

**Minutes of the Meeting of the Performance & Audit Committee
held on Thursday 28 February 2019 at 10.30am
79 Hopetoun Street, Edinburgh**

PRESENT:	Mr D Scobie	Chair
	Mr R Fernie	
	Ms I McGarvie	
	Mrs M Moore	
	Mr G O'Sullivan	
	Mr W Smalley	
IN ATTENDANCE:	Mr B Logan	Chief Executive
	Mr S Smith	Director of Finance & ICT Services (up to and including Minute 299(i) only)
	Mrs N Harcus	Interim Director of HR
	Ms C Innes	Head of Development (Minute 300(iv) only)
	Ms H Thomson	Assistant Director: Property Services
	Mr A Strickland	Business Improvement Manager
	Miss C Beesley	Governance & Administration Manager
	Ms K Adams	RSM UK (External Auditor) (up to and including Minute 299(i) only)
	Mr S Pringle	Wylie & Bisset (Internal Auditor)

295. Apologies for Absence

Apologies for absence were received from Mrs P Dawson.

296. Declaration of Interests

There were no declarations of interest.

297. Minutes of the Meeting held on 15 November 2018 and Confidential Minutes of the Meeting held on 15 November 2018

The Minutes and Confidential Minutes of the meeting held on 15 November 2018, having been previously circulated, were approved and signed by the Chair.

298. Business Arising from Previous Meeting

- (i) Actions Arising from Previous Meetings
The Committee noted the updated position in respect of the actions arising from previous meetings.
- (ii) Confidential Item: Minute 288(ii) – Allegation of Fraud/Theft

299. Priority Items

- (i) Confidential Item: External Audit Plan 2018-19

The Committee received Report PAC/5(i)/FEB/19 and a report in relation thereto from the Director of Finance & ICT Services. He wished to highlight that, in respect of reference to PwC within RSMs report, this related to the relationship between PwC and The Pensions Trust and not Bield's relationship with PwC.

Ms Adams highlighted the following areas of her report to Committee:

Page 5 – the timetable and communications plan had both been agreed with the Director of Finance & ICT Services

Page 6 – Management over ride of internal control – this was a key area of focus for all audits. RSM would update their key financial systems notes and would perform walkthrough testing to identify any changes in the key financial systems

Page 7 – Going concern – this would continue to be a focus for all RSLs. The care home closures which had taken place the previous year would be considered when identifying any future impact on expected results. Cash flow and assumptions would be reviewed, as would disclosures and financial statements

Page 8 – Pensions - a consultation was underway in relation to the treatment of pensions within accounts. The Director of Finance & ICT Services confirmed that this change should not affect the signing off of the accounts, assuming the effect was shown below the line. He also advised that the figures to come from The Pensions Trust would likely not be known until after the audit had been completed and therefore there might be a requirement for a late adjustment to be made to the accounts.

Page 9 – Fees – these had been agreed and were in line with previous years

Page 10 – Audit Engagement Team – it was noted that there had been two changes to the team, one Manager and one Supervisor

Page 14 – Pro-forma Audit Report (unmodified) – no modifications were expected

Page 16 – Governance, control and independence – it was noted that Ms Adams had nothing to disclose in respect of her independence

A query was raised in relation to Brexit and whether the External Auditors would be taking this into account. It was noted that the Scottish Housing Regulator had issued a letter to all RSLs suggesting that Brexit be looked at in relation to potential risk. A further letter had been issued by the Regulator in England which it was felt would be worth sharing with the Committee. Ms Adams advised that, at this moment in time, she did not feel that Brexit would have a significant impact from her perspective on the work she was undertaking as Bield's External Auditor.

The Performance & Audit Committee considered the External Auditor's report and noted the position regarding the audit of the accounts for the year to 31 March 2019.

300. Performance

(i) Key Performance Indicators – Q3 (October-December 2018)

The Committee received Report PAC/6(i)/FEB/19 and a report in relation thereto from the Business Improvement Manager.

In respect of the measures currently being developed, the Business Improvement Manager advised the following:

% of employees with an up-to-date Performance Development Plan – there was no significant progress to report in respect of this indicator. Procedures and guidance documents had been prepared but had not yet been put into practice. The Interim Director of HR advised that this was primarily due to the workload of the HR team in relation to the organisational review. A target date of the end of Q1 2019-20 was proposed to have the procedures rolled out to staff.

BR24 – the indicator relating to number of calls received within 60 seconds had been reinstated following a request from Committee. In relation to the indicator in respect of types of calls received and if/how they are adding value to the customer, the definition of this indicator was still being agreed and was not therefore currently being reported on.

In relation to the Q2 highlights, it was noted that average re-let times had reduced which was positive. The Chair highlighted that he was pleased to see that the % of home and day care services receiving Grades 4 or higher was at 100%. The Chief Executive did, however, advise that the Care Inspectorate had changed the way they were grading services and this might make higher grades harder to achieve in future.

In respect of the meals service, the Business Improvement Manager explained that currently the definition was based on the number of people taking up the meals service. There was an issue, however, with this as there were differences between developments in relation to e.g. size of lounge and capacity to provide meals. The definition would be amended to better reflect this.

A query was raised in respect of the post of Bield at Home Service Co-ordinator and whether this had been filled. The Chief Executive advised that an internal applicant had been appointed to the role although a start date had yet to be agreed.

The Committee agreed that the aspects of Bield's performance in need of monitoring and improvement were as highlighted in the Performance Summary attached to the report

(ii) Business Strategy Priority Tasks Progress Report – February 2019

The Committee received Report PAC/6(ii)/FEB/19 and a report in relation thereto from the Business Improvement Manager. It was noted that no business strategy tasks were categorised as red.

The following areas were discussed:

BS.07.01 – Update ICT Strategy to outline how Bield will use technology to meet its strategic objectives – it was felt that this should be a priority task. The Chief Executive confirmed that the ICT Strategy was presented to the Board on 14 February and it should not change substantially from this version. The relevant roles within the new structure would be highlighted within the strategy when these were known, likely by the end of Q1 2019/20. It was noted that there was a pre-Board session on technology due to take place in May.

BS.13.02 – Review growth opportunities for Bield Owner Services and revise strategy – a query was raised as to whether the target date of 30 April was feasible. The Chief Executive confirmed that a first draft of the Strategy had been prepared and was to be presented to the SMT and thereafter to the Board in May. The remaining 50% of work to be undertaken would be completed by that time.

BS.13.05 – Review meals service to ensure financial sustainability – a query was raised as to whether the target date of 31 March would be met. The Chief Executive advised that Arneil Johnston were undertaking a desktop review of the meals service and this piece of work would be completed by 31 March.

BS.07.03 – Implement Keystone asset management system – it was noted that there had been issues with continuity of staff at Civica and the majority of delays had been with them. The Chair requested that this issue be raised with Civica with a view to them resolving the issues. The Chief Executive confirmed that Dave Marshall, Project Manager, could be asked to provide feedback to Civica, backed by the Committee.

The Committee reviewed the progress of the priority tasks.

(iii) Complaints Update

The Committee received Report PAC/6(iii)/FEB/19 and a report in relation thereto from the Communications & Marketing Manager.

The Interim Director of HR advised that, in relation to the most recent First Tier Tribunal (FTT) Hearing in respect of the owner at Newton Mearns, the outcome had been received a few days previously. The case had been dealt with swiftly by the FTT with outcome having been received within a week of the hearing. All six areas which the owner had referred to the FTT had unanimously not been upheld and no property enforcement order had been put in place.

The Interim Director of HR advised that the owner continued to communicate with Bield. There was potential for the owner to appeal the decision of the FTT but they had no appeals process so it would be difficult for him to do this. The Chair queried whether the FTT could view the owner's complaints as vexatious. The Interim Director of HR confirmed that this was something the FTT could consider under their own policies.

A query was raised as to whether any learning could be sought from the complaints. The Interim Director of HR advised that every complaint had been properly investigated although there may still be some learning to be undertaken. It was noted that Bield had already invoked its Unacceptable Actions Policy on the owner in respect of restricted communications and having only one point of contact.

The Chief Executive highlighted that this case had taken up a significant amount of time for both the Interim Director of HR and the Communications and Marketing Manager, both of whom were leaving Bield within the next month. Thanks were given to both staff members in respect of dealing with the owner. It was noted that the Owner Services Manager would be dealing with this situation moving forward.

In respect of the percentage of customers being satisfied with how their complaint had been dealt with, the Chair highlighted that it appeared to have taken a considerable amount of time for the 'not applicable' option to be disabled following a request back in June 2018. The Interim Director of HR advised that, as the system was not bespoke for Bield, changes could take longer to implement. The Chief Executive advised, however, that complaints would ultimately be dealt with via the new CX system in which case Bield would have more control over how these were recorded.

The Committee noted the contents of the Complaints Report for the period 1 October 2018 – 31 December 2018.

(iv) Confidential: Development Performance Report

(v) EFQM Update (verbal)

The Committee received a verbal report from the Business Improvement Manager. He advised that Bield had achieved the Committed to Excellence accreditation. Three areas had been looked at: KPIs, PDP measurement and department plans. Meetings had taken place with staff to assist with the process. A full report was awaited.

The Committee congratulated all involved in the process.

The Committee noted the position.

301. Internal Audit

(i) Internal Audit Reports

(a) Follow-up Review

The Committee received Report PAC/7(i)(a)/FEB/19 and a report in relation thereto from the Business Improvement Manager.

The Internal Auditor advised that the audit had received an overall substantial level of assurance. Six recommendations had not yet been implemented and revised dates had been agreed with Bield. There were no high grade recommendations.

The Committee were pleased to see progress within the report and felt that this process demonstrated good governance within the organisation.

The Chair queried, on page 22 of the report, reference to the OMT and whether this group was still in existence. The Chief Executive advised that the group now met jointly with the SMT.

The Performance & Audit Committee approved the Follow-up Review and recommended actions.

(i) Progress Update on Audit Recommendations

The Committee received Report PAC/7(ii)/FEB/19 and a report in relation thereto from the Business Improvement Manager.

The Business Improvement Manager advised that the recommendations in relation to data quality were being undertaken as part of the Housing Management System work.

The Chair highlighted the recommendations on re-charging for repairs and queried whether Bield currently made such charges. The Assistant Director: Property Services advised that this would prove too labour intensive at the moment. The Chief Executive confirmed that it had never been Bield's practice to re-charge for repairs. It was noted that this subject had been discussed at the Partnership Forum on a number of occasions and it had been felt that any repairs required due to wilful damage by customers should be re-charged. Staff would discuss this further and consider whether the current policy was appropriate and whether the installation of the new Housing Management System would make recharging less labour intensive and more cost effective.

The Performance & Audit Committee noted the Progress Update on Audit Recommendations listed in the report.

(ii) Internal Audit Plan 2019/20

The Committee received Report PAC/7(iii)/FEB/19 and a report in relation thereto from the Business Improvement Manager.

It was noted that the Internal Auditor had met with the Business Improvement Manager to agree areas for the 2019/20 audit year. The following areas had been suggested:

Void Management, Absence Management, Planned Maintenance, Corporate Governance & Risk Management and Follow-up Review.

Formal scoping meetings would take place before each audit.

The Internal Auditor confirmed that he felt that there were no high risk areas missing from the list as it stood. It was suggested that Freedom of Information could be looked at the following year. The Internal Auditor stressed that the Plan was a 'live' document and, therefore, if any area of concern emerged during this year, this could be added to the plan if required.

The Chair felt that the plan was still valid in its third year.

A query was raised in respect of absence management and the proposed 7 days to undertake the audit and whether this area was an issue for Bield. The Chief Executive confirmed that Bield was not hitting its target in respect of sickness absence. There had been a noticeable increase in absence relating to office based staff which could be related to the organisational changes. The Chief Executive confirmed that more work required to be undertaken in respect of this subject and managers required to focus on this and manage the absences.

The Performance & Audit Committee:

- (i) reviewed the content of the report and provided feedback to Wylie & Bisset on the proposed subject and scope of the audits; and**
- (ii) approved the draft Internal Audit Plan for 2019/20.**

301. Policies
Nil

302. Risk Management

(i) Risk Register Update

The Committee received Report PAC/9(i)/FEB/19 and a report in relation thereto from the Business Improvement Manager. He advised that the majority of changes since the last meeting related to changes in review dates and residual risk information.

There had been some changes to the way the KPIs were being shown and these now included target figures.

In respect of Risk R03 – 'ICT systems and infrastructure are not fit for purpose to support decision-making or deliver optimum service delivery' – the Committee were pleased to see that this had been reviewed and was looking positive.

In relation to Brexit, it was noted earlier in the meeting that letters had been produced by both Regulators in Scotland and England. It was queried whether officers should be looking at this subject when reviewing risks at this time. The Chief Executive confirmed that this was an area on the agenda for the next SMT meeting due to take place the following week. There were possibly five areas which should be considered by Bield which were: interest rate fluctuations, available finance, labour supply, impact of cost of materials, supply of food and medication. Once this had been considered by the SMT, plans would be put in place to deal with these matters. Some areas were already covered by the Risk Register and Risk Maps but SMT would take a closer look at this.

The Performance & Audit Committee scrutinised the report and confirmed that the current controls and mitigating actions were sufficient to manage the identified risks with the exception of Brexit which should be considered by Officers.

303. Any Other Business

There was no other business.

304. Date of Next Meeting

The date of the next meeting was confirmed as Thursday 20 June 2019 in Edinburgh.