



Meeting Minutes
Audit Committee Meeting
Wednesday 03 February 2021 at 10.00am via Microsoft Teams

Present:	Jean Hamilton (Convener)	In attendance:	Lorna Cameron
	Bob Hartness		Craig Russell
	Bob McDougall		Carol Bonham
	Dougie Taylor		Greg Schneider
	Frances Wood		Fiona Hoffie
	Rachael Docking		Sharon Brady-Wardrope
			Michelle Proust (Minutes)

Due to the current restrictions in place due to the Covid-19 pandemic, this meeting was held remotely, via Microsoft Teams.

426 WELCOME AND APOLOGIES
Jean Hamilton welcomed everyone to the meeting. Douglas Taylor, was welcomed back from a leave of absence, and Rachael Docking was welcomed to her first meeting of the Committee as a member.

427 DECLARATIONS OF INTEREST
None.

ITEMS FOR DEBATE/DECISION/APPROVAL

428 MINUTES OF THE MEETING HELD ON 04 NOVEMBER 2020
Approved as an accurate record.

Moved: Bob McDougall; Seconded: Frances Wood

429 MATTERS ARISING
In response to questions from the Committee it was confirmed that:

- There has been no change to the fixed rate loan which was moved to a variable rate in 2020. Advice from Link’s finance team remains to maintain this on a variable rate for the time being.
- Clarification was provided on the success rates of debt collection services used by Horizon, and on some of the contributing factors to low



collection rates. It was confirmed that the debt collection agency receives a percentage payment of the amounts recovered.

There were no other matters arising that were not covered on the action register or on the agenda.

430

RENT SETTING

This report analysed the key factors influencing the review of rents for 2021/22 and considered the rent increase needed to achieve budget requirements and long-term viability.

In response to questions from the Committee, additional information was provided on planned improvement work and on the workings and context on the variability between a 2.25% increase and a 2.5% increase.

The committee was very pleased to see the excellent tenant response rate to the survey on rent setting (33%), 58% of whom supported a 2.5% rent increase. The committee were positive about the quality and detail of the materials circulated to tenants with the survey, and the helpful way the information was presented. Feedback from tenants demonstrated that tenants clearly understand how their rental payments contribute to the standard of service Horizon can provide for them.

Due to the in-depth analysis of affordability for Horizon tenants carried out over the last 8 months, the Committee were assured of the current and continued affordability of Horizon's rents and noted that this would continue to be reviewed, with support targeted for those tenants on the margin of affordability.

Decision: The Committee recommend to the Board that the following are applied from 1 April 2021:

- An increase of 2.5% to rent for social rented properties.
- An 2.5% increase to service charges, occupancy charges for shared ownership properties
- An increase of 1.9% for leased properties.
- An increase of 2.5% to management charges for Access Ownership properties and maintenance charges increased to reflect actual and forecast expenditure.
- A freeze of the factoring administration charges and costs for insurance, maintenance etc. increased to reflect actual costs.



431

DRAFT BUDGET, AND 5 & 30 YEAR FINANCIAL PROJECTIONS

The Committee considered the budgets for the 5-year period 2021/22 to 2025/26 and the 30-year Financial Plan.

A number of points of clarification on the report were provided prior to the meeting and these were noted in the meeting proforma. The proforma is held with the papers from the meeting and is also available to Board members for review on the Extranet. A summary of the points covered included:

- Future reports to include narrative on how the budget areas align to the business plan.
- Increasing costs of contractors due to Brexit and Covid having been considered in assumptions.
- Reasoning behind setting of operating surplus levels.
- Impact of Covid-19 restrictions on rolling programme of stock condition surveys.
- Reminder of what 'deferred income' includes and which creditors are due within 1 year.
- Reasoning and methodology behind budget setting – the budget is prepared on a basis of prudence to ensure costs are not understated.
- Further explanation of overspend and underspend areas.
- Explanation of factoring fees in budget.
- Confirmation that possible material shortages arising from Brexit and Covid have been factored into the budget assumptions.

The Committee confirmed that the management responses to the questions and comments raised in the proforma provided the additional information and assurances required.

Bob Hartness left the meeting to attend another appointment.

It was noted that Bob McDougall was having technical difficulty with his internet connection and his participation from this point in the meeting onwards was intermittent.

Decision: The Committee recommended the Revenue and Capital budgets and the 30-year Financial Plan to the Board for approval.

432

BAD DEBT WRITE-OFF

This report requested approval to write-off bad debt under the Management and Collection of Debts' Policy.



Decision: The Committee approved the write-off of debts totalling £2,655.38 which are detailed in the report and summarised below:

- Former tenant rent arrears £1,560.39
- Former tenant rechargeable repairs £1,094.99

ITEM FOR PERFORMANCE AND RISK MANAGEMENT AND MONITORING

433 MANAGEMENT ACCOUNTS Q3 – PERIOD ENDING 31 DECEMBER 2020

The Committee considered the Management Accounts for the period ending 31 December 2020.

The Committee requested that in future reports the variance analysis be presented in a RAG (Red Amber Green) format so that savings are highlighted in green and overspend in red. This will draw the readers eye to instantly see the impact of variances prior to reading the narrative.

Discussions included the impact of the Covid restrictions on planned maintenance work and repairs, and the subsequent impact on capital spend. Assurance was provided that any work and associated planned budget spend not achieved in 2020-21 due to the restrictions can be carried forward into 2021-22. The position would be reviewed at the Audit Committee meeting in May 2021.

Decision: The Committee recommended the Management Accounts for the period 1 April 2020 to 31 December 2020 to the Board for approval.

434 KPI Report Q3

This report provided performance information for October–December 2020 (Q3) with targets approved in the Business Plan for 2020-2021.

The Committee noted the performance achieved in Q3 2020-21.

435 HEALTH AND SAFETY UPDATE

This report provided information on health and safety matters arising in the year. It also provided an update on the actions from the previous Health and Safety audit to review and revise targets where appropriate. The report also updated progress on the Statement of Intent Action Plan.

Decision: The Committee:

- noted the progress in achieving required health and safety improvements,



- noted the progress on our landlord's health and safety activities and
- approved the removal of the two completed actions from the audit plan.

436 INTERNAL AUDIT REPORTS AND MONITOR

This report presented the findings of the latest Horizon internal reviews undertaken in November 2020.

The latest Horizon audits were carried out in November 2020 by Azets (formerly known as Scott Moncrieff), External Auditor, and included two areas:

- Controls in place in relation to rent arrears
- Gas Safety

The Committee congratulated staff on an audit report in which the auditors gained assurance that Horizon has developed robust rent arrears management and gas safety arrangements to ensure ongoing compliance with legislation and the auditors satisfied themselves that both control areas were operating effectively.

437 RISK REGISTER REVIEW

This report provided the Committee with the updated risk register and supporting COVID-19 risk register.

Lorna reported that work was still underway at Group level to streamline the Link Group Risk Register.

The Committee suggested that the risk score and mitigated risk score relating to Risk 1 – relating to the risk of death of an employee due to Covid-19 could be reduced due to the very low probability that such an event should occur. The risk would be reviewed, and consideration given to the probability of occurrence and residual risk factor with mitigations in place.

The risk register and supporting Covid risk register were noted.

438 LOAN COVENANT COMPLIANCE

The Committee noted the Associations continued compliance with its loan covenance requirements.



439 ANY OTHER BUSINESS

439.1 FEEDBACK AND COMMENTS FROM FINANCE TRAINING

- a. **Efficiencies Report** – include an annual review of efficiencies savings when considering Business Plan or have as an annual stand-alone report.
- b. **Annual 5 year historic spend report** – include when considering budgets
- c. **Narrative at beginning of Budget Report** - ties budget areas into Business Plan/Strategic Objectives
- d. **Further training** – focus on learning outcomes to be able to identify ‘key figures’ such as cash balance, net operating surplus, value of housing stock over time etc. Jargon busting, key phrases and what they mean, and red flags to look out for.

Date of the next meeting

The date of the next meeting is Wednesday 12 May 2021 at 10:00 a.m. venue/platform tbc.

Signed.....Jean Hamilton

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Jean Hamilton
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Date.....12 May 2021