

**MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 9 FEBRUARY 2021 AT 6.30 P.M. BY VIDEO CONFERENCING LINK.****ACTION****Present:**

Mr J. Hillhouse	Chairperson	Elected Member
Ms C. McGarrity		Casual vacancy
Ms K. Brown		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 Mr P. Shiach 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**

There was no business carried over from the last meeting.

**6. STAFFING ISSUES – PENSION UPDATE**

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

It was noted that Employer Updates will be issued to the Sub-Committee every quarter for information.

It was reported to the Sub-Committee that there had been no updates to the actuarial reports and there has been no employers meetings in recent months.

The Sub-Committee noted that any significant changes in the pension valuation would be reported in the Employer Updates.

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**(For approval)\***

The Head of Finance & Corporate Services referred the Sub-Committee to the Management Accounts, which were issued prior to the meeting. It was intimated to the Sub-Committee that there were no material variances that were giving cause for concern. The following points were noted by the Sub-Committee: -

- Staff remuneration is over budget by c. £22k as a result of additional staffing requests approved by the Management Committee throughout the year for temporary upgrades/temporary posts relating to sickness cover, none of which would have been taken account of during the budget setting process. It was noted that a full comparison of budgeted salary costs -v- actual salary costs for the year will be reported in the final quarter.
- Telephone is c. £6k over budget. It was noted that remote working saw a requirement for additional mobile phones and Zoom licences which had increased the telephone costs in the year.
- Equipment Maintenance/Office Repairs over budget by c. £3k due to additional items required for the office refurbishment. It was noted that some of these additional purchases may be capitalised at the year end.
- Postage, stationery and printing is under budget by c. £17k. It was noted that with remote working there has been reduced reliance on traditional mailings and email communication has been utilised as much as possible, which has led to significant savings.
- Committee and Staff training both under budget due to lockdown restrictions and utilising free/lower cost online training events. It was reported that staff are continuing to work towards their professional qualifications.
- Total Management Expenses of c. £1.1m for the period to 31 December, which is an overspend of c. £14k.
- Total rental income, including shared ownership rents, over budget by c. £47k. It was noted that this is expected to move more in line with budget in the last quarter of the year following a process of rent harmonisation of service charges. It was also noted that property purchases in the year, leading to increased rental income, has contributed to the variance.
- Voids and bad debts will be adjusted in the annual accounts.
- Total Income of c. £3.78m which was over budget by c. £193k, however this will move more in line with budget in the annual accounts once the above adjustments have been carried out.
- Property Maintenance expenditure for the period is in line with budget.
- Cyclical and Major Repairs under budget as result of lockdown restrictions. It was noted that some catch-up may be possible should restrictions ease in March.
- General Expenses under budget by c. £31k and it as noted that a full breakdown of this account is detailed in Note 26.

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- The majority of the budget for property purchases has been utilised with the buyback of a 50% shared ownership property at Melfort Court. It was noted that funds were received from a sharing owner who recently trached up to full ownership.
- Interest Receivable under budget by c. £21k due to much lower interest rates being achieved than expected.
- Loan Repayments over budget by c. £263k, however it was highlighted to the Sub-Committee that a payment of £407k is included for early repayment of the Clydesdale Bank loans.
- Surplus for the period of c. £505k, compared to the budgeted deficit of c. £72k, which is a saving of c £577k.
- Within the Non-Housing accounts, it was noted that no allowances were received in the period in respect of social work adaptations, which has resulted in a higher deficit on the Development Account than budget predictions. With regards to the Centre81 Account, it was noted that the Centre remains closed to the public, which has resulted in savings in direct costs. It was also noted that savings in staffing costs had been realised in the year. The remaining non-housing accounts are performing in line with budget.
- In the Balance Sheet, Net Current Assets of c. £10.7m are reported, which are cash-backed, showing that we can cover our short-term commitments.

The Management Accounts to 31 December 2020 were unanimously approved by the Sub-Committee.

**8. CHA POWER LTD MANAGEMENT ACCOUNTS TO 31 DECEMBER 2020 (For approval)\***

The Head of Finance & Corporate Services referred to the Management Accounts, which had been circulated prior to the meeting. It was highlighted to the Sub-Committee that the front page of the Management Accounts states the wrong period and this would be updated to state 31 December 2020.

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

- The Subsidiary has performed extremely well in the period to 31 December.
- Electricity sales are c. £40k higher than budgeted for the period. It was noted that estimates are conservative when budgeting income for the Subsidiary. It was also noted that the same prudence has been applied to the Budget for 2021/22 as electricity income can be volatile.
- Heat and hot water income is almost in line with budget.
- Total income of c. £225k, which is c. £45k higher than the budgeted figure.
- Savings of c. £29k made on the Gas account due to our participation in the Scottish Government's Gas Framework as highlighted previously. It was reported to the Sub-Committee that the Subsidiary

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<p><u>ACTION</u></p>	<p>is benefiting from lower gas costs at the same time as higher electricity income, which is unusual.</p> <ul style="list-style-type: none"> <li>• General Maintenance over budget by c. £16k, however this includes a prepayment for service costs up to October 2021 and this will be adjusted for at the year end.</li> <li>• Operating Surplus of c. £67k, compared to a budgeted surplus of c. £3k for the period. It was noted that this healthy position helped to justify the decision not to apply a price increase again for 2021/22.</li> <li>• Net Current Assets of c. £461k, which are cash-backed.</li> <li>• Bank balance of c. £476k to fund future repairs.</li> <li>• The Designated Reserve balance of c. £93k was highlighted to the Sub-Committee.</li> </ul> <p>The Sub-Committee unanimously approved the CHA Power Management Accounts to 31 December 2020.</p> <p><b>9. <u>TREASURY MANAGEMENT QUARTERLY UPDATE TO 31 DECEMBER 2020 (For review)*</u></b></p> <p>The Head of Finance &amp; Corporate Services referred the Sub-Committee to the Report, which was issued prior to the meeting.</p> <p>The content of the Report, which provides an overview of where the Association's cash is currently invested, was noted by the Sub-Committee.</p> <p><b>10. <u>SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 30 NOVEMBER 2020 (For review)*</u></b></p> <p>The Finance &amp; 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 November 2020 had increased by c. £20k from the balance reported 2 months previously, despite invoices totally c. £24k being issued.</p> <p>The Finance &amp; Corporate Services Manager reported to the Sub-Committee that debt recovery processes had been delayed due to the workload required to transition to the Homemaster system, which may have an impact on our ability to achieve our recovery target for the year. It was noted however, that good progress had been made prior to this and that debt recovery will be a priority in the coming weeks.</p> <p>The remainder of the report was noted by the Sub-Committee.</p> <p><b>11. <u>ANNUAL FACTORING ARREARS RECOVERY TARGET 2021/22 (For approval)*</u></b></p> <p>The Finance &amp; Corporate Services Manager referred the Sub-Committee to the Report, which was issued prior to the meeting.</p>
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<u><b>ACTION</b></u>	<p>It was noted by the Sub-Committee that the recovery rate as at 29 January 2021 was 86%.</p> <p>The Finance &amp; Corporate Services Manager indicated that, although our ability to meet this year's target of 112% may have been impacted as a result of the additional workload/time constraints related to the move from Sage to Homemaster, good progress had been made in the year immediately prior to this. It was also noted that the new Homemaster system should provide a more streamlined workflow in relation to debt recovery in the future. For these reasons, the recommendation was made to increase the target recovery rate for factors debt to 115% for 2021/22. This was unanimously approved by the Sub-Committee.</p> <p><b>12. <u>SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 30 NOVEMBER 2020 (For review)*</u></b></p> <p>The Head of Finance &amp; 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 November was c. £9k, of which c. 16% 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 by Covid-19, however we continue to work closely with tenants to ensure that payment arrangements are affordable.</p> <p>The remainder of the report was noted by the Sub-Committee.</p> <p><b>13. <u>SALES LEDGER BALANCES – OUTSTANDING CHA POWER BALANCES TO 30 NOVEMBER 2020 (For review)*</u></b></p> <p>The Head of Finance &amp; Corporate Services referred to the Report which had been circulated prior to the meeting.</p> <p>The total outstanding debt of c. £20k, as at 30 November 2020, was noted and it was highlighted to the Sub-Committee that this level of debt is causing great concern.</p> <p>It was reported that there will be intensive work carried out on this in the final 6 weeks of the financial year, when it is hoped that a noticeable reduction in the level of debt will be achieved.</p> <p>The remainder of the report was noted by the Sub-Committee.</p> <p><b>14. <u>PROPOSED CUSTOMER WRITE-OFFS – CHA AND CHA POWER (For approval)*</u></b></p> <p>The Head of Finance &amp; Corporate Service referred to the Report, which had been issued prior to the meeting.</p>
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It was noted by the Sub-Committee that former tenant balances could not be transferred to Homemaster, therefore it was recommended that the former tenant balances of c. £1.3k for rechargeable repairs and c. £1.4k for CHA Power arrears be written off.

The Head of Finance & Corporate Services indicated that a record of the written-off balances will be kept on Homemaster for future reference. It was also noted that, if approved, the write offs would be offset against the provision for bad and doubtful debts.

The proposed write-offs were unanimously approved by the Sub-Committee.

**15. PROPERTY PURCHASES UPDATE (INC. S/O BUY BACKS) TO 31 DECEMBER 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, as at 31 December 2020, there were only 38 shared ownership properties remaining, following the purchase of a 50% shared ownership property. It was noted that this figure has since reduced to 37 due to a sharing owner recently tranching up to full ownership.

It was noted that the outstanding Mortgage to Rent application for a property in [REDACTED] has still not progressed during lockdown, however this may still proceed and a further update will be given at the next meeting.

The remaining available budget of £3.8k was noted by the Sub-Committee.

**16. SHR IN-YEAR RETURN (For approval)\***

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 it is a requirement to submit an in-year return to the Regulator any time there is a material difference which was not incorporated in the annual return.

As two Clydesdale Bank variable loans were repaid early in April 2020, we are now required to submit an in-year return and it was confirmed to the Sub-Committee that, subject to approval, this will be submitted in the week beginning 8 February 2021. This was unanimously approved by the Sub-Committee.

The remainder of the report, showing the current status of all remaining loans, was noted by the Sub-Committee.

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**17. CHANGE TO FINANCE PROCEDURE 7 – BUDGET HOLDERS**

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

It was noted by the Sub-Committee that recent staff changes/additions approved by the Management Committee has resulted in a requirement to update the Budget Holder levels in line with the new appointments/gradings.

It was also noted that the Estate Caretaker and the Clerical Officer (Maintenance) have been added to the Finance Procedure 7, with a proposed budget level of £100 each.

The proposed changes to the Budget Holders were unanimously approved by the Sub-Committee.

**18. ATTENDANCE MANAGEMENT REPORT – OCTOBER TO DECEMBER 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 third quarter was 239, which equates to 12.11% 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 5 (0.25% of the total available days).

The total cost of temporary cover for sickness in Quarter 3, of c. £19k, was noted by the Sub-Committee, as was the monetary value of the lost working days of c. £35k.

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

**19. CAPITAL PURCHASES REPORT TO 31 DECEMBER 2020 (For review & approval)\***

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 period of c. £38k was noted by the Sub-Committee. It was also noted that this figure includes [REDACTED] and archive costs that were approved separately from the delegated amounts and, once these amount are stripped out, the actual expenditure per the Delegated Authorities was c. £8.5k.

At this point, the Head of Finance & Corporate Services reported to the



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<u>ACTION</u>	<p>Sub-Committee that the Association has been awarded funding of £21k from SFHA towards the installation of bike sheds at Bon Accord Square, Cart Street and Glasgow Road, however, as the total cost of the project is £42k, SFHA are looking for the Association to match-fund their contribution. After some discussion, the Sub-Committee unanimously approved the £21k of capital match-funding for the project.</p> <p>It was requested by the Sub-Committee that the plans for the location of the bike sheds be brought to the next meeting for information.</p> <p><b>20. <u>EXPENSE CLAIMS</u></b> <b>(For approval)*</b></p> <p>a) <u>Expenses – November 2020</u></p> <p>The Head of Finance &amp; Corporate Services referred to the report, which was issued prior to the meeting.</p> <p>Following review, the Sub-Committee unanimously approved the expenses as submitted and the Treasurer agreed for his electronic signature to be used.</p> <p>b) <u>Expenses – December 2020</u></p> <p>The Head of Finance &amp; Corporate Services referred to the report, which was issued prior to the meeting.</p> <p>Following review, the Sub-Committee unanimously approved the expenses as submitted and the Treasurer agreed for his electronic signature to be used.</p> <p>c) <u>Expenses – January 2021</u></p> <p>The Head of Finance &amp; Corporate Services referred to the report, which was issued prior to the meeting.</p> <p>Following review, the Sub-Committee unanimously approved the expenses as submitted and the Treasurer agreed for his electronic signature to be used.</p> <p><b>21. <u>HEALTH &amp; SAFETY ISSUES – HEALTH &amp; WELLBEING UPDATES</u></b></p> <p>The Head of Finance &amp; Corporate Services provided the Sub-Committee with a verbal update of the information, tips and advice being provided to staff members on the Health &amp; Wellbeing section of the intranet.</p> <p>It was noted that 'Fitness February' was being promoted where employees will be encouraged to take part in zoom yoga and be given healthy eating tips. It was noted by the Sub-Committee that a recent Health &amp; Safety training session by ACS had highlighted that stress is the</p>
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largest health and safety concern within the workplace and that we continue to look at new ideas for ways to support staff.

**22. IT ISSUES**

There were no IT issues to report.

**23. SUB-COMMITTEE TRAINING SLOT**

The Head of Finance & Corporate Services welcomed any requests from the Sub-Committee for 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: LL

Date: 19.02.2021

APPROVED .....

PROPOSED .....

SECONDED .....

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