

# MINUTES

## AUDIT, FINANCE AND RISK SUB-COMMITTEE

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| <b>Name:</b>              | Audit, Finance and Risk sub-committee   |
| <b>Date:</b>              | Monday, 10 February 2025  |
| <b>Time:</b>              | 10:30 am to 12:15 pm (GMT)  |
| <b>Location:</b>          | Default Location, Morrison House, Bayfield, Portree                                   |
| <b>Committee Members:</b> | Mr Robin Nairn (Committee Chair), Mrs Audrey Sinclair, Mr David Clapham, Mr Ian Young |
| <b>Attendees:</b>         | Graeme Coull, Fanchea Kelly, Jennifer MacInnes, Trudi Tokarczyk                       |
| <b>Guests/Notes:</b>      | Siobhan Archibald, Internal Auditor   |

### 1. Opening Meeting

#### 1.1 Apologies

There were no apologies.

### 2. Declarations of Interest

#### 2.1 Declarations of Interest

Robin Nairn advised that his conflict of interest was no longer valid and is to be removed.



#### Removal of Declaration of Interest

Remove Robin Nairn's declaration of interest in the Raasay acquisition.

**Due Date:** 14 Feb 2025

**Owner:** Jennifer MacInnes

### 3. Minutes of Previous Meeting

#### 3.1 Minutes of Previous Meeting (11.11.24 - for information)

The minutes of the previous meeting were provided for information and had previously been approved at the Board Meeting on 25 November 2024.

### 4. Decision Tracker

#### 4.1 Decision Tracker from Previous Minutes (11.11.24)

Members agreed that item 6.8 c/f from 12 August meeting could be removed.

DoFCS advised that he has been in touch with the bank regarding issuing of statements, but this is down to bank processes and will take around two weeks, so this item can also be marked as complete.



## Decision Tracker items to Remove

Members agreed that item 6.8 c/f from 12 August meeting is to be removed from the next tracker.

**Due Date:** 14 Feb 2025  
**Owner:** Jennifer MacInnes

## 5. Matters Arising

### 5.1 Other matters arising

## 6. AFR Business

### 6.1 Quarterly Management Accounts to 31 December 2024

DoFCS provided the Quarterly Management Accounts to 31 December 2024.

He advised that the January month end is almost complete and is due to come to the main Board. There is nothing to suggest any significant change to the year end figures and the recent 25 basis point interest rate cut will also be a help over the remainder of the financial year.

DoFCS advised that there is a typo at item 3.3, the void figures are slightly higher than last quarter, but still within target range.

Members advised that the rent arrears target needs to be challenging but should also be set at a realistic level for the 2025/26 budget. Members asked if any analysis had been done on where arrears are from, eg breakdown by estate, postcode, age etc. DoFCS advised he will ask RAM to undertake some work on this.

In response to questions, members were advised that George Mackie, our interim Property Services Manager started work this morning. Amongst other responsibilities, George will be dealing with the cyclical maintenance programme and trying to reduce the void times. Members asked that he also check that there is guidance in place to ensure all PSOs adhere to the same standards for repairs and maintenance.

Members discussed the percentage of loans at variable / fixed rates, the aim is to get to around 50/50, however timing is important and it will be looked at later in the year. DoFCS advised that there is still existing security available with Triodos and confirmed that the Board would need to approve any new lending. A member suggested that the horizon issues and risks under sustainability measures could possibly be included as a discussion at the next Board Away Day.

Members **noted** the contents of the report.



## Rent Arrears Analysis

DoFCS to ask RAM to carry out analysis on where arrears are from, eg breakdown by estate, postcode, age etc.

**Due Date:** 28 Feb 2025  
**Owner:** Graeme Coull



## Repairs and Maintenance Standards

CEMC to speak with IPSM check that there is guidance in place to ensure all PSOs adhere to the same standards for repairs and maintenance.

**Due Date:** 28 Mar 2025  
**Owner:** Fanchea Kelly

## 6.2 Quarterly Risk Register Report to 31 January 2025

DoFCS advised members that SMT have reviewed the Strategic Risk Register and he highlighted the proposed amendments. He also advised that the Business Plan Risk Register has been merged with the Strategic Risk Register so there are some items which are duplicated and this can be reviewed in future.

Members discussed Risk 24, Handyperson and Care and Repair service funding the various options and risks depending on the outcome of the latest tender, including discussion on TUPE staff transfer if it was required. They agreed the risk rating should be higher.

Members also discussed Risk 17, regarding the loss of key personnel and agreed that the mitigations should include reference to three SMT posts being interim / temporary.



### Amendments to Strategic Risk Register

DoFCS to review Items 17 and 24 of the Strategic Risk Register.

**Due Date:** 21 Feb 2025  
**Owner:** Graeme Coull



### Members reviewed the Strategic Risk Register Suggested amendments ...

- Members **reviewed** the Strategic Risk Register
- **Suggested** amendments which should be made to the Strategic Risk Register
- **Recommended** the Strategic Risk Register to the Board with amendments for approval.

**Decision Date:** 10 Feb 2025

## 6.3 Audit Findings Tracker Report to 31 January 2025

DoFCS provided the Audit Finding Tracker Report. He advised that the main changes were the removal of completed items, updates to existing items which were incomplete as of the previous AFR Meeting and the addition of recommendations and management responses agreed at the last AFR Meeting.

There were no new recommendations from the Internal Audit reports.

Members discussed the items and it was agreed that Item FC.3 will continue to be monitored and the Interim Finance Director can pick this up.

DoFCS advised that items CS.2 and CS.3 are aiming to be complete by the end of the Financial Year, however the 2 factor authorisation may need to be commenced in the next financial year due to the budget implications this year.



### Members reviewed the Audit Findings Tracker and noted changes and ...

Members

- **reviewed** the Audit Findings Tracker and noted changes and updates since the last quarter
- **approved** the removal of items newly marked as complete.

**Decision Date:** 10 Feb 2025

## 6.4 Internal Audit Reports

Siobhan Archibald from WBG joined the meeting at 11.15am.

DoFCS provided the Internal Audit Reports which had been issued by WBG. There were a total of 7 recommendations which were all accepted in full, the priority ratings were assigned by WBG.

Siobhan gave a summary of the Internal Audit and the recommendations she advised that three of the recommendations were rated medium and three low. She advised that they were very happy that 42 items had been implemented with only one item outstanding.

She advised that there needed to be someone managing the conflicts of interest and complaints to be dealt with in appropriate time frames and logged accurately on Homemaster. She advised that the Policy Strategy required to refer to UK law rather than EU.

Members discussed these points and confirmed that if only one contractor tendered then it should pass through the Board to ensure no conflict of interest. This could mean Chair and Vice Chair if it were between meetings and not to hold up any work.

Members thanked staff for getting all these recommendations implemented.

Siobhan left the meeting at 11.30am.

## 6.5 Pension Review

DoFCS provided the Pension Scheme Review Report. He advised that following the December meeting the immediate implementation of Defined Contribution (DC) for all new staff has been made, but requires further legal review of LSHA's pension policy and employment contracts. He also confirmed that in the longer term the Board has a desire to harmonise into SHAPS DC for all employees, for future pension accruals; including harmonisation of life cover and implementation of salary sacrifice for pension contributions. Members confirmed this was what they'd agreed.

DoFCS provided the next steps for taking this forward and confirmed that depending on project costs it may need to go through a procurement process, DoFCS will bring this back to the next AFR in March.

Members agreed that all Board Members are to be invited to join a short term working group to take this forward.



### **Members considered the information provided in this paper and agr...**

Members **considered** the information provided in this paper and **agreed** the proposed project timetable, to be taken forward by the Chief Executive (MC).

**Decision Date:** 10 Feb 2025

## 6.6 Draft Financial Plan 2025-55

DoFCS provided the draft Financial Plan 2025/30 and summary Financial Plan 2025/2055. He advised that since this was issued EVH have announced they are consulting on a higher rate of salary increase than what has been budgeted.

He advised that the Development plan is slower than initially forecast, an reflects an achievable plan. Graeme noted and thanks Catriona Shields (PSA) for the work done on the Asset Management Plan which is reliable; and noted that aspects of the Plan will need to be decided by the Interim Property Services Manager under the new Integrated Asset Management Strategy.

DoFCS advised that it has been assumed that rents will increase at the consulted rate for this financial year and then by CPI + 1 for future years. It is also assumed that Handyperson and Care and Repair funding will continue at the current levels.

Members asked about the rising debt per unit and DoFCS advised that this is function of the Development Plan however doesn't look too different relative to last year's plan.

DoFCS asked about what mitigations or options the Board would wish to consider and they advised that it would be good to have the options of a £50k - £75k surplus.

A Member asked about the cash flow and DoFCS advised that we tend to build in a £300k buffer and agreed that some of the year end balances are low and agreed to make some changes to the final plan to increase this.

Members **considered** the draft Financial Plan 2025-55, and in conjunction with Management, **agreed** acceptable parameters for the completion of the Plan.



**DoFCS to report to Feb Board on mitigations or options to achieve...**

DoFCS to report to Feb Board on mitigations or options to achieve a £50k - £75k surplus in Year 1.

**Due Date:** 14 Feb 2025

**Owner:** Graeme Coull



**DoFCS to increase minimum cash balances in next iteration of the ...**

DoFCS to increase minimum cash balances in next iteration of the Financial Plan.

**Due Date:** 14 Feb 2025

**Owner:** Graeme Coull

## 7. A.O.C.B

### 7.1 A.O.C.B.

DoFCS provided an update from the SHAPS Employer Committee and noted that we will start planning for deficit contribution payments from 2026.

## 8. Close Meeting

### 8.1 Close the meeting

**Next meeting:** Audit, Finance and Risk Sub-committee - 10 Mar 2025, 10:30 am

Signature: \_\_\_\_\_

*Jan H. Young*

Date: \_\_\_\_\_

*24/2/25*