

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 17 June 2020
at 5.00 pm via Zoom Video Conference Call

PRESENT: Caron Quinn
Glen Alexander
Lucy Bell (co-optee)
David Bond
Donna Bogdanovic
Hailie Johnston (co-optee)
Clare Marshall
Christine Moore (co-optee)
Terry Powell (co-optee)
Bill Takhar

IN ATTENDANCE: Andrew Noble, Chief Executive
Morag MacDonald, Chief Operating Officer
Mary Monteith, PA to Chief Executive (Minute)

C QUINN IN THE CHAIR

1a. CHAIR'S OPENING REMARKS

The Chair welcomed all to this virtual meeting and advised that there would be a change to the running order of the meeting as follows – COVID-19 update followed by Items 5,6 and 7

**Action
Required
Note**

DECLARATIONS OF ANY OTHER BUSINESS

1b. Noted that there were no items of other business.

Note

1c. DECLARATIONS OF INTEREST

Noted that the Chief Executive and Chief Operating Officer declared that they sit on the Board of Directors for Ironmills Developments Ltd.

Note

1d.	APOLOGIES	Action Required Note
	Apologies were received from Andrew Dougherty and Barbara Shearer (who had problems accessing the meeting).	
2.	MINUTES OF PREVIOUS BOARD MEETING 20 MAY 2020 AND MATTERS ARISING	
2.1	<u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes in the absence of the Secretary. Members agreed that these were a true and accurate minute of the meeting held on 25 March. The minutes were <u>approved</u> by Caron Quinn and <u>seconded</u> by Bill Takhar.	Approve
	Matters Arising	
2.2	<u>Noted</u> that the Chief Operating Officer updated members on a query raised at the last meeting. It was noted that whilst it had been useful to revisit the costs for property clearances, throughout the year the costs were £14k and it would therefore not be cost effective to employ an additional member of staff to carry out this work.	Note
3.	GOVERNANCE (Part 1) - COVID-19 UPDATE	
3.1	<u>Noted</u> that the Chief Operating Officer advised that the Senior Management Team had been meeting to plan Melville's route out of lockdown. It was noted that this route (currently in Phase 1) is in line with the Scottish Government's approach and that the next meeting will be on Friday 19 June.	Note
3.2	<u>Noted</u> that the key services were listed by management and these have been risk assessed.	
3.3	<u>Noted</u> that the current position is as follows:	
	<ul style="list-style-type: none"> ▪ Socially distanced allocations now started for homeless/emergency placements (on a case by case basis new tenants may be given a week's grace on rent to allow additional time for moving in) 	

- Development – construction sites hope to be on site in Phase 2
- Estate drive abouts with some external inspections (incl development sites)
- Office closed until at least 31 July
- Staff survey has noted concerns about health/childcare. Managers are checking in regularly with their teams, including checks on home working set up.
- All staff receive email after each Senior Management Routemap meeting and tenants are also receiving updates (comments on Facebook from tenants have been largely positive).
- SFHA guidance has been reviewed to check completeness of our own roadmaps.

**Action
Required**

3.4 **Noted** that with regards to supporting tenants, members were advised that:

Note

- All tenants have been contacted who could be (approx. 150 still to be reached) and we are following up on these calls where necessary. The information is being collated on a patch by patch basis and this has allowed us to build links and trust with tenants who we may not often contact.
- Rent Arrears increasing (2.87% at year-end currently 3.26% - which is back to the levels they were at in May 2019). COO made the point that arrears are increasing, and it is disappointing to see the good work of the last 6 months being reversed but we have had levels like this before. We are not however complacent and will continue to monitor
- A peak of UC claimants in April with new claimants in May back to pre COVID levels however we may expect a further peak as the furlough scheme is rolled back.

		Action Required Note
3.5	<p><u>Noted</u> that going forward</p> <ul style="list-style-type: none"> • We shall continue to gather data and provide support to tenants • We will risk assess and document every step we take out of lockdown. • Reassess our service provision • Continue with our regular communications to staff and tenants 	
3.6	<p><u>Noted</u> that that the Chief Operating Officer stressed that we need to harness the energy for working differently now, before we slip back into “new normal” by starting the process of reviewing our work practices with a view to what can be digitised/modernised/stream-lined and that we would start that work using the budget provided for this. The Board indicated their agreement with this.</p>	Note
3.7	<p><u>Noted</u> that it was asked if there was any specific reason that we had not been able to contact 150 tenants. It was explained that tenants did not always keep us up to date with their contact details and/or not answering calls from Melville. Members were advised that we would normally visit tenants we could not contact by telephone, but we will keep trying.</p>	Note
3.8	<p><u>Noted</u> that the Chair acknowledged that we are following closely what the sector as a whole are doing and were continuing to provide a clear message for our tenants.</p>	Note
3.9	<p><u>Noted</u> that a further update will be given to Board at the additional COVID-19 meeting scheduled for 22 July 2020.</p>	Note
3.10	<p>The Board noted the contents of this report.</p>	Note

As agreed earlier Items 5,6 and 7 were taken at this point.

5.	FIVE YEAR FINANCIAL PROJECTIONS – 2020-2025	Action Required
5.1	Noted that the Chief Operating Officer explained that this is a regulatory Return to the Scottish Housing Regulator which sets out our five year (2020-2025) financial projections taken from our 30 year plan which was last presented to the Board as part of the Budget report in January 2020.	Note
5.2	<p>Noted that members were advised that the key forecast assumptions remain unchanged from those presented to the Board in January 2020 except for bad debts:</p> <ul style="list-style-type: none"> ▪ Inflation of 2% for each of the 5 years - unchanged ▪ Costs and income increased by inflation only - unchanged ▪ Bad debts increased from the budget assumption of a blended 1.5% to 3% throughout. ▪ Voids of 0.25% in year 1 then 0.6% thereafter - unchanged ▪ LIBOR interest rates of 1%, 2%, 3%, 4% and 5% in years 1-5 respectively – unchanged. (NB current forecasts are lower than our assumptions) ▪ New loan finance of £2.5m (placeholder to accommodate the Roslin Institute development) ▪ Growth of 170 new housing units 	Note
5.3	Noted that it was pointed out that Board approval was required prior to submitting this return.	Note
5.4	Noted that a query was raised about the bad debt provision and the Chair acknowledged that the changes made were the way to go and that using a more prudent assumption is good financial governance.	Note
5.5	Noted that members were assured that we started lockdown in a good financial position, and this will be monitored from month to month and the Chief Operating Officer will model the figures, as necessary.	Note
5.6	The Board noted the contents of this report and approved the submission of this Return to the Scottish Housing Regulator	Approve

6.	TREASURY REPORT	Action Required Note
6.1	Noted that the Chief Operating Officer pointed out that this report was written using the same headings as our Treasury Management Policy to allow for ease of referencing and highlighted how we have complied with this Policy and lending conditions throughout the year. It also gave an update on our Free Standing Derivatives.	Note
6.2	Noted that members were reminded that that prudence and financial safety take priority over cost and Treasury Management updates are given in the quarterly Management Accounts reports and are also considered in our annual budget review.	Note
6.3	Noted that Members were also advised that the Chief Operating Officer was looking for Board authorisation to submit our Loan Portfolio Return to the Regulator.	Note
6.4	The Board noted the contents of this Report and certified and approved the contents of the Loan Portfolio Return and its submission to the Regulator.	Note Certified Approved
7.	HOUSING SERVICES REPORT YEAR TO 31 MARCH 2020	
7.1	Noted that members were advised that there are two updates per year and that this report focusses on the performance aspects of Housing Services with a further half year update later in the year which will focus on how we deliver our services and the human aspects of same.	Note
7.2	Noted that the Chief Operating Officer commented that this was a self-explanatory report and highlighted that the case studies provided gave a good insight into the services provided to tenants.	Note
7.3	Noted that one member observed that it was really interesting the length of time that support was provided to tenants and proposed this was a positive aspect of the CHAI service. The Chief Operating Officer acknowledged this but	Note

	also noted that the CHAI service was supposed to be a short term measure to support new tenants set up in their tenancy. With cutbacks in local services, this support service was sometimes bridging that gap, leading to longer periods of support.	Action Required
7.4	Noted that members were advised that Tenant Participation would be covered in the Communication Report that was being presented at the August meeting.	Note
7.5	Noted that the increase in neighbour dispute figures was commented upon, but it was acknowledged that this was a sector-wide issue.	Note
7.6	The Board noted the contents of this Report	Note

The meeting then continued from Item 3 on the agenda

3. GOVERNANCE REPORT (Part 2)

3.1	<p>Noted that the Chair took members through the Governance report, highlighting the following:</p> <ul style="list-style-type: none"> ▪ COVID-19 is the biggest challenge the sector has ever faced and was pleased that Melville had managed this very well. ▪ Notifiable Events – Limekilns Development - we will need to provide more information on completion timescales and costs etc. but this is on hold at the moment due to COVID-19. We are also continuing to provide the COVID-19 monthly return to the Regulator. ▪ SPSO – no complaints are being investigated by SPSO. ▪ Board Training – Induction training for new Board Members had started and is being carried out in two sessions via Zoom. Most training still postponed but members were reminded to pass any requests on to PA for consideration by Chief Executive and Chair 	Note
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<ul style="list-style-type: none"> ▪ Board Development Meetings - these will need to be held virtually via Zoom this year – dates to be circulated soon. ▪ Board Away Days – still hope to hold these on 6 and 7 November, but this will be dependent on the COVID-19 situation. Members will be kept informed. ▪ Association Membership – although co-opted Board members do not require to be Association Members, it is necessary if they wish to stand for full Board membership at our AGM. All four co-opted members have submitted membership applications and Board were asked to approve these. 	<p>Action Required</p>
<p>3.2 Noted that members were advised that each year at our AGM, one third of the Board must stand down but are eligible for re-election without nomination. It was noted that we have four members who have served for the same amount of time:</p> <p>Glen Alexander, Donna Bogdanovic, Andrew Dougherty and Bill Takhar.</p>	<p>Note</p>
<p>All four intimated that they are willing to volunteer to stand for re-election. It was agreed that the Chair would draw lots for this and advise members of the outcome</p>	<p>Agree</p>
<p>3.3 The Board noted the contents of this report and approved the applications for membership presented at this meeting.</p>	<p>Note Approve</p>
<p>4. RULE CHANGE</p>	
<p>4.1 Noted that Board were advised that unlike the previous review of our Rules in 2014, there were not a lot of major changes to the proposed new Rules. Most of the changes were housekeeping in nature such as changes to names of Regulatory bodies, relevant Housing Acts and additional wording to provide increased clarity.</p>	<p>Note</p>
<p>4.2 Noted that it was pointed out to members that the Regulator has indicated that adoption of the new Rules could be delayed until 2021 but we had the opportunity to</p>	<p>Note</p>

	complete this exercise in 2020 and ensure that our Rules were compliant. The Chief Executive noted that he was seeking Board approval for the updated Rules, which would allow them to be presented to the Association members at Special General Meeting later in the year for their approval.	Action Required
4.3	Noted that there was one item raised by a member – the registered office address was omitted, and this will be added to the final version of these rules.	Note
4.4	Noted that the optional additional provision with the option to embed the ability to appoint specific skills set to the Board was discussed. The Chief Executive acknowledged he was not recommending that this clause be included in the amended rules as during the recent recruitment exercise we had been able to attract a range of skills to the Board.	Note
4.5	Noted that the possibility of adding in provision to hold virtual General Meetings was discussed and it was agreed that this would be useful, and the appropriate wording should be included when available from the SFHA.	Note
4.6	Noted that the Chief Executive advised that these rules will be sent to our solicitors for review.	Note
4.7	The Board noted the contents of this report and approved that the amended Rules.	Note Approve
8.	ANNUAL RETURN ON THE CHARTER (ARC) 2020	
8.1	Noted that the Chief Executive explained that this is a self-explanatory report and noted that this return would normally be submitted by 31 May but due to COVID-19 this has been extended this year to 31 July 2020.	Note
8.2	Noted that a copy of the completed return was included in the Board pack to allow members to review as it was pointed out that the Audit Committee would usually be asked to review the return and the detailed file of back up data, but given the current situation this was not possible. If the Board agreed that no additional Board review was required, approval to would be sought at this meeting.	Note

	Members were asked that if they had any amendments to the Return, they get them to the Chief Executive by 24 June.	Action Required
8.3	The Board noted the contents of this report and approved the ARC covering the period 1 April 2019 to 31 March 2020.	Note Approve
9.	KPI PERFORMANCE MEASURES 2019/2020	
9.1	<u>Noted</u> that the Chief Executive advised members that as in previous year, this table has been deliberately kept to a limited number of indicators to give a snapshot of the Association's performance. More statistical information and detail is presented in the regular section reports (such as the Housing Report presented at this evening's meeting).	Note
9.2	<u>Noted</u> that it was pointed out that as well as the targets from the previous year and the proposed targets for 2020/21, there were notes outlining the reason for the targets proposed. There was also an indication of which reports contain more detailed information during the year.	Note
9.3	<u>Noted</u> that it was stressed that COVID-19 would undoubtedly have an impact of some of these targets/services, but at this time we were unsure to what extent.	Note
9.4	<u>Noted</u> the Chief Operating Officer was asked about the bad debt figure and it was explained that 1.50% was the figure for Bad Debts in the budget as approved by the Board and would remain as our target, however as set out in the five year forecast it is likely we will breach same.	Note
9.5	<u>Noted</u> that there was a query on the staff costs as the % had increased year on year, and it was explained that this included the additional head count in housing and for digital and sustainability projects as per the budget.	Note
9.6	The Board considered the contents of this report and agreed the KPI Performance Measure for 2020/2021.	Note Approve

10.	PRIVATE REPORT – STAFFING REPORT	Action Required
10.1	Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	
11.	REGISTERS	
11.1	<u>Noted</u> that there were no new entries in the Registers, and these will be presented for signing when circumstances allow.	Note
12.	ANY OTHER COMPETENT BUSINESS	Note
12.1	<u>Noted</u> that there was no other competent business.	
13.0	DATE OF NEXT MEETING	
13.1	<u>Noted</u> that the next scheduled meeting of the Board is Wednesday 12 August at 5pm (via Zoom).	Note
13.2	<u>Noted</u> that there will be an additional COVID-19 update meeting on 22 July (via Zoom).	Note
13.3	<u>Noted</u> that the Audit committee will meet at 5pm on Monday 27 July (via Zoom).	Note