

Wellhouse: the Place to Be

## 20 February 2020

Dear Member,

The	next Management Committee will be held on 27 February 2020,	-		
1.	Agenda Item Welcome, Sederunt & Apologies.	<b>Lead</b> Chair	<b>Time</b> 1 min	Verbal
2.	Declarations of Interest.	Chair	1 min	Verbal
3.	Jargon Buster – for information.	Chair	1 min	Information
4.	Minutes of the Committee Meeting of 30 January 2020	Chair	3 min	Approval
5.	Matters Arising & Actions from the minutes report	Chair	2 min	Approval
6.	Neighbourhood Management Policy	Housing Manager	2 min	Approval
7.	Rent Arrears update report	Housing Manager	5 min	Approval
8.	Credit Adjustment & Write off report	Housing Manager	5 min	Approval
9.	Draft budget 2020/21	Finance Manager	15 min	Approval
10.	Management Accounts to December 2019	Finance Manager	5 min	Approval
11.	Financial Regulations and Procedures review	Finance Manager	10 min	Approval
12.	KPI report	Management Team	10 min	Note
13.	Management Team Report	Management Team	10 min	Note & Approval
<ul><li>14.</li><li>15.</li></ul>	Forward Planning Vulnerable Adults Protection Policy Child Protection Policy Management Team Report	Chair	1 min	Note
16.	AOCB			
	Management Committee Away Day	Director	2 min	Decision

Meeting close: 8:00pm, Next Meeting: 30 April 2020, 6pm

Terminology	Definition
Statutory Instruments	A Scottish statutory instrument is subordinate legislation made by the Scottish Ministers or a regulatory authority in exercise of powers delegated by an Act of the Scottish Parliament. SSIs are the main form of subordinate legislation in Scotland, being used by default to exercise powers delegated to the Scottish Ministers, the Lord Advocate, the High Court of Justiciary, the Court of Session, and the Queen-in-Council.
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LIBOR	LIBOR is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans. LIBOR, which stands for London Interbank Offered Rate, serves as a globally accepted key benchmark interest rate that indicates borrowing costs between banks
Covenant compliance	A loan covenant is a condition in a commercial loan that requires the borrower to fulfill certain conditions or which forbids the borrower from undertaking certain actions, or which possibly restricts certain activities. Compliance means conditions are met in full.
Statement of Comprehensive Income (SOCI)	A statement of comprehensive income contains two main things: the <b>net income and other comprehensive income (OCI)</b> . The net income is the result obtained by preparing an income statement. On the other hand, OCI consists of all the other items that are excluded from the income statement. This was previously known as the Income & Expenditure Statement
Statement of Financial Position (SOFP)	The statement of financial position. The statement lists the assets, liabilities, and equity of an organization as of the report date. This was previously known as the Balance Sheet.
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Bad Debts	A <b>Bad Debt</b> is an outstanding sum of money owed to the <b>Housing</b> Association that has not been paid, despite repeated efforts to collect the <b>debt</b> .



# WELLHOUSE HOUSING ASSOCIATION MINUTES OF THE COMMITTEE MEETING HELD ON 30<sup>th</sup> January 2020 AT 6PM AT THE ASSOCIATION'S OFFICE, THE HUB, 49 WELLHOUSE CRESCENT G33 4LA

## 1. Welcome, Sederunt & Apologies.

Present:

Maureen Morris Vice Chair

Jane Heppenstall Committee Member
Sarah Morris Committee Member
Tom Lucas Committee Member

In Attendance:

Gordon Kerr Finance & Corporate Services Manager
Carol Hamilton Housing & Customer Services Manager

Bill Black Assets & Maintenance Manager

Laura Reilly Income Advice Officer, (Item 6 & 7 only)

Rebecca Howden Committee member, Calvay Housing Association

Apologies:

Clare Monteith Treasurer
Darron Brown Chair

Michelle Harrow Committee Member

Shona McKenna Co-optee

The Vice Chair noted our respects to our colleague Vanda Cooper, whose funeral was today. A condolence card and flowers had been sent to her family. She will be sadly missed.

The Vice Chair informed members that due to a previous commitment, the office bearers had agreed to the Director submitting his apologies for tonight's meeting. The Corporate and Governance Assistant was not in attendance due to illness.

She welcomed Rebecca Howden, Calvay Housing Association, who would observe the meeting. Introductions were made.

## 2. Declarations of Interest.

There were no declarations of interest.

## 3. Jargon Buster.

Noted for information.



## 4. Minutes of the committee meeting of 28 November 2019.

The minute of the committee meeting held on 28 November 2019 was proposed as accurate by Jane Heppenstall and seconded by Maureen Morris.

## 5. Matters arising from the minutes of 28 November 2019.

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

## 6. Universal Credit presentation.

The Income Advice Officer explained that Universal Credit is a new means tested social security benefit for working age people which had replaced the old style legacy benefits. She highlighted that the old system was considered overly complicated and the idea was to simplify the process to make it a one for all benefits system. She provided an overview of the group of tenants in work who would benefit from the new system and those who had been disadvantaged by the introduction of Universal Credit, particularly those with disabilities. She presented a brief overview of case studies for information.

She provided a breakdown from April to December 2019 of Universal Credit arrears and how this had affected our tenants. Universal Credit Arrears totalled £104,243.48 to December 2019. She highlighted that of the 106 tenants on Universal Credit, 97 of those tenants were in rent arrears. She clarified that payments for Universal Credit were paid 4 weeks in arrears, which places tenants on the back foot, unless they have 4 weeks credit in their accounts. She stated that it is more of a hindrance when a tenant ops for a managed payment to landlords due to the Association having to wait until our 28 day payment schedule and bank clearance is processed which could lead to a delay of 6-9 weeks before payment is received, whereas if the tenant paid it directly to the Association it would be processed earlier.

The Income Advice Officer advised that the income advice service had assisted 469 tenants from May 2018 to January 2020 to maximise their income in preparation for UC. It had achieved financial gains of £2,182,459.40 from May 2018 to January 2020 and assisted tenants to make UC claims with a financial gain of £477,594.30 from May 2018 to January 2020. In addition the service had provided regular Social Security updates via tenant newsletters & Wellhouse website, provided early intervention for tenants affected by UC (Forecasting), held weekly drop in sessions and offered digital support to make claims and changes to claims.

She emphasised the challenges of Universal Credit in relation to rent increase reporting to DWP by our tenants and actions/communications that are put in place to assist tenants. She provided an overview of the managed migration preparation and income maximisation checks prior to Universal Credit transition. She stated that providing early intervention is "better than cure!" to ensure that tenants understand the process and are assisted with digital challenges. She highlighted that the income advice service is facing higher demand and time from tenants requiring digital support.

Tom Lucas suggested given the increase in Universal Credit arrears and the support required by tenants that additional support for the service be considered. The Vice Chair suggested that it be taken to the next staffing committee meeting for further consideration.

Committee noted and thanked Laura for her report.



#### 7. Rent arrears update

The Housing & Customer Services Manager presented the report to provide an update on the rent arrears position. She highlighted that since October 2019 gross arrears have increased by £39,193.95 and non-technical arrears have increased by £25,910.02. The number of tenants in arrears over £1,000 increased to 88 which included 36 Universal Credit recipients with the total gross amount owed increasing by £24,095.10 during the same period. She advised that 63 households did not pay anything to their rent accounts during the month of December.

She highlighted that the housing team continues be pro-active however she does believe a more robust approach must be taken to manage rent arrears and communicating the consequences for the non-payment of rent. She provided an overview of the number of rent arrears cases that have resulted in the escalation of notification to repossess and legal action being processed. The Housing Manager continues to invite those owing more than £1000.00 for interview. She advised that these cases result in 64.4% of our total rent arrears. As a result of the increasing former tenant arrears the Housing Manager has arranged to meet with T.C. Young, to trace and collect former tenant arrears for payment. She will provide a further update at a committee meeting later in the year.

Jane Heppenstall asked if the threat of legal action for those tenants in long-term arrears had resulted in increased engagement from the tenants. The Housing Manager stated that there is less engagement than preferred due to a historical culture of not prioritising rent payments and reiterated the need for the Association to adopt a more robust approach for rent collection.

Committee discussed at length our intention to support customers who are struggling to pay their rent and various methods and opportunities to communicate the consequences to tenants of failure to pay rent.

Laura Reilly, Income Advice Officer, left the meeting at this time.

Committee noted the contents of the report.

#### 8. Rent Consultation

The Housing & Customer Services Manager presented the report to advise committee of the consultation methods undertaken to involve tenants on the rent increase proposals of CPI (1.5%) plus 1% from 1 April 2020, an increase of 2.5%

She advised that an article dedicated to the proposed rent increase was published in the winter newsletter and delivered to all tenants along with a separate survey form to be completed and returned. In addition tenants were offered to visit or telephone the office, text messages were sent, home visits were offered and 3 rent consultation drop in sessions arranged on Thursday 9<sup>th</sup> January 2020 to discuss the proposal with Housing Officers. 104 responses were received, which were detailed at appendix 1 of the report.

The Finance and Corporate Services Manager asked committee to consider the current levels of inflation and other financial assumptions with a sensitivity analysis as presented to committee in November 2019, and our business plan requirements to ensure we meet the requirement to continue investing in our stock, maintaining and developing services and to ensure affordability for our tenants.



He highlighted that a comparison of proposed rent increases from our EHRA partners had been completed as well the SHFA affordability indicators. He provided an explanation of the methodology used where the averages were based on a range of existing monthly charges per apartment size, family size and the average income as per the Annual Survey of Hours and Earnings (ASHE). He highlighted that all of our comparison indicators fell within the affordability range and were comfortably within the percentage of household income indicators.

Committee discussed at length employment within the area, affordability, household incomes and comparison indicators. The Finance & Corporate Services Manager informed committee that the minimum wage had been used in the annual survey of hours and earnings comparison indicators.

#### Resolution:

#### Committee;

Noted the review of the responses received from tenants at appendix 1 of the report.

Approved the recommendation of progressing with CPI plus 1% rent increase from 1<sup>st</sup> April 2020, an increase of 2.5%

The rent increase of 2.5% from 1 April 2020 was proposed by Tom Lucas and seconded by Sarah Morris.

## 9. Expenditure trends

The Finance & Corporate Services Manager presented the report to analyse expenditure patterns over 7 years particularly investment in stock, salaries and to give comfort to the committee they have made the correct financial decisions.

He stated that rental income has grown steadily since 2012/13 reflecting the annual rental increase to meet business plan requirements. Investment in stock through replacement components and other planned renewals shows an upward trend with the first 3 years of analysis showing investment of £1.4M whereas the investment in the final 3 years had nearly doubled to just under £2.8M. He asked committee to note that the expenditure relates solely to planned renewals/major repairs. Staffing costs have flat-lined over the 7 years and demonstrate that the proportion of rental income is consistently dropping from 25% in 12/13 to 21% in 18/19.

Direct and in-kind support to Connect Community Trust shows a downward trend reducing from £219.204 in 2012/13 to £43,000 in 18/19. He asked committee to note that in 2012/13 which, was the final year of wider role grants being paid to CCT, amounted to £558,170 over a four year period.

Credit Card expenditure fell consistently throughout the analysis from £29,638 in 2012/13 to £2,806 in 2018/19. The first three years of analysis showed a credit card spend of £53,757 whereas the spend in the final three years was £4,247.

Committee noted the contents of the report.



## 10. Management Team Report

The various updates reports were noted for information.

## **Director:**

The Housing & Customer Services Manager presented on behalf of the Director. It was noted that items 4.7 to 5.25 pertaining to confidential items relating to staff would be redacted in the published report.

## 4.1 H.R. Policies.

The staffing committee had ratified via email, the Lone Working Policy, Employing Army Reserves, Smoke Free Policy, Staff Expenses Policy, Stress Management Policy, Sabbatical Policy, and Equality & Diversity Policy. Policies had been reviewed to ensure compliance with current legislation and good practice and to reflect GDPR and FOI requirements Minor adjustments to the Smoke Free Policy and Staff Expenses policy were noted. Committee were asked to ratify the policies.

#### **Resolution:**

Committee ratified, Jane Heppentstall proposed and Tom Lucas proposed the policies for a further 3 years.

#### 4.2 Hub BP

Action: A full report on the assessment of use for the hub will be presented at the end of the business year 2020.

## 4.3 Development

GCC have agreed to fund updated valuations and site investigations. The St John Ogilive site is being valued in February.

## 4.6 Health & Safety

Following an anonymous report to Strathclyde Fire and Rescue Service on the day of our AGM, we have received a positive feedback report on our management of fire safety, citing no concerns. Committees thanks to Alex Hogg, Maintenance Officer for his continued management of fire safety were conveyed.

#### 5.6 Staff Welfare

Staff members' gratitude was passed to committee for their support relating to matters of inappropriate language on social media, gross invasion of personal privacy and anonymous threats. Staff have been reminded of staff welfare and counselling services.



## 5.7 Staff away day

Committee were asked to approve an away day for staff to review the business plan, liP feedback and our approach to the 2020 business plan before the end of quarter four.

#### Resolution:

Jane Heppenstall and Sarah Morris approved the recommendations.

## 6. Assets and Maintenance Manager

All updates were noted as outlined within the report.

#### **6.1 Planned Works**

The Maintenance Manager stated that planned works are around 40% complete. Feedback has been very positive.

## 6.2 New Membership of Scottish Procurement Alliance. (SPA)

Committee were provided with background information and the benefits of using the SPA framework.

## 6.6 Gas Servicing

The Maintenance Manager updated committee on the current contract for gas servicing and repairs where work orders are raised for each repair and processed for payment, which is very time consuming for the maintenance and finance team. It was proposed that we look to move to a 3 star service so servicing and repairs are invoiced on a monthly basis. A benchmarking exercise to ascertain costs will be completed with other housing associations.

## 7. Housing Manager

All updates as outlined within the report were noted.

## 7.2 Information sharing and joint working

WHA staff met with Home Energy Scotland to discuss how they may assist with supporting local efforts to help people who may be struggling to heat their home and stay in control of energy bills. They will deal with referrals from staff as well as helping those who attend drop in session.

#### 7.3 Tenant participation

The Housing & Customer Services Manager sought committee approval to meet with the COP, committee members and staff in order to progress the "Next Steps" programme to progression on the 17<sup>th</sup> or 18<sup>th</sup> of February 2020

Committee agreed that an email would be sent to confirm their availability.



## 7.4 Training

Domestic abuse training requires to be rearranged. Bespoke training on legislation, risk assessing victims and the implications of dealing with the whole family is also being arranged. Costs for the latter will be shared with our colleagues in EHRA who wish to attend.

## 7.5 Complaints

Committee were advised and updated on the unusual number of complaints received upon return to work after the festive period and the amount of Officer time that has been spent dealing with these cases.

## 7.6 Neighbourhood Management Policy

Consultation has now ended on the Neighbourhood Management Policy and a final draft will be presented to committee in February.

## 7.8 Data Collection - Equality, Diversity and Human Rights.

Committee were asked to approve retaining a member of staff who has been covering the vacancy of the Housing Assistant for a period of 6 weeks to collect data, as required by law, relating to the protected characteristics of tenants, applicants, committee members and staff for which we are required to comply by 2021.

#### **Resolution:**

Sarah Morris proposed and Tom Lucas seconded retaining a member of staff for a 6 week period for the purpose of data collection.

## 8. Finance & Corporate Services Manager

All updates as outlined within the report were noted

## 11. Forward Planning – 27 February 2020

Committee noted the proposed agenda for 27 February 2020 committee meeting.

#### 12. AOCB

There was no other business. Meeting closed 8:30pm. Next meeting 27 February 2020, 6pm.

Rebecca Howden, Calvay Housing Association left the meeting at this time.

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

Signed (Ch	air)		Date:		
Trust	Honesty	Integrity	Excellence	Accountability	Sustainability



## **ACTIONS ARISING FROM PREVIOUS MANAGEMENT COMMITTEE MEETINGS February 2020**

MINUTE REFERENCE	ACTION	OWNER	DUE BY	STATUS OPEN/	PROGRESS
				CLOSED	
				24 Octob	per 2019
11. Management Team Report	Site at the former Wellhouse Primary School; The Director will report on the feasibility of progressing a development and a bid for this site.	Martin Wilkie- McFarlane	March 2020	Open	An update will be provided at the February 2020 committee meeting.
3. TPAS	Committee to provide a date for TPAS to consult with committee and to develop an action Plan for consultation with service users	Carol Hamilton		Open	Ongoing. T Kelly attended Committee meeting. The Next Steps training has been organised for 18 <sup>th</sup> February 2020.
13. Rent Arrears	Universal credit will be included on the November committee meeting agenda	Carol Hamilton	November 2019	Open	A full report was presented to committee at the 30 <sup>th</sup> January 2020 meeting. Monthly updates will continue to be provided.
			Nove	mber 2019	
11. Management Team Report	The Finance Manager will email proposed dates for fraud training to interested members	Gordon Kerr	January 2020	Open	The Finance Manager is still waiting for proposed dates for fraud training from the auditors.
				uary 2020	
10. Management Team Report Hub BP	The Director will provide a full report on the assessment of use for the hub at the end of the business year 2020	Director	December 2020	Open	An update will be provided at the 27 February 2020 committee meeting.



Management Committee	27 February 2020
Agenda Item	6
Title of Paper	Neighbourhood Management Policy Review
Author	Carol Hamilton, Housing and Customer Services Manager
Attachment	Neighbourhood Management Policy

#### FOR DECISION

#### 1 PURPOSE

**1.1** To provide an update on the review and consultation of the Neighbourhood Management Policy for consideration and comment.

#### 2 RECOMMENDATIONS

2.1 That the Management Committee approve the Neighbourhood Management Policy...

## 3 BACKGROUND

- 3.1 The Neighbourhood Management Policy has been reviewed and a draft was presented to Committee at the November 2019 meeting.
- 3.2 It was agreed that the final draft would be presented after a consultation process.
- 3.3 The policy was discussed at a meeting on 22 Dec with the Customer Opinion Panel and while a discussion took place about the neighbourhood and the estate in general, there were no final comments made on the policy by the Panel.
- 3.4 The policy was published on our website and tenants were invited to comment by email. There were no responses.
- 3.5 A draft of the policy and a comments response sheet was on display at reception throughout January. There were no responses.
- 3.6 The consultation period ended on January 30<sup>th</sup> and the final draft is being presented to Committee at the February meeting.
- 3.7 The policy has been reviewed to ensure that it meets current legislation and good practice.

## 4 OBJECTIVES

Our policies will assist to deliver our commitment and enable staff/organisation to live up to all our strategic objectives of;

- 1. Deliver excellent services.
- Provide good quality homes.
- 3. Anticipate, understand and respond to local needs.
- 4. Foster an attractive, successful and thriving community.
- 5. Maintain good governance and financial management.
- 6. Value and invest in our people



## **5 MAIN CHANGES**

 There are no changes to the draft since it was first presented to Committee in November 2019

## 6 REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

## 6.1 Regulatory Framework

We will comply with the Scottish Social Housing Charter requirements relating to the provision of tenancy management services as noted below:

- Outcome 1: Equalities.
- Outcome 2: Communication.
- Outcome 3: Quality of Housing
- Outcome 4: Repairs, maintenance and improvements
- Outcome 11: Tenancy Sustainment
- Outcome 13: Value for Money

## 6.2 **Legislative Framework**

The following legislation is relevant to this policy:

- The Housing (Scotland) Act 2001
- The Housing (Scotland) Act 2010
- The Housing (Scotland) Act 2014
- Equality Act 2010
- Human Rights Act 1998
- Regulation of Investigatory Powers (Scotland) 2000
- Data Protection Act 1998 & GDPR 2018
- Schedule 7, Housing Scotland Act 2001
- Sex Discrimination Act 1975
- Race Relations Act 1976 (Amendment) Regulations 2003
- Scottish Secure Tenancy Agreement
- Short Scottish Secure Tenancy Agreement
- Dog Fouling (Scotland) Act 2003

## 7 FINANCIAL IMPLICATIONS

There are no financial implications.

#### 8 KEY RISKS

**8.1** Policies are not fit for purpose and become outdated.



## 9. EQUALITY AND DIVERSITY & HUMAN RIGHTS ISSUES

**9.1** These polices have been written with our commitment to diversity and there are no adverse implications for any identified group.

## 10. SUSTAINABILITY

**10.1** The report meets the Association's commitment to sustainability.

## 11. SWOT ANALYSIS

11.1 Not required as no new business activity proposed

## 12. CONCLUSION

- **12.1** The Policy has been reviewed to take account of legislative changes and tenants have been consulted.
- **12.2** It is recommended that Management Committee approve the Neighbourhood Management Policy.



## **POLICY**

## NEIGHBOURHOOD MANAGEMENT

## Wellhouse - The Place To Be

Policy Created: November 2019

Date of Next Review November 2022

The policy is available on the Association's website. Customers will be provided with a copy of this policy as part of their Tenant's Handbook. We will provide this policy in specific formats as requested, i.e. tape, Braille or another language.

Section	Content	Pages
1.	Vision and values	3
2.	Governance	3
3.	Policy Aims	3
4.	Equal Opportunities& Human Rights Statement	4
5.	Scottish Housing Charter	4
6.	Legislation	4
7.	Our principles and standards	5
8.	The Policy	5
9.	Monitoring and performance	10
10.	Consultation	10
11.	Complaints	10
12.	Policy Review	11

## **Linked Policies/Procedures**

1.	Openness and Confidentiality
2.	Customer Engagement and Participation policy
3.	Complaints Policy
4.	Equality and Diversity & Human Rights Policy
5.	Common Housing Register Policy
6.	Repairs and Maintenance
7.	Data Protection

#### 1. Vision and values

#### Wellhouse - the Place to Be.

This simple statement is our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

We believe that our values of **Trust**, **Honesty**, **Integrity**, **Excellence**, **Accountability** and **Sustainability** supported by a comprehensive policy framework will help make our vision a reality.

#### 2. Governance

Wellhouse HA is a community controlled Registered Social Landlord and is managed by a group of local people who are elected onto the Management Committee. We may co-opt other people onto the Management Committee from time to time where we feel we need specialist support. Their role is to make sure that the Association is well run, meets the needs of the local area and is responsive to what is important to local people.

The Management Committee appoints senior staff, agrees all the Association's policies and takes all the key decisions. The Director and the senior team support the Committee in these responsibilities.

## 3. Policy Aims

This policy sets out how we will work with all our customers to:

- Create a successful, thriving and safe Wellhouse
- Encourage and support local people to enjoy living here
- Manage and maintain the local area to a high standard
- Support our customers to look after the area
- Support customers who are experiencing problems with their neighbours or in the community
- Support customers to sustain their tenancies

We expect our customers to meet their obligations under the Tenancy Agreement and work with us to make *Wellhouse the place to be:* 

- To keep their own home in a reasonable state of cleanliness and decoration
- To take reasonable care to prevent damage to their property, their neighbour's property and common areas
- To tell us as soon as reasonably possible about any damage to the house and common areas

Additionally, the Policy sets out how we:

- Take action in response to any complaint or concern
- Seek feedback on our policy
- Report on our policy and communicate with our customers
- Monitor and review our policy.

## 4. Equal Opportunities & Human Rights Statement

We aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.

We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender reassignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

## 5. Scottish Housing Charter

The Scottish Government's Social Housing Charter came into force in April 2012. The Charter sets out the standards and outcomes that Registered Social Landlords should achieve.

There are 7 outcomes under the Charter that are especially relevant to our Neighbourhood Management Policy, these are:

## **Outcome 1: Equalities**

• Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services

#### **Outcome 2: Communication**

 Tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides

## **Outcome 3: Quality of housing**

 Tenant's homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) by April 2015 and continue to meet it thereafter, and when they are allocated, are always clean, tidy and in a good state of repair

## Outcome 4: Repairs, maintenance and improvements

 Tenant's homes are well maintained, with repairs and improvements carried out when required, and customers are given reasonable choices about when work is done

## Outcome 5: Estate management, anti-social behaviour, neighbour nuisance and tenancy disputes

Tenants and other customers live in well maintained neighbourhoods where they feel safe

## **Outcome 6 – Tenancy Sustainment**

 Tenants get the information they need on how to obtain support to remain in their home and ensure suitable support is available, including services provided directly by the landlord or other organisations.

## Outcome 7: Value for money

 Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay

## 6. Legislation

The following legislation is relevant to this policy:

- The Housing (Scotland) Act 2001
- The Housing (Scotland) Act 2010
- The Housing (Scotland) Act 2014
- Equality Act 2010
- Human Rights Act 1998
- Regulation of Investigatory Powers (Scotland) 2000
- Data Protection Act 1998 & GDPR 2018
- Schedule 7, Housing Scotland Act 2001
- Sex Discrimination Act 1975
- Race Relations Act 1976 (Amendment) Regulations 2003
- Scottish Secure Tenancy Agreement
- Short Scottish Secure Tenancy Agreement
- Dog Fouling (Scotland) Act 2003

## 7. Our principles and standards

We are committed to meeting the following service standards:

## **Prevention**

- help our customers to sustain their tenancies
- visit our customers annually to offer support and update on services available
- carry out an annual house inspection
- carry out regular estate inspections and take any action required to maintain a high standard
- offer benefits advice to help maintain tenancies and household income

## **Multi Agency Working**

- we will develop and maintain effective working relationships with external agencies including Police Scotland, EHRA members, Community Safety and Glasgow City Council to ensure a high quality physical environment.
- maintain an open door policy for our customers to tell us if things are going wrong
- make sure our staff are well trained and have the skills and knowledge to support our customers and communities to resolve any issues
- encourage our customers to take an active role in helping to maintain the area

## **Community Resilience**

- to let our houses timeously to promote strong communities
- help new customers to settle in their new homes by carrying out settling in visits within 8 weeks
- to treat others with respect and to be a good neighbour
- to work with external partners to keep our area litter free
- to respect diversity

## **Enforcement**

- make sure all customers are aware of their responsibilities to keep to the terms of the Tenancy Agreement
- Work with the City Council in relation to bulk uplifts, fly tipping, dog fouling, garden maintenance etc.

Dealing with nuisance behaviour and tenancy breaches.

## 8. The Policy

#### How we look after Wellhouse

We want to promote both our housing and our community as an attractive place to live and aim to set and maintain standards to allow residents to enjoy a clean, tidy and safe environment and live happily in their homes.

We want to make customers aware of their responsibilities regarding the upkeep and maintenance of their home, common areas and the local area as a whole. We want to support customers to meet these responsibilities and sustain their tenancies.

## **Obligations and Responsibilities**

The obligations and responsibilities of Wellhouse and our customers in regards to estate and neighbourhood management are set down in the Scottish Secure Tenancy Agreement.

## **Environment**

#### We ask our customers to make sure:

- If they have a garden, that it does not become overgrown, untidy or cause a nuisance to other residents
- They put all rubbish for collection in the bin store or designated area.
- all rubbish is properly bagged and placed in bins provided rather than left in common areas / gardens
- Bulk rubbish is placed in the bin store for collection (if they live in tenement properties)
- Bulk rubbish collection is arranged with Glasgow City Council and all items are kept within their garden until collected and not on the pavements /communal areas
- no vehicle owned by them / their visitors / members of their household is parked on land unless that land is set aside for parking or is a public road.
- No vehicle owned by them / their visitors / members of their household cause's nuisance or annoyance to their neighbours

#### We will

- have systems in place for the regular inspection of back courts, bin stores, paths, communal grass areas and other open areas for which we are responsible
- keep common grass areas, shrub beds and hedges for which we are responsible from becoming overgrown, untidy or causing a nuisance to other residents
- Where a property is empty and has a garden, we will make sure it does not become overgrown, untidy or cause a nuisance to other residents

A garden maintenance service is available through Glasgow City Council and we will support customers to apply for this service.

## **Common Areas**

## We expect our customers to:

 keep common areas, such as closes, stairways, backcourts, paths and bin areas clean and tidy and free from litter and dog or other animal dirt.

- make sure no property including bicycles, motorcycles or prams are stored in the common areas, including close entrances or areas around front doors.
- allow pets to foul or cause damage to other people's property

#### We will

- clean all tenemental stairs (owned or factored) on fortnightly basis and have systems in place for the regular inspection of closes and common areas including health and safety checks
- keep common areas, such as closes, stairways, backcourts, paths and bin areas in good repair and fit for use by customers, members of their household and their visitors
- keep common areas, such as closes, stairways, backcourts, paths and bin areas clean and tidy and free from litter where we have agreed to do so

## Managing our area

We are responsible for managing the local environment and keep all the areas we own in good repair and fit for use by customers, members of their household and their visitors. We want to promote Wellhouse as an attractive place to live to potential customers and ensure our existing customers feel positively about themselves and their area. We want customers to be satisfied with us and our services.

We will pay recognition to those customers who make a difference by carrying out annual garden awards schemes and seeking nominees for 'being a good neighbour' award.

We provide an Estate Warden Service to provide local employment and training opportunities. We provide a high quality and responsive service based within the local area 5 days a week.

The Estate Wardens are responsible for managing the local environment on a day to day basis alongside our Housing and Maintenance teams. We also expect Glasgow City Council to fulfil their obligations to the area and environment.

If we have to remove bulk rubbish we will attempt to identify those responsible and recharge them for this work

#### **Customers' Homes**

## We expect our customers to:

- keep their home in a reasonable state of cleanliness and decoration
- take reasonable care to prevent damage to their property, their neighbour's property and common areas
- Report to us, as soon as reasonably possible, any damage to the house or common areas

## When something goes wrong

We take all complaints and concerns that our customers have very seriously. We are committed to doing all we can to encourage people to live amicably together and to treat each other with respect and tolerance and to take a pride in their neighbourhood and home.

We know that a poorly maintained environment can have a negative impact on our customers and that neighbour disputes, nuisance, and anti-social behaviour is very destructive. We aim to do all that we can to prevent such situations arising and to act speedily when these situations do arise.

## We are committed to:

- Treating our customers with respect at all time
- Treat information in confidence as far as possible
- Making it easy to contact us
- Responding quickly to any concerns or complaints about Customers or other household members or visitors aiming to take complaints within 1 working day;
- Treat each complaint about the environment seriously, impartially and in line with our policy
- Support our customers to look after their home and their area
- using a multi-agency approach to bring cases reported to us to a satisfactory conclusion
- Keep anyone who reports an issue to us regularly informed

#### Actions we can take

Every case is unique and we have a range of actions that we can take in responding to incidents:

## **Stage 1 - Establishing the facts**

- By telephone
- By e-mail
- By letter
- A home visit
- An office interview
- Speak to the person complained of
- Speak to surrounding neighbours as appropriate
- Request information from the police for information in relation to specific incidents where they have been involved
- Give out incident diaries
- Checks to see if there is on-going social work involvement

## **Stage 2 - First Stage Resolution**

- Recharging customers for work which they have failed to do or to cover the costs of repairs for malicious damage caused by them
- Making use of the Provisions contained in the Dog Fouling (Scotland) Act 2003
- Use Environmental Protection Services to enforce local bye-laws
- Mediation
- Organise meetings to attempt to resolve the disputes
- Referral to the Police where activity is of a criminal nature
- Withdrawing allocation rights
- Support the person complained of to change behaviour

## Stage 3 - Enforcement

 We will always try to resolve complaints without taking legal action however if a tenant persistently breaches their tenancy agreement and where situations cannot be resolved, such action will be considered and in these circumstances tenants may lose their homes.

Throughout the process we will support the person who has made the complaint.

## 9. Monitoring and performance

We will provide regular reports and an annual report to the Management Committee on neighbourhood management.

We also provide an Annual Return on the Social Housing Charter (ARC) to the Scottish Housing Regulator to tell them how we have performed against the performance indicators in the Social Housing Charter, specifically:

- Indicator 17: the percentage of customers satisfied with the management of the neighbourhood they live in
- Indicator 19: the percentage of anti-social behaviour cases reported in the year, which were resolved within locally agreed targets.

## 10. Consultation

We aim to deliver excellent services which respond to local needs and reflect what is most important to our customers. We aim to provide good quality neighbourhoods. We aim to provide a sensitive and effective service for tackling nuisance behaviour, neighbour nuisance and disputes to make sure that all our customers can enjoy living in their homes and in Wellhouse.

To do that we need our customers to tell us how well our policy is working and help us to make the changes which will improve it. In line with our Customer Engagement and Participation Policy:

- We make it easy for customers and local people to give us their comments and views face to face, by telephone, e-mail, on line or in a letter.
- We commission formal independent customer satisfaction surveys on a continuous monitoring basis carried out every three months.
- We consult our Customer Opinion Panel
- We publish the targets we set
- We publish how we have performed against those targets

We use customer feedback to review our policies and talk to you about the changes we are making.

## 11. Complaints

We have a separate complaints policy and procedure. Leaflets and copies of the complaints procedure are available from the Association's office and on our website. We also provide information on how our customers can make a complaint to the Scottish Public Services Ombudsman, Bridgeside House, 99 McDonald Road, Edinburgh, EH7 4NS, telephone 0800 377 7300 or 0131 225 5300 and how to contact the Scottish Housing Regulator.

The Ombudsman will not normally deal with complaints unless customers have followed the Association's complaints' procedure

#### 12. Review timeframe

The policy will be reviewed every three years, or sooner, in response to a change in legislation or circumstance.

## 13. General Data Protection Regulations

The organisation will treat personal data in line with our obligations under the current GDPR regulations and our own policy. Information regarding how your data will be used and the basis for processing your data is provided in Wellhouse HA's Fair Processing Notice.

## 14. Freedom of Information

The Association is subject to FOI and all enquiries with respect to Neighbourhood Management will be handled strictly in line with FOI and confidentiality policies.



Management Committee	27 February 2020
Agenda Item	7
Title of Paper	Rent Arrears Update
Author	Carol Hamilton, Housing & Customer Service Manager
Appendices:	None

## FOR INFORMATION AND DECISION

#### 1 PURPOSE

**1.1** To update Committee on the arrears position.

## 2 RECOMMENDATIONS

**2.1** That the content be noted for information.

#### 3. BACKGROUND

- 3.1 Committee have requested monthly arrears reports.
- 3.2 This report forms an update to the January position.

## 3.3 Business Plan and values

The production of an arrears report is consistent with:

- strategic objective 5: to maintain good governance and financial management and;
- our values of excellence and accountability.

## 4. MAIN ISSUES

## 4.1 Current Arrears increase.

Since the last report to Committee in January 2020, gross current arrears have increased by £6,564.88 and non-technical arrears have reduced by £3,452.13. Arrears attributable to Universal Credit have increased by £5,256.34 during the same period.

## 4.2 Arrears cases over £1,000.

The number of cases has increased by 1 to 89 since December and this includes 39 Universal Credit recipients. The total gross amount owed by these cases has increased by £6,432.10 during the same period.

## 4.3 Negative variance.

"The KPI figure for gross arrears for 2019/20 is 5% and the current negative variance is 3.30%



## 4.4 Headline figures: as at period 10

- Gross arrears are £267,091.81 8.30% of rental income.
- Net arrears are £248,931.89 7.73% of rental income.
- Our rent collection rate is currently 94.78% (Cumulative10 months to January 2020)
- 89 tenants owing £1,000+ now owe £174,215.43 collectively this is 65.23% of all arrears and 5.41% of annual rental income
- Former tenant's arrears have increased by £920.67

## 5 CHARTS:

## **Current Tenant Arrears Report**

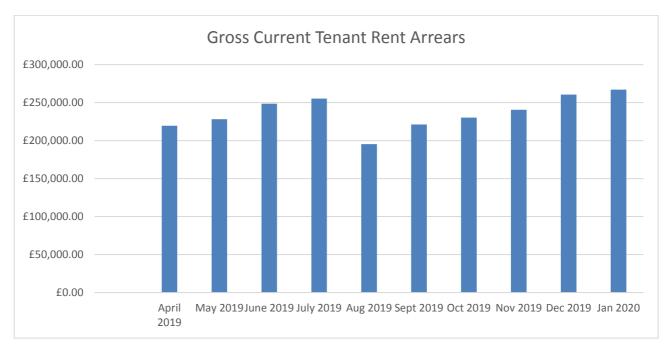
Patch	No. Tenants	EOP Arrears Only	Tech Arrear Used	EOP Balance minus Tech Arrear used	No. Tenants after Tech Used
1.	165	£100,659.38	£6,462.22	£94,197.16	98
2.	138	£73,860.81	£4,855.73	£69,005.08	94
3.	135	£92,571.62	£6,841.97	£85,729.65	101
<b>Grand Total</b>	438	£267,091.81	£18,159.92	£248,931.89	293

## **Current Tenant Arrears banding all patches**

Patch	No. Tenants	EOP Arrears Only	Tech Arrear Used	EOP Balance minus Tech Arrear used	No. Tenants after Tech Used
No Arrears	145	£10,016.16	£10,016.16	£0.00	0
0-99.99	36	£3,726.73	£2,076.56	£1,650.17	36
100-499.99	106	£33,597.99	£3,410.99	£30,187.00	106
500-999.99	62	£45,535.50	£1,449.90	£44,085.60	62
1000-					
1999.99	54	£77,389.74	£784.90	£76,604.84	54
2000+	35	£96,825.69	£421.41	£96,404.28	35
<b>Grand Total</b>	438	£267,091.81	£18,159.92	£248,931.89	293

The following table indicates the rise in gross current rent arears since April 2019





## **Former Tenant Arrears**

	No.	EOP Arrears
Patch	Tenants	Only
	27	£18,698.62
2.	21	£12,775.70
3.	12	£6,990.24
	2	£136.07
<b>Grand Total</b>	62	£38,600.63

## 6. ACTIONS

## 6.1 Factors affecting balance:

The total number of those with rent arrears has risen by 13 since the last report. This can be attributed in part to Glasgow City Council making a late payment of £2,609.06 on 4th February that was due in January.

In addition, at the point this report was written, the Housing Team were investigating the possibility that some tenants had not been paid their 13<sup>th</sup> payment of Universal Credit that was due in January.

As a result of the increasing former tenant arrears the Housing Manager has arranged for TC Young, Solicitors, to trace and collect former tenants for arrears payments. Since the last report, 1

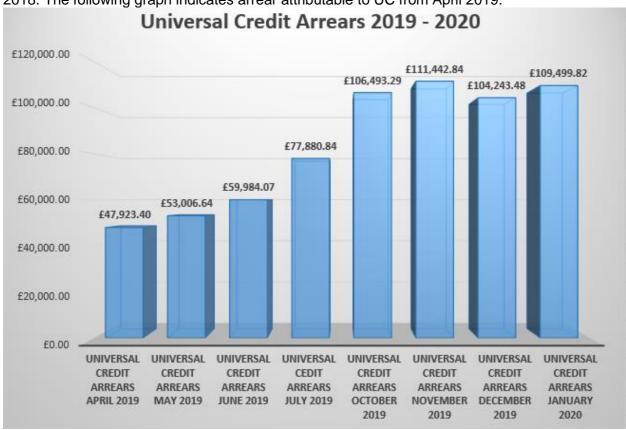


tenant has had to leave her tenancy as a result of fleeing violence (non-domestic) which has resulted in the increase in former tenant's arrears.

Officers are continuing to focus on reducing the average length of time tenants have arrears which will result in faster escalation of the process and an increase in legal action. The Housing Manager is continuing to invite all those owing more than £1,000 for interview.

## 6.2 Universal Credit Reporting.

Universal Credit has significantly increased rent arrears since full service roll out in December 2018. The following graph indicates arrear attributable to UC from April 2019:



## **Overall impact on arrears**

- To date we have 107 tenants in receipt of Universal Credit. (Increase of 1 tenant from December 2019.)
- 26 of the 100 Universal Credit cases have rent arrears of over £1,000 but under £2,000.
   (Increase of 2 tenants from December 2019.)
- 31 of 100 Universal Credit cases have arrears over £500 but under £1,000.
   (No change from December 2019)
- 30 of 100 Universal Credit cases have arrears between £100 & £500.
   (No change from December 2019)
- 7 UC tenants are in rent credit.
   (Decrease of 2 tenants from December 2019)



- 13 Tenants have arrears over £2,000 each totalling £40,195.60 Universal Credit arrears. (Increase of 1 tenant & decrease in arrears of £3,502.49 in this group from December 2019.)
- Universal Credit Arrears total £109,499.82 in January 2020. (Increase of £5,256.34 from December 2019.)

The following SWOT analysis contributes to the ongoing plans to maximise rental income.

Strengths	Weaknesses
We have 3 experienced housing officers as well as a dedicated Income Advisor	We have no control over the numbers of tenants who migrate to UC
As a result of recent analysis of all arrears cases over £1000 we have been able to identify historical practices which have contributed to the length of time customers have been allowed to remain in arrears	Rent arrears recovery action competes with other housing management functions which often take priority
The Repairs and Maintenance policy makes it clear that planned maintenance will not be carried out when debt is owed to the Association which is contributing to a change in attitude and an increased willingness to pay.	There is less engagement than preferred from tenants due to a historical culture of not prioritising rent payments
Opportunities	Threats
The rent management policy has been approved and clearly states our intention to support customers who are struggling	Threats  Reputational damage due to an increase in legal action
The rent management policy has been approved and clearly states our intention	Reputational damage due to an increase
The rent management policy has been approved and clearly states our intention to support customers who are struggling to pay their rent. The policy makes it clear that planned maintenance will not	Reputational damage due to an increase in legal action

## 7. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 ARC report will include our performance.
- 7.2 Any rise in court cases will lead to a rise in legal fees.



## 8. FINANCIAL IMPLICATIONS

8.1 Dealt with in the body of the report.

#### 9. KEY RISKS

- 9.1 Failure to robustly manage arrears is a failure to deliver on core KPI and reduces income to the association. Mitigation – persistent and consistent application of policy and staff performance management.
- 9.2 Any rise in evictions will lead to reputational damage. Mitigation use only as a last resort. Any eviction to be agreed by Director and approved by Committee.

## 10. EQUALITY AND DIVERSITY

The rent management policy has been written with our commitment to diversity included.



Management Committee	27 February 2020			
Agenda item	8			
Title of Paper	Credit Adjustment & Write Off Report			
Author	Carol Hamilton, Housing & Customer Services Manager			
Attachment(s)	Appendix 1- anonymised write- off list Appendix 2 - anonymised credit adjustment details			

## For Approval

#### 1 PURPOSE

To outline our bad debts and seek approval for the proposed write-offs from former tenant rent accounts and a credit adjustment.

## 2 RECOMENDATION

That the Management Committee approve the total write-off request of £8,383.71 and a credit adjustment of £147.17.

## 3 BUSINESS PLAN, VISION AND VALUES

3.1 This paper is consistent with our commitment to improve our performance management and is compliant with the following strategic objectives;

Objective 1: Deliver excellent services

Objective 5: to maintain good governance and financial management

It is also consistent with our Values of:

- Accountability
- Excellence
- Sustainability

## 4 MAIN ISSUES

4.1 Committee are presented with bad debts on rent accounts for the period beginning of December 2018 to end of December 2019. The accounts have been reviewed and deemed to be irrecoverable and therefore recommendations are made to write-off former rent arrears.

In addition, following an enquiry regarding a planned kitchen renewal which is being withheld because of outstanding court expenses, staff have identified an historic adjustment (4/1/2013 for £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. However, upon checking, this credit had



never been set against the memo account. A credit adjustment is required to rectify this.

- 4.2 The Income Collection, Debt Recovery and Debt Write Off Policy defines how former tenants debts can arise and sets out when a debt can be considered for write- off. Reasons for current write-off cases are set out below, giving both case category, number of cases and total amount.
  - Deceased (12 cases) £2,537.05
  - No trace (Including Abandonments and Evictions) (5 cases) £1,598.24
  - Debt over 12 months old where tenancies have terminated and former tenants have left UK (3 cases) £1,333.59
  - Under £100 on the basis that this is uneconomical to recover (11 cases) £262.76
  - Protected Trusteed (1 case) £2,652.07

The total for 32 cases in 2019/20 is £8,383.71

- 4.3 Committee are asked to approve the proposed write off from former tenant arrears of £8,383.71.
- 4.4 There are no recommendations to write off any current tenant rent arrears or credit.
- 5. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES
- 5.1 It is a regulatory and legal requirement to maintain good financial records.
- 6 FINANCIAL IMPLICATIONS
- 6.1. The financial implications are that we will no longer expect to receive £8,383.71 as rental income, therefore, lost income to the Association. However, because we regularly review and provide for bad debts this will already be fully provided for and will not incur a charge to the income and expenditure.
- 7 KEY RISKS
- 7.1 There are no key risks identified.
- 8. EQUALITY AND DIVERSITY ISSUES
- 8.1 There are no identified impacts on any of the main minority groups or diversity implications even an unintended one.
- 9. CONCLUSION
- 9.1 It is recommended that the bad debts be written off; they are irrecoverable and it would be inappropriate to dedicate any further resources to recover. Note that records will remain in place to allow repayment to be made if tenants are traced in future. All write offs will be reflected in rent accounts for 2019/20.

## Appendix 1

Tenant No.	Balance	Reason for write off	
20000952	£2,652.07	Trust Deed - unrecoverable	
20001421	£756.75	Left UK - uneconomical to recover	
20001178	£538.20	NFA	
20000850	£348.35	Tenant deceased	
20001276	£327.43	Tenant Deceased	
20000911	£321.84	Uneconomic to trace/recover	
20001170	£290.58	Tenant deceased	
20001439	£275.76	NFA	
20001091	£275.30	Aband next tenancy	
20001339	£270.51	Tenant Deceased	
20001460	£256.84	NFA	
20001046	£255.00	Left UK - uneconomical to recover	
20000556	£252.14	Aband - NFA	
20000450	£227.97	Tenant Deceased	
20001358	£205.97	Tenant Deceased	
20000913	£203.61	Tenant Deceased	
20001308	£199.37	Tenant deceased	
20001441	£183.96	Tenant deceased	
20001305	£143.30	Tenant deceased	
20000713	£120.36	Tenant Deceased	
20001018	£89.81	Should not have been re-charged (Historic)	
20000359	£63.41	Not good service or cost effective to pursue	
20000718	£31.69	Over 5 years - cannot pursue	
20001012	£31.01	Tenant now in care home -	
20000620	£15.64	Tenant Deceased	
20000207	£14.71	Not good service or cost effective to pursue	
20000926	£14.41	Too small to chase	
20001180	£4.47	Not cost effective to pursue (letter would cost more)	
20001386	£4.41	Not good service or cost effective to pursue	
20000892	£4.40	Not good service or cost effective to pursue	
20001171	£4.18	Not good service or cost effective to pursue	
20001471	£0.26	Not cost effective to pursue (letter would cost more)	

## Agenda Item 9 Appendix 2

## Memo Account Extract

Description	Job Date	Value	Paid	Amount Owed
Court Expenses	05/07/20011	289.90		£289.90
TOTAL OUTSTANDING	£50.69			
Date Payments Receive	Amount Daid	Balance		
•	Amount Faiu			
B/BF		£289.90		
08/07/2013	£29.69	£260.21		
28/04/2014	£102.44	£157.77		
24/07/2014	£30.92	£126.85		
04/09/2014	£10.36	£116.49		
30/09/2016	£65.80	£50.69		
TOTAL OUTSTANDING		£50.69		

## Rent Account Extract

lhouse	e Housin	g Associati	ion Limited	Accounts Repo	ort - Tenant Ac	count Enqu	uiry 1	7/02/2020	13:40	Page
User	Name	JOHNSTEV	√ENSON							
Tenai	nt	20000378	8	Deb	oit Details					
Statu	.S	Current		D	escription		Value			
Tena	ncy Type	SST		1 Rent Due		365.70				
Main	Property	y								
			Commencem	nent						
			28/10/2003							
Tenar	nt Accou	nt Details								
EOP	Period	Date	Form Type	Reference	Agency	Debit	Adjustment	t		
!	9 4/01/	2013 4	O Debit Adj	y00344		147.17				
cre	edit to m	nemo acct -	c/ex							
-	4 8/07/	2013 4	O Debit Adj	y00954		48.65				
Tra	ansferre	d to MEMO	)							
	1 28/04	1/2014	40 Debit Adj	y01511		102.44				
	R TRF TO	MEMO ACC	COUNT							
CR										
CF										
	4 24/07	<sup>2</sup> /2014 4	40 Debit Adj	y01658		30.92				
4		7/2014 4 MEMO ACC	-	y01658		30.92				
4			-	y01658		30.92				
CR		MEMO ACC	-	y01658 y01795		10.36				
CR	REDIT TO	MEMO ACC	CT IO Debit Adj	,						
CR	REDIT TO	MEMO ACC	CT IO Debit Adj	,						

As can be seen from above £147.17 Transferred out of rent account on 4/1/2013 but never credited to Memo Account. Adjustment of £48.65 8/7/13 split between Court Expenses and £18.76 to clear a Recharge Repair Memo Account.



Audit & Risk Committee	20th February 2020			
Agenda Item	9			
Title of Paper	2020/21 Draft Budget Discussion			
Author	Gordon Kerr, Finance Manager			
Attachment(s)	1. Draft 2020/21 Annual Budget Statement of Comprehensive Income (SOCI), Statement of Financial Position (SOFP), Cashflow, Covenant Compliance, Maintenance & Overheads Analysis.			

#### FOR INFORMATION

#### 1 PURPOSE

1.1 To provide Management Committee members with details of the expected financial position of Wellhouse Housing Association for financial year 2020/21.

## 2 RECOMMENDATIONS

2.1 That Committee reviews the attached papers and, subject to satisfaction, approve the draft 2020/21 budget.

## 3 BUSINESS PLAN, VISION AND VALUES

- 3.1 This Report is consistent with Wellhouse's Strategic Objectives:-
  - Objective 1: Deliver excellent services
  - Objective 5: To maintain good governance and financial management
- 3.2 This Report is relevant in respect of the following Core Values:-
  - Accountability
  - Excellence
  - Sustainability
- 3.3 This Report also meets the following points from the 2019/20 Operational Plan:-
  - 12:12 "Draft & Final Budget for following year".
  - 12:4 "Monitor the external financial environment closely".

## 4 BACKGROUND

**4.1** The setting of the annual budget forms a part of the annual business planning cycle and should reflect the Association's current business plan, operational plans and longer-term financial forecasts.



It demonstrates short-term financial viability and ensures that all immediate business plan requirements are achieved. It also ensures that the targets set by lenders in their financial covenants are achieved.

The projections shown in this draft budget take account of the existing business plan, any known changes to date and have been prepared following discussion with budget holders and management team. It also takes account of the rent consultation exercise, which determined what level of rental income increase is required to be able to carry out operational activity.

#### 5 MAIN ISSUES

Gross rental income is £3,299,071, which reflects a flat increase for all tenants as the three-year rent restructuring exercise ended last year

Operating costs are budgeted to be £3,118,725.

Net interest payable is expected to be £234,310.

Budget surplus for the year is £641,090.

Investment in replacement components will increase cost properties to £42,000,283.

Cash remains in a reasonably healthy position with £1,790,370 expected to be in the bank at the end of the financial year.

All lenders financial covenants are achieved.

## 6. ASSUMPTIONS AND SENSITIVITY

- 6.1 Some of the assumptions used in the budget are as follows:-
  - Rental income has been increased by 2.5% (CPI + 1%);
  - Voids losses are assumed to be 0.8%;
  - Commercial rent has increased at the same level as domestic properties 2.5%;
  - Rental income from commercial units leased to Connect Community Trust has increased to reflect the decisions taken by Management Committee in August 2018. Market rent for 17-19 Newhills Road, previously valued at £13,700, has increased by 2.5%. This has been discounted to reflect 50% level in 2018/19 with an additional 10% charged each year, until the inflated market rent level is achieved in 2023/24. Service charge only is being charged at The Hub;
  - Stage 3 Medical Adaptations to remain at the same level as 2019/20 £30,000 spend with an additional 10% allowance receivable;
  - Salaries have uprated by an assumed rate of 1.6% and increments applied accordingly. This reflects the current agreement between Union and EVH.
  - There are no vacancies, therefore, this budget is based on the current staff structure, however, it takes into account decisions taken at Management Committee in January 2020;
  - Still to be advised of HMRC threshold levels for 2020/21;
  - Re-active maintenance figures provided by Assets & Maintenance Manager (AMM) based on most up-to-date information available to him. This spend has



- decreased since draft budget in November by over £100,000. The new Gas Servicing contract will now cover repairs and the amount budgeted to cover spend on the Hub has been removed to now show as capital spend.;
- Cyclical maintenance figures also provided by AMM based on up-to-date information. This spend has increased slightly since draft budget in November. The new Gas Servicing contract has added £50,000 due to a "3" Star contract covering all necessary repairs. Asbestos management and water testing have added another £15,000 to the budget, however, these have been offset by the removal of the external painting programme for 2020/21. This is covered further in the report and may involve some Committee discussion.
- Planned renewals/major repairs (non-capitalised) expenditure supplied by AMM has also decreased since draft budget in November. An amount of £37,500 has been added to cover consultant's costs, which will be required to assist us with all the procurement taking place. This has been offset, however, by the reduction in spend of £80,000 on back courts this is also covered further in the report and may involve some Committee discussion.
- Depreciation on housing properties is calculated based on all the additional replacement components being included;
- At the moment we are assuming that the Bad Debts provision will be high enough at March 2020 that no further increase will be required in 2020/21;
- Release of negative goodwill is £38,134 based on the revised calculation proposed by Scott Moncrieff, auditors;
- Interest receivable of £8,500 is assumed to earn 0.5% return on average cash balance of £1,700,000;
- Interest payable is calculated with Base/libor rate being 0.75% for the first six months and then increasing to 1.0% for the second six months. Because the majority of loans are fixed, the exposure to interest rate rises is relatively small. This increase results in just an additional £1,000 charge;
- Overheads are based on reviewing current year budget and current year spend to date and introducing up-to-date knowledge available. Overhead spend has been budgeted for quite prudently;
- Inflation where this has been applied, it has been assumed generically, at 2.5%. Maintenance spend includes a premium added and is assumed to increase by 5%.
- No development work expected to take place, therefore no increase in units planned;
- Cost Properties expected to increase by just under £1 million, reflecting the replacement kitchens, bathrooms, boilers, external doors and window programmes being undertaken in 2020/21;
- Cash 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 is expected to be higher than it should have been. The closing cash balance is expected to be around £1.8 million, which is still a healthy balance;
- Reserves increase by £641,090 reflecting the surplus being made in the year;
- The budget has been prepared using a cost centre basis, which attempts to cost each activity separately. However, this does mean a certain amount of guess work in terms of allocating costs and overheads.



### 6.2 Sensitivity Analysis

- Voids each 1% loss in income due to voids equates to around £33,000.
- Staff costs each 1% of salary increase equates to roughly £7,800.
- Interest each 0.25% rise in interest rates equates to an additional interest charge of £2,000 p.a.

### 7. DISCUSSION

Committee may recall, that several years ago, due to the introduction of component accounting and FRS102, lenders changed the methodology behind the calculations of the loan covenants. In the past, in the Interest Cover covenant, operating surplus would be increased by the amount relating to "replacement components" as this was considered to be investing in stock and this type of spend tended to be in peaks and troughs, making it difficult to measure against on an ongoing annual basis.

Now, although replacement components do not show in the SOCI and do not affect the surplus, we need to reduce the surplus by this spend to adhere to the covenant calculation. The lenders argue that the desired result has been reduced to make the covenant neutral, however, it does not take into account the peaks and troughs of this expenditure, particularly as this is looked at each year in isolation.

What this means is, if we try to catch up with the underspend from 2019/20 in the planned renewals/replacement components programmes in the 2020/21 budget, we will be breaching the Interest Cover covenant. Despite the fact that in December Management Accounts this covenant has been achieved by 508% (Target 110%), any shortfall in 2020/21 will not be looked upon favourably.

To get around this issue, we have reduced some overhead spend where possible and have now delayed some of the maintenance programmes. As mentioned earlier in the report, the external painting programme has been removed and the spend on back courts improvements has been reduced by £80,000. This now allows us to achieve the Interest Cover covenant, albeit with very little headroom.

It is hoped that as 2020/21 progresses, prudent budgeting and less than 100% uptake of replacement components will allow for some more funds to be available for these delayed programmes. If this is the case, Committee approval will be sought nearer the time.

### 8. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 8.1 There is a regulatory requirement for Wellhouse to consult with tenants prior to applying any rental increase as part of the budget setting process.
- 8.2 It is also considered good practice for Wellhouse to regularly carry out financial viability exercises.
- 8.3 This also complies with SHR Regulatory Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness



### 9. FINANCIAL IMPLICATIONS

9.1 Outlined in main body of the report.

### 10. KEY RISKS

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
- Lender's covenants may be breached	<ul> <li>-Inadequate financial planning and controls could lead to viability and cash flow problems, ultimately leading to the Association becoming insolvent.</li> <li>-Failure to raise sufficient income would be detrimental to our planned maintenance plans.</li> </ul>	
Mitigation	Mitigation	Mitigation
-Include covenant compliance within the budget and address any issues immediately.	Through regular robust forecasting and good financial viability practice, income should cover all future operational expenditure.	

### 11. EQUALITY AND DIVERSITY IMPLICATIONS

11.1 None apparent.

### 12. SUSTAINABILITY

12.1 Not applicable.

### 12. SWOT ANALYSIS

12.1 Not required.

### 13. CONCLUSION

13.1 A relatively healthy surplus of over £641,090 is forecast. Although the cash balance is forecast to drop by around £240,000, it still leaves a healthy cash balance of almost £1.8 million. Despite a healthy cash balance and surplus, timing issues with major maintenance programmes has resulted in covenant compliance issues.

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2020/21 Budget

STATEMENT OF COMPREHENSIVE INCOME

	Social Lettings Rental Income	Social Lettings Service Charges	Commercial Lettings	Factoring	Development	The Hub	Corporate	Total
Rental Income & Service Charges	3,299,071.35							3,299,071.35
Less: Voids losses	(26,392.57)							(26,392.57)
Commercial Rental Income			32,827.79			22,102.42		54,930.21
Factoring Income				15,824.24				15,824.24
Grants released from Deferred Income	578,781.00							578,781.00
Other Revenue Grants	33,000.00							33,000.00
Other Income	3,884,459.78		32,827.79	15,824.24	0.00	22,102.42	777.22	777.22 3,955,991.46 3,955,991.46
Management Expenses - Staff Costs	449,966.95	63,060.62		7,006.74			263,903.63	783,937.93
Management Expenses - Overheads	87,850.40	0.00	1,000.00	2,949.60	0.00	5,500.00	299,281.00	396,581.00
Reactive Maintenance	309,597.20	38,000.00		2,000.00				349,597.20
Cyclical Maintenance	213,200.00							213,200.00
Planned Renewals/Major Repairs	359,496.00							359,496.00
Depreciation on Housing Properties	1,015,912.79							1,015,912.79
Bad Debts	0.00 2,436,023.34	101,060.62	1,000.00	1,000.00 11,956.34	0.00	5,500.00	563,184.63	0.00 3,118,724.92 3,118,724.92
Operating Surplus	1,448,436.45	(101,060.62)	31,827.79	3,867.90	0.00	16,602.42	(562,407.41)	837,266.54 837,266.54
Release of Negative Goodwill	38,134.00							38,134.00
Gain/Loss on Disposal of Fixed Assets	0.00							0.00
Interest Receivable							8,500.00	8,500.00
Interest Payable/Other Finance Costs	(242,810.70)							(242,810.70)
	1,243,759.74	(101,060.62)	31,827.79	3,867.90	0.00	16,602.42	16,602.42 (553,907.41)	641,089.84

### 2020/21 Budget



	107	Housing Association
STATEMENT OF FINANCIAL POSITION		
	Mar'21	Mar'20
Non Current Assets		
Housing Properties - gross cost	42,000,283	41,010,283
Depreciation	(13,798,144)	(12,782,231)
	28,202,139	28,228,052
Other	1,313,328	1,341,483
	29,515,467	29,569,535
		0
Negative Goodwill	(1,029,624)	(1,067,758)
Current Assets		
Debtors	114,127	79,127
Inventory	0	0
Cash at Bank and in hand	1,790,370	2,028,298
	1,904,497	2,107,425
Payables < 1 year		
Misc Creditors	(865,616)	(855,616)
Pension Deficit	0	0
Loans	(220,738)	(219,625)
	(1,086,354)	(1,075,241)
Net Current Assets/ ( Liabilities )	818,143	1,032,184
Total Assets less current liabilities	29,303,986	29,533,961
Payables > 1 year		
Loans	(7,699,379)	(7,936,623)
Pension Deficit	(251,825)	(306,864)
	(7,951,204)	(8,243,487)
Deferred Income		
Social Housing Grant	(13,723,121)	(14,301,902)
Non Housing Grants	(730,288)	(730,288)
	(14,453,409)	(15,032,190)
Net Assets	6,899,374	6,258,284
Carital and Bassanus		
Capital and Reserves	200	400
Share Capital	200	196
Reserves	6,899,174	6,258,088
	6,899,374	6,258,284

Loan capital repaid

Share capital issued

### 2020/21 Budget **CASHFLOW STATEMENT** Mar'21 **Operating Surplus** 837,267 Adjust for Depreciation and other non-cash transactions 465,283 Adjusted Operating Surplus 1,302,549 Movement in Debtors (35,000)Movement in Creditors (45,039)**Investing Activities** Purchase of Properties and Components (990,000)Purchase of Other Fixed Assets (0)Grants received 0 (990,000)Financing Activities Interest receivable 8,500 Interest payable (242,811)

(237,928)

(470,438)

(236, 131)

Movement in Cash per SOFP (237,928)

### 2020/21 Budget



### **COVENANTS AS AT 31 MARCH 2021**

This page compares the Association's performance in key areas against financial covenants included within loan agreements.

### Royal Bank of Scotland & Clydesdale

INTEREST COVER		Accounts	Target set by Bank	Actual	Covenant Satisfied?
Operating Surplus	Α	837,267		Telefon of	
Housing Grants Amortised	В	(578,781)			
Pension Deficit Contribution	С	(55,039)			
Housing Depreciation	D	1,015,913			
Component Replacements	E	(954,000)		1	
			Greater than 110%	113.25%	Yes
	x	265,359			
Interest Payments	Н	242,811	100		
Interest Receipts	J	(8,500)			
	Y	234,311			

GEARING		Accounts	Target set by Bank	Actual	Covenant Satisfied?
Balance of Outstanding Loans	А	7,920,117	Less than 30%	19.87%	Yes
Historic Housing Cost	В	39,859,513			

### 2020/21 Budget



23		Overheads	Housing Management	Maintenance	Service Costs	Commercial Lettings	Factoring	Development	The Hub Services	Corporate Services		2020/21 Total
Internal   12,100	24).	Advertising (Publicity & Promotions)								1,000		1,000
11,800	25).	Audit Fee - External								11,400		11,400
Ceneral   September   Septem		- Internal								12,100		12,100
27.   Depreciation - Other Fixed Assets   28,155   28,1	26).	Bank Charges - Allpay	11,800									11,800
										500		500
General Expenses   2,800   2,80   2	27).	Depreciation - Other Fixed Assets								28,155		28,155
Provisions   1,900	28).	General Expenses										C
Staff Welfare costs   Caeh Collection Costs   Caeh Costs   Caeh Costs   Caeh Collection Costs   Caeh C		General Expenses								2,800		2,800
Cash Collection costs   Taxi   1,200		Provisions								1,900		1,900
Tax    Health & Safety   Saf		Staff Welfare costs								700		700
Health & Safety    General Committee Expenses   3,600   3,00   3,00   3,00   3,00   3,00   3,00   3,00   3,00   3,00   3,00   3,00   3,00   6,50   6,50   32, linuarince - Housing Stock   55,050   2,950   1,500   5,000   6,50   5,000   5,0		Cash Collection costs								600		600
29). General Committee Expenses 30). Heat & Light 40,00 13,900 17,900 31). Cleaning 31). Cleaning 32). Insurance - Housing Stock 55,050 2,950 32). Insurance - Housing Stock 55,050 32,050 33). Office Maintenance Repairs & Renewals - Equip Maintenance Repairs & Renewals - Equip Maintenance TE Expenses (Other) - TE Expenses (Other) - Hub Costs (Remodelling) - TE Expenses (Other) - Hub Costs (Remodelling) - TE Expenses (Other) - Hub Costs (Remodelling) - Te Printing & Stationery - Printing External - Printing External - Printing Printing External - Printing Printing Printing Printing Printing Printing External - Printi		Taxi								1,200		1,200
29) General Committee Expenses   3,600   3,5		Health & Safety								800		800
30  Heat & Light   4,000   13,900   17,900   15,000   1												0
1,500   5,000   6,50   32 . Insurance - Housing Stock   55,050   2,950   18,000	29).	General Committee Expenses								3,600		3,600
Section   Stationery   Statio	30).	Heat & Light							4,000	13,900		17,900
- Non-Housing premiums   18,000   18,000   18,000   13,000   13,000   15,00	31).	Cleaning							1,500	5,000		6,500
33). Office Maintenance Repairs & Renewals - Equip Maintenance & 7,000   7	32).	Insurance - Housing Stock	55,050				2,950					58,000
- Repairs & Renewals		- Non-Housing premiums								18,000		18,000
- Equip Maintenance & Support Fees - 1T Equip Maintenance & Support Fees - 1T Equip Maintenance & Support Fees - 1T Expenses (Other) - 30,500	33).	Office Maintenance -										0
- Equip Maintenance & Support Fees		- Repairs & Renewals								15,000		15,000
TExpenses (Other)   Hub Costs (Remodelling)   3,000		- Equip Maintenance								7,000		7,000
Hub Costs (Remodelling)   12,500   12		- IT Equip Maintenance & Support Fees								30,500		30,500
Hub Costs (Remodelling)   12,500   12		- IT Expenses (Other)								3,000		3,000
34). Office Equipment (incl.new PCs)       12,500       12,500         35). Printing & Stationery       0       8,200       8,200       6,000       6,000       6,000       6,000       6,000       6,000       6,000       6,000       4,300       4,300       4,300       4,300       4,300       4,300       4,300       4,300       2,900       2,900       2,900       2,900       2,900       2,900       2,900       2,900       2,900       2,900       2,900       2,900       1,900       1,900       1,900       1,900       1,900       1,900       1,900       1,900       1,900       3,600       3,000       3,000       3,000       3,000       3,000       3,000       3,000       3,000       3,000       3,000       3,000		Hub Costs (Remodelling)								0		0
Printing External Printing Photocopier charges   6,000   6,0	34).	Office Equipment ( incl.new PCs)								12,500		12,500
Printing External Printing Photocopier charges   6,000   6,0	35)	Printing & Stationery								0		0
Printing Photocopier charges	00,											
Stationery   Sta												
36). Postage     2,900     2,900       37). Rent & Rates     1,900     1,900       38). Seminars & Training - Staff     16,000     16,000       39). Seminars & Training - Committee     5,500     5,500       40). Staff Recruitment     3,600     3,600       41). Subscriptions     25,976     25,976       42). Telephones     9,500     9,500       43). Legal Fees - Housing     9,000     12,000       44). Legal Fees - Housing - Agency Fees - WR     0     13,000       45). Professional Fees Housing - Agency Fees - WR     0     1,000       46). Commercial Property Cost     1,000     1,00       47). Donation - Grant funding Wider Role - Others     400     40       48). Tenant Participation     12,000     12,000       49). AGM Costs     3,000     3,000       50).												
36). Postage		Stationery								4,300		4,300
37). Rent & Rates 1,900 1,90 38). Seminars & Training - Staff 16,000 16,00 38). Seminars & Training - Committee 5,500 5,500 40). Staff Recruitment 3,600 3,60 41). Subscriptions 25,976 25,976 42). Telephones 9,500 9,500 43). Legal Fees - General 12,000 12,000 44). Legal Fees - Housing 9,000 9,000 45). Professional Fees Housing 9,000 13,000 46). Commercial Property Cost 1,000 13,000 47). Donation - Grant funding Wider Role - Others - 0thers - 0thers - 12,000 48). Tenant Participation 12,000 49). AGM Costs 3,000 3,000 50).	361	Postage								2 000		
38). Seminars & Training - Staff 16,000 16,000 19,0												
39). Seminars & Training - Committee												
40). Staff Recruitment 41). Subscriptions 42). Telephones 42). Telephones 43). Legal Fees - General 43). Legal Fees - Housing 44). Legal Fees - Housing 45). Professional Fees Housing - Agency Fees - WR 46). Commercial Property Cost 47). Donation - Grant funding Wider Role 48). Tenant Participation 48). Tenant Participation 48). AGM Costs 48). AGM Costs 51).		STATE OF THE STATE										
41). Subscriptions  42). Telephones  43). Legal Fees - General  44). Legal Fees - Housing  45). Professional Fees Housing - Agency Fees - WR  46). Commercial Property Cost  47). Donation - Grant funding Wider Role - Others  48). Tenant Participation  49. AGM Costs  50).  51).												
42). Telephones 9,500 9,500 43). Legal Fees - General 12,000 12,000 44). Legal Fees - Housing 9,000 9,000 45). Professional Fees 13,000 13,000 46). Commercial Property Cost 1,000 17,350 17,350 47). Donation - Grant funding Wider Role - Others 400 400 400 48). Tenant Participation 12,000 12,000 49). AGM Costs 3,000 3,000 50).												
43). Legal Fees - General       12,000       12,000         44). Legal Fees - Housing       9,000       9,00         45). Professional Fees Housing - Agency Fees - WR       0       13,000         46). Commercial Property Cost       1,000       17,350         47). Donation - Grant funding Wider Role - Others       17,350       17,350         - Others       400       400         48). Tenant Participation       12,000       12,000         49). AGM Costs       3,000       3,000         50).       51).												
44). Legal Fees - Housing     9,000       45). Professional Fees     13,000       Housing - Agency Fees - WR     0       46). Commercial Property Cost     1,000       47). Donation - Grant funding Wider Role     17,350       -Others     400       48). Tenant Participation     12,000       49). AGM Costs     3,000       50).     51).												
45). Professional Fees Housing - Agency Fees - WR  46). Commercial Property Cost 1,000 1,000 47). Donation - Grant funding Wider Role - Others 48). Tenant Participation 12,000 49). AGM Costs 50). 51).			0.000							12,000		
Housing ~Agency Fees - WR 0  46). Commercial Property Cost 1,000 1,000  47). Donation - Grant funding Wider Role - Others 400 400  48). Tenant Participation 12,000 12,000  49). AGM Costs 3,000 3,000  50). 51).			5,000							12 000		
46). Commercial Property Cost 1,000 1,000 47). Donation - Grant funding Wider Role 17,350 400 400 - Others 48). Tenant Participation 12,000 12,000 49). AGM Costs 3,000 3,000 50). 51).	43).		0							13,000		13,000
47). Donation -Grant funding Wider Role -Others 48). Tenant Participation 12,000 12,000 49). AGM Costs 3,000 3,000 50).	46).					1.000						
-Others 400 400 48). Tenant Participation 12,000 12,000 49). AGM Costs 3,000 3,000 50).						1,000				17 350		
48). Tenant Participation 12,000 12,000 49). AGM Costs 3,000 3,000 50). 51).												400
49). AGM Costs 3,000 3,000 50). 51).	48).		12,000									
50). 51).			,							3,000		
51).										0,000		0,000
												0
			87,850	0		1,000	2,950	0	5,500	299,281	0	396,581

### **MAINTENANCE BUDGET TO MARCH 2021**

CVCLICAL MAINTENANCE	TOTAL
CYCLICAL MAINTENANCE	
ELECTRICAL TESTING	36,000
EXTERNAL PAINTING- phase 2B	0
EXTERNAL PAINTING- phase 8	0
EXTERNAL PAINTING - phase 10	0
GAS SERVICING	80,000
GUTTER CLEANING	66,000
GAS SAFETY AUDIT	7,800
Asbestos Management	3,600
Water Testing	12,000
FIRE SERVICE - 14 LANGBAR GDNS	7,800
	213,200
	210,200
REACTIVE MAINTENANCE REACTIVE MAINT	165,026
ESTATE SERVICES - Materials	25,000
ESTATE SERVICES - Waterlass	13,000
VOIDS	10000
	130,000
SCOTTISH POWER L/LSUP	12,071
Facilities Management Costs	2,500
Office Repairs - Hub Remodelling	0
	347,597
Stage 3 Adaptations- Ex GHA	12,996
Stage 3 Adaptations	30,000
Stage 5 Adaptations	42,996
	42,930
MAJOR REPAIRS - NON-CAPITALISED	
	0
KITCHEN EXTRACTOR FANS Phase 5	7,500
Bathroom EXTRACTOR FANS Phase 5	7,500
	0
Smoke Alarms Phase 8	48,000 0
Deels Courte Dhans 4	
Back Courts Phase 1	60,000
Back Courts Phase 2A	60,000
External Paths	24,000
External Verandas	72,000
	0
Consultants costs	37,500
	316,500
	316,500

### MAJOR REPAIRS - CAPITALISED COMPONENTS

	0
Kitchens Phase 5	319,680
	0
Bathrooms Phase 3	141,120
	0
Gas Boiler Replacements Phase 10	90,000
	0
External Doors 2B	108,000
External Windows 2A	295,200
	0
the Hub boiler replacment	36,000
the Hub poss remodeling	0
	0
	990,000



Management Committee	27 <sup>th</sup> February 2020
Agenda Item	10
Title of Paper	Management Accounts – December 2019
Author	Gordon Kerr, Finance & Corporate Services Manager
Attachment(s)	Management Accounts

### FOR INFORMATION & APPROVAL

### 1 PURPOSE

1.1 To provide Management Committee members with a comparison of the estimated and actual financial position to 31st December 2019.

### 2 RECOMMENDATIONS

2.1 That members review the attached papers and, subject to satisfaction, approve the management accounts for the period to date.

### 3 BUSINESS PLAN, VISION AND VALUES

- 3.1 This report is consistent with Wellhouse's Strategic Objective to provide good governance and financial management
- 3.2 This Report is relevant in respect of the following Core Values:-
  - Accountability
- 3.3 This report also meets point 12:2 from 2019/20 Operational Plan "Quarterly Management Accounts".

### 4 BACKGROUND

- 4.1 Management Accounts are the provision of financial and non-financial information to managers and Committee members. The Management Accounts are a basis for gauging financial viability and are also used as a tool for decision-making to allow the Association to achieve strategic and corporate objectives. Good Governance dictates that Management Accounts are presented to and approved by Management Committee.
- 4.2 Scottish Housing Regulator: Regulatory Standards of Governance and Financial Management Standard 4 states "The governing body ensures it receives good quality information and advice from staff, and where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions."



- 4.3 The attached Management Accounts to December 2019 have been prepared using the Accruals Concept where expenditure is charged to the period in which it is incurred and not when the invoice is received or paid and income is credited to the period when it is realised as opposed to the date the sales invoice is raised or paid.
- 4.4 The budgeted results to date are based on the annual budget for the year which shows a projected surplus of £535,563 for the year. A draft budget for 2019/20 was considered in January 2019 and the final budget was approved in February 2019.

### 5 MAIN ISSUES

### 5.1 Statement of Comprehensive Income (SOCI) -

The budgeted surplus (24) for the period to 31st December 2019 is £356,567. The actual results for the period show a surplus of £751,630. There is, therefore, a favourable variance for the period of £395,063.

The overall favourable variance of £318,299 arises from-

- Operational activities £392,791 favourable variance
- Net interest and other £2,272 favourable variance

### Income

Rental income (1) is slightly higher than budget - £2,423. Void losses (2) are also lower than the budget figure - £10,565 (0.44%) as opposed to £19,281 (0.80%). A favourable variance in net rental income of £11,148.

Stage 3 Medical Adaptations Grant Income (5a) – the budget has been phased evenly over the year, however, no claims have been submitted prior to the end of December 2019.

Grants released from Deferred Income (4) – the budget figure was calculated on a projected figure based on the 2018/19 outturn; however, the actual charge is based on the final 2018/19 position. Slightly less due to disposal of components which have now been replaced.

### Expenditure

Management & Maintenance Admin - £79,087 under-spend against budget. The following make up this favourable variance:-

- Salaries (6) (£45,576 under-spend) due to replacement of the Assets & Maintenance Manager and one Estate Warden not being in place for the full 9 months.
- Overheads (7) an underspend of £33,511 against budget. The attached overheads schedule shows a more detailed analysis of all variances.

Repairs & Maintenance – an underspend of £325,268 against budget (£740,483) over all areas of maintenance, from a total budget of almost £1million for the full year. A more detailed explanation of some of the over- and under-spends as follows:-



- Reactive maintenance (9) slight under spend of £8,607 against budget. Responsive repairs (underspend £8,337), voids maintenance (£27,634 underspend, however, these look to be on target with work we know is due to be invoiced. These underspends are offset by estate services being overspent by £32,615 due to contractor being on-site covering staff shortages.
- Cyclical maintenance (10) large under-spend of £60,863. Actual £78,012 against budget £146,875, mostly due to the external paintwork and the gutter cleaning programmes not having started until the third quarter. The Cyclical Painting Programme has been identified and the first phase have been lettered, with the contract now having started in October 2019. Painter work is now 95% complete and there will be some spend against the gutter cleaning but we will not manage to spend the full budget.
- Major repairs/planned renewals (11) large under-spend of £247,798. Actual £37,620 against budget £285,418. Extractor fans had been budgeted but no spend as yet as these will be included in the main kitchen and bathroom replacement programmes. Kitchen and bathroom program is 65% complete. No spend yet on back courts as we are awaiting GCC to come back with responses on our proposals. A meeting is arranged with GCC route assessor for Friday 21/02/20 to carry out a further site visit.

Housing Property Depreciation (12) – favourable variance of £9,767. The budget figure was calculated on a projected figure based on the 2018/19 outturn; however, the actual charge is based on the final 2018/19 position updated to include any replacement components. Slightly less due to disposal of components in previous year and replacement components this year much lower than budget so far.

Bad Debts (13) – this is actually the charge to income and expenditure, which will increase the provision rather than the actual amount of bad debts written off. Being phased equally over the year in line with budget but will be adjusted at year-end to reflect the actual charge required. Required provision will be determined on level and type of arrears at year-end and whether each type should be fully or partially provided for.

### 5.2 Statement of Financial Position-

The Statement of Financial Position shows the actual position at December 2019 and also the position at March 2019 and the resulting movement in this financial year to date.

Housing Properties (18) has increased by £247,672, the cost of replacement components – kitchens, bathrooms, boilers and doors, however, this spend is much lower than the budgeted spend of £753,558 for the three quarters to date. An underspend of over £1/2 million. Delays to the replacement components programmes - the boiler replacement is currently ongoing. The kitchen programmes have been identified and tenants lettered with a start date in November and completing mid-March. Due to time constraints and procurement issues, the external doors and external windows programmes are not expected to proceed until next financial year.



Cash (19) has increased by £130,000 to £1,898,921. Although, there were large payments towards 2018/19 creditors and accruals reducing the cash balance in the early part of the financial year, the delays in the maintenance/component renewals programmes has resulted in the balance increasing.

### Payables < 1 Year (20)

- Misc. creditors has reduced significantly due to the purchase ledger control A/C reducing from just over £441,000 to around £69,000. This was due to the large volume of invoices received just prior to the year-end having now been paid.
- Due to the new accounting treatment for pensions, we no longer show the element of pension deficit payable within one year separately.

### Payables > 1 Year

- Loans and Pension deficit (21) have reduced by £175,413 and £36,693 respectively due to the monthly contributions being paid towards these liabilities. The pension deficit reflects the revaluation/initial recognition of multi-employer DB scheme, due to the new accounting treatment for pensions, and has increased the opening position by £172,000.
- Deferred income (22) similarly, the monthly release of deferred grant to Statement of Comprehensive Income has reduced these balances to just over £15 million.

Reserves (23) – has increased by just over £750,000 in line with surplus made for the period.

### 5.3 Cash-flow Report

This report shows the transactions for the year-to date using the receipts and payments method as opposed to the accruals method. The cash flow report shows a cash inflow (surplus) of £130,000 as opposed to a surplus of £751,630 in SOCI.

Generally, a broad-brush method of reconciling these two figures is as follows:-

- Start with SOCI surplus;
- Add back depreciation;
- Deduct grants released from deferred income;
- Deduct capital spend: and
- Deduct loan capital repayments.
- · Adjust for movement in debtors and creditors.

### 5.3 Covenant Compliance -

There are no covenant compliance issues with the following results being achieved at December 2019:-

- Interest cover Target > 110%, Result = 508.45%
- Gearing Target < 30%, Result = 20.07%



Both lenders – Royal Bank of Scotland and Clydesdale Bank - have used the same financial covenants, calculated the same way with the same target result.

### 6. DISCUSSION

Committee is invited to discuss any of the points reported on above.

### 7. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 As laid out in Scottish Housing Regulator: Regulatory Standards of Governance and Financial Management (particularly standards 3 and 4) there is a regulatory requirement for Wellhouse to report regularly to Management Committee and for Management Committee to approve these financial reports.
- 7.2 It is also considered good practice for Wellhouse to prepare quarterly Management Accounts in order to demonstrate financial viability and to allow for the decision-making process to achieve corporate objectives.

### 8. FINANCIAL IMPLICATIONS

8.1 Any material points are noted at section 5 above.

### 9. KEY RISKS

9.1

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
Failure to provide up to date and accurate financial reports and budget monitoring would result in the Association being unaware of its actual financial position. This could lead to decisions being taken on incorrect information and could result in financial and reputational damage.		
Mitigation	Mitigation	Mitigation
Quarterly Management Accounts, and other financial reports, are presented to Management Committee for discussion and approval".		

### 10. EQUALITY, DIVERSITY & HUMAN RIGHTS IMPLICATIONS

10.1 None apparent.

### 11. SUSTAINABILITY

11.1 Not applicable.

### 12. SWOT ANALYSIS

12.1 Not required as no new business activity proposed.



### 13. CONCLUSION

13.1 Some over- and under-spends against budget in the Statement of Comprehensive Income, however, overall the actual surplus position is considerably higher than the budget surplus for the nine months to December 2019. The delayed start in carrying out some of the maintenance programmes has contributed, in no small way, to the underspend. Also, staff posts vacant for periods has also contributed to the variance, however, apart from that the actual performance is pretty close to budget.

Cash position is higher than the position at March 2019, and is in a reasonably healthy position.

Overall, a good performance so far in 2019/20 resulting in a healthy financial position.

WELLHOUSE HOUSING ASSOCIATION

### MANAGEMENT ACCOUNTS TO 31ST DECEMBER 2019

																							STAT
11.2	(23)	(17) Interest Payable/Other Finance Costs	(16) Interest Receivable	(15) Gain/Loss on Disposal of Fixed Assets	(14) Release of Negative Goodwill	Operating Surplus	(13) Bad Debts	(12) Depreciation on Housing Properties	(11) Planned Renewals/Major Repairs	(10) Cyclical Maintenance	(9) Reactive Maintenance	(8) Service Costs	(7) Management Expenses - Overheads	(6) Management Expenses - Staff Costs	(5b) Other Income	(5a) Other Revenue Grants	(4) Grants released from Deferred Income	Factoring Income	(3) Commercial Rental Income	(2) Less: Voids losses	(1) Rental Income & Service Charges	Ref	STATEMENT OF COMPREHENSIVE INCOME
	1.091.236	(187,546)	0	0	28,600	1,250,181	22,500 1,577,796	730,583	37,620	78,012	298,369	213	43,688	366,812	2,827,977	0	424,372			(10,565)	2,413,775	Social Lettings ( Rental & Service Chgs	
	22.520 2.794					22,520 2,794	0 7,429				1,215		0 2,839	3,376	22,520 10,223			10,223	22,520			Commercial Lettings Factoring	>
	0					0	0				G			6	0			3				Development	ctuals To Date
1	<b>13.425</b> (377.947)		5,181			<b>13,425</b> (383,129)	3,000 392,232						3,000 229,344	162,888	9,104 16,425 9,104				16,425			The Hub Corporate Services Services	
	751.630 <b>(24)</b>	(187,546)	5,181	0	28,600	905,394	22,500 1,980,457	730,583	37,620	78,012	299,583	213	278,871	533,076	9,104 2,885,852	0	424,372	10,223	38,944	(10,565)	2,413,775	Total	
	356.567	(188,387)	3,750	0	28,601	512,603	22,500 2,394,366	740,350	285,418	146,875	308,190	0	312,382	578,652	3,497 2,906,970	24,750	432,658	11,868	42,135	(19,291)	2,411,352	Budget to Date	
	395,063	841	1,431	0	(0)	392,791	0 413,909	9,767	247,798	68,863	8,607	(213)	33,511	45,576	5,606 (21,118)	(24,750)	(8,286)	(1,645)	(3,191)	8,725	2,423	Variance	(Adverse) / Favourable
	535,563	(251,182)	5,000	0	38,134	743,612	30,000 3,132,348	987,133	354,750	161,500	410,920	0	416,509	771,535	4,663 3,875,959	33,000	576,877	15,824	56,180	(25,721)	3,215,136	Annual Budget	



STATEMENT O	F FINAN	ICIAL POSITION AS AT	31 December 2019	Me House	ellhouse ing Association
ANNUAL BUDGET			AS AT 31/03/2019	ACT YTD 31/12/2019	MOVEMENT
£	Ref		£	£	£
	N	Ion Current Assets			
41,819,077	(18)	Housing Properties - gross cost	40,686,513	40,934,185	247,672
(13,081,386)		Depreciation	(11,811,668)	(12,542,252)	(730,584)
28,737,691			28,874,845	28,391,933	(482,912)
1,318,645		Other	1,376,927	1,350,344	(26,583)
30,056,336			30,251,772	29,742,278	(509,494)
(1,067,758)	N	legative Goodwill	(1,105,893)	(1,077,293)	28,600
	c	Current Assets			
99,860		Debtors	128,912	232,897	103,985
0		Inventory	0	0	0
1,306,623	(19)	Cash at Bank and in hand	1,768,920	1,898,921	130,001
1,406,483			1,897,832	2,131,819	233,987
	(20) P	ayables < 1 year			
(1,098,388)		Misc Creditors	(1,295,299)	(933,232)	362,067
(54,500)		Pension Deficit	0	0	0
(219,714)		Loans	(219,625)	(219,625)	0
(1,372,602)			(1,514,924)	(1,152,857)	362,067
33,881	N	et Current Assets/ ( Liabilities )	382,908	978,962	596,054
29,022,459	Т	otal Assets less current liabilities	29,528,787	29,643,947	86,559
	(21) P	ayables > 1 year			
(7,950,011)		Loans	(8,169,783)	(7,994,370)	175,413
(49,151)		Pension Deficit	(356,564)	(319,871)	36,693
(7,999,162)			(8,526,347)	(8,314,241)	212,106
	(22) D	eferred Income			
(14,240,466)		Social Housing Grant	(14,855,967)	(14,449,242)	406,725
(789,108)		Non Housing Grants	(742,052)	(724,406)	17,646
(15,029,574)			(15,598,019)	(15,173,648)	424,371
5,993,723	N	et Assets	5,404,421	6,156,057	751,636
£			£	£	£
	C	apital and Reserves			
313		Share Capital	196	200	4
5,993,410	(23)	Reserves	5,404,225	6,155,857	751,632
5,993,723			5,404,421	6,156,057	751,636
5,335,125			5,404,421	0,150,057	131,030

# 10.2 Management Accounts - Dec'19 (Appendix 2)

### WELLHOUSE HOUSING ASSOCIATION LIMITED

### **MANAGEMENT ACCOUNTS TO**

31 December 2019



### **CASHFLOW STATEMENT**

Operating Surplus		905,394
Adjust for Depreciation and other non-cash transactions		332,794
Adjusted Operating Surplus		1,238,188
Movement in Debtors		(103,985)
Movement in Creditors		(398,757)
Investing Activities		
Purchase of Properties and Components	(247,672)	
Purchase of Other Fixed Assets	0	
Disposal of Other Fixed Assets	0	
Grants received	0	
		(247,672)
Financing Activities		
Interest receivable	5,181	
Interest payable	(187,546)	
Loan capital repaid	(175,413)	
Share capital issued	4	
		(357,773)
		130,001
Movement in Cash per Balance Sheet		130,001





This page compares the Association's performance in key areas against financial covenants included within loan agreements.

INTEREST COVER	Accounts	Target set by Bank	Actual	Covenant Satisfied?
Operating Surplus	905,394			
Housing Grants Amortised	(424,372)			
Pension Deficit Contribution	(36,693)	1000		
Housing Depreciation	730,583			2713
Component Replacements	(247,672)			
		Greater than 110%	508.45%	Yes
	927,240	GARAGE TO BE THE		
Interest Payments	187,546			
Interest Receipts	(5,181)			
	182,364			

GEARING	Accounts	Target set by Bank	Actual	Covenant Satisfied?
Balance of Outstanding Loans	8,213,995	Less than	20.07%	Yes
Historic Housing Cost	40,934,185			

				(Adverse)
MAINTENANCE BUDGET TO MARCH 2020	Total Budget 2019/20 TOTAL	Budget Apr-Dec'19	Actual Apr-Dec'19	Favourable Variance
CYCLICAL MAINTENANCE				
ELECTRICAL TESTING	22,500	16,875	27,759	(10,884)
EXTERNAL PAINTING- phase 2B	16,500	16,500	18,104	38,896
EXTERNAL PAINTING- phase 8	25,200	25,200		33,333
EXTERNAL PAINTING - phase 10	15,300	15,300		
GAS SERVICING	30,000	22,500	29,849	(7,349)
GUTTER CLEANING	40,000	40,000	1,239	38,761
GAS SAFETY AUDIT	6,000	4,500	832	3,668
FIRE SERVICE - 14 LANGBAR GDNS	6,000	6,000	229	5,771
	161,500	146,875	78,012	68,863
REACTIVE MAINTENANCE				
REACTIVE MAINT	207,168	155,376	156,786	8,337
SCOTTISH POWER L/LSUP	12,996	9,747		
ESTATE SERVICES - Materials	23,040	17,280	72,935	(32,615)
ESTATE SERVICES - Van/Fuel	12,120	9,090		
Close Cleaning	18,600	13,950		
VOIDS	129,996	97,497	69,863	27,634
Facilities Management Costs	5,000	3,750	Code s	3,750
	400.000	200 000	200 500	7.407
	408,920	306,690	299,583	7,107
Stage 3 Adaptations- Ex GHA	12,996	8,664	0	
Stage 3 Adaptations	30,000	25,000	15,470	18,194
	42,996	33,664	15,470	18,194
MAJOR REPAIRS - NON-CAPITALISED				
KITCHEN EXTRACTOR FANS Phase 5	29,946	29,946	22,150	229,604
Bathroom EXTRACTOR FANS Phase 5	29,946	29,946	22,150	229,004
Buthoon Extra Clott Miles 5	0	25,540		
Smoke Alarms Phase 8	32,704	32,704		
External Paths	20,000	20,000		
Back Courts Phase 1	89,004	89,004		
Back Courts Phase 2A	50,154	50,154		
External Verandas	60,000	0		
	311,754	251,754	22,150	229,604
MAJOR REPAIRS - CAPITALISED COMPONENTS				
Kitchens Phase 5	309,546	309,546	135,504	174,042
Bathrooms Phase 3	145,377	145,377	22,600	122,777
Gas Boiler Replacements Phase 10	99,072	99,072	69,391	29,681
External Doors 2B	84,987	84,987	20,178	64,809
External Windows 2A	114,576	114,576	Code st	114,576
	753,558	753,558	247,673	505,885

### 2019/20 Budget



	<u>Overheads</u>	2019/20 Budget Total	Budget Apr-Dec'19	Actual Apr-Dec'19	(Adverse) Favourable Variance
24).	Advertising (Publicity & Promotions)	1,030	773	360	413
25).	Audit Fee - External	10,600	7,950	16,026	732
,-	- Internal	11,745	8,809	10,020	102
26).	Bank Charges - Allpay	12,000	9,000	7,520	1,480
,	- General	720	540	216	324
27).	Depreciation - Other Fixed Assets	33,282	24,962	26,583	(1,622)
28).	General Expenses - Miscellaneous	3,608	2,706	5,580	(279)
	- Provisions	1,800	1,350		(=)
	- Staff Welfare Costs	660	495		
	- Cash Collection Costs (G4S)	500	375		
	- Health & Safety Costs	500	375		
29).	General Committee Expenses	3,500	2,625	2,641	(16)
30).	Heat & Light	16,800	12,600	14,851	2,624
	Cleaning	6,500	4,875	14,001	2,024
01).	oleaning	0,500	4,073		
32).	Insurance - Housing Stock	50,676	38,007	39,325	(1,318)
	- Non-Housing premiums	16,789	12,592	12,109	483
33).	Office Maintenance - Repairs & Renewals	50,000	37,500	45,753	22,497
	- Equip Maintenance	13,000	9,750		
34).	Office Equipment	2,500	1,875		
	IT Maintenance Support Costs	23,000	17,250		
	IT Expenses	2,500	1,875		
35).	Printing (External)	7,000	5,250	13,885	(4,885)
	Printing (Internal Photocopier Charges etc)	3,000	2,250	10,000	(1,000)
	Stationery	2,000	1,500		
36)	Postage	4,350	3,263	1,511	1,751
	Rent & Rates	1,200	900	1,285	(385)
	Seminars & Training - Staff	15,000	11,250	11,568	(318)
	Seminars & Training - Committee	10,500	7,875	1,409	6,466
	Staff Recruitment	2,000	1,500	2,009	(509)
	Subscriptions	24,500	18,375	18,217	158
	Telephones	9,200	6,900	3,772	3,128
(7)	Legal Fees - General	10,000	7,500	5,312	2,188
	Legal Fees - Housing	10,000	7,500	4,362	3,138
	Professional Fees	8,149	6,112	19,942	(13,830)
	Housing ~Agency Fees - WR	0	0	,	0
46).	Commercial Property Cost	1,000	750	0	750
200.00	Donation -CCT Contribution	20,000	15,000	15,975	(975)
	-Others	400	300	2,100	(1,800)
48).	Tenant Participation	25,000	18,750	6,558	12,192
	Vehicle Costs	0	0	C.4500.5	0
50).	AGM Costs	1,500	1,125	Cod	
51).		0	0		0
	_		- 11-1-11		0
		0 416,509	312,382	278,870.59	33,511



Wellhouse: the Place to Be

Management Committee	27 <sup>th</sup> February 2020
Agenda Item	11
Title of Paper	Update to Financial Regulations and Procedures
Author	Gordon Kerr, Finance & Corporate Services Manager
Attachment(s)	Financial Regulations and Procedures

### FOR DECISION

### 1 PURPOSE

1.1 To advise Management Committee of the proposed changes to the financial regulations and procedures. Main changes are highlighted in red on the attached documents.

### 2 RECOMMENDATIONS

- 2.1 That the Management Committee considers the changes made and, subject to satisfaction, approve the updated documents.
- 2.2 That the updated documents are circulated to all staff members for the purposes of awareness.
- 2.3 That the financial regulations are signed off on the declaration by all staff and committee and that the procedures (which are operational) are signed off by all staff.

### 3 BUSINESS PLAN, VISIONS AND VALUES

- 3.1 This Report is consistent with Wellhouse's Strategic Objectives:-
  - Objective 5: To maintain good governance and financial management
- 3.2 This Report is relevant in respect of the following Core Values:-
  - Accountability
  - Excellence
  - Honesty and Integrity
- 3.3 This Report also meets the following points from the 2019/20 Operational Plan:-
  - 12:1 "Review and update financial regulations and procedures as appropriate".
- 3.3 This Report should contribute towards our overarching Aim and Vision of making Wellhouse "the Place to Be"



### 4 BACKGROUND

- 4.1 The documents were originally approved in July 2015, then updated in December 2015 and again in December 2016.
- 4.2 As part of our 3-year cycle of Policy review, these Financial Regulations and Procedures are now due for a further review.

### 5 MAIN ISSUES

- 5.1 Main issues arising from this current review are as follows:-
- 5.2 Staff structure has been reviewed and job titles have changed since last review and these changes are reflected in the updated documents.
- 5.3 Any changes to processes due to Good Practice are also reflected in these documents. Segregation of duties is incorporated wherever possible to reduce risk.
- 5.4 Any changes in legislation are referred to in these documents.
- 5.5 New policies are also referred to where they have been adopted since the last review of these documents.
- 5.6 Recommendations from internal audits, particularly the recent audit on Maintenance works authorisation have been included in the documents.
- 5.7 Authorisation levels have been reviewed and remain the same. However, more consistency has been introduced along the lines of a job grade.

### 6 DISCUSSION

6.1 Regular discussions and consultation have taken place with the management team and finance team in respect of contents in the updated documents.

### 7 REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 This Report complies with SHR Regulatory Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness.
  - Standard 3.1: The RSL has effective financial and treasury management controls and procedures to achieve the right balance between costs and outcomes and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.
- 7.2 There is a legal requirement for Wellhouse to report on its systems of Internal Financial Controls, including policies and procedures in the Statutory Accounts and the External Auditor will express their opinion on these controls.
- 7.3 Good practice dictates that proper policies and procedures are in place, reviewed regularly and all staff are aware of them and adhere to them.



### 8 FINANCIAL IMPLICATIONS

### 8.1.1 N/A

### 9 KEY RISKS

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
	<ul> <li>The Association has Financial Regulations and Procedures that Staff and Committee are not aware of.</li> <li>There is a failure to follow the requirements contained within these documents.</li> <li>Could result in failure in respect of compliance with expected standards.</li> </ul>	
Mitigation	Mitigation	Mitigation
	<ul> <li>Regularly review and update Financial Regulations and Procedures.</li> <li>Ensure all staff and Committee are aware of them and their contents and are advised of updates.</li> <li>Ensure staff are aware of consequences of failing to comply with expected standards.</li> </ul>	

### 10 EQUALITY AND DIVERSITY IMPLICATIONS

10.1 None apparent

### 11 SUSTAINABILITY

11.1 Not applicable.

### 12 SWOT ANALYSIS

12.1 Not required as no new business activity identified.

### 13 CONCLUSION

13.1 These documents are more reflective of the current processes currently undertaken in Wellhouse Housing Association.



### **FINANCIAL PROCEDURES**

### Wellhouse - The Place To Be

Policy Created December 2019

Date of Next Review December 2022

Section	Content	Pages
1.	Vision and values	3
2.	Governance	3
3.	Procedure Aims	3
4.	Equal Opportunities, Diversity and Human Rights Statement	3
5.	Legislation	4
6 to 24	The Procedure	5-23
25	Procedure Review	23

### **Linked Policies/Procedures**

1.	Financial Regulations
2.	Staff Expenses Policy
3.	Committee Expenses Policy
4.	IT Policy
5.	Fraud Policy
6.	Treasury Management Policy & Strategy
7.	Procurement Manual
8.	Data Protection Policy
9.	Risk Management Policy & Strategy
10.	Entitlements, Payments & Benefits Policy
11.	Donations Policy

### 1. Vision and values

### Wellhouse - the Place to Be.

This simple statement is our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

We believe that our values of **Trust**, **Honesty and Integrity**, **Excellence**, **Accountability and Sustainability** supported by a comprehensive policy framework will help make our vision a reality.

### 2. Governance

Wellhouse HA is a community controlled registered social landlord and is managed by a group of local people who are elected onto the Management Committee. Their role is to make sure that the Association is well run, meets the needs of the local area and is responsive to what is important to local people. We may co-opt other people onto the Management Committee from time to time where we feel we need specialist support.

The Management Committee appoints senior staff, agrees all the Association's policies and takes all the key decisions. The Director and the senior team support the Committee in these responsibilities.

### 3. Procedure Aims

In order to facilitate the efficient and effective operation of the Association in matters relating to finance, and minimise risk in accordance with our Risk Management Policy, a series of financial controls have been established. This is also to ensure compliance with Standard 3 of the Scottish Housing Regulator ('SHR') Regulatory Standards of Governance and Financial Management.

### 4. Equal Opportunities, Diversity and Human Rights Statement

We aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.

We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender reassignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

### 5. Legislation

The Co-operative and Community Benefit Societies Act 2014 require auditors to report if:-

- A satisfactory system of control over transactions has not been maintained
- •The Association has not kept proper accounting records; or
- •The Financial statements are not in agreement with the books of accounts of the Association.

Compliance with Financial procedures will assist in ensuring a clean audit report in respect of the above matters.

## 11.1 Appendix 1 Financial Procedures

### **Content of Financial Procedures**

- 6. Introduction
- 7. Budget Process
- 8. Tendering Procedure
- 9. Loan Agreement Compliance
- 10. Receipt of Monies
- 11. Invoices/Orders
- 12. General Ledger
- 13. Cheque/BACS Payments
- 14. Credit Card
- 15. Petty Cash
- 16. Salaries/Expenses
- 17. Committee Expenses
- 18. Maintenance/Repairs
- 19. Factoring
- 20. Re-chargeable Repairs
- 21. Insurance Claims
- 22. Commercial/Hub Rents
- 23. Component Accounting
- 24. VAT

### 6. Introduction

- 6.1 These procedures incorporate basic elements of financial control which exist in most organisations as well as those which may be specific to this particular Association.
- 6.2 It is in the interests of the organisation that these controls are made known and are adhered to by both staff and Committee members. All members of staff and Committee will be made aware of these controls and must comply with the same. Awareness of these controls will form part of the induction for new staff and Committee members.
- 6.3 The Association must ensure that, where records of a financial nature are kept outwith the finance section, consultation is held with the Finance Manager and an agreement reached that ensures the manner in which records are kept is appropriate for audit purposes.
- 6.4 In addition, consultation with the Finance Manager and Director must take place for all transactions which have (or may have) a material financial effect, including any maintenance, purchase or leasing agreements.
- 6.5 It is essential that the Finance Manager and Director be notified immediately of any event which has, or may have, material financial implications for the Association.
- 6.6 These procedures together with the Financial Regulations form part of the overall system of financial and management control and take account of the Scottish Housing Regulator (SHR) Standards of Governance and Financial Management.
- 6.7 In the event of failure to follow agreed procedures action may be taken against the offending individual(s) under the Association's disciplinary procedures / Code of Conduct.
- 6.8 A Month end checklist will be completed within 2 weeks of month end reports, and mini audits shall be carried out by the Finance Manager twice per annum.
- 6.9A month-end timetable is in place and is completed within 2 weeks of the period end. This leads on to preparation of Management Accounts, which are reviewed/audited by Finance Manager on a quarterly basis.

### 7. Budget Process

- 7.1 The value of the budget statement as a Management tool should be recognised and under no circumstances should the organisation be operating without a comprehensive budget document.
- 7.2 In preparing the budget statement appropriate consultation and discussion with all sections of the organisation must take place and guidance from the Scottish Housing Regulator must be recognised and considered.
- 7.3 The budget setting process must allow adequate input from all sections within the Association. The Finance Manager shall issue a formal and detailed budget information request in October of each financial year to budget holders. The Director has responsibility for co-ordinating the supply of information to the Finance Manager within agreed timescales.

- 7.4 Budget holders have been determined across the Association. Budget holders are responsible for providing detailed information to inform the annual setting of budgets. They are also responsible for monitoring actual income and expenditure against their allocated budget codes, and providing detailed information to the Finance Team with regards any significant variances.
- 7.5 The Management Committee shall consider a draft budget for the year by January of each year at the latest, also approving the indicative annual rent increase at that point, and then approving the final budget document by March of each year. The final budget document approved for the year must contain appropriate supporting narrative, including details of main assumptions employed, material changes from the previous year, appropriate ratio analysis, covenant compliance review and detailed cash flow projections.
- 7.6 To assist the process of cost allocation within the Association, all senior staff members shall complete time allocation sheets as directed.
- 7.7 On completion of the annual budget a copy shall be sent to external auditors and all funders. The final budgets for the year will be input into the SDM system.
- 7.8 Budget variance reports shall normally be issued monthly to Senior Staff and budget holders within 3 weeks of the period end. Budget holders are expected to formally explain variances to the finance team to allow the preparation of the quarterly management accounts and related Management Committee report.
- 7.9 All Senior Staff and budget holders should be aware of the budgets within their control and should have in place effective tools for managing their budgets throughout the year. Any requirements to exceed a budget should be drawn to the attention of the Director immediately and a report submitted to the Committee for approval.
- 7.10 Management accounts will be prepared on a quarterly basis, normally within 4 weeks of the period end and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to Committee with the covering report issued within the management accounts on a quarterly basis.
- 7.11 The quarterly management accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of the Association at the year-end. In the event of a material adverse change in expected outcomes a revised annual budget may be required to be prepared.

### **Budget Setting Timetable:-**

Budget Request issued to Senior Staff and Budget Holders

October

Budget Information Submitted to Finance
Senior Staff/Audit Committee (when in place) meet with Finance to
discuss draft budget
Draft Budget to Management Committee
Tenant Consultation
Tenant Consultation
Final Budget updated to reflect any changes and rent increase decision

November
December
December
Tenanter
December
Tenanter
Tenant

Final Budget updated to reflect any changes and rent increase decision and formal approval by the Management Committee

### 8. Tendering Procedure

8.1 All matters in connection with the above will be undertaken in line with the Associations Procurement Manual.

### 9. <u>Loan Agreement Compliance</u>

- 9.1 In order to ensure the proper monitoring of compliance with the terms of Loan agreements with lenders the following clauses and their contents must be noted:-
  - Information
  - Covenants
  - Valuations
  - Default
- 9.2 The Finance Manager shall have responsibility for ensuring the monitoring and submission of financial information to the Director and Management Committee including: budgets, monthly/quarterly management accounts, annual accounts, covenant monitoring and revisions of long-term projections.
- 9.3 All Senior Staff and Committee members of the Association have a duty of responsibility regarding full awareness and adherence to the terms of and conditions of all Loan Agreements with all lenders.

### 10. Receipt of Monies

- 10.1 The Finance Manager will ensure that appropriate processes are in place for the timely and accurate recording of all monies due to the Association through the raising of sales invoices. These should generally be raised by the Finance Assistant and checked for accuracy by the Finance Officer prior to being sent to customers. Sales invoices should be raised for, as a minimum:
  - a) Factoring charges and rechargeable repairs
  - b) Commercial Rent
  - c) Hub Rent
  - d) Service charges to users of spaces in the Hub for services provided
- 10.2 Credit notes should be initiated by an approved budget holder and authorised in line with the scheme of delegated authority. No credit notes should be created by the Finance Team without suitable authorisation being in place. The Finance Officer shall create the credit note, which should be authorised by the Finance Manager prior to issue.

- 10.3 Any cheques received together with the remittance vouchers should be passed to the Finance Team who should enter the appropriate details onto the receipt log and sales ledger, where appropriate prior to banking. Amounts received should be matched to the corresponding sales invoice in a timely manner.
- 10.4 In the absence of a remittance voucher, information logged on to the spread sheet with reference to the corresponding sales invoice will suffice. It is the responsibility of the Finance Team to advise the relevant section of sums received.
- 10.5 Receipt of rent, rechargeable repairs and other sources of income at the office counter requires a receipt book which shall be kept at the reception area and is the responsibility of the Housing Management Team. All staff are fully trained and authorised to collect such payments.
- 10.6 The tear off receipt should be passed to the payee with the receipt stub being retained in the receipt book.
- 10.7 Any and all such sums received should be passed daily to the Finance Team who will then post any rent payments to the tenants rent account. A separate member of the Housing Management team should check the cash received matches the receipt (initialling the back of the receipt) and enter appropriate details onto the rents pay in workbook.
- 10.8 All cash received should be securely stored within the rent tin prior to passing to the finance team each evening to keep in the safe. The rent tin shall be kept in a locked drawer during business hours.
- 10.9 Banking should be performed by G4S. Funds of a material amount, defined as amounts over £5,000, must normally be lodged on day of receipt prior to close of banking business. Funds held within the safe will be banked fortnightly but certainly prior to expected total cash reaching £5,000. No more than £10,000 should be in the safe at one time. No more than £5,000 cash should be taken to the bank at one time as per the Association's Insurance Policy. Prior to any cash being banked the cash sum requires to be matched with the pay in book total, performed by the Finance Assistant and checked by the Finance Officer.
- 10.10 A secondary check must be performed by the Finance Officer. This should involve a check to confirm that the pay in workbook total matches sums lodged in the bank account as noted on the bank statements. This check will be carried out as part of the monthly bank reconciliation exercise. Any discrepancies should be reported to the Finance Manager or Director immediately.
- 10.11 Housing and Finance staff are trained and authorised to accept electronic payments. This requires to be done through the Association's Allpay Website; all trained staff have their own username and password to access this system. The Finance Manager and housing Manager are the administrators and if passwords require a reset, they would be responsible for carrying this out.
- 10.12 Cash should not be left unattended. If no members of the Housing Management team are available to take cash, this should be passed to a member of the finance team or senior member of staff to lock away in the cash tin.

### 11. <u>Invoices/Orders</u>

- 11.1 The Association shall operate a Purchase Ordering system. The purchase order of all non-maintenance goods, services and other relevant items shall be made by the Finance Team following a completed purchase order request to purchase from an authorised staff member.
- 11.2 The Finance team shall process appropriately all authorised purchase requests and record details of the order (including date, supplier, an expected cost, nature of the purchase and staff member requesting the purchase) in the purchase order records.
- 11.3 Invoices received shall be date stamped by the relevant Assistant and passed to finance who shall stamp each invoice with the grid stamp prior to distribution to the relevant department for checking.
- 11.4 On satisfactory receipt of the goods or services, evidenced by a signed delivery note, the Finance team will be asked to goods match the purchase order by the relevant budget holder, prior to the relevant staff member signing off 'invoice checked and agreed'. A secondary grid stamp will detail exactly what steps have been taken and which elements of the invoice have been checked agreed by the "checker". The 'payment authorised' section of the grid stamp should be certified by the relevant line manager or a senior member of staff. Staff should be aware that the "checking" and "authorising" should follow what is detailed in authorisation levels in Financial Regulations.

On a monthly basis the Finance Officer shall accrue relevant costs as appropriate. This relates to all invoices – maintenance and non-maintenance. This will include the SDM unauthorised invoices report, goods received not invoiced and invoices received after the period close.

- 11.5 All maintenance orders shall be supported by a works line issued on SDM. Invoices received in respect of repair related expenditure shall be checked against the maintenance order and be authorised and approved for payment in line with the Financial Regulations. This will be consistent with content of 11.4. Maintenance orders should be automated through SDM which will ensure authorisation levels are adhered to.
- 11.6 Only those with appropriate delegated authority as set out in the Financial Regulations have the authority to request purchase orders or issue maintenance orders, within their set thresholds.
- 11.7 A list of approved suppliers is in place and shall be revised annually, and approved by the Management Committee. Goods and services should be ordered from the approved suppliers wherever possible. Approval from a member of the Management Team should be sought where a non-approved supplier is to be utilised. On each occasion a New Supplier Form will need to be completed requesting bank details, insurance documents, policies, references, etc.
- 11.8 On at least a monthly basis the Finance Assistant shall review all unmatched or uninvoiced purchase orders and make enquiries of relevant staff as to the status of the order.
- 11.9 Purchase invoices will be processed onto the purchase ledger on a daily basis and within 2 days of having been received. Prior to processing any purchase invoice, it

- will be reviewed for financial accuracy and application of the correct VAT rate. Each purchase invoice will be allocated a unique reference number.
- 11.10 The Finance Team will review all invoices approved for payment by budget holders as required to ensure they are supported by an appropriately approved and goods matched purchase order and there are no discrepancies between the purchase order and the purchase invoice.
- 11.11 Where supplier statements are received, a supplier statement reconciliation will be carried out on at least a monthly basis along with an aged creditors listing to identify any overdue invoices. The Finance Assistant will carry out this exercise and have the information available for review during external audit.
- 11.12 In exceptional circumstances, where work is authorised and commissioned by Management Committee, a senior member of staff shall normally certify that relevant work has been carried out by signing the "Invoice checked and agreed" section of the grid stamp. The "payment authorised" section of the grid stamp shall be signed by the delegated management committee member.

### 12. General Ledger

- 12.1 Required journals shall be regularly written up and posted in a timely manner by the Finance Team.
- 12.2 The journal sheets are in place for each journal posted and evidence of, who prepared, reviewed and posted each journal should be noted on the journal document. This should be dated with the posting date rather than period end date. Journal sheets are reviewed and approved by a member of the finance team and are supported by appropriate documentation. Journals cannot be prepared, reviewed and posted by the same person.
- 12.3 Journal sheets and their supporting documentation shall be retained on file within the Finance Team, and stored electronically.
- 12.4 Cash book postings are made on a regular, at least monthly basis to reflect receipts and payments, including those paid via standing order and direct debit, and inter account bank transfers.
- 12.5 All bank accounts will be reconciled to the bank statement monthly. A copy will be filed in the month end files within the finance department. The Finance Officer will carry out this function and the Finance Manager will review it.
- 12.6 All suspense accounts shall be investigated and cleared in a timely manner on a monthly basis. The Finance Officer will carry out this function and the Finance Manager will review it.
- 12.7 Monthly reconciliations will be carried out on all balance sheet accounts. The Finance Officer will carry out this function and the Finance Manager will review it.

### 13. Cheque/BACS Payments

13.1 A payment run shall be performed on a two weekly basis by the Finance Assistant.

A listing of all invoices due for payment shall be produced by preferred payment

method (BACS, cheque, etc.). Wherever possible suppliers will be paid by BACS, however a cheque payment can be made when necessary.

At this stage a full review will be carried out by the finance Officer, who will ensure that there is a valid invoice, totals are correct, dual authorisation, correct bank details, etc. prior to payment.

- 13.2 The payment listing along with all relevant purchase invoices shall be passed to the Director or Finance Manager to review and authorise. The BACS listing shall be retained on file to evidence this authorisation.
- 13.3 Payment shall be made via online banking by the Finance Assistant and a BACS authorisation report issued to the Finance Manager or Director who will counter authorise the report via online banking. A final BACS report should then be printed off via online banking which should match the original BACS report. Any invoices authorised by the Director or Finance Manager will be countersigned by another manager if they are authorising the payment.
- 13.4 If a cheque is required it shall be presented for signature together with authorised invoices for inspection. All cheques must require two signatures, with no more than one staff member signing each cheque.
- 13.5 Purchase invoices shall be stamped as paid when this process is complete to ensure no invoice can be paid twice. The authorised BACS listing and purchase invoices will be held within the finance area.
- 13.6 Cheques should be issued to the payee together with a remittance advice taken from SDM confirming payment details. BACS payees should receive a remittance; this will be emailed automatically through SDM Finance, assuming we hold email addresses on file.
- 13.7 Cheques issued should run in numerical order.
- 13.8 In the event that no invoice is available e.g. petty cash, rent refund etc, a completed cheque/BACS request voucher must be available and be fully authorised in accordance with the invoice procedures. It is the responsibility of the Officer requesting payment to complete the cheque/BACS request voucher. When requesting a tenant refund by BACS, a signed form completed by the tenant must be attached to the chq/bacs request detailing the tenant's bank account details.
- 13.9 The Association currently operates the following accounts with Clydesdale Bank PLC:-

Current a/c High Interest a/c Charity Savings a/c

- 13.10 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment should normally be made within 30 days.
- 13.11 In the event of the Association being notified of a change of bank details, the Finance Team will be responsible for ensuring that the request is legitimate. The

Finance Officer will phone the creditor using existing contact details, rather than any provided at time of notification. Change request will therefore have been verified verbally and in writing. The preference is for external 3<sup>rd</sup> party verification either by a copy bank statement or a bank letter or similar. Any discrepancies will be reported immediately to the Director or a member of the Senior Team.

### 14. Credit Card

- 14.1 The Association has one MasterCard with Clydesdale Bank, held in the name of the Director.
- 14.2 The credit card is held for use in limited circumstances and any item which can be purchased through the Invoices/Orders system described at section 6 above should be. All items purchased should be for business purposes. Purchases on the credit card will be reviewed on a monthly basis by the Finance Team to identify where this principle has not been adhered to.
- 14.3 The credit card shall have a threshold of £1,500. This shall be reviewed annually and adjusted if considered necessary. Changes to the credit card limit must be justified to and approved by the Management Committee.
- 14.4 The credit card shall be held within the Association's offices, by the Director and in a locked drawer. It shall only be removed overnight if the Director is travelling for business purposes. The safe register must be completed whenever the credit card is removed.
- 14.5 Before a payment is made with the card a CCP form must be completed with as much information as possible. This must include justification of the purchase for business use, and why the normal purchasing procedures cannot be used (e.g. for expediency). The CCP form should have all supporting documentation attached on-line invoice, order form etc. This must be completed and authorised prior to purchase. In normal circumstances, the CCP should be authorised by the Director. These should be reviewed and approved by the Finance Team.
- 14.6 If the purchase is for a prize or raffle, the prize and raffles register saved in Finance must be completed.
- 14.7 When a purchase has been made the CCP form should be updated for any additional relevant information and the receipt attached. The CCP form with receipt should then be passed to the Finance Department to be filed in the Finance Department's credit card file within the correct month.
- 14.8 When the monthly credit card statement is received, it must be date stamped. The Finance Assistant will ensure that each transaction on the statement has the correct form and receipt. Where there is a transaction on the statement that does not have the correct form and receipt this must be queried and resolved immediately. The Finance Officer will periodically review this process.
- 14.9 When the monthly credit card statement is received all charges must be reviewed, queried (where required) and authorised by the Finance Team prior to the relevant direct debit date.

- 14.10 At the end of each month the statement along with forms and receipts should be discussed with the Finance Manager who will then sign all forms to confirm expenditure.
- 14.11 There should be no circumstances under which the credit card is used in error and for any other purpose than in relation to business for the Association. Any such occurrence must be formally reported to the Management Committee.

## 15. Petty Cash

- 15.1 All petty cash imprest top-ups should be requested by the Finance Assistant. Where a cheque is required this will be signed by two authorised signatories, or reviewed by the Finance Officer and Finance Manage where a contra entry with the banking is done. The petty cash levels shall be maintained at no more than £300 at any one time. Payments from Petty Cash are strictly where it is not possible to follow the Invoices/Orders process set out in Section 5 above.
- 15.2 The expected petty cash usage is for the following items:

Gas/Electricity top ups normally limited to a maximum of £15 per household Reimbursement of sundry expenses limited to a maximum of £25

Sundry office supplies, such as tea/coffee/milk

Other items deemed as acceptable for reimbursement by petty cash by a member of the Management Team

Committee subsistence amounts up to approved levels

- 15.3 All petty cash disbursements must be accompanied by a petty cash purchase form signed by the parties receiving payment and a member of the Management Team and the receipt attached. The petty cash purchase form must contain details of what the expense relates to and must be dated as at time of payment.
- 15.4 All staff expenses should be paid via the wages system as opposed to via petty cash where possible (see separate Staff Expenses Policy). Any reimbursement of costs incurred, where a receipt is available, may be paid via petty cash and any taxable expenses paid via petty cash must be advised to the Association's payroll agents.
- 15.5 At no time should the petty cash fund be used by any Staff/Committee member for purposes other than expenditure wholly and necessarily incurred on official business.
- 15.6 The person responsible for the handling of petty cash and associated records must be clearly defined. Currently this is members of the Finance Team who have sole responsibility for cash disbursements.
- 15.7 If the purchase is for a prize or raffle, the prize and raffle register should be updated.
- 15.8 It is essential that the petty cash box remains in the safe unless cash deposits/disbursements are being made. Only the Finance Team have access to the safe.

- 15.9 The petty cash levels shall be agreed to the petty cash records on a weekly basis by the Finance Officer. Any variances shall be investigated in a timely manner, and reported to the Finance Manager.
- 15.10 Petty cash transactions shall be posted by way of a journal onto SDM on a monthly basis. The journal shall be prepared by the Finance Assistant and reviewed by the Finance Officer in line with Section 15.
- 15.11 The Finance Officer shall, on a monthly basis, reconcile the petty cash balance to the petty cash book, and to the petty cash nominal code on SDM. Any variances shall be investigated and rectified in a timely manner. The other Finance Officer will review this reconciliation and certify its accuracy, evidencing this through signature of the reconciliation. Certified petty cash reconciliations shall be retained in electronic format within the Finance directory.
- 15.12 Although not encouraged, if for any reason money is paid into petty cash e.g. postage used for personal mail, a petty cash paid in form should be completed, with the original receipt or back up as evidence of the payment in. This should be signed by the person paying in and also authorised by a member of the Management Team.
- 15.13 Each Petty Cash Payment form should be signed by The Finance Manager at the end of each month.

## 16. Salaries/Expenses

- 16.1 The Finance Manager is responsible for the HR records of the Association. It is the responsibility of the Director to ensure that all relevant information with regards payroll is provided to the Finance Team at least a week prior to the payroll processing date. This should include approved starters and leavers forms, and approved salary changes.
- 16.2 Salary and wage increases arising from staff promotions or pay awards must be approved by the Management Committee (or authorised sub-committee) prior to any payment being made. Any changes in salary amounts due must be confirmed in writing to the individual staff member with a copy of the letter being retained in the personnel files.
- 16.3 Any request for overtime should be approved by the Director in advance and any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the Manager.
- 16.4 Any request for reimbursement of expenses/mileage costs should be accompanied by an expenses claim form signed by the individual requesting payment and authorised in accordance with the Financial Regulations. Receipts should be provided at all times.
- 16.5 All sickness absences of over 7 working days require a fit note from the employees GP to cover ongoing absence.
- 16.6 All sickness absences of less than 7 working days require completion of a self-certification sickness form.

- 16.7 For the purposes of statutory sick pay the Finance Team must be made aware of all absences from work arising from sickness. All staff sickness absences shall be reported to the staffing sub-committee on a quarterly basis.
- 16.8 Salary processing is carried out by external payroll agents. Monthly payroll information is provided to the agents, (which should include; overtime, subsistence, mileage, sickness or any contractual changes) by the Finance Team. The relevant information shall be input by the Finance Officer into the payroll information spreadsheet, and reviewed by the Finance Manager with reference to relevant documentation (i.e. starters/leavers forms, overtime forms, expenses forms). Once approved, the spreadsheet will be sent to the payroll agent by a member of the Finance Team.
- 16.9 The payroll agents will supply the BACs payments listings and individual payslips to the Finance Team, who should check these for accuracy. Once satisfied, the BACs listing, payslips and payroll information spreadsheet should be passed to the Director or Finance Manager for review and approval.
- 16.10 The Director or Finance Manager shall sign the BACs listing to evidence this review and thus authorising the Finance Team to process the payroll payment via online banking. The Finance Officer shall process the payment and the Director or Finance Manager will counter authorise the report via online banking. A final BACs report should then be printed off via online banking which should match the original BACs report.
- 16.11 A report should be downloaded from online banking once the payment is made, attached to the approved BACs listing and the approved payroll information spreadsheet and retained on file. This can be stored within the secure Finance area.
- 16.12 Salary payments are due on the 28<sup>th</sup> of each month, and shall be processed two days prior to this to ensure adherence with the timetable. The payment period in December will vary in line with holiday dates and where the 28<sup>th</sup> falls at a weekend or public holidays, the payment date will be the preceding working day.
- 16.13 The Finance Team are responsible for submission of all PAYE returns and Pension Contributions in accordance with statutory timetables; this information is provided by the payroll agent Scott Moncrieff.
- 16.14 Any changes in employment terms must be approved by the Management Committee, must be conveyed to the staff member in writing and a copy of the letter held within the personnel files.
- 16.15 Any voluntary deductions from pay must be supported by written authorisation given by the employee.

#### 17. Committee Expenses

17.1 All claims for reimbursement of expenses must be accompanied by an expenses claim form signed by the individual requesting payment and countersigned by the Association's Director.

- 17.2 Receipts must be obtained and attached with any claim made, if the claim is for loss of earnings, a letter from the employer should be obtained.
- 17.3 Whilst it is preferred that payment is by BACs or cheque, it is recognised that payments via petty cash may be required.
- 17.4 No cheque signatory may sign a cheque payable to themselves.
- 17.5 Where payment is made to a 3rd party in respect of childminding expenses proof of payment must be provided.
- 17.6 All expenses paid will be available for inspection by the Director and Committee members.
- 17.7 Payment of expenses shall be made in accordance with the Committee Expenses policy.
- 17.8 All committee members are authorised, acting reasonably, to use the Associations taxi account for authorised Association business only. All use will be authorised by the Director via invoice approval.

## 18. <u>Maintenance/Repairs</u>

- 18.1 The annual budget setting process will allocate the level of funds available for day to day, cyclical and major repair maintenance works.
- 18.2 The allocation of funds will exclude any salary costs, recoverable costs and overhead allocation and will refer solely to monies available for repairs by outside contractors and the purchase of materials.
- 18.3 Finance Manager and Maintenance Manager will liaise prior to the commencement of the financial year for the purposes of agreeing an annual maintenance/repairs plan to be submitted to Committee for approval. This will be incorporated in the annual budget setting exercise.
- 18.4 At the commencement of each financial year the Maintenance Manager will prepare a list of approved contractors for Committee approval which will state the following (NB, As these generally only change 3 yearly it is enough to state there has been no change and only prepare a report where someone has been added or a company's details have changed in any of the categories):-
  - Trade
  - Hourly rate
  - VAT registered
  - Valid insurance documents
  - Equal opportunities and Health & Safety compliance
  - Related parties information
- 18.5 The Maintenance Manager will maintain detailed project accounts for all major works, development works or where contractor payment is in instalments. This shall be updated on at least a monthly basis to monitor actual spend on each project and identify any significant under or over spend. The Finance Team will maintain an

- account of all projects via nominal ledger coding and reconcile balances with Maintenance records.
- 18.6 The Maintenance Team are responsible for ensuring that expenditure remains within budget and managing any significant variances. They are also responsible for providing sufficient explanation to the Finance Team for management accounts purposes. The Maintenance Manager must ensure that all contractors hold up to date and valid insurance cover.
- 18.7 It must be recognised that circumstances may result in the annual budget allocation being amended during the course of the financial year, with Committee approval sought.
- 18.8 Where it is expected that specific repair projects will exceed procurement policy limits the appropriate procedures as outlined in the Procurement Policy must be observed unless it is necessary to carry out the work immediately in order to prevent danger to life, limb or property.
- 18.9 Projections of cyclical maintenance/major repair works must be compiled under the control of the Director and Maintenance Team. Currently the Association have a 30 year planned maintenance programme, which will be reviewed annually in order to allow incorporation of the financial effects into the revised long term financial projections.
- 18.10 There may be circumstances when the Management Committee may wish to deviate from the approved budget. Any decisions made must be recorded in the minute of the meeting and any subsequent variances from the original budget shall be noted through the normal quarterly management accounts.
- 18.11 Any small amounts of materials held by the Association shall be supervised by the Maintenance Manager

#### 19. Factoring

- 19.1 All factoring information is detailed in our Factoring Statement of Service, which are sent out annually.
- 19.2 Procedures relating to the recording and receipt of funds for factoring activity are noted within the receipt of monies financial procedure in Section 4.
- 19.3 At each month end the Finance Officer shall produce a full reconciliation of individual factoring balances via an SDM report. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance. This shall be reviewed and agreed as factually accurate by the Finance Manager and evidence of this retained on file. A summary of this reconciliation is shown on the bottom of the monthly invoice.
- 19.4 The Finance Officer shall agree the Control Account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly. Arrears will be pursued by the Finance Assistant.
- 19.5 The Finance Team has the responsibility for the Factoring Service and the issue of timeous factoring accounts where applicable.

## 20. Re-Chargeable Repairs

- 20.1 The Repairs & Maintenance Policy explains what constitutes a rechargeable repair. The Repairs and Maintenance Procedures discuss how rechargeable repairs will be managed.
- 20.2 Procedures relating to the recording and receipt of funds for rechargeable repairs activity are noted within the receipt of monies financial procedure in Section 4.
- 20.3 At each month end the Finance Officer shall produce a full reconciliation of individual recharge repair balances, via an SDM generated report. This shall be reviewed by Finance Manager and agreed as factually accurate by the Maintenance Manager and evidence of this retained on file.
- 20.4 The Finance Officer shall agree the Control Account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly. Arrears will be pursued by the Housing Team.
- 20.5 The Finance Team has the responsibility for the issue of timeous recharge repair accounts where applicable, once instructed by Maintenance section.

## 21. Insurance Claims

- 21.1 The submission of all property insurance claims is the responsibility of the Maintenance Team. All other claims shall be dealt with by the Finance Manager. Claims must be submitted within 30 days of the incident occurring.
- 21.2 Whilst it is the responsibility of the Maintenance Officer to advise and liaise with the loss adjuster on property claims, the Finance Officer must be made aware, at the outset, of any material issues and be kept informed regarding progress.
- 21.3 It is the responsibility of the Maintenance Officer to code maintenance invoices in an appropriate manner in order to confirm, to finance, any invoices subject to a claim.
- 21.4 Copies of all claims should be retained in an Insurance Claims folder which should contain a summary sheet detailing date of incident, date of claim, address, claim amount, payment received and date of receipt. Responsibility for this task lies with the Maintenance Team.
- 21.5 The Finance Officer should agree the balances outstanding at each month end with the trial balance control account for insurance claims. Any differences should be investigated and resolved promptly. Each reconciliation must be reviewed by the Finance Manager and evidence of this retained on file.

## 22. Commercial Rents / Hub Rents

22.1 The Finance Team shall maintain details of the tenants of commercial properties owned by the Association and tenants of the hub.

- 22.2 Each tenant shall sign a lease agreement outlining the terms and conditions of their tenancy, produced by the Association's solicitors, reviewed by the Finance Manager and Director.
- 22.3 The Finance Assistant shall issue monthly sales invoices to all commercial tenants and tenants of the hub. The Finance Assistant shall also issues sales invoices to each organisation hiring the facilities of the hub as appropriate.
- 22.4 The Finance team shall ensure the tenant sets up a monthly standing order with amounts due in respect of rent and other charges. The receipts of standing orders shall be processed and matched to the relevant sales invoice in a timely manner.
- 22.5 At each month end the Finance Assistant shall produce a full reconciliation of individual account balances. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance, via a manual sales ledger. This shall be reviewed and agreed as factually accurate by the Finance Officer and evidence of this retained on file.
- 22.6 The Finance Officer shall agree the Control Account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly. Arrears will be pursued by the Finance Team.

## 23. Component Accounting

- 23.1 Programmes of work that will be capitalised will be determined annually within the annual budget, although priorities may change throughout the year, any changes must be agreed and approved by the Management Committee.
- 23.2 All information of replacements/disposals must be given to the Finance Manager; this includes the date of renewal/disposal and amounts.
- 23.3 The Finance team administer an excel database of all assets, replacements, disposals and depreciation calculations. The Finance Officer is responsible for maintaining the component database, updating it at least once a month. The Finance Manager should ensure the accuracy of changes made to the database on at least a quarterly basis.
- 23.4 Journal entries must be posted monthly for component replacements, disposals and the depreciation charge, once the database has been appropriately updated. The Finance Officer will be responsible for producing the journal voucher and passing this to the Finance Manager for review in line with component database.
- 23.5 Copy invoices for all replacements must be kept in the component accounting file within Finance.

## 24. VAT

24.1 VAT returns must be submitted every quarter and all back up and invoices kept in the VAT file with Finance. The Finance Officer shall prepare all VAT returns. The

- Finance Manager shall review the returns in line with supporting documentation and approve for submission to HMRC
- 24.2 The Association will pay VAT to HM Customs & Excise on all rechargeable repairs issued. The Association can recover VAT back on the original contractor's invoice, where Vat has been applied.
- 24.3 VAT Shelter, this is based on the development agreement originating from GCC to GHA, which the Association inherited at Second Stage Transfer. The Association can recover VAT back on any planned maintenance programmes, asbestos removal and follow up works for EX-GHA stock all in line with the development agreement.
- 24.4 In considering new projects the Association shall ensure that appropriate VAT advice is sought and adhered to. This can be via Central VAT Consultants or Scott Moncrieff on an ad-hoc basis.

## 25. Policy Review

25.1 These procedures shall be reviewed and updated as necessary at least every 3 years by the Finance Manager in conjunction with the Director, and approved by the Management Committee.

Please sign below that you have read and understood the Financial Procedures approved <date>

Signature Date

0:	Data	
Signature	Date	
	Date	



## **POLICY**

## **FINANCIAL REGULATIONS**

## Wellhouse - The Place To Be

Policy Created December 2016, Reviewed December 2019

Date of Next Review December 2022

Section	Content	Pages
1.	Vision and values	3
2.	Governance	3
3.	Policy Aims	3
4.	Equal Opportunities, Diversity and Human Rights Statement	3
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## **Linked Policies/Procedures**

1.	Financial Procedures
2.	Staff Expenses Policy
3.	Committee Expenses Policy
4.	IT Policy
5.	Fraud Policy
6.	Treasury Management Policy & Strategy
7.	Procurement Manual
8.	Data Protection Policy
9.	Risk Management Policy & Strategy
10.	Entitlements, Payments & Benefits Policy
11.	Donations Policy

#### 1. Vision and values

#### Wellhouse - the Place to Be.

This simple statement is our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

We believe that our values of **Trust**, **Honesty and Integrity**, **Excellence**, **Accountability** and **Sustainability** supported by a comprehensive policy framework will help make our vision a reality.

#### 2. Governance

Wellhouse HA is a community controlled registered social landlord and is managed by a group of local people who are elected onto the Management Committee. Their role is to make sure that the Association is well run, meets the needs of the local area and is responsive to what is important to local people. We may co-opt other people onto the Management Committee from time to time where we feel we need specialist support.

The Management Committee appoints senior staff, agrees all the Association's policies and takes all the key decisions. The Director and the senior team support the Committee in these responsibilities.

#### 3. Policy Aims

That the Association demonstrates effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.

#### 4. Equal Opportunities Statement

We aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.

We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender reassignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

#### 5. Legislation

The Association currently operates under the SFHA Charitable Model Rules (Scotland) 2013 (as amended 2015) which are the constitution of the organisation.

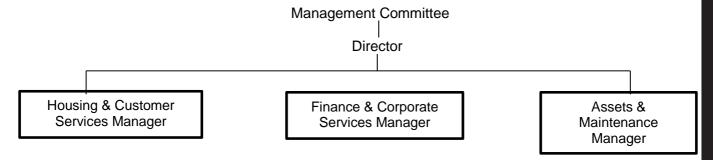
The standing orders of the Association detail how the business of the organisation shall be run and include delegated responsibilities, powers and remits of each committee or subcommittee.

#### **Content of Financial Regulations**

- 6. Introduction
- 7. Management Committee Responsibilities
- 8. Staff Responsibilities
- 9. Accounting
- 10. Audit Requirements
- 11. Fraud and Other Financial Irregularities
- 12. Business Planning
- 13. Approach to Financial Forecasting
- 14. Budgeting
- 15. Cash Controls
- 16. Debtors Controls
- 17. Asset Controls
- 18. Procurement, Contracts and Tendering
- 19. Books, Registers and Computer Data
- 20. Security
- 21. Insurance
- 22. Risk Management
- 23. Value for Money
- 24. Treasury Management
- 25. Travel, Subsistence & Other Allowances
- 26. Gifts, Hospitality & Interests
- 27. Donations
- 28. New Projects & Activities
- 29. Benchmarking/Performance Analysis
- 30. Incurring and Authorising Expenditure
- 31. Authorised Signatories
- 32. Budget Holders

## 6. The Policy

6.1 Wellhouse Housing Association Limited's Financial Regulations are based on the following current management structure: -



- 6.2 The financial regulations detail Committee and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.
- 6.3 Compliance with the Financial Regulations is compulsory for all staff. It is the responsibility of section heads to ensure that all staff are aware of the existence and content of these regulations.
- Nothing in these Financial Regulations shall override instructions from or conditions imposed by the Scottish Government, Accounting Standards Board, the Scottish Housing Regulator, Financial Conduct Authority, and any other appropriate statutory organisation or any relevant current legislation. Nothing in the supporting Financial Procedures or policies will override the principles embodied in the Regulations.
- 6.5 The Financial Procedures set out how these regulations shall be implemented.

## 7. Management Committee Responsibilities

- 7.1 The Management Committee has ultimate responsibility for all aspects of the Association's affairs. It is responsible for the leadership, strategic direction and control of the Association and for ensuring it secures good outcomes for its tenants and service users.
- 7.2 Statute requires the Management Committee to prepare financial statements for each financial year and it is the Management Committee which is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.
- 7.3 The Management Committee is also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 7.4 Committee members have a duty towards the Association, its staff, tenants, other service users and the community in which it operates. They must therefore seek good quality information and advice at all times and ensure their decisions are based on the same. This advice may need to be sought from external professional advisors where

necessary. They must also ensure they have the skills and knowledge they need to be effective in their role. They must at all times seek to identify risks to the Association and mitigate the same.

## 8. Staff Responsibilities

- 8.1 The Director is responsible to the Management Committee for the implementation of strategic, policy and procedural decisions taken by the Management Committee and the day to day management of the Association. The Director is also responsible for the promotion of the Association and for co-ordinating the activities of other Senior Officers. The Director is responsible for ensuring the Management Committee receives all information and relevant guidance and training which it requires to meet its obligations.
- 8.2 All Senior Staff are responsible for ensuring staff members within their section understand their respective roles and responsibilities and for monitoring their performance against the same. They must ensure they and their staff are open about, and accountable for, all they do. They are responsible for the security and control of all assets, cash and materials relating to their section. They are also responsible for managing the financial budgets allocated to their area of responsibility.
- 8.3 The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of any Agents or service providers are contained within a relevant Minute(s) of Agreement or Service Level Agreement.

## 9. Accounting

- 9.1 All accounting procedures of the Association shall be determined by the Association's Finance Manager in consultation with the Director. These procedures must take account of statute, good practice and current guidance.
- 9.2 The format of the Association's financial records shall be determined by the Association's Finance Manager in consultation with the Director and must take account of audit requirements, good practice and current guidance.
- 9.3 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.
- 9.4 All accounting policies of the Association shall be contained within the annual financial statements and shall be reviewed annually as part of the approval of the financial statements. Accounting policies shall be presented to the Management Committee for approval out with this cycle when changes are made.

## 10. Audit Requirements

#### **External Audit**

10.1 External auditors will be appointed at each Annual General Meeting, following a recommendation by the Management Committee and in line with the Association's Rules and current statutory requirements.

- 10.2 Auditors will be appointed following a tendering process and in accordance with good practice the Association shall review its external auditors every 5 years unless the service level dictates otherwise.
- 10.3 The role of the external auditors must be clearly detailed in an Engagement Letter provided by the external auditor that shall be reviewed every three years in accordance with good practice.
- 10.4 Preparation of the financial statements shall be undertaken by the Association's Finance Team. A year end timetable should be completed by the Association's Finance Manager and be agreed with the external auditors prior to commencement of the year end statutory audit. The financial statements must be in the required format and contain the report of the external auditors. In addition, the financial statements must contain a report from the Management Committee, to include comment on past and future developments, together with a separate Management Committee report on the systems of internal financial control.
- 10.5 Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting. The report to the Management Committee shall contain the recommendations of the Audit & Risk Committee who shall have considered in detail the draft accounts together with feedback from the external auditors. Final audited accounts will be adopted at the Annual General Meeting normally held in September (to meet statutory reporting requirements).
- 10.6 Final audited and signed accounts will be submitted to the Scottish Housing Regulator (SHR), lenders, OSCR and to the Financial Conduct Authority within the required timescales following the financial year end.
- 10.7 A copy of the auditor's Management Letter and the Management Committees' response to the Management Letter will also be submitted to the Scottish Housing Regulator within required timescales.
- 10.8 The external audit functions shall be overseen by the Management Committee (or relevant subcommittee) and in line with good practice. The Management Committee (or relevant subcommittee) shall have a closed door session, with no staff present, with the external and internal auditor at least once a year.

#### **Internal Audit**

- 10.9 Internal auditors will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures, including an annual review of adherence to the Financial Regulations and Financial Procedures.
- 10.10 Internal auditors will be appointed following a tendering process and will be appointed for a maximum of three years (subject to an annual renewal of the appointment).
- 10.11 A rolling programme for internal audit shall be set and agreed by the Management Committee (or relevant subcommittee) based on current risk assessments. The setting of the internal audit programme shall take account of concerns or recommendations from the Senior Management Team.

- 10.12 The Management Committee (or appropriate subcommittee) will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales.
- 10.13 The internal auditor will have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the internal auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Management Committee as soon as is practical.
- 10.14 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures.
- 10.15 The internal auditor may assist in the protection of the assets of the Association by carrying out regular reviews of operations in order to detect system weaknesses, inefficiencies, fraud, misappropriation and losses due to waste or maladministration.
- 10.16 The internal auditor will also monitor compliance with the Association's Financial Regulations and Procedures.

## 11. Fraud and Other Financial Irregularities

- 11.1 The primary responsibility for the prevention and detection of fraud and errors rest with the Management Committee.
- 11.2 All matters in relation to fraud prevention, reporting, recording and associated matters are outlined in the Associations Anti-fraud policy and Bribery Response policy.

## 12. Business Planning

- 12.1 The Association shall have in place a three year business plan document which sets out the strategic direction of the Association. The Management Committee is ultimately responsible for the governance and direction of the Association and it is recognised that the business plan should represent a joint understanding by staff and Committee of what the Association wants to achieve, the choices available and the key risks faced by the Association. The business plan shall therefore be produced by the Management Committee and the Senior Management Team in consultation with staff, tenants and other stakeholders as necessary and in line with the Business Planning Protocol.
- 12.2 The content of the business plan should recognise and reflect the current SHR's Business Planning Recommended Practice for RSLs. It should include:
  - Vision and Values
  - Profile of Co-operative and achievements (including analysis of our customer profile, stock, rents, performance and asset management).
  - Analysis of the Operating Environment (using PEST, SWOT and Risk Analysis).
  - Strategic Objectives
  - Annual Delivery Plan
  - Financial Analysis (including scenario planning and sensitivity testing)

- 12.3 On an annual basis, the Director has delegated authority for the preparation of a detailed operational plan for the Association on behalf of the Management Committee, within the framework of the business plan.
- 12.4 The Director shall produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.
- 12.5 The operational plan will set departmental performance targets and KPIs, and shall feed into the annual budget setting process and the Association's risk management procedures.
- 12.6 On at least a quarterly basis progress against operational targets shall be reported to the Management Committee. These reports shall be supported by the management accounts, other section reports and the risk register to ensure all aspects of the business plan are linked together and operating effectively.
- 12.7 On at least an annual basis the achievement of strategic objectives will be considered and reported to the Management Committee.
- 12.8 The Association shall take account of the SHR document on Recommended Practice-Business Planning produced in December 2015 in its business planning process.

## 13. Approach to Financial Forecasting

- 13.1 The Finance Manager is responsible for long term financial planning on behalf of the Association.
- 13.2 Long term financial forecasts shall be prepared in accordance with timescales noted at clause 13.4 and shall be forwarded to all lenders as well as external and internal auditors for information and consideration. Formal feedback shall be sought from all parties reading the assumptions employed and the financial outturns.
- 13.3 The Association prepares and submits 5 year financial projections to SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Management Committee, all in accordance with existing guidance from SHR. A copy of this information shall be submitted to lenders and external auditors.
- 13.4 The Association shall undertake a review of its long-term projections on an annual basis in order to ensure that the projected annual position remains on target with the 30 year income and expenditure, balance sheet and cash-flow projections. A full and detailed business plan review shall be undertaken annually. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the business plan document.
- 13.5 The content of the 30 year financial forecasts shall include the following information as a minimum:
  - Details of main assumptions employed and sources of information
  - Statement of Comprehensive Income for 30 years
  - Statement of Financial Position projections for 30 years

- Cash Flow projections for 30 years
- Key performance indicators data and peer comparisons
- Covenant compliance schedules
- Appropriate sensitivity analysis
- Schedules for all income and cost information and assumptions
- Supporting narrative to confirm an overview of the projected outturns, any areas
  for further consideration, any areas of concern and any actions required that flow
  from production of the final information.
- 13.6 While the overall responsibility for this information lies with finance it is essential that an appropriate level of input from all senior staff is accounted for within the long term financial plans. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.
- 13.7 Given the impact that inflation and interest rates may have on the expected financial position, the Finance Manager shall seek information from lenders regarding future expected rates for these areas. In addition any real cost increase assumptions should take account of lender and valuer advice.
- 13.8 The Finance Manager shall produce an annual timetable to accompany the financial forecasting process and this shall take account of:
  - Provision of, review and agreement on future maintenance plans
  - Provision of, review and agreement on rental, staffing and development assumptions
  - Production of draft projections
  - Management team discussion, review and agreement of draft projections
  - Reporting to Management Committee for approval
  - Provision of information to external parties
  - Feedback to Management Committee from external parties
- 13.9 The importance of financial forecasting in relation to the Association's overall business planning process is recognised and timetables applicable to both processes require to be carefully aligned.

## 14. Annual Budget

## **Preparation, Review and Approval**

- 14.1 An annual budget must be approved by the Management Committee of the Association prior to the start of the financial year to which it relates. The setting of the annual budget forms part of the annual business planning cycle and will reflect the Association's current business plan, operational plans and longer term financial forecasts.
- 14.2 This annual budget will comprise of:
  - A clear statement of main assumptions and sources of information underlying the budget
  - Projected Statement of Comprehensive Income
  - Projected Statement of Financial Position

- Projected Cash Flow Statement
- Detailed capital budgets for all projects
- Monthly cash flow projections
- Monthly income and expenditure details
- Cost allocation information
- Appropriate ratio analysis
- Loan covenant compliance performance
- Any summary narrative commentary necessary for a clear understanding of the budget
- 14.3 The budget will be prepared by the Finance Manager on a roll over basis each year, taking into account the prior year budget, year to date variances and any known changes linking to the Business Plan. The Finance Manager will put in place a timetable which will take account of:
  - Provision of budget planning information from budget holders
  - Review of planned, cyclical and major repairs to be undertaken in line with the 30 year plan
  - Submission of draft budget to Senior staff and budget holders for review and approval
  - Submission of draft budget to Management Committee for review and discussion including the impact of any options or sensitivities where there is a potential material financial effect over the 12 month period.
  - Amendments as a result of Management Committee review
  - Final approval of the budget by the Management Committee

## **Budgetary Control**

- 14.4 Once approved, the budget shall be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, the Scheme of Delegation and any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved by the Management Committee.
- 14.5 It is the responsibility of all budgets holders to control relevant budgets. Budgetary control will be assisted by production of regular management accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates. The Finance Manager will report on actual income and expenditure against budget:
  - On a monthly basis to the Senior staff and budget holders
  - At least quarterly to the Management Committe
- 14.6 The Finance Manager will ensure that material variances are clearly explained within the narrative supporting the quarterly Management Accounts. Explanations of material variances will be sought from budget holders during the preparation of the budget monitoring reports and management accounts where necessary.
- 14.7 The quarterly management accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of the Association at the year-end. Cashflow monitoring and covenant compliance will

- form a part of the management accounts. A copy of the approved budget and quarterly management accounts will be sent to the Association's lender(s) and external auditors.
- 14.8 In circumstances of emergency, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of the most senior member of staff on duty and the Chairperson of the Association (or Office Bearer in the absence of the Chairperson), who will consult the Finance Manager, if possible, before agreeing to any request. Any such expenditure must be reported by the Director to the next meeting of the Management Committee for retrospective approval.
- 14.9 Senior Staff should ensure that when reports are issued to the Management Committee, the financial implications of any course of action should be fully detailed. The Finance Manager should be consulted prior to any report that has material financial implications going to the Management Committee.

#### 15. Cash Controls

- 15.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed Financial Procedures.
- 15.2 Procedures for the receipt of funds are detailed in the Financial Procedures.
- 15.3 A petty cash float not exceeding £300 shall be held for the purpose of making small payments and properly authorised expenses. The Finance Assistant has day to day responsibility for petty cash payments. In the absence of the Finance Assistant, the Finance Officer will assume responsibility for petty cash payments. Detailed petty cash procedures are detailed in the Association's Financial Procedures.
- 15.4 All bank accounts and petty cash accounts must be reconciled to the relevant books of account by the Finance Officer on a monthly basis. These reconciliations shall be reviewed and certified as accurate by the Finance Manager.
- 15.5 The Finance Team shall be responsible for the safe custody of all banking documents, including cheques, and petty cash floats, these should be held within the office safe as set out in the Financial Procedures. The Housing Officers shall be responsible for the safe custody of the rent cash float which is held in a locked drawer within the department.
- 15.6 In the event of any supplier bank account being notified by email the finance team shall contact the payee directly and request written confirmation of the change. The preference is for 3<sup>rd</sup> party external verification of this change via a copy bank statement or bank letter, etc. Such changes must be highlighted on the next available BACS payment list and be independently verified by the Finance Manager or Director who is certifying the BACS list for payment.

#### 16. Debtors Controls

- 16.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.
- 16.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment

- (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 16.3 Rental income payments are the main source of revenue income for the Association and operational procedures shall be reviewed regularly in order to monitor their effectiveness. A monthly report on rental information shall be prepared by the Housing Manager and submitted to the Management Committee.
- 16.4 Factoring account invoices shall be issued timeously, on a monthly basis, in accordance with the Factoring Policy and a monthly report to be determined by the Finance Team.
- 16.5 All other sums due and outstanding to the Association shall be summarised within the quarterly management accounts. Such sums shall include; insurance claims outstanding, chargeable repairs and improvement works for owners.
- 16.6 Procedures relating to rents, factoring and other income generating areas shall incorporate information on debtor control including the basis for monitoring and reporting sums due.
- 16.7 All amounts considered irrecoverable must be formally reported to and approved by Management Committee before write off. This also includes any rent advance write offs.
- 16.8 Responsibility for Debtors control within the Association is as follows: -
  - (i) Rent Arrears and service charges Housing Manager
  - (ii) Factoring Arrears Finance Manager
  - (iii) Insurance Claims outstanding -Maintenance Manager
  - (iv) Re-chargeable Repairs Housing Manager
  - (v) Wider Role Claims outstanding Housing Manager
  - (vi) All other sums due Finance Manager

#### 17. Asset Controls

- 17.1 The originals of all title deeds shall be held in secure storage by the Association's solicitors or bankers. The Finance Team will maintain a register of all title deeds and will confirm to the Management Committee on an annual basis that all title deeds are properly held.
- 17.2 The Association shall maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail acquisition date, disposal date, estimated useful life for depreciation purposes and cost. In addition, copies of invoices relating to each asset purchased shall be contained within the register, which may be held in electronic format.
- 17.3 The Association shall undertake six monthly reviews of the register to verify continued ownership and existence of these fixed assets. This task shall be undertaken by the Finance Officer with the Finance Manager carrying out an annual review.

- 17.4 Equipment Maintenance contracts and leasing contracts shall be entered into for such fixed assets as appropriate and a separate register shall be held by the Association. Details to be inserted on these registers include; service provider, start date, termination date, and asset being maintained/leased and cost. This register shall be updated on a quarterly basis by the Finance Officer and may be held in an electronic format.
- 17.5 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to and authorised by the Management Committee.
- 17.6 The Finance Team will ensure a register of all properties owned by the Association is maintained and kept up to date. The housing properties register shall ensure the Association complies with the requirements of component accounting. The current housing register used by the Association is known as the component accounting spreadsheet. This holds records of all housing assets by phase, split into relevant components. Component and property replacements and disposals, along with depreciation charges of housing property assets shall be updated on the component accounting spreadsheet in a timely manner. Copy invoices for all replacements will be kept in a file within the finance department. This task is undertaken by the Finance Officer on a monthly basis.

## 18. Procurement, Contracts & Tendering

- 18.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Manual.
- 18.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the Procurement Manual.
- 18.3 Orders for works, goods and services will be in accordance with current procedures, in particular the budget limits and the regulations on Incurring and Authorising Expenditure set out in section 30.
- 18.4 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the Finance Team and relevant officer shall keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 18.5 Payment to contractors, whether on account or the final account, shall be made in accordance with current procedures. The Finance Team shall meet regularly with the appropriate officer to monitor expenditure on contracts.
- 18.6 The Management Committee shall be provided with quarterly updates on the progress of all main contracts, including a summary of the position of accounts on each contract.

#### 19. Books, Registers and Computer Data

19.1 As a minimum requirement the following books and registers must be maintained by the Association: -

**Books and Registers** 

**Responsible Staff Member** 

(a) Cashbook Finance Manager

(b)	Petty Cash Book	Finance Manager
(c)	Nominal Ledger	Finance Manager
(d)	Purchase Ledger	Finance Manager
(e)	Sales Ledger	Finance Manager
(f)	Payroll Records	Finance Manager
(g)	Fixed Asset Register (housing)	Finance Manager
(h)	Fixed Asset Register (other)	Finance Manager
(i)	Rent Ledger	Housing Manager
(j)	Office Inventory	Finance Manager
(k)	Register of Disposals	Director
(I)	Register of Frauds and Bribery	Director
(m)	Register of Payments and	Director
	Benefits	
(n)	Register of Interests	Director
(o)	Register of Members	Director
(p)	Register of Gifts & Hospitality	Director
(q)	Complaints Register	Housing Manager
(r)	Tender Register/Receipt Book	Director
(s)	Seal Register	Director

- 19.2 Responsible staff member refers to individual having responsibility for maintenance of and administration relating to each register. This responsibility may be delegated to another staff member by the responsible staff member.
- 19.3 All such books and registers together with other relevant papers or information may, where appropriate, be kept in an electronic format and must be securely stored when not in use.
- 19.4 In conducting its operations the Association must comply with all aspects of the Data Protection Act and subsequent General Data Protection Regulations. All such matters are the responsibility of the Director.
- 19.5 The Association's I.T. co-ordinator is the Director. The system administrator is currently the Finance Manager and user rights are noted within the Association's IT policy.

## 20. Security

- 20.1 All Senior Staff are responsible for maintaining proper and adequate security at all times for buildings, furniture, equipment, and other assets, and any cash under their direct control. The Director is responsible for overall security and any risks to the Association must be notified to the Director immediately.
- 20.2 All information held on computer must be backed up on a daily basis and taken offsite by one of the Finance Team. It is the responsibility of the Finance Manager to ensure that this task is undertaken.
- 20.3 Access to computer systems must be restricted by the appropriate use of passwords, which are prompted to be changed every 90 days for SDM Housing Software and 180 days for PC's.

- 20.4 The Director will ensure that there are adequate systems in place covering the security and use of all data (personal and sensitive information) relating to applicants, tenants, members of staff, contractors and of the public held either in electronic or paper format, to comply with the Data Protection Act and subsequent General Data Protection Regulations.
- 20.5 Current office key holders are:-
  - Wellhouse staff of Officer level and above
  - Allander cleaning operative
- 20.6 The petty cash box will be held in the office safe at all times unless in use. The rent cash box will also be kept in the safe. The keys to petty cash box are held by the Finance Team in a locked drawer during working hours and in the safe overnight. The Housing Management cash box key is also kept in the safe, however a float and the current day's takings will be kept in a locked drawer by Housing Management staff.
- 20.7 Access to the safe is restricted to:
  - Finance Manager
  - Finance Officer
  - Finance Assistant
- 20.8 The safe is accessed via a combination code. This will be changed on at least a quarterly basis by the Finance Officer and communicated to all authorised staff.
- 20.9 Under no circumstances should other staff members be given access to the safe, told the safe combination code, or retain possession of the petty cash box keys. In all cases petty cash and rent box keys must be retained in the possession of the authorised staff member who, under no circumstances, should leave keys unattended.
- 20.10 A register shall be maintained of all items held within the safe. Documents should be signed out when removed by an authorised member of staff and signed back in when returned. A weekly check should be made by the Finance team to ensure all items are present in the safe.
- 20.11 All incoming post must be opened by one member of staff. Any cheques or cash received should be recorded on an incoming mail register and passed to the Finance Officer to review and verify.
- 20.12 The loss of office, property or petty cash keys must be notified to the Director immediately.

## 21. Insurances

- 21.1 The Association's Finance Manager shall effect all insurance cover on behalf of the Association subject to the management team confirming cover requirements.
- 21.2 All Senior Staff of the Association shall advise the Finance Manager by email of events likely to result in a change to the Association's insurance requirements.

- 21.3 The Finance Manager, in consultation with the Management Team, shall review all insurances during the year and report to the Management Committee thereon.
- 21.4 The submission of all insurance claims is the responsibility of the Maintenance Manager or Finance Manager for non-property related claims.
- 21.5 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.
- 21.6. The Association shall ensure, prior to contracts commencing, that written agreement is received from external contractors that they shall insure and take responsibility for all works in progress. A copy of the insurance cover in place must be received by the Association in advance of such works commencing.

## 22. Risk Management

- 22.1 The Association's approach to managing risk is detailed within the Risk Management Policy and Strategy.
- 22.2 All current activities and proposals for new activities will be subject to risk assessment specified in the Risk Management Policy and Strategy.
- 22.3 Where potential risks are identified the activity will be included in the current Risk Register together with measures to eliminate or minimise the risk.
- 22.4 The Director will provide the current risk matrix and a report to the Management Committee at least every six months, providing an update regarding progress to mitigate the key strategic risks to the Association. A risk report will also be prepared and presented at every Audit & Risk Committee meeting.

## 23. Value for Money

- 23.1 The Association shall seek to obtain value for money in terms of any fixed asset investments, its contractual commitments and in its day-to-day operational activities. Returns on investments shall be managed in line with the Treasury Management Policy and Strategy.
  - All other operational activity will be managed in line with the current Value for Money policy and Strategy.
- 23.2 The selection of an appropriate method of procurement, the use of tendering procedures, the selection of appropriate financing options and a balancing of quality and cost or other appropriate cost benefit analysis shall be undertaken by the Association in its decision making process.

#### 24. Treasury Management

- 24.1 The Association will create and maintain, as the cornerstone for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

 Suitable treasury management practices (TMPs), setting out the manner in which the Association will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The Treasury Management policy is updated in line with the up-to-date CIPFA Code of Practice

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 & 7 of the code, subject only to amendment where necessary to reflect the particular circumstances of the Association. Such amendments will not result in the Association materially deviating from the Code's key principals.

- 24.2 The Associations Management Committee will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in it TMPs.
- 24.3 The Association delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Finance Manager and for the execution and administration of treasury management decisions to The Management Committee.
- 24.4 The Association nominates the Audit and Risk Sub-Committee to be responsible for ensuring scrutiny of the treasury management strategy and policies.

### 25. Travel, Subsistence & Other Allowances

- 25.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Association's policies and procedures on Committee Members' and Staff Expenses.
- 25.2 All claims for payments of travel, subsistence and other expenses will require to be authorised in accordance with the current Financial Procedures.

#### 26. Gifts, Hospitality & Interests

- 26.1 The giving and receiving of gifts and hospitality shall be in accordance with the Association's Entitlements Payments and Benefits policy.
- 26.2 All Committee members and staff shall ensure that they declare any interest with regards to any aspect of the Association's activities as required by the Association's rules and regulatory requirements. The Director shall maintain the register of interests in accordance with within the Associations Entitlements Payments and Benefits Policy.

## 27. Donations

- 27.1 The Association's approach to donations is detailed within the Donations Policy.
- 27.2 All donations must be approved by the Management Committee.

#### 28. New Projects and Activities

- 28.1 Prior to committing the Association to any new projects or activities a full options appraisal and financial assessment shall be carried out and reported to the Management Committee for consideration and approval.
- 28.2 In the event that the new project or activity results in a net financial cost to the Association then the overall impact on the Association's long term financial projections requires to be considered and reported on as part of the overall assessment report.
- 28.3 External specialist and legal advice shall be taken where appropriate.

## 29. Benchmarking and Performance Analysis

- 29.1 The Association's Director shall ensure that reports will be submitted to the Management Committee on the following areas: -
  - (a) Analysis of Business Plan targets achieved
  - (b) Comparison of results with SHR published ratios and statistics
  - (c) Comparison of results with Association's annual budget
  - (d) Comparison of actual and estimated loan covenant results.
  - (e) Annual Return on the Charter (ARC)

The Association's Management Committee may consider issues arising from the above in greater detail.

29.2 All Senior Staff are responsible for the provision of information attaching to their department in line with an agreed timetable confirmed by the Director and included within the operational plan. Section Heads when providing relevant data or statistics summaries shall email the detailed calculations or file attachments that represent the source of the summary data or statistics provided. The Director or a delegated representative shall audit relevant information provided in order to ensure accuracy and consistency of reporting.

## 30. Incurring and Authorising Expenditure

- 30.1 Only those staff with the delegated authority to do so will incur an expenditure commitment or authorise a payment. No payments will be made unless the payment has been checked and signed off by those with the appropriate authority.
- 30.2 The Management Committee approve budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets subject to Standing Orders and the current Scheme of Delegated Authority.
- 30.3 Any non-emergency expenditure up to £5k in total outwith set budgetary limits may be approved by the Director who shall report such matters for retrospective approval to the Management Committee.
- 30.4 There are three levels of procedures involved in authorising expenditure.
  - a) taking on the commitment to spend
  - b) certification that the expenditure is arithmetically correct

- c) approving the invoice after goods or services received
- b) & c) are covered within the Financial Procedures.

## 30.5 Approval of Commitment to Spend

# i) <u>Capital Expenditure (excluding properties, including IT, copiers and associated maintenance contracts)</u>

a)	Up to £10,000	Director
b)	Up to £5,000	Managers
c)	Over £10,000	Management Committee

## ii) Capital Expenditure (properties)

a)	Purchase of a property	Management Committee
b)	Development spend within approved contract sums	Director
c)	Component Replacement spend within approved contract sums	Maintenance Manager
d)	Contract variations over £10,000	Management Committee

## iii) Staff Appointments, Salaries & Staff Costs

a)	Staff appointments	Management Committee
b)	Temps	Director
c)	Salary Reviews	Management Committee
d)	Staff Expenses	Management Team Member
e)	Committee Expenses	Director
f)	Director Expenses	Chairperson
g)	Overtime	Director
h)	Director Overtime	Management Committee

## iv) Property Management Costs

a)	Repair & Maintenance, and Voids works up to £500	Maintenance Assistant
b)	Repair & Maintenance, and Voids works up to £2,000	Maintenance Officer
c)	Repair & Maintenance, and Voids works up to £5,000	Maintenance Manager
d)	Repair & Maintenance, Voids work, Planned and Insurance works up to £10,000	Director
e)	Repairs & Maintenance, Voids work, Planned and Insurance works over £10,000	Management Committee

## v) Office Administration & Other General Expenses

a)	Up to £5,000	Management Team Member
b)	Over £5,000	Director
c)	Over £10,000	Management Committee

## vi) Housing Management

a)	Legal Fees up to £500	Housing Officers / Housing Assistants
b)	All costs up to £5,000	Management Team Member
c)	All costs over £5,000	Director
d)	All costs over £10,000	Management Committee

The above noted individuals have the same authority levels for authorising invoice for payment.

## 31. Authorised Signatories

BACS Payment List	
Prepared by Finance Officer/Finance Assistant	
Authorised by	Finance Manager / Director
BACS Payment (Online Banking)	
Prepared by	Finance Officer/Finance ~Assistant
Authorised by	Finance Manager / Director
Cheque Payments	
Prepared by	Finance Assistant
Authorised by	Director / Office Bearers
Grant Offers	
Authorised by	Office Bearers / Director
HAG Claims	
Prepared by	Finance Officer
Authorised by	Office Bearers / Director
Private Finance Drawdown	
Prepared by	Finance Officer
Authorised by	Office Bearers / Director
Scottish Government Grants	
Prepared by Finance Officer	
Authorised by	Office Bearers / Director

A copy of all sample signatory forms issued to third parties must be retained by the Finance Team.

32. Budget Holders

32. Budget Holders	
Director	Employee Costs Consultants Advertising & Promotion Committee Expenses Committee Training Staff Recruitment CCT Contribution Donations General Legal fees Other Fixed Assets New Build Projects Subscriptions Widre Action
Housing Manager	Bad Debts Staff Training Tenant Participation
Finance Manager	Audit Fee (Internal & External) Bank Charges General Expenses Heat, Light & Cleaning Insurance Office Repairs/Concierge Office Equipment Maintenance Printing & Stationery Postage Rent & Rates Service Costs Telephones Loan Payments
Assets & Maintenance Manager	Reactive Maintenance Void Costs Major Repairs Cyclical Maintenance Estate Management Commercial Property Cost Component Replacement Costs Office Equipment Maintenance

## 33. Policy Review

- 33.1 A review of the Financial Regulations shall take place at least every 3 years or earlier if deemed appropriate by the Management Committee.
- 33.2 A mini-audit of adherence to the financial regulations shall be carried out by the Finance Manager twice per annum.

1	Date:
2	Date:
3	Date:
4	Date:
5	Date:
6	Date:
7	Date:
8	Date:
9	Date:
10	Date:
11	Date:
12	Date:
13	Date:
14	Date:
15	Date:
16	Date:
17	Date:
18	Date:
19	Date:
20	
21	Date:
22	Date:
23	Date:

Please sign below that you have read and understood the Financial Regulations Policy

approved <date>

24.

Trust Honesty Integrity Excellence Accountability Sustainability

Date:



Wellhouse: the Place to Be

Management Committee	27th February 2020	
Agenda item	12	
Title of Paper	Quarter 3 - KPI Report October to December 2019	
Author	Gordon Kerr, Finance & Corporate Services Manager	
Attachments	Appendix 1 – Maintenance KPI results Appendix 2 – Maintenance KPI results	
Executive Summary	This KPI report is presented from the Management Team on our performance for the third quarter of 2019/20.	

#### 1 PURPOSE

- 1.1 The purpose of this report is to bring to the attention of Committee the performance in relation to Key Performance Indicators (KPI) for period October to December 2019.
- 1.2 The report details performance results for the third quarter against targets set for 2019/20. Committee is asked to discuss with the Management Team any of the presented performance trends, consider any influencing factors and suggest appropriate responsive action.

### 2 RECOMMENDATIONS

2.1 Committee is asked to discuss and note the contents of this report

## 3 BUSINESS PLAN, VISION AND VALUES

- 3.1 Key areas of performance are integral to business; we measure our success by setting targets against these objectives, ensuring that we deliver them effectively and efficiently. The six objectives are to:-
  - 1. Deliver excellent services.
  - 2. Provide good quality homes.
  - 3. Anticipate, understand and respond to local needs.
  - 4. Foster an attractive, successful and thriving community.
  - 5. Maintain good governance and financial management.
  - 6. Value and invest in our people.
- 3.2 It is also consistent with our Values of:
  - Trust, Honesty, Integrity, Excellence, Accountability, Sustainability
- 3.3 The report reflects priorities set from the 2019/20 Operational Plan.



#### 4. BACKGROUND and MAIN ISSUES

Committee is kept updated throughout the year on key areas of the business, the Annual Return of the Charter (ARC) also provides areas of performance. The KPI targets referred to in this report reflect areas included in the ARC, our own internal targets and any service standard we deem important to monitor.

The full suite of KPIs is currently being reviewed to ensure that we are reporting on relevant KPIs with proper targets in place. As well as being a working internal management document, this will also appear on the website and will be available for everyone to view. This should result in a more condensed version of the KPI report meaning it is less likely that important information could be overlooked.

This quarterly Committee report will still highlight areas of concern and also areas of particularly good performance or improvement but will no longer have the full table of KPIs as an appendix, however, this will still be the source of any information contained in this report. The Housing & Customer Services Manager and Assets & Maintenance Manager will concentrate on certain areas for discussion each quarter and will have some attachments displaying visual content.

#### 5 DISCUSSION

## 5.1 Rent Management – Performance & ARC.

The result for the end of Quarter 3 for gross rent arrears was £260,526.93- 8.09% of rental income. The figure for the previous quarter was 6.88% therefore the arrears continue to be a cause for concern. In line with previous annual trends the figure will continue to rise until the fiscal year end due to increases in technical arrears.

The rent collection rate for the end of the Quarter was 100.09%

Universal Credit (UC) and Welfare Benefit Reform continues to have an adverse impact on the collection of rent. At the end of Quarter 3, there were 106 tenants in receipt of UC who had accumulated arrears of £104,243.48. To date there are 107 tenants in receipt of UC and the arrears have risen to £107,499.82

- 5.2 28 voids were relet by the end of Quarter 3 and none were carried over to the current Quarter. Void loss totalled £6,199.27 or 583 days to the end of the period, which is 0.25% of the rental income expected to date. The annual target is 0.8%.
- 5.3 The average re-let period for Quarter 3 was 29 days. The annual target is 12 days. 3 of these properties were void for 27-41 days due to their condition and for kitchen and bathrooms to be replaced. 4 were void between 43 48 days due to several refusals for the area and/or anti-social behaviour concerns. The refusal rate for Quarter 3 has increased to 60%. Out of 28 offers for 11 properties, there were 17 refusals for the reasons given above.
- **5.4** There were no satisfaction surveys carried out by CMI during Quarter 3 however the question:



**Indicator 13 -** Overall, how satisfied or dissatisfied are you with your landlord's contribution to the management of the neighbourhood you live in?

was asked as part of the Annual House Visit survey. In Quarter 3 - 26 Annual House Visits were attempted with 6 completed, 20 were either no accesses or tenants contacted to re-arrange. 100% of the tenants visited said they were satisfied with the management of the neighbourhood they live in.

5.5 In Quarter 3, 8 complaints of ASB were received and all were completed within timescale. These were in relation to noise, neighbour disputes and dumped rubbish.

In the same period there were 6 SPSO complaints which were also completed on time. 3 were from those unhappy with not getting a kitchen, 2 in relation to repairs and 1 about a member of staff.

We received 5 compliments in the Quarter. 2 were happy with new kitchens, 1 said they were happy with Wellhouse HA, 1 was happy with the close cleaning service and 1 thanked us for settling a neighbour dispute.

- 6. Maintenance Performance & ARC.
- **6.1** Please see attached Appendices for commentary on Emergency and Non-emergency repairs results and comparatives. Contactors continue to provide very good response times.
- 7. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES
- 7.1 There are no regulatory, legal or constitutional issues to consider in this performance report.
- 8. FINANCIAL IMPLICATIONS
- 8.1 Committee are asked to note the impact of arrears and void rent losses.

#### 9. KEY RISKS

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
Increasing arrears impact	Financially due to lost	
on our income	income	
Reputational through	Problems with stock -	
possible failure to provide	internal and external.	
excellent services.		
Mitigation	Mitigation	Mitigation
minganon	Miligation	minganon
Focus placed on rent		miligation
•		Imagadon
Focus placed on rent	Redesigning arrears	magaton
Focus placed on rent arrears and void	Redesigning arrears	Imagaton



## 10. SWOT ANALYSIS

Not required

## 11. EQUALITY AND DIVERSITY ISSUES

11.1 There are no identified impacts on any of the main minority groups or diversity implications even an unintended one.

## 12. SUSTAINABILITY

**12.1** There are no identified impacts on sustainability even an unintended one.

## 13. CONCLUSION

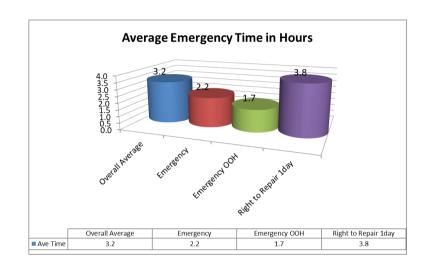
- **13.1** Some KPIs still causing some concern, particularly Arrears, however, this is something that the Housing Customer & Service Manager is aware of and is being addressed.
- **13.2** Income Advice and Void loss KPIs continue to show some positive results.
- **13.3** Maintenance KPIs continue to demonstrate some positive results.

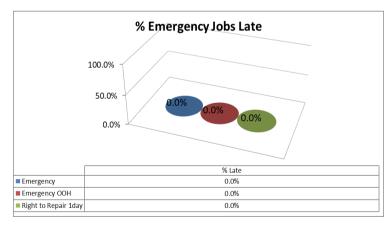
# **EMERGENCY REPAIRS CHARTS – AVERAGE TIMES AND ON-TIME/LATE PERFORMANCE**

For Period	01/10/2019	to	31/12/2019
Comparative Period	01/07/2019	to	30/09/2019

Urgency Code			<u>Comparative</u>
	<b>Average Time of Reactive</b>		
Overtype	<u>Repairs</u>	<b>Ave Time</b>	<u>Ave Time</u>
	Overall Average	3.2	2.8
EMER	Emergency	2.2	1.9
EOOH	Emergency OOH	1.7	1.7
RR1	Right to Repair 1day	3.8	3.4

Urgency			
Code			<b>Comparative</b>
Overtype	<b>Late Jobs by Urgency</b>	% Late	<u>% Late</u>
EMER	Emergency	0.0%	0.0%
EOOH	Emergency OOH	0.0%	0.0%
RR1	Right to Repair 1day	0.0%	0.0%

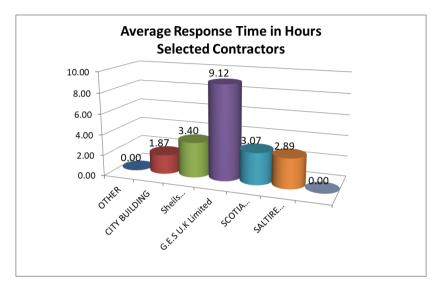


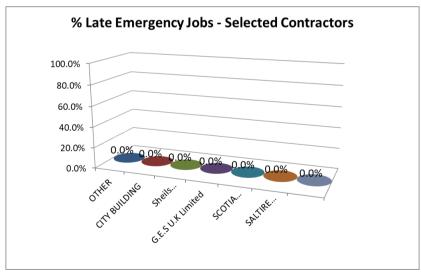


## **EMERGENCY REPAIRS CHARTS – AVERAGE TIMES AND ON-TIME/LATE PERFORMANCE**

			<b>Comparative</b>
	Analysis by Contractor	<u>Ave</u> <u>Time</u>	<u>Ave Time</u>
Overtype	OTHER		1.74
CIT01	CITY BUILDING	1.87	1.69
	Sheils Construction Joinery &		
SSHEI	Maintenance Limited	3.40	2.84
GGES	G.E.S U.K Limited	9.12	3.74
	SCOTIA PLUMBING &		
SCO01	HEATING	3.07	3.45
	SALTIRE FACILITIES		
SALTI	MANAGEMENT LTD	2.89	2.47

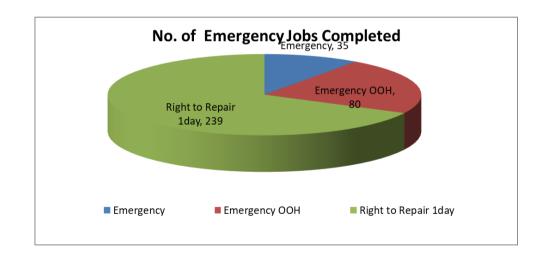
			<b>Comparative</b>
	Analysis by Contractor	% Late	<u>% Late</u>
Overtype	OTHER		0.0%
CIT01	CITY BUILDING	0.0%	0.0%
	Sheils Construction Joinery &		
SSHEI	Maintenance Limited	0.0%	0.0%
GGES	G.E.S U.K Limited	0.0%	0.0%
	SCOTIA PLUMBING &		
SCO01	HEATING	0.0%	0.0%
	SALTIRE FACILITIES		
SALTI	MANAGEMENT LTD	0.0%	0.0%





# **EMERGENCY REPAIRS CHARTS – AVERAGE TIMES AND ON-TIME/LATE PERFORMANCE**

			<u>Comparative</u>
Overtype	Reactive Repairs by Urgency	No Jobs	<u>No Jobs</u>
EMER	Emergency	35	37
EOOH	Emergency OOH	80	49
RR1	Right to Repair 1day	239	149



## QTR 3 – Emergency & Non-Emergency Repairs Comparison

EMERGENCY REPAIRS RESULTS TABLES					
For Period			01/10/2019	to	31/12/2019
Comparative Period			01/07/2019	to	30/09/2019
Average Emergency Hours - By Urgency	- This Period	<u> </u>	<u>DATASOURCE</u>		
E/ NER Calc	E	Ţ	Set to E for Emergency J	obs Only	
Compl Actl This Period	1	Ţ	Set to 1 for This Period		
	_				
Row Labels	No. Jobs	5	Tot Emerg Hrs	Ave. Hrs	No. Late
Emergency	35		78.4	2.2	0
Emergency OOH	81		136.5	1.7	0
Right to Repair 1day	233		874.9	3.8	0
Grand Total	349		1089.7	3.1	0

EMERGENCY REPAIRS RESULTS TABLES					
			_		
For Period		01/10/2019	to	31/12/2019	
Comparative Period		01/07/2019	to	30/09/2019	
Average Emergency Hours - By Urgency	- Comparative	<u>Period</u>	DATASOURCE		
E/ NER Calc	E J	Set to E for Emergency .	lobs Only		
Compl Actl Last P	1 7	Set to 1 for This Period			
Row Labels	No. Jobs	Tot Emerg Hrs	Ave. Hrs	No. Late	
Emergency	37	71.1	1.9	0	
Emergency OOH	49	82.7	1.7	0	
Right to Repair 1day	149	508.8	3.4	0	
Grand Total	235	662.7	2.8	0	

## QTR 3 – Emergency & Non-Emergency Repairs Comparison

NON-EMERGENCY REPAIRS RESULTS TABLES				
For Period		01/10/2019	to	31/12/2019
Comparative Period		01/07/2019	to	30/09/2019
Total Non Emergency Average - Th	is Period	DATASOURCE		
E/ NER Calc	NER 📮	Always set to NER fo	or Non Em	ergency Reactive
Compl Actl This Period	1	Always set to 1 for T	This Period	1
			Average	
			of Tot	
			Non-	
		Tot Non-Emerg	Emerg	
Row Labels	→ No. Jobs	Days	Days	No. Late
Urgent	205	428	2.1	0
Routine	151	662	4.4	0
4 Weeks	43	382	8.9	0
Right to Repair 3day	5	11	2.2	0
Grand Total	404	1,483	3.7	0

NON-EMERGENCY I	REPAIR	S RESULT	S TAI	BLES
For Period		01/10/2019	to	31/12/2019
Comparative Period		01/07/2019	to	30/09/2019
Total Non Emergency Average - Last Period	1			
E/ NER Calc		Always set to NER fo	or Non Em	ergency Reactive
Compl Actl Last P		Always set to 1 for 0		
		Tot Non-Emerg	Average of Tot Non- Emerg	
Row Labels	No. Jobs	Days	Days	No. Late
Urgent	173	352	2.0	0
Routine	139	566	4.1	1
4 Weeks	24	396	16.5	0
Right to Repair 3day	1	1	1.0	0
Right to Repair 7day	1	2	2.0	0
Grand Total	338	1,317	3.9	1



Management Committee	27 February 2020
Agenda Item	13
Title of Paper	Management Team Report
Author	Management team
Appendices:	

#### FOR INFORMATION AND DECISION

#### 1 PURPOSE

- 1.1 To present the management team report, highlighting any notable changes to the operating environment for Wellhouse Housing Association, including:
  - issues flagged up by membership organisations;
  - reporting on training opportunities for committee members;
  - any feedback from training events;
  - reporting progress on key issues which the committee are tracking and;
  - seeking decisions on minor matters that do not require a full report.

#### 2 RECOMMENDATIONS

- **2.1** That the various update reports be noted for information;
- **2.2** Approval is sought to close the office on 24<sup>th</sup> April 2020 to facilitate the staff away day.
- **2.3** Committee are asked to approve Modus Ltd, Latto Ltd and S.A.S. being added to the approved contractors list.

## 3. BACKGROUND

- 3.1 The purpose of this report is to both improve the efficiency of meetings and rationalise meeting agendas. Management must keep a close eye on key external changes that may affect Wellhouse Housing Association, and report on these systematically to committee.
- 3.2 The Director continues to provide monthly updates, which supplement this report. It is important that committee read the updates and raise any question that they may have. In addition, the Director sends under separate cover the EHRA committee minutes and other key information and committee are encouraged to sign up to SFHA updates and SHARE newsletters. Scottish Housing News and SFHA daily newsletter are a good source of information too.

#### 4. Business Plan and values

The production of a management team report (and the monthly update) is consistent with:

- strategic objective 5: to maintain good governance and financial management and;
- our values of excellence, honesty, trust and accountability.



## 5. MAIN ISSUES: Director:

#### 5.1 H.R. Policies.

None for this meeting.

#### 5.2 Hub BP

The Hub BP is delayed until the end of the financial year, to allow a full assessment of uses, now that CCT have terminated their relationship with WHA. A full report will follow in the autumn. The maintenance manager will pull together the reinvestment requirements which are likely to be fairly hefty. We will avoid any improvements to the layout of the building as these are too costly.

## 5.3 Development

Separate report applies.

### 5.4 Updates from EVH, SHARE, etc.

Sent under separate cover by email.

#### 5.5 HEALTH & SAFETY

#### 5.5.1 **THE HUB**

No significant areas of concern. Thanks to Alex Hogg, Maintenance Officer for his continued effort in managing this area.

#### 5.6 Equality & Diversity

As previously agreed, we are taking up e-learning arranged through TC Young. All staff and committee are to complete the training. It takes about 1 hour. The cost for all attendees is £1,500. I have completed the course and would recommend it to all.

#### 5.7 APPRAISALS

5.7.1 Appraisal season starts toward the end of this quarter.

## 5.8 RECRUITMENT

5.8.1 Estate Warden Supervisor – live advert.

## 5.9 Staff away day

5.9.1 Committee approved an away day - this is booked for 24 April 2020. Committee approval is sought to close the office on the 24<sup>th</sup> April 2020 as the event will be held outwith the office.



## 5.10 Connect Community Trust

5.10.1 The relationship has now formally ended on both sides and we are working on the most appropriate date for ERA to begin the delivery of services to Wellhouse Residents.

#### 5.11 SGM

5.11.1 The SFHA model rules have been very recently updated (awaiting final sign off by FCA) and it is in our best interest to adopt these, so we aim to have a SGM before the summer and TC Young will attend to explain the changes to members.

## 6 MAIN ISSUES: Assets & Maintenance Manager

## 6.1 Cyclical Maintenance

Cyclical Painter works are now 95% complete. Planned kitchens and bathrooms are 65% complete

#### 6.2 Procurement

A meeting with Ewing Somerville Partnership (ESP) was held on the 20th January to discuss our requirements for procurement and direct awarding to ESP from the SPA Framework. The next steps following the meeting are, to lodge this as a project with SPA along with an outline of our requirement's and future works. This will allow ESP to submit a quotation along with timelines, which SPA will check is within the costs submitted on the Framework by ESP.

We also had a meeting with Procurement for Housing Scotland (PFHs) on the 21st January to explore further what frameworks they have and if we could utilise any of these frameworks.

#### 6.3 Estates Team

The Estates Supervisors post has been advertised with a closing date of the 28th February. Interviews will take place on Thursday, 19<sup>th</sup> March 2020.

## 6.4 Approved Contractor List

It is the policy of the Association to have in place an approved list of contractors which is reviewed on an annual basis to ensure high performance, efficiency and value for money. It is good practice for the management committee to note and approve our list of contractors.

Committee are asked to approve the following contractors being added to the approved list of contractors:

- Modus Ltd Asbestos Management sampling and inspections
- Latto Ltd roof repairs, gutter cleaning and specialist surveying
- S.A.S ariel and satellite repairs and maintenance



All statutory checks have been completed and verified and more information can be found on their websites.

https://www.modus-scotland.co.uk/

http://www.lattos.co.uk/

http://www.satelliteaerialscotland.com/glasgow/

## 7 MAIN ISSUES: Housing Manager

#### 7.1 Arrears Performance

A separate agenda item is dedicated to rental income and arrears.

#### 7.2 Information sharing and joint working

The Housing Manager, in her capacity as Link Officer for the Association, has attended a Scottish Housing Network event, where a short life working group has been set up to develop the guidance on information sharing and retaining of information in relation to the housing of sex offenders. A further event is planned for March 19<sup>th</sup>.

#### 7.3 Rent letters increase

Letters advising tenants of their rent charge for 2010/21 are in the process of being hand delivered.

#### 7.4 Tenant Participation

The 'Next Steps' Programme has progressed and a meeting was held on February 18<sup>th</sup> with the Board and staff. The event was facilitated by Tony Kelly, TPAS.

## 7.5 Training

Bespoke Domestic Abuse training has now been delivered to appropriate officers on legislation, risk assessing victims and the implications of dealing with the whole family including the perpetrator. Basic training for all staff is being rearranged by Women's Aid as a result of previous training being cancelled.

The Manager and a Housing Officer attended a 2 x day event arranged by SFHA and facilitated by the Social Enterprise Academy. The event explored the intricacies of developing social enterprise as well as understanding the challenges and barriers.

#### 7.6 Anti-Social Behaviour Policy

TC Young have joined the Housing Team to advise how they can assist with the revised ASB policy which will be presented to Committee in Spring 2020.

## 8 MAIN ISSUES: Finance & Corporate Services Manager

#### 8.1 Freedom of Information (FOI)

Freedom of Information became live for all RSLs on 11<sup>th</sup> November 2019 and one of the requirements of this is to report quarterly to Scottish Information Commissioner's (SIC) office



on our results. This should detail all requests, how we dealt with them, which category they fell under, any reasons for refusal etc. SIC will use this information for statistical purposes.

In the first quarter to December 2019 Wellhouse had received four requests – two were dealt with under FOI and the other two were dealt with as subject access requests under General Data Protection Regulations (GDPR).

Three of the requests were answered in full, however, one was answered only partially. This was a complex request which had a number of different questions attached to it. At the time advice was taken from TC Young, and advice was sought from SIC to make sure we were reporting this correctly.

## 9. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

These are dealt with in the body of the report.

#### 10. FINANCIAL IMPLICATIONS

Dealt with in the body of the report.

#### 11. KEY RISKS

Failure to produce this management team report in a manner approved by the committee could lead to an under informed committee.

#### 12. EQUALITY AND DIVERSITY

None apparent at this time