

**Case 200502968: Partick Housing Association Ltd**

**Summary of Investigation**

***Category***

Housing Association: Administration; Conduct and recording of business at annual general meetings

***Overview***

The complainant (Miss C) raised two specific concerns regarding the conduct and recording of business at the 2004 and 2005 annual general meetings of Partick Housing Association Ltd (the Association).

***Specific complaints and conclusions***

The complaints which have been investigated are that:

- (a) the minute of the Association's 2004 annual general meeting was inaccurate (*upheld*); and
- (b) the Chair of the Association had failed to give an assurance that the minute of the 2005 annual general meeting would record her representations (*not upheld*).

***Redress and recommendations***

The Ombudsman recommends that the Association takes steps to publicise to their shareholders the principles of their minute-taking at annual general meetings. The Association informed the Ombudsman that they were willing to accept the recommendation.

## **Main Investigation Report**

### **Introduction**

1. The complainant (Miss C) is a shareholder of Partick Housing Association (the Association). She was concerned about how matters raised at the Association's annual general meeting on 21 September 2004 (the 2004 AGM) had been minuted, had raised her concerns at the subsequent annual general meeting on 20 September 2005 (the 2005 AGM), and was aggrieved that she had not been given satisfactory assurances regarding the draft minute of that meeting.
2. The complaints from Miss C which I have investigated are that:
  - (a) the minute of the 2004 AGM was inaccurate; and
  - (b) the Chair of the Association had failed to provide Miss C with an assurance that her representations about (a) would be recorded in the draft minute of the 2005 AGM.

### **Investigation**

3. I have not included in this report every detail investigated but I am satisfied that no matter of significance has been overlooked. Miss C and the Association were given an opportunity to comment on a draft of this report. In commenting on the draft, Miss C had had sight of the draft minute of the 2005 AGM.
4. Miss C is a shareholder of the Association. On 21 September 2004 she attended their 2004 AGM. At the meeting at Item 6 (relating to Approval of the Annual Accounts) she had asked and received a reply from the Finance and Business Development Manager seeking clarification of emoluments shown in the accounts. At Item 10 (relating to Any Other Business) another shareholder (Mrs B) had sought clarification and received a response from the Director as to whether a specific Housing Association local office was to be closed.
5. The draft minute for the 2004 AGM circulated with the agendas for the subsequent 2005 AGM on 20 September 2005 recorded under Item 6 that 'there were no questions relating to the accounts' and, under Item 10, that 'no further issues were raised'.

6. Miss C stated that she attended the 2005 AGM. When the Item regarding the Approval of the 2004 AGM minute arose, she asked for an amendment to include the question and answer under Item 6. Miss C stated that, the Chair, after asking her to say what question was asked, consulted with someone on the floor and the Chair informed her she had not considered the question to be relevant and had decided that it should not be in the draft minute of the 2004 AGM. In respect of Item 10, Miss C also asked for an amendment. According to Miss C, the Chair initially appeared to agree to accept the amendment but, before she could do so, the Director intervened from the floor. The Director confirmed that the question had been asked at the 2004 AGM, and then went on to make a lengthy statement about the closure of the office. She stated that the Association did not record questions in the minutes because in the past too many questions had been asked at AGMs for inclusion. Miss C said that she then asked the Chair if it would be minuted that she had sought amendments to the 2004 AGM minute and had been refused. The Chair stated that she had already ruled on that.

7. Miss C wrote to the Secretary of the Association on 17 October 2005. In her response of 24 October 2005, the Secretary stated that the accuracy of the minutes of the AGM was an issue for the shareholders. The draft minute (of the 2004 AGM) which was considered by the shareholders at the AGM on 20 September 2005 was signed off by the shareholders as a proper record, and could not at a later stage be altered.

8. On 31 October 2005 Miss C wrote to the Chair of the Association stating that she wished her complaint about the Secretary's handling of her complaint to be referred to the Management Committee. The Chair acknowledged receipt on 1 November 2005. The complaint was brought to the attention of the Management Committee at their next ordinary meeting on 30 November 2005.

9. On 2 December 2005, the Chair wrote to Miss C with the Management Committee's response namely:

- the Secretary had handled Miss C's complaint appropriately;
- the accuracy of the minutes of the AGM of the Association is a matter determined by the shareholders;

- the draft minute of the AGM of the Association held on 21 September 2004 was placed before the shareholders on 20 September 2005. The draft minute was agreed by the shareholders as a proper record; and
- the Management Committee cannot alter a minute agreed by shareholders of the Association at a later date.

10. Miss C complained to the Ombudsman on 15 February 2006. She stated that the two questions raised by Mrs B and herself at the 2004 AGM were not ruled out of order and were answered by appropriate members of staff. The draft 2004 AGM minute did not refer to them. At the 2005 AGM both the Chair and Director accepted that the 2004 AGM minutes were incorrect but refused amendments. She said that she wanted her complaint investigated to ensure that in future the Association's minute-taking provides a true unedited record of the AGM. In particular, that questions/issues raised, and answers given should be minuted. Additionally, she wished it recorded in the forthcoming draft 2005 AGM minutes that she requested, and was refused, two amendments to the 2004 AGM minutes.

11. I made enquiry of the Association on 16 June 2006 and their Chief Executive responded on 6 July 2006. She stated that participants at a 'current' AGM may seek an amendment at the appropriate relevant agenda item, where the Chairperson invites a shareholder to move approval of the minute and thereafter invites another to second the proposal. Both shareholders require to have been present at the previous AGM. If a shareholder disagrees with the proposal he or she may move an amendment and formal voting procedures would be followed in accordance with the Association's rules. As a matter of custom and practice it is only decisions made by the shareholders which are formally recorded. Interchanges, which can be wide-ranging, are not ordinarily recorded.

12. The Chief Executive also stated that the draft minute of the 2005 AGM had been prepared. It refers to the request by Miss C to amend the minute of the 2004 AGM to record the questions asked; records the Association's response in relation to minute-taking practice and, in the absence of any formal motion to the contrary, records the shareholders' approval of the minute through a formal motion which was seconded in compliance with the Association's procedures. The draft minute would be submitted for approval by the shareholders at the 2006 AGM. Any

shareholder wishing to dispute the accuracy of the draft minute could do so in accordance with the procedure in paragraph 11.

13. Miss C accepted that every shareholder was supplied with a copy of the Rules. She stated that she would have put forward a formal motion for a vote had she been informed or advised by the Chair that this was the correct procedure. She noted, however, that the minutes of the 2004 AGM contained two amendments accepted without being moved or voted upon. Miss C also stated that questions are formally invited after the presentation of the accounts and that shareholders are also invited to raise issues under Any Other Business. Since both items were part of the formal business of the AGM, Miss C considered the questions and answers should be recorded in the minutes.

*(a) Conclusion*

14. The minute of the 2004 AGM was clearly inaccurate in stating at Item 6 that there had been no questions relating to the accounts and at Item 10 in saying under Any Other Business that no further issues were raised. The opportunity should have been taken to correct the draft minute in an appropriate way before formal adoption of the previous year's minute was proposed and seconded at the 2005 AGM. I uphold this complaint.

*(b) Conclusion*

15. I consider that the statement made by the Chief Executive at paragraph 12 is adequate for present purposes. Had the draft minute not been to Miss C's liking, then she had the opportunity to move its alteration in line with the process described. I do not uphold this complaint.

*Recommendation*

16. The Ombudsman recommends that the Association take steps to publicise to their shareholders the principles of their minute-taking at annual general meetings.

31 October 2006

**Explanation of abbreviations used**

Miss C	The complainant, a shareholder in the Association
The Association	Partick Housing Association
Mrs B	Another shareholder in the Association