

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 28 January 2026
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

PRESENT:

Donna Bogdanovic	Tom Mallatratt
David Bond	John Dalley
Bill Takhar	Caron Quinn
Clare Marshall	Becky McLean
Paul Cameron	Victoria Watson
Laura Harris	

IN ATTENDANCE:

John McMorrow, Chief Executive
Kirsten Dean, Depute Chief Executive
Rich Murdoch, Head of Asset Management
Jane Burnet, Head of Housing
Freya Lees, Northstar

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 no other competent business.	Note
1c.	DECLARATIONS OF INTEREST <u>Noted</u> that declarations from Ironmills Directors were duly noted. <u>Noted</u> no new declarations of interest.	Note Note

	Agenda Item Details	Action Required
1d.	APOLOGIES <u>Noted</u> that apologies were received from Julie Smith.	Note
2.	BOARD DEVELOPMENT (APPRAISAL) REPORT	
2.1	Freya Lees of Northstar reviewed at the meeting the Board Appraisal report which was circulated with the agenda.	Information
2.2	A detailed conversation was then held at the meeting on the report that was presented and this was minuted separately as a confidential item.	
2.3	It was reported that individual training and development plans will be circulated to members from the consultant at the end of February.	Action
2.4	A programme of training will be prepared based on the collective report and the individual training plans.	Action
3.	MINUTES OF PREVIOUS BOARD MEETING 10 DECEMBER 2025	
3.1	<u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes.	Note
3.2	<u>Noted</u> that members agreed that these were a true and accurate minute of the above meeting. The minutes were <u>approved</u> by Donna Bogdanovic and <u>seconded</u> by Paul Cameron.	Note Approve
4.	MATTERS ARISING AND OUTSTANDING ITEMS	
4.1	<u>Noted</u> that the Chief Executive gave an update on matters arising and outstanding items.	Note
4.2	The Board <u>noted</u> the contents of this report and <u>approved</u> the removal of completed items from the register.	Note/ Approve

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4.3	Board considered additional membership of the various sub committees, and it was agreed that new members could act as observers initially.	Approve
4.4	The Chairperson outlined their intention to join a relevant sub-committee later in the year and this was noted .	Note
4.5	John Dalley outlined proposed work on the Cyber Governance Code of Practice that he was taking forward with the IT Manager.	Information
4.6	It was noted that time has been set aside in the Board reports timetable to allow regular reporting on progress with the above code and that the IT Manager will map what work we do.	Note
5.	<p>ANNUAL BUDGET, RENT REVIEW AND 30 YEAR FINANCIAL PROJECTIONS</p> <p>5.1 Noted that the Depute Chief Executive explained that she wouldn't go through the whole report but would instead focus on the rent increase, the budget, capital spending and covenants and sensitivity analysis along with the 30 year plan.</p> <p><i>Rent increase</i></p> <p>5.2 Noted that on the rent increase she explained that Melville consulted tenants on options of 4.5% and 5%.</p> <p>Of the returns completed:</p> <ul style="list-style-type: none"> ▪ 31% would support a 4.5% increase ▪ 9% would support a 5% increase ▪ 60% were against any of the options (48% last year) <p>5.3 Noted that Melville normally receive a 50:50 split between those on benefits and those that pay full rent however this year 57% of those in receipt of benefits applied to the response.</p>	<p>Note</p> <p>Note</p> <p>Note</p>

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5.4	<u>Noted</u> that we met with the tenant rep panel last week and discussed these findings with them and the impact of rent increases on Melville’s overall financial position.	Note
5.5	<u>Noted</u> that generally, they agreed that an increase each year is needed to allow Melville to reinvest in stock, continue with services and ensure the future financial viability of Melville.	Note
5.6	<u>Noted</u> that there was strong concern raised that the options offered were above inflation and many felt that their concerns about rent increases above their pay increases are not being taken into consideration.	Note
5.7	<u>Noted</u> that in the rent survey, tenants are asked about value for money. Last year the average score was 62%, this increased slightly to 64% this year.	Note
5.8	<u>Noted</u> If we applied the higher of the two rent consultation options, a 5% increase, would increase our budget bottom line by redacted and increase our 30-year cash flow by redacted.	Note
5.9	<u>Noted</u> that a lower increase of 4% increase, would reduce our budget by redacted and remove redacted from our 30 year cash flow.	Note
5.10	<u>Noted</u> that based on the results of our consultation, the needs of Melville, and after taking tenant feedback into account, the recommendation is to increase all rents and service charges by 4.5%.	Note
5.11	<u>Noted</u> that a lengthy discussion took place on the proposed increase with various questions raised at the meeting.	Note
5.12	Queries included whether the rent consultation comments had been considered and it was reported that each team responds to those queries.	Information

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5.13	A query was raised on the sustainability of older tenants' affordability, and it was reported we have targeted support for those affected by any increase.	Information
5.14	<p>A further query was raised on how their view was that Melville was particularly good at promoting the association and that more could be done to shout about the role of tenants. It was agreed to examine how this could be carried out more.</p> <p>Budget</p>	Action
5.15	<p>Noted that the Depute CEO explained that the budget for the coming year is showing total income of redacted with a pre-FRS102 surplus of redacted. Included in the budget are the following key assumptions:</p>	Note
5.16	<p>4.5% rent and service charge increase. Rental bad debts at 0.5% and voids at 0.25%. Other costs increased by at least redacted %. Redacted grant income to assist with medical adaptations. Property Maintenance spend of redacted. Development spend of redacted. No new units off site in the year. Loan interest is based on advice from lenders and treasury advisors. Redacted loan amount.</p>	
5.17	<p>Noted that the budget includes a redacted % payroll increase for 26/27 with total employment costs increasing by an overall redacted % with redacted % of staff not at the top of their salary scale band.</p>	Note
5.18	<p>Noted that Depute CEO also highlighted:</p> <ul style="list-style-type: none"> ▪ Planned redacted spend on capital items, investing in existing stock (redacted) and continuing with development (redacted). ▪ Savings on office and IT costs. ▪ Redacted % inflation assumed on Insurance costs. 	Note

	Agenda Item Details	Action Required
	<ul style="list-style-type: none"> ▪ Redacted reduction on planned spend, based on robust 30 year replacement plans. ▪ Tenant participation costs down as costs for new website included in 2025/26. ▪ Most restrictive covenant remains our financial indebtedness (loans as % of historic cost) with headroom of redacted. This is more than adequate for business needs in the coming year. ▪ Sensitivity testing on the budget assumptions to assess their impact such as increasing bad debts, voids, interest rates and reducing inflation. 	
5.19	One member expressed concern that if rents are increasing by 4.5% whereas costs are above this level (e.g. staff and inflationary costs) that this will put continued pressure on the business.	Information
5.20	Another member noted a similar issue and noted that we need to consider this further for next year's rent increase.	Information
5.21	It was also queried whether we have a facility to pause contracts if the worst case scenario on sensitivity happened.	
5.22	It was reported that some contracts are fixed whilst others are annual and that there is flexibility in the timing of some contracts should the need arise however this is not an issue.	
5.23	Another query on the costs associated with potential claims on damp and mould via insurance companies was raised at the meeting and it was agreed to circulate the SFHA briefing note on Awaab's Law Regulation for Scotland.	Action
5.24	<p><i>30-year plan</i></p> <p>Noted that the Depute CEO explained that the 30-year plan has been updated with the current year forecast and proposed budget and the two potential developments redacted. Loan funding of redacted is agreed to support these.</p>	Note

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5.25	Noted that other potential, developments are not included and will only be added once the proposals are concrete.	Note
5.26	<p>Noted that sensitivity analysis and stress testing was carried out using interest rates, inflation and bad debts.</p> <ul style="list-style-type: none"> ▪ Sensitivity testing on the budget assumptions to assess their impact such as increasing bad debts, voids, interest rates and reducing inflation. ▪ 1% increase in interest rates impacts cash by redacted. ▪ Reduction in inflation assumption (rent increase) to 1% reduces cash by redacted. ▪ Bad debts increasing to 2% reduces cash by redacted. 	Note
5.27	It was reported that In all scenario’s covenants are met and cash flow is positive.	Information
5.28	One member requested that aspirational developments be included as part of the sensitivity analysis for next year’s 30 year plan and it was agreed to add this to future reports,	Action
5.29	It was noted that If all the above were to happen at once, it would reduce 30 year cash balance by redacted. Cash balance for Year 7 would fall below targeted redacted headroom.	Note
5.30	After review Board approved the proposed budget assumptions for 2026/27 and approved a 4.5% rent increase. They also noted the proposed spend of redacted on capital items with loan support of redacted and grant funding redacted and noted and approved the 30 year plan.	Note/ Approve
6.	GOVERNANCE REPORT	
6.1	Noted that the Chief Executive asked members to note the following items:	Note

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6.2	<u>Noted</u> Scottish Public Services Ombudsman (SPSO) update not taking a complaint forward as Melville had dealt with appropriately.	Note
6.3	<u>Noted</u> FOISA and SAR update.	Note
6.4	<u>Noted</u> Board Development Report earlier in meeting alongside training with recommendations (listed below) <ul style="list-style-type: none"> ▪ Review training priorities for 2026. ▪ Approve members under 9-year rule to be eligible to stand for election. ▪ Approve members to act as a “buddy” for new members 	Note
6.5	<u>Agreed</u> that Donna, David and Becky would act as “Buddies” for new members.	Approve
6.6	<u>Noted</u> Audit Committee meeting and Internal Audit Outcomes.	Note
6.7	<u>Noted</u> and Approved the Internal Audit Tender documentation with one date change to link to changed audit meeting date. (7 April 2026)	Note/ Approve
6.8	<u>Noted</u> calendar of returns.	Note
6.9	<u>Noted</u> and Approved the schedule of meetings along with the proposed agenda items for 2026.	Note/ Approve
6.10	<u>Noted</u> no new memberships presented.	Note
6.11	<u>Noted</u> SHR news articles and Office of Charity Regulator (OSCR) requirements.	Note
6.12	Highlighted that if any members require their details not to be published to inform the CEO and he would contact OSCR.	Information
6.13	<u>Noted</u> SFHA Affiliation details.	Note

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8.0	ANY OTHER COMPETENT BUSINESS	
8.1	<u>Noted</u> that there was no other competent business raised.	Note
9.0	DATE OF NEXT MEETING	
9.1	<u>Noted</u> that the next meeting of the Board is Wednesday 11 March 2026 at 6pm and that this will be a hybrid meeting.	Note
9.2	Meeting closed at 19:50.	

Minutes Approved By:

Signature: _____

11 March 2026