

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 27 January 2021
at 5.00 pm via Zoom Video Conference Call

PRESENT:

Caron Quinn
Glen Alexander
David Bond
Donna Bogdanovic
Paul Cameron
Andrew Dougherty
Hailie Johnston
Clare Marshall
Christine Moore
Barbara Shearer
Lucy Stang
Bill Takhar

IN ATTENDANCE:

John McMorrow, Chief Executive
Nancy Booth, Head of Property Services
Kirsten Dean, Head of Finance & Corporate Services
Neil Edgar, Development Manager
Mary Monteith, PA to Chief Executive (Minute)

C QUINN IN THE CHAIR

1a.	CHAIR'S OPENING REMARKS The Chair welcomed all to the meeting and noted it was our new Chief Executive's first meeting.	Action Required Note
1b.	DECLARATIONS OF ANY OTHER BUSINESS <u>Noted</u> that the Chief Executive indicated that there was one item of other business to be raised at the end of the meeting.	Note

<p>1c.</p>	<p>DECLARATIONS OF INTEREST</p> <p><u>Noted</u> that one Board Member sits on the tenants' Representative Panel.</p>	<p>Action Required Note</p>
<p>1d.</p>	<p>APOLOGIES</p> <p>There were no apologies.</p>	<p>Note</p>
<p>2.</p> <p>2.1</p>	<p>MINUTES OF PREVIOUS BOARD MEETING 16 DECEMBER 2020</p> <p><u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes on behalf 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 Clare Marshall and <u>seconded</u> by David Bond.</p>	<p>Approve</p>
<p>3.</p> <p>3.1</p> <p>3.2</p> <p>3.3</p>	<p>MATTERS ARISING AND OUTSTANDING ISSUES</p> <p><u>Noted</u> that this was a new report presented by the Chief Executive.</p> <p><u>Noted</u> that members were advised that this will pick up on outstanding matters from previous minutes. This will ensure that no item is inadvertently missed.</p> <p><u>Noted</u> that items will be removed from the table once they have been marked as completed.</p>	<p>Note</p> <p>Note</p> <p>Note</p>
<p>4.</p> <p>4.1</p>	<p>DEVELOPMENT UPDATE</p> <p>Limekilns</p> <p><u>Noted</u> that the Development Manager gave a brief update on the Limekilns site, advising:</p> <ul style="list-style-type: none"> ▪ The new completion date likely to be 4th May given the lead in time for utilities. He pointed out that this was out with the contractor's control. 	<p>Note</p>

	<ul style="list-style-type: none"> ▪ External cladding is complete and Juliette balconies will be installed in next week or so. ▪ A virtual tour of the property will be arranged, and Members will be invited to view this. 	Action Required
	Pinewood	
4.2	Noted that work is progressing well with kitchens and bathrooms being fitted.	Note
4.3	Noted that Members were reminded that this is two properties being co-joined to house a large family and it is hoped to arrange a physical viewing for the tenant in mid-February. A virtual viewing for staff and Members will be available in due course.	Note
	Pentland Green, Bilston (Phase 1)	
4.4	Noted that the Development Manager explained that the developer has made good progress back on site and first handover of 5 houses is now expected on 25 February 2021. Virtual viewings will be held, and videos of each property type will be available for staff and Members to view.	Note
	Pentland Green, Bilston (Phase 2)	
4.5	Noted that at the December meeting the Board approved an additional 8 houses on Pentland Green Bilston Phase 2 development.	Note
4.6	Noted that Members were told that expert advice was being sought on the “golden brick” agreement for this site and updates will be brought to a future meeting.	Note
4.7	Noted that Appendix 1 of the report was highlighted, and it was noted that this will be updated on a rolling basis.	Note
4.8	Noted that the Board discussed this report and queried the following:	Note

	<ul style="list-style-type: none"> ▪ Appendix is useful addition but did not indicate whether we were over budget. Development Manager agreed to amend the appendix for future meetings to show the original budget, expected final budget and monies left to spend. ▪ Following update from Scottish Government, how are viewings progressing? Head of Property Services advised that virtual allocations are being done via FaceTime and that these are working well. ▪ Limekilns – electrical first fit testing – how was this - nothing major was noted with the work done by previous contractor. <p>The Board noted the contents of this report.</p>	<p>Action Required</p> <p>Note</p>
5.	GOVERNANCE REPORT	
5.1	Noted that the Chair commented on the addition of the box at the beginning of reports outlining what actions the Board were being asked for along with the Regulatory Standard information at the end of the reports. It was noted that these additions enhanced the reports.	Note
5.2	<p>Noted that the Chair highlighted the following:</p> <p>Notifiable Events</p> <p>We have two ongoing notifiable events:</p> <ul style="list-style-type: none"> ▪ Limekilns – Awaiting response from last update but hope to close this event. ▪ COVID-19 – noted that three COVID-19 related notifications remained open at present. 	Note
5.3	<p>Freedom of Information Requests</p> <ul style="list-style-type: none"> ▪ No further requests received and an update on the response to the previously advised request was given. 	Note

5.4	<p>Board Training</p> <ul style="list-style-type: none"> Noted that SFHA had circulated information on virtual training available. Requests to be made to PA who will pass on to Chair and Chief Executive for approval. 	<p>Action Required</p> <p>Note</p>
5.5	<p>Board Development Meetings</p> <ul style="list-style-type: none"> Summary report attached as Appendix 1. Board agreed that it would be useful to hold a separate meeting to discuss this. 	<p>Date to be circulated.</p>
5.6	<p>Board Away Days</p> <ul style="list-style-type: none"> Will discuss this further at future meetings. 	<p>Note</p>
5.7	<p>Rule Change</p> <ul style="list-style-type: none"> Rules have been with our printer and should be sent to Association Members very soon. 	<p>Note</p>
5.8	<p>Governance Policy Reviews</p> <ul style="list-style-type: none"> The reviewed Standing Orders and Governance Equalities and Human Rights policies were presented for approval. The amendments to these policies and one date change in the Standing Orders were highlighted. It was noted that there will be more work required to be done on Equalities and Human Rights but that we await guidance from the Regulator on this. 	<p>Approve</p>
5.9	<p>Staffing</p> <ul style="list-style-type: none"> Members were given an update on the current staffing position. 	<p>Note</p>

5.10	<p>Bank Mandates</p> <ul style="list-style-type: none"> ▪ The Board approved changes required to the Bank Mandates following recent staff changes. Changes were recorded in the confidential minute. 	Action Required Approve
5.11	<p>Schedule of Board Report and Regulatory Returns</p> <ul style="list-style-type: none"> ▪ Members noted the further work suggested for the above schedules and agreed to receive further updates at the next Board Meeting. 	Additional info to next Meeting
5.12	<p>The Board noted the contents of this report and approved the Standing Orders and Governance Equalities and Human Rights Policy and the development of an overarching Equalities and Human Rights policy.</p>	Note/ Approve
6.	<p>BUDGET REPORT – 2021/22</p>	
6.1	<p>Noted that the Head of Finance and Corporate Services outlined the Rent consultation, budget for 2021/22, capital spends and 30 year plan.</p> <p>Rent Consultation</p>	Note
6.2	<p>Noted that members were advised that a full review of our rent affordability will be undertaken early in the new financial year using the SFHA’s rent setting affordability tool, data from our tenants, (many of whose circumstances will have changed due to COVID), and benchmarking against other RSLs, Midlothian council and private rentals.</p>	Note
6.3	<p>Noted that our rents continue to be below the average for the Scottish RSL sector following several years of inflation only increases but we do remain higher than that of Midlothian Council, although gap is closing as they have been increasing their rents by significantly more than us each year with a 3% increase predicted this year. A survey of 26 housing associations conducted by the SFHA reported rent increases anywhere between a rent freeze and 3.1% for next year with the average increase being 1.25%.</p>	Note

6.4	<u>Noted</u> that it was reported that we had a record response to our rent consultation this year with 209 surveys (10.5%) back.	Action Required
6.5	<u>Noted</u> that of the options and responses from tenants: <ul style="list-style-type: none"> ▪ 39% supported a 1.5% rise ▪ 14% supported a 2.0% rise ▪ 8% supported a 2.5% rise 	Note
6.6	<u>Noted</u> that the Head of Finance and Corporate Services explained that they had sat in on the tenant meeting to discuss the rent consultation last week and noted that whilst only a small number of tenants joined, the overall feedback was positive and there was an understanding of why we are looking to increase rents despite the year that everyone has experienced.	Note
6.7	<u>Noted</u> that Board discussed the rent increase, and it was explained that the budget being presented assumes a 1% increase in rental income and scenarios on what a lower increase or a rent freeze would do to our budget and 30-year plan would mean for the Association were reported: <ul style="list-style-type: none"> ▪ 0.5% would reduce our budget by £47k and takes £1.9m out of our 30-year cash flow ▪ A rent freeze would reduce our budget by £95k and take £3.7m out of our 30-year cash flow. 	Note
6.8	<u>Noted</u> that the cash flows of the organisation remain positive in all scenarios.	Note
6.9	<u>Noted</u> that comments from those who responded to the survey were highlighted.	Note
6.10	<u>Noted</u> that the Head of Finance & Corporate Services was asked about the percentage of tenants receiving Housing Benefit – approx. 50%.	Note

	Budget for 21/22	Action Required
6.11	Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	Note
6.12	Noted that budget proposed ensures we more than meet the financial covenants as set by the banks.	Note
6.13	Noted that Members were reminded that the budget forms Year 1 of our 30-year plan which was last presented to the Board in June 2020. This has been updated for the budget and adjusted for changes in the timing of developments. It was also noted that this will be looked at again in detail and it will be presented in full before the June submission to the Scottish Housing Regulator.	Note
6.14	Noted that one member asked that given this had not been a usual year, if it would be possible to see the budget for 20/21 to compare the proposed 21/22 budget. It was agreed that an updated Statement of Comprehensive Income (SOI) would be sent to members showing this and the COVID savings in the current year.	HOF to action
6.15	Noted that it was also requested that 100 basis points be added to the budgeted interest to see what impact it had on the 30 year plan. It was agreed that this would be adjusted, and information circulated to members.	HOF to action
	Post Meeting Note: Response to both Action Points above was circulated to the Board by email on 28 January 2021.	
6.16	Noted that it was agreed that it be helpful to take Item 7 – Property Maintenance Budget Report at this point before deciding on the Budget approval.	Note
6.17	The Board noted the contents of this report and approved the following: <ul style="list-style-type: none"> ▪ Rent increase of 1% for 2021/22 ▪ Proposed budget for 2021/22 	Note/ Approve

	<ul style="list-style-type: none"> ▪ 1% salary increase for 2021/22 (following private discussion between Members) 	Action Required
7.	PROPERTY SERVICES PLANNED MAINTENANCE PROGRAMME AND BUDGETS FOR 2021/2022	
7.1	Noted that the Head of Property Services advised that the proposed programme was for 2021/2022.	Note
7.2	Noted that members were taken through the main budget headings as detailed in the report circulated with the agenda.	Note
	Bathrooms	
7.3	Noted that our bathroom contractor's operatives have been furloughed again and additional 48 bathrooms in this years' programme will most likely have to move to next year.	Note
	Kitchens	
7.4	63% of this year's kitchen programme has now been completed. 26 kitchens planned for next year (10 additional to be replaced when properties are empty and beyond repair).	Note
	Roofs	
7.5	Currently in final year of 5 year contract with B & D Roofing. Members advised that although still in fair condition, many roofs are over their 60 year life expectancy, so monies set aside to continue with this programme.	Note
	Heating Replacement	
7.6	26 systems due for replacement in the year with an additional 10 budgeted for to cover system breakdowns/ conversions from solid fuel or electric due to tenancy changes. 2 electric systems in Forth to be replaced with Air Source Heat Pumps each year for next 4 years to meet EESSH by 2025.	Note

	<p>It was pointed out that we are still looking at different sources of grant funding for this work.</p> <p>Open Spaces and Landscaping</p>	Action Required
7.7	<p>It was highlighted that this is a substantially increased budget to allow for additional spending on our estates. Members were advised that Property Officers had been carrying out inspections on estates, costs for felling trees were circa £500 and work was also required on retaining walls, rails for external steps.</p> <p>This will see a rolling programme for 3 year inspections of estates.</p> <p>Smoke/CO Detectors</p>	Note
7.8	<p>Noted that it was still hoped that this programme would be finished by end February as originally planned, although the extension of the deadline means that we will comfortably meet the legislative requirements. It was also pointed out that the budget for next year is for the replacement of expired detectors and not to install new ones.</p> <p>Electrical Testing</p>	Note
7.9	<p>Head of Property explained that this is a five-year rolling programme which will see all properties inspected. Noted that repairs such as new fuse boards and isolator switches had been identified.</p> <p>Reactive Maintenance</p>	Note
7.10	<p>Noted that Novus have worked well with us during the current crisis and have advised that as a result they will not increase their prices for next year.</p>	Note

7.11	<p>Empty Homes</p> <p><u>Noted</u> that the meeting was advised that the budget for this remains static and that approximately 100 voids have been budgeted for during 2021-22.</p>	Action Required
7.12	The Board noted the contents of this report and approved the proposed planned maintenance budgets for 2021/2022.	Note/ Approve
8.	REGISTERS	
8.1	<p><u>Noted</u> that there were the following entries made in the Registers:</p> <p>Declaration of Interests – One outstanding Annual Return for a Board Member was completed and recorded.</p> <p>Entitlements, Payments and Benefits – One entry – Various gifts handed in for staff from our Contractor, DCL. These were raffled off with proceeds going to the staff Charity.</p>	Note
8.2	<u>Noted</u> that there were no new entries in any of the other Registers.	Note
8.3	<u>Noted</u> that Registers will be signed at first available opportunity.	Note
9.	ANY OTHER COMPETENT BUSINESS	
	Staffing Update	
9.1	<u>Noted</u> that this is a confidential matter and has been minuted separately.	Note
10.0	DATE OF NEXT MEETING	
10.1	<u>Noted</u> that the next scheduled meeting of the Board is Wednesday 17 March 2021 at 5pm (via Zoom).	Note