

**WELLHOUSE HOUSING ASSOCIATION  
MINUTES OF THE COMMITTEE MEETING HELD ON 27 AUGUST 2020  
AT 11AM - VIA ZOOM**

**1. Welcome, Sederunt & Apologies.**

**Present:**

|                  |                  |
|------------------|------------------|
| Darron Brown     | Chair            |
| Maureen Morris   | Vice-Chair       |
| Jane Heppenstall | Committee Member |
| Clare Monteith   | Committee member |
| Michelle Harrow  | Committee Member |
| Shona McKenna    | Co-optee         |

**In Attendance:**

|                         |                                      |
|-------------------------|--------------------------------------|
| Martin Wilkie-McFarlane | Director                             |
| Gordon Kerr             | Finance & Corporate Services Manager |
| Carol Hamilton          | Housing & Customer Services Manager  |
| Bill Black              | Assets & Maintenance Manager         |
| Linda Logan             | Minute taker                         |
| Linda Ewart             | Consultant, Item 2 only              |
| Nneamaka Ochuba         | Scott Moncrieff, item 4 only         |

**Apologies:**

|                 |                  |
|-----------------|------------------|
| Sarah Morris    | Committee Member |
| Carol Torrie    | Co-optee         |
| Michelle Harrow | Committee Member |
| Shona McKenna   | Co-optee         |

The Chair welcomed Nneamaka Ochuba (Scott Moncrieff) to the meeting.

**2. Committee Appraisals/Succession and Development Plan.**

Linda Ewart discussed the committees annual review outcomes and the succession/development plan with committee in closed session. Staff were not in attendance for this part of the meeting. The Chair will advise of actions arising.

Linda Ewart left the meeting at this time.

**3. Declarations of Interest.**

There were no declarations of interest.

**4. Draft Annual Statutory Accounts Report**

Nneamaka Ochuba, Scott Moncrieff presented the report to consider the annual financial statements, the management letter from the external auditors and to seek approval of the Association's response to the management letter. She highlighted that the audit had been completed remotely. She thanked the finance team for assistance and co-operation during this process.

She asked committee to note the statement of financial controls at page 35 which confirms their opinion that the financial statements give a true and fair view of the Association's affairs at 31 March 2020 and have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

She took committee through the Statement of Comprehensive Income which shows a slight increase in operating expenditure, a slight increase in interest receivable and no movement on fair value of commercial due to no valuation being required this year. A healthy surplus for the year of £846,379 was achieved, a slight decrease on last year, further detailed information was provided on these variances in the Audit Management Report. Other comprehensive income records a large actuarial gain of £309,542 in respect of the defined benefits scheme. She provided an explanation on the asset value provided by the pension scheme which is based on market assumptions. She highlighted that Wellhouse had a small asset of £12,000 however given advice taken from the Scottish Housing Regulator we are expecting a large loss again next year, as such, a zero-value closing balance showing no liability and no asset has been recognised. Total comprehensive income for the year was £1,155,903.

She took committee through the changes in Capital and Reserves which provided a closing balance as at 31 March 2020 of £6.5M. She highlighted the Statement of Financial position on page 40 providing an overview of the total assets less current liabilities. The Cash Flow Statement at page 41 indicated that cash balance has increased by £250,000 which was in the main due to savings from planned renewals programmes and operational surpluses. She highlighted the notes to the financial statements which provided comprehensive detail for the year ended 31 March 2020.

#### **Audit Management Report:**

Nneamaka confirmed that the audit conclusion identified no issues affecting the Association's ability to continue as a going concern. They agreed with the Management Committee's conclusion that the impact of Covid-19 should not significantly affect the going concern of the Association and that the disclosures in the financial statement of this was appropriate. They did not identify any subsequent events which required amendments or disclosures to be made in the financial statements. The report had been discussed with the Director and the Finance Manager.

She discussed audit risk areas identified at the planning stage and provided an overview of the audit findings. They were satisfied that all necessary adjustments had been correctly recorded in the financial statements and had gained assurance in respect of the mitigation of this risk.

She asked committee to note 4 Audit Adjustments where the effect on the Total Comprehensive Income was a decrease of £12,475 which were in the main due to the pension adjustment and other small disposal of assets during the year. There were 3 unadjusted items where the effect on Total Comprehensive Income resulted in a decrease of £7,624. It had been agreed with the Finance Manager that these amounts were not material and thus had not been incorporated into the financial statements.

Nneamaka confirmed that they did not identify any issues in relation to fraud or irregularity as at page 74 of the report nor did they identify any instances of concern with regards to the legality of transactions or events.

She provided a detailed review of financial performance from the Statement of Comprehensive Income as detailed at page 75 of the report.

She highlighted one observation per review of purchase invoices being posted to the nominal ledger, it was identified that invoices had been incorrectly posted into the wrong period. An audit adjustment was raised in the current year for invoices posted to the incorrect period.

The Finance Manager asked committee to note that we take a more pragmatic approach with invoices and relevant periods particularly at year end. He noted our approach to post them directly into the correct period as opposed to positing them into the “incorrect” period which is consistent with the date of the invoice but not consistent with the period which the expenditure relates. He stated that this other approach results in several adjustments having to be made to ensure the invoice amount is finally charged to the correct period and he considers there is more risk of human error with this approach.

#### **Letter of Representation:**

Nneamaka noted that the Letter of Representation was to allow the Management Committee to declare in writing that the financial statements and other presentations to the auditors are sufficient and appropriate and without omission of material facts to the best of the Management Committees knowledge. She asked committee to note one small change this year at number 5 in relation to the impact of Covid-19.

#### **Scottish Housing Regulator AFS on-line Return:**

The Finance Manager stated that the AFS Return was a regulatory requirement designed to collate selected information from the annual audited financial statements of RSLs in Scotland. He sought delegated authority to proceed to submit the AFS On-line Return to SHR once the Financial Statements have been approved.

#### **FCA Annual Return:**

The Finance Manager sought delegated authority to submit the FCA Annual Return by the specified deadline of 31 October 2020 once the Financial Statements have been approved. The Director will sign the return for submission.

Committee were asked if they had any queries to the audited accounts.

Committee thanked Nneamaka for her detailed and comprehensive presentation stating that it had provided a clear understanding of the accounts.

The Director asked committee to note two typographical errors. At page 26 – point 3.2 early 2021 should read early 2020 and will be amended. He sought clarification from Nneamaka that due current remote working, if an authorised scanned signature could be used for the audited accounts. She confirmed that she a scanned signature could be used at this time, however, when possible an actual signed copy would be required.

The following adjustments were noted within the accounts:

Carol Torrie’s name was not listed on page 21, this will be amended;  
Darron Browns name was incorrectly spelt on the Balance Sheet and will be amended  
Page 92 - the number of members will be amended to read 8 rather than 7 as stated.

#### **Resolution:**

##### **Committee;**

1. The Management Committee considered and approved the annual financial statements for the year to 31 March 2020.

**Maureen Morris proposed and Jane Heppenstall seconded the annual financial statement for the year to 31 March 2020.**

**Members who had been unable to attend the meeting had been asked to approve the annual financial statements via email. These are attached at appendix 1 of the minute for clarify.**

2. Committee considered and approved the Audit Management Letter/Report from the external auditors in respect of their audit of financial statements to 31 March 2020 and the Association's response to the Audit Management Letter/Report.

**Jane Heppenstall proposed and Clare Monteith seconded the Audit Management Letter/Report and the Association's response to such.**

3. The Management Committee agreed the contents of Letter of Representation, signed version of which will be issued to the external auditors.

**Maureen Morris proposed and Clare Monteith proposed the contents of the Letter of Representation.**

4. The Management committee that the Finance Manager should proceed to submit the to submit the AFS On-line Return to SHR.

**Submission of the AFS On-line Return to the SHR was proposed by Jane Heppenstall and seconded by Clare Monteith.**

5. Committee approved that the Finance Manager submits the FCA Annual Return by the specified deadline of 31 October 2020.

**Maureen Morris proposed and Jane Heppenstall seconded submission of the FCA Annual Return by the specified deadline of 31 October 2020.**

Nneamaka Ochuba left the meeting at this time.

## **5. 30 Year Financial Projections.**

The Finance Manager presented the report to provide committee members with detail of the projected financial position of the Association over the medium and long term.

He highlighted that the setting of the long-term projections forms part of the annual business planning cycle which reflects the Associations current business/operational and longer-term plans. The Financial Projections will include the 5-year annual projections and will be reported and submitted to the Scottish Housing Regulator and sent to Wellhouse lenders to comply with financial covenant requirements. He noted that the submission had been postponed by approximately 4 months by the SHR due to the uncertainty during the Covid pandemic. A new life cycle costing model has been included for all life cyclical maintenance and replacement components and will reflect current prices and feedback from our contractors to reflect the impact they have advised.

Year 1 is based upon the approved 20/21 budget, however, because the life cycle costing is more up to date any additional spend has been delayed to year two. He highlighted that a fuller review of the budget

will be completed and due to the current situation, we may need to revisit the budget to explore any significant changes which would be reflected in the 30-year plan.

External factors such as inflation and interest rates are supplied by the RBS business planning. He highlighted that the Association use their acceptable assumptions model for long term planning and had been used during the business planning process in May. The Finance Manager has had further discussion with the business planning department to ascertain if there would be significant changes to assumptions. Feedback from the RBS had been that they were no long-term changes due to the Covid-19 pandemic.

He led the committee through the Assumptions and Cash Flow over the period and outlined variances

He asked committee to note the following assumptions;

Inflation levels had been assumed at 2% for the 30-year term and include a rent increase as per the 20/21 budget and assumes a rental increase of 1% above inflation for years 2 until 8. Year 9 onwards assumes inflation only rent increase.

Void losses have averaged 0.4% over the last 3-4 years and the model assumes an annual increase to the void losses until it reaches 1.5% in year 4. Real planned maintenance costs increase at 0.5 above CPI for the full plan period.

The current staff structure mains in place for the full 30-year term.

LIBOR rates increase annually up to a maximum to 3.5% by year 4. These rates are consistent with RBS Housing Finance Base Case assumptions.

Surpluses will be generated annually over the 30-year period. The cash position starts at just over £2M. There are surpluses made each year as the cash balance rises steadily until year 14. He highlighted that between years 15 and 23 that there were a few cash deficits however these are the years where there is there is expected to be considerable investment in stock with a large amount being spent on replacement components.

There are no issues with lender covenant compliance being achieved comfortably apart from Year 1, which only just managed to achieve interest cover. This was discussed at great length by the management committee when the 20/21 budget was being approved.

He asked committee if they had any questions regarding the assumptions as outlined within the report.

#### **Resolution:**

Committee noted and approved the 30-year projections.

**Maureen Morris proposed and Jane Heppenstall seconded the 30-year projections.**

Committee granted authority for the Finance Manager to electronically submit the approve figures to the SHR in their 5-year financial projections format.

**Clare Monteith proposed and Maureen Morris seconded submission of the 5-year financial projections to the SHR.**

## 6. Operational Update:

### Director:

#### Development:

The Director noted that we have now completed the buy back of the home in Bartiebeith Road. The Government Grant has been received. He asked committee to note that the property had been allocated to a homeless application which had been a condition of the grant.

#### Remote Working:

He noted the next stage of permitted office work of 14 September had been further delayed: in all likelihood by 6 weeks. He will continue to monitor and feedback as required. It is expected that home working will remain the preference of the Government.

#### SGM/AGM:

The Director asked committee note that the SGM will be held before the AGM to adopted the Model Rules. Early notification and confirmation of attendance and nomination forms have been sent to the membership. There will be no shareholder participation this year and the event will be held via Zoom and a dial in connection to listen to the meeting.

#### Communications:

The Director highlighted very positive comments and feedback on the financial gains article. The article re digital inclusion had been picked up by Third Force News. A further article is planned relating to our budgeted 1.1M investment in stock.

#### Housing & Customer Services Manager:

The Housing Manager stated the Housing Officer continue to offer support to tenants and monitoring rental income by contacting tents re: missed payment and assisting for Universal Credit.

Neighbour disputes and complaints in relation to refuse collection continue to increase. Glasgow City Council have been supportive in proving solutions for estate management issues.

The Community Wellbeing Fund has supported 15 household with food parcels and a further 35 tenants with fuel top-ups.

The Income Advisor is in the process of distribution of the payment awarded by the Supporting Communities Fund to support the community with digital assistance. To date 4 mobile phones have been purchased and 20 tablets supplied.

The normal allocation process has restarted. 3 properties were successfully offered, viewed and accepted in July.

#### Eviction:

The Housing Manager informed committee that the proposed eviction had been cancelled. Shelter has assisted and applied to 4 different organisation to offer support to the family which has managed to clear their arrears. In addition, they have set up a support plan for them with Loretto Care. Shelter has written to us to express their appreciation to the Housing Association.

Clare Monteith sought clarification if the anti-social aspect of the tenancy would be monitored. Carol highlighted that we were only given permission by the family to discuss the financial aspect. Carol has asked the Housing Officers to liaise with Loretto Care to monitor the anti-social behaviour.

The Chair sought clarification if there was a timeframe in which lenders could keep the tablets and was there a protocol in place for damage or non-returning of the tablets.

Carol considered that the timeframe may be for 1 month and if the tablet was not returned, we would switch off the data. She will clarify further information on the protocol and forward to committee for information.

**Assets and Maintenance Manager:**

The Maintenance Manager informed committee that gas servicing is continuing and we have caught up with all servicing following the end of shielding on 31 July 2020. The last outstanding service was carried out on 7 August.

We have fully committed our £25,00 for stage 3 adaptations on referrals received, GCC have been approached and asked for more funding.

**Finance Manager:**

The Finance Manager provided a brief summary of the ongoing day to day operational activity of the finance section. He asked committee to note the results of two recent internal audits in relation to development and the business planning. He was pleased to report that both audits had received a Strong recommendation.

**FOI Request**

He highlighted that we had calculated the cost to be levied for the gathering of the information for the recent FOI Request. The applicant had been contacted with the charge and we have had no reply from him.

**7. AOCB**

**Arrear update/Policy update.**

Committee noted the arrears update as provided by the Director under separate cover. Minor updates to the Rent Management Policy were noted and committee approved adoption of the policy for a further 3 years.

**Maureen Morris proposed and Jane Heppenstall seconded the Rent Management Policy for a further 3 years.**

**There was no further business. Meeting closed 1:30PM. Next meeting: SGM/AGM – 23 September 2020**

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

Signed (Chair) .....

Date:.....

**Appendix 1.****Email agreement for the Draft Statutory Accounts as presented on 27 August 2020**

**From:** Shona Redmond <redmond.shona@yahoo.co.uk>

**Sent:** 28 August 2020 11:08

**To:** Sarah Morris <sarahlmorris98@gmail.com>

**Cc:** Linda Logan <Linda@wellhouseha.org.uk>; Michelle Harrow <michelleharrow@icloud.com>; Carol Torrie <caroljtorrie1978@gmail.com>

**Subject:** Re: Draft Annual Statutory Accounts

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi

Yes happy to approve

Cheers

Shona

**From:** Sarah Morris <sarahlmorris98@gmail.com>

**Sent:** 27 August 2020 22:42

**To:** Linda Logan <Linda@wellhouseha.org.uk>

**Cc:** Shona McKenna <redmond.shona@yahoo.co.uk>; Michelle Harrow <michelleharrow@icloud.com>; Carol Torrie <caroljtorrie1978@gmail.com>

**Subject:** Re: Draft Annual Statutory Accounts

Hi Linda

Yes happy to approve

Thanks

Sarah

**From:** Carol Torrie <caroljtorrie1978@gmail.com>

**Sent:** 27 August 2020 22:26

**To:** Linda Logan <Linda@wellhouseha.org.uk>

**Cc:** Shona McKenna <redmond.shona@yahoo.co.uk>; Michelle Harrow <michelleharrow@icloud.com>; Sarah Morris <sarahlmorris98@gmail.com>

**Subject:** Re: Draft Annual Statutory Accounts

Hi Linda

Yeah I approve of this

Thanks carol

Sent from my iPhone