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|  | **Residential Management Company limited by guarantee with no shares****Co no.:**  **04659245 Registered in England and Wales Registered office:**  c/o GH Property Management Services Ltd. Basepoint Business Centre, 1 Winnall Valley Road, Winchester, Hampshire.SO23 0LD **Agent:** Lisa Cobley-Wood, GH Property Management**t** 0845 3080 988 **e** enquiries@gh-propertymanagement.co.uk |

MINUTES of VHMC DIRECTORS MEETING

**Meeting Details**

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| **Date** | 20th January 2014 | **Time** | 19:00 | **Venue** | Swiss Franc Meeting RoomAXA WealthWinterthur WayBasingstoke |

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| **Present** | **In attendance** | **Absent / Apologies** |
| * Martin Edge – ME (Chair)
* Simon Hirst – SH (Finance)
* Wayne Buckley – WB (Ops)
* Jaz Parmar – JPm (Comms)
* Miriam Carr – MC (CoSec & Legal)
* Colin Davison – CD
* Dave Griffiths - DG
 | * Liam O’Sullivan – LOS (GHPM)
 | * Jagruti Pankhania – JP
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**Minutes of Meeting**

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| **Item** | **Description** | **Action** |
| Chair19:05 | *Welcome & Introduction** ME asked for a board member to take minutes of the meeting. WB was duly appointed minute taker.
* DG noted JP had asked him to send her apologies for not attending the meeting. No further information was provided.
* ME outlined the agenda for the meeting noting that two items (AFA & Board discipline) needed to be covered ahead of GHP joining the session from 19:45.
* *During the meeting it was noted by SH that CD was recording the meeting – WB confirmed that this had been normal practice for the past 6 months in order to assist in the preparation of minutes and in resolving subsequent disputes wrt the accuracy of board minutes.*
 | * None
* CD to confirm that the recording of the meeting is managed in accordance with the agreed policy for recording meetings of VHMC.
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| 119:10 | *Discussion on AFA** ME confirmed MC had issued a summary of the AFA issue as derived from court documents and other information made available to MC to all board members.
* ME queried the rationale for why funds had been frozen noting that this was unclear in the briefing paper. CD confirmed that funds were frozen by AFA as a consequence of AFA refusal to release funds into the direct control of the board of directors; AFA were only willing to release funds to an appointed agent. Since VHMC had no agent in place at this point, AFA froze funds “to protect member interests”.
* SH noted that in previous documentations between VHMC and AFA, VHMC had outlined a case against AFA for £250,000 in damages arising through negligent service provision. SH asked for clarification wrt how far this claim against AFA had progressed noting it was not referenced in the briefing paper from MC.
* CD commented that the claim against AFA had previously been documented prior to court action and that it had subsequently not been progressed under his Chairmanship.
* CD noted that he had removed himself from dealing with the resolution of AFA issues due to a conflict of interest. WB commented that whilst this may have been his “official position” CD had been instrumental in progressing a resolution to the issue, engaging in direct communication with AFA prior to court proceedings being issued. Thereafter CD continued to actively participate in board discussions on this issue whilst JP retained responsibility for liasing with VHMCs solicitor throughout.
* DG noted that the board had looked to follow the advice & guidance of VHMC solicitor, Boyes Turner. The scope and composition of counter claim submitted was as determined by Boyes Turner on the basis of information made available to them (largely by CD and JP given only two directors were present at the point of AFAs termination).
* JPm and WB confirmed DGs observation mirrored own understanding. DG further noted that informal attempts (led by JP) to resolve the issue had been unsuccessful.
* MC read VHMCs counter claim to AFA litigation to the board and outlined options for resolution noting that the appeal hearing is scheduled for 14th Feb. MC noted that the hearing was a reserved hearing and that the date could yet be delayed further. MC also confirmed that the principle sum of £24k remains in dispute and that significant legal fees are claimed by AFA in addition those already incurred by VHMC.
* CD & SH confirmed £24k provision had been included in 2012 accounts; £18k had been accrued for 2013 as a contribution towards legal costs incurred and that a further £38k had been budgeted for in FY2014; the budget having been calculated during budget discussions on the basis of known risk and the scale of the potential liability.
* Following MC update, the board noted that if the appeal hearing on 14th Feb goes ahead and the court finds in favor of VHMC (capping AFA costs), then the provision in FY14 for further legal costs is likely to be overstated and could therefore be reduced. The board agreed to await the outcome of Feb 14th appeal hearing after which a revised financial outlook could be determined.
 | * MC to clarify what information was shared with Boyes Turner wrt counter claim scope and value.
* MC to request Boyes Turner progress request for further release of funds from AFA.
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| 219:36 | *Board Discipline** ME outlined view on future direction of the board noting that moving forward, the board needed to act as a single voice and demonstrate integrity by operating as a single team.
* ME noted that the principles of the director code were good and that they reflected simply on the behavior required of any reasonable individual placed in a position of influence on an such board.
* WB noted that the annual plan included a provision for the board to review/revise governance instruments (e.g.: directors code).
* DG noted that what ME was requesting was a combined board where individuals trust each other but that not all board members had even seen fit to sign directors code. ME corrected DGs observation noting that all directors had signed the code, or variants of the code.

*(Inappropriate, inaccurate & unauthorised collective communication)** ME explained he had been made aware of a number of communications between a subset of directors (JP, CD and DG) and members that were not shared or endorsed by the board nor indeed, in the opinion of the board majority, in the interest of VHMC members. The communications were issued on VHMC headed paper. This was a direct contravention of the Directors Code. Further contraventions would not be accepted.
* CD commented that he had no interest in being an active member on the board but that he wished to remain a director. CD subsequently resigned his position as Vice Chairman. CD noted that this placed him in the same position as both DG and JP as directors, but not board members.
* ME noted that he would not accept a director remaining on the board who did not actively participate in board discussion or decisions. ME asked CD to confirm if he would remain on the board as a director; JPm challenged CD not wanting to be part of helping to improve the estate.
* ME commented that the board wished CD to remain an active director of the board. All board members supported ME position. ME also confirmed that no director was excluded from the board and that previous communications noting both DG and JP as directors (without a portfolio) was not intended to infer that they had any less influence on board activities; but rather that they simply had no mandate to manage a specific portfolio of board activities.
* CD indicated a willingness to remain part of the board and that he was open minded wrt how his role might evolve in the future.

*(Actions not befitting a director: incitement to drive VHMC into insolvency)* * ME noted that documents had been forwarded by JP to members inciting non-payment of service charges. Me commented that both DG and CD were named explicitly within the communication as endorsing & supporting non-payment. Copies of the document were circulated to board members for review. Consensus opinion was that the content of the e-mail was wholly inappropriate both in content and the scope of it’s circulation.
* DG and CD confirmed that they had not been made aware of what JP had communicated – DG commented that he planned to pay his charge in full.
* The board suspended further conversation wrt JP pending the outcome of a motion put forward by WB to remove JP from the board.

*(Board attendance: JP)** WB motioned that JP be removed as a director for non-attendance at the previous 4 board meetings. WB noted that this was permitted within the director’s code which JP clearly supported.
* CD raised an objection noting that JP should be given a warning before being removed from the board. JPm reminded CD that JPS behavior had reverted to that observed when JPm, DG and WB first joined the board and that she had already previously been issued a warning (in response to her behavior towards board members and GHP).
* MC proceeded to second the motion which was then duly voted on. 4 By a vote of 4 in favor to 2 against, it was agreed to remove JP from the board with immediate effect.
 | * LoS to update company house on director structure.
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| 320:00 | *Approval of Board Minutes** LoS, representing GHP, joined the meeting at 20:00. The management meeting duly commenced.
* Minutes of 17th December 2013 were approved by the board as a true reflection of discussions & decisions made.
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| 420:00 | *Matters arising** CD challenged the structure & composition of the budget. ME noted that CD had absented himself from Dec board meeting at which the budget was discussed and agreed and that CD, DG and JP had all failed to respond or provide feedback at any point on any of the pre-budget communications all of which had been shared with all board members.
* ME asked CD to walk through his specific concerns in order that they could be adequately addressed:
	+ CD noted that company secretarial income had been excluded in the FY2013 P&L forecast; LoS noted this was an oversight. SH & ME confirmed that an income line would be shown in actual year end accounts. Los confirmed the impact on the P&L forecast would be c £2,900.
	+ CD noted that GHP had paid VAT on a cleaning contract that had been negotiated by CD as being VAT exempt by making payments through a domestic cleaning services provider. WB queried if this was appropriate and asked for contracts to be provided that confirmed this arrangement was in place. CD committed to look for documented evidence of this agreement but accepted it most likely did not exist.
	+ CD challenged grounds maintenance costs. LoS noted that additional cost had been incurred over and above budget provision and that the board had explicitly approved each item.
	+ CD noted that the contribution to parking calculations appeared to be incorrect – SH confirmed that the rules governing the calculation of the value had yet to be determined and that prior year accounts had been used to guide FY2014 budget.
	+ CD commented that management company expenses had risen material in the past two months. WB confirmed the accounts contained an accrual to cover costs incurred by WB, JP and DG in relation to the recent EGM. WB commented that he had yet to decide if his own costs would be born by VHMC (as legally entitled) or by himself. Any board expenses would be the subject of board approval and fully transparent in the 2013 accounts. If no further expense claims are made, the accrual would be released.
	+ CD challenged the increased cost for accountancy services. SH / ME confirmed no decision yet taken to change accountancy firm. And that this would be the subject of discussion later during the meeting.
	+ CD noted that utility costs had risen – LoS confirmed electricity cost per unit & consumption had increased YoY and that action had been taken to recontract at a lower per unit rate. LoS also confirmed that water consumption across the estate had increased – it’s not clear why this is the case & further investigation is required.
	+ Management Fee – CD challenged that the management fee had been increased without consultation. ME noted that budget contained two lines, contracted and uncontracted costs. The board anticipate retendering for management services during Q1 2014 with an expectation that increased SLAs (more representative of VHMC needs) would drive some increase in cost. ME noted that the board would be in control of contract issuance and that no contract would be entered into if it was not in the best interest of all members.
	+ Health & Safety – CD noted that a charge for H&S audits had been included and that this had not previously been undertaken. LoS confirmed that this was to meet statutory requirements that had not been taken forward in previous years. WB noted that given directors liability wrt Health & Safety, until the exact scope of work was understood VHMC should be seen to adhere to the advice & guidance provided by it’s agent, GHP.
* ME summarized CDs points noting that there was some modest inflation in some budget lines that would most likely be returned to members at year end; ME also noted that the overspend during 2013 would likely mitigate any surplus accrued within 2014 budget provision.
* The board unanimously agreed that any changes to proposed budget would be reviewed and agreed post confirmation of 2013actuals (and ideally AFA court hearing). The board agreed that if there is a material adjustment anticipated, this would be refunded (in cash) back to members as early as possible.
* WB noted that the annual plan made provision for further discussion on the budget as the year progresses, with a specific focus on more effective cost management.
* ME confirmed no further matters arising. ME requested that in future, board members actively participate in discussions at the point they are first asked to do so in order to avoid wasting time in future board meetings. CD commented that he had not had sight of the budgets during the budget setting process. ME confirmed all directors had been provided with the information.
 | * CD to provide documented evidence confirming status of cleaning contract.
* LoS to investigate potential / likely cause of increased water consumption across estate.
* LoS to confirm scope of H&S activities wrt ’14 budget proposal.
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| 420:35 | *Registration update** LoS confirmed company registration had been updated to reflect GHP registered address as the company office of VHMC as agreed during Ded ’13 board meeting.
* LoS confirmed that MC had now provided all necessary info to enable her registration with companies house and that this had also now been actioned (back dated to the EGM).
* ME confirmed MC had accepted the role of company secretary for VHMC and that MC had also agreed to manage all legal activities for VHMC.
* WB asked if anyone was aware of anh other registrations or companies that needed to be made aware of the changes to VHMC office address. CD commented that the ICO would need to be informed of the change in registered office. LoS agreed to action .
 | * LoS to resolve ICO registered address.
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| 520:40 | *Financial Registration** In the absence of formal policy definition, the board discussed potential approaches for ensuring an appropriate level of financial control within VHMC,
* It was agreed that, with immediate effect, the director responsible for the relevant budget (and therefore for authorizing work) should also be responsible for approving all payments (i.e.: operations director to approve operations payments; communications director all communication related costs).
* The board agreed that the VHMC current account would be placed under GHP control. The VHMC Chair would be added as an additional signatory to mitigate issues with annual leave and ensure VHMC oversight/access to accounts. It was agreed 2 from 3 (LOS, LCW, ME) signatories would be required to action any transaction.
* The board agreed to set-up a reserve account with Newbury building society; 2 from 3 (CD, SH, ME) signatories would be required to action any transaction.
* WB commented that the annual plan made provision to review financial governance within VHMC.
 | * LoS to instruct bank &building society to change signatories as agreed.
* CD, SH and ME to liaise with LoS to ensure each is added to relevant account.
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| 620:50 | *Finance report** A finance review presented by LoS; it was noted that as anticipated the information had not materially changed since the budget pack had been issued. SH confirmed no variance to report versus end of year outrun expectation.
* CD noted that budget pack received by himself had not included the Chairmans note. CD was provided with a copy of the note. LoS apologised. ME commented on potential need for further mail out to confirm messaging if this was a generic issue. DG commented that he also had not seen the Chairmans note. WB noted that both DG and CD failing to received the chairman’s note could be seen in an adverse way by members. LoS apologized, confirmed it was unintentional and made clear that packs would be checked more carefully in future.
* The board agreed that any questions relating to the construct of the budget or VHMC finances in general should be passed to SH. ME noted that any member raising concerns about budget increases should additionally be directed towards him so that he could respond in person to each member.
* MC left the meeting at 21:00 owing to prior commitments.
 | * All directors to inform SH of any queries or questions relating to finance forecast.
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| 721:00 | *Accountants** SH put forward a proposal to change VHMC accountants to Aliots accountants based on competence, familiarity with VHMC accounts and anticipated cost.
* CD objected noting that the cost to move was materially different to the cost of remaining with the current accountant.
* WB commented that the current accountant was not the preferred accountant originally appointed by VHMC since the original accountant had indicated that the volume of work / activity that he had been led to believe would be necessary for the estate was materially different to what was required in reality. Thus projected cost savings in this area were not materialized and VHMC had been forced to change accountants at very short notice just days before statutory filing deadline.
* The board agreed by a 3-2 majority to move accountancy to Aliots.
 | * SH to progress transfer of accountant.
* LoS to communicate change to existing accountant.
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| 821:20 | *Annual Plan** WB presented a draft annual plan to the board for discussion. Wb noted that, whilst incomplete, the plan was the first attempt at moving discussion during board meetings away from operational issues and onto a more strategic / broader agenda. WB confirmed that, once complete, the intention was to communicate the plan to members such that the board could be held to account wrt deliver of its commitments.
* WB noted that the annual plan would underpin VHMC communication strategy and that this was reflected by the early deliverables / focus being on, for example, the production of a website for VHMC.
* WB requested feedback on the plan and committed to circulate a soft copy of the plan with relevant updates prior to the next board meeting.
* WB noted that he would speak to ME regarding progression of necessary work and activities prior to the next board meeting.
 | * WB to circulate draft plan to all board members. Members must ensure the plan is treated as strictly confidential until approved by the board.
* All directors to review annual plan and provide first pass feedback to WB by 26/01.
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| 921:21 | *Closure** Next meeting scheduled for 24th Feb (variance at request by JP)
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