

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 May 2024
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

PRESENT:

Donna Bogdanovic	Tom Mallatratt
David Bond	Christine Moore
Clare Marshall	Caron Quinn
Paul Cameron	Barbara Shearer
John Dalley	Bill Takhar
Cathy Hanlan	Gayle Templeton

IN ATTENDANCE:

John McMorrow, Chief Executive
Kirsten Dean, Depute Chief Executive (on Zoom)
Rich Murdoch, Head of Asset Management
Jane Burnett, Head of Housing
Dan Hughes, Communications & Corporate Services Manager (minute)

D BOGDANOVIC IN THE CHAIR

	Agenda Item Details	Action Required
1a.	CHAIR'S OPENING REMARKS The Chair welcomed everyone to the meeting.	
1b.	DECLARATIONS OF ANY OTHER BUSINESS <u>Noted</u> that there was one item of other competent business.	Note
1c.	DECLARATIONS OF INTEREST Declarations from Ironmills Directors were duly <u>noted</u> .	Note

	Agenda Item Details	Action Required
1d.	<p>APOLOGIES</p> <p>Noted that apologies were received from Brian Wilkie and Rebecca McLean.</p>	Note
2.	<p>MINUTES OF PREVIOUS BOARD MEETING 13 MARCH 2024</p>	
2.1	<p>Noted that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.</p>	Note
2.2	<p>Noted that one amendment was needed. John Dalley, not David Bond, seconded the previous minute.</p>	Note
2.3	<p>Noted that members agreed that, following this amendment, these were a true and accurate minute of the meeting. The minutes were approved by Donna Bogdanovic and seconded by Clare Marshall.</p>	Note Approve
3.	<p>MATTERS ARISING AND OUTSTANDING ISSUES</p>	
3.1	<p>Noted that the Chief Executive drew attention to a couple of items:</p> <ol style="list-style-type: none"> 1. The development report date was updated from May to June 2024 2. A new development opportunity that will be discussed as AOCB 	Note
3.2	<p>The Board noted the contents of this report and approved the requested changes.</p>	Note/Approve
4.	<p>GOVERNANCE REPORT</p>	
4.1	<p>Noted that the Chief Executive updated Board on the latest activity including progress on the corporate strategy. He explained that staff had identified some initial changes, and these would be brought to the Board at a future date (to be determined).</p>	Note
4.2	<p>Noted that the Chief Executive requested Board approval for Melville to become a member of Redacted (at a cost of £2.5k) in order to reduce training costs, which would also</p>	Note

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4.3	<p>extend to Board members. Savings would make the membership cost neutral.</p> <p>Noted that with two members standing down from the audit committee, leaving only four, there is now an urgent need for new members before the next meeting on 12 June. After a brief discussion Cathy Hanlan and Christine Moore volunteered.</p>	Note
4.4	<p>Noted that the results of the recently conducted staff survey will be presented at a future meeting.</p>	Note
4.5	<p>Noted that over £7k was donated to local organisations last year and a similar sum will be distributed this year. There was a request that donations are publicised through social media.</p>	Note
4.6	<p>Noted that a discussion took place about membership with the Chief Executive explaining that the strategy is to increase numbers by 5% year-on-year, although there's no firm rule and approaches vary across the sector. He explained that you don't have to be a tenant to be a member and vice versa, with 10% of the membership required at each AGM.</p>	Note
4.7	<p>Noted that the following policies have been updated and uploaded to VBR:</p> <ul style="list-style-type: none"> ▪ Code of Conduct Board – minor changes, dates only (SFHA Model) ▪ Entitlements, Payments, and Benefits - minor changes, dates only (SFHA Model) ▪ Scheme of Delegated Authority – minor changes, dates only ▪ Code of Conduct Staff – minor changes, dates only (SFHA Model) ▪ Privacy – Minor changes, references updated ▪ Sustainability - New policy, draft prepared and issued for initial comments – consideration being given to incorporating action plan within draft policy to create 	Note

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4.8	<p>sustainability strategy – once developed this will be presented at a future meeting</p> <ul style="list-style-type: none"> ▪ Lone Working procedure - Out for staff consultation ▪ Estate Management – Main changes to tenants' responsibility, breach of tenancy, escalation process, recharges and trampolines – out for tenant consultation <p>Noted that a question was asked about Melville's approach to sustainability and how significant the role is played by the supply chain. It was agreed that ascertaining this would be an important part of the work carried out in year one.</p>	Note
4.9	<p>The Board noted the contents of this report, approved the requested changes and approved redacted membership.</p>	Note/ Approve
5.	YEAR END FINANCE REPORT	
5.1	<p>Noted that before presenting her summary of the year end finance figures, the Depute Chief Executive explained that she would be:</p> <ul style="list-style-type: none"> ▪ Presenting full year results to 31 March versus the rest of year forecast as approved in November for the Board to note. ▪ Looking for provisional approval of housing stock and office carrying value as they currently stand before receiving formal valuation results. ▪ Looking for members to review and provide feedback on the draft financial statements. 	Note
5.2	<p>Noted that the results in the report, and also in the SOCI at Appendix 1 (p50 of pack), are pre-pension and stock valuation adjustments.</p>	Note
5.3	<p>Noted that Melville remains in a strong position in terms of cash and our covenants. At year end there was a pre-FRS102 surplus of £1.6m which is £446k ahead of forecast:</p> <ul style="list-style-type: none"> ▪ Total income is £148k ahead of forecast due to bad debts (both rental and non-rental) being £106k better than forecast and grant income received (£65k) (paid out to tenants under overheads). 	Note

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	<ul style="list-style-type: none"> ▪ Programmed expenditure was £19k over forecast but £110k under once adjusted for CAPEX. The main variances are noted in the report. ▪ Within overheads, there's an underspend of £160k. Half of this relates to employment costs and the rest tenant participation and legal and consultancy. <ul style="list-style-type: none"> ▪ Employment cost underspends relate to two positions forecasted but not recruited for along with year-end holiday accrual. ▪ Underspend on tenancy sustainment for sustainability activities. ▪ Higher legal fees were budgeted for in relation to Forthtay. 	
5.4	<p><u>Noted</u> that under FRS102 there is a requirement to recognise the value (or liability) of the MTM movement on our SWAPs. Each quarter this liability is reinstated based on market valuations provided by RBS and recognise any change in value in our statement of comprehensive income. During the year, the SWAP liability value decreased by £613k resulting in a positive adjustment. The Board <u>noted</u> that this is an accounting adjustment only and has no cash impact.</p>	<p>Note</p> <p>Note</p>
5.5	<p><u>Noted</u> that a formal valuation report from JLL is expected on the Corn Exchange and Melville's housing stock. The expectation is for an 8% or 9% increase, however we are comfortable with the carrying value as of March 2024.</p>	<p>Note</p>
5.6	<p><u>Noted</u> that the draft financial statements are still being prepared so have not been included as an addendum. These will be ready by Thursday 23 May.</p>	<p>Note</p>
5.7	<p>Other points to <u>note</u>:</p> <ul style="list-style-type: none"> ▪ We normally ask a few Board Members to review and revert back with any queries on these. ▪ C&T will be starting their two weeks of audit fieldwork w/c 3 June and will be on site. ▪ That any queries from the Board to be sent by Friday 7 June so they can be added to any CT changes. 	<p>Note</p>

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	<ul style="list-style-type: none"> ▪ For those that review, that they focus on the Report of the Board narratives outlined on pages 2 to 10. ▪ As noted, the stock valuation is in progress and we have yet to receive the final report for the year from Lothian Pension Fund so all areas in the stats impacted by this are highlighted in RED or O/S and will be updated as soon as information is available. 	
5.8	Noted that there was a request to include costs versus original budget as a new column in the accounts, to provide greater clarity. It was agreed that a new version would be circulated.	Note
5.9	Noted that Caron Quinn and John Dalley volunteered to review the draft statutory accounts once they are circulated.	Note
5.10	The Board noted the report and approved the carrying value of the assets.	Note/ Approve
6.	FIVE YEAR FINANCIAL PROJECTIONS (2024-2029)	
6.1	Noted that the Depute Chief Executive explained that each year we are required to submit a Return to the Scottish Housing Regulator setting out our 5 year financial projections and that the return must be approved by the Board prior to submission.	Note
6.2	Noted that a copy of the Return is provided at Appendix 1 and is arranged over 5 sections: <ol style="list-style-type: none"> 1. Statement of Comprehensive Income (I&E) 2. Statement of Financial Position (BS) 3. Statement of Cash Flows 4. Additional Information (stats such as unit numbers, assumptions) 5. Ratios (automatically calculated) 	Note
6.3	Noted that the Statements of Comprehensive Income, Financial Position and Cash Flows are sourced directly from	Note

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	<p>our 30 year financial projections which were last approved by the Board in February.</p> <p>Year 0 is the year ended 31 March 2024 and is still the forecasted results rather than the final audited numbers.</p> <p>Year 1 figures represent the final budget for 2024/25.</p>	
6.4	<p>Noted that there has been no change to the key forecast assumptions from those presented to the Board in February which are outlined again in your report and as reported on Page 5 of the draft return, our covenant position and headroom is strong.</p>	Note
6.5	<p>Noted that questions were asked about the balance sheet and deferred income and about the accounting of HAG funding. It was agreed that, for clarity, the questions would be emailed to the Depute Chief Executive following the meeting and responses circulated to all Board members.</p>	Note
6.6	<p>Board noted the information in the Return and approved its submission to the Regulator by the end of the month.</p>	Note/ Approve
7.	<p>BAD DEBT AND CREDIT WRITE OFFS</p>	
7.1	<p>Noted that the Depute Chief Executive requested permission to write off bad debts totalling £4,329.10 (10 accounts all of which were former tenants) made up of:</p> <ul style="list-style-type: none"> ▪ 4 cases (£3,587) – no forwarding address ▪ 4 cases (£664) – death ▪ 2 cases (£78) – amount not viable for legal action 	Note
7.2	<p>Noted that permission was also requested to write off credits worth £546.60 (3 accounts), made up of:</p> <ul style="list-style-type: none"> ▪ 2 cases (£546) – death and no contact from Next of Kin for 12 months ▪ 1 case (£1) – amount under £50 	Note

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7.3	Noted that a question was asked about the profile of a debt of over £7k in the Aged Debtors Report. Depute Chief Executive to check and reply.	Note
7.4	Noted that a question was asked about cover for any debts over 30 days. Depute Chief Executive to check and confirm.	Note
7.5	The Board noted the contents of this report and approved the write offs.	Note/ Approve
8.	ANNUAL RETURN ON THE SCOTTISH SOCIAL HOUSING CHARTER (ARC)	
8.1	Noted that the Chief Executive gave a brief update on the report and the draft summary benchmarking spreadsheet, thanking all staff involved for their hard work.	Note
8.2	Noted that the report was fully validated by the auditors however since writing there have been a few very minor amendments to the figures as follows: <ul style="list-style-type: none"> ▪ Average time for emergency repairs amended to 2.09 hours ▪ Average time for non-emergency repairs amended to 7.11 days ▪ Average repairs right first time amended to 93.72% 	Note
8.3	Noted that the ARC will be submitted to the regulator by the end of the month.	Note
8.4	Noted that a brief discussion took place with the chair commending all staff involved for their excellent work.	Note
8.5	Noted that it was pointed out that some figures aren't required for the submission and that one anomaly in the table (where the box/text colour is different) may be changed to match others.	Note
8.6	The Board noted the contents of this report and approved the ARC.	Note/ Approve

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9.	ANNUAL HEALTH AND SAFETY REPORT	
9.1	<p>Noted that the Head of Assets gave a brief update on the report highlighting:</p> <ul style="list-style-type: none"> ▪ Asbestos surveys are now carried out on all void properties. ▪ Currently six planned maintenance contracts underway. ▪ 39 cases of damp and mould reported last year, with seven reported this year so far. All Property Officers have had training, with further associated training arranged for all staff. ▪ 97.5% of homes have now had electrical checks and that forced access will be used but only as a last resort. ▪ 100% for gas safety. ▪ Only 30 properties don't meet modern energy standards, including no more than four in Forth with old oil/solid fuel systems. Grant funding is used to upgrade these whenever possible and a record is kept of when an upgrade is offered. ▪ Regular legionella checks and training carried out. ▪ A new lone working policy is out for consultation with staff and new Peoplesafe devices have been issued. 	Note
9.2	<p>Noted that a discussion took place around the procedure for responding to damp and mould issues. The Head of Assets gave more detail saying that a standard form is now used, with actions including follow-up visits, independent support and installation of air quality monitors if required. Board asked whether cases had increased because of the rising cost of living, and it was reported that external funding had helped mitigate this.</p>	Note
9.3	<p>It was reported that we currently have 21 gas-capped properties, and we are monitoring these on a regular basis and offering support to tenants affected.</p>	Information

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9.4	It was noted that there was a communication campaign in the autumn, outlining a message about how to reduce condensation, which remains the main cause in many cases and whilst there is less focus on tenant behaviour, we often have evidence that this is a contributing factor.	Note
9.5	Noted that a brief discussion took place about the use of the Corn Exchange. It was asked if there would be health and safety implications if the office use changed in the future. The Chief Executive responded that this was still some way off and there were no immediate opportunities however the implications would be looked at should this change.	Note
9.6	Board also noted the following Health & Safety matters: <ul style="list-style-type: none"> ▪ One request for a standing desk granted recently ▪ No RAAC present in Melville properties ▪ Mentor have now returned to in person visits when auditing Health & Safety in the office 	Note
9.7	The Board noted the contents of this report.	Note
10.	REGISTERS	
10.1	Noted that there were two updates to the registers with two staff members having joined the boards of other RSLs.	Note
11.	AOCB	
11.1	Noted that the Chief Executive explained that an offer to buy 11 discounted 3 and 4 bed properties had been received from housebuilder Name Redacted at their Site Name Redacted, details of which were provided to members. The Chief Executive went on to explain that at this early stage he was only looking for permission to explore the offer further to consider its viability.	Note
11.2	Noted that a discussion took place during which the following points were made:	Note

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11.3	<ul style="list-style-type: none"> ▪ The offer is based on social rent, but mid-market might be an option ▪ There may be additional cost as there is now a requirement for sprinkler systems in all new social rented properties ▪ The viability of the offer would be dependent on grant funding, although this could be front-funded by Melville if there was a promise of grant funding in future ▪ Melville uses the Brixx appraisal model to assess the viability of new build developments <p>Noted that potential risks were discussed and although it was agreed that any building company failing was always a possibility, it was a low risk given the size of Name redacted. It was also pointed out that the money wouldn't be released until the properties were handed over. There was a suggestion that carrying out ongoing monitoring of the credit of developers might be worthwhile going forward.</p>	Note
11.4	Noted that more detail would be brought to the Board at the June meeting.	Note
11.5	The Board noted the proposal and approved investigating further.	Note/ Approve
	<i>All staff, except the Chief Executive and Depute Chief Executive, left the meeting at this point.</i>	
12.	(CONFIDENTIAL ITEM)	
13.	DATE OF NEXT MEETING	
13.1	<p>Noted that the next scheduled hybrid meeting of the Board is Wednesday 12 June 2024 at 6pm.</p> <p>Meeting closed at 20:30</p>	Note

Minutes Approved By: Redacted
Signature: Redacted
12 June 2024