

## MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION**Present:**

Mr J. Hillhouse	Chairperson	Elected Member
Mr P. Shiach		Elected Member
Mrs K. Tennant		Elected Member

**In Attendance:**

Mrs L. Lees	Head of Finance & Corporate Services
Mrs F. White	Finance & Corporate Services Manager

**1. APOLOGIES**

Apologies were received from Miss C. McGarrity, Mr T. McCormack, Cllr J. Mooney and Cllr M. McNair. It was noted that a quorum was present to enable the meeting to go ahead.

**2. CHAIRPERSON'S REMARKS**

There were no Chairperson's remarks made.

**3. DECLARATION OF INTEREST**

There was no declaration of interest made.

**4. BUSINESS CARRIED OVER FROM LAST MEETING**

There was no business carried forward from the last meeting.

**5. CORRESPONDENCE**

There was no correspondence.

**6. STAFFING ISSUES**

There were no staffing issues to report.

**7. CHA MANAGEMENT ACCOUNTS TO 31 MARCH 2020  
(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: -

- Annual accounts to be prepared in next couple of weeks with the required year-end adjustments, which should not differ too much from these Management Accounts.
- Staff remuneration is over budget by c. £26k due to additional staff requirements during the year, all of which were approved by the

**MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.**

<p><u>ACTION</u></p>	<p>Management Committee. A full staff cost analysis will be carried out as part of the annual audit.</p> <ul style="list-style-type: none"> <li>• Postage, stationery and printing is under budget by c. £13k as a result of savings in printing costs.</li> <li>• Committee and Staff training both under budget as a result of savings made by pooling courses with other organisations to share the costs. Staff have been utilising their training, however, the full allocation for the year was not used.</li> <li>• Total Office Overheads of c. £290k, which is c. £43k under budget for the year, meaning overall the total Management Expenses are c. £17k under budget despite the overspend on staff remuneration.</li> <li>• Total rental income, including shared ownership rents, over budget by c. £14k which was due to additional rental income being received for 4 property purchases within the year (2 shared ownership buy-backs and 2 open market purchases).</li> <li>• Voids and bad debts will be adjusted in the annual accounts.</li> <li>• Total Income over budget by c. £255k, however this will move more in line with budget in the annual accounts one the above adjustments have been carried out.</li> <li>• Cyclical costs were underspent by c. £470k mainly due to electrical testing and painter work which was unable to be completed. It was agreed in January that these would be carried over into the next financial year. It was noted that Brown &amp; Wallace have been appointed to procure the painterwork contract and that government guidelines relating to COVID-19 and social distancing measures would be taken into consideration.</li> <li>• Major Repairs overspent by c. £35k as result of 2 contracts being over the budgeted amount. It was noted that the Housing Services Manager had sought separate approval for the overspend.</li> <li>• Total Expenditure of c. £3.4m, which is under budget by c. £493k. This is predominantly due to the underspend in the Cyclical Maintenance budget.</li> <li>• Interest receivable was more favourable than expected</li> <li>• Loan repayments will be adjusted at the year end to strip out capital amounts and moved to the balance sheet.</li> <li>• Social Work Adaptation allowances of c. £3.5k received in the period.</li> <li>• Factoring Account is showing an unfavourable variance and will be reviewed as part of the year-end audit process.</li> <li>• Centre81 Account performed better than expected with a contribution deficit of c. £13k less than budget. Although the Centre is currently closed, a lot of interest is continuing to be generated.</li> <li>• Social Economy Centre Account contribution less favourable than budget by c. £4k, due to a recent roof replacement and a reduction in rental and disaster recovery suite income as a result of our temporary office move to the SEC.</li> <li>• Net Current Assets of c. £7.3m showing that we can cover our short-term commitments.</li> </ul>
----------------------	--

**MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.****ACTION****8. CHA Power Ltd Management Accounts to 31 March 2020**  
**(For approval)\***

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

It was reported that the Management Accounts for the year compare favourably against Budget.

It was noted that the subsidiary lost out on electricity sales income of c. £21k due to the engine fault; however, this was offset by savings in the gas expenditure of c. 26k.

It was reported that CHA Power is part of the Scottish Government's Gas Framework, which was backdated to 1 December 2019 and has helped achieve savings on the gas budget. This will be in place until March 2021 and will be reviewed again at that time.

Generator Maintenance is over budget by c. £8.6k for the year, due new parts component parts required for the plant and these will be funded using the designated Major Repairs Reserve.

Total Management Expenses of c. £234k for the year was noted, which was favourable compared to budget.

Overall a surplus of c. £23k was reported for the year and the Sub-Committee approved an amount of £20k to be set aside to the Major Repairs Reserve.

On the Balance Sheet, bank balances of c. £400k and Net Current Assets of c. £388k were noted. It was also noted that c. £87k has been ring-fenced for future major repairs.

The Head of Finance & Corporate Services indicated to the Sub-Committee that the outstanding debtor information has been stripped out of the Management Accounts and presented in a stand-alone report, which will be discussed later in the meeting.

At this point, a query was raised regarding disconnections. It was noted that there are currently around 14 disconnections whereas an allowance of 10 was made in the budget. The Head of Finance & Corporate Services reported that disconnections are always a last option and not something the Association chooses to do lightly. It was noted that the Finance and Housing Management sections work closely together, transferring credit balances where possible to help reduce outstanding arrears. Finance are also working with Maintenance to ensure that those who have been disconnected have not reconnected their service without our knowledge. After some discussion, it was agreed that future CHA Power arrears reports will include the reasons for disconnection.

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION

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

9. **ANNUAL TREASURY MANAGEMENT REPORT TO 31 MARCH 2020**  
**(For review)\***

The Head of Finance & Corporate Services referred the Sub-Committee to the Report, which was issued prior to the meeting.

It was noted by the Sub-Committee that the total cash balances increased from of c. £7.4k to c. £8.1k as at 31 March 2020. It was also noted that the interest earned in the year was c. £65k and the average percentage return was of 0.8%.

10. **SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 31 MARCH 2020** **(Decision Required)\***

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

It was noted by the Sub-Committee that the debt had reduced by c. £6k since the last meeting.

The debt recovery rate achieved in 2019/20 was reported as 120%, which comfortably exceeds the target of 112%. It was noted by the Sub-Committee that with the current pandemic and the potential financial impact that this could have on owners, the debt recovery process may prove to be more challenging in the year ahead, however, we will continue to monitor balances closely.

The Sub-Committee unanimously agreed to delay the review of the Factoring Policy to allow us to consult with owners who had expressed an interest in the consultation process during the recent satisfaction survey.

11. **SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 31 MARCH 2020** **(For review)\***

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

It was reported that the total outstanding debt as at 31 March was c. £9.9k, of which £2k (c. 23%) relates to former tenant (FT) arrears. It was noted by the Sub-Committee that c. £1.5k is due to be repaid to the Association by solicitors.

The Head of Finance & Corporate Services reported a debt recovery rate of 82% which is a significant improvement on the previous year. It was noted by the Sub-Committee that rechargeable repair debt is notoriously difficult to recover, however, there are dedicated staff members regularly

## MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION

working on reducing this debt. It was also noted that the target recovery rate for 2020/21 will remain at 100%.

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

**12. SALES LEDGER BALANCES – OUTSTANDING CHA POWER BALANCES TO 31 MARCH 2020 (For review)\***

The Head of Finance & Corporate Services referred to the new stand-alone report which had been circulated prior to the meeting. It was noted by the Sub-Committee that this report can be adapted to suit their requirements.

The total outstanding debt of c. £13.6k, as at 31 March 2020, was noted by the Sub-Committee.

It was reported that 21% of the outstanding debt relates to customers who are currently disconnected. As discussed earlier in the meeting, the report will be expanded to include the reasons for disconnection.

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

**13. SALES LEDGER CHA - PROPOSED WRITE-OFFS (Decision required)\***

The Finance & Corporate Services Manager referred the Sub-Committee to the report circulated prior to the meeting.

The Sub-Committee approved the proposed sums totalling £2,173.46 to be written off and noted that the general provision for bad/doubtful debts would be revised during the forthcoming audit.

The details of all write-offs would be kept on file for future reference.

**14. SALES LEDGER CHA POWER - PROPOSED WRITE-OFFS (Decision required)\***

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

The Sub-Committee approved the proposed sums totalling £332.43 to be written off for CHA Power former customer aged debts, and noted that the provision for bad/doubtful debts would be revised during the forthcoming Audit.

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

**MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.****ACTION****15. PROPERTY PURCHASES UPDATE (INC. S/O BUY BACKS) TO 31 MARCH 2020 (For review)\***

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

It was noted that c. £118k was spent in the year purchasing 4 properties.

It was reported to the Sub-Committee that a Mortgage to Rent application is currently ongoing for a property in [REDACTED].

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

**16. ATTENDANCE MANAGEMENT REPORT – JANUARY TO MARCH 2020 (For review)\***

The Finance & Corporate Services Manager referred the Sub-Committee to the Report which had been issued prior to the meeting.

The Sub-Committee noted that the total number of sickness days in Quarter 4 was 201, which equates to 10.20% of the available working days.

The Finance & Corporate Services Manager directed the Sub-Committee to the Annual Totals figures. It was noted that the percentage days lost to sickness in 2019/20, which will be reported in the ARC, was 7.50% (596 sickness days).

The total cost of temporary cover for sickness in the quarter, of c. £8.5k was noted by the Sub-Committee, as was the monetary value of the lost working days of c. £15.5k.

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 PURCHASE REPORT TO 31 MARCH 2020 (For review)\***

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

The total expenditure for the year, in the sum of c. £70k, was noted by the Sub-Committee. It was also noted by the Sub-Committee that this figure includes purchases which were approved separately from the delegated amounts and, once these amounts are stripped out, the actual expenditure per the Delegated Authorities was c. £6k.

## MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 05 MAY 2020 AT 4.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION**18. SUB-COMMITTEE TRAINING SLOT – ANNUAL OVERVIEW AND SUGGESTED TOPICS TO COVER**

It was noted that Mr T. McCormack has refresher training booked with the Head of Finance & Corporate Services. The Sub-Committee were encouraged to think of training topics which they would like to cover at future meetings.

**19. IT ISSUES**

There were no IT issues to report.

**20. HEALTH AND SAFETY ISSUES**

There were no health and safety issues to report.

**21. DATE AND TIME OF NEXT MEETING**

As per schedule.

Meeting closed.

Checked by: LL

Date: 21.05.2020

APPROVED .....

PROPOSED .....

SECONDED .....

**/FCW** \*Indicates report issued with agenda