

SUB-COMMITTEE PAPER

FOR APPROVAL



MINUTES

of the Meeting held on Tuesday 30th January
Virtual meeting

COMMITTEE MEMBERS IN ATTENDANCE:

Victoria Bluck
Craig Morton
Martin Joyce

APOLOGIES:

Adam Turner

STAFF IN ATTENDANCE:

John Davidson
Craig Porter
Sandy Young
Iona Taylor
Andrew Craig
Tammy Allan

CEO
Director of Finance and Business Support
Director of Housing Management
Director of Asset Management
Financial Controller
Business Improvement Officer (minutes)

OTHERS IN ATTENDANCE:

Siobhan Archibald, Wylie & Bisset
For items 929-937

STANDING ITEMS

929	Welcome VB welcomed all attendees to the meeting.
930	Apologies A record was made of apologies from non-attendees.
931	Approval of Previous Minutes – November 2024 The minutes of the meeting held on 7 November were approved without amendment.
932	AOCB Approval None
933	Declaration of Interest on any Agenda items None
934	Matters Arising/Update None

FOR APPROVAL

935	<p>Internal Audit Report – Cyber Security</p> <p>SA presented the report for the Cyber Security internal audit that took place in October, noting that a substantial level of assurance was given. She also informed the Sub-committee that testing was carried out against the National Cyber Security Centre’s 10 steps to Cyber Security guidance.</p> <p>SA outlined the work that took place, whilst also noting that benchmarking was carried out and in comparison, to others, AHA received a low number of recommendations.</p> <p>In conclusion of the audit, SA detailed that while 3 recommendations were made, there were several areas of good practise highlighted.</p> <p>The Sub-committee noted the usefulness of the audit but also noted that there was no reference to cyber essentials and cyber essentials plus. CP was able to assure the sub-committee that whilst the internal audit is carried out, there are also penetration tests completed. There are actions within the business plan detailing that AHA will move to cyber essentials plus, however the ICT team are currently heavily involved in the implementation of the new housing management system.</p> <p>There was a discussion around additional steps that could be taken by AHA in terms of cyber security including whether there was a requirement to have additional security around suspicious emails. It was also queried whether annual penetration tests were adequate in terms of security and the version of Trend should be reviewed. The Sub-committee also noted that they required confidence in terms of the Associations cyber security and requested that a full and comprehensive review on cyber security is carried out and brought back to Board when appropriate. It was also agreed that AHA would review what additional assurance measures could be utilised.</p> <p>The Audit and Finance Sub-committee noted the internal audit report as provided by Wylie & Bisset.</p>
936	<p>Internal Audit Report – Governance</p> <p>SA presented the report noting a strong level of assurance was given and also advised that they were looking at the arrangements AHA has in place and were happy that they were embedded throughout the Association.</p> <p>SA detailed the work that was carried out during the audit and also noted that one recommendation and one observation for consideration were raised. There were also eight areas of good practice raised including the monitoring of attendance and quality of information that is given to the Board. It was also noted how AHA compared low when benchmarked against others</p>

	<p>SA concluded by detailing the recommendation that was made with regards to the way in which the Association details the annual agenda to the Board.</p> <p>In terms of governance, VB noted how the Audit and Finance Sub-committee require additional members and therefore consideration needs to be given as to how membership could be actively promoted. There was also reference made to the report from Linda Ewart which detailed that Board members felt that AHA should avoid presenting papers to Board before they have been reviewed by the Audit & Finance Sub-committee.</p> <p>The Audit and Finance Sub-committee noted the internal audit report as provided by Wylie & Bisset.</p>
937	<p>Internal Audit Plan 2025-26</p> <p>The proposed audit plan for 2025-26 was presented to the Sub-committee which outlined the 5 areas that would be reviewed and also includes a follow up review. SA detailed each of the audits that are proposed and what would be covered within each of them.</p> <p>A timeframe for each audit is detailed within the report along with details of the grading structure and the proposed plans for the remaining 2 years of the current contract.</p> <p>CP also informed the Sub-committee of the review that took place of all internal audits that have been completed over the last 10 years and noted that each of them have been assessed against the Associations strategic risks. During the assessment it was highlighted that there were gaps in the linkage, however commitment has been made within the business plan to cover these areas.</p> <p>The Audit and Finance Sub-committee approved the Internal Audit plan for 2025/26 from Wylie & Bisset. The audit plan highlights the key areas of review to be undertaken during the 2025/26 period and the proposed operating plan for the following 2 years thereafter.</p>
938	<p>Internal Audit Action Plan Update</p> <p>CP presented the report and noted that the action plan includes the recommendations from the recent audits.</p> <p>The Audit and Finance Sub-committee noted inclusion of recommendations in respect of recent audit exercises, as well as progress made in relation to the outstanding recommendations.</p>
939	<p>Outcome of the Annual Rent Review 2024 and Rent Setting Consultation – Proposed Annual Rent Increase 1 April 2025</p> <p>SY presented the report advising that there was a strong return from tenants during the consultation and there was an improvement on what was received back last year.</p> <p>The consultation included 2 options, 4% and 4.8%. [REDACTED] [REDACTED] it is proposed that AHA opt for the higher option due to the additional expenditure that is required next year.</p> <p>There was a discussion around the work that was done in terms of assessing affordability and what the impact would be in terms of arrears and bad debt. The Sub-committee were given details around the financial difference between a 4%, 4.8% and also a 4.4% rent increase and the minimal effect they each have in terms of rent points. It was also noted that in previous years, AHA had low rent increases when inflation was high.</p> <p>The Sub-committee made reference to the additional pressures that the Association faces due to RAAC, increased utility costs, staffing costs, the cost-of-living increase to staff plus ageing stock. They agreed their support for a 4.8% rent increase but also noted that AHA must remain sustainable in terms of the aforementioned issues.</p>

	<p>There was further discussion around the cost variance between a 4% & 4.4% rent increase and the Sub-committee requested that the wider Board group are also made aware of why these increase amounts would not be viable.</p> <p>The Audit and Finance Sub-committee approved that the rent increase figure for the next financial year (2025-26) be set at option two – 4.8%</p>
940	<p>Draft Annual Budget including Executive Summary ACr presented the draft annual budget, summarising the previous 4 years budgets and actual spend. He noted the significant increase with building inflation and advised that it is unlikely to reduce.</p> <p>The Sub-committee were given details of the budgeted expenditure which included an additional £1m on salary costs covering 3 members of staff working on RAAC and 4 members of backfill staff, £1.3m for the remedial RAAC replacements and £1m for RAAC panels. An additional £100k has also been allowed to cover the insurance due to RAAC. ACr also detailed the reduction in wider role spend, along with a reduction in social contingency. With regards to major works, £3.1m has been allowed for door replacements. There will also be a £290k increase with salary costs due to pension and national insurance increases and professional fees will also increase by £110k that will cover the reactive repairs tender and a job evaluation project.</p> <p>IT informed the Sub-committee that the team are still in the process of reviewing the RAAC tender submissions that have been received along with the Associations consultant. Therefore, the RAAC figures have not been finalised as yet and are subject to change.</p> <p>The Sub-committee referred to the £80k that has been allowed for master planning in terms of regeneration and queried how the Association had come to this figure as it did not appear to be enough. This generated a discussion around what was achievable at this stage and the Sub-committee's expectation.</p> <p>The Audit and Finance Sub-committee reviewed and approved the draft annual budget and recommends approval of the 2025-26 budget to the Board.</p>
941	<p>Risk Map: Quarter 3 Review The report was presented to the Sub-committee who noted that the risk map, and proposed changes, felt tangible and that there was a better connection between the operational and strategic risks, than what was used previously.</p> <p>The Audit & Finance Sub-committee noted the status of the risk map.</p>
INFORMATION PAPERS	
942	<p>Nine-month Management Accounts to end December 2024 As at the end of December 2024 we were underspent by £458k due to £200k of windows and doors work deferred into the new year Jan-25 and the phasing of professional fees and ICT.</p> <p>The forecast out-turn for the year is £823k with EESSH2 works (EWI) being brought forward.</p> <p>The Audit & Finance Sub-committee notes the financial position at 31 December 2024. The review and control of finances is both a Regulatory requirement as well as a requirement of our funding from our lenders.</p>
943	<p>VAT Inspection Update CP presented and detailed VAT Can reclaim VAT as a bad debt relief that could result in a positive impact.</p> <p>The Audit and Finance Sub-committee noted the outcome of the VAT inspection, which was undertaken by HMRC Public Bodies Group, on 4 December 2024.</p>

944	<p>Sole Supplier Justification Review</p> <p>CP informed the Sub-committee that AHA has entered into one new sole supplier, Banner Group, since the last meeting, and they are now currently supplying stationery for the Association.</p> <p>The Audit & Finance Sub-Committee noted the sole supplier arrangements entered into since the last meeting.</p>
945	<p>AOCB</p> <p>None.</p>
946	<p>Date of next meeting</p> <p>The next meeting will be held on Thursday 24th April 2025</p>

Approved by:

Date:

Please note that these minutes have been edited to remove any commercially sensitive or confidential discussions.

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