



DUNEDIN CANMORE HOUSING

BOARD MEETING

Thursday 14 July 2022 at 5pm

Via Microsoft Teams

AGENDA

1. Apologies for absence
2. Declarations of interest
3. East of Scotland partnership
4. AOCB

Report

To: Dunedin Canmore Board

By: Anthony Allison, Director of Governance

Approved by: Hazel Young, Group Director of Housing and Property

Subject: East of Scotland Partnership

Date of Meeting: 14 July 2022

1. Purpose

1.1 To update the Board on the strategic partnership with West Lothian Housing Partnership (WLHP), including the results of the tenant ballot and the proposed next steps.

2. Authorising and strategic context

2.1 The agreement of changes to the Wheatley Group corporate structure are reserved to the Group Board. The changes that impact on us are also subject to our approval. The Group Board has confirmed its agreement to the proposed transfer of the business and assets of WLHP, subject also to agreement by our Board.

2.2 As required by the Housing Scotland Act, WLHP has consulted and balloted its tenants.

3. Background

3.1 At its last meeting the Board agreed that we proceed with our plans to receive the business and assets of WLHP, subject to WLHP formally balloting its tenants, following the positive phase 1 tenant consultation that took place throughout April and May.

3.2 The phase 1 consultation demonstrated that tenants were very strongly in favour of the proposals and the benefits of the partnership, with 360 (98%) of those who responded to the consultation indicating they were in favour of the proposals, and with 8 (2%) not supportive.

3.3 The Board also agreed at its May meeting, that subject to the ballot result being in favour, this additional meeting would be called to consider:

- the ballot result;
- Business Transfer Agreement; and
- the final timeline for transfer, including how this is communicated to tenants.

4. Discussion

Tenant ballot

- 4.1. WLHP's tenant ballot commenced on the 30 May and ran for 28 days until the 27 June. This was in compliance with the Scottish Housing Regulator's ("SHR") statutory guidance.
- 4.2. The ballot was operated independently by Civica, who have been used by the group for rent and other consultations. All tenants received the ballot and a copy of the phase 2 brochure which confirmed details of the partnership offer, taking into account the positive feedback received from customers when they were first consulted on the proposals in April and May.
- 4.3. Throughout the ballot, tenants were actively encouraged to vote via social media channels and engagement through local staff. As with the phase 1 consultation, the Tenant Participation Advisory Service ("TPAS") were available to tenants as independent advisors throughout the ballot process.
- 4.4. Overall, of those tenants who voted in the ballot **90% (294) voted in favour** of the transfer to us, with only 10% (33) not being supportive. Tenants who did not support the proposal did not require to explain why. The turnout was 34.2% which is similar to previous ballots in Group, for example the turnout for Cube tenants voting to join Loretto Housing was 36.7%.
- 4.5. The turnout rate was high within the context of this being an intragroup transfer, existing tenants being very satisfied with the service and positive engagement already received during phase 1 consultation. This provides confidence that tenants have taken the opportunity to express their views relating to the transfer. The high proportion in favour gives a strong endorsement for continuing to progress with the partnership.
- 4.6. Throughout the ballot, WLHP staff extensively engaged with tenants to remind and encourage them to vote, as well as answer any queries they had and remind them of access to TPAS.
- 4.7. Over the course of the ballot WLHP:
- Attempted 393 face to face visits of which 141 were successful;
 - Made 947 telephone calls to customers via local staff;
- 4.8. This resulted in

Response method	In favour
Votes cast by post	165
Votes cast online	128
Votes cast by telephone	10
Votes cast by SMS	24
Total	327

- 4.9. The SHR has been notified of the positive outcome of the ballot, and subject to Board approval, WLHP is in a position to progress with the next steps of the partnership as supported by tenants.

Next steps

- 4.10. The times and next steps to effect the transfer are as follows:

Action	Due date
Notify SHR of ballot result	Complete
WLHP tenants notified of outcome of ballot	W/c 25 July 2022
WLHP advise current members that following transfer their membership of WLHP will be cancelled and they can apply to join DCH.	W/c 25 July 2022
Funder consent (including all RSL Borrower group members formally agreeing)	w/c 15 August 2022
WLHP Board to approve BTA and completion	17 August 2022
DCH Board to approve BTA and completion	18 August 2022
Wheatley Board to approve completion	25 August 2022
Business transfer and conveyancing	05 September 2022
Notify contractors and complete assignments/ novations for development projects and other contracts (such as office lease)	At transfer

Communication with customers

- 4.11. Following the success of the ballot, WLHP will now communicate this to customers and inform them of next steps, including timescales.
- 4.12. For example, this will highlight early to direct debit customers that they will receive a letter from AllPay prior to the transfer to us, however they do not need to do anything to their direct debit for the transfer. This will be handled by AllPay and they will simply see 'Dunedin Canmore Housing' appear on their bank statements post-transfer, rather than WLHP.
- 4.13. WLHP will continue to communicate with customers right up to and through transfer through various methods such as IVR phone message, the DCH and WLHP websites and social media channels. The post-ballot communications plan is attached at Appendix 1.
- 4.14. Formal WLHP staff consultation, with trade union engagement, began on the 4 July. This includes briefing sessions with impacted staff and will run for 3 weeks. So far no issues have been raised and staff have been supportive of the proposals.

Legal and due diligence

- 4.15. As indicated at the previous meeting, Harper Macleod, who were appointed to complete legal due diligence on our behalf, confirmed that '*we have not identified any particular matters, risks or concerns which we regard as being sufficiently material for us to recommend that they should prevent DCH from proceeding with the Transaction*'.

- 4.16 We are continuing to progress with any actions identified from the due diligence exercise. For example, in relation to the handover of new build units at Almondvale, the first phase is now due on 19 July and will be leased to DCH using a form of intra-group lease prepared by Harper Macleod.

Business Transfer Agreement

- 4.17 The updated Business Transfer Agreement (“BTA”) is also appended to this report (Appendix 2). Shepherd and Wedderburn are providing legal advice to WLHP and have provided some further commentary which has been passed to Harper Macleod for review on behalf of DCH.

Funder consent

- 4.18 Consent is needed from the Group’s lenders to the proposals. Discussions are underway and the lenders’ solicitors are also currently reviewing the BTA to ensure that they are satisfied with its terms. As the proposals are financially neutral from their perspective, since all assets remain within the Group, we do not anticipate any issues with obtaining the required consents.
- 4.19 We will seek the required consent from the borrower group Boards at their August meetings.

5. Customer engagement

- 5.1 Customers were able to vote on the partnership proposals, and the support of 90% shows strong backing for the transfer.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from this report.

8. Financial and value for money implications

- 8.1 The financial implications of the creation of a new organisation for the East of Scotland have been previously assessed and reflected in our future business plan.

9. Legal, regulatory and charitable implications

- 9.1 The legal, regulatory, and charitable implications of the transfer have been considered previously. WLHP’s business fits with our own charitable purposes. We have engaged separate legal advisors from WLHP, to help ensure that the Board has access to independent legal.

9.2 We are undertaking the transfer process in line with the Scottish Housing Regulator statutory guidance in relation to tenant consultation and ballots. The disposal of the units at Almondvale by way of a lease to Dunedin Canmore is a notifiable event.

10. Risk appetite and assessment

10.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty is a key organisational objective and a priority for tight management controls and oversight.

10.2 As set out above, we will mitigate this risk by engaging external legal and professional advice throughout the process to provide the Board assurance that all legal and regulatory requirements are being followed. This will include ensuring we receive the necessary consents, such as from our funders.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 The ballot result of 90% of customers voting in favour indicates strong support from tenants for the proposals. The costs of living and inflationary increases have continued since we first proposed the partnership and the rent cap and increased investment will provide an element of support for tenants at a very challenging time.

13. Recommendations

13.1 The Board is asked to agree that we continue to progress the transfer proposals and note the final timeline for transfer.

List of Appendices

Appendix 1 - post-ballot comms plan

Appendix 2 - updated Business Transfer Agreement