

WELLHOUSE HOUSING ASSOCIATION
MINUTES OF THE COMMITTEE MEETING HELD ON 27th February 2020
AT 6PM AT THE ASSOCIATION'S OFFICE, THE HUB, 49 WELLHOUSE CRESCENT G33 4LA

1. Welcome, Sederunt & Apologies.

Present:

Darron Brown	Chair
Maureen Morris	Vice Chair
Sarah Morris	Committee Member
Tom Lucas	Committee Member
Shona McKenna	Co-optee
Carol Torrie	Co-optee

In Attendance:

Martin Wilkie-McFarlane	Director
Gordon Kerr	Finance & Corporate Services Manager
Carol Hamilton	Housing & Customer Services Manager
Bill Black	Assets & Maintenance Manager
Stephen Pringle	Auditor, Wylie & Bisset (Item 6 only)
Linda Logan	Minute secretary

Apologies:

Clare Monteith	Treasurer
Michelle Harrow	Committee Member
Jane Heppenstall	Committee Member

The Chair welcomed Carol Torrie to her first meeting.

The Chair asked committee to note that agenda item 6 would be taken first.

2. Declarations of Interest.

There were no declarations of interest.

3. Jargon Buster.

Noted for information.

4. Minutes of the committee meeting of 30 January 2020.

The minute of the committee meeting held on 30 January 2020 was proposed as accurate by Maureen Morris and seconded by Sarah Morris.

5. Matters arising from the minutes of 30 January 2020.

There were no matters arising that were not covered in subsequent agenda items.

6. Internal Audit Reports.

The Finance & Corporate Services Manager made introductions. He asked committee to note typographical errors on page 39 which read that there were no recommendations made which were given a grading of high, where in fact there was 1 high recommendation. On page 43 where the implementation dates should have read March 2020 rather than March 2019.

Stephen Pringle, Auditor, Wylie & Bisset presented the findings from the Statutory Instruments and Procurement Audits as part of the previously agreed Internal Audit Programme. The item was reported in full due to the Audit & Risk Committee meeting being cancelled.

Stephen provided the committee with an overview of the audit process and the work undertaken. He highlighted that the Statutory Instruments Audit was to ensure that the Association was complying with the requirements of the Housing (Scotland) Act 2014, of which the overall conclusion had been to provide a strong level of assurance from its review. The audit highlighted several areas of good practice which had been reassuring. There had been one low graded recommendation that the Association should always have an action plan in place for any project it was about to embark on. The management response was to agree this recommendation with immediate effect.

The Procurement Audit had highlighted three medium and one high graded recommendation. The recommendation graded as high related to the Association setting up a central location for storing all contact documentation. Stephen asked committee to note page 34 to 38 of the audit report which highlighted the monitoring and work undertaken during the audit process. The overall conclusion had provided a weak level of assurance over the procurement arrangements in place at the Association. He highlighted that during the review they had found no central location for tender documentation and were only able to test procurement for 2 of the 26 contracts in place for maintenance work. He highlighted that the current Assets & Maintenance Manager has only been in place since September 2019 and has actively been trying to locate the documentation and is in contact with the Association's procurement advisor, Reid Associates.

Stephen provided scenarios of previous experience and stated that the Association may be at risk of not monitoring its current contracts correctly.

The committee sought clarification as to why the contract central location was not in place. The Director stated that he was at a loss as he had been led to believe all of these processes were in place. He reassured committee that this process was being dealt with as a matter of urgency. He assured committee that all of the recommendations would be implemented in March 2020.

Resolution:

Committee noted the contents of the audit reports, the findings and approved the draft management response.

Tom Lucas proposed and Maureen Morris seconded the draft management response.

Stephen Pringle left the meeting at this time.

7. Neighbourhood Management Policy

The Housing Manager presented the report to update on the review and consultation of the Neighbourhood Management Policy for consideration and comment.

The policy was discussed with the Customer Opinion Panel at its meeting of 22 December 2019, published on the website and a draft of the policy and comments response sheet was on display at reception throughout January. There were no responses to any of the above means of consultation.

The consultation period ended on 30 January and the final draft of the policy was presented for approval.

Resolution:

Committee approved the Neighbourhood Management Policy for adoption.

The Neighbourhood Management Policy was proposed by Sarah Morris and seconded by Maureen Morris.

8. Rent Arrears update

The Housing Manager updated on the January rent arrears position.

She stated that since last reporting gross current rent arrears had increased by £6,564.88 and non-technical arrears had reduced by £3,452.13.

The number of arrears of £1,000 had increased by 1 to 89 since December which included 39 Universal Credit recipients.

Committee noted the contents of the report.

9. Credit Adjustment & Write Off Report

The Housing Manager presented the report to outline our bad debts and seek approval for the proposed write-offs from former tenant rent accounts and a credit adjustments.

She provided committee with an overview of bad debts on rent accounts for the period December 2018 to December 2019. She asked committee to note appendix 1 of the report which detailed accounts deemed to be irrecoverable and therefore recommendations were made to write off these former tenant arrears.

She advised that following an enquiry regarding a planned kitchen renewal being withheld due to outstanding court expenses, staff had identified a historic adjustment of £147.17 where a credit balance was debited from a tenant's rent account. In this case a credit balance had been adjusted out of the rent account towards a memo account for court expenses. A credit adjustment is required to rectify this.

Resolution:

Committee approved the total write off request of £8,383.71 and a credit adjustment of £147.17.

The write off request of £8,383.71 was proposed by Maureen Morris and seconded by Sarah Morris.

The credit adjustment of £147.17 was proposed by Michelle Harrow and seconded by Sarah Morris.

10. Draft Budget 2020/21

The Finance & Corporate Services Manager presented the report to provide details of the expected financial position of WHA for the financial year 2020/21.

He led committee through the Statement of Comprehensive Income which highlighted gross rental income of £3,299.71 which reflected a flat increase for all tenants. Operating costs are budgeted to be £3,118,725 and net interest payable is expected to be £234,310. Budget surplus for the year is £641,090 and investment in replacement components will increase cost properties to £42,000,283. Cash flow is expected to reduce by almost £240,000 over the financial year however due to the large underspend this year on planned renewals and replacement components. The opening cash balance remains in a healthy position and expected to be £1,790,370 at the end of the financial year.

He highlighted no issues with covenant compliance and the gearing was well within the target set by the bank however interest cover covenants were proving problematic. He asked committee to note that after the second draft of the budget timing issues with major maintenance programmes has resulted in a breach of covenant compliance. Despite the December Management Accounts covenant being achieved by 508% any shortfall in 2019/20 has not been looked upon favourably by our lenders. To overcome this issue, overhead spend has been reduced and where possible we have delayed some of the maintenance programmes for the external painting programme and backcourt improvements, which would allow us to achieve the interest cover covenant. It is hoped with prudent budgeting and reduced uptake on replacement components will allow for more funds to be available for these delayed programmes.

The Finance & Corporate Services Manager and Director will meet with our new Relationship Manager who will hopefully take account of the peaks and troughs of this expenditure more favourably rather than look at each year in isolation.

The Assets and Maintenance Manager provided a brief overview of delayed programmes and investments that will progress during the year.

Committee sought clarification if surpluses could be offset and used for the planned maintenance programme. The Finance & Corporate Services Manager stated that we could however due to the methodology behind the calculations of loan covenants would mean us breaching our covenants. The Director explained that the introduction of component accounting and FRS102 and the methodology of calculations were proving to be a problematic across the sector. He will update committee following further discussions with our lenders.

Resolution:

Committee approved the draft budget for the 2020/21 financial year.

The 2020/21 budget was proposed by Maureen Morris and seconded by Michelle Harrow.

11. Management Accounts – December 2019.

The Finance & Corporate Services Manager updated members with a comparison of the estimated and actual financial position to 31 December 2019.

He led the committee through the Statement of Comprehensive Income and outlined all variances. The budgeted surplus for the period to 31st December 2019 is £356,567. The actual results for the period show a surplus of £751,630. a favourable variance for the period of £395,063.

He highlighted that the favourable variance of £395,063 arises from;

- Operational Activities £392,791; (favourable variance)
- Net interest and other £2,272 (favourable variance)

Rental income is slightly higher than budget at £2,423. Void losses (2) are also lower than the budget figure of £10,565 as opposed to £19,281. A favourable net rental income of £11,148.

The Corporate & Finance Services Manager noted a few over and underspends against budget in the Statement of Comprehensive Income. Salaries had an underspend of £45,576 due to replacement of the Assets and Maintenance Manager not being in place and one Estate Warden not being in place for 9 months. He provided detail and a breakdown of the underspend in Repairs & Maintenance of £325,268.

The Housing Properties has increased by £247,672, in the main due to the cost of replacement components and boilers, however this spend is much lower than the budgeted spend of over £753,558 in the three quarters to date. He highlighted that the cash position has increased by £130,000 to £1,898,921. A delay in the maintenance/component renewals programmes has resulted in the balance increasing.

There were no covenant compliance issues.

Resolution:

Committee approved the Management Accounts for the period to date.

The Management Accounts to December 2019 were proposed by Maureen Morris and seconded by Michelle Harrow.

12. Financial Regulations and Procedures Review

The Finance & Corporate Services Manager advised of the proposed changes to the financial regulations and procedures.

He asked committee to note the main issues arising from the review; which were

Trust Honesty Integrity Excellence Accountability Sustainability

- Changes to the staff structure and job titles since the last review are now reflected in the updated documents;
- Any changes to processes due to good practice are reflected and segregation of duties incorporated wherever possible to reduce risk;
- Updated to reflect changes to legislation;
- New policies have been referred to where they have been adopted since the last review;
- Recommendations from internal audits particularly maintenance works authorisation have been included;
- Authorisation levels have been reviewed and remain the same.

Committee noted the main issues arising from the review.

Resolution:

The Financial Regulations and Procedures were proposed by Maureen Morris and second by Michelle Harrow for adoption.

13. KPI Report

The Housing Manager highlighted that the average relet for quarter 3 was 29 days against annual target of 12 days. She highlighted that 3 of these properties were void for 27-41 days due to their condition and for kitchens and bathrooms to be replaced. Voids between 43 – 48 days were due to several refusals for the area and anti-social behaviour concerns. 100% of tenants asked as part of the Annual House Visit survey had said they were satisfied with the management of the neighbourhood they live in. 5 compliments were received in the Quarter.

Michelle Harrow sought clarification on the number of section 5 referrals. The Housing Manager updated on a meeting with Glasgow City Council, she highlighted that the housing team were constantly have to ask the Council for referrals.

The Director advised that he had been contacted by the SHR who are completing research into homelessness to ascertain of our experience. A questionnaire has now been received and will be returned to the SHR in due course.

The Assets and Maintenance Manager asked committee to note progress on emergency and non-emergency repair results and comparatives. Contractors continue to provide very good response times.

Committee noted the contents of the report.

14. Management Team Report:

The various updates reports were noted for information.

5. Director:

5.1 Equality & Diversity.

The Director reminded members of the equality and diversity e-learning arranged through T C Young. He thanked those that had already completed the training.

5.2 Connect Community Trust.

The Director advised that Connect Community Trust had elected new Chair, Harry Blackwood. Correspondence had been received today which the Director will circulate to committee for information. The Chair and Director have a meeting scheduled with Mr. Blackwood early next week.

5.3 Staff Away Day

Approval was sought to close the office on 24th April 2020 to facilitate the staff away day as previously agreed by committee.

5.4 New Model Rules.

It is hoped that an SGM will be held before the summer of 2020 to adopt the new model Rules. We are waiting for sign off from the FCA before we can proceed. Mark Ewing, T.C. Young will attend to present any changes to the Model Rules. SGM attendance will be open to the membership only.

6. Assets and Maintenance Manager

All updates were noted as outlined within the report.

6.2 Procurement

The Assets and Maintenance Manager updated on a meeting held with Ewing Somerville Partnership on 20th January to discuss our requirements for procurement and direct awarding to ESP from the SPA Framework. The next step will be to lodge this as a project with SPA along with an outline of our requirements and future works.

6.4 Approved Contractors

Approval was sought to add Modus Ltd, Latto Ltd, S.A.S to the approved contractors list. A brief overview of their business activities was provided.

7. Housing Manager

All updates as outlined within the report were noted.

8. Finance & Corporate Services Manager

All updates as outlined within the report were noted

Resolution:

Committee;

- **Noted the various update reports for information;**
- **Approved closure of the office on 24th April 2020 to facilitate the staff away day;**
- **Approved Modus Ltd, Latto Ltd and S.A.S. being added to the approved contractors list.**

Approval for Modus Ltd, Latto Ltd and S.A.S being added to the approved contractors' lists was proposed by Maureen Morris and seconded by Tom Lucas.

Approval for closure of the office on 24th April to facilitate the staff away day was proposed by Maureen Morris and seconded by Sarah Morris.

15. Forward Planning – 30 April 2020

Committee noted the proposed agenda for 30 April 2020 committee meeting and proposed additions resulting from this meeting.

16. AOCB

Management Committee Away Day.

The Director suggested that a committee away day be arranged in due course. He suggested that the preferred option would be on a Saturday. He asked committee to come back with preferred dates.

The Chair advised that due to work commitments, Maureen Morris had very kindly agreed to complete committee appraisals with Linda Ewart on his behalf. Maureen advised that the 14th and 17th April 2020 had been agreed. The Corporate & Governance Officer will contact members to schedule the appraisals.

There was no other business. Meeting closed 8:15pm. Next meeting 30 April 2020, 6pm.

I certify that the above minute has been approved as a true and accurate reflection of the proceedings:

Signed (Chair)

Date:.....