

TRUST HOUSING ASSOCIATION LIMITED

Minute of the Audit and Performance Committee Meeting held on Thursday 7th December 2023 at 11.30am 12 New Mart Road Edinburgh

Present:

Board Members

Ali Ross
David Knight
Gordon Laurie
Ian Gunning

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

ALI ROSS IN THE CHAIR

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1.	Chair's Opening Remarks
1.1	Ali Ross, Chair, welcomed everyone to the meeting and noted this was the first meeting with herself as Chair and David Knight as Vice Chair. Ali wished to record her thanks to Paul McFarlane for his service and contributions to the Committee over the past few years.
1.2	Ali referred to the agenda for today and remarked on the easy to read format of the boardpack, which supports the Committee in reviewing and identifying the key areas for discussion. Ali referenced Item 7 'Health & Safety Update' and suggested a conversation later about the provision of regular 'Damp and Mould' updates under this item going forward.
2.	Declarations of Interest
2.1	Gemma McLeod BDO noted interest in Item 5 regarding the re-tender of Internal Auditors.
3.	Apologies
3.1	Apologies were received from Ian Mitchelmore, Board Member, and both Jim Gourlay and Andy Shaw of AAB.
4.	Quarter 2 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 2 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

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	performing well against target; or any other areas that the Leadership Team wished to flag to the Committee.
4.2	Neil suggested that it may be beneficial for the Committee to have a discussion today around the tolerance for determining what is included within exception reporting, in order to ensure this section is drawing the Committee's attention to the right indicators at the right time. Neil noted that there are several KPIs reporting well above target but are included within the exception reporting section as they have experienced a slight decrease in performance.
4.3	Gordon Laurie, Board Member, expressed his thanks to Neil and the team for the provision of five quarters now, instead of four, which is helpful for comparison purposes.
4.4	Neil began with the first indicator of the exception reporting – Stage 1 Complaints which is sitting at 95.5% resolved within timescale, against a target of 90% and which has had a minimal decrease since Q1. David queried the reasons for 'Failure to Follow Policy & Procedure'. Claire advised that she would pick out this detail from the Complaints Data following this meeting and make this available to the Committee. Neil remarked on the importance of knowing as well how many of these were upheld or not upheld. Ali added that it would be useful to know too if these 'failures' were spread across a number of policy/procedure areas too, or surrounded a similar topic.
4.5	Jackie McIntosh, Director of Assets & Sustainability moved onto 'Average Days to Complete Medical Adaptations', noting that Trust have been let down by contractors this year, particularly with adaptations on the Isle of Arran. Jackie advised that we are in a better position than Q2 for 2022/23, but we remain above target at 82 days YTD. Jackie noted that the team are playing a bit of catch up now on Arran and progressing well with adaptations like ramps and patio doors. Going forward, Jackie noted that all of Trust's adaptation funding has been spent for this year and Trust are waiting on confirmation in the Spring about the funding for 2024/25. As such, there will be limited progression in completing adaptations over the coming months. Ali queried if this meant that there were customers facing limitations due to waiting times for adaptations and whether these are categorised in terms of severity. Jackie confirmed that the adaptations are categorised and scaled in terms of severity by the Occupational Therapist referral, but because Trust is reliant on a specific pot of funding, the overall responsibility sits with other bodies around minimising the effects of this shortfall. Ali queried how things are moving forward with contractors on Arran. Jackie advised that Trust have been reliant on local tradesmen or on bringing some over from the mainland. Ian Gunning, Board Member, asked if the new trades contract was Glasgow based. Jackie confirmed this was the case and that they are new to market so keen to get a foot in the door. Gordon asked if there was a likelihood of supplementary grant in Q4 23/24. Jackie advised that this occasionally happens but that if it does, the amount is generally small. Jackie concluded that overall Trust are still seen as a safe pair of hands for the funding which is a great positive.

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4.6	<p>Jackie moved on to 'EICR's noting a YTD of 89.9%. Ali queried the implications of not reaching 100%. Jackie advised that the EICR relates to electrical installations and wiring in our stock, adding that legislation changed recently to a five yearly cycle, instead of a fifteen yearly cycle and this comprises part of the SHQS assessment. Ali queried what happens if Trust are unable to get access to a property. Jackie advised that this is an issue landlords contend with and the preference is to persist with discussions with the customer, rather than forced entry, as whilst they have the right to do this, it comes with additional costs and its easier for conducting the checks inside as this is not as quick as a gas safety check and if, for example, the tenant was a hoarder, there could be items in the way of being able to successfully complete the tests throughout the property. David queried if our insurers would cover an accident in this area. Jackie advised that we would need to show that we'd followed a process to try and gain access.</p>
4.7	<p>Gordon queried if all these failures were due to access issues or if there were other reasons such as contractor issues. Jackie advised that it is a mix of both, and it can also be due to contractors sending certificates through in bulk, so we get confirmation of certificates later than reporting. Jackie also noted that remedial works can also be required and take time to complete, particularly if contractors go back to complete the works and tenants aren't home. Ali checked that critical jobs are prioritised, which Jackie confirmed and noted Category 1 is the highest severity, and these are in the minority as properties are generally well maintained. Gordon queried the difference between the 90% on the graph and the 30% mentioned in the narrative. Jackie explained that the 90% includes stock which have their EICR valid within the 15 years, whereas the 30.5% relates to ARC reportable stock within 5 years. Gordon noted the graph title referencing 'valid' EICRs and technically with the new legislation being 5 years this doesn't match up. Rhona agreed and suggested that the graph title be amended for future and the narrative made a bit clearer. Ian G checked the process for gas safety. Jackie referred to the Gas Safety KPI slide, noting zero fails this quarter and confirmed that forcing entry would also occur for safety checks and these are quicker to complete.</p>
4.8	<p>Jenny Wallace, Director of Customer Experience, moved on to 'Lets Vs Terminations', noting 5 lets and 4 terminations in Q2. For Days to Let, Jenny noted that the team are pressing on and the average is 88 days YTD which is above the 23/24 target of 65 days. Jenny added that in Q2, the team have let 8 voids which were over 100 days which has an impact on the average, and one void was over 1000 days. Jenny noted that 6 voids with days over 500 days remain and there is an increased push on marketing activities – for example, in Ayr where a £45 Facebook advert for Ayr generated over 3000 hits for the website and 3 voids have since been let. Jenny remarked on the positive effects of the refreshed branding and messaging in the marketing. Jenny confirmed that the difficult to let properties continue to be monitored according to a RAG status. Zoe Purdie, Director of Finance & People, remarked on the 1000+ day void and the positive outcome of remodelling and letting to a homeless applicant, which should be celebrated. Ian G queried why these long lets occur and if it relates to the council agreements. Jenny referenced the different arrangements in place</p>

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	for letting properties and relationships with local authorities for letting agreements, noting the refusal reasons which made up the following slide, including property size, age of stock and also affordability for situations where we're increasingly letting to younger applicants who are on Universal Credit, rather than Housing Benefit (HB). Jenny noted that for Housing with Care – with the exception of 1 development - void loss over 28 days is picked up by the local authority.
4.9	David queried the 'meals service' as a refusal reason and whether tenants can opt out of this. Jenny advised that there wasn't an option to opt out, as for it to be HB eligible it forms part of the tenancy agreement and this is where Universal Credit applicants may not be able to afford accepting an offer. David queried if it could ever work as a more flexible model. Jenny advised that her team is in the middle of a full meals service review around whether this could be offered differently, whether it's a service that's still valued and whether there are cost savings to be had. Jenny advised that it's out on consultation right now and will be ready by the end of the year.
4.10	Jenny advised that 'Gross Rent Arrears' had crept up slightly to 3.10% at the end of Q2, partially driven by a high number of lets towards the end of the quarter which were affected by a HB backlog. Ian G noted that Christmas can be a hard time of year for households financially. Jenny agreed and noted that the team continue to support in arrears management and benefits advice. Rhona remarked on the good performance for this KPI in relation to the Scottish Average. Gordon agreed and noted this is good performance for the sector. Jenny noted that she believes the support and grants sourced by the Cost of Living Crisis group has helped to alleviate what could have been much higher arrears at this stage.
4.11	Jenny noted that 96.6% of ASB complaints were resolved within timescale which is above the target of 90% but a slight drop in performance from Q1. Zoe noted that this is a good example to pause on to reflect on whether this should be included in the exception reporting section. Ali advised that she felt it should be included as the performance is a declining trend and this allows the Committee to keep an eye on it. Neil advised that this errs on the side of caution. Gordon agreed and noted that he is more comfortable with this approach. Rhona advised that she was glad to see that most in the exception reporting section were marginal changes and the positive performance overall is great given the tough year operationally and with changing systems ongoing.
4.12	Zoe welcomed questions on the final exception slide relating to employee absence. Ali queried how work was going around long term absences. Zoe advised that the trend continues to be a 50/50 split between physical and mental health absences post pandemic. Zoe added that the % long term absence continues to fluctuate and whilst it went down to 11 employees absent long term, this crept up to around 20 in the last month, and Trust continues to do all we can in terms of keeping in touch and offering support and referring to our counselling service. Ali queried how the Mental Health Supporters group has been going.

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4.13	<p>Zoe reflected that this had been good and they have done a lot of work to raise awareness, including at the recent employee roadshows and as posters throughout the offices. Rhona remarked on the group's advent calendar as well this December which includes wellbeing and mental health tips. Zoe added too that it includes cost of living advice like budget friendly Christmas ideas.</p> <p>Neil opened up to questions on the remaining KPIs under 'Performance Reporting'. Gordon asked how the new contractors are settling in. Jackie advised that Consillium have taken on less than previously so there are no issues to note, and Rodgers and Johnson (R&J) are still working with Neil in terms of the IT issue with the Rubixx implementation but overall the move has been good so far and as the Committee will see as part of the Time as Now update at Board later, R & J have provided a promising solution to the Rubixx issue. Gordon wished to note finally the fantastic financial gains of the Welfare Benefits Team, noting that £550k for a quarter is outstanding. Rhone agreed and noted that this includes the additional half post resource in the team which links into conversations later as part of the Budget Paper and Rent Setting (Item 8) at Board.</p>
4.14	<p>Decision: Noted the contents of the report and performance against our operational KPIs for Q2.</p>
5.	<p>Internal Audit Update</p>
5.1	<p>Zoe referred to the two completed Internal Audit Reports in the pack and opened the floor to comments or questions. In relation to the Allocations report which is 'Limited' in Design and 'Moderate' in Effectiveness, Ali noted that the manual process in question is moving into Rubixx and queried first of all if the new system would fully fix the concerns raised by BDO in relation to it not being an automated process. Jenny confirmed that Rubixx would fix this as we move the remaining two thirds of our stock across. Ian G queried when this would be. Jenny noted that this was due to go live in December but as referenced in the Time is Now Update at Board later, this is delayed to Feb 2024. Ali moved on to ask BDO if the ratings were purely 'Limited' and 'Moderate' due to their manual nature and sought assurance that the controls put in place by Trust were working, or whether an incorrect allocation had occurred. Gemma MacLeod, BDO advised that the controls were found to be operating effectively which is why 'Moderate' effectiveness was given, however the 'Limited' design was concluded due to the fact that manual processes always pose a higher risk in light of them being more open to potential human error, and are less efficient and less value for money when considering resource required. Gemma referred to finding 3 which noted that management were carrying out manual checks of points allocated due to uncertainty around their accuracy from the system. Ali checked if BDO found evidence of any points that weren't accurate. Gemma advised this was not the case but it was a limited sample size and it is still a risk even if it hasn't materialised yet. Ali referred to the controls operating effectively and the risk being self-identified and in the process of being designed out by</p>

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	<p>Rubixx, before asking if this was then a timing issue of the Audit and an improved rating would likely be expected following implementation of the new system. Gemma agreed that this was a fair comment. Jenny added that this would also be improved by the current streamlining with the Allocations Policy review work. Gemma added that BDO have spoken to Gillian McCusker, Head of Customer Experience about the review work so far and they are happy with the proposed changes. Jenny confirmed that consultation is wrapping up and the policy is expected to come to Board in February 2024.</p>
5.2	<p>Zoe raised her concern that the ratings from BDO have been harsh in her opinion, and noted that ratings like 'Limited' elsewhere would, to her, be reserved for cases with significant Health & Safety, Financial or Reputational risk involved and requiring immediate action. Ali agreed with this opinion. Zoe added that for Allocations, yes improvements can be made to move away from a manual process but this is not an imminent threat and is already self-identified and in the process of being rectified by Rubixx. Zoe queried what rating would be given if there was a worse scenario. Gemma advised that a 'no assurance' report is reserved for 'poor systems of internal control', 'non-compliance' or 'compliance with inadequate controls'. Ali concluded that the positive point is that there have been no bad outcomes identified for customers. David remarked on the use of tenant and customer in the pack and queried which was the correct terminology. Zoe confirmed customer was the terminology used by Trust but often BDO reports use the word tenant.</p>
5.3	<p>Ali remarked on the amazing performance for the 'Financial Planning' Audit and wished to pass on well done to the team. Rhona made the link between this and her confidence in the numbers presented as part of the budget paper under Item 8 at Board later today. Ali agreed.</p>
5.4	<p>Zoe referred to the progress on the Internal Audit Recommendations, noting no blockers identified at present.</p>
5.5	<p>Zoe referred to the proposal to complete an Employment Tax health check. Gordon queried what this entailed. Zoe provided the example of it looking at whether Trust puts all required information on a P11D and noted that anything we pay an employee gives rise to a potential tax liability. Zoe noted that the prompt for this was a new piece of case law against the HRMC around NI not being chargeable on car allowances. Zoe concluded that this will focus on this in part and may lead to a rebate from the past 6 years.</p>
5.6	<p>Zoe noted that BDO have reached the end of their 3 year contract and Trust are going out to tender for the Internal Audit Contract. Gordon queried if the process will involve the Committee's office bearers. Zoe confirmed this was the case and noted that meetings are in the diary for w/c 22nd Jan 2024.</p>
5.7	<p>David noted a typo at point 7.3 in the packs: amend required from 17 Dec 2024 to 17 Dec 2023.</p>

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5.8	Decision: Noted contents of this report.
6.	Risk Register – <i>please see private minutes</i>
7.	Health and Safety – <i>please see private minutes</i>
8.	GDPR
8.1	Zoe took questions on the Data Protection paper at Item 8. Gordon checked if the GDPR training was mandatory for all staff. Zoe confirmed this was the case. Gordon asked if EDI and Health & Safety were also mandatory. Zoe confirmed this was the case. David asked about our how smart our systems are at detecting a breach. Neil discussed the Microsoft 365 functionality in place and the features which cover breach detection. Neil advised that the main issue is not the availability of the cover by 365 but more determining the rules to set which work for the business. Zoe gave an example of Housing Benefit forms filled in by the team for customers, they cannot include an NI number if being emailed.
8.2	Gordon queried the 146 incidents noted. Zoe confirmed these were over 6 months and these are emails the Data Protection Officer will have flagged and reviewed or followed up on if required.
8.3	Decision: Noted the contents of this report.
9.	Previous Minute of the Audit and Performance Committee Meeting of 26th July 2023.
9.1	Minutes were proposed by David and seconded by Gordon.
9.2	Decision: Approved as a true and accurate record.
10.	Action Tracker
10.1	Discussion held on the action tracker and what items can be greyed out as completed.
11.	Any Other Business
11.1	No AOB.
12.	Date of Next Meeting – 8th February (in person at the Edinburgh office)