

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 16 November 2022
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

PRESENT: Donna Bogdanovic
David Bond
Paul Cameron
Hailie Johnston
Clare Marshall
Christie Moore
Caron Quinn
Barbara Shearer
Bill Takhar

IN ATTENDANCE: John McMorrow, Chief Executive
Kirsten Dean, Head of Finance & Corporate Services
Rich Murdoch, Head of Asset Management
Mary Monteith, PA to Chief Executive (Minute until Item 13)

D BOGDANOVIC IN THE CHAIR

1a.	<p>CHAIR’S OPENING REMARKS</p> <p>The Chair welcomed all to the meeting.</p>	<p>Action Required</p>
1b.	<p>DECLARATIONS OF ANY OTHER BUSINESS</p> <p><u>Noted</u> that there was no other competent business.</p>	<p>Note</p>
1c.	<p>DECLARATIONS OF INTEREST</p> <p><u>Noted</u> that declarations from Ironmills Directors were duly noted.</p> <p><u>Noted</u> that staff present declared an interest in the Staffing Report (Item 13) on the agenda.</p>	<p>Note</p>

1d.	<p>APOLOGIES</p> <p>Apologies were received from Andrew Dougherty, Cathy Hanlan and Lucy Stang.</p>	<p>Action Required</p> <p>Note</p>
2.	<p>MINUTES OF PREVIOUS BOARD MEETING 10 AUGUST 2202</p>	
2.1	<p>Noted that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.</p>	<p>Note</p>
2.2	<p>Noted that Members agreed that these were a true and accurate minute of the above meeting. The minutes were approved by Clare Marshall and seconded by Paul Cameron</p>	<p>Approve</p>
3.	<p>MATTERS ARISING AND OUTSTANDING ISSUES</p>	
3.1	<p>Noted that Chief Executive highlighted that the following items had been completed a sought approval for their removal from the report:</p> <ul style="list-style-type: none"> ▪ IT Strategy to be simplified ▪ Calendar of Returns to include details of returns over six month period. ▪ Amend references in Association and Board Policies from he/she to they/them. ▪ Consider additional Members with Finance Experience for Audit Committee. 	<p>Note</p>
3.2	<p>The Board noted the contents of this report and approved removal of the above items from the report.</p>	<p>Approved</p>
4.	<p>DEVEOPMENT REPORT</p>	
4.1	<p>Noted that the Head of Asset Management presented this report in the absence of the Development Manager and highlighted the following:</p> <ul style="list-style-type: none"> ▪ Pentland Green Phase 2 handover of Plots 215-222 due w/c 5 December (subject to satisfactory completion of snagging identified by Clerk of Works). 	<p>Note</p> <p>Note</p>

	<p>AGM – Hybrid meeting with 19 out 52 (36.5%) members in attendance.</p> <p>The Members of the Board affected by the 9 year rule were highlighted. It was noted that Christine Moore’s first elected date should read 2020 and not 2022.</p> <p>KPI – 3 points were highlighted and discussed:</p> <ul style="list-style-type: none"> ▪ Customer satisfaction – 79% ▪ Board and Audit Committee Attendance ▪ Average re-let times <p>Association Membership Drive – 1 application for Association Membership was presented for approval. It was noted that two Memberships will be cancelled as a result of the AGM 5 year rule.</p> <p>Lothian Pension Fund Employers Statement – No change to previous statement – revised statement will be available in VBR document library</p> <p>Noted that members agreed that they would present questions at this point:</p> <ul style="list-style-type: none"> ▪ Noted that it was pointed out that customer satisfaction was low. Members were assured that more work being done with (Item redacted confidential matter) ▪ Noted that a member commented that it would be good to see compliments included in this report. It was noted that they are being recorded in ReAct. ▪ Noted that there was a discussion on Board attendance. It was suggested that having the Audit Committee being held via Zoom would help with attendance figures. One member noted that they would have to step down from this Committee if that was the case, as they did not use Zoom. The Chief 	<p>Action Required</p> <p>Note</p> <p>Note</p> <p>Approve</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p> <p>Note</p>
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	<p>Approved the one application for Association Membership and cancellation of two memberships under the AGM 5 year rule.</p> <p>Noted Annual Assurance Statement Action Plan update.</p> <p>Approved the four revised policies presented</p>	<p>Action Required Approve</p> <p>Note</p> <p>Approve</p>
<p>6.0</p> <p>6.1</p> <p>6.2</p>	<p>MANAGEMENT ACCOUNTS FOR PERIOD ENDING 30 SEPTEMBER 2022</p> <p>Noted that the Head of Finance and Corporate Services gave an overview of the 6 month results to end of September 2022, noting that:</p> <ul style="list-style-type: none"> ▪ results are reported against our budget as approved in January but with the addition of the carried forward underspends of £385k as approved in May. ▪ summary of the results are noted in the report but also in the SOCI at Appendix 1. ▪ we finished the quarter with a pre-FRS102 surplus of £1.2m which is £356k ahead of budget. <p>Noted that member were also advised that:</p> <ul style="list-style-type: none"> ▪ Total income is £55k ahead of budget, entirely due to our bad debts being £82k better than budgeted, this is offset by a shortfall in other income which is our Rechargeable Repairs (£32k). ▪ Rent arrears have increased slightly since year end (1.86% v 1.79%). Now 1.88% at Oct. ▪ Programmed Expenditure, £560k underspent so far. ▪ £1m put aside in the year for retrofitting works, budget to September was £500k but not spent and instead put away in cash which is bulk of underspend. ▪ Other Cost Variances: <ul style="list-style-type: none"> ▪ Employment costs were less due to staff changes ▪ Accommodation costs over due to Electricity costs 	<p>Note</p> <p>Note</p>

	<ul style="list-style-type: none"> ▪ Office running costs over due to Air Con repairs ▪ IT costs over due to migration works ▪ Finance – savings on Legal Action Fees ▪ Legal – no spend on Forthtay yet ▪ Depreciation – positive impact due to write down of Limekilns 	Action Required
6.3	Noted that we remain in a strong position in terms of cash and our covenants.	Note
6.4	Noted that in response to a query on fair Value of Financial Instruments, the Head of Finance and corporate Services will arrange for our Treasury Specialist, ATFS ,to update the Board on the Financial Derivatives as part of Loan Portfolio update in December/January. This will also discuss options around the £5.5m loan with (redacted).	Note KD to Action
6.5	Noted that it was confirmed that we received a discount on insurance premiums for having Cyber Accreditation. It was also noted that as we are moving to the Cloud, we will have to re-apply for this accreditation.	Note
6.6	Noted that Staff were asked how many garages we had – it was confirmed that we have 46.	Note
6.7	The Board noted the contents of this report.	Note
7.0	MID-YEAR FORECAST	
7.1	<p>Noted that the Head of Finance and Corporate Services reminded members that we reforecast our year end closing position and report on this rather than budget for the remaining 6 months of the financial year. The following was highlighted:</p> <ul style="list-style-type: none"> ▪ Reforecasting to finish the year with a surplus of £1.6m which is £90k ahead of budget. ▪ Rental income is going to finish the year £13k less than budget due to the next 8 units at PG2 now being delayed from an October completion to February, 	Note

	<p>however, now expecting them from second week of December so should see for some upside.</p> <ul style="list-style-type: none">▪ Other Income - we expect the trend of less Rechargeable Repair income to continue.▪ Stage 3 funding awarded at £6k more than budget and Other Grant is Cycle Fund.▪ Both rental and non-rental bad debts are performing well, but we've left the provision in at 1.5% in line with budget.<ul style="list-style-type: none">▪ If bad debts remain at current levels of 0.52% then we will save £47k against forecast.▪ Conversely if bad debt costs were to increase to 3% (double our forecast assumption) this would add £71k cost to our full year result.▪ Expected that there will be £115k underspend in planned maintenance. We're working through the carried forward amounts from 21/22 but don't anticipate carrying funds forward into 23/24 nor bringing any work forward.▪ Total overheads are down £62k versus budget for the reforecast.▪ We have overspends on Employment Costs, Accommodation, Office Running Costs and IT.▪ We had budgeted for an IT Manager and Apprentice from April 22:<ul style="list-style-type: none">▪ IT Manager has been in place for the year and Apprentice hasn't been recruited as we reviewed the structure but remains forecasted.▪ Employment cost forecast is £121k over budget due to worst case scenario in terms of settlement packages, strain costs & PILON (£77k), new roles coming in Jan-Mar (£29k) and KD's mat cover not	<p>Action Required</p>
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	<p>budgeted (£13k). Expecting approx. £40k saving on that due to how it is currently looking.</p> <ul style="list-style-type: none"> ▪ Accommodation is down due to Utilities and Air Con Works ▪ IT is due to the Azure migration fees added in from Q3 ▪ Larger savings offsetting these overspends are showing on lines such Tenant Participation and Depreciation: <ul style="list-style-type: none"> ▪ Depreciation is lower than expected due to Limekilns write down. ▪ TP is due to reducing the £100k we carried forward for soundproofing, etc – £40k. ▪ The base interest rate has increased somewhat since we set the budget. BoE raised it to 3% in November and future costs have been based on this with further increases to the end of the FY – 3.75%. RBS advising to budget for 5% next year. We still have our 1.5% contingency (£13k) which covers a further 0.5% increase if it happens. 	Action Required
7.2	Noted that we continue to forecast significant head room on our covenants and our cash position remains strong.	Note
7.3	Noted that there was a query on the £5.5m loan which has not been drawn down. It was noted that we are paying non-utilisation fees of £35-£40k. This will form part of the discussion with ATFS in December/January.	Note
7.4	The Board noted the contents of this report and agreed that future Management Accounts will be reported against this forecast.	Note/Agree
8.0	BAD DEBT AND CREDIT WRITE-OFFS	
8.1	Noted that the Board were advised that the Bad Debt write-offs for the period to end September were £2,013.85.	Note

8.2	<u>Noted</u> that a breakdown of the write-off's was highlighted.	Action Required Note
8.3	The Board approved the Bad Debt write of £2,013.85	Approve
9.0	PROPERTY MAINTENANCE REPORT TO 30 SEPTEMBER 2022	
9.1	<p><u>Noted</u> that the Head of Asset Management noted the following:</p> <ul style="list-style-type: none"> ▪ Item redacted commercially sensitive. ▪ Contractor is implementing changes to management structure and we will meet with new staff in 7 December. ▪ Repair appointments made and met are above target (97%) at 98% ▪ Average Emergency Repairs is 1.24 hrs against target of 2.00 hrs. ▪ Average time for non-emergency repairs 8 day (target is 10 days) ▪ Repairs completed Right 1st time 87% against 97% target ▪ Satisfaction 68% against target of 98%. 	Note
9.2	<u>Noted</u> that average relet times is 15.9 days due mainly to refusals (34 verbal and 3 written) for flatted properties.	Note
9.3	<p><u>Noted</u> that members reviewed the planned maintenance project and raised the following queries:</p> <ul style="list-style-type: none"> ▪ Overspend on roofs – it was noted that there have been a number of larger roofs completed and that it was difficult to get an average cost for a roof ▪ Bathroom replacements – one member thought that this was expensive, but it was clarified that we get this work done at a very reasonable price. ▪ Asbestos – it was confirmed that we hold an asbestos register and anything found is reported and logged in 	Note

	<p>this register. It was noted that the new Property Manager is keen to do more on asbestos – including carrying out more survey in our properties.</p> <ul style="list-style-type: none"> It was confirmed that 100% of our properties have smoke/heat detectors fitted. 	Action Required
9.4	Noted that it was agreed that an additional column would be added to the table at section 4.2 in the report showing total units done?	Note
9.5	The Board noted the contents of this report.	Note
10.	ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING (ESSH)	
10.1	Noted that the Head of Asset Management updated members on the current position for achieving ESSH	Note
10.2	Noted the interim guidance for ESSH for Social Housing came in effective in October.	Note
10.3	Noted that 97.4% met ESSH (with the remainder being exempt) however it was noted that we have since been able to install new heating systems at a further 6 properties taking our total to 97.7%.	Note
10.4	Noted that in relation to Zero Emissions Social Housing Task Force (ZEST) we will be tendering for our Stock condition survey. It was pointed out that the stock condition survey should show that the information we hold on our stock is robust.	Note
10.5	Noted that we currently have 15 properties that are below EPC Band D would not be re-lettable from December 2025 as per guidance	Note
10.6	Noted that members were advised that our Property Team are EPC Assessors.	Note

10.7	Noted that to ensure that we meet the ESSH milestones, the Head of Asset Management set out Melville's Compliance Strategy and sought Board approval for this.	Action Required Note
10.8	The Board noted the contents of this report and approved the ESSH compliance strategy.	Note / Approved
11.	REGISTERS	
11.1	Noted that since the Registers were last presented to the Board the following entries have been made: Declarations of Interest - 11 entries in this register (Board Annual Return and Staff Declaration made at tonight's meeting) Entitlements, Payments and Benefits – 5 entries - details are available in the register Seal Register - 8 entries for new Association Memberships	Note
12.2	Noted that there were no entries in the following registers <ul style="list-style-type: none"> ▪ Bribery & Corruption ▪ Fraud 	Note
13.3	Noted that the Chair signed the Registers at the end of the meeting and Members were reminded that these registers are available for review at any time.	Noted
12.0	ANY OTHER COMPETENT BUSINESS	
11.1	Noted that there was no other competent business to be raised.	Note
13.0	CONFIDENTIAL STAFFING REPORTS	
13.1	Noted that these reports are confidential and have been minuted separately.	Note

14.0	DATE OF NEXT MEETING	Action Required
14.1	<u>Noted</u> that the next scheduled meeting of the Board is Wednesday 14 December at 6pm and that this will be a hybrid meeting.	Note
14.2	Meeting was closed at 21.05	Note