

TRUST HOUSING ASSOCIATION LIMITED

Minute of the Audit and Performance Committee Meeting held on Thursday 8th December 2024 at 11.30am 12 New Mart Road Edinburgh

Present:

Board Members

David Knight
Gordon Laurie
Ian Mitchelmore
Graham Curran

Officers in Attendance

Rhona McLeod, CEO
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
Claire Mottram, Governance & Business Support Manager
(*Company Secretary*)
Gemma McLeod, BDO
Andy Shaw, AAB

DAVID KNIGHT IN THE CHAIR

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1.	Chair's Opening Remarks
1.1	David Knight, Vice Chair, welcomed everyone to the meeting and noted that Graham Curran joins us remotely today via MS Teams for his first Audit & Performance Committee meeting.
1.2	David noted that Ali Ross, Chair, had to submit her apologies today due to illness and he will be stepping in for her today. David noted that Ali has submitted comments and questions against items and these will be raised throughout the meeting.
2.	Declarations of Interest
2.1	None declared.
3.	Apologies
3.1	Apologies were received from Ali Ross (Chair), Ian Gunning (Board Member) and Jim Gourlay (AAB).
4.	Quarter 3 2023/24 – Performance Report
4.1	Neil Ferguson, Director of Business Development & Digital, advised that the performance report related to Trust's operational performance for Quarter 3 2023/24. He noted that the report follows the regular format, with the KPI suite reported by exception within the parameters of a quarterly downward trend; not performing well against target; or any other areas that the Leadership Team wished to flag to the Committee. Neil welcomed questions on KPIs which do not

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	fall under exception reporting this quarter, giving complaints as an example which had fallen under exception reporting last quarter.
4.2	Jackie McIntosh, Director of Assets & Sustainability, spoke to 'Average Hours to Complete Emergency Repairs', noting a slight dip in performance to 3.1 hours YTD, but overall within the 24/25 target of <=4.0 hours. Jackie noted a large increase in the number of emergency repairs during the previous quarter, for which there is no obvious reason other than the Winter months and stormy weather of late. Jackie added that they have recently changed to 'Rodgers and Johnstons' contractors in December. Jackie noted a similar picture for 'Average Days to Complete Non-Emergency Repairs', with a slight increase to 5.4 days YTD, but within target of <=6.0 days.
4.3	David remarked on the overall positive picture of KPIs being within target but on a slight increase. Jackie agreed and noted that if the trend continued then the target would be of concern but there is normally fluctuation throughout the year. David queried if the switch over to the new contractors went well. Jackie confirmed that the change went smoothly overall and Wishaw & District out of hours repairs are now going through to Hanover as well which brings the process in line with the remainder of Trust stock.
4.4	Jackie moved on to note the strong performance for 'Repairs Completed Right First Time', before summarising the amended graph presentation for the EICR slide. Jackie noted that 92.0% of properties have an EICR, with 31% having taken place in the last five years which is the new programme which commenced 22/23. Jackie noted that the overall percentages here will be higher as we do not report on the certificates that are complete until officially received from the contractor. Ian Mitchelmore, Board Member, referred to the comments around 'remedial works' required in 1.98% of stock and queried if this would be treated as a priority. Jackie confirmed the categorisation of works in terms of urgency for immediate action and noted that it depends on the specific situation.
4.5	Zoe Purdie, Director of Finance & People, raised a pre-submitted comment from Ali around the target for EICR, suggesting that a new target be created for the 5 year programme completion, to show a more realistic progression over the next two years for example. Jackie agreed and noted that she would take this away as an action to consider and bring back to the next committee.
4.6	Jenny Wallace, Head of Customer Experience, took the Committee through her exception reporting, starting with 'Lets versus Terminations' and noting 109 lets in the Quarter which is a significant amount, but sadly surpassed by Terminations, 59% of which related to deaths and moving into nursing care.
4.7	Jenny noted that 'Days to Let' has increased to 91 days on average, which is above our 24/25 target of <=65 days. Jenny advised that within the 109 lets were several difficult to let properties with high days, each with between 228-1024 days void which skews routine performance. Jenny advised that they had recently held a session with Customer Experience (CX) in December around voids, the process, pain points and quick wins for improvements, as well as

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	<p>emphasizing void loss in real terms, £2m out of business each year. Jenny advised that CX and Repairs now have regular meetings to aid cross departmental discussions around void turnaround and understanding contractor timescales and when applicants are lined up for moving in. Jenny added that in March, the Leadership Team are also due to have a full day session around strategic projects for next year; Jenny confirmed that Voids will be on this list, linking in with the Assets Strategy around remodelling and linking with the Rent and Service charge review, to look at desirability and demand for our product. Jenny confirmed that the recent boost in marketing work has been positive and this is increasing footfall on the website. David remarked that everyone was very impressed by the remodelling works of bedsits recently and queried if there would be more of these examples. Jenny advised that this certainly helped re-letting and would be considered if appropriate but noted that it's not a one size fits all approach and depends heavily on the footprint of the property in question. David referred to the nomination agreements with local authorities and queried what happens if they cause delays. Jenny explained that the 100% nomination agreements tend to cover most void costs, however the figures still count towards days to let. Jenny added that with social work resources particularly stretched, there can be a bit of time spent chasing.</p>
4.6	<p>Jenny moved on to note the slight improvement in 'Tenancy Offers Refused' which is sitting at 22.8% YTD, just above target. Jenny highlighted the top reasons for refusals, before moving on to summarise arrears management performance. Gordon Laurie, Board Member, queried if Quarter 4 will bring the usual 13th Housing Benefit payment. Jenny confirmed this was the case and it will bring the overall Gross Rent Arrears percentage down as usual. Sitting currently at 3.09% YTD, Jenny noted that we expect to finish the year well within target and Scottish Average. Jenny noted that anecdotally she is hearing from Customer Partners that customers have appreciated the hardship grant funding and this is expected to cease into the new financial year. Jenny noted that the rent consultation feedback noted financial concerns and so support for customers will continue to be a focus into the new year. Gordon queried if the former tenant arrears performance was before write offs. Jenny confirmed this was the case.</p>
4.7	<p>Zoe referred to 'Staff Absence' within her exception reporting and noted the issues getting figures this quarter due to the recent change in systems. Zoe assured the committee that this is being resolved and will be available in time for year end and the SHR ARC Return. Zoe noted she is not aware of any absence concerns from Q3 and long term absence is sitting at 18, down from the end of Q2. Zoe moved on to note her new reporting around 'Mandatory Training for Employees' and advised that a lot of work has been done to ensure teams are progressing with their training in a timely manner. Zoe added that a lot of work had also been completed in the background around removing bank staff who were not actively working with Trust, which has provided a more accurate base line for the calculation. Zoe noted that it is a great positive to have this oversight</p>

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4.8	<p>and reporting available now. Jenny noted that there will always be a lag in completion for new starts.</p> <p>Zoe raised final questions from Ali around complaints and if there were any concerns around the top location and category topics. Claire Mottram, Governance & Business Support Manager, noted that the 7 complaints relating to the top location were split across a variety of subjects including repairs, meals and treatment/attitude of staff. Claire noted that all of these have now been resolved and advised that the 7 relating to the highest category 'Maintenance of Equipment/Property' included 3 complaints of a similar nature, around a heating problem early December during bad weather, and the remaining 4 related to separate issues and locations, showing no concerning trends. Claire referred to the previous meeting where David asked her to look into the top category in Q2 'Failure to Provide a Service'. Claire noted that over both Q2 and Q3, there were 14 complaints made in this category, 7 of which were upheld. Claire summarised the 7 upheld complaints which related to different services and situations. David thanked Claire for this additional analysis and queried the other 'Maintenance of Equipment/Property' complaint details. Claire noted one of the examples being a noisy floorboard situation, which Jackie provided further details around.</p>
4.9	<p>Gordon noted that there has been a slight drop off in the number of complaints recorded. Claire noted the figures for complaints logged and confirmed that whilst there were less complaints than previous quarters and this time last year, there was still a high level of traffic in complaints handling. Neil agreed and also noted that complaints will shortly be moving into Rubixx.</p>
4.10	<p>Neil invited questions on the remaining KPIs. Gordon noted a spike in Adult Support & Protection cases. Jenny confirmed this was the case and noted that because this is a new KPI we don't have the data to compare against, however the performance is a factor out with their control and does not relate to any service failings. Gordon queried if more Care Inspections were expected. Jenny advised that we are awaiting one final inspection in March.</p>
4.11	<p>Zoe noted Ali's final comments around the great work of the Welfare Benefits Team and the positive performance with ASB complaints having decreased.</p>
4.12	<p>David referred to Medical Adaptations and queried if the issue of contractors on Arran had resolved itself. Jackie confirmed this was the case and also that we are going out to tender shortly. David remarked on the continued challenge with geography.</p>
4.13	<p>Decision: Noted the contents of the report and performance against our operational KPIs for Q3.</p>
5.	<p>Internal Audit Update</p>
5.1	<p>Zoe referred to the two completed 'Internal Audit Reports' in the pack and noted that she has the follow up due next month, where she will sit down with Gemma MacLeod, BDO, to review managements progress against BDO</p>

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5.2	<p>recommendations. Zoe invited Gemma to give a summary on the two reports in the pack: Employee Wellbeing and Electrical Safety.</p> <p>Gemma summarised Employee Wellbeing first, noting a 'moderate' rating in both design and effectiveness. Gemma felt it was important to feedback to the Committee that all employees she spoke to were very positive about the culture at Trust, were happy working for the organisation and spoke fondly of the open door culture. Gemma noted the process followed, with a review of policies, roles and responsibility, initiatives offered, absence management and reporting and oversight arrangements for staff wellbeing. Gemma advised on one process issue around Return to Work (RTW) forms not being completed in the sample testing, however she spoke to managers who were confident these conversations had been happening and it was solely the recording process. Gemma added that this is due to be addressed through the new system which will provide a more visible audit trail and all notes to be recorded for context where, for example, GP certificates are not available. Zoe noted that the new 'People' system is only available to office employees at present and is due to roll out to developments on the 1st April, so this is ongoing. Zoe added that currently development absences and time sheets are recorded manually which makes collating very difficult, so the new system will offer a marked improvement, alongside a training programme in March which will touch upon the RTW process. Gemma advised that there is no formal reporting around staff wellbeing, so quarterly feedback at a management level and then annually to the Board is recommended, to highlight the good work that is happening across the organisation. Gemma added that it would also be good to document the role of the Mental Health Supporters. Gemma also noted that a number of policies were also out of date at the time of review. Zoe added that this was however a conscious decision to ensure the review coincided with the new guidance under Fair Work First and these new policies will be launched in March.</p>
5.3	<p>David remarked that this sounded like a positive audit. Gemma agreed and noted that all the little initiatives at Trust really make a difference, but just a couple of points to tighten up on. Gordon queried if there was a length of absence time which triggers the RTW. Zoe noted that this happens for all absences. Ian queried if the new system is able to pick up on a missed RTW and issue a notification. Zoe advised that this should be the case and she will also ensure its covered off in the March training.</p>
5.4	<p>Gemma moved on to the second paper around Electrical Safety, noting it was 'moderate' in design and 'limited' in effectiveness. Gemma noted that overall, because this is an issue of tenant safety, BDO do place a higher significance level around findings. BDO noted that processes are in place but there were a few exceptions in the application. Gemma reviewed the EICR performance in relation to the new 5 year programme effective from 22-23. Jackie noted that in the last year we have implemented TCW software which has greatly improved oversight and she is very assured with how it's being managed. Jackie noted a learning point around front ending island locations in the programme to ensure sufficient time to gain access with tenants for electrical testing. Jackie also noted</p>

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5.5	<p>the scheduling of EICRs in a property's 4th year, to allow sufficient time for renewal. Jackie noted some challenges in access to properties that are 'Mortgage to Rent' tenancies. Jackie noted the difficulty in forcing access as it involved moving furniture around for electric checks and isn't as straightforward as a gas check. Jackie referred to the policy in the packs later today which includes details around access and charging tenants if they are required to get to a forced access stage. David remarked on how well the Committee had been kept up to date with EICRs through performance reporting.</p> <p>Gemma added that tenants should also receive a copy of their EICR upon completion. Jackie advised that Trust will be adopting a digital process for this to avoid paper wastage, and this will eventually be available through a customer portal via Rubixx, however in the meantime tenants will be advised that a digital copy can be emailed upon request.</p>
5.6	<p>Gemma noted a final finding around training. Jackie advised that there was a wealth of Assets training to be provided and asbestos, CDM and damp and mould were prioritised this year, but electrical safety will be included in next year's cycle. Gemma concluded that there are good processes in place overall and the TCW software is great.</p>
5.7	<p>Decision: Noted contents of this report.</p>
6.	<p>External Audit Plan</p> <p>6.1 Andy Shaw, AAB, summarised the Audit Planning report for 23/24, as presented within the packs. Andy noted overall that the process and documentation is similar to last year and interim audit work will begin in March, with the final audit work starting June. Zoe advised that we are going for another clean audit this year.</p> <p>6.2 Andy summarised the risks which are consistent with prior years, including factors like fraud, going concern and management override of controls. Andy noted that AAB challenge the assumptions of pension actuaries to ensure competent and relative to markets and flows through accounts appropriately. Andy noted AAB's understanding that there is sufficient headroom in the covenants in the forecast, so they will also check the calculations. Andy concluded with a note on the firm's independence and ethics.</p> <p>6.3 Gordon queried Andy's point on challenging actuary assumptions and whether AAB had in house specialists. Andy confirmed that whilst they don't have actuaries, they do have specialists in this area. Zoe remarked that AAB's in house knowledge around pensions has been an excellent resource to have.</p> <p>6.4 David queried the note on company fee in the packs and queried if the process can be managed efficiently to avoid significant overspend. Andy advised that he is not expecting any overspend risks and he would like to continue AABs working</p>

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6.5	<p>relationship with Trust in the future. Andy also noted that the right resource is dedicated to the work and no corners are cut.</p> <p>Decision: Noted contents of this report.</p>
7.	<p>Risk Register</p> <p>7.1 Zoe referred to the regular update in the packs around the Risk Register and noted the only updates being in relation to the mitigating actions.</p> <p>7.2 No questions or comments raised for discussion.</p> <p>7.3 Decision: Noted contents of this report.</p>
8.	<p>Health and Safety</p> <p>8.1 Jackie summarised the Health & Safety report within the packs, noting firstly that following David's suggestion at the last meeting about recording 'near miss' accidents, their team has been raising awareness on this, so it will be interesting to see reporting over the next few quarters. David noted that this can take a while for embedding into culture, but is a worthwhile endeavour.</p> <p>8.2 Jackie invited questions on the policies brought to Committee today for approval. Gordon suggested that Gas and Electrical Safety Policies included reference to the repairing standard for MMR tenancies and the different rights of access, i.e. through tribunal rather than forced access. Gordon also suggested it might be worthwhile including the detailed appendix on enforced access in the Gas Policy, and being explicit around 'will' force access given its significance to health and safety of tenants.</p> <p>8.3 Jackie noted that Ali had requested at our last meeting that KPI reporting be included for damp and mould. Jackie noted the lack of guidance in the sector around measures but has taken this under consideration and noted that in England the main indicators are around timescales responding to inspections and target dates. Jackie advised that the number of cases and timescales will be provided in the coming quarters. Gordon appreciated this and noted he was keen to see what this generates.</p> <p>8.4 Jackie noted one final comment around BCP actions which will come back to the May meeting but good progress is being made.</p> <p>8.5 Decision: Noted the content of the report.</p> <p>8.6 Decision: Subject to changes noted by Gordon above, approved the following new policies: A) Asbestos Management, B) Gas Safety and C) Legionella.</p>

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8.7	Decision: Noted the content of the Electrical Safety Policy and subject to changes noted by Gordon above, approved that this will be subject to board approval upon renewal in 2025.
9. 9.1 9.2 9.3 9.4 9.5	Cyber Neil referred to the Cyber Security update paper in the packs, noting that this is the usual 6 monthly update to Committee. Neil summarised the key updates, including the work completed over the past 12-18 months, the upcoming tests with Cyber Security Centre and items in the improvement plan (Appendix A) and deliverables going forward. Graham Curran noted that he had been through the contents of the report with Neil in detail and he was comfortable with the improvement plan which is not huge or noting material risk. Neil added that Trust is working towards Cyber Essentials Accreditation within the year as well. David queried if any of the new systems brought risk. Neil advised that historically systems ran from one big server room whereby if an external presence got onto the server they could close the entire system down. Neil noted that on the one hand the new SAS solutions make that much harder, but we are more reliant on the security of their business and this is why we have provided cyber security training to our procurement team as well. Ian queried the severity of the ‘medium’ actions. Neil advised that we’re working on these as a priority but there isn’t anything there he would flag of immediate concern. Graham agreed and noted that some actions like text MFA as a ‘medium’ is quite overstated as this is used by several big organisations. Decision: Noted the contents of this report.
10. 10.1 10.2	Previous Minute of the Audit and Performance Committee Meeting of 7th Dec 2023. Minutes were proposed by Gordon Laurie and seconded by David Knight. Decision: Approved as a true and accurate record.
11. 11.1	Action Tracker Discussion held on the action tracker and what items can be greyed out as completed.
12. 12.1	Any Other Business No AOB.
13.	Date of Next Meeting – 29th May 2024 (in person at the Edinburgh office)