

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON WEDNESDAY 9 SEPTEMBER 2020 AT 6.30 P.M. BY VIDEO CONFERENCING LINK.**ACTION****Present:**

Mr J. Hillhouse
Mr P. Shiach
Mrs K. Tennant

Elected Member
Elected Member
Elected Member

In Attendance:

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

1. ELECTION OF SUB-COMMITTEE CHAIRPERSON & VICE CHAIRPERSON

Mr Shiach proposed Mr Hillhouse for the position of sub-committee Chairperson, which was seconded by Mrs Tennant. Mr Hillhouse accepted the position with thanks.

Mrs Tennant proposed Miss McGarrity for the position of Vice Chairperson in her absence, which was seconded by Mr Shiach. It was noted that the nomination would be notified to Miss McGarrity.

2. APOLOGIES

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

3. CHAIRPERSON'S REMARKS

There were no Chairperson's remarks made.

4. DECLARATION OF INTEREST

There was no declaration of interest made.

5. CORRESPONDENCE

There was no correspondence.

6. BUSINESS CARRIED OVER FROM LAST MEETING

There was no business carried forward from the last meeting.

7. STAFFING ISSUES

There were no staffing issues to report.

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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: -

- There are significant underspends within the Management Accounts due to lockdown. Additional costs have been incurred to allow for remote working and this will be monitored as the year progresses.
- Staff remuneration is under budget by c. £12k. It was noted that Note 1 will be expanded in the next set of Management Accounts to break down the variance and make comparisons against budget.
- Telephone is over budget by c. £2k due to additional mobile phones and equipment required for remote working which was not budgeted for. This will be monitored going forward.
- Office rent and rates over budget by c. £1.2k as a result of a mis-timed factors invoice which had been budgeted for in the second quarter. This account should move more in line with budget as the year progresses.
- Postage, stationery and printing is under budget by c. £4.4k as a result of efficiencies during remote working (e.g. emails sent to customers instead of printing and posting letters).
- Committee and Staff training both under budget due to lockdown restrictions and utilising free online training events.
- Computer costs over budget by c. £4.5k which is mainly due to the purchase of additional software licences for remote working. This will be monitored going forward.
- Overall Management Expenses are c. £16k under budget in the quarter.
- Total rental income, including shared ownership rents, over budget by c. £5k which was due to additional rental income being received for property purchases not accounted for in the budget.
- Voids and bad debts will be adjusted in the annual accounts.
- Total Income was over budget by c. £52k, however this will move more in line with budget in the annual accounts once the above adjustments have been carried out.
- Property maintenance under budget by c. £61k. It was noted that a full maintenance service continued during the entire period of lockdown and the savings on this account is mainly due to less repairs being reported. It was also noted that WDC are yet to invoice us for the out-of-hours service which will reduce the underspend by c. £14k.
- Cyclical costs were underspent by c. £100k due to lockdown restrictions. It was noted that Business Planning will be commencing in the coming weeks, when a decision will be made on how and when to progress these contracts,
- Major Repairs were underspent by c. £22k as result of lockdown restrictions. As above, decisions will be made on how and when to progress these contracts during the upcoming Business Planning.

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- Total Expenditure of c. £816k, which is under budget by c. £212k. This is predominantly due to the underspend in the Cyclical and Major Repairs budgets.
- Operating Surplus of c. £410k is reported rather than a planned c. £145k.
- Interest receivable was lower than budget predictions due to the low interest rates on the terms deposit accounts.
- Significant savings were made on loan repayments due to the majority of our loans being on variable rates since the Dexia and Clydesale loans were fully repaid. It was noted that private finance for the Church development in Linnvale is likely to be on a fixed rate basis to balance out the loan portfolio.
- Surplus for the period of c. £350k, compared to the budgeted surplus of c. £14k.
- Bank balances of c. £8.5m reported.
- Net Current Assets of c. £7.6m showing that we can cover our short-term commitments.
- It was highlighted that the opening balance in the Cash Flow Projection should read £8.4m, with a closing balance at the end of June of £6.87m. It was noted that this will be adjusted in the next quarter.
- It was noted that additional benchmarking has been added to Appendix 2 per the Self-Assurance Improvement Plan, which includes some ratios that the SHR focus on. This will give the Sub-Committee additional reassurance that we are performing well against our peer group and SHR stats.

The Management Accounts to 30 June 2020 were unanimously approved by the Sub-Committee.

**9. CHA POWER LTD MANAGEMENT ACCOUNTS TO 30 JUNE 2020
(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: -

- The Management Accounts for the first quarter of the year compare extremely favourably against Budget.
- Electricity sales are c. £15k higher than budgeted for the period. It was noted that estimates are conservative when budgeting income for the subsidiary.
- Total income of c. £77k, which is c. £17k higher than the budgeted figure.
- Savings of c. £17k made on the Gas account due to our participation in the Scottish Government's Gas Framework.
- Generator maintenance was over budget by c. £7k due to the full payment of the service contract being made in the quarter. It is

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<u>ACTION</u>	<p>expected that this account will fall into line with budget expectations as the year progresses.</p> <ul style="list-style-type: none">• Operating surplus of c. £23k, compared to a budgeted deficit of c. £5k for the period.• Bank balance of c. £434k to fund future repairs and support potential future price freezes. <p>The Sub-Committee unanimously approved the CHA Power Management Accounts to 30 June 2020.</p> <p>10. <u>FACTORING POLICY</u> (For approval)*</p> <p>It was noted that review of the Factoring Policy had been omitted from the final Agenda in error, although it was included on the Draft Agenda which was issued to the Sub-Committee 7 days prior to the meeting. It was agreed that the remaining Agenda items would be re-numbered accordingly.</p> <p>The Finance & Corporate Services Manager referred the Sub-Committee to the Draft Policy which was circulated prior to the meeting.</p> <p>It was noted that the Factoring Policy had been due for review at the last meeting in May, however, it was agreed to postpone the review to allow a consultation process with owners on the proposed changes to the Policy.</p> <p>It was reported to the Sub-Committee that the consultation period was 14 July to 14 August 2020. The Draft Policy was issued to all 27 owners who had expressed an interest in consultation during the recent Owners Satisfaction Survey. Contact was also made with all other owners where we had an email address on file to notify them of the consultation process and to direct them to information on our website. Additionally, the consultation was promoted on our social media. The Finance Manager confirmed that we had received no comments from owners on the proposed changes to the Policy.</p> <p>The Finance & Corporate Services Manager indicated to the Sub-Committee that the majority of the proposed additions to the Policy are already carried out in practice and are noted elsewhere in internal procedures, our Written Statements and information leaflets but were not previously noted in the Policy itself so this review was an opportunity to bring all of this information together into the one document.</p> <p>The Sub-Committee unanimously approved the Draft Factoring Policy.</p> <p>11. <u>SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 31 JULY 2020</u> (For review)*</p> <p>The Finance & Corporate Services Manager referred the Sub-Committee to the report, which had been issued prior to the meeting.</p>
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It was noted by the Sub-Committee that the debt as at 31 July 2020 was c. £5.5k lower than the balance as at the 31 March 2020, despite invoices of c. £25k being issued to owners in June.

The Finance & Corporate Services Manager indicated that no balances are currently giving great cause for concern. It was also reported that a number of high, long-term balances are finally reducing due to agreed payment arrangements with the owners being maintained, which shows that we are making positive strides in recovering the outstanding debt. It was noted that the balances and payment arrangements will continue to be closely monitored.

The addition to the Potential Irrecoverable Debt table, to include the number of owners that fall into this category who are now maintaining a regular payment arrangement, was highlighted to the Sub-Committee.

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

12. SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 30 JUNE 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 30 June was c. £8.8k, of which c. £800 (c. 9%) relates to former tenant (FT) arrears. It was also reported that 80 current tenants and 6 former tenants currently have an outstanding balance.

It was noted by the Sub-Committee that rechargeable repair debt recovery is always notoriously difficult and this is being further impacted by Covid-19, however we continue to work closely with tenants to ensure that payment arrangements are affordable. The Sub-Committee further noted that the appointment of a Welfare Rights Officer will be a positive to step in aiding income maximisation and sign-posting for our tenants which should assist us in recovering the outstanding debt.

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

13. SALES LEDGER BALANCES – OUTSTANDING CHA POWER BALANCES TO 30 JUNE 2020 (For approval)*

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

The total outstanding debt of c. £16k, as at 30 June 2020, was noted by the Sub-Committee. It was further noted that that the outstanding balance is made up of 90 current tenants, which is lower than the number of customers with outstanding balances as the year-end (although the arrears figure has increased by c. £3k in the same period).

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The Head of Finance & Corporate Services reported that during calls with customers, no specific Covid related issues were noted. It was therefore proposed that disconnections, which were put on hold during lockdown, now recommence as we would not wish to push these customers further into debt. This was unanimously agreed by the Sub-Committee.

It was noted that the finance section as a whole would be pulling together over the next month to ensure that contact is made with each tenant with an arrears balance. It was also noted that the Head of Finance & Corporate Services had raised her concerns regarding the level of arrears with the Head of Housing Services and the Chief Executive, following which it had been agreed that Housing Management staff would start engaging with disconnected tenants on a monthly basis to try and offer tenancy sustainment assistance and support to get reconnected.

The Sub-Committee noted that 5 long-term disconnections are in the process of being reconnected.

It was also reported to the Sub-Committee that the Caretakers will be carrying out checks on disconnected properties to ensure the supply has not been reconnected by the tenants, as 2 cases of tampering had been recently discovered.

Following a query from a member of the Sub-Committee, the Head of Finance & Corporate Services confirmed that CHA Power, as a community heating system and a subsidiary of Clydebank Housing Association, would not be eligible for funding from the Energy Redress System.

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

14. ATTENDANCE MANAGEMENT REPORT – APRIL TO JUNE 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 the first quarter was 225, which equates to 11.73% of the available working days. It was further noted that this figure includes 5 long term absences and, if excluded, the total number of absences for the period would reduce to 30 (1.56% of the total available days).

The total cost of temporary cover for sickness in Quarter 1, of c. £6k, was noted by the Sub-Committee, as was the monetary value of the lost working days of c. £22k.

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

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

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15. PROPERTY PURCHASES UPDATE (INC. S/O BUY BACKS) TO 30 JUNE 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 reported that there had been no movement in shared ownership buybacks/additional tranches purchased or open market purchases. It was noted, however, that there is still an outstanding Mortgage to Rent application for a property in [REDACTED] which had been provisionally approved by the Management Committee in April. No further information has been received from the Scottish Government regarding this application so this will be followed up as soon as possible.

The remaining available budget of £81.4k was highlighted to the Sub-Committee.

The remainder of the report was noted.

16. TREASURY MANAGEMENT QUARTERLY UPDATE TO 30 JUNE 2020 (For review)*

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

The content of the Report, which provides an overview of where the Association's cash is currently invested, was noted by the Sub-Committee.

17. CAPITAL PURCHASE REPORT TO 30 JUNE 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 quarter, in the sum of c. £24.5k, was noted by the Sub-Committee. It was also noted that this figure includes [REDACTED] installation costs that were approved separately from the delegated amounts and, once this amount is stripped out, the actual expenditure per the Delegated Authorities was c. £300.

18. EXPENSE CLAIMS – AUGUST 2020 (For approval)*

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

Following review, the Sub-Committee unanimously approved the expenses as submitted and the Treasurer agreed for his electronic signature to be used.

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There were no IT issues to report.

20. SUB-COMMITTEE TRAINING SLOT – SUGGESTED TOPICS TO COVER

The Head of Finance & Corporate Services intimated that this will be a standard item on the Agenda.

It was reported that the Chief Executive and the Chairperson are currently conducting Committee appraisals and the Head of Finance & Corporate Services indicated that she would meet with the Chief Executive to ascertain if any specific finance training has been identified. It was also indicated that the upcoming Finance Conference may give rise to topics for future training slots.

It was noted that Mr T. McCormack will be receiving one-to-one refresher training and the Head of Finance & Corporate Services will arrange to schedule this in as soon as possible.

The Sub-Committee were encouraged to think of training topics which they would like to cover at future meetings.

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: LL

Date: 24.09.20

APPROVED

PROPOSED

SECONDED

/FCW *Indicates report issued with agenda