

**Minutes of the Meeting of the Performance & Audit Committee
held on Thursday 16 August 2018 at 10.30am
79 Hopetoun Street, Edinburgh**

PRESENT:	Mr D Scobie Ms P Dawson Mr R Fernie Ms I McGarvie Mr G O'Sullivan Mr W Smalley	Chair
IN ATTENDANCE:	Mr B Logan Mr S Smith Mrs N Harcus Ms C Innes Ms H Thomson Mr A Strickland Miss C Beesley Mr S Pringle	Chief Executive Director of Finance & ICT Services Interim Director of HR Head of Development (Minutes 278(iii) and (iv) only) Assistant Director: Property Services Business Improvement Manager Governance & Administration Manager Wylie & Bisset (Internal Auditor)

273. Apologies for Absence

There were no apologies for absence.

274. Declaration of Interests

There were no declarations of interest.

275. Minutes of the Meeting held on 21 June 2018 and Confidential Minutes of the Meeting held on 21 June 2018

The Minutes and Confidential Minutes of the meeting held on 21 June 2018, having been previously circulated, were approved and signed by the Chair.

276. Business Arising from Previous Meeting

- (i) Action List from Meeting held on 21 June 2018
In respect of Minute 245(i) – Performance: Confidential: Key Performance Indicators – Q2 and reference to the remits for Committees, the Chair queried what the planned programme was for looking at these. The Chief Executive advised that

there was a paper being presented to the Board on 30 August with a proposal for the introduction of a Short Life Working Group relating to governance and self-assessment. This Group would take matters forward with any changes being made to the remits, as a result of discussions, likely being presented to the March Board for approval, following consultation with the relevant Committees.

In respect of the ARC report, the Chair queried what progress had been made. The Business Improvement Manager confirmed that he had provided an update at the previous Committee meeting advising that the ARC had been submitted on time to the Regulator. Overall results across the sector were still awaited and had not yet been published and therefore a comparison report could not be prepared at this time.

In relation to Minute 267(i) – Performance: Confidential Item: Key Performance Indicators – Quarter 4 (Jan-Mar 2018), the Interim Director of HR advised that, in respect of the reasons for complaints having not been responded to within the set timescales, there were a relatively low number which fell into this category. One or two responses had been impacted by service change and the resources required to deal with this. New timescales had, however, been agreed with complainants. The Interim Director of HR also advised that new procedures had been put in place to deal with complaints during staff sickness absence.

In relation to Minute 267(i) – Performance: Confidential Item: Key Performance Indicators – Quarter 4 (Jan-Mar 2018), the Interim Director of HR advised that, in relation to potential trends in respect of dismissals, four had been in relation to conduct (unauthorised absences) and one was an ill health issue. No emerging trends seemed to be coming out of this.

The Committee noted the position.

277. Priority Items

Nil

278. Performance

(i) Key Performance Indicators – Q1 (April-June 2018)

The Committee received Report PAC/6(i)/AUG/18 and a report in relation thereto from the Business Improvement Manager. He advised that the report concentrated on the priority areas identified by the Committee in previous discussions. He further advised that the report was in a new format using Power BI but that he was happy to receive any feedback on the new design and make any necessary improvements.

The report provided a summary page and also more detailed information showing trends over time, targets, benchmarks and comments.

The following areas were discussed:

Indicator 7 – % of employees with an up-to-date Performance Development Plan – it was noted that this was being piloted at the moment and therefore could not be reported for Q1 2018/19

Indicator 11 – Overheads/Turnover – Efficiency Ratio – a query was raised as to why the target of 17.5% was not the same as the 23.3% target in the Budget. The Director of Finance & ICT Services confirmed that the target within the KPIs had been set at 17.5% as this was the target which Bield had aspired to for many years. He advised that the target would eventually reduce to 15%. A further query was raised as to who had overall responsibility for the target. The Director of Finance & ICT Services advised that each individual budget-holder had a target. Overall, as an organisation, Bield were looking to achieve a target of 17.5% to 15%. The Chief Executive confirmed that overall corporate responsibility would lie with the Senior Management Team and the Chief Executive as head of the SMT.

Indicators 12 and 13 – Average time taken to complete emergency/non-emergency repairs – a query was raised as to why the target had been set so high given that targets were frequently being met. The Assistant Director: Property Services confirmed that this was open to discussion and advised that the targets had already been reduced but consideration could be given to reducing these further. It was noted that Bield compared favourably with its peers. The targets for contractors were 15 days for non-emergency repairs and 4 hours for emergency repairs. It was hoped to reduce internal targets from 10 days to 7 days for non-emergency repairs within 3 years. Any issues usually arose outwith the multi-trade contracts, for example, those relating to lift maintenance and heating repairs. It was confirmed that the Assistant Director: Property Services and the Business Improvement Manager would discuss these targets further and report back to the Committee.

Indicator 17 – Number of hours provided by Bield at Home – this indicator could not currently be reported on due to insufficient data at this time. Work was underway to ensure that information could be provided in future.

Indicator 18 – Number of customer links to BR24 – this indicator was still being developed and therefore no data was currently available in order to report on this during Q1 2018/19.

Indicator 19 – Number of volunteers – a query was raised as to whether a 20% increase in volunteers was achievable. The Interim Director of HR confirmed that some focussed work was being undertaken relating to increasing numbers of volunteers, including pilot programmes in the Stirling area and having these rolled out to other areas. She felt this target could be achieved as there were two new Volunteer Development Workers and some additional funding for this area of work. It was noted that both volunteer hours as well as numbers were being looked at.

A query was raised as to what the percentage difference was between the results highlighted amber and red. The Business Improvement Manager confirmed that these were not the same for each indicator. The rule of thumb would be that if a target was, say, 95%, amber would be between 95%-90%, anything below this would be shown red, anything above would be green. It was noted that there were a few amber coloured results and a query raised as to whether these should be amended. The Chair confirmed that the Committee were able to challenge any

indicators it was felt were incorrect. He suggested, however, that there was some subjectivity required and the Committee should look at more than just the colour coding.

In relation to the report generally, the Chair highlighted that some of the results did not make clear what the unit of measurement was e.g. days/hours. He felt it would be helpful for some clarification on the format in this respect.

Overall, the Committee agreed that the report was excellent and a vast improvement on previous versions.

The Chief Executive suggested that the report be presented to the Board as it currently stands and any amendments could thereafter be incorporated. It was agreed that the cover paper confirm that the Performance & Audit Committee were minded to note the success in relation to the repairs times.

The Committee:

- (i) 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; and**
- (ii) approved the target figures proposed for quarterly indicators for 2018/19, subject to further discussions at the Board meeting on 30 August 2018.**

(ii) Business Strategy Tasks – Quarter 1 (April-June 2018)

The Committee received Report PAC/6(ii)/AUG/18 and a report in relation thereto from the Business Improvement Manager. He advised that the report was in a new format using Power BI and now showed the impact of any delays to original targets. It was noted that anything not shown green in the report would be picked up in the exception report. The following areas were discussed:

Ref: BS.05.03 – Review existing pension arrangements to avoid increasing future pension liabilities – the Director of Finance & ICT Services confirmed that information had not yet been received from the pension provider but that this would require to be concluded by 31 March 2019.

Ref: BS.07.01 – Update ICT Strategy to outline how Bield will use technology to meet its strategic objectives – a query was raised as to whether this was achievable by 31 December 2018 given it was showing as 0% complete. The Director of Finance & ICT Services confirmed that, following discussions with the Assistant Director: ICT, it was believed that this would be achieved.

Ref: BS.09.01 – Refresh Asset Management Strategy and develop five year action plan – the colouring under 'Expected' should be dark green – this would be amended. It was also questioned by a Committee member whether the target of 31 December 2018 was achievable.

Ref: BS.13.02 – Review growth opportunities for Bield Owner Services and revise strategy – it was noted that the expected date had exceeded the target date due to the need for key staff to concentrate on business transformation.

Ref: BS.13.03 – Review of BR24 – it was highlighted that the expected completion date of 31 March 2020 seemed far off given work had already begun. The Chief Executive advised that the date could relate to the date to implement all changes, for example, some service changes and contracts may not be turned around until 2020.

Overall, the Committee was happy with the report and thanked staff for their work in bringing this together.

The Committee reviewed the progress of the priority tasks for Quarter 1, April-June 2018.

(iii) Complaints Update

The Committee received Report PAC/6(iii)/AUG/18 and a report in relation thereto from the Communications and Marketing Manager.

The Interim Director of HR advised that the report provided an update to members on complaints activity for the period April-June 2018. She updated the Committee on a previously highlighted complainant who was now being dealt with under the Unacceptable Actions Policy. The tribunal hearing which took place on 11 July had been adjourned until October as all issues arising could not be covered in one day. In the meantime, the complainant was continuing to contact staff on a regular basis.

The Interim Director of HR advised that, as reports were now being produced via Power BI, complaints could be looked at in more detail via links. This could negate the need for the Committee to receive full reports. It was noted, however, that some Committee members preferred to have the reports as part of the set of Committee papers.

A query was raised as to whether it was possible to look at complaints from a geographical point of view. The Interim Director of HR confirmed that complaints were currently looked at from a department level but it would be possible to break down further into geographical areas if this was required. The Chief Executive highlighted that it would be difficult at the moment to break complaints down into geographical areas as Housing Officer, Property Officer and Owner Services Officer patches were different. It would, however, be possible to look at local authority areas.

The Chair suggested there were dangers in the Board becoming involved in detailed matters which should be dealt with by staff. He suggested that senior staff could flag up any concerns to Committee on an exception basis. The Chief Executive advised that he felt that such analysis was more for senior staff to deal with rather than Committee. The Chair queried whether Committee members would be able to access the Power BI system themselves to gather more information if required. The Business Improvement Manager advised that this was not yet possible but it was being looked at.

A query was raised as to what would fall under a complaint with a Data Protection implication. The Interim Director of HR advised that this could relate to, for example, a 'signed for' letter having been received by a complainant in a damaged

envelope and no signature having been requested. It was noted, however, that this was more a Royal Mail issue than a Bield one.

The Committee welcomed the new report format, in particular the summary report on Page 2 of the cover paper.

The Performance & Audit Committee noted the contents of the Complaints Report for the period 1 April 2018 – 30 June 2018.

(iv) Confidential: Development Performance Report

279. Internal Audit

(i) Internal Audit Reports

(a) Budget Setting and Monitoring

The Committee received Report PAC/7(i)(a)/AUG/18 and a report in relation thereto from the Business Improvement Manager.

The Internal Auditor advised that the audit had received a strong grading with two low priority recommendations in total. It was noted that the Director of Finance & ICT Services had not agreed with the recommendations as follows:

- (i) Budget Holder Training – it was suggested by the Internal Auditor that new operational budget holders receive formal budget training. The Director of Finance & ICT Services disagreed and believed that posts at Service Manager level or above are already shown various systems and reports and are invited to attend follow-up sessions if required. He also felt that it was for the individual line manager to establish what level of finance related induction was required for those staff below Service Manager. The Chair felt that there should be a positive side to the response and it should not come across as negative. Rather than change the wording, it was agreed to note this in the Minute. It was acknowledged that there was a good relationship between Finance and Property staff. The Chief Executive queried whether the Committee wished this detail to be inserted into the tracker. The Committee agreed that this should not be input into the tracker but that it would be covered in the Minute and the Risk Register.
- (ii) Budget Reports – it was suggested by the Internal Auditor that operational budget holders should receive regular reports in order to improve the analysis of their budget performance. Again, the Director of Finance & ICT Services had disagreed with the recommendation due to reports already being made available to staff there being ongoing consultation with budget holders on their information requirements.

The Committee approved the Budget Setting and Monitoring Report.

(b) Data Quality

The Committee received Report PAC/7(i)(b)/AUG/18 and a report in relation thereto from the Business Improvement Manager.

The Internal Auditor advised that the audit had received a Substantial grading with nine medium and two low priority recommendations.

It was noted that, at the time of the audit, Bield was looking to tender for a new Housing Management System and therefore it was accepted that there would likely be a number of recommendations highlighted.

It was noted that there was reference, on page 3 of the cover report, to recommendation 10 relating to implementing a system to enable the recharging of repairs to tenants. This had, however, been removed from the list of recommendations following discussions. This had not been removed from the cover paper in error.

The Committee approved the Data Quality Report.

(ii) Progress Update on Audit Recommendations – Q1 (April-June 2018)

The Committee received Report PAC/7(ii)/AUG/18 and a report in relation thereto from the Business Improvement Manager. He advised that the report was in a slightly different format to that previously circulated.

A query was raised as to whether the expected dates for completion were realistic given some tasks were on hold. The Interim Director of HR advised that there may be some which did not seem realistic and had been postponed due to priorities relating to business transformation. It was agreed to revisit the dates and to look at more realistic dates being inserted for future reports.

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

280. Policies
Nil

281. Risk Management

(i) Risk Register – July 2018 Update

The Committee received Report PAC/9(i)/AUG/18 and a report in relation thereto from the Business Improvement Manager. He advised that the format was almost identical to that previously presented to the Committee. He confirmed that now, however, performance indicators could be brought into the report (R06, R11 and R19 refer). The following areas were discussed:

Risk R01 – Deficit out turn results in Bield breaching loan covenants – a query was raised as to whether the review date of 1 August 2018 should be amended as this date had now passed. The Chief Executive advised that this was supposed to have been looked at during an SMT meeting on that date. This date was, however, thereafter changed to make way for the staff meetings relating to the organisational structure.

Risk R11 – New developments fail to generate property sales value and sales to programme – the Chair felt that the performance indicators did not provide sufficient information as they showed results without targets for comparison. The Business Improvement Manager explained that the red '0' meant this was not a positive result whereas a green figure meant things were on target.

The Committee agreed that reporting had been positively transformed over the past year and staff were thanked for their input.

The Committee scrutinised the report and confirmed that the current controls and mitigating actions were sufficient to manage the identified risks.

282. Any Other Business

(i) BIG Scrutiny Report – Management Response on 'The Life of a Repair'

The Committee received Report PAC/10(i)/AUG/18 and a report in relation thereto from the Assistant Director: Property Services. She confirmed that the Group had looked at front end repairs reporting which had proved useful to the Property team. It was noted that things had changed in the past five years due to new technologies.

The Assistant Director: Property Services advised that members of the Group had shadowed staff and had undertaken some testing of processes with Development Managers. Staff had agreed that most of the issues raised were very positive although time was limited to be able to take all of these forward at this time.

The Chair congratulated the BIG on an excellent report and noted the positive responses. A query was raised as to whether there should be a report attached to the paper. The Chief Executive confirmed that this should have been circulated with the Committee papers.

A query was raised in relation to whether processes for tenants were similar to those for owners. It was felt that something should be done to ensure that there is more efficiency in relation to both tenants and owners working together more effectively. The Chief Executive confirmed that any recommendations coming out of the BIG report would be relative to both owners and tenants although he suggested that something could be presented specifically to owners following the publication of the report. The Assistant Director: Property Services agreed to take this forward with the Owner Services Manager.

The Committee reviewed and approved the draft Management Response.

283. Date of Next Meeting

The date of the next meeting was confirmed as Thursday 15 November 2018 in Edinburgh.