

**Minutes of the Meeting of the Performance & Audit Committee
held on Thursday 9 November 2017
79 Hopetoun Street, Edinburgh**

PRESENT:	Mr D Scobie	Chair
	Ms P Dawson	
	Mr R Fernie	
	Ms I McGarvie	
	Mr G O'Sullivan	
	Mr W Smalley	
IN ATTENDANCE:	Mr B Logan	Chief Executive
	Mr S Smith	Director of Finance & ICT Services
	Mrs N Harcus	Interim Director of HR
	Ms C Innes	Head of Development (Minute 245(iv) only)
	Mr A Strickland	Business Improvement Manager
	Miss C Beesley	Governance & Administration Manager
Mr S Pringle	Wylie & Bisset (Internal Auditor)	

The Chief Executive opened the meeting by seeking nominations for the position of Chair of the Performance & Audit Committee. Mr Smalley nominated Mr Scobie which was seconded by Mr O'Sullivan. Mr Scobie accepted the nomination and was therefore elected as Chair for the forthcoming year up to the Annual General Meeting due to take place in September 2018.

The Chair welcomed the new members to their first meeting of the Committee.

240. Apologies for Absence

There were no apologies for absence.

241. Declaration of Interests

There were no declarations of interest.

242. Minutes of the Meeting held on 15 August 2017 and Confidential Minutes of the Meeting held on 15 August 2017

The Minutes and Confidential Minutes of the meeting held on 20 June 2017, having been previously circulated, were approved and signed by the Chair.

243. Business Arising from Previous Meeting

(i) Minute 234(i) – Confidential: Key Performance Indicators – Quarter 1 (April-June 2017)

The Chief Executive advised that, in respect of reference to tenancy refusals and whether waiting lists were refreshed frequently, he had spoken to Housing colleagues who had firstly clarified that Bield did not hold a 'waiting list' which was based on how long someone had been on the list but, Bield operated a 'housing list' which was based on need. Secondly, the Chief Executive confirmed that an annual review of the housing list was undertaken. Letters were sent to applicants on the list and if no response was received, a further letter was sent out. If, after the second letter had been sent there was still no response, applicants were removed from the housing list.

In respect of Bield's comparators, it was noted that for the 2016/17 year, Bield's refusal rate was 26%, Hanover's was 29% and Trust's was 21.9%. The Scottish average was 37%.

244. Priority Items

(i) Introduction of EFQM Quality Management Framework

The Committee received Report PAC/5(i)/NOV/17 and a report in relation thereto from the Business Improvement Manager. He advised that a commitment had been included in the Business Strategy to look at reviewing and implementing corporate Quality Management Systems. Various options had been considered but the Senior Management Team had agreed that the EFQM Excellence Model most suited Bield's requirements.

It was explained that the Model was divided into nine sections which were split into two categories, namely, 'enablers' and 'results'. Enablers covered what the organisation does and how it does it whilst results related to what the organisation achieved.

The Business Improvement Manager advised that two workshop sessions had taken place, one for the Senior Management Team and the second for a group of other staff. These meetings were fairly 'light touch' with the purpose of introducing staff to self-evaluation and the Model. Feedback from the two workshops would be reported to the Senior Management Team who would thereafter prioritise which actions should be taken forward. In order to gain 'Committed to Excellence' accreditation, Bield must demonstrate that it has implemented three of the actions arising from EFQM. The actions would then be incorporated into departmental plans and progress reported to the Committee.

In respect of internal audit, it was noted that there had been an agreed reduced number of days for audits this year. Audits were now focussed on longer duration assurance reviews rather than regularity reviews. The STAR system used within Care provides similar assurance to that of the regularity reviews. However, a similar system may need to be developed for both Housing and Owner Services developments.

A query was raised as to how staff and the Senior Management Team ensure that the three actions to be prioritised were not just those which were the easiest to complete but that they were chosen as they were priority areas which were important to the business. The Business Improvement Manager advised that the long list could be brought back to the Committee if this was felt helpful. It was agreed that, given the next Committee meeting was not due to take place until March 2018, it would be useful if contact could be made with Committee via email. The Chief Executive advised that the Senior Management team were due to meet in early December to discuss the action list. They would choose three actions which it was felt were important to Bield. Thereafter, Committee members could be sent an email with the three actions to ensure they were satisfied with the decision of the Senior Management Team.

It was also suggested that success would require to be measured and the Business Improvement Manager advised that the actions would have a direct link to the KPIs depending on what actions were chosen to take forward.

The Performance & Audit Committee reviewed the arrangements described in the report and approved the further development of the EFQM framework.

245. Performance

(i) Confidential: Key Performance Indicators – Quarter 2 (July-September 2017)

(ii) Business Strategy Tasks – Quarter 2 (Jul-September 2017)

The Committee received Report PAC/6(ii)/NOV/17 and a report in relation thereto from the Business Improvement Manager. He advised that, following feedback, the report would be amended for the next meeting as it did not reflect some of the business transformation work being undertaken. The report mainly focussed on the tasks in the previous Business Strategy and some amendments to wording was required. The Business Improvement Manager made a correction to the second page of the cover paper which stated that 12 tasks were on track when this should read 11 tasks.

The Chair suggested that more work was required to enable Committee to get a feel for how progress was being made against original deadlines as this was not very clear. He also requested page numbers to be added to the report. He highlighted that he felt there had been an improvement to the comments section which was more useful and up-to-date.

It was suggested that information be added to show the impact of those tasks which were showing as 'Slightly' or 'Significantly' behind schedule and how these would get back on track.

A query was raised in respect of the setting up of a trading subsidiary and the Chief Executive advised that this had been an outstanding task for some time. He explained that having a trading subsidiary would allow the exploration of housing for outright sale and the possible expansion of BR24 and Owners Services which

could provide more commercial business. However, a decision would require to be made as to whether this would be worthwhile and cost effective.

In respect of the rent and service charge review, the Director of Finance & ICT Services confirmed that the issue with the previous consultant did not impact on any other areas of Bield's business.

The Performance & Audit Committee noted the current update for the Quarter 2, 1 July – 30 September 2017.

(iii) Complaints Update

The Committee received Report PAC/6(iii)/NOV/17 and a report in relation thereto from the Interim Director of HR. She provided an update in respect of a complaint which had been heard by the First Tier Tribunal on 21 August 2017. The outcome of this hearing had now been received some 9½ weeks after the meeting. The decision of the First Tier Tribunal had been that there had been no breach of the Code of Conduct for Property Factors and the unanimous decision went in Bield's favour with no recommendations. The complainant now had 30 days to appeal the decision. The complainant had since been in touch via email to congratulate staff along with a further list of complaints. Mediation was being set up to try and resolve any outstanding issues the complainant had and to try to get an understanding of his expectations. Bield would also look to invoke the Unacceptable Actions Policy if the complainant continued to pursue complaints which had already been closed.

The Committee commended all staff involved in the case and for reaching the positive outcome of the tribunal hearing.

The Interim Director of HR advised that there was a further First Tier Tribunal due to take place on 21 November which the Director of Asset Management would be attending.

Further discussion took place on the complaints process and who decided when a complaint was closed. The Interim Director of HR explained the process, per the Complaints Policy.

The Performance & Audit Committee noted the contents of the Complaints Report for the period 1 July – 30 September 2017.

(iv) Confidential: Development Performance Report

(v) Scottish Social Housing Charter – Performance Report 2016/17

The Committee received Report PAC/6(v)/NOV/17 and a report in relation thereto from the Business Improvement Manager. He advised that the report provided an overview of Bield's performance in relation to each of the indicators of the SSHC for 2016/17.

It was noted that, in relation to tenant satisfaction, the last survey was completed in 2016 with the next one not due to be undertaken until 2018.

In respect of Indicator No. 6 – Percentage of tenants satisfied with the opportunities to participate in the landlord’s decision making – a query was raised as to what Bield could be doing better in this area. It was suggested that it may be that the collation of information had been undertaken prior to the creation of the BIG and perhaps the next survey would show an improvement. The Interim Director of HR confirmed that this was being looked at and that customers maybe didn’t connect with information in the Bulletin or through other medium. The tenant member of the Committee confirmed that, at his development, most tenants do not read the Bulletin.

Other areas of the report were discussed as follows:

Page 3 – rent increases – slightly higher than comparators

Page 3 – weekly rent – also higher than comparators but Bield’s figures include service charge costs which is the way the SHR wish this indicator reported

Page 3 – Management fee for factored properties – higher than comparators but Bield provide a different service

Page 5 – rent arrears – lower and performance better which was also reflected in the rent collected figure

Page 6 – relets – some good progress here with the number of days and voids having reduced. There had also been a reduction in refusals. In respect of the 10 sites with high voids, the Chief Executive confirmed that this was monitored monthly by the Senior Management Team. He explained that, historically, these developments had caused issues, mostly due to the fact that they were either bedsits/studio flats, they may have access issues or the developments are rural or have de-population issues. This was being dealt with through the Asset Management Strategy with some potential strategic decisions requiring to be made.

Pages 7, 8 & 9 – repairs and maintenance – relatively good progress with Bield being on a par or better than comparators in all but that relating to adaptations.

Pages 10 & 11 – complaints – Stage 1 complaints had better performance than Stage 2 complaints. It was noted that having percentage figures may not be useful given one complaint could skew the whole result.

Page 12 – Anti-Social Behaviour – relatively low figures mainly due to Bield’s client group

Page 14 – staff/sickness – there was no Scottish average data as there was insufficient data returned in this respect

Pages 15 & 16 – staff, tenants, applicants and Board members by equality characteristic – a query was raised as to why gender information was not requested. However, it was noted that this information was usually asked for and that it may be that it was not provided within the summary report.

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

246. Internal Audit

(i) Internal Audit Reports

(a) Complaints Handling

The Committee received Report PAC/7(i)(a)/NOV/17 and a report in relation thereto from the Communications & Marketing Manager.

The Internal Auditor confirmed that the audit had received an overall substantial level of assurance and controls were largely in place. There were three medium priority recommendations and four low priority recommendations made which management had agreed with.

Committee agreed that it was a good report which was easy to follow.

The following areas were discussed in more detail:

Page 12 – in respect of the Management Response, it was noted that a procedure should not be amended just to reflect current practice but to make things work better. The Interim Director of HR advised that there was already an internal procedure in place and required to be updated. The Chief Executive confirmed that this would be looked at as part of the organisational review process and that this should be highlighted in the response in the audit report. It was also noted that any new or updated procedure would be approved by the OMT and circulated to all staff. Again, this could be added to the response in the audit report.

Page 14 – In respect of the Responsible Officer, it was felt that this should be owned by a department Director rather than the Communications & Marketing Manager although she could be the enabler. It was also queried how Committee would know when actions had been signed off and who would be dealing with this. The Interim Director of HR advised that actions would be recorded in departmental plans. The Committee would be informed of progress via the quarterly ‘Progress Update on Audit Recommendations’.

Page 18 – in respect of communications with customers regarding complaints, the Chair suggested that this was an area which the BIG could look at. It was

agreed that the Partnership Forum could put this forward as a recommendation to the Group but that it was ultimately their decision which areas they wished to investigate. The Interim Director of HR confirmed that she was looking to review information to customers which would include working with groups such as the Partnership Forum and BIG. A query was raised in respect of reference to customer involvement and that more positive approaches should be looked at in respect of mechanisms for feedback. In respect of ownership of complaints, the Interim Director of HR confirmed that there was a corporate complaints system whereby complaints were allocated to the most appropriate person and monitored centrally. It was noted that Directors could access complaints on the system at any time but that they did not necessarily always have knowledge of every ongoing complaint. It was suggested that Directors should be aware of all complaints in their area even if they were not directly dealing with them. It was felt by some Committee members that timescales for responding to complaints should always be met, regardless of whether staff were off sick or for any other reason other than external factors outwith Bield's control. The Interim Director of HR advised that some complaints were so complex that more time was required to investigate and fully respond. The Chief Executive confirmed that this could be looked at but that he could not guarantee that other areas of the business would not fall behind. The Chair suggested that, rather than rush into any decision at the meeting, complaints would have to be looked at more closely and a determination made as to what the priorities were, e.g. complaints, voids, cashflow etc.

Page 19 – a query was raised in respect of reference to a gap in communication for new tenants and the implementation date of March 2018. It was explained that there were more actions required under this heading and it was suggested that all actions be implemented by March 2018 though some actions may be implemented sooner.

The Committee asked to be kept informed and provided with feedback. The Business Information Manager advised that he would be looking at the audit recommendations and would report back at that time.

The Performance & Audit Committee approved the Complaints Handling Audit report and took on board Committee's comments per discussion at the meeting.

(ii) Progress Update on Audit Recommendations Q2 (July-September 2017)

The Committee received Report PAC/7(ii)/NOV/17 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.

It was noted that 8 actions had not started, 5 were on track, 8 were complete, 1 was significantly behind schedule and 4 were slightly behind schedule.

The Committee agreed the report was useful but it was felt that it would be helpful to have information as to whether the audit recommendations were high, medium or low priority. The Business Information Manager confirmed that this could be

added to the report. The Chair also suggested that it would be helpful to have information relating to when the audit recommendation had been made, together with page numbers. It was also suggested that a comment should be added to any targets which had changed date to explain why this had occurred.

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

247. Policies
Nil

248. Risk Management

(i) Risk Register Q2 (July – September 2017)

The Committee received Report PAC/9(i)/NOV/17 and a report in relation thereto from the Business Improvement Manager. He advised that the format of the report had recently changed and it showed the severe and substantial risks in more detail.

In respect of Risk 14, it was noted that this was stated as ‘Moderate’ within the report but ‘Substantial’ within the covering paper. The Business Improvement Manager would look into this and update accordingly.

With reference to Risk 13 (Pensions), it was noted that there was no mitigating action attached even though the risk was severe. The Director of Finance & ICT Services confirmed that there was not much that Bield could do in respect of pensions as any deficit had to be paid regardless of whether this had been budgeted for. A Committee member advised that she had spoken with contacts at PwC who had offered to meet with staff regarding this to see if they could offer some advice. There would be no cost to Bield for this service and PwC had worked with other organisations who were in the same pension scheme as Bield. The Chief Executive confirmed that appropriate advice had been sought from Punter Southall regarding this although perhaps PwC could be asked to provide advice at the next valuation time. It was suggested that this could be brought to the Remuneration Committee’s next meeting due to take place on 7 December. The Committee member agreed to discuss the matter further with the Chief Executive and Director of Finance & ICT Services outwith the meeting in this respect.

In respect of Risk 25, a query was raised as to the negative wording being used in the description of the risk. The Chief Executive provided the background to the position and a previous difficult relationship with a Union official.

The Performance & Audit Committee:

- (i) **scrutinised the report and confirmed that the current controls and mitigating actions were sufficient to manage the identified risks**

249. Any Other Business

There was no other business.

250. Date of Next Meeting

The date of the next meeting was confirmed as Thursday 1 March 2018. Apologies for the meeting were received from Ms P Dawson.