

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 3 NOVEMBER 2020 AT 6.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION**Present:**

Mr J. Hillhouse

Elected Member

Mr P. Shiach

Elected Member

Ms K. Brown

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, Mrs K. Tennant and Cllr J. Mooney. 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. CORRESPONDENCE

There was no correspondence.

5. BUSINESS CARRIED OVER FROM LAST MEETING

The Head of Finance & Corporate Services reported that Miss McGarrity had not yet accepted the position of Vice Chairperson.

6. STAFFING ISSUES

There were no staffing issues to report.

7. CHA MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 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: -

- Staff remuneration is under budget by c. £3.5k. 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.

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<u>ACTION</u>	
	<ul style="list-style-type: none">• Postage, stationery and printing is under budget by c. £12k. It was noted that we have not incurred costs for the Charter Report as yet due to a delay in the release of the ARC stats. It is expected that his account will catch up in the next quarter.• Committee and Staff training both under budget due to lockdown restrictions and utilising free online training events. It was reported that staff are continuing to work towards their professional qualifications.• Insurance costs were c £3k over budget due to an additional premium for the electric vehicles which was not included in the Budget for the year.• Computer costs over budget by c. £6k which is mainly due to the purchase of additional software licences for remote working. This will continue to be monitored going forward.• General expenses over budget by c. £2k as a result of PPE purchases and additional cleaning requirements, including a deep clean carried out at the SEC before staff returned from home working.• Total Management Expenses of c. £719k, which is a saving of c. £20k for the first 6 months of the year.• Total rental income, including shared ownership rents, of £2.2m, slightly over budget by c. £1.2k.• Voids and bad debts will be adjusted in the annual accounts.• Total Income of c. £2.5m which was over budget by c. £99k, however this will move more in line with budget in the annual accounts once the above adjustments have been carried out.• Property maintenance over budget by c. £12k. It was noted that this figure includes an accrual of £55k for works orders raised since April 2020 but not yet invoiced.• Cyclical and Major Repairs were underspent as result of lockdown restrictions. A full breakdown is provided in Appendix 1. It was noted that the Scottish Government has pushed back the deadline for the heat and smoke alarm installation by 12 months, to February 2021, however we are continuing with this programme as planned. It was also noted that we are currently procuring for the Window Replacement programme at Radnor Park.• Service costs under budget by c. £15k, primarily due to savings in communal electricity.• Property insurance under budget by c. £6k as a result of savings made in the procurement exercise.• General expenses under budget by c. £21k due to less legal action being taken as a result of evictions being on hold during lockdown.• Total Expenditure of c. £1.68m, which is under budget by c. £524k. This is predominantly due to the underspend in the Cyclical and Major Repairs budgets.• Interest receivable under budget predications by c. £12k due to the low interest rates on the terms deposit accounts.• Significant savings were made on loan repayments following early repayment of the Clydesale loans. Further information can be found in Note 35.

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- Surplus for the period of c. £228k, compared to the budgeted deficit of c. £117, which is a saving of c £345k.
- No concerns were highlighted in relation to the Non-Housing accounts with a slight saving reported on budget predictions.
- Net Current Assets of c. £7.8m, which are cash-backed, showing that we can cover our short-term commitments.
- The Sub-Committee were directed to the Internal Targets which showed that we are above peer group average in all categories. I was also noted that benchmarking is currently ongoing.

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

8. CHA POWER LTD MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 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 Subsidiary has performed extremely well in the first 6 months of the year.
- Electricity sales are c. £25k higher than budgeted for the period. It was noted that estimates are conservative when budgeting income for the subsidiary.
- Heat and hot water income is over budget by c. £2k as a result of less disconnections being carried out in the period.
- Total income of c. £147k, which is c. £28k higher than the budgeted figure.
- Savings of c. £23k made on the Gas account due to our participation in the Scottish Government's Gas Framework.
- A saving of c. £24k made on the Plant Expenditure account, with a figure of c. £76k being reported compared to a budgeted figure of c. £100k.
- Operating surplus of c. £56k, compared to a budgeted surplus of c. £3k for the period.
- It was reported that a transfer of £10k to the major repairs reserve has been budgeted for, however, the Sub-Committee may wish to consider increasing this in the final quarter.
- Bank balance of c. £476k to fund future repairs.
- The Designated Reserve balance of c. £92k was highlighted to the Sub-Committee.

The Sub-Committee unanimously approved the CHA Power Management Accounts to 30 September 2020.

9. ANNUAL REVIEW OF FINANCIAL PROCEDURES (For approval)*

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

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It was reported that there were not many changes, however, there had been some adjustments to the Budget Holders as a result of temporary upgrades. The Sub-Committee noted that the uplift in budget level for the Maintenance Assistant since commencing the upgrade to Maintenance Officer, had already been approved by the Sub-Committee through an email poll.

In reference to Finance Procedure Note 2, it was reported that we are in the process of moving to new software which will result in significant changes to some of our operational procedures. The procedure which has been in place since remote working has been included, however, this will need to be reviewed and brought back to the Sub-Committee once we have moved to Homemaster.

After review, the Sub-Committee unanimously approved the proposed changes to the Financial Procedures.

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

The Head of Finance & Corporate Services referred to the draft Financial Regulations that were issued prior to the meeting.

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

11. POLICY REVIEW – TREASURY MANAGEMENT POLICY (For approval)*

The Head of Finance & Corporate Services referred to the Report which was circulated prior to the meeting.

It was noted by the Sub-Committee that all guidance by the Regulator in relation to the pandemic, has been incorporated into the review. The Sub-Committee also noted the insertion of the new paragraph in relation to “sensible judgement” when making decisions to remove funds from term deposit accounts, should the approved deposit-taker’s credit ratings fall below the set minimum criteria.

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

12. TREASURY MANAGEMENT ANNUAL REVIEW (For approval)*

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

It was noted by the Sub-Committee that all of the Association’s approved institutions were approached for competitive rates and their credit ratings

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<u>ACTION</u>	<p>had been assessed. It was reported that all passed the credit ratings at the moment, with the exception of the Clydesdale Bank</p> <p>It was reported to the Sub-Committee that many banks were not open to new customers at this time, including Svenska Handelsbanken who were added to our list of Approved Banks last year.</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. It was noted however, that if there are any significant changes in interest rates from those reported and the date of renewal, this will be brought back to the Sub-Committee for further consideration.</p> <p>13. <u>SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 30 SEPTEMBER 2020 (For review)*</u></p> <p>The Finance & Corporate Services Manager 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 reported debt as at 30 September 2020 had reduced by c. £7k from the balance reported at the last meeting.</p> <p>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. It was noted that the balances and payment arrangements will continue to be closely monitored.</p> <p>It was also highlighted to the Sub-Committee that there are currently no owners with outstanding balances in the “Greater than £1,500” bracket, which shows that we are making positive strides in recovering the outstanding debt.</p> <p>The remainder of the report was noted by the Sub-Committee.</p> <p>14. <u>SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 30 SEPTEMBER 2020 (For review)*</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. £9k, of which c. 8% relates to former tenant (FT) arrears.</p> <p>It was noted by the Sub-Committee that rechargeable repair debt recovery is always notoriously difficult and this is being further impacted</p>
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by Covid-19, however we continue to work closely with tenants to ensure that payment arrangements are affordable. It was highlighted to the Sub-Committee that there has been an increase in the number of tenants with rechargeable repairs balances and an increase in the total debt outstanding and the recovery of this money will be a priority going forward.

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

15. SALES LEDGER BALANCES – OUTSTANDING CHA POWER BALANCES TO 30 SEPTEMBER 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. £18k, as at 30 September 2020, was noted by the Sub-Committee. It was further noted that the outstanding balance in each of the categories has increased, with the exception of one. Additional resources had been directed to the recovery of CHA Power arrears during September and October and it is hopeful that the effect of this will be noticed in the next quarter.

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

16. ATTENDANCE MANAGEMENT REPORT – JULY TO SEPTEMBER 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 153, which equates to 7.99% of the available working days. It was further noted that this figure includes 3 long term absences and, if excluded, the total number of absences for the period would reduce to 11 (0.57% of the total available days).

The total cost of temporary cover for sickness in Quarter 2, of c. £2.5k, was noted by the Sub-Committee, as was the monetary value of the lost working days of c. £26k.

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 SEPTEMBER 2020 (For review)*

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

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The total expenditure for the period of c. £25.5k was noted by the Sub-Committee. It was also noted that this figure includes ██████████ 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. £3.5k.

18. PROPERTY PURCHASES UPDATE (INC. S/O BUY BACKS) TO 30 SEPTEMBER 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 Montrose Street which had been provisionally approved by the Management Committee in April, which will be included in the next report.

The remaining available budget of £81.4k was noted by the Sub-Committee.

The remainder of the report was noted.

19. SHAPS FINANCIAL ASSESMENT (For review)*

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

It was reported to the Sub-Committee that this Financial Assessment is submitted annually to the Pensions Trust to determine the financial strength of the employers within the Scheme, however, the outcome of the financial assessment has never been reported to the Sub-Committee and it was intimated that this will now be reported on annually.

The Sub-Committee noted that the Association's risk category remains 'low', which is unchanged from previous years.

20. EXPENSE CLAIMS (For approval)***a) Expenses – September 2020**

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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ACTIONb) Expenses – October 2020

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.

21. IT ISSUES

There were no IT issues to report.

22. HEALTH & SAFETY ISSUES (VERBAL UPDATE)

Although Health & Safety issues are covered in other Sub-Committees, the Head of Finance & Corporate Service reported to the Sub-Committee that employees' stress and wellbeing was covered during a recent Health & Safety training session and it was intimated that the Finance & Corporate Services Sub-Committee meetings would be the ideal place to provide updates on various measures that the Association has put in place to help alleviate workplace (and personal) stress levels. It was therefore noted that this will be a standard agenda item for all future meetings.

23. 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.

The offer of one-to-one training was extended to Ms Brown.

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

24. DATE AND TIME OF NEXT MEETING

As per schedule.

Meeting closed.

Checked by: _____

Date: _____

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<p><u>ACTION</u></p>	<p>APPROVED</p> <p>PROPOSED</p> <p>SECONDED</p> <p>/FCW *Indicates report issued with agenda</p>
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