

EAST LOTHIAN HOUSING ASSOCIATION

A meeting of the **Management Committee** was held on Thursday 30 May 2024 at 7.00pm, at ELHA Head Office, Haddington with Shirley Evans joining via Microsoft Teams. Andy Ballard of Altair also joined via Microsoft Teams, acting as an observer as part of the Governance Review.

Present:	Alan Forsyth	(4/5)	Pamela Macleod	(3/5)
	Brian Logan	(5/5)	Paul Hillard	(5/5)
	David Rose	(4/5)	Peter Ewart	(5/5)
	Eileen Shand	(3/5)	Shirley Evans	(3/5)
	Iain Atkinson	(4/5)	Maureen Batten	(2/2)

In attendance: Martin Pollhammer, Chief Executive
 Karen Barry, Director of Housing
 Gary Alison, Director of Finance & Corporate Services
 Charlie Cooley, Director of R3 & Asset Management
 Eric Stoddart, Executive Support Officer (Minutes)
 Andy Ballard, Altair Ltd (Observer)

1.0 GENERAL

Risk Management Review

The Chair introduced Andy Ballard of Altair who was attending the meeting via Microsoft Teams as an observer, as part of the Governance Review.

1.1 Apologies

Katrina Hamilton (4/5), Joyce Bolan (4/5), and Jim Curran (2/5).

The Chair also advised that Graham Rattray had tendered his resignation from the Management Committee, due to work commitments. Given this explanation it was confirmed that the resignation was not a Notifiable Event.

The Chair was mindful that this has an impact on the proportion of members who had served more than nine years, and would temporarily take the figure above the Management Committee’s target of 50% or less. However, having recently conducted Annual Reviews, the Chair was confident that the Association will be under the 50% level again following elections at the 2024 AGM. The Chair confirmed that he would contact the Scottish Housing Regulator to explain the position.

The Chair also took the opportunity to highlight that, as part of the Annual Review process, Joyce Bolan advised that she will be stepping down from Management Committee, and from the role of Secretary, at the AGM in September 2024. The Chair noted the many years of service by Joyce, but said that a proper farewell would be recorded at the AGM.

1.2 Declarations of Interest by Management Committee Members

There were no Declarations of Interest.

1.3 **Minutes of Meeting 21 March 2024**

The Minutes were **approved** by the Management Committee. They were proposed by Peter Ewart and seconded by David Rose.

1.4 **Action List**

The Chief Executive was pleased to advise that Nicky Sandford from East Lothian Council will be providing a training session on homelessness prior to the September 2024 Management Committee meeting.

The Management Committee noted the report.

1.5 **Matters Arising**

There were no matters arising.

2.0 **GOVERNANCE**

2.1 **Secretary's Report**

The Chief Executive explained that a full review of all Memberships had been undertaken, following an enquiry from a former Member disputing the cancellation of their membership. Legal advice on the issue was sought from Anderson Strathern.

It was noted that there are no issues about any Memberships, and whilst it is good practice to report Membership cancellations to the Management Committee, there is no requirement to do this. A Membership is cancelled if the criteria for cancellation within the Rules are met.

All memberships have been checked, alongside records of cancellations. No anomalies were found, but not all membership cancellations appear to have been reported to the Management Committee. To ensure all records are up to date, a list of these memberships was included in the report.

It was noted that due to a printing error some of the pages of the Secretary's Report had not been issued. The Chief Executive apologised, the full list was put on screen during the meeting and was available in the Management Committee area of elha.com, and the Chief Executive said that he would re-circulate the report following the meeting.

The Management Committee **homologated** the cancellation of Memberships detailed in the report.

2.2 **Key Performance Indicators 2023/24**

The Chief Executive highlighted the Unit Reactive Maintenance Costs figure, which has been above target all year. The approved budget for reactive maintenance for 2024/25 has been based on previous year actual spends so this figure should be within target in future reports.

The Chair noted that the Attendance KPIs for Management Committee, and Audit & Assurance have again been below target, and this is something that has been highlighted in recent Annual Review meetings with Management Committee members.

Eileen Shand queried the 'Number of evictions carried out' and noted that this is generally zero, but that there had been one in each of Quarter Two and Quarter Three. The Director of Housing agreed that these are usually rare, but that there had been an instance of tenancy fraud, where false information had been provided to obtain a tenancy, resulting in one of the evictions, an outcome the Association was pleased with. The other eviction had been a rent arrears case, but such evictions only happen in exceptional cases.

Iain Atkinson highlighted that the levels for Bronze Key Tenants, and Gold Key Tenants looked very positive, but were marked down as having missed targets. The Chief Executive agreed that the figures were positive, but the targets set had still been missed, however narrowly, which is why they were highlighted in the covering report.

The Management Committee noted the report for information.

2.3 Governance Review Working Group Report

Paul Hillard provided a brief summary of activities by the Working Group.

The short-life Governance Review Working Group (GRWG) was established at the February 2024 Management Committee meeting. After a competitive tender process, Altair were unanimously selected to take forward the Governance Review, and will be observing the May 2024 Management Committee meeting, and the June 2024 Audit & Assurance Committee meeting.

Altair are currently undertaking a review of relevant documentation and are making arrangements to interview individual Management Committee members. A final report from Altair is expected to be available in time for the August 2024 Management Committee meeting.

Andy Ballard of Altair highlighted that questionnaires were being issued to Management Committee members ahead of the interviews, and it would be appreciated if these were completed and returned prior to the interview dates.

Paul Hillard highlighted that an Interim Report has been provided by Altair in relation to the proposed Risk Management Framework.

It was noted that it was intended to bring a paper on the Risk Management Framework to this meeting, but this has been withdrawn, to enable further consideration of the proposals.

The 3C Risk and Assurance Assessment report recommended purchase of the Decision Time software using the G-Cloud 13 framework, if the soft-market test confirmed the suitability of the product, which it has. It was noted that the G-Cloud 13 pricing will soon be replaced with G-Cloud 14, however the G-Cloud 14 pricing is significantly higher. As a result, the Working Group recommends the software is purchased now, with an implementation date of 1 September 2024.

Paul Hillard explained that the G-Cloud 13 option is more cost effective, as that is currently priced per user, so is more appropriate to a medium sized RSL.

Peter Ewart queried whether this leaves the Association at risk of future price rises, and the Chief Executive acknowledged that the Association may face a significant jump in price in five years' time, but is benefitting from savings in the meantime.

Eileen Shand queried the implementation timescales and hoped that these would include sufficient time for training on the new software, and that the training includes Management Committee members, as well as staff.

The Chief Executive highlighted that new Risk Management software was urgently required, as the Association's current software is unsupported. However, reassurance was provided to Eileen, by indicating that any start will be with the risk management software, then for the wider software, probably with the R3 Board first, to help ensure initial users gain sufficient understanding before rolling out to others.

Paul Hillard then referred to the Interim Report from Altair, and Andy Ballard provided a brief overview of this.

There are three parts to the report, covering Governance Structures, the Risk Management Framework, and Systems & Assurance.

Under the Governance Structure, the main recommendation was for an Audit & Risk Committee (ARC) to be established, which is in line with good governance practice, and this forum is seen as doing much of the 'heavy lifting' before taking audit, risk control, and compliance issues to Management Committee.

As far as the Risk Management Framework goes, this has not been finalised yet, but it is recommended that Management Committee members take account of good practice principles when considering the adoption of a new Risk Management Framework.

In respect of Systems & Assurance, it is understood that consideration is being given to purchase software (Decision Time) to support the delivery of a new proposed Risk Management Framework, and that the timing of the purchase is critical to securing a preferential price for the product.

It is considered important that the functionality of the systems supports the application of the proposed new Risk Management Framework, and if this is the case, then it is anticipated that the acquisition would enhance the management and reporting of risk within East Lothian Housing Association. This would also have the benefit of removing all the physical papers associated with Management Committee meetings.

Peter Ewart raised a question on governance around the composition of the ARC, and whether the Chair should be excluded from the composition of the ARC. Andy Ballard explained that the Chair could attend ARC meetings, but in a non-voting capacity.

In terms of the composition, the report proposed a minimum membership of three (typically up to five members), that the Chair of the Management Committee is not a member of ARC, and that there is at least one member with recent and relevant financial experience. The concern was raised that the burden on ARC members could be significant, and may put people off becoming a member.

Eileen Shand suggested that it would be really helpful if the report for the August 2024 Management Committee could be pre-circulated to give time to properly review the report, and this was agreed.

It was noted that no decisions in relation to the ARC were required at this meeting, but the Chair noted the direction of travel.

The Management Committee ***approved***

- (a) The Interim Report from Altair, and
- (b) The purchase of the Decision Time software.

3.0 PRIORITY ITEMS

3.1 Annual Return on the Charter (ARC)

The Director of Housing advised that overall performance has either stayed the same or has improved in most areas compared to 2022/23, however there have been some changes in performance in certain areas which are worth noting:

Scottish Housing Quality Standard – Stock Summary (Indicator C9) – The Management Committee may recall a significant deviation in performance reported in 2022/23 with regards to compliance with the Scottish Housing Quality Standard and the requirement to have had Electrical Inspection Compliance Reports (EICR) carried out in all properties by the end of March 2022. There were 54 ELHA properties that did not have a current EICR on 31 March 2023, and these have now all been completed, resulting in full compliance with this legal requirement.

Percentage of All Comments & Complaints Responded to in Full at Stage 2 (Indicators 3 and 4) – Responses to Stage 2 Complaints had reduced from 100% to 93%, but this represents only two complaints not responded to within target during the first quarter of the year. Given the low number of complaints received, the reduction in the percentage figure can appear a bit misleading.

Percentage of New Tenancies To Others Sustained For More Than A Year (Indicator 16) – The SHR counts the number of failed tenancies within a twelve month period but does not take account of positive reasons for doing so. Whilst Tenancy Sustainment rates have decreased by 15% (nine tenancies), almost half of these ‘failed’ tenancies were for positive reasons, for example, two tenants moved in with their respective partners and two tenants required a larger / smaller property due to changes in their family composition.

The Director of Housing also highlighted that Katrina Hamilton, who was unable to attend in person, had provided some comments, suggesting the addition of some additional text to Indicator 1.3.1. This initially stated that two directors retired during 2023/24 representing 50% of the Senior Management Team, and Katrina's additional text was to highlight that the recruitment of their replacements had gone well, and the positions had been successfully filled by strong candidates. The Chair commented that it made sense to expand this section, and the amendments were approved.

Eileen Shand made the observation that a huge amount of work goes into preparing the ARC. In respect of the survey responses from factored owners, it seemed that a few negative responses seemed to provide a misleading impression given the relatively small sample, as only nine factored owners responded. Eileen queried whether in the longer term, there might be alternatives to this, and the Director of Housing advised that there are only around 50 factored owners. In an effort to improve the response rate, it had been considered just knocking at doors, but this would be very time consuming.

Eileen highlighted that she was aware of one large RSL who had moved away from factoring, and the Director of Housing responded that this could be quite difficult to do, but is something that can be explored.

Eileen also touched on Tenancy Sustainment, which had been highlighted earlier, and wondered if there was any prospect of the definition changing. The Director of Housing thought this could happen as the Scottish Housing Regulator is undertaking a review of all ARC indicators in 2024/25.

The Chief Executive added that going forward, following the review there is likely to be a greater focus on collecting data on Tenant & Resident Safety, and also on reporting about Damp & Mould. The Management Committee **approved** the Annual Return on the Charter for submission to The Scottish Housing Regulator.

4.0 POLICIES

4.1 Empty Homes Management Policy Review

The Director of Housing advised that a desktop review had been carried out, only a few changes had been made, and these were not significant. For that reason, a full tenant consultation has not been carried out, however the Tenant Involvement Group have been consulted and paper-free tenants were invited to comment through the e-news. No feedback was received.

Consideration had been given to the Equality & Diversity Policy and an Equality Impact Assessment (EIA) of this policy has been carried out, with additions made at Sections 13.0 and 16.0 of the policy as a result. EIAs are a regulatory requirement and evidence of the assessment will be provided to the Governance Standards Working Group for consideration and will form part of the Evidence Bank to support the Annual Assurance Statement.

The Management Committee **approved** the changes to the Empty Homes Management Policy.

4.2 Neighbour Nuisance & Anti-Social Behaviour Policy Review

The Director of Housing advised that this policy was due its periodic review, and that the recommended changes are not significant, so no full tenant consultation has been carried out. However, the Tenant Involvement Group have been consulted and paper-free tenants were invited to comment through the e-news. No feedback was received.

Katrina Hamilton had submitted a suggestion that where it says 'Parents' then this should also include '& Carers'. In addition, under Sections 4.5 and 4.6, when referring to harassment on racial grounds, then should also add harassment under 'any other protected characteristics'.

The Chair considered these comments were helpful, and it was agreed they would be accepted.

Paul Hillard enquired whether there was a separate Safeguarding Policy, and the Director of Housing advised that there is one in draft.

Peter Ewart suggested that at 7.1 this should read 'Acceptable Behaviour Agreement' rather than the existing 'Antisocial Behaviour Agreement'.

Shirley Evans raised a few points about various sections, which the Director of Housing responded to, or noted. In respect of reference to the four categories (A,B,C and D) under Section 5.2, the Director of Housing agreed to review and expand the wording in respect of Categories A and B.

Subject to these changes, the Management Committee **approved** the revised Neighbour Nuisance & Anti-Social Behaviour Policy

4.3 Stock Investment Strategy Policy Review

The Director of R3 & Asset Management advised that only minor changes to the policy were proposed, and highlighted that under Section 2.2, the Fuel First Approach now includes Heat Network Technology, and references to the East Lothian Council (ELC) proposed Heat Transmission Highway.

Responding to an issue raised by Katrina Hamilton, the Chief Executive confirmed the Association is aware of the planned retiral of Radio Teleswitch meters, which use the Radio 4 Long Wave frequency, and are due to be retired in June 2025. This affects Economy 7 and 10 meters. If the existing meter is not replaced by a Smart Meter before the system is retired, then the tenant will move to the Standard Tariff, with current tariffs this would mean a jump from 17p a unit, to 28p per unit.

The Chief Executive advised that the Energy Regulator is setting up a Scottish Roundtable to facilitate discussions, and the Rural and Islands Housing Association Forum (RIHAF), of which ELHA is a member, hopes to be a member of this forum. A key RIHAF request is around data sharing of property addresses and meter installations so that any tenants of any properties without a smart meter can be identified and supported through the change.

The Chief Executive also noted that Openreach will be switching their analogue telephone lines to digital lines in December 2025 although this timescale is expected to be extended. This will affect the community alarm systems provided to 115 ELHA tenants in the Association's amenity properties. Staff have already engaged with these tenants, and only 40 wish to keep this system. Future alarms will no longer be hardwired to the property and so will be provided on an individual basis, rather than as a standard feature of the property.

This means that all alarm systems will be decommissioned but it is proving difficult to find an alternative provision for those wanting to keep a similar kind of service in the future. One option may be for the Association to purchase and gift suitable equipment for those wishing to retain the system, but it would then be up to the tenants to maintain the equipment and procure a suitable service to support them. It looks unlikely that the Council will offer any kind of service in the future, but discussions with the Council are continuing.

The Management Committee **approved** the revised Stock Investment Strategy Policy.

4.4 **Fixed Asset Depreciation / Grant Amortisation Policy Amendment**

The Director of Finance & Corporate Services explained that this policy had its periodic review last year, so the next review not due until May 2028. However, one minor narrative change is sought, to show that items will be capitalised in line with the levels set out in the Authorisations and Standing Charges / Allowances Policy.

The Management Committee **approved** the revised Fixed Asset Depreciation / Grant Amortisation Policy.

4.5 **Unacceptable Customer Behaviour Policy Review**

The Director of Housing advised that the policy was due for review earlier this year and recommended changes were submitted to the Management Committee on 22 February 2024 for approval. The Management Committee identified further amendments as being required and it was agreed that a draft, taking account of the new amendments, be circulated along with a clean version for final comment.

Some further feedback was received from Management Committee members which has been incorporated into the final policy document, and it was also suggested that the name of the policy be amended to Customer Relations Policy.

Peter Ewart commented that the proposed new name did not feel appropriate, and that it looked like this put the onus on the Association, rather than the tenant. Eileen Shand noted that there had been considerable debate about the name of the policy, but with hindsight she felt that the original name was preferable as the proposed change diluted the policy too much. Shirley Evans also added her agreement regarding the policy name, and felt the name 'needs to say what is in the tin'. However, Shirley also commented that the policy is now more robust, following the amendments.

It was therefore agreed that the policy should retain its original name. The Management Committee **approved** the revised Unacceptable Customer Behaviour Policy.

4.6 Treasury Management Policy Amendment

The Director of Finance & Corporate Services highlighted that the Treasury Management Strategy was presented to the Management Committee at its meeting on 21 March 2024. It noted that the Director of Finance & Corporate Services and ATFS were reviewing the definition around the 'near' liquid funds requirement.

Currently, the target minimum liquid funds are £500k for ELHA and £50k for R3. These levels are reasonable, and no changes are proposed.

However, the target for 'near' liquid funds in the policy is 20% of the annual net rent and service charge income. This can mean excess cash being held and/or additional facilities being put in place to meet this requirement.

The 20% of annual net rent and service charge income was in part required to satisfy a covenant with Nationwide, to have current assets to current liabilities of 1:1. The Director of Finance & Corporate Services spoke to Nationwide about removing this covenant. Nationwide agreed to remove the covenant and revised wording on 'near' liquid funds is now proposed.

The proposed amendment to the wording is from the above 20% to 'A minimum of the forecast net cash outflow for the next two calendar quarters', and this will ensure that the Association does not carry unnecessarily high cash balances.

In addition, some narrative around having facilities available for development has been included to ensure facilities are in place before the start of any new build site.

The Management Committee **approved** the revised Treasury Management Policy.

4.7 Insurance Policy Review

The Director of Finance & Corporate Services advised that this policy was last reviewed in March 2021, and was not due to be reviewed until March 2026. However, as part of the insurance renewal process for 2024/25, the Director of Finance & Corporate Services reviewed this policy and has recommended a series of changes.

Eileen Shand queried where (under Section 10) authority is delegated to Senior Management Team to settle a liability claim up to £100k, whether Management Committee would be advised of this. The Director of Finance & Corporate Services confirmed this would be the case.

The Management Committee **approved** the revised Insurance Policy.

4.8 **Contract Management Policy**

The Director of R3 & Asset Management explained that following an internal review of the Procurement Policy, an action was identified to develop a Contract Management Policy. Comments have been received from Katrina Hamilton, and this includes removal of the three bullet points under Section 5.1.

Subject to that change, the Management Committee **approved** the Contract Management Policy.

4.9 **Risk Management Strategy**

The Chief Executive explained, as mentioned earlier in the meeting, that this paper is being withdrawn. This is to enable further consideration of proposals with Maureen Batten, given her knowledge and expertise in this area.

The Chief Executive added that as the policy is not required until September 2024, then the revised paper can be brought to the Management Committee meeting in August 2024. In the meantime, the Chief Executive will meet with Maureen Batten and Paul Hillard to agree further revisions.

4.10 **Flexible Working Policy Review**

The Chief Executive highlighted that the Flexible Working Policy was last reviewed in March 2020, and was not due to be reviewed until March 2025. However, as there had been recent changes to Flexible Working legislation, EVH issued a new model policy which meant the existing policy required an early review.

The Chief Executive commented that the process is slightly 'back to front' as normally this would go to JCC first, but as these changes are due to a change in the law, they have come first to Management Committee, then will go to the JCC for comment. Any further changes would be brought back to Management Committee for approval.

The Management Committee **approved** the revised Flexible Working Policy.

5.0 **BUSINESS MANAGEMENT**

5.1 **Tenant Participation Annual Report**

The Director of Housing indicated that they had nothing to add to the report as tabled, but noted that the Tenant Involvement Group (TIG) had been very active over the past year.

The Chair acknowledged that for a small group, TIG had been very busy, and continue to make an important contribution to the Association's work.

The Management Committee noted the report.

5.2 **Stair Cleaning Contract**

The Director of Housing advised that approximately two years ago, the Association had to terminate the stair and communal cleaning services provided by CAS following a significant number of complaints of poor service, which was brought to the attention of Management Committee at that time.

All Cleaned Up Ltd (ACU) were subsequently appointed and have provided the cleaning service since then. Unfortunately, Apex Scotland, ACU's parent charity, moved to liquidate ACU due to insolvency towards the end of March 2024. The Association therefore found itself in a position where it had no stair cleaning contract, and stairs and communal areas were becoming unhygienic.

Having to go through a Quick Quote process, in terms of the Association's Procurement Policy, would have caused a number of issues, most notably a significant delay in having to go through a process with no guarantee that another contractor could start immediately, resulting in deteriorating estates, possible Health & Safety concerns, additional work, reduced tenant satisfaction, and placing the Association's reputation at risk.

SCS Cleaning Services, based in Midlothian, had provided the Association with stair and communal area cleaning previously. SCS continue to clean the Association's offices, carry out house clearances, and have proven themselves to be very reliable.

In view of the issues described, and the urgency of the matter, approval was sought from the Chair to go outwith policy and award a one-year stair cleaning contract to SCS Cleaning Services. Approval was given on 24 April 2024.

The Director of Housing confirmed that the contract was taken over quickly and smoothly by SCS, and has been working well since then.

The Chief Executive commented that the Housing Team had responded very well, to get a new cleaning contractor in place so quickly, and seamlessly. It was noted that any serious disruption to service is a Notifiable Event to the Scottish Housing Regulator, but in this instance the transition was so quick and smooth, that it was agreed this was not Notifiable.

The Management Committee **homologated** the decision made by the Chair to award the stair cleaning contract to SCS Cleaning Services for one year.

6.0 ANY OTHER BUSINESS

There was no other business, and the meeting closed at 8:09 pm.

DATE OF NEXT MEETING

Thursday 22 August 2024 at ELHA Head Office, Haddington at 7.00pm.

**ADOPTION OF THESE MINUTES APPROVED AT THE MEETING ON
22 August 2024**

Signed **Signed** (Chair)