

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

PRESENT:

Donna Bogdanovic	Caron Quinn
David Bond	Bill Takhar
Paul Cameron	Clare Marshall
John Dalley	Barbara Shearer
Tom Mallatratt	Rebecca McLean

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.	CHAIR'S OPENING REMARKS The Chair welcomed everyone to the meeting.	Information
1b.	DECLARATIONS OF ANY OTHER BUSINESS <u>Noted</u> that there was no other competent business.	Note
1c.	DECLARATIONS OF INTEREST Declarations from Ironmills Directors and the Tenant Representative were <u>noted</u> . One membership consideration will be discussed later in the meeting.	Note

	Agenda Item Details	Action Required
1d.	APOLOGIES Apologies were received from Cathy Hanlan, Christine Moore, Gayle Templeton, and Brian Wilkie.	Note
2.	MINUTES OF PREVIOUS BOARD MEETING 12 JUNE 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	It was agreed that these were a true and accurate minute of the previous meeting. The minutes were <u>approved</u> by Donna Bogdanovic and <u>seconded</u> by Paul Cameron.	Approve
3.	MATTERS ARISING AND OUTSTANDING ISSUES	
3.1	<u>Noted</u> that the Chief Executive highlighted the removal of completed items from matters arising.	Note
3.2	Redacted.	Note
3.3	<u>Noted</u> a brief discussion then took place surrounding overtime. Board were reassured that overtime was only ever used very sparingly at Melville and rarely for time worked on Fridays which were seen as different from weekends. Generally, time worked on Fridays was returned as TOIL.	Note
3.4	<u>Noted</u> that Chief Executive will send amended contract and handbook wording to Redacted for final comments/changes before circulating to Board for approval.	Note
3.5	<u>Noted</u> that redacted Board members have so far replied to confidential equalities monitoring survey. Request for remainder to return theirs.	Note
3.6	The Board <u>noted</u> the contents of this report and <u>approved</u> removal of items.	Note/ Approve

	Agenda Item Details	Action Required
4.	DEVELOPMENT & ASSET MANAGEMENT REPORT	
4.1	Noted that the Head of Assets presented the report explaining that Board are asked to note the contents of the SHIP which will be submitted to Midlothian Council by Friday 16 August 2024.	Note
4.2	<p>Noted that the Head of Assets then gave a development update (since report was issued), explaining that:</p> <ul style="list-style-type: none"> ▪ Site name redacted – we have been verbally advised that consents are likely to be granted after a process that has taken around 22 months. ▪ Redacted – 11 OTS Units – Commercially sensitive. ▪ Board requested a review of the Association’s assets (lockups, garages, and our office) and this has now been completed. No financially viable options for development were identified at any lockup or garage sites. ▪ Redacted – 11 OTS Units – Commercially sensitive. 	Note
4.3	Noted that Board are asked to note the update on Melville’s Integrated Asset Management (MIAM) – progress on the Integrated asset management database has been good. We now have a working prototype which will be updated to include the final indicators later this year. Next step will involve consultation with internal teams to ensure the needs and requirements of all areas of the business are understood and appropriately reflected in the output.	Note
4.4	Redacted.	Note
4.5	Noted that a discussion took place about future development plans and the potential impact of modular building and new Passivhaus-style standards. MHA will monitor developments in the coming months to look for opportunities and obstacles.	Note

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4.6	Noted that Board asked for their thanks to be passed on to Development Manager and the wider team for their work.	Note
4.7	The Board noted the contents of the SHIP, approved the front funding and entering into legals with name redacted for the OTS purchase, and noted progress with MIAM.	Note/ Approve Note
5.	GOVERNANCE	
5.1	Noted that the Chief Executive reported on the following items as circulated in the Governance Report:	Note
5.2	Notifiable events – no new notifiable events.	Note
5.3	FOI/SAR/GDPR – noted that there has been one new subject access request.	Note
5.4	Board development and training – noted that Name Redacted will be overseeing the Board refresher training, and a survey will be circulated to all members to agree the topics to be covered. It was suggested that the skills matrix could be used as a starting point, although a couple of members have yet to reply.	Note
5.5	Noted that there is a typo in the Understanding Finance section of the skills matrix where a down arrow should actually be up.	Note
5.6	Noted that a discussion took place around Board attendance at conferences, with agreement that while it is a good thing that members are keen to attend, it would be preferable to see places shared around more, particularly as there’s an inevitable degree of repetition between conferences.	Note
5.7	Noted that the Board away day will take place in November and will be facilitated by Name Redacted this year. The overall focus is likely to be on the big picture, but it may also include a session on treasury management. Any feedback on things like the format and facilities will be gratefully received. The feeling was that one day was not long enough	Note

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	and the overnight stay was useful for building relationships. Only one Board member has so far said they won't be able to attend.	
5.8	Noted that it was recommended that rent freeze be removed from the risk register as it no longer presents a credible threat.	Note
5.9	Noted that a tender exercise has been issued to appoint our external auditors. It was suggested that it was good practice to test the market every seven years, although in standard governance it's every 10 years.	Note
5.10	Noted that there have been very few code of conduct returns for Board members so far. All members were asked to return them before the AGM.	Note
5.11	Noted that Barbara Shearer will be standing down at the AGM and not seeking re-election. Also, ahead of the AGM, nomination forms are needed for those standing for election from both current casual vacancies and co-opted members.	Note
5.12	Noted that Gayle Templeton's Melville membership was approved at the meeting taking membership numbers to 49.	Note Approve
5.13	Noted that additional KPIs have now been added.	Note
5.14	Noted that performance has been good in the first quarter particularly for rent arrears and also reactive repairs.	Note
5.15	The Board noted the contents of this report.	Note
6.	SECRETARY'S REPORT	
6.1	Noted that the Chief Executive presented the report on behalf of the Secretary, saying that, to the best of its knowledge, Melville follows all rules relating to Minutes, Seal, Registers and Books.	Note

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6.2	The Board <u>noted</u> the contents of this report.	Note
7.	ANNUAL REPORT OF THE AUDIT COMMITTEE	
7.1	<u>Noted</u> that the Chair of the Audit Committee presented the Annual report explaining that a full programme of internal audits had been carried out, all completed on time and with no alarms. She said that Name redacted contract had been extended until the end of March 2026.	Note
7.2	<u>Noted</u> that highlights included: <ul style="list-style-type: none"> ▪ A review of the risk management policy ▪ Little change with IDL (although potential 26 MMR units at site name redacted would provide a growth opportunity) ▪ Continuing rise in insurance costs, presenting a major risk 	Note
7.3	<u>Noted</u> that a discussion took place surrounding how staffing issues are dealt with. Currently remit allows these to be dealt with by Audit Committee however the consensus was that this was unusual. It was agreed that the Chief Executive would explore a 'people' committee after the AGM, removing the HR remit from the Audit Committee.	Note
7.4	It was <u>agreed</u> that membership of the 'people' committee would be David Bond, Caron Quinn and Gayle Templeton.	Approve
7.5	The Board <u>noted</u> the contents of this report.	Note
8.	EXTERNAL AUDIT SUMMARY REPORT & ANNUAL ACCOUNTS	
8.1	<u>Noted</u> that the Head of Finance presented the report explaining that it covers final year end accounts to March 2024 and the annual audit report as prepared by CT.	Note
8.2	<u>Noted</u> that she highlighted the following notable changes in the accounts:	Note

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	<ul style="list-style-type: none"> ▪ a £1.8m loss on revaluation of our stock due to 56 newer units since the last valuation, take them out and stock is up £2.8m. 	
8.3	Noted that name redacted from company redacted attended the Audit Committee meeting on 22 July and presented the findings. There were no changes made to the accounts following the meeting other than those mentioned previously.	Note
8.4	Noted that no control or governance risks were noted, and the Head of Finance congratulated her team for an excellent job once again.	Note
8.5	Noted that, as with last year, name redacted have again advised that the Melville Board sign a letter of support for IDL confirming that they will not demand repayment of amounts due and will provide financial support if required for the next 12 months. It was explained that monies are transferred monthly from IDL to MHA so this is really just for completeness purposes for the audit.	Note
8.6	Noted that the Audit Committee recommended that the accounts, LOR and LOS be approved and signed by the Board.	Note
8.7	Noted that final signed accounts must be reported to the SHR and lenders by the end of September and to the Office of the Scottish Charity Regulator by the close of the year. The return to the Financial Conducts Authority must be submitted by the end of October.	Note
8.8	Noted that the Board were asked to note this report and if happy with the contents, nominate a member to sign the accounts, the letter of rep and the letter of support. Once signed by Board, the accounts will be sent to CT for counter signature and submissions prepared ahead of the deadlines.	Note
8.9	Redacted.	Note

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8.10	Noted that a question was asked about the resilience of the pay role team. It was explained that two members of staff are available to provide cover which should be sufficient.	Note
8.11	The Board noted the contents of the report, and approved the accounts, LOR and LOS.	Note/ Approve
9.	MANAGEMENT ACCOUNTS – JUNE 2024	
9.1	Noted that the Head of Finance presented the accounts for the three months to end of June 2024, explaining that these are reported against our budget as agreed in February.	Note
9.2	Noted that the quarter finished with a pre-FRS102 surplus of £300k which is £155k ahead of budget.	Note
9.3	<p>Noted that:</p> <ul style="list-style-type: none"> ▪ Total income is £40k ahead of forecast ▪ Rental income and voids are £16k less than budget due to timing differences in the handover of the first nine units at site name redacted. They were budgeted in April but came on early June ▪ This shortfall is offset by bad debt performance (both rental and non-rental) which is £17k better than budgeted, Rechargeable Repair income and Grant Funding received (LACER & ASHP) ▪ Rent arrears have improved again since year end and were 1.81% as at June ▪ Programmed Expenditure is £133k over budget so far. This is an issue of timing as the full cost of roofs etc is budgeted evenly across the year. It will balance out as the year goes on and good progress is being made across the programme. We will work with contractors to plan work better for next budget. ▪ Overheads, there's an underspend on most costs (with it just being Q1) but IT costs are high due to new computer system name redacted coming earlier than budgeted. However, this is expected to balance out over the year. 	Note

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	<ul style="list-style-type: none"> ▪ Melville is in a strong position in terms of cash and covenants, however cash is down versus budget due to timing of CAPEX spends/maintenance. 	
9.4	Noted that a question was asked about medical adaptations and whether Melville should expect a reduction due to Scottish Government cuts. It was agreed that this could be an issue, but we will continue to carry out adaptations while keeping an eye on the unfolding situation.	Note
9.5	The Board noted the contents of this report and thanked all staff involved.	Note
10.	BAD DEBT & CREDIT WRITE-OFF TO 30 JUNE 2024	
10.1	Noted that the Head of Finance asked the Board to approve the bad debt write off and credit write off in the quarter to March 2024 of £7,886 and £366 respectively.	Note
10.2	Noted that the bad debts balance has previously been provided for in the management accounts and, with the Board's approval, these bad debts and credits will be formally written off in the August accounts which will have a net impact of £7,519.46.	Note
10.3	Board noted the report and approved the requested write-offs.	Note/ Approve
11.	ANNUAL ASSURANCE STATEMENT 2024	
11.1	Noted that the Chief Executive provided an update on progress with the 161 page 2024 Annual Assurance Statement evaluation. He explained that the process followed will be the same as in previous years and will be circulated to Board at least a month in advance.	Note
11.2	The Board noted the contents of this report.	Note
12.	REGISTERS	
12.1	Noted that since the registers were last presented to the Board the following entries have been made:	Note

	Agenda Item Details	Action Required
12.2	Declarations of Interest – None	
12.3	Entitlements, Payments, and Benefits – None	
12.4	Seal Register - One share removed, and one issue of new share membership number 308 as approved at Governance report.	Approve
12.5	Noted that there were no new entries in the following registers: <ul style="list-style-type: none"> ▪ Bribery & Corruption ▪ Fraud 	Note
12.6	Noted that the Secretary will arrange to sign the registers and members were reminded that these registers are available for review at any time as published on VBR. All staff left the meeting at this point except the CEO and Depute CEO.	Note
13	CONFIDENTIAL ITEM – Minuted Separately	
14	ANY OTHER COMPETENT BUSINESS	
14.1	Noted that there was no other competent business raised.	Note
15	DATE OF NEXT MEETING	
15.1	Noted that the next scheduled (hybrid) meeting of the Board is Wednesday 9 October 2024 at 6pm.	Note
15.2	Meeting closed at 20.30	Note

Minutes Approved By:

Signature: _____

9 October 2024