

Please note – these Minutes have been edited to remove any commercially sensitive or confidential discussions

ITEM 2

MELVILLE HOUSING ASSOCIATION LIMITED

Minute of the Board Meeting held on
Wednesday 8 August 2018
at 5.30pm in Board Room, Corn Exchange, Dalkeith

PRESENT: David Bond (Chair as Caron Quinn arrived late)
Caron Quinn
Glen Alexander (via telephone)
Donna Bogdanovic
Andrew Dougherty
Sean Gillespie
Bob Jack
Emily Kasiera
Clare Marshall
Allan Murphy
Barbara Shearer
Bill Takhar

IN ATTENDANCE: Morag MacDonald, Chief Operating Officer
Neil Edgar , Development Manager (Item 3)
Mary Monteith, PA to Chief Executive (Minute)

D BOND IN THE CHAIR

1a. CHAIR'S OPENING REMARKS

The Vice-Chair welcomed all to the meeting.

**Action
Required
Note**

1b. DECLARATIONS OF ANY OTHER BUSINESS

Noted that there were various items of other business to be taken at the end of the meeting.

1c. DECLARATIONS OF INTEREST

Noted that the Chief Operating Officer declared that they sit on the Board of Directors for Ironmills

Note

	Developments Ltd. The Secretary is a member of the Tenants' Representative Panel.	Action Required
1d.	APOLOGIES	
	Apologies were received from Paul Cameron and Andrew Noble	Note
2.	MINUTES OF PREVIOUS BOARD MEETING 22 JUNE 2018 AND MATTERS ARISING	
2.1	<u>Noted</u> that the minutes were <u>approved</u> by Clare Marshall and <u>seconded</u> by Andrew Dougherty	Approve
	Matters Arising	
2.2	<u>Noted</u> that that there were no matters arising from this minute.	Note
3.	DEVELOPMENT UPDATE	
3.1	Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	Note
	<i>The Development Manager was thanked for his contribution and left the meeting at this point.</i>	
4.	GOVERNANCE REPORT	
4.1	<u>Noted</u> that the Chair highlighted the following from this report: <ul style="list-style-type: none"> ▪ Code of Governance now saved in Document Library of Virtual Board Room App. The Chair suggested that this could be looked at during the Board Away Days in October. ▪ Scottish Housing Regulator – draft framework will be available for formal consultation in the Autumn. 	Note

**Action
Required**

- Board Membership – the Chair advised that this would be a Member’s last meeting and thanked them for their valuable contributions over the years. The Member thanked everyone for their support over the years and wished the Board and staff well for the future.
- Board – there are currently 13 members on the Board (12 after tonight’s meeting). The Chair explained that the Chief Executive has met with a few interested parties and has passed information to the Chair on these meetings. It was pointed out that the Board may wish to look at co-option of Board members after the AGM.
- Board Training – the SFHA Finance Conference was highlighted to members as well as an offer from the Chief Operating Officer to conduct some Finance training with for members. Members were reminded to contact the PA if they wish to attend a training event.
- Board Appraisals – the final meetings will be held at the end of this week.
- AGM being held 12 September 2018 in the Corn Exchange. Under our rules, one third of Board members have to stand down but can be re-elected without nomination. The four this year are:
 - The Chair, the Secretary and two Members

All four are willing to stand again but as per our current rules, as the Secretary has served more than 9 years, Members must be satisfied of their continued effectiveness as a Board Member. The Secretary left the meeting to allow members to discuss this point. It was noted that during the Secretary’s recent Board Development Meeting, their service and their role on the Board was discussed. Their continued development through

training conferences and taking on the role of Company Secretary was acknowledged. One point was raised about membership of the Tenants' Representative panel. Members were advised that this is not a scrutiny panel and that the Secretary has signed a declaration that should a conflict of interest arise, they would resign their position as Tenant Rep. Members **approved** the Secretary standing for re-election to the Board.

**Action
Required**

Approve

- Association Membership – Board approved the cancellation of the membership of a member, who recently passed away.

Approve

Ironmills Developments Limited (IDL)

4.2 **Noted** that a former Melville Board member and Secretary is now the Secretary of IDL. It was pointed out that upon checking the Independence and Responsibilities Agreement between Melville and IDL The Board should've given their approval for the IDL Secretary to be a different person to the Melville Secretary. The Board were therefore asked to either approve the current Secretary of IDL continuing as Secretary or ask the Melville Secretary to take on this role.

4.3 **Noted** that the Board discussed why this had been set up like this and it was agreed that the Chief Executive would be asked to send more information to Members.

**Chief
Executive to
follow up**

4.4 **Noted** that the Board agreed that the current Secretary of IDL should continue in post and that they would ratify this decision following the circulation of the requested information from the Chief Executive.

Approve

4.5 **Noted** that a former Chair and Treasurer of Melville had indicated that he would be willing to join the Board of Ironmills. The IDL Board approved this appointment at their meeting in February 2018 and the Board of Melville were asked to ratify this decision. The Board acknowledged the experience they would bring to the

**Note/
Approve**

role and **approved** his appointment.

**Action
Required**

Key Performance Indicators

- 4.6 **Noted** that three indicators were slightly above target: **Note**
- Board attendance 74% for year to date
 - Net current arrears 3.21% (target 3.2%)
 - Former Tenant Arrears 0.69 % (Target (0.6%)
- 4.7 **Noted** that the Chief Operating Officer explained that: **Note**
- current arrears have increased due to Universal Credit and has been provided for in accounts and in our forecasts.
 - Former Tenant arrears are a few hundred pounds over target, mainly due to timings and write offs as bad debts.
- 4.8 **Noted** that the Chief Operating Officer updated members on the lack of Satisfaction information in the KPI report and explained that Novus' PDA's used to be a yes or no answer, but this has been changed to provide 5 questions (in line with ARC questions). This is producing better and clearer reports for us. The Chief Operating Officer also noted that any "not satisfied" responses are followed up. **Note**
- 4.9 The Chief Operating Officer provided the missing information: **Note**
- Current results are
- 85% are either very satisfied or satisfied
16% neither/nor
- 4.10 **Noted** that following a query from a Member, the Chief Operating Officer provided clarification on gross and net arrears. It was noted that the Regulator are more interested in the gross figure and that the net figure will become increasingly less important as tenants are paid their housing cost via Universal Credit. **Note**

		Action Required
4.11	<u>Noted</u> that the Chief Operating Officer highlighted that we have no members of the IDL Board on our Audit Committee and suggested that a former Chair and Treasurer of Melville, with their previous experience may be a useful addition to the Audit Committee.	Note
4.12	<u>Noted</u> that the Board discussed this, with the Chair asking for more clarity. The Chief Operating Officer highlighted that they had been advised by our Auditors some years ago that it was good practice to have an IDL Board member on the audit committee, so the IDL Board would have insight into the checks and balances being carried out on their behalf. The Chief Operating Officer advised a former Member fulfilled that role until their death a few years ago.	Note
4.13	<u>Noted</u> that the Chair questioned this guidance and said she felt that it should be the other way about and one of our Audit Committee members should sit on the IDL Board. She added that she did not feel comfortable that an IDL Board member would be privy to sensitive information about Melville.	Note
4.14	<u>Noted</u> that a Member (current Chair of Audit Committee) offered to sit on IDL Board.	Note
4.15	The Board noted the contents of this report, approved that the Secretary may stand for re-election to the Board of Melville Housing Association. Approved the appointment of a former Chair and Treasurer of Melville to the Ironmills Developments Ltd Board and agreed that subject to the circulation of information from the Chief Executive; the current Secretary would continue to serve as Secretary of IDL.	Note Approve Approve Agree
5.	SECRETARY'S REPORT – RULE 68	
5.1	<u>Noted</u> that the Secretary explained that this report is presented at the last Board Meeting prior to the AGM. It was confirmed that as per Rule 68 we have complied	Note

	with the rules relating to Minutes, Seal, and Registers.	Action Required Note
5.2	The Board noted the contents of this Report.	
6.	ANNUAL REPORT OF THE AUDIT COMMITTEE	
6.1	<u>Noted</u> that the Chair of the Audit Committee, highlighted that this report outlines the activities undertaken by the Audit Committee in respect of the financial year to 31 March 2018. It was noted that this Committee have delegated authority to monitor Melville’s internal controls, risk management processes and audit functions.	Note
6.2	<u>Noted</u> that the Report gave the required information and assurances to allow the Board to approve the Internal Control statement in the annual accounts.	Note
6.3	<u>Noted</u> that the Audit Chair advised that our Internal Auditors, Wylie + Bisset are working through a planned programme of audits and confirmed that private meetings were held with both internal and external auditors without staff being present.	Note
6.4	The Board noted the contents of this report.	
7.	EXTERNAL AUDIT, ANNUAL REPORT AND ANNUAL ACCOUNTS	
7.1	<u>Noted</u> that the Chief Operating Officer explained that feedback and comments from members who agreed to review the draft accounts were incorporated into the accounts. It was pointed out that no fundamental changes were made to the annual accounts as a result of the audit and that the draft accounts which were circulated to the Board in May 2018 were fundamentally unchanged and that the final financial results as presented to the Board in May were likewise unchanged.	Note
7.2	<u>Noted</u> that it was also highlighted that Chiene + Tait were in attendance at the Audit Committee Meeting on	Note

	30 July and went through the report in detail with members. The members also met with the Auditor in private.	Action Required
7.3	Noted that the Audit Committee recommended that the accounts and the Letter of Representation be approved by the Board at this meeting.	Note
7.4	Noted that after a question from the Vice-Chair, the Chief Operating Officer explained that the benefit of the HEEPS interest free loan (now over £500k) should be recognised under FRS 102, however to be prudent they had recognised the loan in full whilst the auditors were happy not to adjust this within the accounts, this has been included as an unadjusted difference on the letter of representation.	Note
7.5	Noted that a Member asked about the property revaluation, querying why revalued amounts would be lower than historic cost. The Chief Operating Officer advised that historic cost is now based on the full cost of building the asset and is not netted with the HAG grant, however the revaluation is based on future rents which are low (due to the build being subsidised with grant) and therefore return a lower value.	Note
7.6	Noted that one member also commented that having seen many audit reports, he was very impressed with the outcomes from this audit and had never seen such a clean audit report	Note
7.7	The Board noted the contents of this Report, approved the accounts nominated and authorised the signing of the Letter of Representation and the accounts by the relevant Board members.	Note Approve
8.	MANAGEMENT ACCOUNTS TO 30 JUNE 2018	
8.1	Noted that the Management Accounts to 30 September 2017 were presented and discussed by the Board in detail and the contents of the report were noted.	Note

9.	BAD DEBT REPORT	Action Required
9.1	Noted that it was pointed out that these write-offs have previously been provided for in the accounts and are not unusual.	Note
9.2	Noted that following a query on how successful we were in recovering recharges, the Chief Operating Officer explained that we have some success with current tenants but not so good with former tenants, especially as some of these former tenancies have arisen from abandonment or eviction.	Note
9.3	The Board noted the contents of this report and approved the write off of £27,691 bad debts.	Note Approve
10.0	NEW LOAN FACILITY	
10.1	Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	Note
11.	AUDIT COMMITTEE MINUTES	
11.1	Noted that a Member explained that these minutes were approved at the Audit Committee on 30 July 2018 and were presented to the Board for noting.	Note
12.	REGISTERS	
12.1	Noted that the Board were advised that there had been no entries in any of the Registers since they were last presented to the Board.	Note
12.2	Noted that all Registers were available for review and were signed by the Secretary at the end of the meeting.	Note
13.	ANY OTHER COMPETENT BUSINESS	
	ESSH Report	
13.1	Noted that a Member asked if there was a report about	Note

our progress with regards to ESSH. The Chief Operating Officer advised that there would be an update included in the Property Services report in the November meeting.

**Action
Required**

14. DATE OF NEXT MEETING

14.1 **Noted** that the next scheduled meeting of the Board is Wednesday 3 October 2018 at 5.30pm.

Note

14.2 **Noted** that the Chair reminded members about the AGM on 12 September.

Note