

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 NOVEMBER 2019 AT 7.00 P.M. IN THE OFFICES OF CLYDEBANK H.A., 77-83 KILBOWIE ROAD, CLYDEBANK.

ACTION

Present:

Mr J. Hillhouse	Chairperson	Elected Member
Miss C. McGarrity	Vice Chairperson	Elected Member
Mr P. Shiach		Elected Member

In Attendance:

Mrs L. Lees	Head of Finance & Corporate Services
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1. APOLOGIES

Apologies were received from Mrs K. Tennant. It was noted that a quorum was present to enable the meeting to go ahead.

2. CHAIRPERSON'S REMARKS

The Chairperson welcomed everyone to the meeting and thanked the sub-committee members for their attendance. The Chairperson's remarks were as follows:

- An additional report entitled "Tender Report for Installation of Disabled Access Ramps and Handrails" to be added under Item 21 on the request of the Housing Services Manager.
- An additional paragraph omitted from the review of the Treasury Management Policy (Item 12) was issued for review.

3. DECLARATION OF INTEREST

There was no declaration of interest made.

4. CORRESPONDENCE

There was no correspondence.

5. BUSINESS CARRIED OVER FROM LAST MEETING

There was no business carried forward from the last meeting.

6. STAFFING ISSUES

There were no staffing issues to report.

**7. CHA MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2019
(For approval)***

The Head of Finance & Corporate Services referred the Sub-Committee to the Management Accounts, which were issued prior to the meeting. The following points were noted by the Sub-Committee: -

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- Total Management Expenses (on Page 1) of c. £703k (Note 16) compare comparably with the budgeted figure of c. £753k. Office overheads proved not to be problematic, however there was a slight overspend on salaries for the period.
- Total housing income is over budget by c. £124k in the period to 30 Sept 2019 as this account has not been adjusted for bad debts, which is annually adjusted at the year-end.
- Property Maintenance over Budget by c. £12k due to more void and reactive repairs being carried out in the quarter. This will be monitored monthly and is expected to move into line with budgeted amounts in the next financial quarter.
- Cyclical costs underspent by c. £48k due to the timing of the common painter work programme, of which the surveys are complete and the contractor is being procured through PCS in the next few weeks.
- Major Repairs below budget for the period. It was highlighted to the Sub-Committee that this relates to the 'ad hoc' major repairs work only. It was noted that the Major Repairs Contracts are reflected in the Balance Sheet. Monthly major repair meetings between the Housing Services Manager, Maintenance Officer, Head of Finance & Corporate Services and the Chief Executive are now taking place, the feedback from which is reported to the Housing Services Sub-Committee Meeting.
- Property Insurance for the period is under Budget by c. £30k as a result of securing a 3-year long-term agreement following a procurement exercise which will save the Association c. £90k over the period.
- Operating Surplus of c. £708k is achieved.
- All Non-Housing Accounts, with the exception of the Development Account, performed better than expected, however, it was noted that some office refurbishment costs had been included in the Contingency/General costs for the Development Account. These costs will be reallocated.
- Combined bank balance total of c. £7.6m was reported.
- Net Current Assets of c. £6.8m showing that we can cover our short-term commitments.
- Appendix 2 – Scottish Housing Regulator Peer Group Averages have not yet been released and are due for publication on 30 November 2019. All other targets are looking well.

The Sub-Committee unanimously approved the CHA Management Accounts.

8. **CHA POWER LTD MANAGEMENT ACCOUNTS to 30 SEPT 2019**
(For approval)*

The Head of Finance & Corporate Services referred to the Management Accounts, which had been circulated prior to the meeting.

The following points were noted by the Sub-Committee: -

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- It was noted that the electricity sales income was showing an unfavourable variance of c. £23k due to there being no electricity income received at all in Qtr. 1 and income only received for August and September Qtr. 2. It was also noted that heat and hot water income is under budgeted amounts due to more disconnected customers.
- Total Income for the period is therefore c. £25k below Budget predictions.
- Savings have been made on both the Gas and Generator Maintenance, which has enabled the subsidiary to recoup c. £25k of the electricity shortfall.
- Overall a surplus of c. £19k was reported for the period.
- On the Balance Sheet, Net Current Assets of c. £384k and Designated Reserves of c. £67k were noted.

It was noted by the Sub-Committee that customer arrears are being monitored monthly and for the period to 30 Sept 2019, the arrears were 5.4% of the total income receivable. Debt recovery is ongoing in order to reduce the arrears levels downwards to the agreed target level of 3.5%. The breakdown of customer arrears was noted showing the various levels of outstanding debt.

The Sub-Committee unanimously approved the CHA Power Management Accounts.

9. CHA POWER PROPOSED CUSTOMER WRITE-OFFS (For approval)*

The Head of Finance referred the Sub-Committee to the report distributed prior to the meeting.

The Sub-Committee approved the proposed sums totalling c. £1.2k to be written off following an exercise carried out on unrecovered aged debts, and noted that the above amounts will be offset against the provision, where already provided.

It was noted that details of all write-offs would be kept on file for future reference.

The Sub-Committee unanimously approved the CHA Power customer write offs.

10. ANNUAL REVIEW OF FINANCIAL PROCEDURES AND CONTROLS (For approval)*

The Head of Finance referred to the report which had been circulated prior to the meeting and explained that the procedures are reviewed annually in consideration of technical improvements/changes and operational efficiencies. It was noted that the proposed changes were highlighted and underlined in blue.

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The Head of Finance reported the following notable revision to the controls:

- Finance Procedure 8 – for operational purposes, the level of authority for processing payments and signing cheques is requested to be changed to allow for approved staff signatories to process the payment of invoices up to the value of £100,000 (where the Chief Executive is required to countersign levels over £50,000). Management Committee members are still required to countersign, with an approved staff member, for values over £100,000. It was confirmed that all items of expenditure would continue to be approved in line with budgetary amounts and the Association's Scheme of Delegation and this was to assist with the timely processing of payments.

Following discussion, the Sub-Committee provisionally agreed this change and asked for it to be considered and agreed in full at the next Management Committee meeting.

After full review, the Sub-Committee unanimously approved the remaining changes as proposed.

11. ANNUAL REVIEW OF FINANCIAL REGULATIONS (For approval)*

The Head of Finance referred the Sub-Committee to the draft Finance Regulations that were issued prior to the meeting. It was noted that the proposed changes were highlighted in blue.

After full review, the Sub-Committee unanimously approved the updated Finance Regulations.

12. TREASURY MANAGEMENT POLICY REVIEW (For approval)*

The Head of Finance referred to the report which had been circulated prior to the meeting.

It was noted by the Sub-Committee that the additional paragraph distributed at the start of the meeting regarding Ethical Investment and Corporate Social Responsibility was to be inserted on Page 9 as a new section 6.

The remainder of the policy was noted by the Sub-Committee and was unanimously approved.

13. TREASURY MANAGEMENT ANNUAL REVIEW (For approval)*

The Head of Finance referred to the report which had been circulated at the start of the meeting:

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<u>ACTION</u>	
	<p>It was noted by the sub-committee that all of the Association's approved institutions were approached for competitive rates and their credit ratings had been assessed.</p> <p>After discussion, it was unanimously agreed that the proposed suggestions be implemented to the current deposits in relation to terms, banking institutions and amounts. This will ensure the most favourable rates are achieved and that risk is minimised by spreading the amounts evenly among the approved institutions.</p> <p>The Head of Finance informed the sub-committee that any significant changes in interest rates between now and the date of renewal will be reported at the next meeting.</p>
	<p>14. <u>SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 30 SEPT 2019 (For approval)*</u></p> <p>The Head of Finance & Corporate Services referred the Sub-Committee to the report, which had been issued prior to the meeting.</p> <p>It was noted by the Sub-Committee that the outstanding debt has decreased by 30% since July 19. Receipts of £607 have been received in October 19 which will reduce the debt further.</p> <p>The breakdown of customer arrears was noted showing the various levels of outstanding debt and there were no further recommendations to consider.</p> <p>The remainder of the report was noted by the Sub-Committee.</p>
	<p>15. <u>SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 30 SEPT 2019 (For approval)*</u></p> <p>The Head of Finance & Corporate Services referred to the report which had been circulated prior to the meeting.</p> <p>It was reported that the total outstanding debt as at 30 September was c. £9.7k, which had increased by c. £2.6k as reported at the last meeting. It was noted that since the last meeting, £3,7k of invoices have been issued meaning that £1k of payments/credits have been received against these balances.</p> <p>The remainder of the report was noted by the Sub-Committee.</p>
	<p>16. <u>ATTENDANCE MANAGEMENT REPORT – JULY TO SEPT 2019 (For review)*</u></p> <p>The Head of Finance & Corporate Services referred the Sub-Committee to the Report which had been issued prior to the meeting.</p>

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The Sub-Committee noted that the total number of sickness days in the second quarter was 129, which equates to 6.42% of the available working days. The cost of temporary sickness cover was also noted by the Sub-Committee, together with the total lost days in monetary terms.

The number of staff who recorded no periods of absence was also highlighted.

The remainder of the report was noted by the Sub-Committee.

17. CAPITAL PURCHASES REPORT TO 30.09.19 (For approval)*

The Head of Finance & Corporate Services referred the Sub-Committee to the report, which had been issued prior to the meeting.

It was noted by the Sub-Committee that it had been previously agreed that a budget of £3,000 per quarter/ £12,000 per annum, be incorporated into Delegated Authority from the Finance and Corporate Services Sub-Committee to the Finance budget holders in respect of the purchase of new/replacement capital items.

The total spend to 30 September 2019 of c. £41k, which included c. £37k of costs for electric vehicles which were approved separately above budget amounts, was noted and approved by the Sub-Committee.

18. STAFF AND COMMITTEE EXPENSES (For approval)*

a) September 2019

The Head of Finance and Corporate Services referred to the above report, which had been circulated prior to the meeting. The Sub-Committee unanimously approved the expenses as submitted and the Sub-Committee Chairperson signed accordingly.

b) October 2019

The Head of Finance and Corporate Services referred to the above report, which had been circulated prior to the meeting. The Sub-Committee unanimously approved the expenses as submitted and the Sub-Committee Chairperson signed accordingly.

19. IT ISSUES- IT HARDWARE UPGRADE REPORT (For approval)*

The Head of Finance & Corporate Services referred the Sub-Committee to the report, which had been issued prior to the meeting.

The contents of the report and quotations were noted by the Sub-Committee and it was unanimously approved to upgrade of the office computers to a newer operating system.

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20. TENDER REPORT FOR INSTALLATION OF DISABLED ACCESS RAMPS AND HANDRAILS (For approval)*

The Head of Finance & Corporate Services referred the Sub-Committee to the report, which had been issued at the start of the meeting on behalf of the Housing Services Manager.

At this point, Mr P. Shiach declared an interest in this item as he has a personal friendship with the recommended Contractor. The report recommendations were therefore unable to be considered due to an inadequate number of sub-committee members left to approve any decisions.

It was noted that this report would now be circulated around the Housing Services Sub-Committee for an approval to be sought.

21. HEALTH AND SAFETY ISSUES

There were no health and safety issues to report.

22. DATE AND TIME OF NEXT MEETING

As per schedule.

Meeting closed.

Checked by: _____

Date: _____

APPROVED

PROPOSED

SECONDED

LL *Indicates report issued with agenda