

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 August 2025
at 6.00 pm Hybrid Meeting - Office and Zoom Video Conference Call

PRESENT: David Bond Bill Takhar
Donna Bogdanovic Clare Marshall
John Dalley Rebecca McLean
Tom Mallatratt

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 BOND IN THE CHAIR

	Agenda Item Details	Action Required
1a.	CHAIR'S OPENING REMARKS The Chair welcomed everyone to the meeting explaining that given the weighty agenda it might be necessary to extend the running time.	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 were <u>noted</u> . There were no other declarations.	Note
1d.	APOLOGIES Apologies were received from Caron Quinn and Gayle Templeton. Members were also informed that Brian Wilkie has now resigned from the Board.	Note

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2.	DEVELOPMENT & FUNDING STRATEGY UPDATE	
2.1	<u>Noted</u> that the Board received a presentation on the funding report from ATFS, introduced by Kirsten Dean, Depute CEO. Key highlights included: ▪ A summary of the portfolio. ▪ A redacted sum funding requirement for 2025/26 to support the development programme. ▪ A recommendation to explore bank lending and to go to the market to assess options. ▪ A forecast that fixed rates are likely to come down, however a concern that market rates overall are starting to creep up.	Note
2.2	<u>Noted</u> that a discussion took place surrounding swaps, including those entered into in the past and the current swap curve. Advice from ATFS was to wait and see just now given the volatility of the market and the difficulty in predicting what might happen next.	Note
2.3	<u>Noted</u> that a question was asked about the benefits of shorter-term borrowing given the better rates just now. ATFS responded that it's best to hold a balanced position.	Note
2.4	<u>Noted</u> that a further discussion took place surrounding the significant over security in the stock. It was explained that this was not unusual in the social housing market and that it provided flexibility if moving between lenders and greater options in general.	Note
2.5	<u>Noted</u> that the representatives from ATFS left the meeting at this point. Rich Murdoch, Head of Asset Management, then presented the development report, providing updates on: 1. Oak Place, Mayfield 2. Newbattle Site B project 3. Eight additional units at Oakwood Edge, Mayfield 4. Other development opportunities 5. Funding strategy	Note

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	1. Oak Place, Mayfield ○ The project received a <i>Secured by Design Gold Award</i> in May 2025, with an event held on 24 June to mark the achievement. ○ The project was shortlisted for several categories in the Scottish Housing Awards but was unsuccessful. 2. Newbattle High School Site B ○ A pre-start meeting was held on 29 July 2025. ○ Redacted – commercially sensitive. 3. Oakwood Edge, Mayfield (8 additional social rented homes) ○ The homes will be built on the current site compound. ○ Anticipated programme: site start September 2026, completion May 2027. ○ Discussions are ongoing with Midlothian Council and the Scottish Government to secure inclusion in the 2026/27 Affordable Housing Supply Programme. ○ A financial appraisal indicates that redacted grant funding and redacted loan finance will be required. All grant will be claimed in 2026/27, though Melville may consider front-funding if needed. 4. Other Opportunities ○ Melville proposed two of its sites for inclusion in the Midlothian Local Development Plan 2 (MLDP2). ▪ Lothian Drive, Easthouses: not selected. ▪ Old School Crescent, Mayfield: shortlisted for further discussions, with an update to follow. ○ Further opportunities being explored include Taylor Wimpey sites at redacted (for social rent and mid-market rent) and redacted, with updates to follow. ○ Melville representatives attended the opening of SBHA's Jedburgh garage conversion project, which transforms underused garage sites into 1-	

	Agenda Item Details	Action Required
	and 2-bed bungalows for older tenants. A review of Melville's garage plots is underway to assess feasibility of a similar approach. ○ Melville held discussions with Midlothian Council and Changeworks regarding joint delivery of retrofit and energy efficiency projects. A Midlothian-wide forum with other housing associations is proposed to coordinate work and achieve economies of scale. Updates will be brought to future Board meetings. 5. Funding Strategy ○ The Depute CEO engaged ATFS to review funding requirements to support the development programme within Melville's 5 and 30-year financial plans. ○ The review has been carried out in line with the Treasury Management policy, and a funding strategy prepared.	
2.6	<u>Noted</u> that a discussion took place surrounding the sustainability of the off the shelf homes that Melville buys. One member saw the additional redacted units as isolated and distanced from basic amenities like bus routes and shops. The energy rating of the redacted name homes was also raised (they will have gas boilers and be B rated) and a question was asked about why we were taking on homes that we know are not fit for the future. The response was that in a housing crisis, and with a huge waiting list, Melville can't afford to turn down homes and that if Melville doesn't take them, another social landlord will. An upcoming round table discussion with partners will look at these sorts of issues and discuss a possible collective approach to find solutions. In the meantime, it was agreed that the discussion would be picked up again at the Board away day.	Note
2.7	<u>Noted</u> that one member asked if Melville could be developing more given the strength of its financial position and whether the redacted funding requirement was sufficient. He asked if there was more Board could be doing to help Melville progress. It was explained that the redacted	Note

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2.8	figure was taken from the most recent business plan but that a degree of flexibility was required. The importance of timing and the pace of development was also stressed, including the need to have a managed development programme and balanced portfolio that doesn't overstretch the organisation. Board was also asked to take net zero into consideration. The Board <u>noted</u> the contents of the Development Report and <u>approved</u>: ▪ Melville entering into Heads of Terms with redacted for redacted additional homes for social rent at site redacted, subject to grant funding and loan finance on acceptable terms being secured from the Scottish Government and Melville's lender. ▪ ATFS undertaking a Request for Proposal (RFP) process for longer-term lending to support the development programme, in line with the most recent financial plans.		Note/ Approve
3.	MINUTES OF PREVIOUS BOARD MEETING 11 JUNE 2025		
3.1	<u>Noted</u> that the Chair invited the Chief Executive to lead on the minutes on behalf of the Secretary.		Note
3.2	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 Clare Marshall.		Approve
4.	MATTERS ARISING AND OUTSTANDING ISSUES		
4.1	<u>Noted</u> that the Chief Executive led on this item, starting off by providing an update on the Board recruitment exercise. He explained that the response had been poor so far but that this wasn't surprising given it had begun in the quieter summer months and in the run up to the AGM season when lots of organisations were also looking for new members.		Note
4.2	<u>Noted</u> that this year's skills matrix has been issued, but awaiting some responses.		Note

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4.3	The Board <u>noted</u> the contents of this report.		Note
5.	GOVERNANCE		
5.1	<u>Noted</u> that the Board received the Chief Executive's regular report on governance issues and were asked to consider and note the following updates: Corporate Strategy Consultation 146 returns received, the majority in support of the main aims and objectives. Notifiable Event - Update provided; event (negative story in online media) now closed by the Scottish Housing Regulator (SHR). SAR & FOISA - One Subject Access Request and one Freedom of Information request received and responded to. Board Development Meeting - Skills matrix – awaiting returns. - Board Away Day – programme in development (Redacted to confirm some arrangements). - Health & Safety Awareness session booked for Monday 10 November. Audit Committee Report - Minutes of May meeting circulated. - Discussion on IDL Audit – noted 11 units; external audit currently considered disproportionate. - Rent Setting & Affordability – strong assurance provided. - Risk Management – full session to be scheduled; to align with November policy review meeting. - Audit Committee remit – minor amendment approved (removal of one sentence relating to People Committee). Code of Conduct - To be issued to all members; returns required once received.		Note

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	7. KPI Summary - Information presented; all KPIs positive, including those undergoing additional testing/validation (e.g. void relet period). 8. Memberships - No new memberships presented. 9. Health & Safety - Fire Report received; recommendations to be actioned in full. 10.Scottish Housing Regulator Update - Information on published reports noted, including key points from the AAS thematic study (to be considered later in meeting).	
5.2	<u>Noted</u> that approval was sought for the following policies: - Association Membership - Board Recruitment - Board Attendance at Conferences - Financial Regulations	Note
5.3	<u>Noted</u> the Annual Assurance Statement action plan update.	Note
5.4	<u>Noted</u> that a discussion took place about the conference attendance policy. It was suggested that, while the policy was fairly standard and probably necessary, it would benefit from some minor alterations in the interests of fairness and value for money.	Note
5.5	<u>Noted</u> that the CEO said he would update Board Effect with training opportunities when they arose.	Note
5.6	<u>Noted</u> that there was a brief discussion about accessing the members area of the SFHA website. It was explained that individual rather than corporate log in details were now needed but that support can be provided if any Board members are still struggling.	Note
5.7	The Board <u>noted</u> the contents of this report and <u>approved</u> the requested policies.	Note Approve

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6.	SECRETARY’S REPORT	
6.1	<u>Noted</u> that the Chief Executive presented the report on behalf of the Secretary (who sent her apologies), saying that, to the best of its knowledge, Melville follows all rules relating to Minutes, Seal, Registers and Books.	Note
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 Depute CEO presented the Annual report (standing in for the Chair of the Audit Committee) explaining that as last year, a full programme of internal audits had been carried out, all completed on time and with no alarms.	Note
7.2	<u>Noted</u> that one minor amendment was highlighted, the change to redacted job title.	Note
7.3	<u>Noted</u> that Wylie Bissett’s (Wbg) contract runs until the end of March 2026 so a tender exercise will start towards the end of this year. Board were told that because there are a limited number of companies in the market there’s the option of using the quick quote process.	Note
7.4	<u>Noted</u> that a discussion took place about adding additional Board members to the Audit Committee. Current members are Caron Quinn, Tom Mallatratt and John Dalley but one or two more are needed after this year’s AGM. Meetings are short and requirements not too demanding. It was suggested that one possible option might be to have new Board members join the Audit Committee automatically to give them the opportunity to get up to speed more quickly.	Note
7.5	The Board <u>noted</u> the contents of this report.	Note

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8.	EXTERNAL AUDIT SUMMARY REPORT & ANNUAL ACCOUNTS	
8.1	Noted that the Board received a report from the Depute CEO on the final year end accounts to March 2025 and the annual audit report prepared by Chiene + Tait (CT).	Note
8.2	It was noted that the draft accounts were previously presented to the Board in May, at which time the actuarial pension adjustment remained outstanding. This information was subsequently received during CT's fieldwork and incorporated into the accounts prior to the closing meeting on 24 June.	Note
8.3	The Board was asked to note that: ▪ New audit partner redacted, representing CT, attended the Audit Committee on 4 August to present the audit findings. ▪ No changes were made to the accounts following the audit. ▪ No control or governance risks were identified. ▪ The audit process was completed smoothly, with thanks recorded to the Finance Team for their contribution.	Note
8.4	As in the previous year, CT recommended that the Board provide a Letter of Support to IDL, confirming that repayment of amounts due will not be demanded and that financial support will be made available if required for the next 12 months. It was noted that monies are transferred monthly from IDL to MHA, and this letter is required for audit completeness.	Note
8.5	Noted that the Audit Committee recommended approval of the final accounts, the Letter of Representation, and the Letter of Support.	Note
8.6	The Board further noted that the signed accounts must be submitted to:	Note

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8.7	▪ The Scottish Housing Regulator (SHR) and lenders by the end of September; ▪ The Office of the Scottish Charity Regulator (OSCR) by year-end; and ▪ The Financial Conduct Authority (FCA) by the end of October. The Board approved the final accounts, Letter of Representation, and Letter of Support. Agreed that the Chair, Vice Chair, and Secretary be authorised to sign the documents on behalf of the Board. Noted that, once signed, the documents will be forwarded to CT for countersignature and used for the relevant annual regulatory submissions. They also asked that their thanks be passed on to the finance team, and anyone else involved, for all their hard work.	Approve Note
9.	MANAGEMENT ACCOUNTS – JUNE 2025	
9.1	Noted that the Depute CEO gave an overview of the financial results for the three months to 30 June 2025, compared against the budget approved in January. A detailed Statement of Comprehensive Income and further analysis were also provided. Key points highlighted: ▪ The quarter ended with a pre-FRS102 surplus of redacted, which is redacted ahead of budget. ▪ Income and expenditure performance: ○ Rental income is in line with budget. ○ Total income is redacted higher than budget, largely due to lower levels of bad debt. ○ Programme expenditure is redacted below budget, reflecting a slower start of planned programmes in Q1. ○ All expenditure areas are below budget except electricity, where higher costs were due to over-accruals caused by delayed invoices. These invoices have now been received and will be corrected in August. ○ Interest payable is lower than budgeted, due to a recent rate reduction and contingency allowed in the budget.	Note

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	▪ Cash balances are above budget, mainly due to the timing of capital and maintenance expenditure. ▪ The organisation continues to hold a strong cash position and is fully compliant with all covenant requirements.		
9.2	Noted that IDL reported an operating surplus of redacted, compared with a budgeted surplus of redacted. This positive variance reflects stronger performance on bad debts and rental income.		Note
9.3	Noted that a question was asked about matching the accounts to the planned maintenance cycle as raised previously. Response was that this had been looked at previously but dealing with contractors made this difficult.		Note
9.4	Noted that Board was keen to make sure that there's no underspend on planned maintenance. They were told that spend will be brought forward if required.		Note
9.5	Noted that a brief discussion took place about abandonments and the support available to struggling tenants. It was explained that Melville has a legal obligation to hold on to items for a certain period following an abandonment but that often items then have to be disposed of. However, Melville does work with contractors such as redacted (specialists in house clearances) to find homes for good quality white goods recovered from abandoned properties but only once they have been PAT tested (at a small cost to Melville). It was agreed that this could also be discussed at the Board away day.		Note
9.6	The Board noted the contents of the report.		Note
10.	BAD DEBT & CREDIT WRITE-OFF TO 30 JUNE 2025		
10.1	Noted that the Board considered the report on debt write-offs for the quarter to June 2025 presented by the Depute CEO. It was noted that:		Note

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	▪ Bad debts totalling redacted and credit balances of redacted are recommended for write-off. ▪ These bad debts have already been provided for in the management accounts. ▪ The debts relate to 14 accounts, comprising: ○ 35% arrears, ○ 39% RR, ○ 19% FT, ○ 7% debt arrangements. ▪ Of these accounts: ○ 3 were below the recovery threshold, ○ 3 related to deceased tenants, ○ 1 related to the closure of a debt arrangement, and ○ 7 were either closed by Scott & Co (debt recovery agency) or had no forwarding address identified (abandonments traced by Stirling Park). ▪ Two Scott & Co cases, totalling just under redacted, could not be pursued further as initial forwarding addresses proved invalid and subsequent tracing attempts were unsuccessful. ▪ Credit write-offs of redacted relate to small balances following tenant deaths where no next of kin were identified, and one case where a tenant was on full Housing Benefit and made no payments themselves.	
10.2	It was further <u>noted</u> that while these debts will be removed from the ledgers, any future repayments or reinstated tenancies will result in the debts being reinstated.	Note
10.3	<u>Noted</u> that a question was asked about the debt recovery companies Melville uses and if they were the best for the job. Response was that Melville's finance team had looked at the market before appointing the current service provider, however the general pattern seemed to be that there was always a deterioration in the service provided after the initial honeymoon period, despite the best efforts of Melville staff.	Note

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10.4	The Board <u>noted</u> the report and <u>approved</u> the write-off of bad debts totalling redacted and credit balances of redacted with these adjustments to be reflected in the August management accounts, resulting in a net reduction of redacted.	Note/ Approve
11.	ANNUAL ASSURANCE STATEMENT 2025	
11.1	<u>Noted</u> that the Chief Executive provided an update on progress with the 2025 Annual Assurance Statement evaluation, saying that a way forward is needed that demonstrates the ways in which the Board has assured itself. He explained this was necessary as the SHR would like to see greater Board involvement in, and scrutiny of, the process.	Note
11.2	<u>Noted</u> that a discussion took place about what this would look like. The CEO said that he was confident Melville carried out enough scrutiny of the assurance statement every year but that there could always be more and that it should be Board-led. The Chair said that she would volunteer to spend more time on it and that others could be included via Teams.	Note
11.3	<u>Noted</u> that the CEO said that full Board evidence details have been issued in advance of the October meeting.	Note
11.4	The Board <u>noted</u> the contents of this report.	Note
12.	REGISTERS	
12.1	<u>Noted</u> that since the registers were last presented to the Board the following entries have been made:	Note
12.2	Declarations of Interest – Two entries.	Note
12.3	Entitlements, Payments, and Benefits – One entry (entitlements).	Note
12.4	<u>Noted</u> that there were no new entries in the following registers:	Note

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	▪ Seal ▪ Bribery & Corruption ▪ Fraud	
12.5	<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 as published on BoardEffect.	Note
12.6	<u>Noted</u> that all staff left the meeting at this point except the CEO and Depute CEO.	Note
13	CONFIDENTIAL ITEM – Minuted Separately	
13.3.	An extension of Standing Orders was unanimously <u>agreed</u> at the meeting.	Approve
14.	ANY OTHER COMPETENT BUSINESS	
14.1	<u>Noted</u> that there was no other competent business raised.	Note
15.	DATE OF NEXT MEETING	
15.1	<u>Noted</u> that the next scheduled (hybrid) meeting of the Board is Wednesday 2 October 2025 at 6pm.	Note
15.2	Meeting closed at 8.30pm	Note

Minutes Approved By:

Signature:

2 October 2025