

TRUST HOUSING ASSOCIATION LIMITED

Minute of the Audit and Performance Committee Meeting held on Thursday 1st August 2024 at 11.30am 12 New Mart Road Edinburgh

Present:

Board Members

David Knight
Gordon Laurie
Ian Gunning
Graham Curran
Ian Mitchelmore

Officers in Attendance

Rhona McLeod, CEO (& acting Company Secretary)
Zoe Purdie, Director of Finance & People
Neil Ferguson, Director of Business Development & Digital
Ian Davie, Head of Development & Asset Strategy
Gillian McCusker, Head of Customer Experience (Landlord)
Claire Mottram (Observer & Minute Taker)
Annette Brown (Observer)

Auditors in Attendance

Andy Shaw (AAB)

DAVID KNIGHT IN THE CHAIR

Agenda Item	Detail
1.	Chair's Opening Remarks
1.1	David Knight, Chair, welcomed everyone to the meeting, noting that he is stepping in for Ali Ross (Chair) today, due to her apologies. He noted the attendance of two observers today, both Annette Brown who will be proposed as the new Governance & Business Support Manager (& Company Secretary) at Board later today and Claire Mottram, former Company Secretary who is covering today as minute taker temporarily.
1.2	He welcomed Ian Davie, Head of Development & Asset Strategy and Gillian McCusker (Head of Customer Experience (Landlord) who are standing in for Jackie McIntosh, Director of Assets & Sustainability and Jenny Wallace, Director of Customer Experience, respectively.
1.3	David welcomed Andy Shaw from External Auditor AAB and noted that he will be present today for Item 4 'Annual Accounts 2023/24' and Item 5 'Private Discussion with External Auditors (Board Members & Minute Taker present only).
2.	Declarations of Interest
2.1	The Senior Team declared an interest in Item 5 and left the room during the discussion.
3.	Apologies
3.1	Apologies were received from Ali Ross (Chair), Jackie McIntosh (Director of Assets & Sustainability) and Jenny Wallace (Director of Customer Experience).

Agenda Item	Detail
4 & 5	Annual Accounts 2023/24 (includes Private Discussion with External Auditor)
4.1	Zoe Purdie, Director of Finance & People, confirmed that the external audit process is now complete for 23/24 and noted a final surplus of £1.1m, prior to pension valuation and redundancy provision, which is £0.2m adverse to budget. She added that once these two items are accounted for, Trust report an overall loss of £0.7m, which is in line with the year prior. Zoe remarked that this is a disappointing result but is reflective of the financial context.
4.2	Zoe took the Committee through several minor disclosure notes to the version of the Accounts included within the pack and reassured members that these minor amendments do not affect the final position or recommendations. Zoe advised that '119' FTE on page 30 is the only figure which still requires changing following final investigation after the meeting, but assured the board that the 112 'average' count is correct. Gordon Laurie, Board Member, queried if the Audit & Performance Committee composition had been updated on page 2. Zoe confirmed that this was caught immediately after issuing the pack and the version on the Board Team site has been updated to the correct details. Gordon checked with Andy if AAB had seen these disclosures. Andy agreed and noted he was comfortable with these small amends to the version circulated in the pack.
4.3	Zoe highlighted the prudent inclusion of the redundancy provision (in relation to the Housing Support Funding changes proposed by North Lanarkshire Council) of £291k, as discussed as an intention at the May 2024 Board Meeting. Zoe advised that Trust are still waiting on the final decision by the Council's Committee on the 3 rd September, but all signs have been pointing to this going ahead. Rhona McLeod, CEO, added that Trust have been advised that the decision may also go to a second Committee meeting of the Integrated Joint Board towards the end of September.
4.4	Gordon remarked on the length of time the Council have subjected our employees and customers to uncertainty during the consultation period. Zoe agreed, noting that it has been since April 2024. David queried the chances of the council changing their mind. Rhona advised that Trust have been out meeting employees and customers again this week, lobbying MSPs and trying to get traction to reverse the decision, however Trust have seen robust responses from the Council about their intention to go ahead and defending that position.
4.5	Gordon noted that he felt comfortable with the prudent decision to include redundancy provision in the 23/24 accounts. David queried Andy's point of view. Andy noted that from an auditors viewpoint, to meet the criteria for a provision, you need to be committed at year end which conflicts with the consultation being in April 2024, however it's not material so it was Trust's choice and he explained to Zoe it would just be an unadjusted difference.
4.6	

Agenda Item	Detail
4.6	<p>Andy took the Board through a summary of AAB's report, noting the overall process as smooth and expressing his thanks to the Finance Team. He highlighted key points, including their proposal to issue an unqualified audit opinion, their being content with the accounting policies, estimates and judgements, there being no issues of non compliance identified and there only being one minor control observation in relation to transaction dates within the nominal ledger. Gordon queried the kind of transactions these relate to. Andy advised they related to a variety of things, including payroll transactions and some payment items. Zoe provided depreciation as an example, advising that July depreciation will be calculated while preparing the accounts in August, but back posted into the July period, creating two different dates, an effective date of July and a transaction date of August, all transactions are in the correct period based on the effective date. Andy confirmed that this did relate to an effective date and a transaction date.</p>
5.1	<p>Andy moved on to concur that the accounts represent Trust as a going concern. He added that prior to signing, there is there is one loan confirmation required from Nationwide and Zoe has offered to help finalise.</p>
5.2	<p>The Senior Team left the room to facilitate Item 5, private discussion between the Board and AAB. David queried if there were any additional points Andy would like to make. Andy confirmed no further comments and reassured members that AAB were aware of the redundancy provision upfront. He added that if the value had been higher then it would not have been included. Ian (M) queried what this higher threshold would have been. Andy noted that this is listed in the report and is circa half a million.</p>
5.3	<p>David checked Andy was happy with the support provided by the team during the process and the clarity of information provided. Andy confirmed this was the case and he appreciates being able to have an open dialogue during the year with the team as well.</p>
5.4	<p>David queried Andy's thoughts on the thin surplus. Andy remarked upon the challenging business model faced by the sector in the face of cost pressures and reduced funding.</p>
5.5	<p>Gordon referred to the FRC in the news recently and their role fining several audit companies who are active in the housing sector in relation to the quality of their audits. He asked if Andy could disclose AAB's FRC score. Andy explained that the audits related to housing associations with listed debt and this is why the FRC are involved. He added that AAB do not have listed clients so do not have an FRC score, however ICAS and ICAEW review their files and whilst they don't have a public scoring system, their last review had no files fail.</p>
	<p>Graham referenced Trust's desire to replace their finance system over the next couple of years due to it becoming 'end of life' and queried if there were any obstacles in how data was gathered from the system. Andy advised that they were able to extract the data and use their tools, however there were workaround spreadsheets which might raise an efficiency point. Graham agreed that this</p>

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5.6	tends to mean there is a need for reconciliation that the system cannot do, and often manual work in the background.
5.7	<p>Decision: Noted the contents of the report and the management letter presented in Appendix 3.</p> <p>Decision: Approved the Audited Financial Statements and letter of representation for the year ended 31 March 2024 as presented in Appendix 1 and 2, including the inclusion of the provision for redundancy in respect of NL service changes.</p>
6.	<p>Quarter 1 2024/25 – Performance Report</p> <p>6.1 Neil Ferguson, Director of Business Development & Digital, advised that the performance report related to Trust’s operational performance for Quarter 1 2024/25, compared against the proposed targets for 24/25 which are being taken to Board this afternoon. He added that previously target setting had been discussed at the Board Away Day in June or at a Chair’s Support Group, but suggested that this could come to the Committee in future years for a review prior to final comment at Board. David supported this suggestion and felt it was appropriate given the Committee’s purpose. Rhona remarked upon this being a positive change.</p> <p>6.2 The Senior Team summarised their exception reporting slides and took questions from the members present.</p> <p>6.3 David asked Ian (D) if the percentage of ‘valid EICR’ not complete for Methodist Home stock should be a concern. Ian (D) advised that 12% with a failed EICR are waiting on remedial action and he has been advised by Calum Boag, Head of Assets & Sustainability, that these are minor issues. He added that the remaining were due to access issues and team are actively working through the cases. Gordon queried if it is worth considering master key access for these no access issues. Rhona advised that we will always try to work with the tenant and EICRs are lengthier than Gas safety checks and more involved with the need to move furniture. Graham suggested setting reasonable timescales, where for example a certain period has passed so the tenant now has 30 days to get in touch to schedule an EICR. David supported this suggestion. Ian (D) advised that he would take this away to suggest to Calum.</p> <p>6.4 In relation to complaints, Neil noted that there is one last minute change to timescale performance as one failure was actually within time. He added that this was a public holiday that had been missed, so the ‘all complaints’ KPI is within target but still shows a downward trend. Neil noted that Stage 2s outwith timescale are the main driver for the dip in performance. He added that 6 investigative complaints in Q1 related to a similar situation. Ian Gunning, Board Member, asked if there was a way to filter out duplicates. Neil confirmed that this doesn’t happen too often and the six did have different elements despite relating to the one situation. Gordon queried if Trust notify complainants when the</p>

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	handler expects to go over timescale. Gillian confirmed this was the case and the handler would get in touch to agree on revised timescales and when and how the complainant would receive updates.
6.5	Neil moved on to advise that the KPI relating to complainant satisfaction is one that will be proposed for removal as part of the target setting paper at Board this afternoon. He noted that this is due to the current KPI being based on employee perception of customer satisfaction and only on the outcome. He advised that from April 2025, they intend to introduce pulse surveying which will give better intel from the customer and will look into satisfaction with both handling and the outcome. Gordon queried if this was no longer an ARC indicator. Neil confirmed this was correct.
6.6	In relation to lettings, Gordon remarked that it was great to see legacy voids being let but at the same time it does skew the overall days to let figure. Graham suggested showing this KPI with and without the outliers or by low and high demand, for example 95% were let within 40 days. He added that this would help drive performance and the current way of reporting masks the underlying trends. Gordon supported this transition if not too onerous to produce. Rhona agreed this would be encouraging for the teams. David queried what the outlier time should be. Graham was happy for this to be guided by the team.
6.7	Gillian moved on to lets versus terminations. David remarked on the 48 terminations feeling quite high. Rhona noted the 2000 care and support households which means an older demographic of tenants. Neil added that there are around 400 care and support lets a year which shows the high turnover. Rhona advised that this is why reporting is now shown split by service type.
6.8	In relation to arrears, Gordon noted the very minor decrease in performance. Neil advised that because arrears management has moved from Rent Sense to Rubixx, they are keen to monitor performance closely. He added that if successful this will save £70k per year.
6.9	Neil finished by suggesting a 'highlights' section in addition to the exception reporting which is currently showing the decrease in performance and therefore offering a negative slant. Gordon agreed this was a good idea.
6.10	Decision: Noted the contents of the report and performance against our operational KPIs for Q1.
7.	Cyber Security – <i>please see private minutes*</i>
8.	Risk Register – <i>please see private minutes*</i>
9.	Health and Safety

Agenda Item	Detail
9.1	<p>Ian (D) referred to the paper within the pack and advised that there has been a reduction in incidents in Q1 for employees, but an increase in those recorded for customers. He advised that there is a correlation with the introduction of a new online reporting system, as well as supplementary training and engagement. Graham asked it was mainly reporting by employees or customers. Ian (D) answered that it was a mix but mainly employees. Graham noted that it was encouraging to see them using a new digital service.</p>
9.2	<p>David was pleased to see the number of 'near misses' reported on the rise and asked if there was any work to analyse these for hot spots in order to use for prevention work. Ian (D) advised that it was still early days and more data will be required but that future trend analysis would be a longer-term goal..</p>
9.3	<p>Ian (D) moved on to refer to the request in the paper that the reporting for 'damp and mould' transitions over to the performance reporting item brought quarterly. David felt this was a sensible approach and members present were in support.</p>
9.4	<p>Decision: Noted the content of the report (& the approval of Damp & Mould reporting transitioning to the Quarterly Performance Report Item)</p>
10.	Data protection
10.1	<p>Zoe referred to the GDPR paper within the packs, highlighting that seven FOI requests were received in Q1 which was higher than usual but there was nothing of concern to raise. She added that there is also noted in the paper the intention for the Data Protection Officer to be part of the remit of the new Governance & Business Support Manager Role following the former DP officer leaving Trust.</p>
10.2	<p>Decision: Noted the content of the report</p>
11.	Previous Minute of the Audit and Performance Committee Meeting of 29th May 2024.
11.1	<p>Minutes were proposed by Gordon and seconded by Ian (M).</p>
11.2	<p>Decision: Approved as a true and accurate record.</p>
12.	Action Tracker
12.1	<p>Discussion held on the action tracker and what items can be greyed out as completed.</p>
10.	Any Other Business
10.1	<p>No AOB.</p>
13.	Date of Next Meeting – 2nd December 2024 (in person at the Edinburgh office)

****Items marked private have been excluded from these minutes due to at least one of the following reasons:***

- ***Confidentially sensitive information***
- ***Discussion on commercial interests***
- ***Person specific information***

A handwritten signature in black ink, appearing to be 'DK', with a stylized flourish extending to the right.

David Knight
Vice Chair, Audit & Performance Committee