

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 15 March 2023
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

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

IN ATTENDANCE: John McMorrow, Chief Executive
Rich Murdoch, Head of Asset Management
David Dewhurst, Acting Finance Manager
Neil Edgar, Development Manager
Jane Burnett, Head of Housing
Colin Turner, IT Manager

D BOGDANOVIC IN THE CHAIR

| | Agenda Item Details | Action Required |
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| 1a. | <p>CHAIR'S OPENING REMARKS</p> <p>The Chair welcomed all to the meeting.</p> <p>The Board acknowledged the passing and reflected on the contribution of Bob Anderson former Chair of Melville Housing Association between 2012 and 2017.</p> | |

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| 1b. | <p>DECLARATIONS OF ANY OTHER BUSINESS</p> <p><u>Noted</u> that there was no other competent business.</p> | Note |
| 1c. | <p>DECLARATIONS OF INTEREST</p> <p><u>Noted</u> that declarations from Ironmills Directors were duly noted.</p> | Note |
| 1d. | <p>APOLOGIES</p> <p>Apologies were received from Lucy Stang.</p> | Note |
| 2. | <p>MINUTES OF PREVIOUS BOARD MEETING 25 JANUARY 2023</p> | |
| 2.1 | <p><u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.</p> | Note |
| 2.2 | <p>It was noted that H Johnston was recorded in attendance and as submitting apologies and therefore the minute circulated was amended.</p> | Note |
| 2.3 | <p>With the above amendment Board_Members agreed that these were a true and accurate minute of the above meeting. The minutes were <u>approved</u> by Christine Moore and <u>seconded</u> by Clare Marshall.</p> | Approve |
| 3. | <p>MATTERS ARISING AND OUTSTANDING ISSUES</p> | |
| 3.1 | <p><u>Noted</u> that Chief Executive highlighted that the following items had been completed and sought approval for their removal from the report:</p> <ul style="list-style-type: none"> ▪ Audit Committee meeting dates amended ▪ Council cuts added to risk register ▪ Board and Staff lunch planned for 31st May 2023 ▪ 30 Year Plan to be considered later in the meeting | Note |

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| 3.2 | The Board <u>noted</u> the contents of this report and <u>approved</u> removal of the above items from the report. | Approve |
| 3.3 | The Board <u>noted</u> the possible future actions table which outlined possible actions and/or longer-term actions. | Note |
| 3.4 | Board sought confirmation on whether young people invited to be observers could take part in the meeting and it was agreed that this would be permissible however there would be no voting rights and/or membership. | Note |
| 4. | GOVERNANCE | |
| 4.1 | <u>Noted</u> that the Chief Executive reported on the following items as circulated in the Governance Report: | Note |
| 4.2 | <u>Noted</u> the Corporate Plan update outcomes report. | Note |
| 4.3 | Notifiable events – no new notifiable events. | Note |
| 4.4 | FOI/SAR/GDPR – two new Subject Access Requests received with one withdrawn and other responded to within timescale. | Note |
| 4.5 | Board <u>noted</u> current consultation being undertaken on access to information. | Note |
| 4.6 | Board indicated that if FOISA was extended to those that provide third party services it may be possible that some organisations may be unwilling to provide services. | |
| 4.7 | Board indicated that if this was the case then we should consider whether we have to include this in our risk register. | Consider |
| 4.8 | Board Development & Training – It was <u>noted</u> that all Board Development (Appraisal) have been carried out. | Note |
| 4.9 | The Board <u>noted</u> and <u>approved</u> the consolidated training programme presenters for 2023. | Note/ Approve |

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| 4.10 | Audit Committee Report – Board <u>noted</u> the main items from the last audit Committee meeting held in February. | Note |
| 4.11 | Board approved the Audit Plan for 2023/24. | Approve |
| 4.12 | Key Performance Indicators – it was <u>noted</u> that the KPI(s) were reported within the Governance report. | Note |
| 4.13 | Calendar of returns – it was <u>noted</u> that the Insurance Return had been part supplied for consideration by the Broker. | Note |
| 4.14 | Staffing – Board <u>noted</u> the appointments relating to the staff structure as reported in the Governance report. | Note |
| 4.15 | Board <u>noted</u> the annual staff survey results alongside a comparison with the previous year’s outcomes. | Note |
| 4.16 | Board <u>noted</u> the 4-day working week update as outlined in the Governance report. | Note |
| 4.17 | Board <u>considered</u> the report and approved that an annual statement of benefits alongside non contractual benefits be prepared. | Consider/ Approve |
| 4.18 | Board also <u>approved</u> that the next salary increase assumption for 2024/25 be prepared in consultation with the SWAG group. | Approve |
| 4.19 | Association Membership Drive – it was <u>noted</u> that there was one membership deletion identified since the report was prepared. | Note |
| 4.20 | Ironmills – It was noted that the IDL 10-year forecast will be considered later in the meeting. | Note |
| 4.21 | Equalities – one new Equality and Human Rights issues was presented with the agenda. | Note |

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| 4.22 | Board reviewed the Trans Gender Equality policy as circulated with the agenda. | Consider |
| 4.23 | <p>After consideration Board raised some concerns on the policy and it was agreed that additional work was required and that RBS Mentor as authors would be contacted to determine the following:</p> <p>Whether they had sought views from appropriate equality groups e.g., Stonewall on the terms of the policy</p> <p>Interpretation of participation in the necessary education of co-workers – (should this not be the role of the employer as opposed to the employee)</p> <p>Key Terminology to be considered in line with non-binary Scottish Trans Alliance guidance policy</p> | Action |
| 4.24 | Annual Assurance Statement – update to action plan included in the report. | Note |
| 4.25 | <p>Policy Reviews – Board noted the following policy reviews.</p> <p>EMP 013 Fire Emergency HSG 011 Housing Sex Offenders Fin 001 Rents & Service Charges</p> | Note |
| 4.26 | Board approved the Rents & Service Charges policy subject to consultation on the rent affordability criteria. | Approve |
| 4.27 | Membership Renewals – Board approved membership of SFHA and Scottish Urban Regeneration Forum (SURF). | Approve |
| 4.28 | A general query was raised on the appendices provided with the report and whether these were required. | |
| 4.29 | It was noted that there is a balance between the volumes of papers prepared and issued to demonstrate appropriate Governance and that this will continually be monitored. | Note |

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| 5. | 30 YEAR FINANCIAL PROJECTIONS | |
| 5.1 | The Acting Head of Finance presented the 30-year projections that were circulated to the Board under separate cover as prepared by the Head of Finance & Corporate Services. | |
| 5.2 | <p>Board noted the budget overview assumptions as reported in the report as follows:</p> <ul style="list-style-type: none"> ▪ Rent Increase of 2% ▪ Salary Increase of 2%. ▪ Void Loss of 0.25% ▪ Bad Debt provision of 1.5% ▪ £2.2m on capital improvements to stock ▪ £4.3m of development spend ▪ Overall cash position ▪ All covenants being met with significant headroom ▪ Surplus of over £1m, cash surplus of £4.5m | Note |
| 5.3 | <p>Board noted the various assumptions contained in the 30-year plan as follows:</p> <ul style="list-style-type: none"> ▪ Interest rates of 5% ▪ Inflation of 10% years 1 and 2 reverting to 2% thereafter ▪ Bad debts year 1 at 1.5% and 3% for remainder of the plan ▪ £3.5m of loan facility drawn down in year 1 ▪ Oak Place development changes in spend profile | Note |
| 5.4 | Board noted the sensitivity analysis on the plan and that covenants are met, and we maintain positive cash flow. | Note |
| 5.5 | Board noted the stress testing on the plan. | Note |
| 5.6 | Board therefore approved the budget for 2022/23 and noted the Capital Spend as outlined in the report. | Approve/ Note |

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| 5.7 | Board sought clarity on the grant figures alongside the cash position at the end of the 30-year period and these were explained at the meeting and duly noted. | Note |
| 5.8 | Board requested an additional stress test on the inflation factor to be undertaken to show the following: Years 1 & 2 - 10% inflation Year 3 – 5% inflation Year 4 – 3% inflation Year 5 – 2% inflation | |
| 5.9 | Board approved the 30-year plan which included the 39-unit development. | |
| 6. | MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 31 DECEMBER 2022 | |
| 6.1 | Noted that the Acting Head of Finance pointed out that these results are reported against the Forecast approved by the Board in November 2022. | Note |
| 6.2 | Noted that it was acknowledged that we are in a strong position versus forecast with a surplus of £1.54m versus a forecasted one of £1.45m. It was noted that this was mainly due to underspends on programmed expenditure less interest offset by increased overheads. | Note |
| 6.3 | Noted that the Board reviewed the Statement of Comprehensive Income, and the following was highlighted: <ul style="list-style-type: none"> ▪ Rental Income and voids ▪ Positive arrears performance despite increases. ▪ Planned Maintenance underspend of £92,000 ▪ The main planned underspends were (information redacted). | Note |
| 6.4 | Board sought clarity on the Tenant Participation budget increases, and it was noted that this element included | Note |

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| | funding received to support tenants (e.g. Redacted and Lottery) thus the increase. | |
| 6.5 | Noted that our cash position remains high with no issues regarding our covenants. | Note |
| 6.6 | The Board noted the contents of this Report. | Note |
| 7. | BAD DEBTS & CREDIT WRITE OFFS | |
| 7.1 | Board noted the report outlining that there were no Bad Debt or Credit Write Offs being presented for the period ending 31 st December 2022. | Note |
| 8. | IRONMILLS DEVELOPMENTS LTD (IDL) TEN YEAR FORECAST | |
| 8.1 | Noted the ten-year forecast (2023-2033) for Melville's subsidiary, IDL, was presented to Board for approval at their meeting on 15 February 2023 | Note |
| 8.2 | <p>Noted that the following key assumptions had been made:</p> <ul style="list-style-type: none"> ▪ 2% increase in rental income and charges from MHA to IDL for 23/24 then 2% inflationary increase thereafter ▪ 2% increase for 2023/24 was for part of the year ▪ Bad debts assumed of 3% of rental income ▪ Voids of 2% of rental income | Note |
| 8.3 | Noted that sensitivity analyses carried out indicated relatively minor impacts across the 10 years. | Note |
| 8.4 | Noted that the IDL Board agreed that any surpluses be covenanted to Melville. | Note |

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| 8.5 | The Board noted the contents of this report and agreed the IDL Ten-year Forecast. | Note/ Approve |
| 9.0 | IT STRATEGY – 6 MONTHS DELIVERY REPORT | |
| 9.1 | Board noted the report circulated with the agenda outlining progress on the IT Strategy. | Note |
| 9.2 | Board approved that the next IT Strategy update be presented in October 2023. | Approve |
| 10.0 | DEVELOPMENT REPORT | |
| 10.1 | <p>Noted the Development Manager Development Report with the following highlighted:</p> <ul style="list-style-type: none"> ▪ Item redacted. ▪ Pentland Green Phase 2 handover of 4 units due w/c 12 June with a further 12 units due w/c 3 July 23. ▪ Progress on site slow as is the case for other RSLs operating in Midlothian. ▪ Item redacted. ▪ Value Engineering exercise on hold as a consequence of the above. ▪ Wider Role – Commercial vegetable garden – no contact from third part so alternative use (item redacted) being examined. | Note |
| 10.2 | <p>Noted the Oak Place Partnership report with Lovell Partnerships and the Development Manager highlighted the following:</p> <ul style="list-style-type: none"> ▪ Oak Place, Mayfield – assumption of 39 units (8 cottage flats, 29 houses and 2 bungalows) | Note |

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| 10.3 | <ul style="list-style-type: none"> ▪ Layouts included in the report for each property type. ▪ Build Costs inclusive of design fees and disbursements noted and viewed as reasonable and acceptable by our consultant ▪ Solicitor has reviewed the Build Contract and Offer to Sell with relevant changes made. ▪ Name redacted appointed via Scottish Procurement Alliance Framework. ▪ Demand Analysis undertaken and reported in the report. ▪ Project will be included in the Scottish Government’s Strategic Local Programme Agreement for 2023/24. ▪ Project has been considered as part of 30-year financial projections and addition of project improves longer term cash position and that sufficient loan finance is available for this project. <p>The Board <u>noted</u> the contents of this report</p> | Note |
| 10.4 | Board <u>approved</u> entering into a formal build contract for this project subject to an acceptable Grant Offer from the Scottish Government. | Approve |
| 11. | REGISTERS | |
| 11.1 | <p><u>Noted</u> that since the Registers were last presented to the Board the following entries have been made:</p> <p>Declarations of Interest - None</p> <p>Entitlements, Payments, and Benefits – Five</p> <p>Seal Register - None</p> | Note |

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| 11.2 | <p><u>Noted</u> that there were no new entries in the following registers:</p> <ul style="list-style-type: none"> ▪ Bribery & Corruption ▪ Fraud | Note |
| 11.3 | <p><u>Noted</u> that the Secretary will arrange to sign the Registers and Members were reminded that these registers are available for review at any time.</p> | Note |
| 12.0 | ANY OTHER COMPETENT BUSINESS | |
| 12.1 | <p><u>Noted</u> that there was no other competent business to be raised.</p> | Note |
| 13.0 | DATE OF NEXT MEETING | |
| 13.1 | <p><u>Noted</u> that the next scheduled meeting of the Board is Wednesday 17 May 2023 at 6pm and that this will be a hybrid meeting.</p> | Note |
| 13.2 | Meeting was closed at 20:00 | |