

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

PRESENT:

Donna Bogdanovic	Clare Marshall
David Bond	Rebecca McLean
Paul Cameron	Caron Quinn
John Dalley	Bill Takhar
Cathy Hanlan	Gayle Templeton
Tom Mallatratt	Brian Wilkie

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

D BOGDANOVIC IN THE CHAIR

	Agenda Item Details	Action Required
1a.	<p>CHAIR’S OPENING REMARKS</p> <p>The Chair welcomed everyone to the meeting explaining that because a couple of members needed to leave early, the finance items had been moved up the agenda.</p>	
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

	Agenda Item Details	Action Required
1d.	APOLOGIES <u>Noted</u> that there have been no apologies made.	Note
2.	MINUTES OF PREVIOUS BOARD MEETING 9 OCTOBER 2024	
2.1	<u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.	Note
2.2	<u>Noted</u> that members agreed that these were a true and accurate minute of the meeting. The minutes were approved by Donna Bogdanovic and seconded by Clare Marshall.	Note/ Approved
3.	MATTERS ARISING AND OUTSTANDING ITEMS	
3.1	<u>Noted</u> that the Chief Executive gave an update on matters arising and outstanding items, requesting permission to remove following completed items: <ul style="list-style-type: none"> ▪ Equalities monitoring ▪ 4-day week 	Note
3.2	The Board <u>noted</u> the contents of this report, and approved the removal of completed items from the register.	Note/ Approved
6.0	FINANCE REPORT	
6.1	<u>Noted</u> that the Depute CEO presented the quarterly figures (ending 30 September 24) saying that results were positive, both in terms of cash and covenants and that figures are now reported against budget, as approved in February.	Note
6.2	<u>Noted</u> that the quarter finished with a pre-FRS102 surplus of £459k which is £225k ahead of budget. The following was also highlighted: <ul style="list-style-type: none"> ▪ Total income is £85k ahead of forecast. ▪ Rental income and voids are £40k less than budget due to timing differences in the handovers at redacted – 19 v 31 properties handed over at this stage. ▪ This shortfall is more than offset by bad debt performance (both rental and non-rental) which are £99k better than budgeted and grant funding received (LACER & ASHP). 	Note

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6.3	<ul style="list-style-type: none"> ▪ Further improvement in rent arrears which are now at 1.59%. ▪ Stage 3 (adaptations) funding confirmed and already spent. Further requests will be assessed on a case by case basis up to the budgeted amount. ▪ Programmed Expenditure, redacted. ▪ Main variances in the report are overspend on IT (due to redacted timings) with all other areas being underspent. <p>Noted that a brief discussion took place around adaptations funding. Depute CEO said that nobody expected funding to be as low as it was (about half of the £54k requested) but that the planned work would be carried out anyway and the cost either absorbed or claimed back in next year's budget. Overall consequence is that Melville will need to be more selective on the adaptation work it agrees to in future.</p>	Note
6.4	The Board noted the contents of this report and approved forecast.	Note/ approved
7.0	MID YEAR FORECAST	
7.1	Noted that the Depute Chief Executive explained that after September each year we reforecast our year end closing position and report on this rather than budget for the remaining six months of the financial year.	Note
7.2	<p>Noted that the following items were highlighted:</p> <ul style="list-style-type: none"> ▪ Overall, expected to finish the year with a surplus of £689k which is £259k (60%) ahead of budget. ▪ Rental income is expected to finish the year £41k less than budget due to delays in timing of handovers at redacted, although now claiming for loss of rent on some of these but this hasn't been specifically forecast. ▪ Both rental and non-rental bad debts are performing well so reduction in provision to 1% (normally 1.5%) but we expect to outperform that. 	Note

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	<ul style="list-style-type: none"> ▪ If bad debts remain at current levels, then £54k will be saved against forecast. ▪ Conversely if bad debt costs were to increase to 3% (double forecast assumption) this would add £107k cost to full year result. ▪ Interest received is expected to reduce in the second half of the year with monies no longer on longer term deposit and spends on redacted. ▪ No more Stage 3 funding expected but assuming budget will be spent as noted in Programme Expenditure. ▪ Other Grant Income will be LACER (not forecast). ▪ Expect £49k over spend on the planned maintenance budget. This is due to having reallocated £50k for Sustainability Pot within Tenant Participation to PM to assist with a potential EWI project which may go ahead via company name redacted. ▪ Other spend total will be in line with budget with some over and under spends on various lines (e.g. over on reactive but under on voids). ▪ Total overheads are down 2.4% (£125k) versus budget. Most of this relates to Depreciation (£99k) due to revaluation and timing of handovers. ▪ Accommodation/office costs under due to higher repairs budgeted following last year but nothing significant required. ▪ TP is showing as over by £16k but £31k relates to LACER payments offset by income so actually £15k under. ▪ Employments costs look to be in line with budget but does include an apprentice that we're unlikely to recruit before April. ▪ IT costs are higher than budget due to the company name redacted impact in the first half of the year and some additional costs required to complete this project. ▪ Loan interest showing a £204k saving to budget following the trend from the first half. Drop in base rate to 4.75% assumed for the next 6 months so likely 	

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7.3	<p>to see further saving there if it reduces again as expected.</p> <ul style="list-style-type: none"> ▪ Continue to forecast significant head room on our covenants. <p>Noted that a discussion took place about the increase in employer's National Insurance (ERNI). The Deputy CEO confirmed this would see an £18k increase on top of what Melville already pays.</p>	Note
7.4	<p>Noted that a brief discussion took place about potential cost rises from contractors and whether these may be impacted by the ERNI increase. It was agreed this may be the case but that the budget allowed for supplier increases.</p>	Note
7.5	<p>Noted that a discussion took place about the 30 year plan and rent increase options for the coming year. The Board heard that SFHA members were considering options ranging from 1.7% to 6.5% but that Melville was comfortable with redacted commercially sensitive, although it was stressed that one year shouldn't be considered in isolation. Following discussions the Deputy CEO agree to send rent consultation proposals to Board by Monday (18 November) and allow a week to review.</p>	Note
7.6	<p>The Board noted the contents of this report and approved the forecast. Also noted that the chair congratulated all staff their hard work in achieving very positive results.</p>	Note/ Approve
8.0	<p>BAD DEBT AND CREDIT WRITE OFFS</p>	
8.1	<p>Noted that the Depute Chief Executive requested permission to write off bad debts totalling sum redacted made up of 8 accounts all of which were former tenants who left no forwarding address and who couldn't be traced. A quarter of debts relate to rent arrears and 70% to rechargeable repairs (remainder to court costs).</p>	Note
8.2	<p>Noted that permission was also requested to write off credits which are now older than a year worth sum redacted (9 accounts), made up of:</p>	Note

	Agenda Item Details	Action Required
8.3	<ul style="list-style-type: none"> ▪ 3 cases (redacted) – death and no contact from NOK for 12 months ▪ 3 cases (redacted) – Midlothian Council have never recovered the overpayments from us despite multiple requests ▪ 2 cases (redacted) – Amount not viable for refund ▪ 1 case (redacted) – DWP have never recovered Universal Credit overpayments from us despite multiple requests <p>Noted that a discussion took place about the money owed to DWP and Midlothian Council. It was agreed to look further into DWP credit and hold for another 12 months before writing off if still no engagement.</p>	Note
8.4	The Board noted the contents of this report and approved the write offs, with the exception of the DWP credit.	Note/ Approve
4.	DEVELOPMENT UPDATE	
4.1	<p>Noted that the Head of Asset Management presented the development update, and highlighted the following:</p> <ul style="list-style-type: none"> ▪ Final accounts for Pentland Green phases 1 and 2 are with Taylor Wimpey. ▪ 25 units at Oak Place have been handed over to date (4 today). Work across the remaining 14 is progressing well, with remaining units expected by first week in December. We are now deducting redacted commercially sensitive, following the issue of a non-completion certificate on 28 October. ▪ Newbattle project progressing well. Sum redacted expressions of interest so far. We anticipate a site start around May/June 2025, with build time of roughly 12 months. ▪ Potential purchase of 11 units – offer no longer available after individual interest in several of the plots. ▪ Midlothian Strategic Housing Investment Plan (SHIP) has been agreed by MLC and submitted to the Scottish Government. 	Note

	Agenda Item Details	Action Required
4.2	<ul style="list-style-type: none"> ▪ We are in discussions (very early stage) with redacted re redacted. ▪ Development strategy – this was previously delayed whilst awaiting the outcome of the SHIP. Due to the reduction in grant availability, new UK Government and the possibility of consequential funds being available to the SG we are asking board to agree that the review of our development strategy be undertaken early in the new year. <p>Noted that a discussion took place around changes to the spec of some properties at the area redacted development with some environmental enhancements taken out. It was agreed that it would be interesting to compare cost savings between four enhanced properties and others, without enhancements.</p>	Note
4.3	It was agreed to confirm details of the enhanced energy measures in the redacted name development.	Action
4.4	The Board noted the contents of this report and the amendment to the development strategy review timetable. The Chair passed on her thanks to Neil and all those involved.	Note
5.	GOVERNANCE	
5.1	<p>Noted that the CEO gave an update on governance, highlighting the following:</p> <ul style="list-style-type: none"> ▪ Another SAR (part duplicate received) since report was issued. ▪ One GDPR breach (self-assessment using tool on ICO website undertaken). Refresher training to be undertaken and in complicated cases, second member of staff to review redacted documents in future before issuing. ▪ Board Diligent training sessions – link to be issued tomorrow. Note that some members would prefer to come into the office for training. ▪ Delegated authority - one eviction action (for unapproved sub-letting). ▪ Note changes to Code of Conduct. 	<p>Note</p> <p>Note</p> <p>Note</p>

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5.2	<ul style="list-style-type: none"> ▪ Approve protocol on dealing with alleged breaches. ▪ KPIs all looking good, average rents issued to give indication as to how we perform against others. ▪ Calendar of returns all complete as required. ▪ Membership - 3 members removed. ▪ Health & Safety audit undertaken (placed on VBR). ▪ Appoint name redacted to Ironmills and agree removal of name redacted by the next Ironmills meeting. ▪ Minor update on AAS Action plan issued. <p>The Board noted the contents of this report and asked that their congratulations be passed on to Jane’s team for their hard working in achieving such fantastic arrears results.</p>	<p>Approve</p> <p>Approve</p> <p>Note</p>
	Following this report, Tom Mallatratt and Caron Quinn left the meeting.	
9.0	<p>PROPERTY MAINTENANCE REPORT</p> <p>9.1 Noted that the Head of Assets gave an update on Property performance and issues up to 30 September 2024. Highlights included:</p> <p>9.2 Noted the following updates on reactive maintenance</p> <ul style="list-style-type: none"> ▪ Seamless transition from name redacted to R3, with no complaints received during the changeover. Testament to hard work of all involved. ▪ Positive start by R3. Good KPIs, high levels of satisfaction and no significant concerns so far. ▪ Corporate team are working with property to audit the returns R3 provide, and this will validate, or otherwise, the Customer satisfaction data as we move forward. R3 have provided in excess of 1,000 surveys in the 6 month period, averaging over 300 per month for the last 3 months. ▪ 10% over budget for reactive repairs due largely to a variance from estimated increase from former contractor name redacted rates and R3 picking up work pre contract that redacted were unable or unwillingly to undertake. 	<p>Note</p> <p>Note</p>

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9.3	<p>Noted the following updates on void performance</p> <ul style="list-style-type: none"> ▪ Name redacted have struggled to resource voids, and to protect void performance we are working with additional contractors, Names redacted. ▪ Although below budget, void costs have risen considerably compared to last year, largely down to redacted's rates being artificially low and not keeping pace with the market. R3 had been behind in void invoicing over the summer period however work continues to bring invoicing up to date. ▪ We hold weekly void meetings with R3 and many issues identified stem from their processes which mirror how they do reactive repairs, but don't fit with efficient and timely void turnaround. 	Note
9.4	<p>Noted the following updates on planned maintenance</p> <ul style="list-style-type: none"> ▪ All planned maintenance projects are progressing well, with the majority of work already completed. We expect to finish the year making a small saving on the overall budget. ▪ Tenant satisfaction remains high thanks to contractor performance and management of the contract. ▪ All of our gas properties were serviced within 12 months for the second year in a row and we have not missed any services during the first six months of the current year. ▪ Electrical Safety – We hold valid EICRs for all but two of our properties and we are working with our Housing colleagues to address the property condition issues that are preventing these final two being carried out. ▪ We are over spent on our EICR budget due to the number of main boards and isolator switches that required replacement. These components last for approximately 30 years and therefore, the cost of future EICRs will be significantly less. Also, we have completed the entire year's programme and anticipate only minor expense against this budget for the remainder of 2024-2025. 	Note

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9.5	<p>Noted that a discussion took place about customer satisfaction, effectiveness of methodology (using PDAs) and possible alternatives. It was also suggested that satisfaction might be higher because common area repairs weren't surveyed. It was pointed out that doorstep satisfaction surveys, while by no means perfect, were only one part of the overall mix and that Melville would know (through complaints) if the repairs service wasn't performing well. The discussion finished with the suggestion that Melville remind tenants of the importance of completing satisfaction surveys honestly.</p>	<p>Note</p>
9.6	<p>Noted that there was then a brief discussion about void performance, with some surprise at the positive void times. It was explained that Melville have now taken on a voids expert (from redacted) and are working with additional contractors, as well as R3.</p>	<p>Note</p>
9.7	<p>The Board noted the contents of this report and thanked Rich and his team for their work and positive performance.</p>	<p>Note</p>
10.0	EESH UPDATE	
10.1	<p>Noted that the Head of Assets gave the update saying that performance has been good with compliance up from 98.2% to 98.6%. Remaining 20 units are exempt from standard.</p>	<p>Note</p>
10.2	<p>Noted that Melville successfully secured funding via the SHNZHF and replaced the dated heating systems at nine properties with ASHPs. Scottish Government funding totalling just over £ redacted paid for these. While grateful for the funding it was pointed out that applying took a great deal of work and Melville would be looking for the opportunity to feed back to the Scottish Government on this.</p>	<p>Note</p>
10.3	<p>Noted that a discussion took place on the introduction of EESH 2, which is now expected in early 2025.</p>	<p>Note</p>
10.4	<p>The Board noted the contents of this report.</p>	<p>Note</p>

	Agenda Item Details	Action Required
11	REGISTERS	
11.1	<p>Noted that since the Registers were last presented to the Board the following entries have been made:</p> <p>Declarations of Interest - 7 entries in this register (annual updates for Board members).</p> <p>Entitlements, Payments and Benefits – 7 entries (although 2 declined) - details are available in the register.</p> <p>Noted that there were no entries in the following registers:</p> <ul style="list-style-type: none"> ▪ Bribery & Corruption ▪ Fraud ▪ Seal <p>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.</p>	<p>Note</p> <p>Note</p> <p>Note</p>
12.0	ANY OTHER COMPETENT BUSINESS	
12.1	Noted that there was no other competent business raised.	Note
13.0	CONFIDENTIAL ITEM – Minuted Separately	
14.0	DATE OF NEXT MEETING	
14.1	Noted that the next meeting of the Board is Wednesday 11 December 2024 at 6pm and that this will be a hybrid meeting.	Note
14.2	Meeting closed at 20.18 (following extension to standing orders requested at 20.00)	

Minutes Approved By: **Donna Bogdanovic**

Signature: _____

11 December 2024