

**WELLHOUSE HOUSING ASSOCIATION
MINUTES OF THE COMMITTEE MEETING HELD
ON 30 August 2023 AT 6PM – via Teams and in house**

1. Welcome, Sederunt & Apologies

Present:

Maureen Morris	Chair
Gordon Kerr	Committee Member
Helen Lafferty	Committee Member
Anna Dukova	Casual Member
Jane Heppenstall	Committee Member

In Attendance:

Martin Wilkie-McFarlane	Director
Bill Black	Assets & Maintenance Manager
Robert Murray	Finance & Corporate Services Manager
Linda Logan	Minutes
James McBride	External Auditor, Azets (Item 5 only)

Apologies:

Darron Brown	Vice Chair
Leeann Brown	Co-optee

Absent:

Michelle Harrow	Committee Member
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2. Minutes of the Committee Meeting of 28 June 2023.

Committee approved the minutes of the committee meeting of 28 June 2023 as a true and accurate record of the proceedings.

Gordon Kerr proposed and Helen Lafferty seconded the minutes of 28 June 2023.

3. Jargon Buster

Noted for information.

4. Declarations of Interest

There were no declarations of interest.

5. Matters arising and actions from the minutes report.

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

6. Audited Accounts to 31 March 2023 and Letter of Representation.

The Chair welcomed James McBride, Azets to the meeting.

James noted that the financial statements were in a consistent format with no significant changes to financial reporting. He highlighted that pages 1-9 present the Management Committees Report which records our

strategic objectives and values etc. to provide the reader with an understanding of our achievements during the year and the challenges ahead. He drew committees' attention to the statutory requirement to prepare a Statement of the Management Committee's Responsibilities as outlined at page 7. Page 8 noted the Statement of Internal Financial Controls and formal policies and procedures. It confirms that the management committee has reviewed the effectiveness of internal financial controls, as required by the Scottish Housing Regulator and confirms that there were no material weaknesses identified for the year ended 31 March 2023. Disclosure of Information to the auditor was noted at page 9, with pages 10 – 15 confirming that the financial statements show a true and fair view of the financial performance and reflects the financial position in terms of the assets and liabilities of the Association..

Key highlights within the Statement of Comprehensive Income reflected turnover up £146K to £4.1M largely due to the rent increase and an increase in revenue grants. £800K spend on reactive, planned and cyclical maintenance during the year and a surplus for the year of £434K.

He took committee through and provided an explanation on the actuarial loss in respect of the pension scheme. Total comprehensive income for the year was £346,595.

The Statement of Financial position shows £3.1M in cash reserves, creditors included £7.4M of loans to be repaid and net assets of £8.1M. James noted that housing properties fell £520,000 during the year, resulting from a £1.1M depreciation charge less component charges of £671K. He highlighted total creditors stand at £22M however it was important to note that within this figure £14.1M is deferred Government Capital Grant which is grant funding received in the past to build new units and is held on the Statement of Financial position as a liability and released to income over the life of the asset.

He took committee through the Statement of Cash Flow generated from investing/ outflow activities and provided an explanation of the net cash position at year end.

James confirmed that the audit conclusion identified no issues affecting the Association's ability to continue as a going concern. They did not identify any subsequent events which required amendments or disclosures to be made in the financial statements.

He discussed audit risk areas identified at the planning stage and provided an overview of the audit findings.

He asked committee to note the 6 Audit Adjustments as outlined at appendix 1 and the uncorrected misstatement which were not considered material at appendix 2.

James confirmed that they did not identify any issues in relation to fraud or irregularity nor did they identify any instances of concern with regards to the legality of transactions or events.

He highlighted one observation in the review of purchase invoices not being posted as per the invoice date, it was identified that invoices had been incorrectly posted into the wrong period.

Letter of Representation:

James 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.

There were no queries from committee.

James sought clarification from the committee and the management team that there were no post balance sheet events that should be disclosed, amendments required to the financial statements and to confirm audit finding that we continue to be a going concern.

Committee confirmed this.

Resolution:

Committee;

Considered and approved the annual financial statements for the year to 31 March 2023.

Considered the Audit Management Letter/Report from the external auditors in respect of their audit of financial statements to 31 March 2023.

Agreed the Association's response to the Audit Management Letter/Report.

Agreed the contents of Letter of Representation, signed version of which to be issued to the external auditors.

Agreed that the Finance Manager should proceed to submit the AFS On-line Return to SHR once the Financial Statements have been approved.

Agreed that the Finance & Corporate Services Manager submit the FCA Annual Return by the specified deadline of 30 September 2023 once the Financial Statements have been approved.

The aforementioned resolutions were proposed by Jane Heppenstall and seconded by Gordon Kerr.

7. Management Accounts – 30 June 2023.

The Finance Manager presented the report to provide members with a comparison of the budget and actual financial positions as at 30 June 2023.

He noted an overall favourable variance of £115,572 arising from:

Operational activities – favourable variance of £128,254

Net interest and other activities – adverse variance of £12,682

Income:

The Finance Manager noted an adverse variance of £14,234 on stage 3 medical adaptation grant income. Claims for the 1st quarter have now been submitted and we are waiting on approval for additional funding given the level of spend to date for adaptations.

Expenditure:

He advised an underspend of £11,237 for management and maintenance admin against budget mainly due to staff being recruited at a lower pay scale. There was also a provision for long-term sickness or maternity cover which had not been used and for additional cost for handover if a new director had been appointed.

He reported an underspend of £130,268 against budget over all areas of maintenance and provided an explanation with regards the reactive/cyclical and the major and planned renewals programme.

Cash flow report:

Overall, the cash flow output report showed a deficit of £150,235 as opposed to a surplus of £185.428 in SOCI.

There were no covenant compliance issues.

Resolution:

Committee approved the management accounts to 30 June 2023.

The Management Accounts to 30 June 2023 were proposed by Gordon Kerr and seconded by Jane Heppenstall

8. Rent Arrears update.

The Director reported on behalf of the Housing Manager. He noted an improving position in gross current tenant rent arrears which had decreased by £33,147 to £285,640. The collection rate is 99.07%. He asked the committee to note the performance of current tenant arrears at appendix 2 of the report.

Committee noted the rent arrears update.

9. KPI Report

The Director reported on behalf of the Housing Manager. He noted concern with relet times, which had decreased markedly to 27.4 days however performance remains above our 25 day target. Property condition and metering issues continue to impact on our performance.

He discussed the decrease in satisfaction rates which the Consultant believes reflects the impacts of a range of financial pressures on tenants. Benchmarking against our peers confirms that they are experiencing similar decreases in satisfaction.

The Maintenance Manager highlighted the increased dissatisfaction rate for adaptations. He noted that we had had several complex adaptations with multiple works, including properties that were carried over from the last year and completed during this financial year.

Committee noted the KPI report.

10. Arrears Strategy.

The Director reported on behalf of the Housing Manager. He noted that the focus of the arrears strategy was to address rent arrears cases of £1,000 and implement a comprehensive approach to minimise arrears. He noted 42 cases of tenants with rent arrears of £2,000+ which equate to £126,755.

Resolution:

Committee approved the Arrears Strategy for adoption.

The Arrears Strategy was proposed by Jane Heppenstall and seconded by Helen Lafferty.

11. HUB Asset Management Software.

The Maintenance Manager presented the report to outline our approach to purchasing for 3 years the software to carry out stock condition surveys (SCS). He outlined the Scottish Housing Regulator requirement that housing associations carry out a SCS and the recommended practice of such. He provided an overview of the recommendation to purchase the HUB Asset Management software. He advised that he had spoken to several other housing associations who currently utilise the programme to carry out their own surveys. They had noted it to be a powerful, user-friendly tool with good backup support provided from a locally based company. He stated that reporting and financial modelling within the programme would make it ideal for Wellhouse due to the nature of our replacement programme being fragmented, in the main due to the rent arrears policy which requires them to move kitchens/bathrooms around rather than a normal phased approach.

He proposed that we purchase the Hub Asset Management software for a period of 3 years at a cost of £7,933.88 + VAT per annum, total cost £23,816.64 + VAT over the 3 years. He noted the proposal document included for further information.

Resolution:

Committee

Approved the plan and the total cost of £23,816.64 + VAT over the 3years.

Instructed the Assets & Maintenance Manger to bring regular progress reports to the committee.

Approval of the plan and the total cost of £23,816.64 + VAT was proposed by Anna Dukova and seconded by Jane Heppenstall.

12. Policy Review.

The Governance Officer provided an overview of the reviewed Grievance, Stress Management, Disciplinary, Equality & Diversity (HR and Housing) policies for approval. The policies will be reviewed 3 – 5 yearly with amendments being made as appropriate.

Resolution:

Committee approved the aforementioned policies.

Jane Heppenstall proposed and Gordon Kerr seconded the policies.

13. Operational Update

The Chair noted she would discuss the issue of minutes and reports at the next EHRA senior officers meeting.

The Finance Manager advised that laptops had been received and were with Hiper for configuration. They will provide detailed information on how to access laptops and provide Wellhouse emails to the committee.

Committee noted the information provided within the operational update and the Hub activities update as provided by Easthall Residents.

14. AGM/Election arrangements

The Governance Officer presented the report to outline our AGM arrangements and asked committee to note who would stand down and seek re-election at the AGM on 27 September 2023.

Committee noted the contents of the report.

15. AOCB

There was no other business. Meeting closed 8:00PM
Next Meeting, 25 October 2023.