add a cross reference to Link’s IT Security Policy.***

Mr Culross confirmed that the position of the Staff Concerns Panel, which fulfils the role within Link of “whistle blowing”, would be covered in the procedures. **CC**

## **9. RISK MANAGEMENT COMMITTEE**

Mr Robertson reported that a meeting of the Risk Management Committee (RMC) had been held immediately prior to the Board meeting. The following projects had been reviewed by the Committee:

Kirkwood Street Rutherglen – The RMC proposed that the project proceeded

on the basis of complete refurbishment provided that grant was awarded. In the absence of a grant commitment the RMC would re-visit the option appraisal.

Cotton Street Paisley – The RMC recommended the approval of the acquisition of 30 properties for shared equity sale provided that there was a commitment beyond the one provided by the Scottish Government to cover interest for six months, to convert unsold properties to rented accommodation.

Rosneath – The RMC had noted the proposals to use the Weberhaus design.

Greendykes B, Craigmillar, Edinburgh – The RMC had considered the proposed strategy for Link's involvement in Craigmillar. Part of this strategy was to acquire 26 properties from PARC, 14 for rent and 12 for shared equity. The RMC supported the proposals provided that either the interest costs on the shared equity properties (whilst unsold) was covered by the grant offer or a commitment was made to convert the properties to rent.

***The Board discussed the verbal report from the RMC and approved the actions recommended by the Committee. The Board agreed that the summary of the RMC meeting would be attached and form part of the minute record.***

#### **10. BAD DEBTS**

The Board considered the previously circulated report.

***The Board approved writing off rent arrears of £209,732.48 and ex-owner debts of £14,111.02.***

#### **11. STRATEGIC PROCUREMENT PLAN**

***The Board considered and approved the previously circulated Strategic Procurement Plan for 2009/10.***

#### **12. HORIZON HOUSING ASSOCIATION**

##### **12.1 Group Structure Partnering**

***The Board noted the positive progress made in the discussions with Horizon and approved the Independence and Responsibilities Agreement.***

##### **12.2 Staffing Issues**

The Board noted that unless the SFHA Pension Scheme allowed staff transferring to Link to be members of the scheme (as Link employees) the staff secondment route would apply.

#### **13. LINKLIVING/THE ACTION GROUP (TAG)**

Mr Robertson reported that a meeting involving the chairpersons and Chief Executives of Link Group and the Action Group would be arranged soon. The invitation would also be made to Mr Shorter and Ms Johnston to join that meeting. Mr Sanderson advised that he had a meeting arranged with the Chief Executive of TAG on Thursday 14<sup>th</sup> May.

**CS**

**14. SWEATING THE DEVELOPMENT PROGRAMME**

The Board discussed the previously circulated report.

The Board accepted that in the current economic climate there were very limited options and opportunities to “Sweat the Development Programme” Mr Robertson thanked Mr Culross for producing a comprehensive and well thought out paper.

**15. ACHIEVEMENT OF BUSINESS PLAN OBJECTIVES**

**15.1 Strategic Action Plan**

The Board considered and discussed the Strategic Action Plan. It was noted that as a result of the accelerated grant funding Link had generated approximately £175,000 more in development allowances. It was further noted that the Senior Management Group would report to the next Convenors Group with regard to its conclusions on the group structure

**15.2 Key Performance Indicators**

The Board considered the previously circulated report. The Board noted that property re-let times and repairs completions were worse than target and this had been as a result of contractors poor performance following the award of the repair service contract to Connaught. However, performance has now improved and that will be reflected in the figures for the next quarter.

**15.3 Subsidiary Reports**

The Board considered that overall Link’s performance had been good and congratulated staff for their hard work and performance. Mr Robertson drew the Board’s attention to the references in both the Linkwide and Link Homes quarterly reports to the comments of both Boards regarding meeting business plan targets. The staff had been congratulated on their performance and on behalf of the Board he added Link Group’s appreciation of the performance achieved.

**16. MODERN METHODS OF CONSTRUCTION**

The Board considered the previously circulated report. It was noted that Link was exploring a “Weberhaus” product for the Rosneath development.

The Board thanked Mr Culross for the comprehensive report.

**17. RESIGNATION OF BOARD MEMBER**

The Board noted the resignation of Ms Hayhurst which had arisen because of a conflict of interest as she had been appointed as a Regulation Manager with The Scottish Housing Regulator. In her letter of resignation Ms Hayhurst had wished the Board well and Mr Robertson confirmed that he had responded and thanked Ms Hayhurst for her contribution to the Board over the last 4 years.

**18. LINSTONE LESSONS LEARNED**

The Board discussed and noted the report which had set out five main

learning points. Mr Pollock confirmed that all the matters were being taken account of in discussions with Horizon.

**19. QUARTERLY LOAN COVENANT COMPLIANCE**

The Board considered and noted that Link had met its loan covenants in the period to May 1<sup>st</sup> 2009. The report also highlighted that Management Accounts and Five Year Projections would need to be submitted to the Royal Bank before the next quarterly monitoring report was due.

JNH

**20. INSURANCE TENDER 2009**

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**21. FINANCE DEPARTMENT REPORT**

The Board considered and noted the previously circulated report.

**22. EXECUTION OF LEGAL DOCUMENTS**

The Board considered and noted the previously circulated report.

**23. ANY OTHER BUSINESS**

**23.1 Lomond Drive Opening Ceremony**

Mr Sanderson advised that the Minister for Communities, MSP Alex Neil, has agreed to perform the opening ceremony and Link would also be using the opportunity to launch the Affordable Warmth Strategy

**23.2 Glasgow Commonwealth Games**

Mr Sanderson advised that the second proposals had been submitted to Glasgow Council on April 14<sup>th</sup> 2009. Link had not been shown the final version before submission and Mr Sanderson confirmed that there were matters which he considered were not satisfactory. The final decision by the Council on the preferred partner would be made in July 2009 and should the consortium involving Link be successful Link would need to consider its position at that point.

**23.3 Link AGM Guest Speaker**

Mr Sanderson confirmed that Professor Duncan MacLennan had accepted an invitation to speak at Link's AGM which will be held on September 2<sup>nd</sup> 2009 at the Edinburgh Corn Exchange, Chesser, Edinburgh.

**23.4 Prospective Board Member**

Mr Sanderson reported that he had identified a potential Board Member, Councillor David Wilson from Inverclyde Council. Cllr Wilson is a board member of Riverside Inverclyde URC and a former board member of both Port Glasgow HA and River Clyde Homes. Copies of this month's Board papers had been sent to him and also an invitation to attend meetings as an observer

**23.5 Appointment of LinkLiving Board Members**

Mr Robertson confirmed that a proposal had been made from the LinkLiving Board to appoint Martin Lessels and Linzie Nicol to the LinkLiving Board. It was noted that both had already attended 3 meetings as observers. The Board unanimously approved the appointment of Mr Lessels and Ms Nichol to the LinkLiving Board.

### **23.6 Application For Membership**

***A membership application had been received from Liam Walker and the Board approved his appointment as member of Link Group Limited.***

## **24. DATE OF NEXT MEETING**

Tuesday 9 June 2009 at 4:00pm in the Sievewright Suite, 2c New Mart Road, Edinburgh.

The Meeting closed at 5.55 p.m.