

## TRUST HOUSING ASSOCIATION LIMITED

### Minute of the Audit and Performance Committee Meeting held on Wednesday 29 May 2024 at 11.30am 12 New Mart Road Edinburgh

#### Present:

##### Board Members

Ali Ross  
David Knight  
Gordon Laurie  
Ian Mitchelmore  
Graham Curran

##### Officers in Attendance

Calum Boag, Head of Assets & Sustainability  
Zoe Purdie, Director of Finance & People  
Jennifer Wallace, Director of Customer Experience  
Neil Ferguson, Director of Business Development & Digital  
Jackie McIntosh, Director of Assets & Sustainability  
Mary Strathearn, Governance & Business Support Manager  
(*Company Secretary*)

##### Auditors in Attendance

Claire Robertson, BDO (via Teams)  
Cameron Boyd, TIAA (via Teams)

#### ALI ROSS IN THE CHAIR

Agenda Item	Detail
<b>1.</b>	<b>Chair's Opening Remarks</b>
1.1	Ali Ross, Chair, welcomed everyone to the meeting. She noted that it was Claire Robertson's from BDO last meeting with Trust and Cameron Boyd of TIAA was joining for the first time as our new internal auditor. Both Cameron and Claire were joining remotely today via MS Teams.
1.2	Ali wished to formally thank Claire for all the work carried out by BDO over the past few years. Ali recognised the high quality reports provided by BDO which have in turn produced great outcomes to strengthen Trust's compliance and risk across the business. Claire Robertson, BDO, thanked Ali for her comments and shared it had been a pleasure to work with Trust.
1.3	Ali also welcomed Calum Boag, Head of Asset & Sustainability, who was reporting on our health & safety and assets performance today.
<b>2.</b>	<b>Declarations of Interest</b>
2.1	None declared.
<b>3.</b>	<b>Apologies</b>
3.1	Apologies were received from Rhona McLeod (Chief Executive), Ian Gunning (Board Member) and Andy Shaw (AAB).
<b>4.</b>	<b>Quarter 4 2023/24 – Performance Report</b>

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4.1	Neil Ferguson, Director of Business Development & Digital, advised that the performance report related to Trust's operational performance for Quarter 4 2023/24. He added that we would be looking at performance by exception and trend reporting. We have included some performance areas that are slightly down but in some cases this is very marginal.
4.2	Ian Mitchelmore referred to medical adaptations and asked about grant availability. Jackie advised that the Scottish Government has guidance for allocating grant funding and Trust does receive a large amount due to our older customer demographic. However, due to the cuts to the Scottish Budget we may see a reduction in the grant funding.
4.3	David Knight noted the length of time it takes to carry out medical adaptations and asked if this is reflective of the Scottish average. Jackie noted that the time taken to carry out medical adaptations is calculated from the date the application is received, however as the budget every year is generally exhausted early in the year, the time taken can be lengthy as we cannot stop the clock and wait for more budget allocation. We also receive a lot more funding for medical adaptations in comparison to our competitors our figures for completing medical adaptations are different. She added that ideally we would benchmark Trust against other peers who provide similar homes and products for later living customers.
4.4	Ali enquired about our performance results submitted through the ARC return to the Regulator. Neil noted that we receive a few queries each year from the Regulator regarding our ARC submission. In relation to our medical adaptations performance, the Regulator can compare our annual results against previous years' performance and observe that our medical adaptations timescales are similar.
4.5	Graham Curran noted the slight downward trend for non-emergency repairs in this quarter. Calum shared that our non-emergency figures for Quarter 4 can appear slightly worse due to a difference in the way the Q4 KPI is calculated, which accounts for repair works that have been overlying from previous quarters.
4.6	Gordon Laurie enquired about our EICR performance and asked for the figures to be explained. Calum explained that Table 1 (on the left) in the report shows % of homes that have had EICRs completed on a 5 yearly cycle and Table 2 (on the right) shows the % of homes that have had two consecutive 5 yearly EICRs completed.
4.7	Gordon asked about the EICRs that are older than 5 years and wondered if they were still valid. Calum advised that we don't have historic EICRs as the new legislation has come into force from Scottish Government for RSLs to obtain these certificates.
4.8	Ali queried whether the EICR figures are showing that we have achieved 40% or 94%. Calum explained that the ARC return asks us for data around how many homes have a valid EICR together with a valid EICR from 5 years prior to that

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	<p>date. For Trust this figure is 40%. Ali asked whether there is it a risk to tenants if there is not an electrical certificate in place for the 5 years prior.</p>
4.9	<p>Jackie McIntosh, Director of Assets &amp; Sustainability, explained further that EICRs are now a requirement following the Grenfell fire tragedy in 2017. She wished to note that the cause of the Grenfell fire was not linked to the lack of a valid EICR being in place. She added that this requirement has been introduced as a further layer of protection to ensure the highest levels of fire safety in tenants' homes. At Trust we have taken a risk based approach and as previously reported to the committee, we initially prioritised fitting heat and fire detection equipment across our estate before starting the 5 yearly EICR Programme.</p>
4.10	<p>Ali asked what was our target completion date for EICRs and Calum advised that by 2027-2028 we should see homes reaching their 5 year anniversary meaning they will receive a further EICR and then our whole stock will have had 2 EICRs completed.</p>
4.11	<p>Ali acknowledged that the senior team have taken a risk based approach and have assessed the EICRs as lower risk in comparison to fitting heat and fire detection equipment in our housing stock, given both pieces of legislation were introduced at the around the same time.</p>
4.12	<p>Ian observed that the physical risk of a fire is being mitigated with the installation of heat and fire detection in our homes.</p>
4.13	<p>David referred to the tragic death of a tenant due to a fire at one of our developments that constituted a notifiable event to the Regulator. He asked if the Regulator would have investigated Trust had we not had a valid EICR. Calum noted that in this case we did have a EICR in place. If we didn't have a certificate, Calum's view was that the Regulator would accept that we were working towards full compliance with achieving valid EICRs for our homes and could evidence the programme of work.</p>
4.14	<p>Graham wondered if there was a fire and we did not have a valid EIRC, would the Regulator be satisfied that we are currently working on achieving full compliance. Calum advised that he was confident we can evidence that we are trying to gain access to all of our properties. He noted that we have some customers who have not granted our contractor access to their properties.</p>
4.15	<p>Ali queried whether the risk was around the 5.4% of homes we have yet to complete a valid EICR. Calum confirmed this was correct and noted that 2% of that figure included our homes that are currently void at Bonds Drive and the Strachur development. He gave assurance that we have complete visibility on this issue and a clear programme in place to undertake EICRs.</p>
4.16	<p>Jackie reaffirmed that we have a robust system and process for EICRs. We are doing everything in our power to access the small number properties that have</p>

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	outstanding EICRs. We have also introduced a new policy that allows access to be forced to obtain certificates for these homes.
4.17	David acknowledged that forcing entry into homes would still require a degree of cooperation from tenants to move items to gain access to equipment.
4.18	Neil moved on to discuss the complaints performance responded to within timescale and noted that we report on complaints that have been closed and a decision made. However this is not an area that we need to provide data for the ARC so there is no comparable Scottish average. He suggested it still may be useful to review performance on how we resolve and respond to complaints.
4.19	Gordon advised he thought it was valuable to keeping this as a performance indicator for the Committee.
4.20	Neil shared he was very happy with the complaints performance and we are meeting targets and achieving better results compared with last year. He noted that we were slightly down on our Stage 2 but this was a very marginal downward trend. He added that satisfaction has slightly dropped again by a marginal measure and he was comfortable that performance remains very good.
4.21	Graham asked if we are able to carry out more in depth work around the root cause and further analysis of complaints. Neil updated that Darren Lewis's team have completed a piece of work with customers on themes coming from complaints. We do look at complaint trends and locations to identify any themes or reasons for complaints.
4.22	Jenny Wallace, Director of Customer Experience, noted that our days to let figure is still above target with an improvement in this quarter in comparison with the previous quarter. She added that we managed to let more properties than were terminated. We made good improvement in marketing our properties and are utilising an in house rapid action group. We are also making improvements to our difficult to let properties by remodelling works undertaken by the asset teams. She noted this will be a huge strategic project for this coming year.
4.23	Ali enquired about our legacy void properties. Jenny updated that in the quarter we have let 5 long standing void properties that total 1033 days to let which in turn impacts on our overall days to let figure. We have let 5 long standing voids in this quarter and as the Committee are aware there is a project this year focussing on our void process. She added that we have joined some common housing registers and as a result we should see a better turnaround of voids.
4.24	Jenny updated that our rent loss figure was linked to the high level of voids and this has been an increasing trend. As for % rent due, she explained that we always collect more than 100% as former arrears and rent exceeds the set income.
4.25	Jenny noted that we had one food hygiene inspection that successfully passed the requirements. We have another which had not passed as there were some

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	<p>areas for us to address. These have been completed however there is also a longer term issue to address which is ongoing due to some remodelling work that is required to upgrade the kitchen of Thornliebank. There is a significant costs associated with this and we are working closing with the Environmental Health Officer to prioritise what work is needed. Jenny advised that there is nothing stopping us delivering the food service at the development. Environmental Health's view is that we require to install a full commercial kitchen with stainless steel work tops.</p>
4.26	<p>Calum added that due to the proposed change of service at this development we did not want to incur abortive costs if the food service is removed. We have advised Environmental Health of these proposed changes but they have not be very responsive.</p>
4.27	<p>Gordon wondered if it was best to spend the money to ensure safety and compliance. Jenny advised we need to do some work to ensure we obtain a valid pass to continue the food service.</p>
4.28	<p>Gordon asked about our gas safety checks and Calum confirmed that we have had no fails in the last quarter or in the past year.</p>
4.29	<p>Ian asked about our welfare benefits team and asked if we have allocated enough resource as he observed a high level of demand for the service. Jenny advised if we had more resource within the team we would certainly have a greater ability to help more tenants seek their benefit entitlements.</p>
4.30	<p>Jenny noted that we have secured £2.7million in benefits for our tenants over the past year. We have extended the half post within the team as part of rent consultation which has increased the capacity of support we can provide.</p>
4.31	<p>Ali acknowledged that the increase in resource to the benefits team would impact on our arrears position. She added this is a good challenge area to debate how much investment we could put into this service.</p>
4.32	<p>Gordon asked when the care inspection for Branch 1 would take place and Jenny advised that this will be an unannounced visit, but expected it may take place in this quarter.</p>
4.33	<p>Gordon noted the increase in support and care referrals and asked if there were any trends. Jenny noted that in one in particular case, there has been multiple referrals to provide support and she had no concerns on this area.</p>
4.34	<p><b>Decision: Noted the contents of the report and performance against our operational KPIs for Q4.</b></p>
5.	<p><b>Internal Audit Update</b></p>
5.1	<p>Zoe noted that the 2023/24 internal audit was complete and we have seen excellent result on our follow up report with 33 outstanding recommendations</p>

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	<p>implemented and 14 in progress across the business. The management team have asked the Committee to approve the removal of 2 recommendations which relate to temporary processes during the covid period that have been superseded. And a further part recommendation which requires a large investment to upgrade systems which we would need to consider as part of the overall finance system upgrade in due course.</p>
5.2	<p>Claire Robertson, BDO, noted how positive the management team engagement has been. There are 56 recommendations and good progress has been made to fully implement or work towards these recommendations. She highlighted that we have seen real improvements in the allocations to make processes more robust and good improvements in monitoring electrical safety.</p>
5.3	<p>Gordon referred to the recommendations that are requested to be removed and asked if Claire was comfortable that these actions will not adversely impact business. Claire replied that she understood the rationale given for each of these issues and was content with the reasons.</p>
5.4	<p>Zoe explained that one action for removal is around a purchase to pay system for catering invoices. She noted that we do have in place a system for our asset spend which are high value items. However this is in contrast to the catering invoices which are low value but high volume. Zoe was of the view that given these invoices were not of high value, this was not a key business risk. Zoe offered that she would add the purchase to pay item onto the Committee tracker to consider at the time of scoping the new finance system for the meeting and remove from our internal audit follow up actions.</p>
5.6	<p>Zoe updated that we have completed an employment tax health check. This has resulted in substantial assurance with a few minor actions that are being followed up within the finance team.</p>
5.7	<p>Ali, on behalf of the whole Committee, thanked Claire and the whole team at BDO for their work and contribution over the past few years. Claire left the meeting at this point.</p>
5.8	<p>Ali moved on to discuss the 2024/25 audit programme and welcomed our new internal auditor, Cameron Boyd, from TIAA.</p>
5.9	<p>Zoe advised that we have changed the timing of the governance internal audit since we will be having a change in Company Secretary and allows the new Company Secretary time to get settled into the role before an audit is carried out in that area.</p>
5.10	<p>Zoe added that the assets team had raised concerns about the limited audit days to cover tenant safety including damp and mould, gas and passenger lifts. The suggestion is to combine the days which would have been spent on the governance audit, providing 12 days which could be split into 3 separate audits for damp and mould, gas safety and lifts.</p>

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5.11	Gordon wondered if water quality and legionella would be included as part of the tenant safety. Zoe thought this was a good area to consider for future years.
5.12	Gordon was pleased to see we were including passenger lifts as part of our tenant safety audit as he was aware of a large Glasgow based RSL that is in special measures with the Regulator due to non-compliance with lifts and this is good topic to have on our radar.
5.13	Cameron indicated he was comfortable with changes proposed and will share a revised audit plan following the meeting with the new suggested approach. He thought using the 12 days to split the tenant safety into 3 separate audits would allow a greater sample size and deeper dive.
5.14	David queried whether there were any issue in delaying the governance audit. Cameron answered that the Board assesses governance and compliance each year through the Annual Assurance Statement and he was comfortable to postpone the audit for another year.
5.15	Zoe added that TIAA and BDO have both suggested that we should undertake a governance audit on 3 year audit cycle. Each audit we have previously undertaken has been very positive and areas of good practice highlighted.
5.16	Cameron advised that the plans for internal audit are compiled in conjunction with the management team and the proposed 3 year plan is a flexible document and can have amendments made to it. He added even with the amendments agreed from today's meeting we will still be on budget for the 26 days of internal audit this year.
5.17	<b>Decision: Noted contents of this report.</b>
5.18	<b>Decision: Approved the removal of the 2 full and 1 part recommendation as noted in 3.3.</b>
5.19	<b>Decision: Approve the 2024/25 internal audit plan.</b>
6.	<b>Risk Register</b>
6.1	Zoe advised that we have removed the risk around RAAC from the risk register due to all desk top assessments and surveys (where required) being completed and no evidence of RAAC has been found in our stock.
6.2	Ian asked if we were to acquire any future homes through acquisitions or partnerships would we ensure the homes did not contain RAAC. Zoe confirmed that we did consider this issue as part of due diligence process for Methodist Homes. She added that we would require confirmation of any RAAC in homes of future acquisitions.

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6.3	Zoe advised that we have identified a potential increased risk around risk number 15 relating to funding from local authorities. We did not want to rush assessing this risk and wish to do a deeper dive into the full possible implications to the business. Jenny and Zoe will bring back an update on this risk at the next meeting.
6.4	Ian noticed that risk number 2 relating to the review of the asset strategy had no commentary. Jackie took an action to include comments on this risk.
6.5	Graham queried the scoring of our cyber risk which is currently marked as likelihood 4 and impact 5. He was of the view that we need to plan and accept that a cyber attack will happen and he recommended that the likelihood and impact are both 5 which makes the overall score 25.
6.6	Graham noted that he heard that one of Trust's 3 <sup>rd</sup> party suppliers had been subject to a cyber attack and also enquired about the crisis management team cyber attack simulation session.
6.7	Neil reported that the crisis management team ran a cyber attack scenario and there would be a write up of the event which will be shared. One of the risks highlighted through the event was around Trust not having 24/7 IT cover. The scenario we had to deal with centred around our key systems, Rubixx and Open Accounts, being down and the cyber attack taking place out with business hours. Neil advised that we could outsource out of hours cover but this would be at significant cost.
6.8	Neil commented that Declan Doyle from Cyber Fraud Scotland said it was good to see that we were running a simulation session. Police Scotland have told Declan that they can see a difference between those organisations who have been targeted and carry out cyber attack exercises compared with those who have not done so.
6.9	Ali asked that Neil provide a verbal update at the upcoming Board meeting under the Audit & Performance Committee remarks so that the Board is aware of the actions we are implementing around cyber security.
6.10	<b>Decision: Noted contents of this report and attached Risk Register.</b>
7.	<b>Health and Safety</b>
7.1	Calum advised that in Quarter 4 we had 9 reported staff accidents 1 of which was RIDDOR reportable and related to a scalding incident. That meant we had a total of 39 accidents across the year. We have rolled out compulsory health & safety training to all employees and this covers topics such as lone working and desk set up from home.



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7.2	Ian noted that the number of near miss incidents has increased, which was positive. Calum advised that we have better reporting for employees via our intranet which has made it an easier process.
7.3	Calum updated that we have carried out damp and mould inspections following 66 reports of issues in homes during Quarter 4. He added that one visit was classed as overdue but this was at the request of the customer. We have a target of 7 days to visit properties when we have received reports of damp or mould. In some cases the damp has been acute due to issues such as a leaking pipe or gutter.
7.4	Calum shared that the adverse weather during Quarter 4 has resulted in rain damage which has caused issues with moisture. We are taking a proactive approach so as to prevent problems happening in the future. As soon as there is damp or mould mentioned when a repair is reported the repair request is being taken out of the general repairs works and put into priority works list as per our damp and mould procedures.
7.5	Calum noted that hopefully with the better weather over the summer months we will see a reduction in these requests. Jackie mentioned, we do however see levels of damp and mould in our void stock due to lack of heating and ventilation. Calum added that as a sector, we are on a massive learning curve to protect tenants against damp and mould and he was confident that Trust has a robust process in place.
7.6	Calum referred to our lone working device which is moving to an online portal but this is still work in progress. He noted that Neil had outlined earlier the crisis management team's recent exercise around cyber security.
7.7	Gordon queried the incident that involved someone who had been involved in an accident whilst they passed by one of our developments. Calum advised that it was a staff member who was passing the development and we considered it to be best practice to capture everything that happens from an insurance perspective and also to demonstrate our duty of care.
7.8	<b>Decision: Noted the content of the report.</b>
8.	<b>Previous Minute of the Audit and Performance Committee Meeting of 8<sup>th</sup> February 2024.</b>
8.1	Minutes were proposed by Gordon Laurie and seconded by David Knight.
8.2	<b>Decision: Approved as a true and accurate record.</b>
9.	<b>Action Tracker</b>
9.1	Discussion held on the action tracker and what items can be greyed out as completed.

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9.2	Neil referred to the action around complaints compensation and shared this is something to keep on the action tracker as we aren't able to track compensation payments in the current complaints system, however will look to incorporate this when we move complaints to Rubixx.
10.	<b>Any Other Business</b>
12.1	Gordon noted that there had been an issue with Rubixx that void loss was not calculating during part of the month. Zoe noted that this was not material for 24/25 as Rubixx was only implemented in February, however will be material for a full financial year. She also noted it had no financial impact on net rent, it is purely an adjustment between gross rent and void rent loss. Zoe advised that, Emma Downie, Head of Finance, is working with peers and Rubixx to seek a resolution for this issue.
12.2	Ali acknowledged that we have had a really good session today and debate on a number of issues. Ali thanked everyone for their contributions.
13.	<b>Date of Next Meeting – 1 August 2024 (in person at the Edinburgh office)</b>