

**Minutes of the Meeting of the Performance & Audit Committee
held on 20 June 2019 at 10.30am
79 Hopetoun Street, Edinburgh**

PRESENT:	David Scobie Robert Fernie Isabel McGarvie Gerry O’Sullivan	Chair
IN ATTENDANCE:	Brian Logan Charlie Dickson Val Hunter Scott Smith Jill Dunlop Andrew Strickland Heather Thomson Clare Beesley Kelly Adams Graham Gillespie	Chief Executive Director of Customer Services Director of Business Development Director of Finance & Resources Head of Finance (up to and including Minute 309(i) only) Head of Performance Improvement Head of Maintenance & Contracts Governance & Administration Manager RSM UK (External Auditor)(up to and including Minute 309(i) only) Wylie & Bisset (Internal Auditor)(up to and including Minute 312(ii) only)

305. Apologies for Absence

Apologies for absence were received from Pat Dawson and Willie Smalley.

306. Declaration of Interests

There were no declarations of interest.

307. Minutes of the Meeting held on 28 February 2019 and Confidential Minutes of the Meeting held on 28 February 2019

The Minutes and Confidential Minutes of the meeting held on 28 February 2019, having been previously circulated, were approved and signed by the Chair.

308. 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.

309. Priority Items

(i) Annual Accounts – Year to 31 March 2019

The Committee received Report PAC/5(i)/JUN/19 and a report in relation thereto from the Director of Finance & Resources. He began by giving thanks to the Head of Finance and her team for their work involved in preparing the annual accounts. He also thanked the External Auditors who had performed well with a new team.

The External Auditor confirmed that the Financial Statements gave a true and fair view of Bield's affairs and took the Committee through her Final Audit Findings Report. The following areas were highlighted:

Pages 3-7 – Audit and accounting issues identified at planning stage – some minor recommendations were raised in relation to: 'Management over ride of internal controls' and 'Cut-off maintenance and major repairs'. More detail on these was set out later in the report. In respect of pensions, the Chair advised that he was heartened by the External Auditor having expressed confidence that there was greater control of the pension position. A query was raised in respect of whether any audit technology was used to test all transactions e.g. fixed asset testing. The External Auditor advised that RSM did not use analytical testing for fixed assets at the moment although it was used for other areas.

Page 8 – Audit and accounting issues identified during the audit – an adjustment had been made to account for a discrepancy in rent for supported housing units and shared ownership units. An adjustment was also made in respect of Stage 3 income being set off against expenditure.

Page 11 – Significant findings from the audit – two recommendations had been outlined as follows: replacement of components – some corresponding disposals had not been removed from the Fixed Asset Register in relation to component additions to fixed assets. It was recommended that a review of the Fixed Asset Register should be performed to ensure there are no duplicate components; Member certificates – two certificates had not been available during the audit as these had accidentally been sent back to the new members. Checks should be made to ensure all certificates are held by Bield.

Page 14 – Internal Controls Statement – it was highlighted that this was within the accounts (pages 16-17) with Bield's report on page 15. The report for the SHR was on page 18 of the accounts.

Pages 15-18 – Letter of Representation – the External Auditor highlighted items 17 and 18 (deferred capital grant and Fife Council Flexicare contract respectively).

The External Auditor confirmed that overall the audit had gone very well and staff had been extremely helpful. The Chair expressed his thanks to the Director of Finance & Resources, Head of Finance and the External Auditor for their work.

The Performance & Audit Committee:

- (i) **noted the draft Accounts for the year to 31 March 2019 and agreed to confirm to the Board of Management that the Accounts were, in the opinion of the Performance & Audit Committee, balanced and fair and conformed to accounting standards; and**
- (ii) **noted the terms of the Auditor's Audit Findings Report.**

- (ii) Bield Improvement Group (BIG) – Scrutiny Report 'The Life of a Complaint'
The Committee received Report PAC/5(ii)/JUN/19 and a report in relation thereto from the Housing Operations Manager. The Director of Customer Services advised that this was the third report from the BIG.

The Director of Customer Services confirmed that management were happy to implement all but one of the recommendations highlighted within the report. In relation to Recommendation 2, and the suggestion to include reference to positive feedback within the complaints literature, it was noted that the current procedure was in line with SPSO guidance which advised that any complaints procedure should refer to complaints and not feedback or comments.

A query was raised as to whether timescales for completion of work were realistic. The Director of Customer Services confirmed that he felt that these were reasonably realistic and most would be in line with the organisational restructure.

Recommendation 1 from BIG was that a Complaints Action Group should be created to analyse a sample of complaints. The Group would comprise staff and tenants and meet quarterly. The management response indicated that quarterly meetings might be excessive and meeting twice a year might be more feasible. The Director of Customer Services suggested that a compromise could be sought to meet quarterly for the first year and then review thereafter. The Chair advised that his only reservation with this would be in relation to the time commitment from staff to attend meetings. If this was not an issue, however, the Chair was satisfied that quarterly meetings may be beneficial.

A suggestion was made for an existing group to be utilised, potentially the Partnership Forum, who could have complaints as a standing item on their agendas in order to not lose sight of this issue.

The Performance & Audit Committee noted and approved the management actions in the 'Life of a Complaint' report, subject to the suggested amendments above.

310. Performance

- (i) Key Performance Indicators – Q4 (January-March 2019)

The Committee received Report PAC/6(i)/JUN/19 and a report in relation thereto from the Head of Performance Improvement.

In relation to BR24 call volume, the Head of Performance Improvement advised that the data for this KPI had been more difficult to gather due to the Renfrewshire Council contract. It was hoped that more useful information would become available. It was noted that a dashboard for BR24 was also being introduced which could potentially display real time data to BR24 staff. This would inform the measure being developed for use as a KPI.

KPI 17. Hours provided by Bield at Home as a % of total capacity – it was noted that the current uptake was only 69% and the Chair queried what the target was in hours. The Chief Executive advised that the original business case set a target of 1,200 hours over 2 years, with 600 hours in the first year. It was noted, however, that the Bield at Home Co-ordinator had only recently been employed and therefore this was just the starting point. The Director of Customer Services advised that 200 hours were required in the first location before starting up in other areas. It was hoped to build up 200 hours per location.

KPI 20. % of stage 1 complaints answered within timescale and KPI 21. % of stage 2 complaints answered within timescale – a query was raised as to whether the total complaints figures could be added to the report for year to date. The Head of Performance Improvement confirmed that he would arrange this.

KPI. 1 – % of rent lost due to voids – a query was raised as to whether anything else could be done with void properties. The Head of Maintenance & Contracts advised that there were issues with access at some properties e.g. there was no lift, and these types of situations could be looked at as part of the Asset Management Strategy. It was noted, however, that a significant amount of work had been undertaken by staff in respect of voids. The Chief Executive highlighted that there was already a risk relating to voids on the Risk Register with relevant mitigating actions and controls in place. Further detail could be added to this document if required.

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 – June 2019

The Committee received Report PAC/6(ii)/JUN/19 and a report in relation thereto from the Head of Performance Improvement. He confirmed that most actions within the report were green with no red actions. All actions categorised as yellow or amber had been given more explanation within the report.

The following areas were discussed:

BS.05.02 – Control and seek savings in operating costs – it was noted that this action had no colour category attached to it. It was noted that this would not be shown in the next report as the current report format was being amended with revised actions coming out of the updated Business Strategy.

The Chair highlighted that he was pleased to see the four actions which had been completed as these were large pieces of work. He congratulated all involved in bringing these to their conclusion.

General discussion took place regarding the relationship between the % complete figure and the colour category. The Head of Performance Improvement advised that the colour category did not just relate to how much work had been undertaken on that action but also the priority it had been given. The Committee had previously requested that actions be shown in this way. It was confirmed that there was a degree of judgement involved and that the colour coding was determined by priority, timescales and percentage complete.

BS.09.01 – Refresh Asset Management Strategy and develop five year action plan – a query was raised as to why this was yellow if it was 100% complete. The Head of Performance Improvement advised that although the action was complete, it ran over time.

BS.06.01 – Review and implement revised Rent and Service Charge Policy – this should not be amber as it was completed on time. The Head of Performance Improvement advised that there must be an incorrect date in some a linked document which he would look into.

Overall, the Committee felt the report was really useful. The Head of Performance Improvement confirmed that he would add a 'priority' column within the dashboard report (e.g. L/M/H/VH)

The Committee reviewed the progress of the priority tasks and identified amendments to improve the report.

(iii) Complaints Update Report

The Committee received Report PAC/6(iii)/JUN/19 and a report in relation thereto from the Head of Performance Improvement. He advised that there had been an increase in rents over the last quarter, primarily due to the rent and service charge review, which had resulted in an increase in complaints. Communication remained the main reason for complaints.

The Chief Executive advised that the reasons for not meeting timescales was not always clear. He explained that, at times, a request was made to the complainant to extend the response time in order for further background work to be undertaken before a full response was given. These requests are generally accepted by the complainant. In respect of recording targets, however, this would still be classed as being late in relation to the SPSO process.

A request was made for information to be provided as to why the targets were not met and whether Bield were at fault for this. The Head of Performance Improvement confirmed that he could add further detail to the report.

The Chair suggested that it would be interesting to see how Bield's peers were performing in relation to complaints and comparisons could be made following publication of the ARC reports. The Head of Performance Improvement confirmed that very few RSLs reached their targets.

The Committee noted the contents of the Complaints Update Report.

- (iv) Confidential Item: Development Performance Report
- (v) Confidential Item: Property Services – Year End Report
- (vi) EFQM Committed to Excellence Project Validation Feedback Report
The Committee received Report PAC/6(vi)/JUN/19 and a report in relation thereto from Quality Scotland Assessors. The Head of Performance Improvement advised that a full report had been received from EFQM and that there had been an event with the Scottish Awards for Business Excellence at which Bield received its accreditation certificate.

The Head of Performance Improvement advised that a meeting was due to take place with Quality Scotland to look at next steps and moving forward to the next level of accreditation.

The Committee congratulated staff on this achievement.

The Performance & Audit Committee:

- (i) **discussed the report and noted areas of quality improvement that require action; and**
- (ii) **noted the recommendations for the next steps for recognition.**

311. Internal Audit

- (i) Internal Audit Reports
 - (a) Internal Auditor's Annual Report 2018-19
The Committee received Report PAC/7(i)(a)/JUN/19 and a report in relation thereto from the Internal Auditor. The Internal Auditor confirmed that there had been a clean internal audit in his opinion enabling him to give the Performance & Audit Committee reasonable assurance that there are no major weaknesses in Bield's risk management, control and governance processes.

Page 6 – Audit Findings – it was noted that activity was in line with the plan with all work now complete with no high priority recommendations required.

Page 7 – Benchmarking of Audit Recommendations – the Chair highlighted that Bield's performance against others did not appear great but that one report skewed the rest of the figures and if this was removed, the figures were much better. The Internal Auditor confirmed that this was the case. It was noted that for that particular report all of the recommended actions had been implemented.

Page 8 – KPIs – all targets had been met except that for management responses to reports

The Performance & Audit Committee noted the Internal Auditor's Annual Report for 2018-19.

(ii) Progress Update on Audit Recommendations

The Committee received Report PAC/7(ii)/JUN/19 and a report in relation thereto from the Head of Performance Improvement. He advised that some actions were overdue and were shown in red within the report.

Committee were cheered by the list of completed actions although it was stressed not to lose sight of others to ensure they were progressed.

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

311. Policies

(i) Draft Risk Management Policy

The Committee received Report PAC/8(i)/JUN/19 and a report in relation thereto from the Head of Performance Improvement. He confirmed that this was due to be reviewed at the next Board meeting in July. There were currently a Risk Management Strategy, a Risk Management Policy and a Risk Management Procedure. These three documents would be combined into one.

In relation to risk appetite, the Head of Performance Improvement explained that there was now a statement in the report in relation to different areas of the Business Strategy.

The Performance & Audit Committee recommended the draft Risk Management Policy to the Board for approval.

312. Risk Management

(i) Risk Register Update

The Committee received Report PAC/9(i)/JUN/19 and a report in relation thereto from the Head of Performance Improvement. He advised that the report provided a summary of all risks contained in the corporate risk register and those which had scored severe or substantial in more detail.

In relation to Risk R31, the Chair suggested that although Brexit could have an effect on service costs, it could also affect costs generally impacting on rents as well as service costs and the risk should be amended accordingly.

In relation to Risk R14, it was noted that some text was missing from the comments column and the Head of Performance Improvement confirmed that this would be available in the Board Area of Grapevine in full.

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

(ii) Risk Management Annual Report

The Committee received Report PAC/9(ii)/JUN/19 and a report in relation thereto from the Chief Executive. He confirmed that the report provided a summary of risk activity over the last year. The Committee were encouraged by both the active and pro-active approach to risk.

The Performance & Audit Committee:

- (i) **considered the terms of the paper; and**
- (ii) **confirmed that there was a satisfactory system in place for the review of risk.**

313. Any Other Business

(i) Confidential Item: Appraisal of External Auditor

(ii) Confidential Item: Appraisal of Internal Auditor

(iii) Confidential Item: Appointment of External Auditor

(iv) Annual Report to the Board of Management

The Committee received Report PAC/10(iv)/JUN/19 and a report in relation thereto from the Director of Finance & Resources.

A query was raised as to whether comprehensive budgeting systems were a risk which should be on the Risk Register. The Chief Executive confirmed that systems were in place which were robust and comprehensive. He did acknowledge, however, that improvements could be made in relation to monitoring budgets, in particular in relation to training and supporting budget holders in order to produce better projections.

The Director of Finance & Resources advised that following an audit on budgeting, strong assurance was received with only 2 low priority recommendations which management had not accepted. It was agreed to refine the risk on the Risk Register to take into account comments made.

The Committee approved the Annual Report from the Performance & Audit Committee for submission to the Board of Management on 4 July 2019.

314. Date of Next Meeting

The date of the next meeting was confirmed as Thursday 15 August 2019 in Edinburgh.

The Committee acknowledged that this was the Chief Executive's last Committee meeting before leaving Bield. He was thanked by all Committee members for his input to the Committee's work.