



# Board Meeting Minutes

**Meeting:** Special Board Meeting      **Location:** Ron Davey Enterprise Centre, 10 Vulcan St  
**Date:** 10 December 2019      **Time:** 5.30pm

**Attendees:** J Thorburn JT (Chair), C Rossine CR, M Thomson MT  
I Cross IC, J MacLeod JM, G Satti GS, J Berrington JB,  
T Dow T, R Maguire RM, A Murphy AM, A Gow AG

**Apologies:** R Porter MBE RP

**In Attendance:** R Tamburrini (CEO), T Sweeney (DDCS) TS, AM Devlin (SDCEO) AMD,  
J Devine (DCEO Regen) JD, A Bell (HoIP) AB, B Hartness (DCEO FIN) BH,  
L Cooper (DD) LC

Iain Muir (McDermott Group)  
Roger Cotton (Brodies Solicitors)

**Minute Taker:** C Murray (PA) CM

	Agenda	Action	Date
1.	<b>Apologies</b>		
	As above.  In accordance with the rules the Board AGREED to allow R Porter a leave of absence.  Proposed J Berrington      Seconded C Rossine		
2.	<b>Declaration of Interest and Attendance</b>		
	None.		
3.	<b>Balgrayhill/Viewpoint/Croftbank/Edgefauld MSF Investment (25/26 High)</b>		
	Chair introduced JD who started the presentation by providing information on the background to this project. A Stock Condition		

	<p>Survey was done over the last 2.5 years. The goal was to assess accurate data in order to make smart investment decisions.</p> <p>Following the Grenfell Tower disaster the Dame Judith Hackitt Report was produced. ng homes commissioned specialist consultants to prepare reports for the project for the new district heating system and fire safety improvements for the MSF's. All of these reports have been consolidated into one governance report which AB took the Board through later in the meeting.</p> <p>The issues identified are:</p> <ul style="list-style-type: none"> <li>• New cold water systems within four of the blocks</li> <li>• New soil pipes within the MSF blocks</li> <li>• New fire safety measures within the buildings</li> <li>• A new, more efficient heating system</li> </ul> <p>The planned works will compartmentalise fire and smoke, install an alternative more efficient heat system which will better for the health of the tenants and also for the block itself.</p> <p>JD commented that a considerable amount of time has been spent planning as the Association need to manage the approach carefully. He referred to the Dame Judith Hackitt Report which says "High Risk High Rise are complex buildings and must be actively assessed as a single, coherent system of inter-dependent components to achieve safe building outcomes. Such an approach should apply throughout the HRRB's life cycle.</p> <p>Duty holders must be able to show that they have understood both the ways in which building safety risks are going to be directly managed and the wider impacts other building requirements can have on that strategy."</p> <p>A comprehensive full building approach has been completed, an initial structural survey concluded and investment vs demolition options have been considered and the Association are now in a position to put plans in motion. JD commented all new measures will enhance fire/smoke and H&amp;S generally.</p>		
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	<p>JD then handed over to Iain Muir from McDermott Group who would explain the planned sequence of works.</p> <p>Iain reminded the Board that part of the funding for this project is coming from the Scottish Government and a requirement for this grant is to show that the works will reduce fuel poverty and carbon emissions.</p> <p>The Fuel Poverty Bill defines a household to be in fuel poverty if more than 10% of its net income (after housing costs) is required to heat the home and pay for other fuel costs – with not enough money left for a decent standard of living. If more than 20% of net income is needed, the household is defined as being in extreme fuel poverty. A survey of 414 households across the 6 MSF blocks showed 67.39% in fuel poverty and 28.99% in extreme fuel poverty.</p> <p>Sensors were fitted into 250 properties to monitor how residents heat their homes. Results showed that those in extreme fuel poverty did not heat their homes to the same temperatures as those not in fuel poverty. There were significant impacts on tenants health and effects to the building itself if properties are at different heat levels. After the work is carried out impact assessments on tenants health will be done again at regular intervals. Iain reported that 98% of tenants surveyed said they would welcome the current storage heaters being replaced.</p> <p>The project will receiving funding through the renewable heat incentive c. £2,241,414, over 20 years, £747,138 against Phase 1 and £1,494,276 against Phase 2. To be accepted for Renewable Heat Incentive the district heating systems must be fully installed and commissioned by end February 2021. The Renewable Heat Incentive comes to an end in March 2021 and this funding will no longer be available thereafter so the work must be commissioned by this deadline.</p> <p>The project has applied for £4,570,548 in funding from the LCITP (low carbon infrastructure transition programme) towards Phase 1 &amp; 2. The application skipped interview stage as the application was so thorough the panel had no questions to ask. The panel has recommended for</p>		
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	<p>approval and should be confirmed by February 2020 however, any award made must be drawn down and spent by March 2021.</p> <p>The application made to The Energy Savings Trust was reviewed by Scottish Government review panel consisting of the Energy Minister, Accountants, Solicitors and Engineering firm WSP. ng homes received the highest score ever seen by any application. ng homes were approved £4,500,000 of funding for District Heating which is the largest ever single funding award but it must be spent before end March 2021. Iain commented that the Energy Savings Trust are very supportive, especially in relation to the positive effects on fuel poverty.</p> <p>Iain went on to describe the work packages and phases that the work will be carried out.</p> <p><b>Work Package 1</b> will include the enabling works which will run through the building and communal areas. 2 pipes carrying water will run from the top to the bottom of the building. Pipes will run horizontally through the communal areas and will be encased in RAL colour. Firestopping will be used throughout the stairways and fire escapes and the Georgian glass currently at the tops of doors will be removed and sealed up.</p> <p>Sprinkler pipework will be installed through the blocks without installing the sprinklers. There is no current legislation for a sprinkler system however should that change we can implement it without more disruptive major works. Dual use water pipes will tackle the risk of legionella.</p> <p>CAT6 cabling will be used to allow for multiple things to run through one cable avoiding lots of unsightly cables. This also allows the option for low cost broadband in the future. There will be a new video door entry system installed which concierge will be able to access.</p> <p><b>Work Package 2</b> covers fire safety within the home and includes the installation of the highest grade of fire detection systems. The fire service will be able to communicate with each floor to manage a</p>		
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	<p>situation should they need to evacuate the building. Water will be available in the dry risers and controls will be put in place to open/close vents and remove smoke from communal areas.</p> <p>Fire collars will be installed which close automatically if a fire is detected but still allows space to run more cables through should they be needed.</p> <p><b>Work Package 3</b> is the installation of the source heat pumps which are manufactured offsite and then brought in on a large frame. Only 8 are required however 10 will be going onto these blocks which allows the duty to be shared between them thus extending the life span. Another advantage is that there are additional pumps there should one fail.</p> <p>The pumps will be craned onto the roof which will require a temporary road closure which will require contact with the council which can take approx. 3 months. The programme is proposed to start 27 March 2020 so there is a need to contact the council quickly.</p> <p><b>Work Package 4</b> includes the removal of the old property doors and the installation of Fire rated doors; the installation of bespoke transom panel for pipework entry into property; and the installation of lateral pipework into the property. Tenants will be consulted on the colour of the doors.</p> <p><b>Work Package 5</b> will be the installation of the new heating system which will include a new interface unit for the boiler and water tank. Pipework will be run under the floorboards up to the new radiators.</p> <p><b>Work Package 6+7</b> will be the most intense part for tenants as it will likely result in decant. Tenant support services will be put in place. This part of the works includes the removal of a wall and asbestos in the bathroom. Any holes will be firestopped, the bathroom will be connected to the new heating system, and will include a new bath and shower, and a new soil pipe will also be connected.</p> <p>Iain commented that not only will the new heating system mean it will</p>		
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	<p>be cheaper to heat homes but the hot water for the bath and shower will also be cheaper than the old electric showers currently in place.</p> <p>Member asked how easy it will be for tenants to use the new system and if tenants will be able to adjust it themselves or if it will be centrally controlled. Iain said it would be controlled by each tenant within their own property and each tenant would be educated on how it works. CEO commented that the Association will still be able to see from the sensors how the heat is being used and will allow for a further discussion with tenants if required.</p> <p>Member asked if the radiators are going to be larger. Iain replied that the heat will be at a lower temperature which keeps the costs down but the radiators will have either an extra panel or a wider panel which will radiate more heat.</p> <p>Member asked how long the decant will be for. Iain said that it should only be for one night provided the removal of the asbestos passes the air test, however worse case scenario will be 2 nights. CEO commented that they will make use of the voids.</p> <p>Member asked if it is only the baths and showers that are being replaced. CEO commented that they will reconsider this during the march-ins.</p> <p>Chair asked what considerations have been made for those with disabilities. Iain said the smoke alarms will have strobe lights and speakers. CEO commented that one exercise that is needed is to identify who with disabilities are currently housed in the MSF's.</p> <p>Member asked if the funds need to be drawn down by a deadline and what measures are in place to manage the risks to meet that deadline. Iain commented that the funds will be drawn down as each block is completed. There will be 2 teams in each block with a goal of completing 2 units per week and is comfortable that the programme can be accelerated with extra man power if need be. The deadline to complete the works is the end of February 2021.</p>		
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	<p>BH commented that this investment has been discussed over a considerable period of time however it was originally planned to be carried out over 2-3 years but out of the Associations funds. The award for funding has fast racked the timeframe for the work to be completed to just one year. It was anticipated in the Business Plan that ng homes would draw down 3 batches of £10m bonds over a multi-year time period. BH commented that he has contacted THFC who has confirmed funds can be accessed with less than 3% interest rate.</p> <p>A Risk Register for the project will be shared with the Board.</p> <p>Iain Muir left the meeting at 18:22</p> <p>The Board considered, in great detail, the report "<b>Governance Report Legislative, Compliance &amp; Investment Works to Six Multi Storey Blocks</b>" which was delivered by AB. Roger Cotton from Brodies Solicitors was present for any questions members might have.</p> <p>The report covered the due diligence that has been undertaken in the progression of the proposed project, a description of the works as well as how the project was going to be funded. £6,741,414.00 has been secured through a soft loan from the Energy Savings Trust and a grant from Renewable Heat Incentive. In additional an application for grant funding of up to £4,570,548 was made to the Low Carbon Infrastructure Programme (LCITP). The award decision should be made by the end of 2019 and the amount advised in writing by February 2020.</p> <p>Members were advised that any project approval would be subject to a satisfactory structural report from M. Dyson Associates Structural Engineers.</p> <p>Member asked if the deadline is not met can action be taken by the contractor. Roger Cotton (Brodies Solicitors) commented that it would depend on the reason for the delay.</p> <p>AB advised the Board that in order to comply with the recommendations in the Dame Judith Hackitt report , in the earliest</p>	JD	
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	<p>time-frame and by the most efficient procurement method, the contractor is being procured through a 'call off' from the Procurement for Housing (PfH) Framework, a national pre-tendered framework. The remaining legislative and investment works have also been included in the overall contract as it makes business sense to have one Principal Contractor responsible for the coordination of all works on site as this will reduce overall costs, contract timescale and disruption to tenants.</p> <p>AB commented that given the specialist nature of the works and also the scales of the work it is important to have a contractor with sufficient experience and expertise. Given the district heating system complexity coupled with the integration of extensive fire safety works and in order to comply with the recommendations of the Dame Judith Hackitt report at the earliest possible timeframe Easy Heat have been procured from the PfH framework and the national pre-tendered framework – first placed on both lots. The framework allows for a direct call off without further competition. The remaining legislative and investment works have been added to the contract which will reduce costs, timescales and disruption to tenants. AB commented that the interconnectivity of the works means it is unfeasible to split. One contractor is preferable as this gives one single point of responsibility.</p> <p>However, the framework provides standard contract terms and conditions not beneficial to ng homes. Brodies Solicitors were appointed to conduct a procurement compliance review of the process that was undertaken. A full explanation of their findings is included in appendix 4, however the main points can be summarised as:</p> <ul style="list-style-type: none"> <li>• The use of the PfH framework is not risk free. The first risk arises because procurement law requires that the framework terms and conditions of contract "must under no circumstances entail substantial modifications to the terms laid down in that framework". Compliance with this rule is not appropriate as the framework form of contract does not have the flexibility to allow ng homes to effectively and efficiently deliver the works and to manage its risk. A more appropriate JCT form of contract has been agreed with the contractor. This change of</li> </ul>		
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	<p>contract has project benefits, but creates procurement risk. The PfH framework does allow parties to negotiate different terms which reduces the risk to ng homes but does not eliminate it. Procurement risk is further mitigated by a contractual condition requiring Easy Heat to tender the sub-contracts for the majority of the works and by ng homes publicising that in advance of entering into a contract.</p> <ul style="list-style-type: none"> <li>Public procurement law risk is just one project risk. It is legitimate to balance this risk against other project risks including health and safety, delay and loss of soft loan or grant funding. The project includes works to mitigate known health and safety risks to occupiers of the tower blocks, in particular in relation to fire safety. ng homes believes that procuring the works as one single package is consistent with the guidance from Dame Judith Hackitt in her report on Fire Safety for High Rise buildings (HRRBs) mentioned previously.</li> <li>If a health and safety incident occurred, the failure of ng homes (and its Board and Executive Team) to take steps available to it to mitigate risk could itself be the subject of inquiry, adverse scrutiny and civil and criminal proceedings.</li> </ul> <p>It is that possibility which leads to the conclusion that balancing some procurement law risk against the health and safety risks, risks of delay and funding loss is legitimate as part of the Board's decision-making process.</p> <p>A conversation took place about risk and ensuring that to the best of the Boards ability they are confident that the Association has mitigated the risk. Roger Cotton offered to run a session in the future on Board members' responsibilities on risk.</p> <p>Member asked what would happen if Easy Heat went bankrupt and if that could be insured against. Roger commented that it would be their problem to solve and doubtful that you would get insurance for something like that.</p>		
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	<p>Member asked if there is a time of the essence clause included in the contract. Roger said no but they would legally be held to the projects programme and every component within that. The contract is still under negotiation and they would look at insurance levels.</p> <p>Members asked about the direct appointment of ESP and the requirement to advertise the commission. AB advised that the value was below the procurement regulation threshold of £50,000 incl. VAT, for services, and as such there was no requirement to advertise and Roger Cotton agreed with this.</p> <p>The Board considered the report, appendices and discussion which had taken place and APPROVED the following:</p> <ul style="list-style-type: none"> <li>• The appointment of Easy Heat Ltd to undertake the <b>Phase 1 works</b> in the sum of <b>£17,366,279.66</b> including VAT.</li> <li>• The appointment of Easy Heat Ltd to undertake the <b>Phase 2 works</b> in the sum of <b>£6,849,543.79</b> including VAT, <u>only</u> if the LCITP funding application is wholly successful and the full amount of grant forthcoming. If the application is unsuccessful, or is granted in a reduced amount, Board or Regeneration Sub-Committee approval will be sought to proceed with Phase 2.</li> <li>• The appointment of Ewing Somerville Partnership (Scotland) Ltd as Principal Designer (Pre-Contract) for the fee of <b>£3,590.40</b> including VAT</li> <li>• The appointment of Ewing Somerville Partnership (Scotland) Ltd as Employer's Agent Phase 1 (Post-Contract) for the fee of <b>£50,858.89</b> including VAT</li> <li>• The appointment of Ewing Somerville Partnership (Scotland) Ltd as Employer's Agent Phase 2 (Post-Contract) for the fee of <b>£5,479.63</b> including VAT.</li> </ul> <p><b>NB: The appointment of Easy Heat is further subject to ng homes receiving a satisfactory Structural Report from Michael</b></p>		
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	<b>Dyson Associates Ltd.</b>		
	Proposed J Berrington Seconded J MacLeod		
<b>4.</b>	<b>Key Performance Indicators (KPIs)</b>		
	<p>LC reported on the Key Performance Indicators for April – September 2019.</p> <p>An area for improvement - offers refused is 39% against a target of 25%. In the main, this was due to a number of homeless refusals. LC has met with the casework team and changed the process on how ng homes make offers to homeless cases to try and reduce the number of homeless refusals. LC will continue to monitor this during Q3 and expects this to reduce further due to the measures put in place.</p> <p>CEO commented that this is an area that should discussed with the SHR and agreed to put it on the agenda when they visit ng homes on 15 January 2020.</p> <p>In addition to this, LC commented that days to let will be monitored closely as well as reports on repairs to monitor Right First Time Repairs to work towards achieving the target of 90%.</p> <p>Members considered the report and APPROVED the KPIs for April – September 2019.</p> <p>Proposed R Maguire Seconded T Dow</p>	<b>CEO</b>	
<b>5.</b>	<b>Benchmarking</b>		
	Item carried forward to next Board meeting.		
<b>6.</b>	<b>Business Plan Affordability</b>		
	<p>CEO commented that the Association need to focus on affordability and need to make efficiencies within the organisation to lessen pressure on future rent increases. This will be looked at within the next Business Plan.</p> <p>LC commented on the current work Lyanne Leslie has done for the homeless pilot which has fast tracked payments to avoid new tenancies starting in arrears which has proven successful so far.</p>		

