



DRAFT MINUTES OF THE MANAGEMENT COMMITTEE MEETING

HELD ON WEDNESDAY 27 July 2022 at 6.30p.m.

MEETING HELD IN THE COMMITTEE ROOM OF THE CO-OPERATIVE'S OFFICES

1. SEDERUNT

PRESENT:

P. Waddell (Chairperson), D. Barnes, A Cushingham, G. McNaught, C. Harvey. J. Kenna, C. Douglas, B Hartness

IN ATTENDANCE:

K. Mollins – Interim Director; A. Ali – Governance & Business Improvement Manager;
D, Milton - Arneil Johnston; L. Ewart – Governance Consultant; P. Morrice – Alexander Sloans Chartered Accountants; R. McGinlay – FMD Finance.

Apologies: M. Davidson

Leave of absence: C Cooper, J. Gracey

B. Hartness and J. Kenna left the meeting

9. Report on Co-options to the Management Committee

The Interim Director presented his report on co-options to the Management Committee. He referred to section 35.1 of the Rules, where it details arrangements for appointment and tenure of the co-optees to the Committee. The purpose of co-options was to enhance the capability of the Committee to lead and direct the Co-operative.

He advised on the following:

- Current co-options to the Management Committee, which were J. Kenna and C. Douglas. C. Douglas' appointment was recently extended by the Committee to December 2022.
- B. Hartness interest in a co-option, where his skills and experience in finance, audit, governance will enhance the Committee.

The recommendation was to:

- Re-appoint J. Kenna to the AGM 2023
- Appoint B. Hartness as a co-optee to the AGM 2023

The Committee raised the following comments and question in relation to the report on Co-options:

- A Committee member raised a query in relation to the 9 year rule and review of the effectiveness of Committee member and the review of co-options and why they were not undertaken at the same time. The Interim Director advised that the 9 year rule was a more comprehensive process to ensure compliance with Regulatory Standards and the Rules, whereas the review of co-options was to ensure the individuals' skills and knowledge enhanced the capability of the Committee.

The Committee were agreeable to the appointment of B. Hartness and re-appointment of J. Kenna as co-options to the AGM 2023.

J. Kenna, B. Hartness re-joined the meeting

The Chairperson welcomed B. Hartness to the Committee and confirmed his and J. Kenna's appointment to the Committee to the AGM in 2023.

L. Ewart joined the meeting via zoom. A. Ali left the meeting.

11. Confidential Business

The Committee attended to confidential business.

L. Ewart left the meeting

P. Morrice, R. McGinlay and A. Ali joined the meeting

5. Year End Audit of Annual Accounts

P. Morrice presented his report and annual accounts 2021-22 and covered the following:

- A key requirement for the Co-operative was to ensure there was a system of internal financial controls, which was in keeping with the expectation of the Scottish Housing Regulator and compliance with Regulatory Standards.
- The financial statements 'give a 'True and fair view ' of the Co-operative's affairs at 31 March 2022 and of the surplus at the year end.
- The Co-operative is a going concern with no material uncertainties relating to its events or conditions.
- The Co-operative has a clean audit report
- The following were highlighted from the accounts :
 - A reduced operating surplus;
 - Increased maintenance costs
 - Increased consultancy costs through staffing arrangements.
 - An increase of £126k in cask in the year.
 - £2.88m in cash in the bank
 - £2.64m net current assets
- A situation in the Pension Trust, where there was an on-going court case, expected to conclude in 2024 in relation to changes to members' benefits in the scheme. As a result there were likely to be additional liabilities arising from this issue and provision has been included in the financial statements.

P. Morrice referred to the Audit Summary report, which covered:

- Audit Opinion – Has the audit work been carried out in accordance with International Standards of Auditing;
- Audit Independence and Ethics
- Key Audit Issues
- Qualitative Aspects of Financial Statements
- Adjustments to the Financial Statement – There were no unadjusted errors
- Internal Controls - Current Control Weaknesses

There was discussion on the 'current control weaknesses' in the report (Page 26) and the Interim Director / R. McGinlay detailed the Management's response on:

- Declaration of Interest forms
- Employment contracts
- Purchase invoices
- Petty cash

The Committee noted the management response to the current control weaknesses that were historical issues and noted the new initiatives, practices and administrative arrangements to attend to these going forward.

The Committee approved the Annual Accounts and Letter of Representation and delegated signing to the Chairperson, P. Waddell, Committee member, D. Barnes; and Secretary, A. Ali . P. Morrice will amend signatory arrangements on the draft accounts as these are not consistent with the Office Bearers positions

The approved Annual Accounts to March 2022 will be presented to the members at the AGM in September 2022.

P. Morrice and R. McGinlay left the meeting

2. MEETING OF THE MANAGEMENT COMMITTEE – 29 June 2022

i) Minute

The minutes of the Management Committee meeting on 29 June 2022 were approved by C. Harvey and seconded by D. Barnes.

ii) Matters Arising:

a) Page 2, Section 4 Maintenance Term Contract

The Interim Director advised the Committee that tenders were formally opened on Monday 25 July and although there were 17 expressions of interest, there was only one submission for the contract. The Maintenance manager and Procurement Consultant were undertaking an assessment of the tender submission, which would include comparative analysis of costs by 3 August 2022.

The Interim Director further stated that there required to be a decision on the preferred company for the contract on 10 August 2022 either through a meeting in person or electronic business, which would ensure time for the next stages of the procurement process leading to the commencement of the contract on 3 October 2022.

A Committee member asked the reason for the low response to the tender. The Interim Director confirmed that the main reason was that companies did not have the capacity, which relates to a shortage of labour in the sector.

The Committee agreed to convene the meeting electronically via zoom on Wednesday 10 June 2022 at 6.30p.m.

There were no other matters arising

iii) Master Tracker:

The interim Director asked for the master tracker to be deferred to the meeting of the Management Committee in August 2022

3. MEETING OF THE AUDIT & FINANCE SUB-COMMITTEE ON 17 MAY 2022

i. Minute

The draft minutes are for the Management Committee's information only. They will be considered for approval at the next meeting of the sub-Committee.

ii. Matters Arising

A Committee member identified a few corrections to the draft minute:

- Page 4 (page 14 of the MC papers) – The title should have read 'Quarterly Management Accounts to March 2022', as opposed to 'December 2021'
- Page 4 (page 14 of the MC papers), bullet point 6 – should have read 'The pension payment was £178k for past service deficit'.

The Committee noted the content of the draft minute.

4. DECLARATIONS OF INTEREST AND NOTIFIABLE EVENTS

It was noted that Committee and staff will declare an interest as follows:

- Staff Members would leave the meeting for the confidential agenda item 11 as directed by the Chairperson.
- Committee Members – R, Hartness and J. Kenna had an interest in agenda item 9

The Interim Director advised Committee there were no recent notifiable events reported to the Scottish Housing Regulator, since the issue of the Notifiable Events Register to the Committee in May 2022.

A.. Ali and K. Mollins left the meeting

D. Milton joined the meeting via zoom

6. Strategic Options Appraisal

D. Milton presented E. Byrne's report on the Strategic Options Appraisal.

The Management Committee approved the Strategic Options Appraisal Report and the recommendation of Option 1 – Stay Independent was the best delivery model for the Co-operative's tenants.

D. Milton left the meeting

K. Mollins re-joined the meeting

The Chairperson confirmed he would meet with the staff to advise them of the Committee's decision on the outcome of the Strategic Options Appraisal. He asked the Interim Director to forward the report to the Regulation Manager at the Scottish Housing Regulator.

7. Report on Committee Member's leave of Absence

The Interim Director presented his report on a request from a Committee member for a leave of absence due to health reasons to August 2022 and if agreed he would return to the Committee in September 2022

The Management Committee's approved the leave of absence for the Committee member.

The Chairperson referred the Committee to the report and requirement to fill the Vice Chairperson's role through to the AGM and asked for any nominations. A. Cushingam nominated D. Barnes, which was seconded by P. Waddell. There being no other nominations, D. Barnes was elected as the Vice Chairperson to the AGM 2022.

8. Report on Proposed Changes to Arrangements for the AGM

The Interim Director presented a report for the Committee to decide on arrangements for the AGM, which would strengthen governance arrangements and compliance with the Rules:

The report covered the following:

- Committee members standing for re-election

The proposed change was for members requiring to stand for re-election at the AGM complete a pro-forma, which will inform a report to the Committee.

- Secretary's Report

The Secretary's report requires to be presented to the Management Committee at the last meeting prior to the AGM, but does not require to be presented at the AGM as it relates to administration arrangements.

- Election of Office Bearers

It is proposed to convene a meeting of the Management Committee immediately following the AGM on the evening on 12 September 2022 to attend to the election of Chairperson and Officer Bearers.

The Management Committee raised the following comments or questions on the proposed arrangements for the AGM:

- There was discussion on previous arrangements for the appointment of Office Bearers in previous years and the importance of their appointment immediately following the AGM.

The Management Committee's decision was to approve the proposed arrangements to the AGM to improve administration and strengthen governance arrangements.

10. 30th Anniversary Gala Day



The Interim Director advised the Committee that arrangements for the Gala Day on Saturday 6 August 2022 to mark the Co-operative's 30th anniversary year were progressing well. He gave them an overview of the programme of events.

The Interim Director provided details of expenditure for the day and requested a slight increase in the budget to £11,000 to attend to additional costs and contingencies.

The Committee agreed to increase the budget for the 30th Anniversary Gala Day to £11,000.

The Chairperson asked for Committee members to support and volunteer at the event.

12.0 ANY OTHER BUSINESS

There was no other business

11. CONFIDENTIAL BUSINESS

The Committee attended to confidential business

- a) SHR's report on Observing the Management Committee meeting on 29 June.

The Chairperson advised this report should have been taken under 'Correspondence'. He advised the Committee it was a positive report with some areas for improvement.

The Committee noted the content of the report.

K. Mollins left the meeting

- b) The Committee attended to other confidential business.

13. DATE OF NEXT COMMITTEE MEETING

- Management Committee - Wednesday 10 August 2022 at 6.30pm to be held electronically via zoom
- Wednesday 31 August 2022 at 6.30p.m. to be held in the Committee room in the Co-operative's office

Audit & Finance Sub-Committee

- Tuesday 16 August 2022 at 6.15p.m. to be held in the Committee room of the Co-operative's office