

MINUTES OF MEETING OF THE MANAGEMENT COMMITTEE HELD ON TUESDAY 16 JUNE
2020 AT 4.30 P.M. BY VIDEOCONFERENCING LINK

ACTION

Present:

Mrs K. Tennant	Chairperson	Elected Member (Part)
Mr J. Hillhouse	Treasurer	Elected Member
Mr P. Shiach	Secretary	Elected Member (Part)
Ms D. Smith		Elected Member
Mr J. O'Donnell		Elected Member
Mr T. McCormack		Casual Vacancy (Part)
Cllr M. McNair		Co-opted Member
Cllr J. Mooney		Co-opted Member

In Attendance:

Mrs S. Keenan	Chief Executive
Mrs L. Lees	Head of Finance & Corporate Services
Mrs S. Farrell	Communications Officer
Mrs A. Devine	Alexander Sloan & Co. Accountants

1. Apologies

Apologies were received from Mr J. Calderwood, Mrs L. Breeze and Miss C. McGarrity. Mrs G. Daly's continuing special leave of absence was noted. It was noted that a quorum was present currently to enable the meeting to go ahead.

2. Chairperson's Remarks

In the absence of the Chairperson at the beginning of the meeting, Mr J. Hillhouse assumed the role. The Chairperson welcomed everyone to the meeting and thanked members for their attendance. The Chairperson agreed to bring forward Items 13-15 and then Items 10-12 at this juncture due to the Secretary requiring to leave the meeting shortly.

3. Declaration of Interest

There were no declarations of interest.

4. Business Carried Over from the Last Meeting

There was no business carried over from the last meeting.

5. Management Committee External Training/Conference Feedback (if applicable)

There was no feedback to provide.

6. Secretary's Report

The following was reported:

a) Correspondence (Decision required)

There was no correspondence received.

b) AGM update

The Management Committee was reminded that the 2020 AGM, scheduled for 25 June, had been postponed. The Management Committee noted that the revised date was expected to be before 30 September and that the shareholders will be notified when agreed.

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ACTION**c) Request for Special Leave of Absence (For Approval)**

The Management Committee approved a request for special leave from Mr J. Calderwood for a period of 3 months [REDACTED].

**7. Approval of Minutes*****a) Housing Services Sub-Committee – 01 May 2020 (For Approval)**

There were no errors or omissions noted and the Minute was proposed by Ms D. Smith, seconded by Mr J. O'Donnell and unanimously approved by the Management Committee.

8. Business Arising From Minutes

There was no business arising from the minutes.

9. Ratification of All Minutes (For Approval)

Ratification of all Minutes was proposed by Ms D. Smith, seconded by Mr J. O'Donnell and unanimously approved by the Management Committee.

10. CHA Power Ltd Accounts to 31 March 2020* (Approval Required)

The Head of Finance & Corporate Services welcomed Mrs Devine to the meeting. Mrs Devine confirmed to the Management Committee that it was a very different audit process this year for both Auditors and Association staff given the implications of Covid-19 and lockdown. The Management Committee noted that significant additional evidencing was required due to the remote nature of the audit. The Management Committee also noted that the audit took into account the health and wellbeing of the Association given the additional burdens brought about by the situation and the implications on the business in the short to medium term with regards to potential strain on cash flow.

Mrs Devine asked the Management Committee for permission to share her screen which was agreed.

The Management Committee/Board of CHA Power Ltd were referred to the report which had been circulated prior to the meeting and Mrs Devine went through both the profit and loss account and the balance sheet in detail. Mrs Devine stated that these are the 2 primary balance sheets for members. The following was noted from discussions:

- The profit before taxation was up from c. £8.9k in 2018/19 to c. £33k in 2019/20. Profit for the financial year 2019/20 after taxation was noted at £26,943
- Costs have increased too from c. £193k to c. £197k due to the level of repairs carried out in the year
- The balance sheet provides a snapshot of the position at 31 March 2020 and shows that net current assets of c. £330k is extremely positive with a very healthy cash balance

In addition, the Head of Finance & Corporate Services confirmed that a favourable renewal for the gas contract was secured in December 2019

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bolstering the cost savings detailed and confirmed the deal was secured for a number of years.

The Management Committee discussed the historical issue regarding electricity generation and sales not being what had been expected, however, the Head of Finance & Corporate Services that there is now the stability of the gas contract and the generator is operating at 70-80% with availability for scope and expansion. It was confirmed that c. £20k is always budgeted through the accounts as a predicated profit in order to keep prices low to customers alongside having to create a designated fund for repairs taking into the fact that the generator is 15 years old.

The Management Committee enquired as to potential expansion plans with [REDACTED]. The Head of Finance & Corporate Services confirmed that discussions had recently reignited and we intend to progress matters to establish once and for all whether this proposal would be a possibility.

Both the Head of Finance & Corporate Services and Auditor confirmed to the Management Committee that they hope to expand cash flows out over 5-10 years.

Mrs Devine referred to the Auditor's Opinion on page 3 and confirmed that in their opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended.

Mrs Devine invited questions. There were none. The Annual Accounts were then unanimously approved by the Management Committee/Board of CHA Power Ltd and the Head of Finance & Corporate Services asked for permission to use Mr P. Shiach's and Mr J. Hillhouse's electronic signature on the Accounts and Letter of Representation. This was agreed.

The Secretary left the meeting at this point.

Mr. McCormack joined the meeting at this point which meant that the required quorum of 4 fully elected members was reached.

11. Audit Findings Report – CHA Power* (Approval Required)

The Management Committee/Board of CHA Power Ltd referred to the report which had been circulated prior to the meeting and noted that there were no areas of concern raised by the Auditors. Mrs Devine confirmed it was a clean, unqualified opinion and covered the scope of the audit and any risks identified and the original intention of the Management Letter was to review internal controls and identify any concerns of exposure.

The Chairperson joined the meeting at this point.

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The Management Committee/Board of CHA Power Ltd noted that no recommendations for improvement were required to be made.

Mrs Devine asked if there were any questions. There were none. The Management Committee/Board of CHA Power Ltd unanimously approved the 31 March 2020 Audit Findings Report for CHA Power Ltd.

12. Letter of Representation – CHA Power Ltd* (Approval Required)

The Head of Finance & Corporate Services referred to the above letter circulated prior to the meeting and confirmed that this would be signed by 2 Directors of CHA Power Ltd and returned back to the Auditors.

The Communications Officer left the meeting at this point.

13. Clydebank HA Annual Accounts to 31 March 2020* (Alexander Sloan Auditors in attendance) (Approval required)

The Management Committee referred to the report which had been circulated prior to the meeting and Mrs Devine noted that whilst the accounts were very detailed and required for statutory purposes, she would focus on the key points from the Primary Statements namely the Statement of Comprehensive Income (formerly Income and Expenditure account) and the Statement of Financial Position (formerly Balance Sheet).

The following was noted in relation to the Statement of Comprehensive Income on page 12:

- Revenue of c. £5.3m has increased from the 2019 amount of c. £5.1m primarily due to the 2019-20 rent increase, new units being added to the stock and significant wider role funding received.
- Operating costs of c. £3.8m have remained consistent with the previous year.
- Operating surplus recorded as c. £1.4m which is a strong positive figure.
- Accounts then adjusted for other items such as interest receivable and pension interest charges to record an overall surplus of c. £1.4m which is put into the Association's reserves.
- In this year's accounts, there has been a positive movement in the valuation of SHAPS Defined Benefit multi-employer pension scheme meaning that there has been c. £743 of an accounting adjustment realised and added to the Total Comprehensive Income. This accounting transaction does not affect the cash balances and the amounts being paid towards past service deficit costs and it was noted that all RSLs in the scheme would likely be reporting a similar position.

The following was noted in relation to the Statement of Finance Position on page 13:

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- This Statement shows a “snapshot” of the Association’s affairs as at the 31 March 2020 and shows the financial strength of the Association through the healthy Balance Sheet.
- An indicator for good governance is the strong Net Current Asset position of c. £7.1m which demonstrates sufficient working capital and the ability for the Association to comfortably pay liabilities as they fall due.
- Net Assets of c. £21.4m, grown from c. £19.2m in 2019 which Mrs Devine noted as being due to the surplus from the Statement of Comprehensive Income being added.

Mrs Devine confirmed the financial position is very strong with the position of overall net assets being backed up with c. £8.2m in the bank.

Mrs Devine referred the Management Committee to the Auditors’ Report on pages 9-11. Mrs Devine indicated that the auditors were satisfied that the statements give a true and fair view of the Association’s affairs as at 31 March 2020 and have been properly prepared in accordance with relevant legislation and accounting practice.

Mrs Devine highlighted that there are certain concerns they would be required to highlight to the Management Committee but there were none.

Mrs Devine asked if there were any questions. There were none.

The Annual Statements were then unanimously approved by the Management Committee and the office bearers were instructed that they will be required to sign electronic copies this year which will be sent after the meeting.

14. Audit Findings Report – Clydebank HA Ltd* (Approval Required)

The Management Committee referred to the report which had been circulated prior to the meeting. Mrs Devine confirmed that there had been no threat to auditor independence and that the key audit risks, which had been outlined in the planning letters, had been covered during the audit fieldwork.

Mrs Devine confirmed that they had no disclosures to report to the Committee and that there were no unadjusted transactions in the Financial Statements that were identified during the course of the audit. A high level overview of the Income and Expenditure account was discussed alongside a graph showing the Rent arrears trend analysis.

15. Letter of Representation – Clydebank HA* (Approval Required)

The Head of Finance & Corporate Services referred to the above letter circulated prior to the meeting and confirmed that this would be signed by 2 office bearers and returned back to the Auditors.

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Mrs Devine once again thanked the Head of Finance and Corporate Services and the finance team for their preparation of the accounts and for their co-operation and assistance during the audit process in light of the additional audit testing and going concern requirements this year.

Mrs Devine was then thanked for her attendance and presentation of both sets of accounts and then left the meeting.

16. Internal and External Audit Tender Report * (Approval Required)

The Head of Finance & Corporate Services referred to the above tender report that was circulated before the meeting started and apologised for the delay in sending this out.

The Head of Finance & Corporate Services confirmed that we had received 2 tender submissions for the Internal Audit contract and 4 tender submissions for the External Audit contract.

The tender working group, comprising of the Chairperson, Management Committee member, Chief Executive and the Head of Finance & Corporate Services independently revised and completed separate evaluations of all tenders received in accordance with previously published evaluation criteria.

Overall, the highest scored tender for Internal Audit was Wylie & Bisset and the highest score tender for External Audit was from Alexander Sloan.

The Management Committee approved the decision to offer these firms the contracts from 2020 to 2023 with a view to extending for a further 2 years, subject to satisfactory performance.

17. Governing Body Annual Review* (For discussion)

The Management Committee referred to the Governing Board 2019/20 Review questions and it was noted that this is required to be carried out to comply with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, in particular Standard 6.

The Management Committee requested that the Chief Executive provide the information from last year's return so that it could be updated accordingly with how the Committee are tackling the current issues, improvising new techniques and uncovering new opportunities. The Chief Executive agreed that this would be done and reiterated that this is carried out in addition to the individual committee appraisal system and requires the Management Committee to discuss its overall effectiveness and performance collectively.

The Chairperson responded that all further responses from members would be recorded and brought to the next Committee meeting scheduled for 23 June 2020.

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18. Intranet (For Info)

The Chief Executive reminded the Management Committee to regularly visit the internal Intranet, which includes access to news, Policies and Procedures, Business Plans, residents’ group activity and Committee meeting papers.

19. Signing of Minutes

The Management Committee acknowledged that minutes were unable to be signed at present and noted that minutes will be distributed to applicable members for signing after the Coronavirus lockdown has ceased.

It was noted that the Statutory Accounts will be distributed from the Auditors, via Docusign, for the office bearers/board of CHA Power Ltd to sign after the meeting.

19a Gas Servicing Procurement (Decision Required)

The Chief Executive asked for permission to raise a maintenance issue at this point, and the Chairperson agreed. The Chief Executive reminded the Management Committee that it had previously agreed to procure Gas Services from [REDACTED] for a 3-year period. It has since come to light that this could be procured for a 4-year period which would realise cost savings of c. [REDACTED]. After discussion, the Management Committee unanimously approved the awarding of a 4-year contract as opposed to a 3-year contract.

20. Date and Time of Next Meeting/Training Session

As per the annual schedule.

Meeting closed.

Checked by: _____

Date: _____

APPROVED

PROPOSED

SECONDED

* Indicates report issued with agenda – LL/SB