

CONFIRMED MINUTES

AFR 09.03.2026

At the **AFR 11.05.2026** on **11 May 2026** these minutes were **confirmed as presented**.

Name:	Audit, Finance and Risk sub-committee
Date:	Monday, 9 March 2026
Time:	10:30 am to 11:45 am (GMT)
Location:	Default Location, Morrison House, Bayfield, Portree
Committee Members:	Mr Robin Nairn (Committee Chair), Mrs Audrey Sinclair, Mr Robert Muir, Steven Proudfoot, Mr Tim Wallis
Attendees:	Ben Thomas, Jennifer MacInnes, Lowri Richards
Apologies:	Mr David Clapham, Mr Ian Young

1. Opening Meeting

1.1 Apologies

Ian Young and David Clapham passed on their apologies as they were unable to attend.

2. Declarations of Interest

2.1 Declarations of Interest

There were no new declarations of interest noted.

3. Minutes of Previous Meeting

3.1 Minutes of Previous Meetings

AFR 09.02.2026 9 Feb 2026, the minutes were confirmed as presented.

The minutes were approved by the Board on 16 February 2026.



Approved at Board Meeting on 16th February 2026

The minutes of the AFR Sub-committee meeting held on 9 February 2026 were proposed by Ian Young, seconded by Audrey Sinclair and approved unanimously at the Board Meeting held on 16 February 2026.

Decision Date:	9 Mar 2026
Mover:	Mr Ian Young
Seconded:	Mrs Audrey Sinclair
Outcome:	Approved

4. Decision Tracker

4.1 Action List

Due Date	Action Title	Owner(s)
6 Oct 2025	Risk Management & Risk Register Status: In Progress	Ben Thomas
20 Feb 2026	Recommendations from wbg Report to be amended as agreed with AFR Status: Not Started	Ben Thomas
11 May 2026	Review performance targets Status: Completed on 21 Apr 2026	Ben Thomas, Lowri Richards

5. Matters Arising

5.1 Other matters arising

There were no other matters arising.

6. AFR Business

6.1 Final Financial Plan / Budget 2026-2027

DoFI provided the updated Financial Plan and Budget for 2026-2027 as well as the five-year financial plan for 2026-31.

This included the Statement of Comprehensive Income, Statement of Financial Position and Cash Flow.

The income, expenditure and development timetable assumptions underlying the figures in these papers are those approved at the 9th February 2026 AFR and subsequent Board meeting.

There are some items currently in negotiation which could potentially increase income, however these have not been included in the Financial Plan as they are not yet finalised.



Final Financial Plan / Budget 2026-2027

Members **approved** the final financial plan and Budget 2026-2027 to be taken to the Board for ratification.

Decision Date: 9 Mar 2026

Outcome: Approved

6.2 30 Year Plan / Budget

DoFI provided the 30 year Financial Plan Report. He provided a PowerPoint presentation on the 30 year plan, showing changes to key assumptions vs last year's plan and the sensitivity of the plan to changes in key assumptions.

In response to a member's question regarding the Care and Repair Service, it was confirmed that the service is a community service and clients are mainly non-tenants, this service is balanced financially.

DoFI advised that the a more generous expenditure budget has been included, with more realistic staff and repairs costs. He showed comparisons with interest rates, rental income, unit numbers, debt, staffing and repairs costs and how these affect the financial position. He advised they are currently looking at ways to improve efficiency within the Technical Team through upgrading roles, increased training and providing mobile access to the HomeMaster system.

He provided information showing the figures with key sensitivities with the impacts of void levels, reactive and cyclical maintenance and loan interest.

Members noted this is a model and we can revisit the actual figures with what's actually happening against the model and make decisions along the way on how we progress with developments.

Members advised that the 30 Year Financial Plan ties in well with Risk Management, and that it is possible that we may not be able to continue increasing rent by CPI + 1%. The risk of continuing as a member of EVH was also raised as we have to adopt their annual wage increases. CE advised that we are not alone in being concerned about the impact of EVH salary increases and other landlords are also finding challenges with this. She advised that we need to consider alternatives to EVH over the next 12 months and review our options.

Members were comfortable with the 30 year plan as there are enough review points and advised that the 5 year plan is slightly more concerning due to the current geopolitical situation. DoFI advised that on a positive note around 50% of our interest rates are currently fixed which gives a level of certainty for an element of our debt for up to 10 years, which gives us stability in that respect as well as all the review points where decisions, mainly on development, can be made.

Members were in agreement that we cannot take knee jerk reactions, but acknowledge that there are external factors which we have no control over which we can respond to at appropriate times in our decision process. DoFI advised that we need to ensure that we don't leave ourselves vulnerable by having an excessive level of debt.

A member advised that the LSHA 10 Year Summary Development Programme (page 26 of the meeting pack) would be a useful basis for future discussion and asked that this be issued separately.



Members approved the thirty-year financial plan to be taken to th...

Members **approved** the thirty-year financial plan to be taken to the Board for ratification.

Decision Date: 9 Mar 2026

Outcome: Approved



Email LSHA 10 Year Summary Development Programme

A member advised that the LSHA 10 Year Summary Development Programme (page 26 of the meeting pack) would be a useful basis for future discussion and asked that this be issued separately.

Due Date: 13 Mar 2026

Owner: Jennifer MacInnes

6.3 Updated Strategic Risk Register

CE provided the Quarterly Risk Register and covering Report. She advised that in accordance with the Association's Risk Management Policy that a review of the Strategic Risk Register has been carried out and amended following approval to adopt the new risk management framework (Policy approved at Board on 16 February 2026 and AFR 9 February 2026). The risks have been collated into strategic themes and scores are now weighted towards impact. She advised that some ratings may need to be adjusted over the next few months and welcomes any feedback.

Members advised that the Governance scoring seems too high and that following our engagement with SHR over the last couple of years that credit hasn't been given for the work which has been done. They were all content that this will be a working document which will be reviewed regularly. It is in the remit of AFR Sub-committee to look over this quarterly.

A member asked about the significance of the exclamation marks and colours, CE explained that the colouring matches the risk framework in the policy and will add this to the document for next time. The exclamation marks show items where after mitigations, the risk is still higher than we'd like to tolerate.



The Audit, Finance and Risk Sub-Committee:-> Reviewed the Strateg...

The Audit, Finance and Risk Sub-Committee:-

- **Reviewed** the Strategic Risk Register and confirmed they are content with the entries that exist;
- **Confirmed** that they are content with the risk scoring / prioritisation of the individual risks;
- Considered additional risks (and their relative priority) that should be added to the Strategic Risk Register.
- **Recommended** the Strategic Risk Register to the Board for approval

Decision Date: 9 Mar 2026



Add risk framework colour coding to Strategic Risk Register

A member asked about the significance of the exclamation marks and colours, CE explained that the colouring matches the risk framework in the policy and will add this to the document for next time.

Due Date: 30 Apr 2026

Owner: Lowri Richards

6.4 Internal and External Audit Update

DoFI provided the Internal and External Audit Update for the year ending 31 March 2026.

Two papers were provided by wbg. Reactive Maintenance overall provides substantial assurance surrounding the reactive repairs arrangements, however two main points are to tighten procedures around rechargeable repairs and to carry out formalised performance evaluations of contractors. Members discussed the use of surveys and CE confirmed that surveys are issued for reactive repairs, with a different survey for planned maintenance. She advised that sometimes contractors are being used as we don't have anyone in our Technical Team, e.g. electrician.

The Annual Report by wbg for 2025-26 was also included, this summarised the internal audit work undertaken in the year. It concluded that "The Association did have adequate and effective risk management, control and governance processes to manage its achievement of the Association's objectives at the time of our audit work and that proper arrangements are in place to promote and secure value for money".

RSM, the external auditor, will be carrying out Planning in mid-May, Fieldwork in June and aiming for Completion mid-July. This should allow for the Financial Statements to be submitted to the AFR on 3 August 2026 and the Board on 17 August 2026.

Members discussed the bank reconciliation authorisation policy and it was agreed that DoFI should include an update in his report when the policy has been updated.



Members noted the contents of wbj reports and the proposed extern...

Members noted the contents of wbj reports and the proposed external audit timetable from RSM.

Decision Date: 9 Mar 2026



DoFI to include a note in his update to Board when the bank recon...

DoFI to include a note in his update to Board when the bank reconciliation authorisation policy has been updated.

Due Date: 20 Apr 2026

Owner: Ben Thomas

7. A.O.C.B


7.1 A.O.C.B.

There was no other business.

8. Meeting Close

8.1 Close the meeting

Next meeting: AFR 11.05.2026 - 11 May 2026, 10:30 am

A handwritten signature in black ink, appearing to read 'Robin Nairn', with a long horizontal flourish extending to the right.

Mr Robin Nairn
11 May 2026