

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 11 MAY 2021 AT 6.30 P.M. BY VIDEO CONFERENCING LINK.

ACTION**Present:**

Mr J. Hillhouse	Chairperson	Elected Member
Ms K. McGarrity		Elected Member
Ms K. Brown		Elected Member
Mr P. Shiach		Elected Member
Cllr J. Mooney		Co-Opted Member

In Attendance:

Mrs L. Lees	Chief Executive
Mrs F. White	Finance & Corporate Services Manager

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

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 over from the last meeting.

5. CORRESPONDENCE

There was no correspondence.

6. STAFFING ISSUES – BUDGET HOLDER CHANGES

The Chief Executive referred the Sub-Committee to the Report, which was issued prior to the meeting.

It was noted that this addition to Finance Procedure 7 was approved by email in April and is now being brought to the Sub-Committee for ratification.

The approved change to Finance Procedure 7 was confirmed by the Sub-Committee.

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ACTION**7. CHA MANAGEMENT ACCOUNTS TO 31 MARCH 2021**
(For approval)*

The Chief Executive referred the Sub-Committee to the Management Accounts, which were issued prior to the meeting. It was intimated to the Sub-Committee that these will not differ widely from the annual accounts which are currently being prepared. The following points were noted by the Sub-Committee: -

- Staff remuneration over budget by c. £54.5k 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. A breakdown of the overspend is detailed in Note 1.
- Telephone is c. £8.8k over budget due to additional costs relating to Covid-19/remote working which we had no awareness of in January 2020 during the budget-setting process.
- Postage, stationery and printing is under budget by c. £21.5k. 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.
- Computer costs over budget by c. £14.5, mainly due to additional equipment required for remote working. It was also noted by the Sub-Committee that an IT audit had identified the need for additional licences which had not been budgeted for. These additional costs have been incorporated into the Budget for 2021/22. It was intimated that the remote working costs are likely to reduce now that restrictions are easing and more staff return to work from the office.
- Overheads of c. £311k, a saving of c. £18.5k.
- Total Management Expenses of c. £1.5m for the period to 31 March 2021, which is an overspend of c. £36k.
- Total rental income, including shared ownership rents, over budget by c. £83k. It was noted that this will move more in line with budget in the final accounts following an adjustment for 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. £5m, showing a favourable variance of c. £269k, however this will move more in line with budget in the annual accounts once the above adjustments have been carried out.
- Property Maintenance £32.5k over budget for the year. It was intimated that our repairs service has continued throughout the pandemic where it has been safe to do so and within Government guidelines.

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- Cyclical and Major Repairs under budget as result of lockdown restrictions. It was noted that the underspend in both budgets have been carried forward into the next year and the Housing Services Manager is gearing up to commence the delayed programmes in the coming months.
- General Expenses under budget by c. £20k.
- Total expenditure of c. £3.6m and a Housing Surplus of c. £1.45m.
- 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. £36k due to much lower interest rates being achieved than expected.
- Loan Repayments over budget by c. £306k, due to early repayment of the Clydesdale Bank loans. It was noted that the majority of our loans are on variable rates.
- Surplus for the period of c. £555k, compared to the budgeted surplus of c. £117k, mainly due to the voids & bad debts adjustment and the underspend on planned maintenance.
- Within the Non-Housing accounts, it was noted that additional allowances were received in the period in respect of social work adaptations. The Factoring Account is showing a small deficit of £108 against a budgeted surplus of £221. It was noted that we only aim to cover our costs with the factoring service. Commercial Income is showing a favourable variance of £460 due to admin fees received in connection with Homestake at Dean Court. The Centre81 Account is showing a deficit of c. £98.5k against a planned deficit of c. £80k. It was noted that the Centre has been closed for the majority of the financial year which has resulted in a reduction in lettings and gym income, however, some of this has been offset by savings made in direct costs due to the building closure. It was noted that, following the easing of restrictions, the Centre has now re-opened on restricted hours and gym bookings have recommenced on a one in/one out basis. It was reported that the Social Economy Centre Account has performed well in the year, benefiting from lower direct costs.
- Net Current Assets of c. £10.7m, which are cash-backed, showing that we can cover our short-term commitments.
- Bank balances of c. £11m. It was noted that this includes front-funding received for the Linnvale development.

At this point, the Chief Executive was asked if we are able to apply for funding for lost income to the Centre due to lockdown. It was noted by the Sub-Committee that we have been successful in receiving funding from the Wellbeing Fund and the Community Recovery Fund but we have not applied for specific funding relating to the Centre's lost income. The Chief Executive indicated that she would investigate this possibility.

The Management Accounts to 31 March 2021 were unanimously approved by the Sub-Committee.

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<u>ACTION</u>	<p>8. <u>CHA POWER LTD MANAGEMENT ACCOUNTS TO 31 MARCH 2021</u> (For approval)*</p> <p>The Chief Executive referred to the Management Accounts, which had been circulated prior to the meeting. The following points were noted by the Sub-Committee: -</p> <ul style="list-style-type: none">• The Subsidiary has performed extremely well in the year. It was noted that this will result in a higher Corporation Tax bill.• Electricity sales are c. £49k 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 generator was working well following extensive repairs.• Heat and hot water income of c. £218k against a budget of c. £214k as a result of no disconnections during the majority of the financial year. It was also noted that there is continued engagement with customers via calls and home visits and the Tenancy Sustainment Officer securing fuel funding for customers who meet the criteria.• Total income of c. £297k, which is c. £56k higher than the budgeted figure.• Favourable variances showing on both Plant Electricity and Gas.• Generator Maintenance over budget by c. £12k, due to additional repairs carried out, however this has ensured that the generator is working at optimum.• Total Management Expenses of c. £215k, a saving of c. £18.5k.• Operating Surplus of c. £82k, compared to a budgeted surplus of c. £7k for the year. It was noted that the Corporation Tax will be calculated in the Year-End Audit.• Transfer of £80k into designated reserves rather than the budgeted transfer of £10k. These reserves can be used to fund future maintenance or improvements.• Net Current Assets of c. £477k, which are cash-backed. <p>The Sub-Committee unanimously approved the CHA Power Management Accounts to 31 March 2021.</p> <p>9. <u>ANNUAL TREASURY MANAGEMENT REPORT TO 31 MARCH 2021</u> (For review)*</p> <p>The Chief Executive referred the Sub-Committee to the Report, which was issued prior to the meeting.</p> <p>It was noted by the Sub-Committee that the Report provides an overview of where the Association's cash is currently invested. It was reported that any additional 1 year term deposit had been added in the year, when £850k had been moved from an underperforming 1-year term deposit held by the Bank of Scotland and moved to Santander in order to achieve a higher interest return.</p>
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The average return for 2020/21 of c. £33.5k and the closing balances of c. £11.3m, were noted by the Sub-Committee.

At this point, Cllr Mooney requested feedback on discussions with [REDACTED] in relation to the Association placing funds in term deposits which may attract higher interest rates. The Chief Executive informed the Sub-Committee that she had a good discussion with [REDACTED] prior to the Christmas break, however, they do not hold a credit rating and it was noted that it is a requirement of the Treasury Management Policy that a bank's credit rating must be checked before funds are deposited. Any change to this would require a change to the Policy. However, it was noted that the Sub-Committee could agree to add [REDACTED] as an approved bank, which would allow the Chief Executive to begin researching the bank. This was unanimously approved by the Sub-Committee, on the condition that the bank is fully researched before any funds are deposited with the Bank. [REDACTED].

10. SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 31 MARCH 2021 (For approval)*

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 reported debt as at 31 March 2021 was c. £12.8k, a reduction of c. £20k since the last report.

The debt recovery rate for 2020/21 of 102% was noted by the Sub-Committee. It was reported that this fell short of our target of 112%, however, it was noted that this was due to additional pressures on the Finance staff in relation to the transition to the Homemaster system in December and the backlog that this generated, as reported at the last meeting.

The Finance & Corporate Services Manager highlighted the following positives to the Sub-Committee: -

- Although the debt recovery rate achieved was less than target, it was still over 100%.
- The outstanding factors balance as 31st March last year was higher, at c. £14k.
- The potential irrecoverable debt figure reported is half that of the figure reported at the last year-end, which shows we have been successful in recovering a significant portion of the debts which have been longer standing/more difficult to recover.

The Finance & Corporate Services Manager requested approval to proceed with Simple Procedures in 4 cases where the debt is in excess

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of £250, should there be no response to the solicitor letters due to be issued soon. This was unanimously approved by the Sub-Committee.

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

11. **SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 31 MARCH 2021 (For review)***

The Chief Executive 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. £5k, all of which relates to current tenant arrears as the former tenant debts were approved for write-off at the last meeting.

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

12. **SALES LEDGER BALANCES – OUTSTANDING CHA POWER BALANCES TO 31 MARCH 2021 (For review)***

The Chief Executive referred to the Report which had been circulated prior to the meeting.

The total outstanding debt of c. £20k, as at 31 March 2021, was noted by the Sub-Committee.

It was reported to the Sub-Committee that there were no disconnections during the worst period of the pandemic, which had resulted in a vast increase in outstanding balances and it was noted that extensive work is now required to get back on track.

The Chief Executive reported that customers have been able to access financial support, assisted by the Tenancy Sustainment Officer, from Home Heating Advice Scotland and from the Community Recovery Fund. Much of this funding will be received in the next quarter when it will be applied to the customer accounts, therefore we expect to see a significant reduction in the outstanding debt.

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

13. **SALES LEDGER CHA - PROPOSED WRITE-OFFS (For approval)***

The Chief Executive referred to the Report, which had been issued prior to the meeting.

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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 rechargeable repair balances of c. £323 be written off.

The Chief Executive 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.

14. **SALES LEDGER CHA POWER – PROPOSED WRITE-OFFS**
(For approval)*

The Chief Executive referred to the Report, which had been issued prior to the meeting.

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 CHA Power balances of c. £493 be written off.

The Chief Executive 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 MARCH 2021** **(For review)***

The Chief Executive referred the Sub-Committee to the Report, which had been issued prior to the meeting, the content of which was noted.

16. **ATTENDANCE MANAGEMENT REPORT – JANUARY TO MARCH 2021/ARC STATISTICS 2020-21** **(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 last quarter of the year also reported a very high number absences, attributed to a significant number of long-term absences, with a total number of sickness days of 236, equating to 11.14% of the available working days.

The total cost of temporary cover for sickness in Quarter 4, of c. £23k, was noted by the Sub-Committee, as was the monetary value of the lost working days of c. £18k.

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

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 2020/21, which will be reported in the ARC, was 10.63% (853 sickness days).

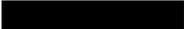
The following corrections to the quarterly %age days lost were reported to the Sub-Committee: -

<u>Quarter</u>	<u>Reported Figure</u>	<u>Corrected Figure</u>
1 (Apr-Jun 2020)	11.73%	11.47%
2 (Jul-Sept 2020)	7.99%	7.90%
3 (Oct-Dec 2020)	12.11%	11.91%

It was noted that there were no corrections to the reported number of days absent and the corrections were based on an adjustment to the number of available working days in the quarter, which was flagged up in the final quarter of the year when the combined totals for each quarter showed a variance with the annual figures that are calculated for the ARC. The corrections were noted by the Sub-Committee.

17. CAPITAL PURCHASES REPORT TO 31 MARCH 2021
(For review)*

The Chief Executive referred the Sub-Committee to the report, which had been issued prior to the meeting.

The total expenditure for the period of c. £62.7k was noted by the Sub-Committee. It was also noted that this figure includes   that were approved separately from the delegated amounts, together with shared costs in relation to the post of Tenancy Sustainability recoverable from Knowes/Dalmuir Park Housing Associations and, once these amount are stripped out, the actual expenditure per the Delegated Authorities was c. £10k.

18. EXPENSE CLAIMS – APRIL 2021
(For approval)*

The Chief Executive referred to the report, which was issued 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.

It was noted that the Chief Executive would add this to the signature register.

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<u>ACTION</u>	<p>19. <u>SUB-COMMITTEE TRAINING SLOT – ANNUAL OVERVIEW AND SUGGESTED TOPICS TO COVER</u></p> <p>The Chief Executive reported that she will be working with the Chairperson to prepare the Committee Training schedule effective from August 2021 and welcomed any requests from the Sub-Committee for training topics which they would like to cover at future meetings.</p> <p>20. <u>IT ISSUES</u></p> <p>There were no IT issues to report.</p> <p>21. <u>HEALTH & SAFETY ISSUES</u></p> <p>The Chief Executive provided the Sub-Committee with a verbal update of the information, tips and advice being provided to staff members on the Health & Wellbeing section of the intranet. It was noted that information relating to Mental Health Awareness week have been shared with staff.</p> <p>It was noted that Investors in People have a Wellbeing Standard and it has been indicated that the Association is likely to already meet the standard required to receive an Accreditation.</p> <p>Before the meeting was brought to a close, the Chief Executive advised the Sub-Committee of a standing order which required cancellation (reimbursement of internet costs) and requested approval to add the Treasurer’s electronic signature to the cancelation request for issuing to the bank. This was approved by the Sub-Committee.</p> <p>22. <u>DATE AND TIME OF NEXT MEETING</u></p> <p>As per schedule.</p> <p><u>Meeting closed.</u></p> <p>Checked by: _____</p> <p>Date: _____</p> <p>APPROVED</p> <p>PROPOSED</p> <p>SECONDED</p> <p>/FCW *Indicates report issued with agenda</p>
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