

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 10 August 2022
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

PRESENT: Donna Bogdanovic
David Bond
Paul Cameron
Andrew Dougherty
Cathy Hanlon
Hailie Johnston
Barbara Shearer
Lucy Stang
Bill Takhar

IN ATTENDANCE: John McMorrow, Chief Executive
Kirsten Dean, Head of Finance & Corporate Services
Rich Murdoch, Head of Asset Management
Colin Turner, IT Manager (Item 4 & 5)
Mary Monteith, PA to Chief Executive (Minute)

D BOGDANOVIC IN THE CHAIR

	In the absence of the Chair, following an invitation to members to chair the meeting, Donna Bogdanovic would be the Acting-Chair for this meeting.	Action Required
1a.	CHAIR'S OPENING REMARKS The Acting Chair welcomed all to the meeting and noted that the IT Manager was in attendance for Items 4 and 5.	Note
1b.	DECLARATIONS OF ANY OTHER BUSINESS <u>Noted</u> that there was no other competent business.	Note

	<ul style="list-style-type: none"> ▪ What was the biggest risk we faced. It was noted that people making errors (clicking on links that release malware, using wrong names etc) and aging hardware were the biggest risks. ▪ Security – moving to the cloud will go part way to improving our system security along with other planned measures. It was stressed that staff usability/security was generally good. ▪ IT Manager explained the benefits of moving to the cloud with regards to disaster recovery – we could be operational in a couple of hours rather than days. ▪ Legacy systems - this referred to our key core business systems Sun Systems Accounting/Active H. Noted that these systems can be moved to the cloud. The IT Manager also highlighted that our IT Consultants, Kick, support Sun Systems. ▪ An Azure migration run had been conducted for a month and costs priced on this. ▪ Staff will be given updates in short bursts and full training will be provided. ▪ It was confirmed that Option 3 was the best option to recover from a professional data breach. Noted that data will be encrypted in transit. 	<p>Action Required</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p>
4.4	<p>Noted that it was suggested that the Strategy was good but “jargony” and it would be good if this could be in Plain English. It was also noted that the document should be formatted in line with others strategy documents and links to the Corporate Strategy added. It was noted that this document will not be published to the public.</p>	<p>IT Manager to action</p>
4.5	<p>Noted that Work Package 1 will be the foundation for moving forward and, if approved, should be done by Christmas.</p>	<p>Note</p>

4.6	Noted that it was confirmed that the Board will receive six monthly update reports.	Action Required Note
4.7	The Board noted the contents of this report and with the simplifying of jargon and links to Corporate Strategy added, approved the T Strategy	Note/ Approve
5.	IT – WORK PACKAGE 1	
5.1	Noted that the Board discussed this report and noted the options presented.	Note
5.2	Noted that the IT Manager clarified the following: <ul style="list-style-type: none"> ▪ Hardware staff are using at home is sufficient ▪ Additional hardware is being trialled that will allow staff to complete their admin when out and about, rather than completing it by hand and updating the systems when back in the office 	Note
5.3	The Board noted the contents of this report and approved Option 3 moving to the Azure Cloud. <i>The Acting Chair thanked the IT Manger for his attendance, and he left the meeting at 18.44</i>	Note/ Approved
6.	GOVERNANCE	
6.1	Noted that the Chief Executive reported:	Note
	Notifiable events – one notifiable event – Lease for IDL. This has now been closed by Regulator.	Note
	SPSO – Highlighted a decision report relating to Housing Associations and the lesson learnt	Note
	Members advised that SPSO have determined that the complaint they were looking into will not be taken further as	Note

6.2	<p>Donations/Sponsorships – One entry omitted from report but the figures reported in the accounts were correct.</p> <p>Policy Reviews – the following revised policies were presented for approval:</p> <p>GOV 002 – Association Membership GOV 004 – Board Membership</p> <p>Noted that there was a request that we change the use of he/she to they/them.</p> <p>Health and Safety – No health and safety issues were reported.</p> <p>Equalities – no new Equality and Human Rights issues had been identified.</p> <p>Annual Assurance Statement – update given to members</p> <p>The Board noted the contents of this report and:</p> <p>Noted notifiable event update.</p> <p>Noted SPSO Update.</p> <p>Noted update on training sessions.</p> <p>Noted calendar of returns for 22/23 returns to date.</p> <p>Noted update on Association Membership Drive and Approved the 7 applications for membership</p> <p>Noted Annual Assurance Statement Action Plan update.</p> <p>Approved the revised policies with the amendment noted above.</p>	<p>Action Required</p> <p>Note</p> <p>Note/Approve</p> <p>CE to action Approve</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note Approve</p> <p>Note</p> <p>Approve</p>
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<p>7.</p> <p>7.1</p> <p>7.2</p>	<p>SECRETARY’S REPORT – RULE 68</p> <p><u>Noted</u> that Members were advised 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 with the rules relating to Minutes, Seal, and Registers.</p> <p>The Board noted the contents of this Report.</p>	<p>Action Required</p> <p>Note</p> <p>Note</p>
<p>8</p> <p>8.1</p> <p>8.2</p> <p>8.3</p> <p>8.4</p> <p>8.5</p> <p>8.6</p>	<p>ANNUAL REPORT OF THE AUDIT COMMITTEE</p> <p><u>Noted</u> that the Chair of the Audit Committee explained to Members that this report outlines the activities undertaken by the Audit Committee in respect of the financial year to 31 March 2022.</p> <p><u>Noted</u> that the Audit Committee Remit was included in the Report, and it was confirmed that members of the Audit Committee had reviewed this and the Annual Audit Checklist.</p> <p><u>Noted</u> that the Chair of the Audit Committee highlighted that when reviewing the checklist, members noted that it would be preferable to add more finance experience to the Audit Committee.</p> <p><u>Noted</u> that an existing member of the Audit Committee noted that they would be willing to undertake further training. It was agreed that the dates for the Audit Committee would be circulated to allow those with relevant experience time to consider if this is something they would be prepared to take on.</p> <p><u>Noted</u> that Hailie Johnston stood in as Acting Chair at the last Audit Committee meeting and members recorded their thanks.</p> <p><u>Noted</u> that this Committee has delegated authority to monitor Melville’s internal controls, risk management processes and audit functions and Members agreed that this Report gave the required information and assurances to allow the Board to approve the Internal Control statement in the annual accounts.</p>	<p>Note</p> <p>Noted</p> <p>Note</p> <p>Note</p> <p>CE to Action</p> <p>Note</p> <p>Note</p>

8.7	The Board noted the contents of this report.	Action Required Note
9.	EXTERNAL AUDIT, ANNUAL REPORT AND ANNUAL ACCOUNTS	
9.1	Noted that the Head of Finance and Corporate Services explained that the draft year end accounts were presented to the Board in May at which time the actuarial pension adjustments and the Limekilns valuation adjustment was outstanding. When the information was received, it was incorporated into the accounts prior to the closing meeting with Chiene + Tait on the 11 July.	Note
9.2	Noted that the following change to the accounts was highlighted: <ul style="list-style-type: none"> ▪ £2.7m downward revaluation on the Limekilns development as we had expected. It was noted that C&T were happy with our prudent approach to adjusting for this loss even though we expected that on the next formal revaluation in March 2024 that the valuation on these 20 units would be higher. 	Note
9.3	Noted that the full audit summary report was circulated, and Members were advised that Chiene + Tait attended the Audit Committee Meeting on 25 July and went through the report in detail with Members.	Note
	<ul style="list-style-type: none"> ▪ Other than the year on year change to the holiday pay accrual which was posted after the initial draft stats were prepared, there were no changes made to the accounts following the audit other than those mentioned previously. 	Note
	<ul style="list-style-type: none"> ▪ For the next financial year, consideration should be given to expanding our narrative in the accounts regarding the sustainability work that we do. 	Note

9.4	Noted that the Head of Finance and Corporate Services was delighted to report that we had received a clean and clear audit.	Action Required Note
9.5	Noted that it was reported the Audit Committee recommended that the accounts, the Letter of Representation, and the Letter of support for IDL (stating that Melville will not demand repayments of any amounts due by IDL and will provide financial support as required for a period of 12 months from the date of the letter) be approved and signed by the Board at this meeting.	Note/ Approve
9.6	Noted that the Head of Finance and Corporate Services explained that she was also looking for Board approval to submit the accounts to the various Regulatory bodies.	Note
9.7	Noted that there was a discussion on the difference for the Limekilns evaluation (approximately £1m). Head of Finance & Corporate Services advised she would circulate typical new build values and those based on a social rent valuation.	Note HOF&CS to action
9.8	The Board noted the contents of this Report, approved the accounts, nominated a member to sign and authorised the signing of the Letter of Representation and the accounts and Letter of Support for IDL by the relevant Board members and submission of the accounts and annual return to the various Regulatory bodies.	Note Approve
10.	MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 30 JUNE 2022	
10.1	Noted that the Head of Finance & Corporate Services gave an overview of our 3 month results to end of June 2022.	Note
10.2	Noted that these were reported against our budget as approved in January but with the addition of the carried forward underspends of £385k as approved in May.	Note

10.3	<p><u>Noted</u> that the following was highlighted:</p> <ul style="list-style-type: none"> ▪ We have finished the quarter with a pre-FRS102 surplus of £661k which is £249k ahead of budget: ▪ Total income was £24k ahead of forecast due to our bad debts (both rental and non-rental) being £65k better than budgeted offset by a shortfall in other income which is our Rechargeable Repairs. ▪ Rent arrears have increased slightly since year end (1.84% v 1.79%). ▪ £1m set aside in the year for retrofitting works, budget to June was £250k, this was not spent and instead put away in cash. ▪ Less spend YTD on Voids & Reactive. 	Action Required Note
10.4	<p><u>Noted</u> that programme expenditure on planned maintenance contract was expected to be in line with budget by year end.</p>	Note
10.5	<p><u>Noted</u> that the underspend on employment costs relates to moving the Staff Away Day from May to August and an underspend on training.</p>	Note
10.6	<p><u>Noted</u> that Head of Finance & Corporate Services was asked about impact of inflationary pressures – it was noted that:</p> <ul style="list-style-type: none"> ▪ Main contractor prices set and increases of +5% included also. ▪ Utilities – when we do the Mid-year forecast will need to add to this. ▪ Budget was robust and we will review this mid-year and for 2023/2024. ▪ Difference in interest received was due to change from Libor to Sonia. ▪ Underspend on doors – setting up contract and confident that we will be on target Q3/4. 	Note
10.7	<p>The Board noted the contents of this report.</p>	Note

<p>11</p> <p>11.1</p> <p>11.2</p> <p>11.3</p>	<p>BAD DEBT WRITE-OFF</p> <p>Noted that the Head of Finance and Corporate Services advised that she was seeking Board approval to write-off bad debts of £6,887 that had been previously accounted. The breakdown of these cases was: 8 accounts were former tenants (£5,404.29) while 7 relate to owners (£1,482.22). Of these:</p> <ul style="list-style-type: none"> ▪ 3 cases (£5,270) – No forwarding addresses found ▪ 8 cases (£524) – Amount not viable for legal action ▪ 3 cases (£1,001) – Not traceable and account closed ▪ 1 case (£92) – Tenant Deceased <p>Noted that members were advised that we are now looking at Harper Macleod debt recovery services.</p> <p>The Board noted the contents of this report and approved the write-off of bad debts of £6,88k</p>	<p>Action Required</p> <p>Note</p> <p>Note</p> <p>Note Approve</p>
<p>12.</p> <p>12.1</p>	<p>AUDIT COMMITTEE MINUTES – 11 APRIL 2022</p> <p>Noted that the Chair of the Audit Committee presented the Minute, approved at the Audit Committee meeting held on 25 July, to the Board for noting.</p>	<p>Noted</p>
<p>13.</p> <p>13.1</p> <p>13.2</p>	<p>CONTRACT AWARDS</p> <p>Roof Replacement</p> <p>Noted that the Head of Asset Management advised members that in line with the terms of the extension of the Roof contract, the one year review of the service provided had been carried out and was found to be completely satisfactory.</p> <p>Kitchen Replacement</p> <p>Noted that the kitchen replacement contract with DCL Joinery, is due to end in March 2023. The initial contract was awarded for 5 years with a possible 5 year extension, and</p>	<p>Note</p> <p>Note</p>

	<p>Board approval was sought to extend this for 5 years (with annual reviews). It was noted that:</p> <ul style="list-style-type: none"> ▪ We have an excellent relationship with this company who ensure they are in regular contact with Property staff (from initial survey through to post inspections) ▪ They have established a base in Dalkeith ▪ Successfully delivered 80 bathrooms to assist with Covid delays on top of the kitchen replacements. ▪ Performance and satisfaction levels have been excellent throughout the contract. ▪ Employed a local apprentice at beginning of contract and have retained them on completion of apprenticeship. They will employ a further apprentice for our local area if the contract is extended. 	Action Required
13.3	<p>Noted that it was confirmed that any extension to the contract would be in compliance with our procurement Policy.</p> <p>Detector Replacement</p>	Note
13.4	<p>Noted that this contract was awarded in March 2017 for 5 years with a possible 5 year extension. An extension was approved until 31 March 2023.</p>	Note
13.5	<p>Noted that the Board were advised that as the latest reviews was not satisfactory, we will not be seeking any further extension and a tender exercise will start in September to allow a new contractor to be in place for 1 April 2023</p>	Note
13.6	<p>Noted that the Head of Asset Management confirmed that he had responded to queries from one of the members unable to attend the meeting.</p>	Note
13.7	<p>Noted that it was confirmed that the uplift in percentage terms for the kitchen contract was 6.6% and that DCL had provided evidence of the increases they were facing. Costs would rise from £3,100 to £3,300. The Property team will sit down in February 2023 to discuss costs for 2023/2024.</p>	Note

13.8	Noted that clarification was given that two contractors having been carrying out work on the replacement detector programme with one contractor performing much better than the other.	Action Required Note
13.9	The Board noted the contents of this report and approved the extension to the Kitchen Replacement contract. Noted the satisfactory review of the roof replacement contract and approved the tender exercise for the smoke detector replacement contract.	Note Approve
14.	STAFFING REPORT	
14.1	Noted that this is a private report and has been minuted separately.	Note
15.	ANNUAL ASSURANCE STATEMENT	
15.1	Noted that the Chief Executive noted the following: <ul style="list-style-type: none"> ▪ SHR advisory guidance – Every 3 years or so, a comprehensive review carried out with annual “lighter touch” reviews ▪ SFHA Toolkit used ▪ Annual Assurance Statement Evaluation published on VBR to allow Board Members to review in advance of October Meeting. 	Note
15.2	Noted that in addition to the above, the following will be discussed at the October meeting: <ul style="list-style-type: none"> ▪ Election of Office Bearers ▪ Review of Corporate Strategy progress to be undertaken ▪ Approval of Annual Assurance Statement ▪ Staffing Report 	Note
15.3	The Board noted the contents of this Report.	Note

<p>16.</p> <p>16.1</p> <p>16.2</p>	<p>REGISTERS</p> <p><i>Entitlement Payments and Benefits</i></p> <p>There were four entries in this register –</p> <ul style="list-style-type: none"> ▪ All were event hospitality invitations from various contractors and all were declined. <p>Declaration of Interests</p> <ul style="list-style-type: none"> ▪ 28 Entries following Annual Returns from Staff <p><i>All Other Registers</i></p> <p>There were no entries in any of the following Registers:</p> <ul style="list-style-type: none"> ▪ Bribery & Corruption ▪ Fraud ▪ Seal <p>16.2 <u>Noted</u> that the Secretary signed the Registers at the end of the meeting and Members were reminded that these registers are available for review at any time.</p>	<p>Action Required</p> <p>Note</p> <p>Note</p> <p>Note</p>
<p>17.0</p> <p>17.1</p>	<p>ANY OTHER COMPETENT BUSINESS</p> <p>Caron Quinn</p> <p>17.1 <u>Noted</u> that Caron Quinn will be stepping down as Chair at the AGM following her 5 year term. Members noted their thanks to Caron for her help, support, and leadership throughout her term.</p>	<p>Note</p>
<p>18.0</p> <p>18.1</p> <p>18.2</p>	<p>DATE OF NEXT MEETING</p> <p>18.1 <u>Noted</u> that the next scheduled meeting of the Board is Wednesday 12 October 2022 at 6pm and that this will be a hybrid meeting.</p> <p>18.2 Meeting was closed at 20.18</p>	<p>Note</p> <p>Note</p>