

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 26 January 2022
at 6.00 pm via Zoom Video Conference Call

PRESENT: David Bond
Donna Bogdanovic
Paul Cameron
Andrew Dougherty
Cathy Hanlan (co-optee)
Hailie Johnston
Clare Marshall
Christine Moore
Barbara Shearer
Bill Takhar

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

D BOND IN THE CHAIR

1a.	CHAIR'S OPENING REMARKS In the absence of the Chair, the Vice-Chair welcomed all to the first meeting of the year and noted that a number of staff were in attendance for items (4, 5, 7 and 8 respectively)	Action Required
1b.	DECLARATIONS OF ANY OTHER BUSINESS <u>Noted</u> that there was no other competent business.	Note

<p>1c.</p>	<p>DECLARATIONS OF INTEREST</p> <p><u>Noted</u> that declarations from Ironmills Directors and Tenants’ Representative duly noted</p>	<p>Action Required Note</p>
<p>1d.</p>	<p>APOLOGIES</p> <p>Apologies were received from Caron Quinn</p>	<p>Note</p>
<p>2.</p> <p>2.1</p> <p>2.2</p>	<p>MINUTES OF PREVIOUS BOARD MEETING 15 DECEMBER 2021</p> <p><u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.</p> <p><u>Noted</u> that Members agreed that these were a true and accurate minute of the above meeting. The minutes were <u>approved</u> by Barbara Shearer and <u>seconded</u> by Christine Moore.</p>	<p>Note</p> <p>Approve</p>
<p>3.</p> <p>3.1</p> <p>3.2</p>	<p>MATTERS ARISING AND OUTSTANDING ISSUES</p> <p><u>Noted</u> that Chief Executive explained that he was asking the Board to note the contents of this report and the removal of completed items.</p> <p><u>Noted</u> that members approved the removal of the E-car club information as it was proving difficult to find information on other E-Car clubs.</p>	<p>Note</p> <p>Note</p>
<p>4.</p> <p>4.1</p>	<p>DEVELOPMENT UPDATE REPORT – JANUARY 2022</p> <p><u>Noted</u> that the Development Manager gave the following update:</p> <p>Limekilns – Now fully occupied and no defects were reported during the Christmas break.</p> <p>Pentland Green Phase 1 – End of 12-month defects inspections for first tranche of properties handed over are being carried out with minimal defects. The final list of defects will be passed to Taylor Wimpey. It was noted that</p>	<p>Note</p>

	<p>retention monies will be passed over on completion of defects to the 12 flats (final tranche).</p> <p>Pentland Green Phase 2 – Still slow on site as a result of material/labour shortages. Six units are due to be handed over on 14 March with viewings 2 weeks before. Hoped that golden brick stage for flats will be reached week commencing 14 February. Looking at mid-end of March for tranche 3 financials.</p>	Action Required
4.2	<p>Potential Future Sites</p> <p>Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive .</p>	Note
4a	CONFIDENTIAL REPORT	
4a.1	<p>Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive .</p> <p><i>The Development Manager left the meeting at this point.</i></p>	Note
5.	HEALTH AND SAFETY REPORT	
5.1	Noted that the Property Manager presented this detailed report and noted that the health and safety of tenants and staff remains a high priority at all times.	Note
5.2	<p>Noted that actions taken in relation to the following areas were highlighted:</p> <p>Replacement of Detectors – to meet the new regulations coming into force next month, 97% of stock are now fitted with heat detectors and 99% with new smoke detectors. We have 20 properties needing both. It was noted that the main challenge faced is gaining access and it may be necessary to use forced entry.</p> <p>Electric Testing – it was noted that 88% of our properties are fully checked and we have 4 contractors working on the</p>	Note

	<p>accelerated programme. 42 properties are already booked in, and 9 voids will have the testing carried out. Progress will be reported in this year's ARC return and that we will be able to present reasons (mainly access) for those we can't complete.</p> <p>Water Tanks – checks on the water tanks remaining in blocks of flat in Mayfield are booked in with Novus. Tanks are isolated and drained when no longer required (following heating/bathroom upgrades) and will be removed when possible.</p> <p>Estate Checks – handrails, slabbing and footpath repairs undertaken during the year. Training on the mapping of our housing stock and open spaces scheduled for 8 February.</p> <p>Extension of Contract for Detector Replacement - Board approval sought for a one year extension to the contractor's contract, with a new tender exercise to be considered for replacement detectors from April 2023.</p>	<p>Action Required</p>
5.3	<p>Noted the Property Manager advised that he attends the SHN Property forum and was pleased to report that we are in a very good position with the work we've undertaken on the detector replacement programme. He noted that representatives from Scottish Government were in attendance, and they recognised the challenges faced and as long as Associations have a programme in place to complete this work, they will be happy.</p>	<p>Note</p>
5.4	<p>Noted the following questions/queries were raised by members:</p> <ul style="list-style-type: none"> ▪ Query re water supplies when water was off – Property Manager suggest this is 10 hours before they have to ensure there is a temporary supply, but he will confirm this. <p>Post Meeting Note: The response time is within 12 hours from the time Scottish Water are notified. If it is a large water main that has burst, they promise to restore water within 48 hours. If the water supply is not restored within</p>	<p>Note</p>

	<p>these timescales the resident can claim £30, then £15 for every 12 hour period after this. If a major incident is declared Scottish Water will provide bottled water or static tanks within 24 hours.</p> <ul style="list-style-type: none"> ▪ Dry Risers – Property Managers confirmed that these and smoke vent windows are checked annually. 	Action Required
5.5	<p>Noted that the Board acknowledged the foresight of the Association to have the heat/smoke detector replacement programme in place at an early stage.</p>	Note
5.6	<p>The Board noted the content of this report and approved the 1 year extension to the contractor’s contract for detectors</p> <p><i>The Property Manager left the meeting at this point</i></p>	Note/ Approve
6.	GOVERNANCE	
6.1	<p>Noted that the Chief Executive reported:</p>	
6.2	<p>Corporate Strategy Summary Report – rather than a report to November Meeting – Board Members were asked if they would prefer an additional meeting be held annually (September/October) to review and update the plan.</p>	Note
6.3	<p>Members considered this and agreed to review this at the March meeting.</p>	Agree
6.4	<p>Notifiable Events – all closed and no new notifications</p>	Note
6.5	<p>Board Training – session on Housing Law. Members agreed to postpone until after the completion of the Legal Services tender</p>	Note
6.6	<p>Board Development Meetings – report to be presented to March meeting.</p>	Note
6.7	<p>Audit Committee – Members formally approved Hailie Johnston’s membership of the Audit Committee.</p>	Note

		Action Required
6.8	Key Performance Indicators – snapshot of performance presented with more detailed report to March meeting.	Note
6.9	Calendar of returns – all returns to date have been returned within allotted timescales.	Note
6.10	Hybrid Working – members advised that staff will all return to the office one day per week from week commencing 7 February and two days from week commencing 28 February.	Note
6.11	IT Manager – interviews were held 24/25 January and confident that we can appoint.	Note
6.12	Retirement of Head of Property Services – Nancy Booth will retire on 31 March after 24 years of exceptional service to Melville. It was noted that she will be really missed. Members approved the replacing of the current post with a Head of Asset Management.	Approve
6.13	Staff Survey – Chief Executive gave a PowerPoint presentation to members.	Note
6.14	Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	Note
6.15	Noted staff present confirmed that the hybrid working arrangements in place do work well.	Note
6.16	Association Membership - there were no new membership applications/cancellations.	Note
6.17	Health and Safety – SHR issued survey which was completed by staff and submitted on 17 January. This survey will be used as evidence for Annual Assurance Statement. No other Health and safety issues were reported.	Note Note
6.18	Annual Assurance Action Plan – At March Board meeting, members to consider addition of section in all reports regarding strategic objectives have been covered and also	Consider

	the introduction of annual report on scheme of delegate authority.	Action Required
6.19	Policy Reviews – Members approved the Disaster Recovery Business Continuity Policy	Approve
6.20	The Board noted the contents of this report and: Considered arrangements for review and monitoring of the Corporate Plan. Noted notifiable event update. Noted update on training sessions and date for Understanding Housing Law session. Noted update on Board Development Report. Approved member joining the Audit Committee. Noted key performance indicators summary information. Noted calendar of returns for 21/22 returns to date. Noted Health & Safety update. Noted Annual Assurance Statement Action Plan update. Noted and Approved Disaster Recovery Business Continuity Policy.	Note Consider Note Note Note Approve Note Note Note Note/ Approve
7.	BUDGET, 30 YEAR PLAN AND RENT CONSULTATION REPORT	Note
7.1	Noted that the Head of Finance & Corporate Services explained that as noted at the December meeting, the Budget and 30 year plan had been split up and approval sought, in principle, for the 2022/23 budget assumptions before Christmas, leaving this meeting to discuss the rent increase consultation and provide an overview of the updated 30 year plan.	

	Budget	Action Required
7.2	<p>Noted that the key assumptions which led to a budgeted surplus of £1.6m in the coming financial year were presented:</p> <ul style="list-style-type: none"> ▪ 2% rent increase ▪ 2% salary increase ▪ 1.5% bad debts ▪ £4m of CAPEX: £1.8m on Developments and £2.2m on improvements to existing stock 	
7.3	<p>Noted that it was pointed out that payroll has not been amended within the budget for the retiral of the Head of Property Services, but we included 3 months of a handover period from January 2023.</p>	Note
7.4	<p>Noted that the only additional information since the budget was presented in December was in relation to a survey on annual salary increases carried out by industry benchmarking company Inbucon (report included as appendix 2):</p> <ul style="list-style-type: none"> ▪ 80 associations surveyed ▪ average expected increase of 3.2%. ▪ associations of a similar size to ours are slightly less at 2.8% ▪ Scottish associations - 1.8%. <p>Rent consultation</p>	Note
7.5	<p>Noted that the Head of Finance & Corporate Services presented an update of the rent consultation.</p> <ul style="list-style-type: none"> ▪ Rent increases of 2%, 2.5% and 3% were consulted on ▪ Total of 244 replies received by deadline – 9 more than when report was written and record for us ▪ 88% of returns were completed digitally with 12% returning paper copies ▪ Of the returns completed: <ul style="list-style-type: none"> ▪ 33% supported a 2% increase ▪ 9% supported a 2.5% increase 	Note

	<ul style="list-style-type: none"> ▪ 6% supported a 3% increase ▪ 52% were against any increase <ul style="list-style-type: none"> ▪ 53% of responses were from Housing Benefit or Universal Claimants ▪ Appendix 4 of the report contained information on SHN survey showing average increase was 2.5% (varied from 1.55 to 5%) 	Action Required
7.6	<p>Noted that members were advised that the Head of Finance & Corporate Services and Communications Manager met with Tenants Representative to discuss the proposed rent increase and 2022/23 budget with them. It was reported that overall, they agreed that an increase was needed to allow us to reinvest in the stock, but they were pleased to note that we were very much at the lower end of the increases proposed by others.</p>	Note
7.7	<p>Noted that tenants were asked if rent represents good VFM. It was report that this has dropped to 70% (from 72% last year).</p>	Note
7.8	<p>Noted that members were reminded that our full tenant satisfaction survey is being carried out in February and March and this will give us further detail on our tenant’s views on VFM and affordability. Some of the tenant comments were included in the report.</p>	Note
7.9	<p>Noted that it was pointed out that given the increases being proposed across the sector, we were comfortable with our proposal to increase all rents by 2%. It was also noted that is in line with the 2% agreed with the IDL Board for the Mid-Market Rent properties.</p> <p>30 Year Plan</p>	Note
7.10	<p>Noted that the 2022/23 budget forms year 1 of our 30 year plan. This was last presented in full in June as part of the FYFP submission to the Regulator. Since then, it has been updated for our 2021/22 forecast and proposed 2022/23 budget.</p>	Note

7.11	<p>Noted that the placeholders for developments that were previously included were reviewed and two versions prepared as follows:</p> <ul style="list-style-type: none"> ▪ The first is an “as is” position which assumes only the contracted developments (PG2) ▪ Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive. 	Action Required
7.12	<p>Noted that the following changes since the last 30 year plan was presented were highlighted:</p> <ul style="list-style-type: none"> ▪ Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive. 	Note
7.13	<p>Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive.</p>	Note
7.14	<p>Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive.</p>	Note
7.15	<p>Noted that our interest rate, inflation, and bad debt assumptions were the same across both versions.</p>	Note
7.16	<p>Noted that in both versions, we maintain a positive cash balance throughout, and all covenants continue to be met.</p>	Note
7.17	<p>Noted that we performed some sensitivity analysis and stress testing using interest rates, inflation, and bad debts.</p> <ul style="list-style-type: none"> ▪ A 1% increase in interest rates impacts cash by £Redacted ▪ A reduction in our inflation assumption (rent increase) to 1% reduces cash by £Redacted ▪ Bad debts increasing to 4% reduces cash by Redacted 	Note

7.18	Noted that covenants were met, and cash flow was positive in all scenarios.	Action Required Note
7.19	<p>Noted that it was reported that some analysis was carried out regarding what level of additional investment could be directed towards both EESSH2 and net-zero retrofitting across the full plan to self-fund all of the work that would be required based on the estimate of costs provided by ECD:</p> <ul style="list-style-type: none"> ▪ 94% of our housing stock would be EESSH2 ready across the full plan ▪ 66% of our housing stock would be net-zero ready across the full plan 	Note
7.20	Noted that based on the improved surplus and cash position resulting from the North Mayfield development, members were advised it was recommended that we run with version 2 of the plan for future reporting purposes.	Note
7.21	Noted that it was suggested that if we could not commit to a full development of Passivhaus, perhaps it would be possible to build a couple of units in an upcoming development.	Note
7.22	<p>Noted that following the presentation of this comprehensive report and discussions, the Board:</p> <ul style="list-style-type: none"> ▪ Approved the budget for 2022/23 ▪ Approved a 2% rent increase from 1 April 2022 ▪ Approved a salary increase of 2% from 1 April 2022 ▪ Noted the proposed spend of £4m on capital items ▪ Approved version 2 of our 30 year plan for reporting purposes 	Note Approve Approve Approve Note Approve
8.	PROPERTY MAINTENANCE PROPOSED PROGRAMME BUDGETS 2022-2023	
8.1	Noted that the Head of Property Services reported to members that this report provided details on the proposed	Note

	programme budgets for 2022/2023 and highlighted the following:	Action Required
	<ul style="list-style-type: none"> ▪ we had caught up on the programmes that were halted due to the pandemic and were hopeful that the bathroom contract would catch up ▪ looking at replacing 192 doors with new solid wood doors, using Scottish Procurement Alliance for first time to tender for this contract. ▪ Heating replacements – 60 system replacement planned (plus 5 for breakdown/conversion from solid fuel etc). It was noted that tenants are now advised that we can install Air Source Heat pumps if preferred. ▪ Open space budget remains high to cover hand railings at steps, retaining walls and overgrown trees. ▪ Reactive Maintenance – we’d budgeted a 5% rise, but due to increased material costs, the contractor proposed a 7.9% increase. Following negotiations this has been agreed at 6%. ▪ Retrofitting - £1m set aside to allow us to be prepared and ready to move as opportunities present themselves. 	
8.2	Noted that there were comments from a member on houses being cold and what could be done – it was noted that where possible, houses have insulation, double glazing etc but we will keep looking at this.	Note
8.3	Noted that in response to a query on Air Source Heat Pumps, the Head of Property Services noted that we have 30 systems fitted in Forth and that we need to keep making tenants aware that this can be an option when replacing older system.	Note
8.4	The Board noted this report and approved the Programme Budgets for 2022-2023.	Note/ Approve

8.5	<p>Noted that as this will be the Head of Property Services last Board Meeting, the Vice-Chair thanked her for all her work over the years and noted that she will be very much missed.</p>	<p>Action Required Note</p>
9.	<p>REGISTERS</p> <p>Entitlement, Payments and Benefits</p> <p>9.1 Noted that there were five entries in this Registers since it was last presented to the Board:</p> <ul style="list-style-type: none"> • Christmas Gifts bought by Melville for caretaking staff and cleaners • Gifts for staff from DCL Contractors • Gifts for staff from Enviraz • Gift for staff from Bell Group • Gift for staff from Johnston Builders <p>9.2 Noted that the gifts received for staff were raffled and money raised will be donated to the staff’s chosen charity (to be decided).</p> <p>Declaration of Interests</p> <p>9.3 Noted that a member declared that a friend had advised that the company they recently joined were submitting a tender for our legal services. This has been recorded in the Register and the member in question has excused themselves from an Interview panel.</p> <p>Other Registers</p> <p>9.4 Noted that there no entries in any of the following Registers:</p> <ul style="list-style-type: none"> • Bribery & Corruption • Fraud • Seal 	<p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p>

9.5	<u>Noted</u> that the Secretary will sign the Registers at the first available opportunity, but Members were reminded that the Registers were available for review at any time.	Action Required Note
10	ANY OTHER COMPETENT BUSINESS	
10.1	<u>Noted</u> that members were asked to contact the PA to Chief Executive to express an interest in either the Head of Asset Management Recruitment process or Legal Services Tender interviews.	Note
10.	<u>Noted</u> that for Hybrid Meetings – the new IT Manager will be asked to look at the tech available in the Board Room – cameras and microphones.	Note
11.0	DATE OF NEXT MEETING	
11.1	<u>Noted</u> that the next scheduled meeting of the Board is Wednesday 16 March at 6pm.	Note
11.2	Meeting was closed at 19.56	Note