

YORKHILL HOUSING ASSOCIATION LTD

Minutes of Virtual Management Committee meeting held on Thursday 20th August 2020 via Zoom at 6pm

Present: M Green (Chair), R Winning, C Armstrong, J Sullivan, B Docherty, M Harris, N McPherson, Y Alexis, G Mattu, P Marsden

Apologies: G McEwan, H Fitzgerald, P Braat

In attendance: M Menabney (Chief Executive), P Hollinsworth (Director of Property Services), G Watson (Finance Manager), A Brown (Governance and Finance Assistant) (Mins), Jennifer Alexander (Scott Moncrieff) (for Item 3)

1.	<p>Welcome and Apologies</p> <p>M Green welcomed everyone to the meeting and apologies were noted. He advised G McEwan had resigned from the committee in order to devote more time to his work with Citizens Advice Bureau. M Green would like to take the opportunity to thank G McEwan for all his hard work for the committee, especially his contribution to the pensions group, and to wish him well for the future.</p> <p>M Menabney requested a meeting with the office bearers immediately following the meeting to discuss the resignation.</p>	
2.	<p>Declarations of Interest</p> <p>None</p>	
3.	<p>Presentation of 2019-2020 Accounts</p> <p>J Alexander thanked the Association for reappointing Scott-Moncrieff as Auditors. She confirmed that the Audit went well and thanked G Watson and all staff for their co-operation during the audit period.</p> <p>J Alexander started by saying the Audit report had highlighted no issues of concern and gave the Association a clean bill of health.</p> <p>She explained part of the Audit focussed on Covid 19 and its impacts on the organisation. She said she was very happy with the Association's internal controls and was pleased to say all Corporate Governance measures were in line with the Regulatory Framework. No areas of risk were noted. There were 5 audit adjustments resulting in a decrease in Comprehensive Income of £23,137.00 but she was happy to say this was nothing unusual or of any concern.</p>	

	<p>Members were advised of 2 audit recommendations.</p> <p>1) A minor housekeeping point regarding the posting of pensions</p> <p>2) It was good practice to know where all the title deeds for properties were held as a couple had been difficult to obtain.</p> <p>J Alexander advised the audit report had been reviewed by another audit partner as part of the company's audit management procedures and explained this should give members an added level of assurance.</p> <p>She advised she will update G McEwan's resignation on the first page of the accounts prior to signing.</p> <p>The committee had no questions and subsequently approved the Annual Accounts for 2019-20. The office bearers will sign the relevant original copies.</p> <p>J Alexander finished by saying thanks once again to all staff who had assisted with the audit as she recognised conducting virtual audits meant more work for staff members. She confirmed Aileen Ogston would attend the Association's Virtual AGM on 17th September.</p> <p>M Green thanked J Alexander for completing the audit on time despite the challenges presented by Covid 19,</p>	
4.	<p>Minutes of last meeting 9th July 2020</p> <p><u>4.1 Amendments</u> None.</p> <p><u>4.2 Approval</u> Minutes were proposed as correct by R Winning & seconded by C Armstrong.</p> <p><u>4.3 Matters Arising</u> M Menabney asked M Green whether he wanted the minutes to be signed electronically or if he would prefer them to be posted out for him to sign the paper copy. M Green advised he would be happy to do either. Agreed the electronic signature would be simpler.</p>	
5.	<p>Reports from Sub Committees</p> <p><u>5.1 Property Services 16th July 2020</u> The Summary report from the Property Services Sub Committee was presented by G Mattu.</p>	

	<p>He advised the sub-committee had reviewed Q1 performance figures, noting gas servicing, boiler replacements and emergency and urgent repairs had been undertaken while most other services had been suspended due to the pandemic. The cyclical, investment and major programmes were being reviewed by staff this month.</p> <p>Members also discussed factoring invoices, sales and arrears No areas of concern were noted.</p> <p><u>5.2 Housing Management 30th July 2020</u> G Mattu reported on the Summary Report from the Housing Management Sub Committee. The meeting had mainly discussed the quarterly performance reports, there were no areas of concern noted.</p> <p>Members had noted void works had resumed and allocation procedures had been revised to allow properties to be let safely. G Mattu also advised he was very happy to see the arrears dropping.</p> <p><u>5.3 Governance and Finance 6th August 2020</u> C Armstrong presented the summary report from the Governance and Finance Sub Committee advising members it had been a busy meeting. No areas of concern had been noted.</p> <p>Members had discussed Steve Bromley's report on the IT review and agreed to progress his recommendation to replace the existing system. Members had also approved an extension to the consultant's contract, agreeing his proposal for co-ordinating the business process engineering phase provided excellent value.</p> <p>N MacPherson requested a copy of the report be sent to him.</p> <p>The meeting also discussed and approved an amendment to the Financial Regulations to include a fraud mitigation procedure.</p> <p>The Home Working Policy was approved subject to ratification by full Committee. Members of the Management Committee duly ratified the policy.</p> <p>The sub-committee also discussed the Q1 governance and finance reports, Treasury Management report and ongoing Covid-19 risk management strategies.</p> <p>Finally, a donation of £500 had been agreed for Well-Fed as the organisation has been providing support to several vulnerable YHA tenants.</p>	<p>AB</p>
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6.	<p>SHR Submission: 5 Year Financial Forecast</p> <p>G Watson presented the 5 Year Financial Forecast draft for discussion by Committee.</p> <p>He confirmed SHR had extended the deadline for this from June to September due to Covid 19.</p> <p>Committee considered a number of issues:</p> <p><u>Financial Risks and Uncertainty</u></p> <p>G Watson highlighted key risks and areas of uncertainty impacting on his forecast for the next five years and beyond:</p> <ul style="list-style-type: none"> - increasing unemployment and the threat of a recession affecting tenants' ability to pay rent - increasing regulatory and social pressure to keep future rent increase levels as low as possible - bank interest rates are currently very low which reduces the returns the Association makes on any investments. - pension deficit costs could extend beyond the current anticipated 2022 repayment date depending on outcome of the next triennial review - cost of future investment and major repair works difficult to predict but highly likely to increase - projected programme includes major repairs where owners may be unwilling or unable to participate, but YHA has to include provision for its share if works proceed - RTB repayment methodology to GCC still under investigation but costs will be in the region of £250,000. Provision for this has been included in the budget. <p>With all this in mind he stressed it was important to be careful when making future decisions so as not to take on more unnecessary risks.</p> <p>He asked members to note the forecast was therefore based on very prudent assumptions, minimising expenditure where possible and ensuring best value for the Association.</p> <p>Members were advised that the presentation was available to members on request.</p>	
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Committee noted and considered further aspects of the forecast:

Income and Expenditure

Assumptions had been based on anticipated RPI increases to rent and CPI increases to wages.

Direct Costs

Assumptions for insurance and other costs have been based on assumed increases of between 2 and 3%

Capital Investment

Capital investment includes window replacement programmes at Argyle Street, Overnewton Court and former GHA homes.

It also includes installation of 108 new kitchens and bathrooms and 125 boiler replacements over the 5 year period.

Members noted that Property Services staff were currently discussing the Investment, Cyclical and Major Repairs works with the Finance Manager and reviewing dates for the future. The delays caused by the pandemic would mean some works would be caught up later this year, and others would be re-programmed. Gary Watson advised members this would not have a significant effect on the five year outcomes, but might require adjustments to this year's revenue budget. Any adjustments would be picked up in the November budget review.

Rent Levels

Members were presented with an additional three increase scenarios for Year 1 which showed the impact on the Association over the five year period.

In all cases, a 2% increase was included in Years 2-5.

Base case: Year 1 1.6% Year 5 closing cash: £1,084,610

Scenario 1: Year 1 0% Year 5 closing cash: £ 961,020

Scenario 2: Year 2 0.5% Year 5 closing cash: £999,642

Scenario 3: Year 3 1% Year 5 closing cash: £1,038,315

Members expressed support for keeping rent increases as low as possible but noted a balance has to be maintained between viability and affordable rents. Further discussion will be held in November.

Borrowing

Currently the Association has one loan. This is with Triodos bank, at a fixed rate of 3.2% until 2028, when the rate will be reviewed. The loan term will continue until 2036.

A member asked why the loan could not be paid off using cash in the bank. G Watson explained he would not recommend the loan is repaid at this point as the annual repayments of £38,000 are affordable for the Association. If the loan was paid off using available capital now, there is a risk that the Association would require to borrow earlier than currently anticipated and the borrowing costs may then be more expensive.

He reminded members that all previous loans have been repaid, and the Association's current debt per unit is extremely low. With the current forecasts and assumptions, no further borrowing is planned during the next five years.

Members approved the 5 Year Financial Forecast for submission to the Scottish Housing Regulator.

The Chair announced a ten minute comfort break

7.

Model Rules 2020

M Menabney gave a presentation to support her report on the proposed adoption of the 2020 SFHA Model Rules. The report provides members with information and guidance on the procedures to be adopted and highlights the key changes from the Association's existing Model Rules.

M Menabney explained the Association's current rules are the SFHA Charitable Model Rules (Scotland) 2013, adopted in 2015.

The rules proposed for adoption are the SFHA Charitable Model Rules (Scotland) 2020. These rules were issued in March 2020 and subsequently updated in July 2020 to include new provisions to allow committee and general meetings to be held virtually.

She advised the most significant changes in the update relate to:

- the creation of a discretionary power for the governing body to impose a leave of absence when there is a severe breach of the Code of Conduct being investigated
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- the creation of a discretionary power for governing body in rare circumstances to block a nomination to committee if it was not in the interest of the association or if there would be a conflict of interests in that person becoming a governing body member
- optional provisions (within supporting guidance) where an association could – if it so wished – reserve places on the board for specific skill sets and appoint to those positions

In addition there are potential variations to specific rules which members can consider to suit local circumstances. These are :

Rule 20: Virtual General Meetings

Exceptional circumstances as a result of the Coronavirus in 2020, led to the UK Government passing temporary legislation (the Corporate Insolvency and Governance Act 2020) to make provision for virtual General Meetings up until 30 September 2020.

Committee agreed this provision should be incorporated within the updated Model.

Rule 27.3 Proxy Votes

The standard model provides for a maximum of ten Proxy Votes to be held by any one person.

Committee agreed that given the size and local nature of YHA, a maximum of five would be more appropriate for the organisation.

Rule 26.1: Postal Elections of Committee members

The rules state if there is to be an election of Committee Members at an Annual General Meeting, members can vote by post.

It was considered this rule was more appropriate for large RSLs with a wide geographical spread. As most YHA members are local residents removal of this rule was agreed by Committee.

Rule 37.3: Minimum age for Committee Members

The standard model rules state that person must be aged 18 or over and a Member to become a Committee Member.

Committee agreed to amend rule to match the Association's minimum tenancy age of 16.

Compliance Issues

Rule 11.1.3 states a membership will be cancelled if a member does not attend five consecutive meetings and does not submit apologies.

It is a requirement of our current Rules and the proposed model that members who do not attend five consecutive AGMs with no apology are removed from the register.

M Menabney explained members' details are stored in the Share Certificate books, and on an excel spreadsheet. A monthly report is issued to Management Committee for approval of new applications and recording of cancellations. Attendances at general meetings are not currently linked with these monitoring procedures.

She advised a form will be issued with AGM papers in future to encourage members to submit apologies and enable ongoing year to year recording. This process will commence following the 2020 AGM to ensure ongoing compliance.

Rule 18.5 – holding money on deposit

This rule states that if money is held on deposit this should be in a joint bank account.

M Menabney explained the Association holds money for owners in direct relation to service provision – floats, major repairs etc. Holding 405 joint bank accounts would not be practical.

These credits are presented to the Property Services Sub Committee on a quarterly basis with other Factoring performance reports. Legal advice has been sought in respect of this matter. Committee members will be informed when the advice has been given.

Members agreed to promote a complete Rule Change and a Special General Meeting will be held immediately after the Annual General Meeting

Members approved the wording of the proposed resolution:

"That the Association adopts the rules in the form attached to this notice in substitution for the existing rules subject to any non-material amendments that may be required by the Financial Conduct Authority".

8.	<p>Virtual AGM Arrangements</p> <p>M Menabney presented her report on the Virtual AGM arrangements. The purpose of this report is to provide information to members on the proposed process for arranging the meeting(s), and their content. She reminded Committee in accordance with the Association's Rules, an AGM is required to:</p> <ul style="list-style-type: none"> - Present the Chair's Report - Present the Annual Accounts - Appoint or re-appoint the Auditors - Elect the Management Committee <p>To meet these requirements the Chair's Report can be presented on the night. Copies of the Annual Accounts will be sent out with the notice and the Auditor will be present at the virtual AGM. The agenda will include a resolution from the Management Committee to re-appoint Scott-Moncrieff. Nomination forms for the Management Committee will be sent out with the notice.</p> <p>M Menabney advised it is intended notices will be posted out by 31st August. This year, in accordance with SFHA advice, members will be required to confirm their intention to attend so that a Zoom invitation can be issued. Zoom invites will be issued on 16th September.</p> <p>Members who are unable to attend can appoint a proxy to attend on their behalf and vote if required. Proxies do not need to be members. The Chair cannot be a proxy. Proxy forms will be issued with the notice and must be returned five days before the meeting.</p> <p>She confirmed the AGM pack to be sent to all members will comprise:</p> <ul style="list-style-type: none"> - Notice of meeting - Minutes of 2019 AGM - Agenda - Annual Accounts for 2019-20 - Management Committee nomination form - Proxy form - Attendance form - Guidance on Agenda items and offer of assistance with Zoom if required 	
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9.	<p>Virtual Special General Meeting Arrangements</p> <p>M Menabney reminded Committee that in accordance with the Association's Rules, an SGM is required to be held when there is any amendment to the existing Rule Model.</p> <ul style="list-style-type: none"> • The purpose of the SGM must be clearly stated and no other business may be discussed at the meeting. • All rule changes must be agreed by 75% of members in attendance (including proxies) • The Association must register rule changes as follows: <ul style="list-style-type: none"> ○ Financial Conduct Authority – as soon as practically possible as no change is valid until registered with FCA ○ OSCR – within three months of the change ○ Scottish Housing Regulator – within 28 days of the change <p>She advised the SGM pack sent to members will comprise:</p> <ul style="list-style-type: none"> - Notice of meeting - Agenda - Resolution - Rules - Guidance on rules and reason for change - Proxy form - Attendance form <p>In previous years the Management Committee has convened a Special Management Committee meeting during the AGM interval with the sole purpose of electing office bearers. This year, the virtual nature of the meeting means an interval will not be possible. M Menabney detailed two other options available to Committee.</p> <p>These are</p> <ol style="list-style-type: none"> 1. A meeting to elect committee members is held immediately after the SGM 2. Office bearers are elected at the first scheduled meeting of the Management Committee. (Thursday 8th October) <p>Committee members decided to elect office bearers immediately after the SGM once other members have left the meeting.</p>	
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10.	<p><u>Membership Summary</u></p> <p><u>Applications</u> None</p> <p><u>Cancellations</u> Cancellations were noted from:</p> <p> <div style="background-color: black; width: 350px; height: 20px; display: inline-block;"></div> – Share 18 – Deceased <div style="background-color: black; width: 340px; height: 20px; display: inline-block;"></div> – Share 436 – Resigned </p>	
11.	<p><u>Report from EVH</u></p> <p>W Docherty advised he will hand in the report from EVH to the office and it can be scanned and passed to other members. He advised the AGM is on the 7th September and asked if anyone else could attend as he does not have access to internet at home. He will discuss this with other members and inform A Brown if he needs to come into the office to use a laptop to attend the meeting so she can make arrangements.</p>	
12.	<p><u>Report from SFHA</u></p> <p>Members were reminded guidance updates are available online or on request from staff.</p>	
13.	<p><u>Schedule of Meetings</u></p> <p>Members were issued with a schedule of future virtual meetings up to March 2021. All members happy with this.</p>	
14.	<p><u>AOCB & Date of Next Meeting</u></p> <p><u>14.1</u> G Watson advised he would arrange for M Green, B Winning and C Armstrong to sign the accounts.</p> <p><u>Date of Next Meeting</u></p> <p>Next Management Committee – 8th October 2020 at 6pm</p> <p>No further business was discussed and meeting closed at 8:10pm</p>	

Signed as a Correct Record Chairperson

