

**Minutes of the Meeting of the Performance & Audit Committee
held on Thursday 21 June 2018
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 G Dunlop Ms C Innes Ms H Thomson Mr A Strickland Miss C Beesley Mr G Gillespie Ms K Adams	Chief Executive Director of Finance & ICT Services (up to and including Minute 266(i) only) Interim Director of HR Assistant Director: Finance Services (up to and including Minute 266(i) only) Head of Development (Minute 267(iii) and 267(iv) only) Assistant Director: Property Services Business Improvement Manager Governance & Administration Manager Wylie & Bisset (Internal Auditor) (up to and including Minute 270(ii), excluding Minute 266(ii)) RSM (External Auditor) (up to and including Minute 266(i) only)

262. Apologies for Absence

There were no apologies for absence.

263. Declaration of Interests

There were no declarations of interest.

264. Minutes of the Meeting held on 16 March 2018 and Confidential Minutes of the Meeting held on 16 March 2018

In respect of Confidential Minute 256(iv) – Confidential: Development Performance Report, in respect of to the setting of rents, it was highlighted that the report was not only noted but that assurance had been sought by the Committee that policies and

practice were in place to ensure that the issues encountered did not occur again. Finally, it was suggested to amend the word 'cascaded' on page 2 of the Confidential Minute to 'phased'.

Thereafter, the Minutes and Confidential Minutes of the meeting held on 16 March 2018, having been previously circulated, were approved and signed by the Chair.

265. Business Arising from Previous Meeting

(i) Action List from Meeting held on 16 March 2018

The Chair highlighted that on Page 4 of the action list, the second last and third last actions had in fact been completed. Disappointment was expressed that the final item on the list had not yet been completed.

The Committee noted the position.

266. Priority Items

(i) Annual Accounts – Year to 31 March 2018

The Committee received Report PAC/5(i)/JUN/18 and a report in relation thereto from the Director of Finance & ICT Services. The Director of Finance & ICT Services wished to express his thanks to the Finance team in preparing the accounts. He felt that this year the process had been more efficient than in previous years and credit was due to the team in this respect.

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:

Page 7 – Historical RAM Data - it was noted that, given the communal nature of some of Bield's developments, it was unlikely that a whole roof would be replaced but, rather, partial replacements would be undertaken. This issue would be discussed with Property Services staff going forward and a decision made on how to deal with this for future years.

Pages 7 and 8 – Sleepover Accrual – the Auditor had suggested that, given the calculation of sleepover payments was an estimate, this should be brought out in the Balance Sheet as a provision. The Director of Finance & ICT advised that the outcome of the recent Court appeal in relation to sleepover payments was still awaited and an appropriate allowance was included in accruals.

Page 15 – Letter of Representation – in relation to item No. 15, the Director of Finance & ICT Services advised that the wording had been amended to reflect that Bield had no tax avoidance schemes in place.

In relation to Page 18 of the Annual Accounts, the Chair queried the statement '...through enquiry of certain members of the Board of Management and Officers of Bield Housing & Care...' and asked the External Auditor what action had been taken in respect of Board members. The External Auditor advised that this related to

attendance at meetings or general conversations with management. She confirmed that she had not met with any individual Board members during the review. It was noted that the wording in this section was standard wording used by the Regulator and that, if there were any concerns, this would be raised by the External Auditor as appropriate.

The Chair, in conclusion, wished also to praise the work undertaken by Finance staff and agreed that the process had appeared more efficient this year.

The Committee:

- (i) noted the draft Accounts for the year to 31 March 2018 and would confirm to the Board of Management that the Accounts are, in the opinion of the Performance & Audit Committee, balanced and fair and conform to accounting standards; and**
- (ii) noted the terms of the Auditor's Audit Findings Report.**

(ii) Annual Report to the Board of Management

The Committee received Report PAC/5(ii)/JUN/18 and a report in relation thereto from the Director of Finance & ICT Services. The Chair highlighted some typos on page 2 of the report as follows:

First Paragraph – '1 March 2018' should read '16 March 2018'

Fourth Paragraph – 'TIAA' should read 'Wylie & Bisset'

Sixth Paragraph – on the second line, 'review's' should read 'reviews'.

The Committee approved the Annual Report from the Performance & Audit Committee for submission to the Board of Management on 5 July 2018, subject to the above amendments.

(iii) Investors in People Reaccreditation

The Committee received Report PAC/5(iii)/JUN/18 and a report in relation thereto from the Interim Director of HR. She advised that, in her view, proceeding with reaccreditation would be useful to inform the People Strategy and would be a test of current staff perceptions of the organisation. She confirmed that there was budget set aside for the work and that there were sufficient HR resources to take this forward.

It was highlighted that previous concerns had been raised in respect of whether the accreditation was still relevant and what impact the work may have on competing tasks within the organisation, resources and costs. It was noted that the IIP framework had recently been updated and improved to make it more relevant and business focussed. It was agreed that the reaccreditation would help with the People Strategy work.

The Chief Executive confirmed that proceeding had the full support of the SMT although there were discussions around the possible risk of not receiving 'Gold' accreditation and any consequences of this would require to be carefully managed.

A query was raised as to whether there was an overlap between the IIP accreditation and work undertaken in respect of EFQM. The Business Improvement Manager confirmed that there was a degree of overlap but some areas of EFQM could be cut back as a result of the work done for the IIP accreditation.

The Performance & Audit Committee:

- (i) noted the information with regards to the new IIP Framework and the work required to undertake re-accreditation; and**
- (ii) agreed that IIP accreditation should be renewed in line with current business priorities**

267. Performance

(i) Confidential Item: Key Performance Indicators – Quarter 4 (Jan-Mar 2018)

The Committee received Report PAC/6(i)/JUN/18 and a report in relation thereto from the Business Improvement Manager. The following areas were discussed:

Page 1 of cover report – Voids – it was noted that the new housing units at Fleming Place had been included in the stock figures as they were handed over to Bield in March although tenancies were not filled until April.

Page 1 of cover report – rent arrears – a query was raised as to whether the arrears of c£345K would be received. It was noted, however, that the bulk of these monies related to Housing Benefit coming from local authorities and, again, was a timing issue. The Chief Executive confirmed that arrears could be split between technical and non-technical if required although a view had been taken in the past not to present this to Committee. He felt the more relevant figure related to write offs over the year. He stressed that the arrears figure was low compared to other RSLs. In respect of the decrease of c£28K, it was noted that arrears during the first half of the year were generally higher than in the second part of the year. A query was raised as to why this figure had reduced and what had been done to make this happen. The Chief Executive confirmed that housing teams had been instructed to place more emphasis on void reduction and arrears recovery which was likely to have helped.

Page 2 of cover report – Service charge arrears – it was noted that these related to Owners but that any arrears would be recovered upon the sale of properties.

Page 3 of cover report – Complaints answered within timescale – a comment was made that it was not reasonable to say that a complaint could not be dealt with due to other workloads and that complaints should be dealt with as a priority, regardless of other work ongoing. A query was raised as to how many complaints had not been dealt with for this reason. The Interim Director of HR advised that she would check and report back. She explained that, in some instances, a particular member of staff had to deal with the complaint if, for example, a complaint had been made about a member of staff then their manager would have to investigate. It was felt, however, that cover should be provided in those circumstances if the manager was not available. The Interim Director of HR confirmed that customers were kept informed regularly and extensions to timescales requested when necessary.

Page 3 of cover report – Staff Indicators – a query was raised as to whether there was further information in respect of dismissals and whether there were any emerging themes in this respect. The Interim Director of HR confirmed that she would check this and report back.

In respect of aspects of Bield's performance in need of improvement or further investigation, the Chair suggested that the summary provided on Page 2 of the Performance Report was generally satisfactory but that he would like to see the addition of 'Indicator 4 - % of tenants satisfied with the overall service provided by landlord' – as he felt this was a key area which should be looked at with a view to improving satisfaction levels.

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 while taking into account the request by the Chair to include the above KPI.

(ii) Business Strategy Tasks – Quarter 4 (Jan-Mar 2018)

The Committee received Report PAC/6(ii)/JUN/18 and a report in relation thereto from the Business Improvement Manager. He advised that the report would be the final one which related to the old Business Strategy. Moving forward, a new report would be aligned to the new Business Strategy.

The Business Improvement Manager advised that there were a couple of completed tasks which had appeared on the last report which should have been removed.

In respect of the review and implementation of the revised Rent and Service Charge Policy, the Chief Executive advised that the consultants were currently undertaking this work but were still to consult with tenants. A draft report was expected soon which would go to the Board in August. It was hoped that the consultation process would be concluded by the end of the calendar year.

The Performance & Audit Committee noted the current update for the Quarter 4, 1 January – 31 March 2018.

(iii) Complaints Update

The Committee received Report PAC/6(iii)/JUN/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 the annual complaints activity. She updated the Committee on a previously highlighted complainant who was now being dealt with under the Unacceptable Actions Policy. A date had been set for the next tribunal hearing which was due to take place on 11 July. It was noted that all incoming emails had been blocked from the owner barring one email address to try and limit the amount of staff time in dealing with numerous emails. The Committee would be advised of the outcome of the tribunal in due course.

It was acknowledged that it was extremely difficult for staff to deal with persistent complainers and a query was raised as to whether mediation could be an answer. The Interim Director of HR advised that this had already taken place, which it had been thought to be successful, but the owner continued to complain. She also confirmed that discussions had taken place with the First Tier Tribunal but that they had not been able to provide any advice.

In respect of those complaints listed as having been escalated from Stage 1 to Stage 2, a query was raised as to what these complaints related to. The Interim Director of HR advised that most complaints tend to be of an informal nature and dealt with at Stage 1. However, the customer is not always satisfied with the answer given and may escalate to a Stage 2 for further investigation.

A query was raised as to what 'Other' complainants might be. It was noted that this could relate to complaints from applicants, neighbours or the local community. A further query was raised as to how many complaints might have been received as a result of the care closures. The Interim Director of HR advised that there were generally fewer complaints relating to Care than there were relating to, for example, Housing or Property.

The Performance & Audit Committee noted the contents of the Complaints Report for the period 1 April 2017 – 31 March 2018.

(iv) Confidential: Development Performance Report

The Committee received Report PAC/6(iv)/JUN/18 and a report in relation thereto from the Head of Development.

In respect of The Walled Gardens, the Head of Development confirmed that, going forward, cancellations of reservations would also be reported. There had been two cancellations during April which was disappointing. It was noted that a summary of the sales and marketing status would be provided to the Board at its meeting on 5 July. The Head of Development advised that there had been less interest during mid-May and June with reduced footfall. Work was continuing with a meeting due to take place with the agents the following week. The Head of Development had expressed her dissatisfaction with sales but highlighted that there had been a change of sales negotiator at the site. A new staff member was now in place and it was hoped that more focus could be given to marketing and sales of the flats.

The Head of Development advised that there had been no new reservations in Q1 with no 'warm' leads.

In respect of the planning application for Robertsons' proposed student accommodation, the Head of Development advised that plans had slightly changed in respect of where the hotel and student accommodation would sit on the site and this was being progressed. The Head of Development did not think that the proposed student accommodation had had an effect on potential buyers but had perhaps had more of an impact on current owners.

In respect of Bield's appeal against the Council's refusal to allow a reduction in the age restriction, the Head of Development advised that a decision was imminent. She did, however, caution that even if the appeal was successful, this may not have a huge impact on sales although it would open up the market.

The Performance & Audit Committee noted the content of the report.

(v) Confidential Item: Property Services – Year End Report

The Committee received Report PAC/6(v)/JUN/18 and a report in relation thereto from the Assistant Director: Property Services. A new copy of the report had been circulated as there was a typo in the original paper. This related to the table on page 2 of the report under 'Housing Spend', 'Day to Day Maintenance' - the figure should read £1,424,577.

The Chair queried why there had been no budget for kitchens. The Assistant Director: Property Services advised that there had been an early adjustment due to a budget error. There had been some miscommunication between Property and Finance which had now been resolved.

In respect of Appendix 3, it was noted that there was nobody on the waiting list for Stage 3 Adaptations at the end of the programme which was welcomed as were the savings made in respect of heat, light and power.

In relation to Appendix 4, it was noted that some of the total figures did not match. This was due to figures for two development led contracts carried forward from 2016/17 not having been included. Steps would be taken to ensure such projects would be recorded in future.

The Performance & Audit Committee noted the Property Services – Year End report 2017-18.

(vi) Annual Return on the Charter (ARC) Update

The Committee received a verbal report from the Business Improvement Manager. He advised that the ARC had been approved by the Board on 24 May and had thereafter been submitted to the Scottish Housing Regulator. A detailed report would be provided in August.

The Committee noted the position.

268. Internal Audit

(i) Internal Audit Reports

(a) Internal Auditor's Annual Report 2017-18

The Committee received Report PAC/7(i)(a)/JUN/18 and a report in relation thereto from the Internal Auditor. All planned works had been completed.

The Internal Auditor advised that all four audits had received a strong or substantial grading with 15 recommendations in total. Of those 15, 10 were medium priority and 5 were low. This was better than comparative organisations.

It was noted that there were some typos on page 8 of the report in relation to the number of working days and the Internal Auditor confirmed that he would make the necessary changes for the final report.

The Committee noted the Internal Auditor's Annual Report for 2017-18.

(ii) Progress Update on Audit Recommendations 2017-18 Q4 (Jan-Mar 2018)

The Committee received Report PAC/7(ii)/JUN/18 and a report in relation thereto from the Business Improvement Manager. He advised that the report highlighted progress made towards the delivery of agreed internal audit recommendations and follow-up report recommendations from previous audits carried out by TIAA.

An updated Appendix had been circulated to the Committee prior to the meeting. The following areas were discussed:

Page 4 – 16-06 Internal Communications – Provide training for managers to ensure that they are aware of their responsibilities to cascade relevant Bield communications to staff – it was noted that this was not fully complete as detailed in the report but was on track

Page 5 – Audit – Complaints Handling – the procedural documentation relating to complaints extensions will be reviewed to ensure adherence to the policy – it was noted that the status is 'not started' although the comments indicated that work was almost complete. The Interim Director of HR confirmed she would check the correct status of the action.

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

269. Policies
Nil

270. Risk Management

(i) Risk Management – Annual Report

The Committee received Report PAC/9(i)/JUN/18 and a report in relation thereto from the Chief Executive. The Committee advised that they were given comfort

that not only current risks were identified but also emerging risks. It was agreed that the report was very helpful.

The Performance & Audit Committee:

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

(ii) Risk Register 2017-18 (Mar-Jun 2018)

The Committee received Report PAC/9(ii)/JUN/18 and a report in relation thereto from the Business Improvement Manager. As per previous discussions, it was noted that, on page 9 of the risk report, the word 'disgruntled' should be amended.

The Committee scrutinised the report and confirmed that, taking into account the suggestion made, the current controls and mitigating actions were sufficient to manage the identified risks.

271. Any Other Business

- (i) Confidential Item: Appraisal of External Auditor
- (ii) Confidential Item: Appraisal of the Internal Auditor

272. Date of Next Meeting

The date of the next meeting was confirmed as Thursday 16 August 2018 in Edinburgh.