

# CONFIRMED MINUTES

## AUDIT, FINANCE AND RISK SUB-COMMITTEE

### 10.11.2025

At the **AFR 09.02.2026** on **9 Feb 2026** these minutes were **confirmed as presented**.

<b>Name:</b>	Audit, Finance and Risk sub-committee
<b>Date:</b>	Monday, 10 November 2025
<b>Time:</b>	10:30 am to 12:40 pm (GMT)
<b>Location:</b>	Default Location, Morrison House, Bayfield, Portree
<b>Committee Members:</b>	Mrs Audrey Sinclair, Mr David Clapham, Mr Robin Nairn (Committee Chair), Mr Robert Muir
<b>Attendees:</b>	Fanchea Kelly, Ben Thomas, Jennifer MacInnes, CJ Scott, Mr Tim Wallis, Steven Proudfoot
<b>Apologies:</b>	Mr Ian Young, Mrs Joanne Boulton, Ms Liz Williams, Mr Callum Wynd, Mr Rob Malcolm

## 1. Opening Meeting

### 1.1 Apologies

Ian Young apologised as he was unable to attend the meeting.

## 2. Declarations of Interest

### 2.1 Declarations of Interest

There were no new declarations of interest noted.

## 3. Presentation

### 3.1 Risk Appetite Advisory Update

Richard Mackie from RSM provided a presentation on the risk appetite of the Board following on from the surveys which had been completed by Board Members and training sessions which had been provided at the 28 April Board Meeting and on 28 October.

Members discussed the terminology of the definitions and advised that "Moderate" risk appetite may be clearer than "Measured". Richard will change this. Members noted that there was a wide variety in the risk appetite from the survey results, which is appropriate across the various themes, and acknowledged that views are likely to change as progression is made and the framework is used in practice.

Members discussed the need to get to the stage where the new risk process works together with the Business Plan and that a clear outline of the approval stages, and testing of issues which are outwith the identified risk appetite score, needs to be put in place. CEMC confirmed that CE and

DFI will want to work together to ensure it fits with the Business Plan and advised that it might take around 1.5years for the cycles to run to have it fully embedded. It can be updated during this time.

Members advised that it would be useful to have a workshop type event in the summer to get an updated sense of how the risk appetite is working with the risk register and reporting. They would also like CE, DFI and possibly other SMT members to be included. It may be that a survey completed again by members, and a separate one by SMT, would give a deeper understanding of executive and non-executive view of risks. It is also important to remember that the aim is to have a dynamic system - so while it should not change at every meeting it is sensible to review how the categories, themes, and structure of reporting are working - perhaps in preparation for developing the Strategy and Business Plan reviews throughout next year.

The Chair asked for the next stage of preparing the Risk structure and the risk register to be brought to Feb or March AFR. DFI confirmed that it would be reasonable to have the new structure for reporting brought back for approval, and thought it would take to May 2026 to have the completed Risk register in place.

Richard Mackie will update the slides and circulate them to members. He also invited members to contact him with any questions off line and will include his contact details with the slides.

Richard Mackie and Steven Proudfoot left the meeting.

## 4. Minutes of Previous Meeting

### 4.1 Minutes of Previous Meetings

**Audit, Finance and Risk Sub-committee 04.08.25 4 Aug 2025**, the minutes were confirmed as presented.

The minutes of the AFR Sub-Committee meeting held on 4 August 2025 were provided for information and had previously been approved at the Board Meeting on 18 August 2025.

## 5. Decision Tracker

### 5.1 Action List

Due Date	Action Title	Owner(s)
30 May 2025	DoFDS to follow up with Colin McNeil if it would be possible to b... <b>Status:</b> Completed on 4 Nov 2025	Ben Thomas
30 June 2025	Members would like the Management Accounts to be simplified as th... <b>Status:</b> Completed on 4 Nov 2025	Ben Thomas
14 July 2025	CEMC advised that we would come back with a more specific project... <b>Status:</b> Cancelled on 6 Oct 2025	Ben Thomas, Fanchea Kelly
6 Oct 2025	Risk Management & Risk Register <b>Status:</b> In Progress	Ben Thomas
12 Nov 2025	September Management Accounts <b>Status:</b> Completed on 4 Nov 2025	Ben Thomas
9 Feb 2026	Pension Update <b>Status:</b> Cancelled on 9 Jan 2026	Fanchea Kelly

## 6. Matters Arising

### 6.1 Other matters arising

The sub-committee chair advised that the Risk Register was removed from today's agenda due to the Risk Management update. He also advised that it is anticipated there will be changes to Pension regulations in the forthcoming budget so review of pensions has been delayed to take any changes into account.

## 7. AFR Business

### 7.1 Quarter 2 Finance Report

DFI provided the Quarter 2 Finance Report and Management Accounts to 30 September 2025. DFI advised that both income and expenditure are fairly well as forecast.

Members liked the new format of the accounts and advised they are easier to review.

Members would like the Repairs and Maintenance to be considered along with the Business Plan and budget and also to take into consideration the priority on affordable warmth, and include information on how we address priorities from previous tenant surveys.



#### **Members considered and noted the report.**

Members **considered** and **noted** the report.

**Decision Date:** 10 Nov 2025

### 7.2 Performance Report - Q2 up to 30 September 2025

CEMC provided the Quarter 2 Performance Report. She advised that there are 3 items in amber.

The Rent Arrears are in a better position at the end of October, and would show that we are slightly better than target. Rent, Tenant Engagement, and Housing Teams have been working together on this.

Electrical Safety compliance surveys are ongoing and members were aware of issues accessing properties. DFI advised that this is a priority for IPSM and that more EICR certificates been received over the weekend. We do expect to be on 100% by year end.

Resources from maintenance have been prioritised to deal with empty homes in poor condition and this has affected our capacity to meet the target on non-emergency repairs.

A member noted that in comparison to our peers we are below in our performance, and requested that we should consider setting higher targets to get us into the top quartile. CE(mc) said that this could be developed for discussion at the next annual target setting (likely to be March/April) so that the targets for LSHA are stretching but deliverable.

Members noted that we are not always meeting timelines for complaints. CEMC confirmed that work is underway to tighten up on this.



#### **Members noted the contents of the Performance Report to 30 Septem...**

Members **noted** the contents of the Performance Report to 30 September 2025.

**Decision Date:** 10 Nov 2025

### 7.3 Rent Arrears Policy

CEMC provided the Rent Arrears Policy Report. She advised members that the policy has been changed to provide greater emphasis on new tenants paying rent up front when they get the keys rather than starting the tenancy with arrears. Other amendments are a clearer focus on prevention and earlier intervention, and following a previous Board discussion that CE will consider and authorise any evictions following the decree being granted by the courts.

Members asked for the policy to go to Board in February, with a recommendation from AFR to approve it.



#### **Members:Recommend from AFR for the Board to Approve the Rent Arre...**

Members:

- i. Recommend from AFR for the Board to Approve the Rent Arrears Policy.
- ii. Requested an item on arrears activity for further scrutiny to February Board.

**Decision Date:** 10 Nov 2025

### 7.4 Internal Audit Procurement Report

CJ Scott from Wbg, our internal auditors, joined the meeting. He gave an overview of the Governance Internal Audit, which had a 'substantial' level of assurance and had been presented to Board on 13 October 2025. He then provided the presentation from the Procurement Internal Audit. The audit provided a 'substantial' level of assurance over Procurement arrangements in place with seven recommendations for improvement and an observation for consideration.

In response to a member's question, CJ Scott advised that the approval level for amendments would be at LSHA's discretion and should be considered in advance of agreements being signed. DFI confirmed that thresholds will be considered.

A member suggested that there could be a discount card from Scotland Excel, for repairs supplies purchasing. DFI will look into this.

Members requested that the notice period should be added to the contract.

Members were advised that the scope of the audit work for Repairs and Maintenance had been separated, with Reactive Repairs being looked at first, and Planned Maintenance to be included in the 26-27 audit programme. The Chair of AFR had agreed this prior to this meeting and members were asked to endorse this.

CJ Scott left the meeting.



#### **Approved the recommendations from the Procurement internal audit ...**

- i. Approved the recommendations from the Procurement internal audit and noted the implementation dates.
- ii. Ratified the decision to amend the scope of Repairs & Maintenance internal audit work to cover Reactive Maintenance in 25-26, with Planned Maintenance to be moved into the 26-27 internal audit programme.
- iii. Noted the remaining internal audit programme for the current year.

**Decision Date:** 10 Nov 2025

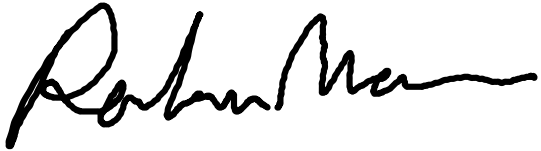
8. A.O.C.B

8.1 A.O.C.B.

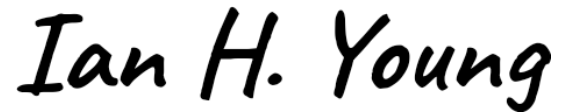
9. Meeting Close

9.1 Close the meeting

**Next meeting:** AFR 09.02.2026 - 9 Feb 2026, 10:30 am



Mr Robin Nairn  
12 Feb 2026



Mr Ian Young  
14 Feb 2026