

21 January 2021

Dear Member,

The next Management Committee will be held on **28th January 2021, at 11am via Zoom**

Agenda Item		Lead	Time	
1.	Welcome, <i>Sederunt</i> & Apologies.	Chair	1 min	Verbal
2.	Declarations of Interest.	Chair	1 min	Verbal
3.	Minutes of the Committee Meeting of 24 November 2020	Chair	3min	Approval
4.	Matters Arising & Actions from the minutes report	Director	3min	Note
5.	Internal Audit Reports Factoring, Fixed Assets & Follow up review	Auditors	20min	Approval
6.	I.T. Upgrades	Director	15min	Approval
7.	Rent Arrears Update	Housing Manager	10min	Approval
8.	Rent Consultation update	Housing Manager	15min	Approval
9.	Operational update	Management Team	10min	Note
10.	AOCB			

Meeting close 12:30pm, Next Meeting: 25th February 2021, 6pm

**WELLHOUSE HOUSING ASSOCIATION
MINUTES OF THE COMMITTEE MEETING HELD ON 25 November 2020
AT 6PM - VIA ZOOM**

1. Welcome, Sederunt & Apologies.

Present:

Maureen Morris	Vice-Chair
Michelle Harrow	Committee Member
Carol Torrie	Committee Member
Stewart McIntosh	Committee Member
Sarah Morris	Committee Member

In Attendance:

Martin Wilkie-McFarlane	Director
Gordon Kerr	Finance & Corporate Services Manager
Carol Hamilton	Housing & Customer Services Manager
Bill Black	Assets & Maintenance Manager
Linda Logan	Minute taker

Apologies:

Shona McKenna	Committee Member
Clare Monteith	Committee member
Darron Brown	Chair
Jane Heppenstall	Committee Member

The Vice-Chair welcomed Stewart McIntosh to his first meeting.

2. Declarations of Interest.

There were no declarations of interest.

3. Minutes of the Committee Meeting of 29 October 2020.

Resolution:

The minute of the Committee Meeting of 29 October 2020 were proposed by Carol Torrie and seconded by Michelle Harrow as an accurate record of the proceedings.

4. Matters arising and actions from the minute report.

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

5. Assurance Statement and Evidence Bank.

The Director presented the report to update committee on the regulatory framework and to remind them of their additional responsibilities towards a system of self-assurance. He requested that should committee require specific or updated briefings to please advise himself or the Corporate & Governance Officer. He stressed the requirements as outlined on page 13 of the report. He asked

Trust Honesty Integrity Excellence Accountability Sustainability

committee to note our Annual Return to the Charter and the additional monthly returns submitted to the SHR throughout the lockdown period. He reminded committee of the positive survey results we had received throughout the year via external sources and the recent Housemark benchmarking results, which should provide further assurance to the committee. It will be circulated to committee for information in early 2021.

The Director took committee through the assurance data bank that had been completed by staff to evidence compliance and provided an explanation of the assurance factors. He encouraged committee members to scrutinise the evidence and carry out spot checks to ensure that we are compliant. He highlighted areas of assurance, where it was reported and the links to the evidence. He highlighted areas of full compliance and some areas that may require additional consultation with our tenants and the customer opinion panel. He considered that further work was required to ensure full compliance with human rights and equalities requirement by 2021 particularly in relation to data collection. We will also focus on carrying out a risk-assessments in relation to the impact of the Covid 19 pandemic specifically in relation to universal credit, rent arrears and the costs of component parts and contractor capacity due to physical distancing requirements.

Michelle Harrow asked if the Scottish Housing Regulator (SHR) had access to the evidence bank. The Director stated that the SHR do not require access however may at some point ask to view the evidence. The SHR considers that committee members should scrutinise the evidence bank to ensure compliance.

The Corporate and Governance Officer asked committee to note a change to item 12, SWOT Analysis, within the report which states that to date we have not made the minutes public. This will be removed from the report as all minutes are uploaded to the website.

The Director sought volunteers from the committee, who would be given temporary access to the server, to verify the evidence bank and be asked to provide feedback to the committee. Michelle Harrow volunteered.

Resolution:

Committee:

- **Noted the regulatory framework;**
- **Noted that we are on no engagement this time, pending submission of our mandatory assurance statement;**
- **Approved the Assurance Statement and for the Chair to sign;**
- **Agreed to a committee member being given temporary remote access to the server to verify the evidence bank and report to committee by 31 March 2021;**
- **Agreed on a way forward for additional support and training that may be required.**

Michelle Harrow proposed and Sarah Morris seconded the approved resolutions as noted above.

Action: The Corporate & Governance Officer will arrange with Hiper, for Michelle Harrow to have a laptop and temporary log in to access to the assurance evidence bank.

6. Management Accounts – September 2020

The Finance & Corporate Services Manager presented the report to provide committee members with a comparison of the estimated and actual financial position to 30th September 2020.

He provided a brief overview of the Statement of Comprehensive Income and variances. The budgeted surplus for the period to 30th September 2020 was £337,045. The actual results for the period show a surplus of £571,920, a favourable variance for the period of £234,875.

The overall variance arises from:

Operational activities £233,397 – favourable variance

Net interest and other £1,478 – favourable variance

He asked committee to note at page 24, the Statement of Comprehensive Income, which highlighted actual performance against the budget. He noted that we had budgeted £1.977M in income however the total achieved was £1.933M. He discussed grants released from deferred income which were calculated on a projected figure based on the 19/20 outturn; however, the actual charge based on the final position was less, at £10,016 due to the disposal of components; which had now been replaced.

The Finance & Corporate Services Manager highlighted that rental income had a slight favourable variance of £636. Void losses are lower than the budget figure at £8,748 as opposed to £13,229, a favourable variance in net rental income of £5,084.

He noted the underspend in salaries of £16,075 due to replacement of the Estate Warden Supervisor not being in post in the first quarter of the year. Repairs and Maintenance showed an underspend of £133,381 which was in the main due to the majority of contractor staff being furloughed due to covid-19 and only emergency repairs being carried out.

The Finance & Corporate Services Manager highlighted that the required provision for bad debt write offs had been determined on the level and type of arrears at year end and whether each type should be fully or partially provided for. He noted that this was actually the charge to income and expenditure, which would increase the provision rather than the amount of bad debts written off. The charge for the six months had increased the provision quite substantially by £73,107.

The Statement of Financial position showed that housing properties had increased by £173,218 which was in the main due to bathroom and boiler replacements amounting to £48,000 and an additional £38,000 being spent replacing the boiler in the Hub. The purchase of an individual property on the open market added an additional £85,000.

Cash has increased by almost £500,000 to £2,551,576.

The Director stated that although the actual surplus position was considerably higher than the budgeted surplus, the delay in carrying out most of our maintenance programmes during the current situation had contributed to the underspend. This will be monitored and reported to committee as the need arises.

Resolution:

Committee approved the management accounts for the period to date.

The management accounts to 30 September 2020 were proposed by Michelle Harrow and seconded by Sarah Morris.

7. 2021/2022 Draft Budget

The Finance & Corporate Services Manager presented the report asking committee to consider the proposed rent increase for 2021/22 and other financial assumptions that would be used in the draft budget.

He highlighted several factors to be taken into account when determining the proposed rent increase in relation to the current levels of inflation, financial viability, affordability for our tenants, sector wide comparisons, the outcome of our tenant consultation and assumptions in our current business plan.

He asked committee to note the rental income assumptions as at September for CPI, RPI and CPIH. He noted that our CPI was currently at 0.5%; which had increased from 0.2% August. CPIH is at 0.7% which had increased from 0.5%. He took committee through the factors at point 6.3 of the report which took account of how affordable the rent increase would be for our tenants. He discussed the proposed price increases from our contractors and suppliers and the need to consider any detrimental impact resulting from this our current business plan.

He highlighted other financial assumptions at point 6.7 with regards void losses on rental income and salary increases based on EVH terms and conditions. He considered that further negotiations re: salary increases would need to take place as the negotiated three-year wage deal lower threshold may be breached. He noted some assumed changes to the existing staff structure due to one Housing Officer going on maternity leave, it also included 2 additional 0.5 posts in maintenance and housing management. He noted that these additional posts had not yet been approved by committee.

The Director intervened stating that even if in principle approval was given by committee for these additional posts, a full and detailed report would be required for final approval. He asked the Housing and Maintenance Managers to provide further clarity on the proposal. The Housing Manager reiterated that an experienced housing officer would be on going on maternity leave, in addition to this, a flexible working policy request had been received from another housing officer requesting that they change to part time hours. She discussed the ongoing work on rent arrears management, anti-social behaviour issues and additional deadlines that would be required during the coming year.

The management team discussed at length the work and support that would be undertaken by these additional staff members and the specific skill set of the person who had submitted a flexible working policy request. The Director clarified that the requirement would be 1 full time post to cover maternity leave, 1 post would reduce to part time and 1 additional person (2 – 0.5 posts) who would work in maintenance and housing. He highlighted that in principle approval was only sought for the purpose of budget assumptions, however, a full report providing further explanation of the proposals and recruitment of such would go to the staffing committee for final approval.

The Finance Manager highlighted further items of spend included in the overheads this year in relation to GCC Anti-Social Behaviour support services, possible investment in new software to replace SDM

and disaster recover/business continuity including a remote back up facility and the assumed budget for these services as outlined at 6.7 of the report. Similarly, these budget costs had not yet been approved by committee and further detailed reports would be presented to committee at a later date.

The Housing Manager provided background information on the services provided by the GCC Anti-Social Behaviour support services, the costs thereof and savings against legal fees to TC Young should the proposal be approved at a later date.

Arrears were also assumed to increase by an additional £40,000 with the bad debt provision expected to increase.

The Finance Manager concluded by highlighting the draft budget results being achieved on the assumption that the rent increase of October CPI + 1% (1.7%) is applied. Surplus for 20/21 would be £447,948, cash is expected to reduce by £132,769 to leave a balance at March 22 of £2.224,012 and that all lenders covenants will be comfortably achieved.

Michelle Harrow sought clarification and the Finance Manager confirmed that at this time approval was only be sought to consult with tenants on the proposed rent increase, all other assumptions had been included to forecast movements within the budget and to ensure that committee are informed to provide assurance however these assumptions would require committee approval at a later date.

Resolution:

Committee;

Approved consulting with tenants on October CPI (0.7) + 1% - 1.7% proposed rent increased for 21/22;

Noted the current levels of CPI, RPI and CPIH and confirmed their awareness of the assumptions used in the current business plan;

Instructed that a further report be brought to a future committee meeting to progress on the proposed rent increase and consultation to ensure that committee can conclude the consultation.

Approval to consult with tenants on October CPI (0.7) + 1% - 1.7% proposed rent increased for 21/22; was proposed by Michelle Harrow and seconded by Stewart McIntosh.

8. Quarter 2 – KPI Report July – September 2020.

The Finance Manager noted that the purpose of the report was to bring to the attention of committee performance in relation to Key Performance Indicators (KPI) for the period July – September 2020. He asked committee to note for information the KPI monitor at page 44 of the report.

The Housing Manager stated that rent arrears continue to be of concern and would be discussed in a separate report at agenda item 10. Tenancy offers refused were within target, with relet times being lengthier than normal at an average of 26.14 days due to delays in processes due to Covid 19. She was pleased to report from a recent survey that tenants who responded in Q2, 100% had indicated that the feel we are good about keeping them informed about our decisions, a very positive outcome.

Trust Honesty Integrity Excellence Accountability Sustainability

The Assets & Maintenance Manager stated that contractors continue to perform well given the ongoing Covid situation. He confirmed that gas servicing on the 19 addresses non completions which were due to tenants either shielding or self-isolation were complete on or before the week ending 7th August; following the end of shielding on 31 July 2020.

The Director expressed his thanks to the Maintenance and Housing teams for increased satisfaction levels on our performance indicators and continued services that have been provided in relation to lettings and gas servicing. He considered following discussion with our peers within the EHRA group that the teams had performed exceptionally well during these difficult times.

Committee noted the Key Performance Indications for the period July – September 2020.

9. Annual Treasury Management Report.

The Finance Manager presented the review of the Association's treasury management activity over the last 12 months covering areas such as loans, investment, covenant compliance, secured stock and valuations, proposed borrowings. He asked committee to consider the Treasury Management Strategy for the next 12 months at page 55 of the report. He noted that the report meets the requirements of CIPFS Code of Practice on Treasury Management.

Resolution:

Committee consider the financial information detailed in the report and approved the Treasury Management Strategy for the next 12 months.

Sarah Morris proposed and Michelle Harrow seconded the Annual Treasury Management Strategy for the next 12 months.

10. Rent Arrears Update.

The Housing Manager informed committee that since the last report; tenants in rent arrears had increased by 29 to 377. Gross current tenant rent arrears had increased by £2,117.64 which could be attributed to delayed direct debit payments scheduled for the 31st of the month falling on a weekend and as such were not included in the October rent collection figures. She noted that those tenants with over £1,000 in arrears continue to be a priority. She highlighted that over 21% of our tenants are now in receipt of Universal Credit

She asked committee to note the table at appendix 1 which indicated Universal trends across the EHRA group which had been collated to assess the impact of Covid-19. The table indicated that Universal Credit claims continue to rise across the group and continues to be an issue for all landlords nationally.

Committee discussed the number of tenants on managed payments to landlords and the delays before we can claim payment. It was suggested that rent arrears letters be specific about possible legal and court costs in relation to legal challenges for NOPs.

Committee noted the rent arrears position to date.

11. Operational Update.

Director:

Governance/Continuing Assurance.

The Director noted that committee had approved a governance peer review at the last committee meeting. He asked committee to note that the project would cost £5,000 per organisation and not £2K as originally anticipated. He considered that the review as still a useful exercise for the Association be involved in.

Development.

He updated committee on discussion with GCC and Scottish Water with regards various options around retrofitting of flood prevention work as highlighted at appendix 3 of the report. Results of the CCTV survey of the drains carried out on 4 November had been received yesterday. The Director indicated he would be happy to share the survey results with members.

The Hub.

We continue to work with the contractor on planning any remedial work required for the Hub. Committee will be updated on works as required.

Newhills Road

The Director informed committee that we have had interest from a commercial tenant for Newhills Road, negotiations are at an early stage. The unit required extensive works to bring it to a lettable standard. He will update as required.

SGM

Committee were reminded that the second SGM had been rescheduled for 9th December 2020 at 6pm.

Housing and Customer Services Manager:

The Housing Manager asked committee to note that the annual review of the housing waiting list was complete and had resulted in 65 cancellations.

The Housing Team had attended training provided by the Turning Point who specialise in the "Housing First" concept whereby homeless applications are fast tracked into permanent accommodation with Support. The Housing team will monitor progress in the coming months of the referrals made through GCC.

Assets and Maintenance Manager:

Bulk uplift:

The Assets and Maintenance Manager stated that bulk uplifts continue to be an issue for the estate wardens. He asked committee to note the letter sent from GCC at appendix 2 indicating that they will introduce a request only service which will be chargeable.

Adaptations:

We have fully committed our £25,000 allocation for Stage 3 Adaptations. A further £20,000 in funding has been received. At present one adaptation is on hold due to continued access issues. The team had received very positive feedback from an Occupational Therapist on the quick turnaround of adaptation works carried out.

Repairs:

The Maintenance Manager stated that we are direct issuing repairs to cut down on the need for inspections. Additional time is being spent on voids due to the coordinating trades and access to the properties given social distancing guidelines. We continue to have issues with the Utility Companies on getting meters reset or replaced.

Committee discussed bulk uplift at length. Information will be included in the Christmas newsletter should it become available.

Finance & Corporate Services Manager.

The Finance Manager provided a brief overview of his operational update as outlined within the report.

12. **AOCB:**

12.1 **Homelessness:**

The Housing Manager reminded committee of the request in August from GCC asking RSL's to let as many of our voids to homeless applicants. She reiterated discussions with regards the % of lets required by the Council of 90% which we had indicated that we were unable to commit to. Communication has continued with the Council. The Housing Manager reassured committee that families in the Wellhouse area would be given priority for vacant properties. She provided a breakdown of recent lets and who the properties were allocated to.

12.2 **Clydesdale Bank:**

The Finance Manager reported that the Clydesdale Bank had indicated that our online internet banking would be changing at some point. We have now been informed our current internet banking will not be available from 20th January 2021 and we will be required to register for the new Business Internet Banking. He stated that committee approval would be required.

He sought approval;

- To register Wellhouse Housing Association for the new internet banking service;
- For the Finance Manager to complete the registration;
- Agree that the Finance Manager will read and agree the terms and conditions of digital banking including the tariff;
- For the corporate administrator, these being the Finance Manager and the Director, to continue being the corporate administrators;
- To hold an appropriate meeting where required resolutions will be passed.

Trust Honesty Integrity Excellence Accountability Sustainability

Resolution:

Committee approved the above recommendations and that the Finance Manager complete the registration for Wellhouse Housing Association.

Michelle Harrow proposed and Sarah Morris seconded the recommendation and that the Finance Manager would complete the registration for Wellhouse Housing Association.

12.3 Christmas Closure:

The Director sought committee approval to close the office during the Christmas break and to close the office at 1pm on 24th December 2020. The office will reopen on 6th January 2021 at 9am.

Committee approved that the Christmas office closure.

12.4 Early payment:

The Finance Manager sought committee approval to pay December salaries on December 23rd to take account of the office closure during the Christmas break.

Committee approved salaries being paid on 23rd December 2020.

The Chair concluded by thanking Gordon Kerr, Finance Manager for all of his hard work and wished him well in his new position.

There was no further business. Meeting closed 8:30pm.
Next Meeting: 28th January 2021, 11am.

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

Signed (Chair)

Date:.....

ACTIONS ARISING FROM PREVIOUS MANAGEMENT COMMITTEE MEETINGS January 2021

MINUTE REFERENCE	ACTION	OWNER	DUE BY	STATUS OPEN/ CLOSED	PROGRESS
24 October 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	Site Investigations are suspended during Covid 19 lockdown period.
13. Rent Arrears	Universal credit will be included on the November committee meeting agenda	Carol Hamilton	November 2019	Open	The Housing and Customer Services Manager will provide an update at the 24 November 2020 committee meeting.
November 2019					
11. Management Team Report	The Finance Manager will email proposed dates for fraud training to interested members	Finance Manager	January 2020	Open	The Finance Manager is still waiting for proposed dates for fraud training from the auditors. Suspended during Covid 19 lockdown period
April 2020					
10. AOCB Return to work.	The Director will bring a further report to the next committee with regards a recovery plan and measures to be put in place for return to work. He considered the risk to be too high at present and will continue to follow Government advice.	Director	May 2020	Open	The Director continues to follow government advice and will report on progress and measures being put in place as the need arises.

August 2020					
There were no actions arising from the minutes of 27 August 2020					
October 2020					
7. Rent Arrears update	The Director and Housing Manger will draw up a proposed plan of action to combat arrears and report back to committee in early 2021	Housing Manager and Director	Feb 2020	Open	
November 2020					
5 Assurance Statement	The Corporate & Governance Officer will arrange with Hiper for Michelle Harrow to have a laptop and temporary log in to access the assurance evidence bank	Corporate & Governance Officer	December 2020	Closed	A laptop and temporary log in was delivered to Michelle Harrow, who will report on her findings at the March 2021 committee meeting.

Management Committee	28th January 2021
Agenda Item	5
Title of Paper	Internal Audit Reports and Draft Management Responses
Author	Gordon Kerr, Finance & Corporate Services Manager
Attachment(s)	1. Fixed Assets Register 2. Factoring 3. Follow-Up Review

FOR INFORMATION

1 PURPOSE

- 1.1 To present the findings from the two audits carried out in the second visit of 2020/21 as part of the previously agreed Internal Audit Programme.
- 1.2 To present the findings from the Follow-Up Review audit.

2 RECOMMENDATIONS

- 2.1 That the attached reports are discussed, the findings are noted and that any follow-up actions are agreed.
- 2.2 That the Committee approve the draft management responses.
- 2.3 Committee is asked to confirm that is satisfied with the actions taken with superseded and fully implemented recommendations in Follow-Up Review and that the points can now be removed from action plan.

3 BUSINESS PLAN, VISION AND VALUES

- 3.1 his 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 12:7 from 2020/21 Operational Plan – "Internal Audit".
- 3.4 This Report should contribute towards our overarching Aim and Vision of making Wellhouse "the Place to Be"

4 BACKGROUND

Trust Honesty Integrity Excellence Accountability Sustainability

4.1 This is the third and final year of an agreed extension to the original contract with Wylie & Bisset, Internal Auditors. The original three-year internal audit programme was established in 2015/16. The areas identified and audited in this second visit of year 3 were:-

- Fixed Assets Register;
- Factoring.

4.2 The audits were carried out during week commencing 5th October 2020. Due to the current pandemic and resulting Government restrictions imposed, both audits were carried out remotely. The Audit staff liaised with relevant Wellhouse staff members during the “fieldwork”. The Auditors were then able to produce draft reports which were circulated to the Wellhouse staff members involved, allowing them to add a Management Response stating whether they were in agreement or not with the audit findings. Wylie & Bisset subsequently updated the Reports to include all draft Management Responses and produced final reports.

5. MAIN ISSUES

5.1 Fixed Assets Register – this Report has highlighted no recommendations, which is very encouraging. Similar audits undertaken at other Associations to benchmark against show an average of two recommendations – one medium and one low recommendation. This demonstrates that Wellhouse is faring better than other Associations in this area.

No management response required as there are no recommendations.

The audit highlighted 9 areas of good practice, which is also very reassuring and gives us comfort that our policies, procedures and processes are up to standard.

The overall conclusion from this Audit is that Wylie & Bisset is able to provide a strong level of assurance from its review. This Report is attached as Appendix 1.

5.2 Factoring Service - this Report has highlighted three recommendations, all of which are graded as medium. Two of the recommendations relate to the Factoring policy and Factoring procedure and the third recommendation relates to the credit control function, perhaps, not being robust enough. Similar audits undertaken at other Associations to benchmark against show an average of six recommendations – three medium and three low recommendations. This demonstrates that Wellhouse is faring somewhat better than other Associations in this area of operation.

Management responses are to:-

- Review the policy to reflect current legislation;
- Expand the procedure ensuring clarity on roles and responsibilities; and
- Operate a more pro-active approach to owner’s arrears.

The audit highlighted eight areas of good practice, which is reassuring.

The overall conclusion from this Audit is that Wylie & Bisset is able to provide a substantial level of assurance from its review. This Report is attached as Appendix 2.

- 5.3 Follow-Up Review – out of 19 outstanding points from previous years audits, 14 have now been fully implemented. 1 recommendation has been partially implemented (VFM Estates - Logging HO's requests) and 4 remain as not implemented. The partially implemented and not implemented recommendations are graded as low (4) and medium (1) and will remain in place until the Follow-Up Review next year.

The 4 not implemented recommendations are from following audits -

- Corporate Governance – Regulatory Standards (2). These both refer to the Assurance Statement and the evidence bank. Because the 2020 Assurance Statement has now been completed satisfactorily, these, effectively, will now be considered as fully implemented;
- Complaint Handling training; and
- Application Form format.

These are detailed on pages 9 – 15 in the Follow-Up Review report

The fully implemented recommendations are detailed on pages 20 – 34 in the Follow-Up Review report and Committee should confirm that it is satisfied with any action taken on these points and these will no longer appear on the Action Plan.

There are no superseded recommendations

The overall conclusion from this Audit is that Wylie & Bisset is able to provide a strong level of assurance from its review. This Report is attached as Appendix 3.

6. DISCUSSION

- 6.1 Committee is asked to review the Management Responses and to discuss them.

7. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 Under the new SHR Regulatory Framework it is now a regulatory requirement for Wellhouse to have a comprehensive internal audit programme in place to allow it to prepare and submit an Annual Assurance Statement.
- 7.2 As a result of the intervention, it was recognised as a weakness that Wellhouse had no Internal Audit function in place. Wellhouse is, therefore, now committed to have a robust Internal Audit programme in place.
- 7.3 Previous Management Letters produced as a result of the Annual External Audit had consistently recommended that Wellhouse implement a comprehensive internal audit programme.

8. FINANCIAL IMPLICATIONS

There will be no additional cost implication to the Association as a result of these audits and any subsequent recommendations.

9. KEY RISKS

9.1

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
There is a risk that if recommendations are not agreed to and implemented that there could continue to be weaknesses in the internal controls of the Association.		
Mitigation	Mitigation	Mitigation
Accept, where appropriate, Wylie Bisset recommendations and implement them as soon as possible.		

10. EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

10.1 None apparent.

11. SUSTAINABILITY

11.1 Not applicable.

12. SWOT ANALYSIS

Not applicable as no new business planned

13. CONCLUSION

13.1 Fixed Assets Register and Follow-up Review have both achieved an overall conclusion of Strong, which is very encouraging.

The Factoring Service has achieved an overall conclusion of Substantial. Only three recommendations, all of which have been graded medium and eight good practice points.

Wellhouse Housing Association

Internal Audit 2020-21

Fixed Assets
October 2020

Overall Conclusion

Strong

TABLE OF CONTENTS

Section	Page
1 EXECUTIVE SUMMARY	2
2 BENCHMARKING	9
3 AUDIT ARRANGEMENTS	10
4 KEY PERSONNEL	11
Appendix	Page
A GRADING STRUCTURE	13
B ASSIGNMENT PLAN	15

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Wellhouse Housing Association's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

The purpose of this assignment was to review the process in place at the Association for recording fixed assets. We reviewed the Fixed Asset Register, the process for including additions, removing disposals, and calculating depreciation. We also looked to provide assurance over the effectiveness of the Fixed Asset Register.

This assignment was agreed as part of the 2020/21 Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

- There are adequate policies and procedures in place with regard to fixed asset management which are subject to regular review and approval.
- There is compliance with accounting standards and other legislation/guidance.
- That all fixed assets are appropriately identified and monitored.
- The Association's asset and component registers are accurate and up to date and provide sufficient information to assist with monitoring the life cycle of the assets.
- All fixed asset additions are appropriately recorded, monitored and authorised by the Association.
- All fixed asset disposals should be accurately and appropriately accounted for by the Association.
- The Association should accurately and appropriately account for depreciation.

1 EXECUTIVE SUMMARY

- All assets of the Association should be appropriately identified and capitalised.
- There is adequate reporting and management of the fixed asset management function.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

As our review as undertaken remotely, we were unable to confirm the physical location of the assets.

1 EXECUTIVE SUMMARY

Background

The Association has a Fixed Asset Register. This register contains all assets above the capitalisation value of £1,000. The Association maintains a separate inventory list to capture all other small assets such as IT equipment, office equipment and small machinery. The Register is monitored and updated by the Finance and Corporate Services Manager. The Fixed Asset Register records the acquisition date, disposal date, estimated useful life for depreciation purposes and cost values for each asset.

The Association sets out the life cycle rates of each asset which considers the building industry standards and component accounting, this helps to inform the life of the asset and its depreciation level. The useful life cycle for assets set by the Association is:

- Kitchen- 15 years;
- Bathroom- 20 years;
- Boiler Upgrade- 15 years;
- Heating Upgrade- 30 years;
- Electrical rewire- 30 years;
- Roof- 50 years;
- Windows- 35 years; and
- Doors- 20 years.

The Association's financial projections have 30-year and 5-year projections which are updated annually to forecast the assets over a long-term and short-term period. This is then reported as part of the budget to the Management Committee through the Association's management accounts quarterly.

1 EXECUTIVE SUMMARY

Work Undertaken

Our work for this review included the following:

- Discussions with relevant staff regarding the current arrangements in place at the Association for fixed asset management.
- Reviewing the Fixed Asset and Component Registers to ensure that these are accurate and up to date.
- Reviewing the process in place for monitoring asset and component life cycles.
- Conducting sample testing of 10 fixed asset disposals and 10 fixed asset additions to ensure they have been appropriately authorised and processed consistently.
- Conducting sample testing of 10 fixed assets to ensure that they have appropriately calculated correctly.
- Obtaining and reviewing the policies and procedures in place for fixed asset management and evaluating for appropriateness and robustness.
- Obtaining and reviewing the fixed asset management reporting arrangements in place at the Association.

1 EXECUTIVE SUMMARY

Conclusion

Overall conclusion

Overall Conclusion: Strong

We are able to provide a strong level of assurance over the controls in place regarding fixed asset management. We have raised 9 good practice points that takes into consideration where the Association are operating effectively.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Fixed Assets	0	0	0	0

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 EXECUTIVE SUMMARY

Areas of good practice

The following is a list of areas where the Association is operating effectively and following good practice.

1.	<p>The Association report their financial projections on a 5-year and 30-year basis that outlines the Association's fixed assets depreciation and spend over the years. The Association complete these as part of their annual business planning cycle for the Management Committee which incorporates:</p> <ul style="list-style-type: none">➤ The Business Plan;➤ Operational plans; and➤ Long term plans.
2.	<p>The Association has a detailed Business Plan that sets out their vision and values, objectives, plans and resources for the period 2019/20- 2021/22.</p> <p>The Association specifically outline within the Business Plan their approach to the Asset Management Plan which ensures that the assets of the Association are managed effectively and also provide value for money.</p>
3.	<p>The Association reports its Management Accounts to the Management Committee on a quarterly basis. This outlines the Association's spend against budget on depreciation, additions, disposals and depreciation.</p>
4.	<p>The Association use the life cycle cost theory to help formulate costs and predict future replacement programmes. This process is viewed in conjunction with the results of stock condition surveys undertaken by the Association to build an overview and plan future investment in assets.</p>

1 EXECUTIVE SUMMARY

The following is a list of areas where the Association is operating effectively and following good practice.

5.	<p>The Association's Finance and Corporate Services Manager monitors the Association's assets through the Fixed Asset Register. The Fixed Asset Register outlines the summary of all the Association's fixed assets and highlights the acquisition date, disposal date, estimated useful life for depreciation purposes and cost values for:</p> <ul style="list-style-type: none">➤ Office;➤ Commercial property;➤ Office furniture & equipment; and➤ Motor vehicles.
6.	<p>The Association has appropriate insurance cover in place with Allianz Insurance Plc that covers the sum of all properties. We note that buildings up to £122,743,859 and the Building of the Hub up to £2,562,541 has been insured.</p>
7.	<p>The Association has a Financial Regulations Policy and Procedure in place that outlines the controls in place for internal asset processes.</p> <p>The Association also has a detailed Strategic Asset Management Plan in place that outlines the Association's approach for managing assets. The Strategic Asset Management Plan meets the aims and activities for now and the future of the Association by outlining the delivery of the Asset Management Strategy.</p>
8.	<p>During our review, we undertook sample testing and found that the depreciation had been calculated and recorded correctly.</p>
9.	<p>The Association's Financial Regulations Policy outlines that the Association work under the conditions imposed by the Statement of Recommended Practice (SORP that gives the framework for accounting and reporting.</p>

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Fixed Assets

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	1	2
Number of recommendations at Wellhouse Housing Association	0	0	0	0

From the table above it can be seen that the Association has a lower number of recommendations compared to those associations it has been benchmarked against.

3 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit & Risk Committee meeting.

Audit stage	Date
Fieldwork start	5 October 2020
Closing meeting	28 October 2020
Draft report issued	2 November 2020
Receipt of management responses	16 November 2020
Final report issued	16 November 2020
Audit & Risk Committee	26 November 2020
Number of audit days	3

4 KEY PERSONNEL

Wellhouse Housing Association
Fixed Assets

We detail below our staff who undertook this review together with the Association staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Manager	Scott McCready	Internal Audit Manager	scott.mccready@wyliebisset.com
Senior	Damian Gray	Internal Audit Senior	damian.gray@wyliebisset.com

Wellhouse Housing Association			
Key Contact	Gordon Kerr	Finance and Corporate Services Manager	gordon@wellhouseha.org.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A GRADING STRUCTURE

For each recommendation, we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Committee and addressed by senior management of the Association as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Association as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to review the process in place at the Association for recording fixed assets. We will review the Fixed Asset Register, the process for including additions, removing disposals and calculating depreciation. We will look to provide assurance over the effectiveness of the Fixed Asset Register.

This assignment was agreed as part of the 2020/21 Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

- There are adequate policies and procedures in place with regard to fixed asset management which are subject to regular review and approval.
- There is compliance with accounting standards and other legislation/guidance.
- That all fixed assets are appropriately identified and monitored.
- The Association's asset and component registers are accurate and up to date and provide sufficient information to assist with monitoring the life cycle of the assets.
- All fixed asset additions are appropriately recorded, monitored and authorised by the Association.
- All fixed asset disposals should be accurately and appropriately accounted for by the Association.
- The Association should accurately and appropriately account for depreciation.
- All assets of the Association should be appropriately identified and capitalised.

B ASSIGNMENT PLAN

- There is adequate reporting and management of the fixed asset management function.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussions with relevant staff to ascertain current arrangements for fixed asset management in the Association.
- Review of these arrangements to ensure they are robust and reflect best practice.
- Review of Fixed Asset Management policies and procedures.
- Review the Fixed Asset and Component Registers to ensure that these are accurate.
- Review the process in place for monitoring asset and component life cycles.
- Review the fixed asset management reporting arrangements in place at the Association.

Potential key risks

The potential key risks associated with the area under review are:

- There are adequate policies and procedures in place with regard to fixed asset management which are subject to regular review and approval.
- Lack of awareness of accounting standards or the SORP and failure to fully understand the respective implications could result in failure to fully incorporate requirements into policies and procedures.
- Assets are not identified or monitored.
- The Association's asset and component registers are not accurate or up to date and do not provide sufficient information to assist with monitoring the life cycle of the assets.
- Failure to appropriately manage property additions can lead to misrepresentation of the Associations stock profile.
- Disposals are not appropriately identified, recorded and authorised by the Association.
- The Association's depreciation policy and procedures are inadequate leading to misrepresentation of assets.
- Failure where appropriate to capitalise repairs and maintenance work which adds to the value or life of the asset.
- The reporting function of the asset register is not suitable for management information.

Wellhouse Housing Association

Internal Audit 2020-21

Factoring
October 2020

Overall Conclusion

Substantial

TABLE OF CONTENTS

Section	Page
1 EXECUTIVE SUMMARY	2
2 BENCHMARKING	9
3 DETAILED RECOMMENDATIONS	10
4 OBSERVATIONS	14
5 AUDIT ARRANGEMENTS	15
6 KEY PERSONNEL	16
Appendix	Page
A GRADING STRUCTURE	18
B ASSIGNMENT PLAN	20

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Wellhouse Housing Association's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

We assessed the arrangements in place to ensure that the Association is complying with key legislative requirements relating to its factoring activities. We also reviewed the effectiveness of key operational controls, including arrears management in relation to factoring. We reviewed the process in place to ensure that the annual management fee is reviewed and is reflective of the services provided, this also included benchmarking of the management fee with our other RSL clients. We sought to ensure that the management fee is charged consistently to owners.

This assignment was agreed as part of the 2020/21 Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

- The Association is fully compliant with the legislative requirements.
- The Association's service standards are clear, measurable and achievable.
- The Association is securing value for money from its factoring services.
- The debt collection, payment options and the process for billing customers is efficient and provides sufficient and accurate information to stakeholders.
- The management fees are set in a clear and transparent manner with the resultant fees being reflective of the services provided and charged consistently to owners. The management fee has been benchmarked with other RSL's to ensure affordability.
- There is an effective quality assurance system in place to ensure inputs and outputs of the factoring services are accurate.

1 EXECUTIVE SUMMARY

- There is sufficient information available to service users regarding the factoring services with lessons learnt from complaints being used to improve service delivery.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

1 EXECUTIVE SUMMARY

Background

The Association provide a factoring service to 54 properties. The current management fee for the factoring service is £69.72 per annum for the year 2020/21, which owners can either pay quarterly or annually. The £69.72 charge is £25.78 lower than the average factoring fee charged by RSLs in Scotland reported within the thematic inquiry carried out in May 2016 by the Scottish Housing Regulator. The Association review the management fee annually to ensure this is sufficient and covers the costs to the Association. As part of our review, we benchmarked the Association's management fee with 10 of our other RSL clients and found that the average management fee charged from our sample of 10 was £72.76. Therefore, the Association's management is slightly below our average.

The Association carried out an Owners Survey in May 2019 and found that 87.5% of the 16 owners (30%) who took part are satisfied with the overall service they receive. The thematic enquiry carried out by the Scottish Housing Regulator notes that the average in Scotland was 63.8%. The Association delivers a further 4 owner charges which include:

- Stair lighting;
- Backcourt maintenance;
- Close cleaning; and
- Buildings insurance.

We note that we have reviewed the Association's factoring insurance which covers:

- Property damage all risks;
- Loss of rent all risks;
- Property owners liability; and
- Commercial legal expenses.

At the time of our review, the Association has a factored arrears balance of £3,678.27 and has a prepaid balance of £1,133.53. During our review, we undertook sample testing of factored arrears and found that the Association did not chase factored arrears. We also found that the Association do not have factoring procedures in place. Please see section 3 for further information.

1 EXECUTIVE SUMMARY

Work Undertaken

Our work for this review included the following:

- Discussions with key personnel to establish the current factoring services arrangements.
- Assessing the arrangements to ensure that these comply with legislative requirements.
- Assessing the standards of service to ensure these are clear, measurable and achievable.
- Evaluating the payment options in place and the debt collection processes to ensure that these are operating effectively and efficiently.
- Assessing how effective the billing system is and also considering if this enables accurate and timeous billing and invoicing.
- Assessing the approach to setting the management fee and considering if this is fit for purpose and conforms to good practice.
- Assessing the factored arrears management policies and procedures in place.

1 EXECUTIVE SUMMARY

Conclusion

Overall conclusion

Overall Conclusion: Substantial

We can provide substantial assurance over the arrangements in place to ensure that the Association is complying with key legislative requirements relating to its factoring services. We have raised 3 recommendations for improvement, please see section 3 for further information.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Factoring	0	3	0	3

As can be seen from the above table there were no recommendations made which we have given a grading of high.

Areas of good practice

The following is a list of areas where the Association is operating effectively and following good practice.

1.	The Association communicate, via newsletters and the Association's website, new factoring legislation and relevant information to its customers.
2.	The Association completed an Owner's Survey in May 2019 and found that 87.5% of the owners who took part are satisfied with the overall factoring service provided by the Association. This is higher than the average percentage of owners who were satisfied reported within the Scottish Housing Regulators thematic enquiry, 63.8%.
3.	The Association has an appropriate Insurance Cover Policy in place with Allianz Insurance Plc and covers all damage to premises.
4.	During our review and sample testing, we found that the Association has ensured invoices are accurately recorded and are reflected onto the SDM System.
5.	<p>The Association utilise the services of Citrus Energy who are a Social Enterprise to service its stair lighting.</p> <p>The Association do not use other contractors for their backcourt maintenance and close cleaning as this is completed by the Association's in-house Team.</p>

1 EXECUTIVE SUMMARY

The following is a list of areas where the Association is operating effectively and following good practice.

- | | |
|----|---|
| 6. | <p>The Association has a robust Income Debt Recovery Policy in place which documents how the Association collects income and the ways in which the Association will manage debts to ensure that they do not increase. The Policy was last reviewed in April 2020 and is scheduled for review in April 2023.</p> <p>However, we note that while the Policy is robust, this is not being adhered to by the Association. We have raised a recommendation regarding the implementation of factoring procedures, please see section 3 for further information.</p> |
| 7. | <p>Wellhouse Housing Association is included on the Property Factor Register, which is a requirement of the Property Factors (Scotland) Act 2011.</p> |
| 8. | <p>The Written Statements issued to owners are in line with the requirements of the Property Factors (Scotland) Act 2011's Code of Conduct for Property Factors.</p> |

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Factoring

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	3	3	6
Number of recommendations at Wellhouse Housing Association	0	3	0	3

From the table above it can be seen that the Association has a lower number of recommendations compared to those associations it has been benchmarked against.

3 DETAILED RECOMMENDATIONS

Factoring Procedure			
Ref.	Finding and Risk	Grade	Recommendation
1.	<p>The Association should have a Factoring Procedure in place that outlines the roles and responsibilities of staff members involved within the Factoring Procedure.</p> <p>During our review, we found that the Association do not have a Factoring Procedure in place. We also found that roles and responsibilities for factoring within the Association were not clear or documented.</p> <p>There is the risk that the Association's staff members are unaware of their roles and responsibilities as there is no documented process in place.</p>	Medium	We recommend that the Association develops detailed Factoring Procedures that incorporates staff members roles and responsibilities.
Management response			Responsibility and implementation date
<p>Agreed.</p> <p>There is a section within the Financial Procedures covering Factoring, however, it is quite short and not detailed enough. We will look to expand on this incorporating much more detail and ensuring it is quite explicit about roles and responsibilities and who these relate to.</p>			<p><i>Responsible Officer:</i> Finance & Corporate Services Manager</p> <p><i>Implementation Date:</i> March 2021</p>

3 DETAILED RECOMMENDATIONS

Monitoring of Factoring			
Ref.	Finding and Risk	Grade	Recommendation
2.	<p>The Association should ensure that factoring arrears are being monitored and the appropriate action is taken to recover the debt on a regular basis.</p> <p>During our review, at the time of our review, the Association had a factoring arrears balance of £3,678.27. We found that this was not regularly monitored or actively pursued by the Association. We also found that the Association do not have a factoring arrears target.</p> <p>During our sample testing of 10 factoring arrears, we found that the Association had not been in contact with its homeowners to resolve the outstanding factored arrears</p> <p>There is the risk that the Association factoring arrears continue to rise as they are not being monitored appropriately.</p>	Medium	<p>We recommend that the Association ensures that factoring arrears are monitored regularly, and the correct action is taken to recover the balance. We also recommend that the factoring arrears balance is reported to Management against an agreed KPI.</p>

3 DETAILED RECOMMENDATIONS

Management response	Responsibility and implementation date
<p>Agreed.</p> <p>Currently, all owners receive a copy of their account statement showing the outstanding balance at the bottom of their monthly invoice. A generic letter has been issued to all owners asking them to take note of their balance and contact the Association to make payment.</p> <p>A formal procedure will be documented within the updated Factoring Procedure, at point 1, above. This will incorporate a more pro-active approach to owners arrears.</p>	<p><i>Responsible Officer:</i> Finance & Corporate Services Manager</p> <p><i>Implementation Date:</i> March 2021</p>

3 DETAILED RECOMMENDATIONS

Factoring Policy			
Ref.	Finding and Risk	Grade	Recommendation
3.	<p>The Association's Factoring Policy states that "the policy will be reviewed every three years, or sooner, in response to a change in legislation or circumstance".</p> <p>During our review, we found that the Factoring Policy has not been reviewed or updated since September 2016 and did not reflect current practice and new legislative changes.</p> <p>There is the risk that the Association does not have a robust process in place to ensure policies are reviewed on a regular basis.</p>	Medium	We recommend that the Factoring Policy is reviewed and subsequently approved by the Management Committee.
Management response			Responsibility and implementation date
<p>Agreed.</p> <p>There is a robust policy review cycle in place, however, this policy has not kept in line with it. The policy will be reviewed and presented to Management Committee for approval.</p>			<p><i>Responsible Officer:</i> Finance & Corporate Services Manager</p> <p><i>Implementation Date:</i> March 2021</p>

4 OBSERVATIONS

The following is a list of observations from our review

1. During our review, we found that the Association is currently looking to change their housing management system from SDM Housing Management to Homemaster. We recognise that the Association's factored arrears are currently processed through the housing management system, SDM.

5 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit & Risk Committee meeting.

Audit stage	Date
Fieldwork start	5 October 2020
Closing meeting	28 October 2020
Draft report issued	2 November 2020
Receipt of management responses	16 November 2020
Final report issued	16 November 2020
Audit & Risk Committee	26 November 2020
Number of audit days	4

6 KEY PERSONNEL

We detail below our staff who undertook this review together with the Association staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Manager	Scott McCready	Internal Audit Manager	scott.mccready@wyliebisset.com
Senior	Damian Gray	Internal Audit Senior	damian.gray@wyliebisset.com

Wellhouse Housing Association			
Key Contacts:	Gordon Kerr	Finance and Corporate Services Manager	gordon@wellhouseha.org.uk
	Sandra Davidson	Finance Officer	Sandra@wellhouseha.org.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A GRADING STRUCTURE

For each recommendation, we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Committee and addressed by senior management of the Association as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Association as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

We will assess the arrangements in place to ensure that the Association is complying with key legislative requirements relating to its factoring activities. We will also review the effectiveness of key operational controls, including arrears management in relation to factoring. We will also review the process in place to ensure that the annual management fee is reviewed and is reflective of the services provided, this will also include benchmarking the management fee with our other RSL clients. We will also look to ensure that the management fee is charged consistently to owners.

This assignment was agreed as part of the 2020/21 Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

- The Association is fully compliant with the legislative requirements.
- The Association's service standards are clear, measurable and achievable.
- The Association is securing value for money from its factoring services.
- The debt collection, payment options and the process for billing customers is efficient and provides sufficient and accurate information to stakeholders.
- The management fees are set in a clear and transparent manner with the resultant fees being reflective of the services provided and charged consistently to owners. The management fee has been benchmarked with other RSL's to ensure affordability.
- There is an effective quality assurance system in place to ensure inputs and outputs of the factoring services are accurate.
- There is sufficient information available to service users regarding the factoring services with lessons learnt from complaints being used to improve service delivery.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussion with key personnel to establish the current factoring services arrangements.
- Assessing the arrangements to ensure that these comply with legislative requirements.
- Assessing the standards of service to ensure these are clear, measurable and achievable.
- Evaluating the payment options in place and the debt collection processes to ensure that these are operating effectively and efficiently.
- Assessing how effective the billing system is and also considering if this enables accurate and timeous billing and invoicing.
- Establishing the approach to setting the management fee and considering if this is fit for purpose and conform to good practice.
- Assessing the management fee with our other RSL clients
- Assessing the arrears management procedures in place.

Potential key risks

The potential key risks associated with the area under review are:

- The factoring services are not complying fully with legislation which would lead to legal challenge.
- The service standards are not clear, measurable and achievable.
- The Association is not receiving value for money from its factoring services.
- The debt collection, payment options and the process for billing customers is inefficient and does not provide sufficient and accurate information to stakeholders.
- The management fees are not set in a clear and transparent manner with the resultant fees not being reflective of the services provided and are not charged consistently to owners. The management fee is more expensive than other RSL's.
- The quality assurance system is not effective and does not provide assurance that inputs and outputs of the factoring services are accurate.
- There is insufficient information available to service users regarding the factoring services with lessons learnt from complaints not being used to improve service delivery.

Wellhouse Housing Association

Internal Audit 2020/21

Follow Up Review

October 2020

Overall Conclusion

Strong

TABLE OF CONTENTS

Wellhouse Housing Association
Follow Up Review

Section	Page
1. Executive Summary	3
2. Audit Arrangements	6
Appendices	
A. Not Implemented Recommendations	8
B. Partially Implemented Recommendations	16
C. Fully Implemented Recommendations	19
D. Grading Structure	35
E. Assignment Plan	37

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Wellhouse Housing Association's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 EXECUTIVE SUMMARY

Wellhouse Housing Association
Follow Up Review

Purpose of Review

The purpose of the review was to assess whether the Association has appropriately implemented the internal audit recommendations made in 2019/20 and earlier years. Our review considered whether any issues are outstanding beyond the agreed implementation deadline.

Our review considered all outstanding recommendations to provide the Management Committee, via the Audit & Risk Committee, with independent assurance that we are satisfied that these recommendations have been fully implemented by the Association and can therefore be removed from the audit action plan.

This assignment is part of the agreed 2020/21 Annual Internal Audit Plan for the Association.

Scope of Review

Our objectives for this review was to:

- The Association has appropriately implemented any outstanding internal audit recommendations made in prior years.
- Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

1 EXECUTIVE SUMMARY

Wellhouse Housing Association
Follow Up Review

Conclusion

Overall Conclusion: Strong

We can provide strong assurance that the Association has endeavoured to implement recommendations as far as possible. The Association has implemented 14 of the 19 recommendations while 4 have not been implemented. The Association also has 1 partially implemented recommendation.

Summary of Recommendations

Grading of Recommendations	High	Medium	Low	Total
Appendix A – Not Implemented Recommendations	-	1	3	4
Appendix B – Partially Implemented Recommendations	-	-	1	1
Appendix C – Fully Implemented Recommendations	2	8	4	14

1 EXECUTIVE SUMMARY

Wellhouse Housing Association
Follow Up Review

Implementation of Recommendations

Summary of Implementation				
Audit Area	Total	Not Implemented	Partially Implemented	Fully Implemented
Corporate Governance - Regulatory Standards (March 2020)	5	2	-	3
Data Retention (April 2020)	2	-	-	2
Statutory Instruments –Housing (Scotland) Act 2014 (January 2020)	1	-	-	1
Procurement (January 2020)	4	-	-	4
Follow Up Review (March 2020)	7	2	1	4
Total	19	4	1	14
Percentage of Total	100%	21%	5%	74%

2 AUDIT ARRANGEMENTS

Wellhouse Housing Association
Follow Up Review

The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	5 October 2020
Closing meeting	28 October 2020
Draft report issued	2 November 2020
Receipt of management responses	16 November 2020
Final report issued	16 November 2020
Audit & Risk Committee	26 November 2020
No of audit days	2

2 AUDIT ARRANGEMENTS

Wellhouse Housing Association
Follow Up Review

We detail below our staff who undertook the review together with the Association staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Manager	Scott McCready	Internal Audit Manager	scott.mccready@wyliebisset.com
Senior	Damian Gray	Internal Audit Senior	damian.gray@wyliebisset.com

Wellhouse Housing Association			
Key Contacts:	Gordon Kerr	Finance & Corporate Services Manager	gordon@wellhouseha.org.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

Appendix A

Not Implemented Recommendations

A DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Not Implemented Recommendations

The Association's Assurance Folder, Corporate Governance - Regulatory Standards, March 2020

Original Finding:

The Association created an assurance folder in July 2019 to ensure that their Assurance Statement documentation is stored in a centralised location. This is only accessible by the Director, the Assets & Maintenance Manager; Housing & Customer Service Manager; Finance & Corporate Services Manager and the Corporate & Governance Officer.

During our review, we found that the formatting within the assurance folder was inconsistent resulting in the folder being difficult to navigate.

There is a risk that the benefit of the centrality function of the assurance folder is being offset against the difficulty of navigating the folder.

Original Recommendation

We recommended that the Association ensure that a consistent approach is applied to their assurance folder that promotes efficiency and is easily navigated.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The Association aim to directly link all evidence within the assurance folder within the evidence log. However, this exercise has yet to be undertaken.	Medium	We reiterate our previous recommendation.
Management Response			Responsibility and Implementation Date
The evidence folder has been replaced by a template of the full Assurance Statement. All documentation/evidence will be in format of links rather than saving all the information again in a separate evidence bank. This will be completed by one person ensuring a consistent approach and making the whole process easier to navigate.			<p><i>Responsible Officer:</i> Corporate & Governance Officer</p> <p><i>Implementation Date:</i> November 2020</p>

A DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Not Implemented Recommendations

Training Attendance, Complaint Handling & Tenant Communication 2016/17, Follow Up Review, March 2020

Original Finding

Staff members responsible for complaint handling should be appropriately trained. From our review we found that attendance for complaints handling training is not being maintained. There is the risk that employees' training needs are not being monitored and updated appropriately.

Original Recommendation

We recommend that attendance is maintained for future training sessions and that complaints handling training is included in the wider training monitoring system which is due to be implemented in April 2017. The complaints handling policy and procedure document should also be updated to include the intended frequency of complaints handling training going forward.

Finding on Follow Up 2017/18

We were made aware that no member of staff had undergone any complaints handling training but that the Association have the full intention to schedule this prior to the end of the year. We also noted that the Association's training monitoring system does not currently contain the names of any staff who may have attended a course, therefore, it is problematic to accurately assess training attendance. From our discussions with the Director, we are aware the Association are looking to incorporate staff training attendance as part of the new approach to annual appraisals.

Recommendation on Follow Up 2017/18

We repeat our original recommendation and also recommend that staff attendance at training is monitored more robustly to ensure an accurate record of this is kept. This will be of particular importance considering the Association intend to link staff training to the revised annual appraisal process.

Finding from our Follow Up on 2018/19

The Association is still reviewing ways of carrying out complaints training due to delays arising from staff changes.

Recommendation on Follow Up 2018/19

We repeat our original recommendation.

See next page

A DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Not Implemented Recommendations

Training Attendance, Complaint Handling & Tenant Communication 2016/17, Follow Up Review, March 2020

Finding from our Follow Up on 2019/20

The Association has provided a number of staff with complaints handling training but are yet to supply this fully to their workforce. This forms part of the Associations objectives where it is aimed that training is provided to all staff during 2020/21.

Recommendation on Follow Up 2019/20

We recommend that the Association continue with the plan to provide complaints handling training to all staff members.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
2	The Association has yet to provide training to staff members on complaints handling. This has been delayed due to the Covid-19 pandemic and lockdown arrangements.	Low	We reiterate our previous recommendation.

Management Response

Complaint handling training was delivered to several members of staff in Nov 2019 and attendees were added to the training log. Since then, SPSO guidance has changed to allow for a Resolution category and this has been incorporated into the Complaints, Comments and Compliments Policy. A written process has been drafted and shared and is being monitored for service improvement purposes. Refresher training for all staff is to be arranged in 2021.

Responsibility and Implementation Date

Responsible Officer: **Carol Hamilton**
Housing and Customer Service Manager

Implementation Date: **March 2021**

Not Implemented Recommendations

Application Form Format, Housing Allocation & Management 2016/17, Follow Up Review, March 2020

Original Finding

The applications forms filled out by applicants are only available as a hard copy booklet or as a non-editable PDF file. Applicants must fill out these forms in person, or print the PDF file at home and return it physically to the office, or scan it and return it electronically. Forms are then manually typed into the system by a member of the Housing Team.

Original Recommendation

We recommend that the application form be accessible in a format that is able to be edited, such as Word or Open Office document, so that applicants are able to fill out and return the documents electronically. This will help to streamline the process.

Finding from our 2017/18 Follow Up

The application form being provided to applicants remains available only as a hard copy booklet or as a non-editable PDF file.

Recommendation

We repeat our original recommendation

Finding from our 2018/19 Follow Up

Since the above recommendation was made, the Association joined a Common Housing Register with a number of other local associations. As such, the Association shares its application form with other associations. Any changes would therefore require full consultation with the other housing associations to get a modifiable document.

Finding from our 2019/20 Follow Up

The Association along with the 4 other members of the Greater Easterhouse Common Housing Register are actively looking to update their online application process.

Recommendation on Follow Up 2019/20

We recommend that the Association and the members of the Greater Easterhouse Common Housing Register continue to develop their online application process.

See next page

A DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Not Implemented Recommendations

Application Form Format, Housing Allocation & Management 2016/17, Follow Up Review, March 2020

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
3	The application process has yet to be reviewed by the Association and the members of the Greater Easterhouse Common Housing Register.	Low	We reiterate our previous recommendation.
Management Response			Responsibility and Implementation Date
<p>The 5 HA members of the Common Housing Register Policy met with SDM Consultant in February 2020, prior to lockdown, to discuss an online process. Concerns were raised in relation to the legality of electronic signatures that would be used for this process and it was agreed that the process would be investigated further. Since then, Wellhouse have been reviewing the CHR outcomes and the results will determine whether or not a stand-alone policy will be consulted upon. If so, a new application form will be introduced and the online process will continue to be considered. In addition, Wellhouse are considering the purchase of a new web- based management system which may include the opportunity to incorporate online applications.</p>			<p><i>Responsible Officer:</i> Carol Hamilton Housing and Customer Service Manager</p> <p><i>Implementation Date:</i> June 2021</p>

Not Implemented Recommendations

Missing Documentation/Linking to Documents, Corporate Governance - Regulatory Standards, March 2020

Original Finding:

The Association should have all documentation relating to the Assurance Statement uploaded on to the Association's 'Assurance' folder. Due to the repetitive nature of the evidence required for the Assurance Statement, the Association were against duplicating files per Standard and could therefore provide links to the appropriate documentation within the folder.

During our review, we found that the following documentation was not attached (or hyper linked) within their Assurance folder:

Privacy Policy; Freedom of Information details on their website; Risk Management Policy; Link to Association's Mission Statement, Vision and Values on Website; WHA Employee Handbook; Disability Confident Committed; Investor in People Accreditation; Evidence of Reasonable Adjustments/Office Improvements; Membership Policy; Membership of SFHA and SHARE; Acquisition Policy; and Health & Safety Policy.

We also found that the Association had stated the area of compliance for each standard (based on the suggested evidence provided by SFHA) but had not linked the location of documentation for some of the Standards.

There is the risk that the Association's staff members, Management and Committee members are unable to identify the evidence to highlight the Association's compliance to each Regulatory Standard.

Original Recommendation

We recommend that the Association copy over the stated documentation into their Assurance folder. We also recommend that the Association provide links to the documents location that have already been presented in previous standards (in the Assurance Folder) to allow for appropriate presentation of compliance and eliminate the need for duplication.

See next page

A DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Not Implemented Recommendations

Missing Documentation/Linking to Documents, Corporate Governance - Regulatory Standards, March 2020

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
4	The Association has yet to undertake work to copy over the information and provide links to documents.	Low	We reiterate our previous recommendation.
Management Response			Responsibility and Implementation Date
The evidence folder has been replaced by a template of the full Assurance Statement. All documentation/evidence will be in format of links rather than saving all the information again in a separate evidence bank. This will be completed by one person ensuring a consistent approach and making the whole process easier to navigate. All links are provided, even if they have already been provided in an earlier section.			<p><i>Responsible Officer:</i> Corporate & Governance Officer</p> <p><i>Implementation Date:</i> November 2020</p>

Appendix B

Partially Implemented Recommendations

B DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Partially Implemented Recommendations

Formal Process of Logging Housing Officers Requests, VFM – Estates, November 2018, Follow Up Review, March 2020

Original Finding

Housing Officers currently inform Estate Wardens of any issues they have spotted via a telephone call or in person. During our review, we found that there is no formal recording of the issue raised by the Housing Officer or any action taken to follow up on the issue to ensure actions have been taken to address it.

Original Recommendation

When the Housing Officers communicate issues which the Estate Wardens could attend to, these should be logged and signed off when actioned to ensure they are done. These could then be spot checked by management for quality review.

Finding from our 2019/20 Follow Up

The Association are currently in the process of recruiting an Estates Warden Supervisor. Following their appointment, the Estates Warden Supervisor will be tasked with creating a formal process for logging estates issues and the timeframes to resolve them.

Recommendation on Follow Up 2019/20

We repeat our original recommendation.

See next page

B DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Partially Implemented Recommendations

Formal Process of Logging Housing Officers Requests, VFM – Estates, November 2018, Follow Up Review, March 2020

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The Association has created a Housing Request Sheet to log requests. However, this has yet to be implemented and is awaiting final agreement between the Housing Management and Maintenance Teams.	Low	We repeat our original recommendation
Management Response			Responsibility and Implementation Date
The Housing Request Sheet has now been implemented.			<i>Responsible Officer:</i> Bill Black, Assets and Maintenance Manager and Carol Hamilton, Housing and Customer Service Manager <i>Implementation Date:</i> November 2020

Appendix C

Fully Implemented Recommendations

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Retention Periods, Data Retention, April 2020

Original Finding:

The Association hold personal data for tenants, former tenants, staff and former staff members along with data for governance, finance and any contracts/agreements entered into by the Association. The Association adopted the retention timeframes set by the National Federation of Housing.

During our review, we found that prior to the implementation of the GDPR in May 2018, the Association developed Data Maps to record data held within each department. However, we were informed that the Data Maps are not reviewed or updated annually to ensure that all data held is in line with the retention timeframe adopted by the Association. We were also informed that the Association carried out a data cleanse prior to May 2018, however, no regular review and data cleanse is undertaken by the Association.

There is the risk that the Association are holding data outwith their agreed data retention timeframe.

Original Recommendation

We recommend that the Association ensure their Data Maps are reviewed and updated annually and that any data outwith the retention period is destroyed.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The Association has developed an action plan which outlines the timeframes for disposing data on a timely basis. We note that this is reported at the Management Team meetings on a quarterly basis.	High	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Wellhouse Contracts, Procurement, January 2020

Original Finding:

All procurement documentation should be stored centrally to ensure the information is readily available.

During our review, we found that there was no central storage location for contract documentation or tender documentation. As such we were only able to test the procurement of 2 of the 26 contracts in place for maintenance works. The Asset & Maintenance Manager has only been in post since September 2019 and is actively trying to locate the documentation and is in contact with the Association's procurement advisor, Reid Associates. There is the risk that contracts are not being adhered to as there no documentation to provide guidance.

Original Recommendation

We recommend that the Association ensure all contract documentation including tender documents are stored in a central location.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
2	The Association has developed a central location where they store all documentation for their contracts.	High	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Contracts Register, Procurement, January 2020

Original Finding:

A Contracts Register documents the duration of the contract, the start and end dates of the contract, the value of the contract, rates etc. As such, a contracts register is an effective way in which an Association can monitor its contracts and their expiry dates to allow time for new procurements to be completed.

During our review, we found that the Association did not have a Contracts Register in place for all their contracts.

There is the risk that the Association is not monitoring its current contracts that could result in contracts expiring without the knowledge of the Association.

Original Recommendation

It is recommended that the Association develop a contracts register for their maintenance contracts as these are the main procurement activities the Association undertakes.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
3	The Association has developed a contracts register for their maintenance contracts.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Procurement Training, Procurement, January 2020

Original Finding:

Procurement Training should be provided to all staff members involved in procurement for the Association. This should cover the Association's procurement process, the legislative requirements on procurement and how contractor's performance should be monitored.

During our review, we were informed that there has been no procurement training provided to the members of staff who are involved in procurement for the Association.

There is the risk that the Association's staff members are not fully aware of the Association's procurement process.

Original Recommendation

We recommend that the Association provide procurement training to all staff members involved in procurement.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
4	All of the Association's staff members attended a webinar on procurement from the Scottish Federation of Housing Associations. We also note that the Association attended a Scottish Federation of Housing Associations Repairs and Maintenance Conference that reviewed procurement.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Contract Reporting/Monitoring, Procurement, January 2020

Original Finding:

The Association provides a broad report on contractor performance detailing expenditure and performance against ARC indicators.

During our review, we found that the Association does not provide information on meetings with contractors, contractor performance or any issues encountered with the contractors. The Association should look to ensure that regular performance meetings are held with contractors such as the maintenance contractors.

There is the risk that the Association is not monitoring contractor performance.

Original Recommendation

We recommend that the Association ensure regular meetings are held with larger contractors such as the maintenance contracts. We also recommend that the Association report on contractor's performance to the relevant Committee.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
5	The Association now meet with their larger contractors on a regular basis to receive updates on the contract and discuss any performance issues.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Information Commissioner's Office Registration Number, Data Retention, April 2020

Original Finding:

The Association's registration number should be accurately stated in the Fair Processing Notice and on the Association's website to ensure customers know who to contact for a subject access request.

During our review, we found that the Association's registration number was not accurately stated on the Fair Processing Notice and on the Association's website. We also found that the registration number listed within the Association's Fair Processing Notice related to Dunbritton Housing Association

There is the risk that the Association's customers are providing incorrect information.

Original Recommendation

We recommend that the Association review its Fair Processing Notice and their website to ensure that the Association's registration number is accurately recorded

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
6	The Association has reviewed and updated its Fair Processing Notice as required.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Data Cleansing, GDPR, January 2019, Follow Up Review, March 2020

Original Finding

Efficient data cleansing is only possible when the information to be retained has been identified separated from the information to be destroyed. This is also how the risk of disposing of information which should have been retained is reduced. During our review, we found that the Association is yet to carry out a data cleansing exercise.

Original Recommendation

We recommend that the Association develops a strategy for efficient data cleansing and subsequently implement the plans.

Finding from our 2019/20 Follow Up

The Association undertook a cleanse of historical data in the archive room in 2018 while staff have been reminded to ensure all electronic files are cleansed and retained inline with the National Housing Federations recommended practices.

Recommendation on Follow Up 2019/20

We recommend that the Association continues to develop a strategy for efficient data cleansing and ensures that this is undertaken annually.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
7	The Association's has developed an Action Plan which outlines timescales for disposing of data. This is a standard item on the agenda at the quarterly Management Team meetings.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Association's Evidence Log, Corporate Governance - Regulatory Standards, March 2020

Original Finding:

The Association developed an evidence log (based on the SFHA toolkit) which detailed all the Regulatory Standards and included hyperlinks to the relevant documentation that highlighted compliance. This was presented to the Audit & Risk Committee allowing members so could easily access the evidence presented by the Association.

During our review, the Association could not locate the evidence log. This resulted in the Association's Finance & Corporate Services Manager and Wylie & Bisset working through each standard to ensure the Association could evidence compliance.

There is the risk that the Association are not correctly storing documentation. There is also the risk that the Association cannot easily prove their compliance with the regulatory Standards.

Original Recommendation

We recommend that the Association try to locate the finished evidence bank and ensure that this is stored securely. We also recommend that if the Association are unable to locate the document then this should be redeveloped for compliance with the 2020 Annual Assurance Statement.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
8	The Association has redeveloped the evidence log.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Code of Conduct & Declaration of Interest, Corporate Governance - Regulatory Standards, March 2020

Original Finding:

The Association has a comprehensive Code of Conduct in place and Declaration of Interest forms for completion by all Management Committee members.

During our review, the Association were unable to provide us with completed Code of Conduct and Declaration of Interest forms for 2 members of the Management Committee. We do note that both members were appointed in January 2020.

There is the risk that Management Committee members are not aware of the Association's Code of Conduct. There is also a risk that the Association are unaware that members on their Management Committee may present conflicts of interest.

Original Recommendation

We recommend that the Association ensure completed Code of Conduct and Declaration of Interest forms are received for all Management Committee members.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
9	Code of Conduct and Declaration of Interest forms have now been completed.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Review Standing Orders, Corporate Governance - Regulatory Standards, March 2020

Original Finding:

The Association has a robust set of Standing Orders that clearly outline how it will conduct its affairs and how authority will be delegated to their Management Committee; Committees; and the Management Team.

During our review, we found that the Standing Orders and Delegated Scheme of Authority was scheduled to be reviewed in October 2019. This review is yet to occur.

There is the risk that the Standing Orders and Delegated Scheme of Authority do not reflect current practice.

Original Recommendation

We recommend that the Association appropriately review their Standing Orders and Delegated Scheme of Authority as per their review schedule.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
10	The Association has agreed to adopt the new SFHA Charitable Model Rules (Scotland) 2020.	Medium	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Rechargeable Repairs, February 2018, Follow Up Review, March 2020

Original Finding

The Association's Debt Recovery Policy does document the timeframe in which invoices should be paid, however it does not detail the timeframe in which a tenant should be notified of rechargeable repair.

Original Recommendation

We recommend that the Association documents the timeframe in which tenants should expect to be invoiced for a rechargeable repair.

Finding from our 2018/19 Follow Up

The Maintenance Team have refined the process for recording and tracking rechargeable repairs, though this has not been formally documented.

Recommendation

We repeat our original recommendation.

Finding from our 2019/20 Follow Up

The Association is currently reviewing and updating the Debt Recovery Policy.

Recommendation on Follow Up 2019/20

We recommend that the Association ensure that the Debt Recovery Policy is reviewed and fully updated.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
11	The Association's Income Collection, Debt Recovery and Write Off Policy was approved by the Management Committee in April 2020 and includes the timeframe that tenants should expect to be invoiced for rechargeable repairs. The Association's Income Collection, Debt Recovery and Write Off Policy is also made available on the Association website.	Low	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Tenant Handbook, Complaint Handling & Tenant Communication 2016/17, Follow Up Review, March 2020

Original Finding

The tenant handbook is designed to provide guidance on policies of the Association and to also provide advice to tenants. The handbook is currently out of date and only contains a small section regarding complaints handling, and is not always provided to tenants for this reason.

Original Recommendation

We recommend that tenant handbook is updated and that the complaints handling section is expanded to provide information on how to submit a complaint, what constitutes a complaint and the timeframe in which their complaint will be dealt with.

Finding from our 2018/19 Follow Up

The tenant handbook has yet to be updated, although all complaints information has been uploaded to the Association's website.

Recommendation

We recommend the Association reviews and updates the tenant handbook.

Finding from our 2019/20 Follow Up

The Association are in the process of updating its tenant's handbook and are in discussions with TPAS (Tenant Participation Advisory Service) on its development.

Recommendation on Follow Up 2019/20

We recommend that the Association continue to develop the tenants handbook and once develop is issued to all existing tenants and new tenants going forward.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
12	The Association has developed a new tenant's handbook that has been distributed to tenant's.	Low	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Use Fixed Asset Register, Property Management, November 2017, Follow Up Review, March 2020

Original Finding

During our review, we found that the recent staff turnover within the Finance Department has resulted in new staff members not receiving clear instructions on how to effectively use the Fixed Asset Register.

Original Recommendation

We recommend that a procedures manual is drafted, detailing how to navigate and maintain the Fixed Asset Register for any new members within the Finance Department going forward.

Finding on Follow Up 2018/19

The Association has not completed a procedures manual, however, it is looking at implementing a new system, and has consulted a number of parties (such as SDM).

Recommendation on Follow Up 2018/19

We repeat our original recommendation.

Finding on Follow Up 2019/20

The Association are currently reviewing this process and are in discussions with several companies regarding the implementation of the new system. Following this implementation, a procedures manual will be completed.

Recommendation on Follow Up 2019/20

We recommend that the Association continue to investigate new systems for the Fixed Asset Register. We also recommend that once the system is implemented, a procedures manual is developed.

See next page

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Use Fixed Asset Register, Property Management, November 2017, Follow Up Review, March 2020

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
13	The Association has developed a process note that outlines the process for using and navigating the Fixed Asset Register. The Association are currently in the process of investigating a new fixed asset system and a procedure document will be created when the system is implemented.	Low	No further action required.

C DETAILED RECOMMENDATIONS

Wellhouse Housing Association
Follow Up Review

Fully Implemented Recommendations

Action Plan, Statutory Instruments –Housing (Scotland) Act 2014, January 2020

Original Finding:

It is good practice to design an action plan for any project undertaken by the Association. This should detail roles and responsibility, the aim of the project, actions to be completed and the expected deadline.

During our review, we found that the Association had successfully implemented the changes relating to the Housing (Scotland) Act 2014. However, the Association did not create an action plan in place to monitor its progress.

There is the risk that staff members are not fully aware of their roles and responsibilities or deadlines for the completion of projects.

Original Recommendation

We recommend that the Association implement action plans for future projects being undertaken.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
14	The Association fully accept this recommendation. While there are no current projects lined up, this will be implemented should a new project arise.	Low	No further action required.

D GRADING STRUCTURE

Wellhouse Housing Association
Follow Up Review

For each area of review we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

D GRADING STRUCTURE

Wellhouse Housing Association
Follow Up Review

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Committee and addressed by senior management of the Association as a matter of urgency
Medium	Significant issue or weakness which should be addressed by the Association as soon as possible
Low	Minor issue or weakness reported where management may wish to consider our recommendation

Audit Approach

Our approach to the review will be:

- Review outstanding recommendations and gain audit evidence to ensure that these have been addressed by the Association.

Potential Key Risks

The potential key risks associated with the area under review are:

- The Association does not address the areas of concern which may significantly affect its ability to continue to operate.

Management Committee	28th January 2021
Agenda Item	6
Title of Paper	IT Upgrades
Author	Gordon Kerr, Finance & Corporate Services Manager
Attachment(s)	

FOR CONSIDERATION FOR APPROVAL

1 PURPOSE

- 1.1 To inform and advise committee on additional IT Requirements which will lead to improved security and performance and allow Wellhouse to comply with its high-level IT objectives including compliance with GDPR Regulations and Internal Audit recommendations.

2 RECOMMENDATIONS

- 2.1 That Management Committee notes the contents of this report and is comfortable with the steps being proposed.
- 2.2 That Management Committee approves the additional expenditure to be incurred in installing a new Broadband and implementing a new BU/DR/BC Gold Solution. These are likely to be in the region of £11,500-£15,000 and £18,000-£20,000 respectively over 3-year contracts. A separate procurement exercise will be carried out for each package ensuring Wellhouse achieves the best result in terms of cost, efficiency and VFM.

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 9:1 from 2020/21 Operational Plan – "Ensure IT is fit for purpose".
- 3.4 This Report should contribute towards our overarching Aim and Vision of making Wellhouse "the Place to Be"

4 BACKGROUND

It has become apparent over the last 8 months, since the country went into lockdown, that Wellhouse is experiencing some IT issues and these need to be addressed. While addressing some of these may be viewed as desirable, others should be viewed as essential or business critical.

We need to highlight these issues and formulate a robust IT strategy to enhance business security and improve the employee's remote working experience. This should enable us to meet our high-level objectives, which are: -

- Security;
- Business Continuity;
- GDPR Compliance;
- Connectivity;
- Efficiencies; and
- Savings.

5 MAIN ISSUES

5.1 Some of the areas we need to look at and the work needing carried out are as follows:

- Log-in security – some staff members are using very basic log-in passwords which are not very secure or robust. Because this screen is the “main door” which gives access to all other programmes, it is vitally important that security is as robust as possible. Because we are all working remotely, it is not possible for each user to update their own log-in password from a remote device. Hiper staff have been asked if they can contact Wellhouse staff and update each individual's password. The password must be minimum of 8 characters and a mix of uppercase, lowercase, numbers and special characters.
- SDM and General Server Maintenance – General server performance can be improved by removing WELL- SHAREPOINT which is not heavily utilised. As well as this the virtual SDM server backup requires maintenance. Hiper has requested that all staff refrain from logging into SDM for half a day to allow for the maintenance/improvement work to be carried out.
- Monthly Maintenance Window – Hiper have requested a monthly 2-hour window for general server maintenance. This can be carried out at 8 am or at 4pm.
- Broadband - the broadband connection can do with upgrading. Wellhouse currently has a BT Business Infinity service, which offers speeds of 67.4Mbps download (i.e. from the internet) and 15.8Mbps upload (to the internet). However, Hiper believe that we need a better connection for the following reasons: -
 - Robustness of the connection – we have seen packet loss which seems to be affecting the remote connections to PCs
 - Cloud based services – the migration of email from the server to the cloud and subsequent Microsoft 365 traffic needs a fast and reliable connection

- Cloud based backup – a fast connection will be required for cloud-based backup systems
- Future proof – the connection will provide the ability to look at other cloud-based services without the need to consider updating the internet connection
- Contention – a leased fibre connection is not as contended as a fibre to the cabinet connection
- Back-ups – Wellhouse currently has one physical server which runs 4 Virtual Servers. The physical server is called WELL-VMHOST. This has - WELL-EXCHANGE, WELL-SDM, WELL-SHAREPOINT, WELL-DOMAIN. Issues with the current back-up facility are as follows: -
 - Windows server backup fails to complete the backup of WELL-SDM as a Virtual Server, although the files that constitute this server can be rebuilt to reform the server. This is time consuming to rebuild.
 - The time taken for the back-up is often in excess of 24 hours.

Solution to these issues is to run a virtual back-up to the Cloud. This can be looked at as a stand-alone exercise using Bronze or Silver standard facilities. However, this exercise can be included within the Gold solution which also addresses Disaster Recovery and Business Continuity issues (see below).

- Disaster Recovery (DR)/Business Continuity (BC)– The current DR/BC facility is not ideal as it is relying on back-up disks to instigate the process. Some of the problems are covered above but there is also the issue that the latest back-up disk may be several days old. It is time consuming to recover all the data as part of the DR process but, depending on the scale of the disaster, the BC process may be more of an issue. Using a Gold standard solution, all data is constantly backed up to the cloud and would be a quick and easy enough process to reinstate. All servers and users can continue to work remotely via the cloud-based system and the BC process would be as little as 2 hours.

5.2 PROPOSALS

- New broadband to be installed. Quotes to be received from: -
 - Vaioni
 - Highnet
 - Hiperoptic
 - BT
- Gold Solution Backup/Disaster Recovery/Business Continuity to be implemented. Quotes to be received from: -
 - Datto
 - Core Data
 - AN Other

6. DISCUSSION

- 6.1 Committee is invited to discuss any of the contents in the report.

7. REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 Wellhouse has a statutory obligation to comply with the current GDPR regulations which insist on strict security being in place in order to safeguard all personal data held on file.
- 7.2 Wellhouse has an obligation to implement recommendations highlighted by Wylie & Bisset as part of the internal audit programme.
- 7.3 Wellhouse has an obligation to its staff, tenants and other end-users to provide an efficient IT system allowing them access to required information.

8. FINANCIAL IMPLICATIONS

- 8.1 There are financial implications and the costs are included in the main body of the report above. The total cost of all these upgrades could be as much as £35,000, however, this is over a 3-year period. There will be savings associated with this exercise, however, these are more likely to be intangible savings on staff time and down time.

9. KEY RISKS

9.1

(a) Strategic Risks	(b) Operational Risks	(c) Project Level Risks
IT security may not be as tight as it could be allowing for security breaches. A lot of information, historical records and time may be lost if a disaster strikes	Failing to connect to a much faster broadband service would result in processing continuing to slow down and internet connections would become more sporadic.	Staff confidence is lost.
Mitigation	Mitigation	Mitigation
Implement a more robust antivirus and anti-spam software system. Implement a robust Gold-star Disaster Recovery & Business Continuity function.	Implement a faster broadband service	Implement upgrades with improved connectivity and keep staff appraised.

10. EQUALITY AND DIVERSITY IMPLICATIONS

- 10.1 None apparent.

11. SUSTAINABILITY

11.1 Not applicable.

12. SWOT ANALYSIS

12.1 Not required.

13. CONCLUSION

13.1 Although there is a cost implication to implementing all of the recommendations and proposals by Hiper, it will help to ensure Wellhouse is complying with current GDPR Regulations and strengthening security. It will also ensure that internal audit recommendations are being acted upon.

13.2 It is business critical that Wellhouse connects to a faster broadband service, which allows for immediate improvements in connectivity and processing times and will inspire confidence to all staff using the IT functions.

Management Committee	28 January 2021
Agenda Item	7
Title of Paper	Rent Arrears Update
Author	Carol Hamilton, Housing & Customer Service Manager
Attachment(s)	N/A
Executive summary	<p>The following information is recorded at the end of Period 9, 31st December 2020:</p> <ul style="list-style-type: none"> • Gross current tenant rent arrears are £329,700.35– 9.99% of annual income • Net arrears are £311,762.17 – 9.45% of annual income • Former Tenant's arrears are £39,498.47 • Rent collection is currently 90.01% (cumulative 9 months to end December 2020) • 113 tenants owing £1000+ now owe £240,094.49 collectively – 72.8% of current arrears and 7.28% of annual rent income. 56 (49.6%) of these are UC recipients • The number of tenants claiming UC is 175. • The amount of UC arrears figure is £167,159.71 or 50.7% of the gross arrears.

FOR INFORMATION

1 PURPOSE

- 1.1 To update Committee on the arrears position

2 RECOMMENDATIONS

- 2.1 That the update on the arrears position be noted.

3 BUSINESS PLAN, VISION AND VALUES

- 3.1 The production of an arrears report is consistent with:
- our strategic objective 5: to maintain good governance and financial management and:
 - our values of excellence and accountability

4 BACKGROUND

- 4.1 Committee have requested regular arrears reports
- 4.2 This summary forms an update to the end of December position.

5. MAIN ISSUES:

- 5.1 Since the last Committee update, gross current tenant rent arrears have increased by £10,449.58. There are 422 tenants with rent arrears which is 45 more than the previous update.
- 5.2 22.12% of all tenants are now in receipt of Universal Credit (UC) and arrears attributable to UC have decreased by £13,662.35. This is as a result of an improved payment process by the DWP. Although payments are still paid in arrears, an electronic schedule for UC payments has reduced payment processing delays. In addition, UC payments are now paid to coincide with the tenant's pay date rather than on a set 28-day payment schedule which reduces delays further. The changes to the payment process are having a positive impact and we will monitor the effect in the coming months.
- 5.3 During December, 64 tenants failed to pay anything at all. This included unpaid direct debits and several broken arrangements. 9 new tenants are awaiting UC payments. Glasgow City Council (GCC) have been invoiced for 3 leased properties with a collective debt of approx. £1,867 at the end of December (the amount outstanding at the point of writing is £2,857). In addition, Real Life Options (RLO), who provide support in leased properties, have an outstanding invoice of £1,238.
- 5.4 It is not unusual for arrears to increase over the month of December. The following table compares key indicators for January 2020 and January 2021:

Table 1 – Annual Comparison

	Jan 2020	Jan 2021
Reported increase from previous committee update	£39,193	£10,449.58
Numbers owing over £1k	88 (arrears -£167,783)	113 (arrears- £240,094)
Did not pay over festive period	63	64
In receipt of UC	106 (arrears -£104,243)	175 (arrears -£167,159)
Number of cases	425	422

While there is little change in the number of tenants owing rent, or the number who did not pay during the festive season each year, there is an obvious increase in the level of debt as well as those in receipt of UC.

6. DISCUSSION

- 6.1 It is apparent from case monitoring that Covid-19 and Universal Credit continue to affect the ability of some tenants to pay their rent on time. Furloughing, loss of income and employment beginning and ending are affecting several households. While improvements to the UC payment process is welcome, Officers are aware that many tenants are having to make repeat applications for UC as their employment and other circumstances are changing as a result of the impact of Covid.
- 6.2 The significant temporary changes to the residential tenancy law brought about by the Coronavirus (Scotland) Bill has been extended further and the 6-month notice period for legal action is having a major impact on some of our cases. The ban on evictions

has resulted in some tenants ignoring the severity of their situation. While some tenants are keeping in touch and attempting to pay, others are evading contact of any sort, nor are they making payments and there is an alarming increase in some of the balances. The following table indicates the level of debt of those who owe rent:

Table 2 – Arrears in Summary by banding

£1,000 - £1,999	66
£2,000 - £2,999	29
£3,000 - £3,999	10
£4,000 - £4,999	6
£5,000 - £5,999	1
£6,000 - £6,999	1

- 6.3 Legal notices recently served and others currently being prepared will take many months to become effective. These cases, as well as the debt on some cases which are currently 'on hold' in the legal system, are increasing. There is a debate about recalling those cases and seeking decree, if the resulting decree cannot be enforced as a result of the temporary legal changes. While a decree for eviction is valid for 6 months, the risk is that the current legislative changes will render it useless and then the whole process, including pre-action requirements, would have to restart, potentially allowing the debt to continue to increase.
- 6.4 While the advice we are being given is to continue with legal action and recall sisted cases, there is a risk that any decree awarded cannot be enacted.
- 6.5 There is evidence that some tenants are using the situation to continue not to pay and one in particular has left their tenancy, without notice, with a debt in excess of £5k.

7 REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 ARC report will include our performance.
- 7.2 Regulatory and current legislation dictates that legal action will not be pursued where arrears have occurred solely as a result of the Covid-19 situation.

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 may lead to reputational damage. Mitigation- use only as a last resort and adhere to Coronavirus (Scotland) Bill.

10 EQUALITY, DIVERSITY & HUMAN RIGHTS IMPLICATIONS

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

Management Committee	28 January 2021
Agenda Item	8
Title of Paper	Rent Consultation
Author	Carol Hamilton, Housing & Customer Services Manager
Attachment(s)	Appendix 1. Rent Consultation Responses Appendix 2. Landlord Rent Comparisons

FOR INFORMATION AND DECISION

1. PURPOSE

- 1.1 To highlight the rent consultation process that ended on Friday 8th January 2021 and provide the feedback to Committee.
- 1.2 To advise Committee of consultation methods undertaken by Wellhouse HA to involve residents and encourage feedback on rent increase proposals.

2. RECOMMENDATIONS

- 2.1 Committee is asked to discuss and note the content of the report and a review of the responses received from tenants.
- 2.2 Committee are asked to approve the recommendation of progressing with CPI October (0.7%) plus 1% rent increase from 1st April 2021, i.e., an increase of 1.7%

3. BUSINESS PLAN, VISION & VALUES

- 3.1 Rent consultation and income is integral to the RSL's being able to complete repair, maintenance, development and day to day needs of the business, ensuring that we deliver effective and efficient services and is consistent with all strategic objectives, our vision values and business planning.
- 3.2 Wellhouse HA is committed to Value for Money savings in future years across all aspects of our business which will be measurable and feed into our business planning process.

4. BACKGROUND

- 4.1 Rent consultation on increase of CPI (0.7%) plus 1% with current tenants was agreed at previous Committee meeting on 24th November 2020.

5. MAIN ISSUES

- 5.1 An article dedicated to the proposed rent increase was incorporated into the winter newsletter and delivered to all residents along with a separate survey form that could be completed and returned. In addition, the article was made available on the website with a link to an online survey. Neither of these options attracted responses.

Tenants were offered an opportunity to telephone the office to discuss and complete the survey. Tenants also had the option of contacting via email to advise of their responses. No tenants made contact by email and only 1 telephoned to ask for clarification on a proposed new rent charge.

Due to Covid restrictions, home visits were not offered to discuss the proposals and take feedback. Similarly, rent consultation drop-in sessions were unable to be held.

As in previous years, the option to respond by text was the preferred method.

6 DISCUSSION & RENT INCREASE RESPONSES

- 6.1 Wellhouse HA received 109 responses through text messages – see appendix 1 for more detail and comments from tenants.
- 6.2 Of the 109 tenants who responded, 54 (6.8% of total number of properties contacted) do not feel their rent represents value for money and 64 (8.1% of total number of properties contacted) do not support the rent increase of 1.7%.
- 6.3 35 of those who text did not make it clear which of the 2 questions they were responding to and of those, 10 said 'Yes', 18 said 'No' and 7 provided comments only.

7 REGULATORY, LEGAL AND CONSTITUTIONAL ISSUES

- 7.1 Regulatory: There is a regulatory requirement for Wellhouse to consult with tenants prior to applying any rental increase.
- 7.2 It is also considered good practice for Wellhouse to regularly carry out financial viability exercises.
- 7.3 This also complies with SHR Regulatory Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness.

8. FINANCIAL IMPLICATIONS

- 8.1 Rent levels determine Wellhouse HA's ability to meet the needs and requirements of the business plan. Any changes to rent charges will require changes to the business plan.

9. KEY RISKS

(a) Strategic Risks	(b) Operational Risks	(c) Project Risks	Level
Increasing rent levels place residents into poverty and reduce affordability of housing stock.	Reputational through higher rent levels than local RSL's	None	
Mitigation	Mitigation	Mitigation	
Consultation process allows residents to feedback on proposals	Rent standardisation is now complete bring has	n/a	

and committee to consider benchmarking.	ensured fairer rent charges to all tenants.	

10. EQUALITY & DIVERSITY ISSUES

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

11. SUSTAINABILITY

- 11.1 There is an impact on day-to day business and future programme requirements depending on the outcome of the rent consultation.

12. SWOT ANALYSIS

Strengths	Weaknesses
We have consulted with residents and advised of impact of rent levels on future works.	No rent increase will impact on income, Business Plan and planned investment.
Our rent charged compare favourably with the national and local average	We were unable to consult with tenants throughout 2020 on how they wanted their rent money spent.
Opportunities	Threats
There is an opportunity to discuss the impact of a 1.7% rent increase on our residents and affordability.	Potential local reputational damage if higher increase than EHRA members.
	Possible loss of confidence with residents if 1.7%% increase applied.

13. CONCLUSION

- 13.1 Committee is asked to note the content of this report and raise any questions with the Management Team. Committee are asked to note that we had a 13.8% return rate – slightly higher than last year. Committee are asked to approve the increase.

Appendix 1- Rent Consultation responses

1. Rent Consultation Responses

- Due to Covid restrictions, home visits and drop-in sessions were unable to take place;
- Articles in the winter newsletter and website did not attract returns by way of survey forms or online responses;
- Tenants were offered the opportunity to telephone the office and complete the rent consultation form and this resulted in one telephone enquiry to clarify a rent charge as opposed to a return;
- There were no email responses;
- All responses were received by text. 109 (13.8%) tenants responded to the survey by this method.
- 35 of the text responders did not answer both questions that were set out and it is unclear which question they were responding to. Of the 35, 7 made comments only.

a. Do you feel your rent represents value for money?

Yes – 20

No – 54

- 6.8% of the total number of properties contacted did not feel their rent represents value for money

b. Do you support this increase of inflation (0.7%) plus 1%

Yes – 10

No – 64

- 8.6% of the total number of properties contacted did not support this increase of inflation (0.7%) plus 1%

c. Of the 35 text responders who did not make it clear which question they were referring to

Yes - 10

No - 18

Comments only - 7

2. Please provide comments

- A rip off;
- The now lol xx;
- No as we are in a pandemic and me personally have been furloughed and only receiving 80% of my wage and I can only just afford the rent the now;
- Why are you increasing the rent every time rather than giving customers a fixed price that may stay at least 5 years;
- After the year we have all had to put up with, with Covid I don't think the rent should be going up;

- We don't even have a shower in a back and front door house windows are needing replaced;
- Not with the year we have had with Covid and the impact it's had!;
- How much of this goes towards wage increases and how much does it go towards housing cost;
- In this current state of affairs it's a joke;
- And I just wasted my time with my answers, as usual;
- Yet another rent increase with no additional services;
- Increasing the rent TALK about innovation kitchens bathrooms and others, for example my bathroom was not renewed why do I pay for the luxury;
- The state of close in disrepair water leaks into the house cracks on the internal walls kitchen was flooded a couple of months ago still awaiting for someone;
- I will refrain from comment.

We will respond to all of those who expressed a view in the next newsletter which will also be available online. In addition, we will contact individuals who have raised other issues.

Appendix 2

Rent Increase Comparison 2021/2022

How our Rent Increase Compares

Wellhouse has undertaken a comparison exercise with other local RSLs and has found their proposals are very mixed, with Provanhall and Blairtummock proposing a rent freeze (although Blairtummock are consulting on 2% increase on service charges), Easthall is consulting on three options being 1%, 1.5% or 1.8% uplift, Calway in consulting on range of options based on their rent harmonisation exercise of 0.5%, 1% or 2%, Gardeen are consulting on 1.5% based on CPI and Ruchazie are also consulting on 1.7% based on CPI. At the point of writing there was no response from Lochfield Park.

Our proposal, based on our Business Plan requirements, suggests that a 1.7% rent increase is required if we are to continue investment in our stock and maintaining and developing our services to tenants. This proposed increase is calculated by using the CPI (Consumer Price Index) for October of 0.7% + 1%, which is consistent with Business Plan projections.

The following table indicates how a 1.7% rent increase would affect the average monthly rent:

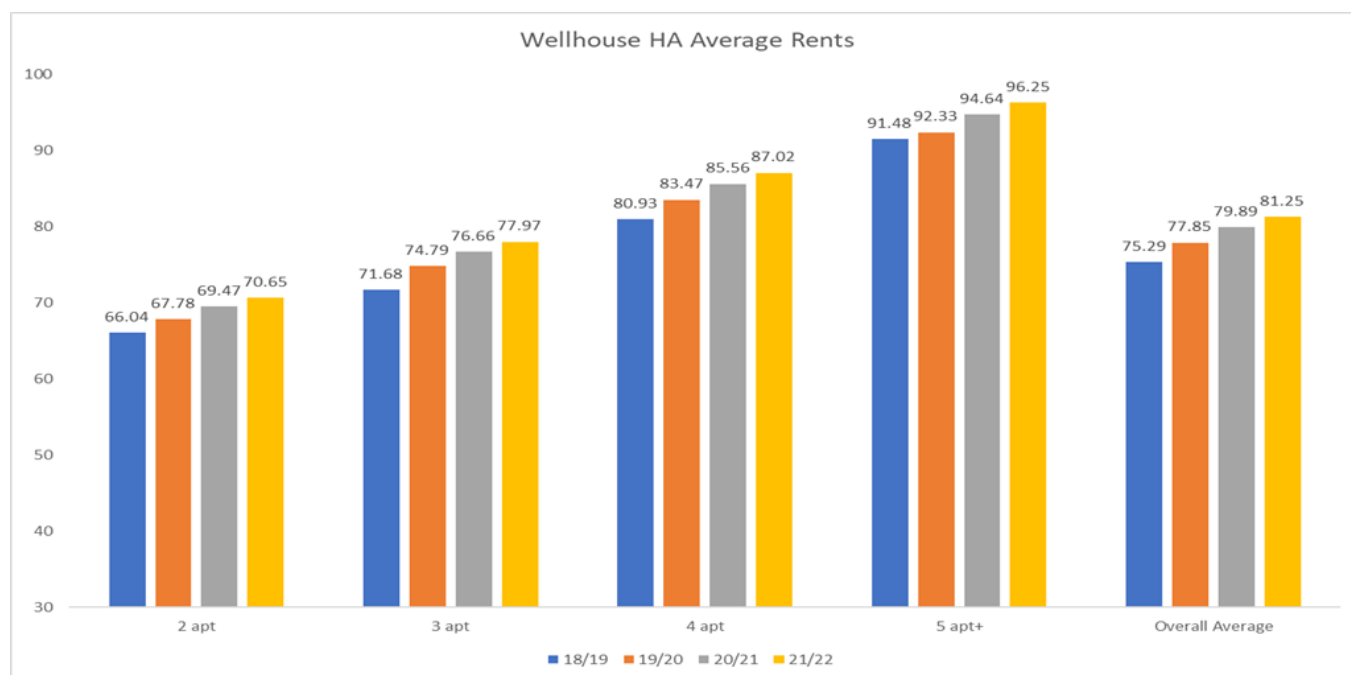
Property Size	Average Monthly Rent 2020/21	Average Monthly Rent 2021/22 (based on proposed 1.7% uplift)	Monthly Increase
2Apt	£301.03	£306.15	£5.12
3Apt	£332.21	£337.86	£5.65
4Apt	£370.76	£377.07	£6.31
5Apt+	£410.10	£417.07	£6.97

Please note that these averages are based on the range of existing monthly charges per apartment size.

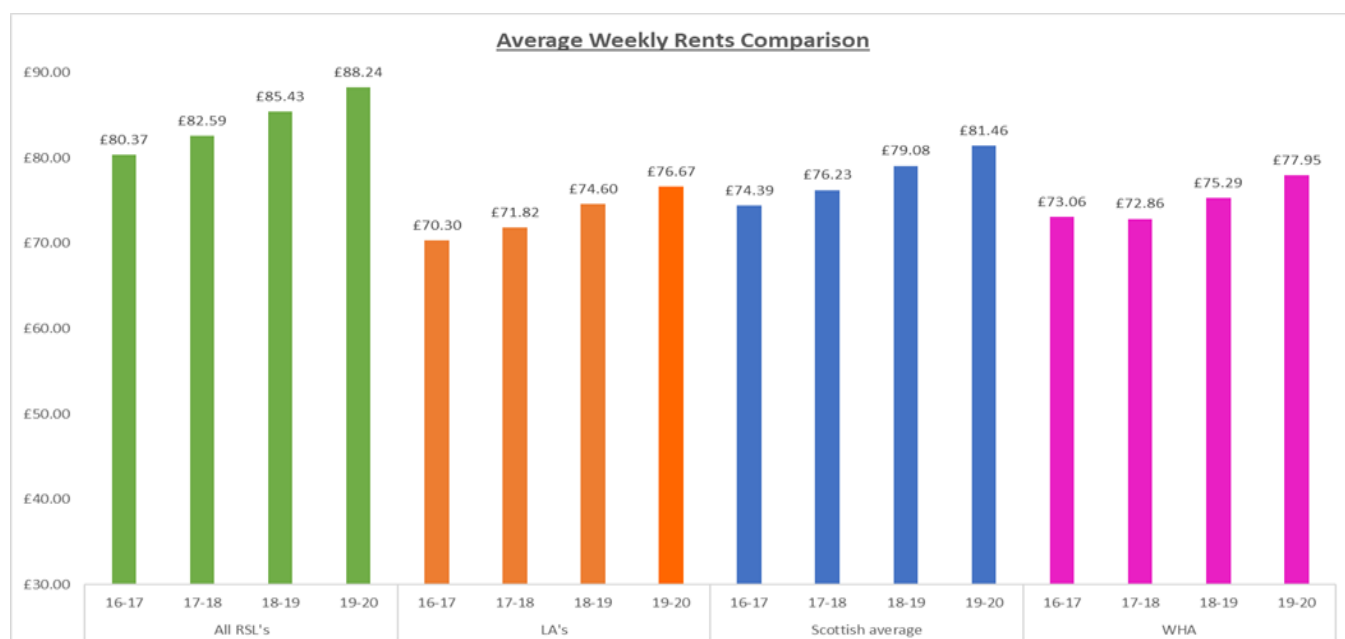
Business Plan Requirements

Implementing a 1.7% rent increase will generate an additional £56,158 of rental income and will allow Wellhouse to be able to meet all increased costs being passed on by its suppliers. Failure to do so would result in Wellhouse not being able to meet all of its obligations currently included in the Business Plan. For example; we would be unable to carry out all of the planned investment if no increase is applied.

How has the rent increased in recent years?



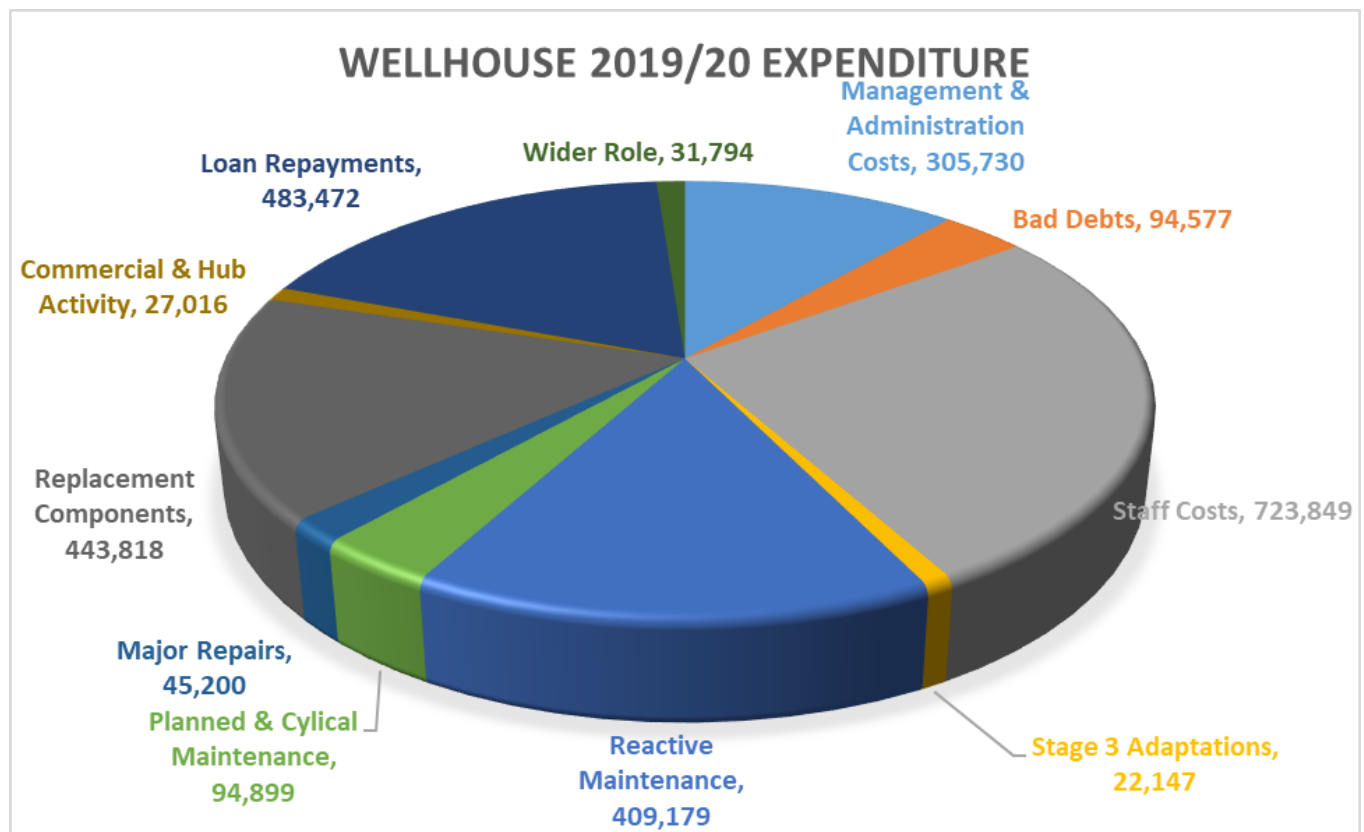
How do our rents compare?



As you can see from the above graph Wellhouse Average weekly rents (£77.95) are lower than the average of all RSL's in Scotland (£88.24) and very similar to council rents (£76.67). Overall, we are £3.51 lower than the Scottish Average. Please note 2019/20 are the latest available figures.

How did we spend our rental income for 2019/20?

Last year's expenditure is shown below.



Management Committee	28 January 2021
Agenda Item	9
Title of Paper	Operational Update Report
Author	Management Team
Appendices:	Appendix 1 Lockdown Summary Appendix 2 GCC poster

FOR INFORMATION AND DECISION

EXECUTIVE SUMMARY:

1. Director – Main Issues

1.1 ERA

Easthall Residents Association received a £1,000 grant from Wellhouse, to deliver a bicycle repair service in the Hub car park. This was due to start on 18 January, but the current lockdown has delayed it until at least mid-February. All other activity with ERA is on hold, pending COVID-19 restrictions being lifted.

1.2 Foodbank

Glasgow NE foodbank visited the Hub and are keen to use it as a distribution storage point, a foodbank outreach and office – they are in conversations with ERA as the optimum time to start this. They will cover the cost of any utilities used.

1.3 Flatpack meals

They have visited the Hub and are very keen, working with ERA, to set up flat pack meal distribution, food education classes and a community café. COVID-19 restrictions are still in place.

1.4 Tenant Christmas bonus

There was a story in Scottish Housing news in December from our colleagues in Blochairn HA <https://www.scottishhousingnews.com/article/blochairn-housing-association-gives-all-tenants-christmas-bonus>

There was email communication with committee and Director in December, when we all felt that this was not quite right for Wellhouse (in this example, I am assuming 288 tenants = £21,600 paid out to tenants, plus £1,000 in other prizes, plus £10 to all over 60's and under 16's) however, we felt that a discussion around an incentive of some sort to reward a tenant who manage their tenancies and be good neighbour was worth discussing. Tonight's meeting is to open that discussion and for committee to ask staff to explore other models and report back in due course.

Trust Honesty Integrity Excellence Accountability Sustainability

1.5 Pantry

Customers pay £2.50 and can purchase £15.00 worth of food, more than one £2.50 can be paid. A meeting took place with the Director and councillors Ballantyne and Morgan on 15 January. Headline notes are:

- The number of pantries is limited, due mainly to accessing the food donations, so they are not looking to set one up at this time in Wellhouse;
- The bus goes every Friday to Ruchazie: door to door and free but maybe residents would prefer/ be more used to Parkhead and we could change that? We could consult;
- For people in crises – could Wellhouse HA donate the initial £2.50 for the residents? £2.50, gets you £15 worth of food;
- When the funding for the free bus comes up for renewal, perhaps we could also make a donation – assuming our residents use it.

I recommend that we should do as much as we can to support and promote. I recommend the establishment of a modest (e.g., £500) crises fund that Laura Reilly, Income Advice Officer, can access for the initial £2.50 payments and that the Pantry contact us with a financial ask for the bus and that it is considered on its merits in due course (assumed to be early summer).

1.6 Lockdown summary

We are effectively in tight lockdown restrictions; therefore, we are back to emergency repairs, health & safety repairs and homeless prevention/ allocation work only and home working remains in place (this has been tightened up too).

2. Housing & Customer Services Manager – Main Issues

- The collection of rent arrears continues to be a priority and an update is included in a separate report;
- The Officers are continuing to allocate properties and conduct viewings in accordance with legislation and risk assessments;
- Consultation on the proposed rent increase, as well as the Factoring Policy, has been prepared, collated and concluded and both are discussed separately on the agenda;
- We have been preparing for staff team changes which is also the subject of a separate report;
- The Income Advice Officer continues to support tenants by providing benefit advice and offering claim support as well as supporting the Housing Officer with arrears cases and providing Universal Credit early intervention support for new claims. Numbers of UC claims are continuing to increase;

- She continues to process crisis support request including fuel poverty funding, foodbank vouchers and digital support;
- The successful bid for £500 funding from the WeeG has been spent. The Estate Wardens delivered 68 boxes of biscuits to elderly tenants prior to Christmas. Due to lockdown, the remaining gifts for children will be distributed when it is safe to do so.
- Housing Officers have attended legal training sessions on allocations and successions to tenancies;
- Staff are completing the annual appraisal process.

3. Assets & Maintenance Manager – Main Issues

- Estate Services the Team carried out what should be the last cut of the grass for this season we are working to update the winter back court maintenance program. The Team will be looking at areas for small projects which can improve the area once identified we will cost and consult with the Housing Team,
- Bulk is still an issue, GCC have issued further information via their website , the attached poster has been put up in each close to alert tenants to the changes.
- Stage 3 Adaptations, to date we have claimed back £38,762.79 we have one new referral which is programmed in for just after the New Year , once this is completed, we will have spent our original £25,000 and the additional £20,000 , the average length to complete an adaptation since the end of lock down is 34 Days the overall time is sitting at 111 days currently.
- We are still direct issuing repairs to cut down on the need for any inspections asking tenants to send in photos to help diagnose any repairs. There is more time being spent on voids as well due to the need for coordinating the trades also continuing issues with the Utility Company's on getting meters reset or replaced. The recent Level 4 restrictions meant only emergency repairs could be carried out.
- Newhills shop units, 4 tender returns have come back with costs of £41,725, £43,970, £49,180 and £65,675 these are plus VAT and are still to be checked by the consultant.
- Gas servicing, we are still experiencing an increase in the number of services that are going to forced access, on average 4 a week over the last few months, more staff time and resources are being spent on arranging access for the servicing with tenants in an attempt to stop them going to forced access.
- Window and Door contract - this has gone out for pricing through the Scottish Procurement Alliance, we have heard that there are currently issues with raw materials being available to manufacture the windows and doors, this and Brexit may have an impact on the time frame for this contract which may also have an impact on what we can deliver programme wise; as well as impacting on budgets over the next few years due to the value of the project. There is also the issue of Contractor availability once we can get on site due to everyone being in the same situation.

- **Budgets 20-21**, the Boiler, Kitchen and Bathroom programmes these have been surveyed but installations have been delayed due to the recent moves to Level 4 and the recent move to full Lockdown. We had hoped to be onsite with the windows and door contract to achieve some spend this year but depending on the issues mentioned above this is looking less likely for both the kitchens, bathrooms, boilers as well window/door contracts.
- **Budget 21/22** due to possible issues with delivering works due to Covid and Brexit we would like to come back to the Committee within 6 months of the new Financial Year starting with a revised budget for approval and discussion once we have a better idea of what the situation is.

Covid protection level	0	1	2	3	4	Lockdown 2
Full time customer service team service	Yes	Yes	No	No	No	No
Office open to the public	Yes	Yes	Exceptional circumstances: Appointment only	Exceptional circumstances: Appointment only	No	No
Office open to staff	Yes	Where cannot carry out function at home or other welfare reason	Where cannot carry out function at home or other welfare reason	Where cannot carry out function at home or other welfare reason	Where cannot carry out function at home or other welfare reason. Working from the office discouraged.	Where cannot carry out function at home or other welfare reason. Working from the office strongly discouraged. Staff should only attend the office to do work that cannot be done at home. Staff should leave after their task/shift.
Staff using public transport to travel to work	Yes	Yes	Yes	Yes	Yes. If staff are struggling to get to work on time because of public transport scheduling changes transport will be provided.	Yes. If staff are struggling to get to work on time because of public transport scheduling changes transport will be provided.
Shielding staff working outside of their home	Yes	Yes	Yes	Yes	No	No
Estate/close inspections and external property inspections	Yes	Yes	Yes	Yes	Yes	External property inspections to continue. Routine close inspections to stop apart from key closes where there is a known issue. Other close inspections to be reactive only. Close hygiene services to continue.
Allocations - general	Yes	Yes	Yes	Yes	Yes	Yes
Allocations – mutual exchanges	Yes	Yes	Yes	Yes	No unless already started	No unless already started or exceptional housing need.
Allocations - transfers	Yes	Yes	Yes	Yes	Yes	No aspirational transfer allocations apart from by exception.
Tenancy management home visits	Yes - all	Yes - all	Where more impact in person	Transfers ASB (where outside visits possible) Rent arrears (carding only) Other emergency/exceptional situations	Transfers ASB (where outside visits possible) Rent arrears (carding only) Other emergency/exceptional situations	ASB: will be dealt with by telephone calls, advice, support, letters and police liaison. Rent arrears : communication will be by text, telephone calls, letters and email. Other emergency/exceptional situations. Transfer inspections to be completely virtually where possible. No in person transfer inspections except in exceptional circumstances, e.g. extreme housing need.
Other home visits	Yes	Virtual first – only where in person inspection required	Virtual first – only where in person inspection required	Virtual first – only where in person inspection required	Virtual first – only where in person inspection absolutely necessary	Virtual first – only where in person inspection absolutely necessary
Maintenance – repairs inside customers' homes	Yes	Yes	Yes	Yes	Not very minor repairs. Continue to attend water penetration, lock changes, electricity tripping.	Not minor repairs. Continue to attend water penetration, lock changes, electricity tripping.
Emergency repairs	Yes	Yes	Yes	Yes	Yes	Yes
Non-emergency repairs	Yes	Yes	Yes	Yes	Not very minor repairs, e.g. fix single socket	Using the new repairs classifications – emergency and urgent to continue. Routine to stop.
Gas forced access	Yes (unless isolating or symptomatic)	Yes (unless isolating or symptomatic)	Yes (unless isolating or symptomatic)	Yes (unless isolating or symptomatic)	Yes (unless isolating or symptomatic)	Yes (unless isolating or symptomatic)
Investment works	Yes	Yes	Yes	Yes	Not internal work unless H and S.	Not internal work unless H and S. Cumloden windows and doors contract to stop.

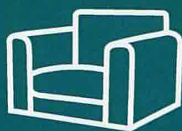
<https://www.gov.scot/publications/covid-19-scotlands-strategic-framework/> for more information

Customer Opinion Panel/tenants' groups meetings	Yes	Where social distancing possible	Remote only	Remote only	Remote only	Remote only
Management Committee and sub committee meetings	Yes	Where social distancing possible	Remote only	Remote only	Remote only	Remote only
New build sites	Yes	Yes	Yes	Yes	Yes	Yes
Environmental services (close cleaning and landscaping)	Yes	Yes	Yes	Yes	Yes	Yes
Cyclical health and safety checks	Yes	Yes	Yes	Yes	Yes	Yes, apart from cyclical electrical checks and smoke alarm installations which will stop.
Community regeneration activities	Yes	Where social distancing possible or involving children	Where social distancing possible or involving children	Where social distancing possible or involving children	No	No. Further guidance to be taken at all stages from ERA

GOT BULKY WASTE?



ELECTRICAL



FURNITURE



WOOD



SCRAP METAL



MATTRESSES



CARDBOARD



CARPETS

PLEASE DO NOT PLACE BULK ITEMS ON THE PAVEMENT OR LANE

TO REQUEST A BULKY WASTE COLLECTION
use the **MyGlasgow App** or visit our web page
www.glasgow.gov.uk/bulkywaste

RECYCLE IT – Your local household waste recycling centres are:

North West:

Dawsholm Recycling Centre
75 Dawsholm Road
G20 0TB

East:

Easter Queenslie
Recycling Centre
90 Easter Queenslie Road
G33 4UL

South:

Polmadie Recycling Centre
425 Polmadie Road
G42 0PJ

South West:

Shieldhall Recycling Centre
Renfrew Road
G51

OLD BULK INFORMATION – Please disregard any bulk posters that may still be placed
inside the close entrance of your property.

**BULK WASTE LEFT ON THE PAVEMENT OR IN YOUR LANE CAN CAUSE
DANGER TO THE PUBLIC AND MAY RESULT IN ENFORCEMENT ACTION
BEING TAKEN AGAINST THE OWNERS.**

December 2020

 **recycle for Scotland**

