

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 04 FEBRUARY 2020 AT 7.00 P.M. IN THE TEMPORARY OFFICES OF CLYDEBANK H.A., 63 KILBOWIE ROAD, CLYDEBANK.

ACTION

Present:

Mr J. Hillhouse	Chairperson	Elected Member
Mrs K. Tennant		Elected Member
Mr P. Shiach		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. It was noted that a quorum was present to enable the meeting to go ahead.

2. CHAIRPERSON'S REMARKS

The Chairperson welcomed everyone to the meeting and thanked the sub-committee members for their attendance. The Chairperson's remarks were as follows:

- An additional item was added to the Agenda at Item 18A - Tender Reports received from the Housing Services Manager for the following contracts:
 - Smoke, Heat and Carbon Monoxide Alarm System (2019-2020) – Radnor Park
 - Smoke, Heat and Carbon Monoxide Alarm System (2019-2020) – All areas excluding Radnor Park
 - Electrical Re-Wire (2019-2020) – Various addresses

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 forward from the last meeting.

6. STAFFING ISSUES

There were no staffing issues to report.

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ACTION

7. **CHA MANAGEMENT ACCOUNTS TO 31 DECEMBER 2019**
(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 costs are over budget for the quarter. A full reconciliation of salary costs will be carried out, however it was noted that the overspend is a result of temporary staff cover for sickness absences as well as staff changes within the year which had been approved by the Management Committee separately.
- Equipment maintenance is over budget by c. £6k as it includes office refurb costs which will be capitalised alongside the total completed contract costs.
- Postage is under budget by c. £12.5k and it is expected that this will move more in line with budget in the final quarter.
- Staff training underspent by c. £11k, however it was reported that a variety of staff training is currently booked and it is expected that the full budget will be utilised in the year.
- Computer costs are over by c. £3k due to additional software and server warranty costs which had been budgeted for next year. It was noted that computer costs for year are expected to be within budget.
- Total Management Expenses (on Page 1) of c. £1.06m (Note 16) compare comparably with the budgeted figure of c. £1.07m.
- The combined Rent and Service charge and the Shared Ownership Rent is c. £10k over budget as a result of the additional rental income received from the 4 buybacks which took place in the year.
- Total housing income is over budget by c. £190k in the period to 31 December 2019 as this account has not been adjusted for bad debts, which is adjusted annually at the year-end.
- Property Maintenance over Budget by c. £5k due to more void and reactive repairs being carried out in the quarter. These costs are closely monitored on a monthly basis. It was noted that the budget for property maintenance has been reduced to £425k for 2020/21 as it is expected that savings will be made due to the competitive tendering process and the upcoming review of our lettable standards.
- Cyclical costs underspent by c. £286k. It was reported to the Sub-Committee that a number of contracts have now been carried forward into 2020/21 and assurances have been received from the Housing Services Manager that the action plan will actively pursued to ensure cyclical programmes are progressed. This will be closely monitored. It was noted that pushing ahead with cyclical works will have a positive impact on the reactive property maintenance budget.
- Service costs are under budget by c. £8k due to a savings in energy costs. It was noted that this may move more in line with budget in the final quarter.
- Operating Surplus of c. £1.1m is achieved.
- The overspend on property purchases of c. £81k is due to the acquisition of 2 shared ownership buybacks and 2 open market

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ACTION

purchases in the year. It was noted that any overspend for the year will be deducted from the available budget for property purchases in 2020/21.

- Surplus for the period over budget by c. £500k as a result of the large underspend on the cyclical maintenance account and the unadjusted voids and bad debts.
- All Non-Housing Accounts, with the exception of the Factoring Account and the Social Economy Account, performed better than expected. It was reported that the overspend on the Social Economy Account was due to unexpected roofing costs and some remedial repairs/painterwork carried out in advance of the office move.
- The deficit on the Non-Housing Account is c. £6k less than budget.
- Net Current Assets of c. £6.7m showing that we are financially viable, can cover our short-term commitments and have cash-backed reserves to fund our activities.
- Appendix 2A – Favourable variances in all targets. Target 7 – Dexia loan was repaid in November 2019 and an in-year return will be submitted to the Regulator and will be provided to the next Management Committee meeting for information.

The Sub-Committee unanimously approved the CHA Management Accounts.

8. **CHA POWER LTD MANAGEMENT ACCOUNTS TO 31 DEC 2019**
(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: -

- It was noted that the electricity sales income was showing an unfavourable variance of c. £25k due to there being no electricity income received at all in Qtr. 1 and income only received for August and September Qtr. 2.
- Total Income for the period is therefore c. £27k below Budget predictions.
- Savings have been made on both the Gas and Generator Maintenance, which has enabled the subsidiary to recoup c. £19k of the electricity shortfall.
- Operating surplus of £53 was reported for the period.
- On the Balance Sheet, the Bank balance of c. £422k were noted.

It was reported to the Sub-Committee that a price freeze has been agreed for 2020/21.

The Sub-Committee noted that the generator is fully operational and we would be expecting greater electricity income going forward.

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ACTION

It was noted by the Sub-Committee that customer arrears are being monitored monthly and for the period to 31 Dec 2019, the arrears were 4.8% of the total income receivable. Debt recovery is ongoing and there will be a sustained focus in the final months of the year to reduce the arrears levels downwards to the agreed target level of 3.5%. The breakdown of customer arrears was noted showing the various levels of outstanding debt.

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

9. **TREASURY MANAGEMENT QUARTERLY REVIEW (For approval)***

The Head of Finance referred to the report which had been issued prior to the start of the meeting:

The Sub-Committee noted the levels of cash currently held in its bank accounts and that the term deposit interest rates agreed in November 2019 are now in place.

The Head of Finance then referred the Sub-Committee to information on the CAF Bank Deposit Platform. The Sub-Committee approved the highlighted banks to be added to the Treasury Management Policy in order to carry out a full assessment of current rates against rates provided on the platform.

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

10. **SALES LEDGER BALANCES – OUTSTANDING FACTORING BALANCES TO 31 JAN 2020 (For review)***

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

The outstanding balance of c. £20k was noted by the Sub-Committee. It was reported that we are confident of reaching our debt recovery target of 112% as at 31 March 2020.

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

11. **ANNUAL FACTORING ARREARS – RECOVERY TARGETS 2019/20 (For review and 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 recovery rate as at 31 December 2019 was 91% and that we are on track for meeting our annual recovery rate of 112% by 31 March 2020.

MINUTES OF MEETING OF FINANCE AND CORPORATE SERVICES SUB-COMMITTEE HELD ON TUESDAY 04 FEBRUARY 2020 AT 7.00 P.M. IN THE TEMPORARY OFFICES OF CLYDEBANK H.A., 63 KILBOWIE ROAD, CLYDEBANK.

ACTION

The recommendation to set the target recovery rate for factors debt at 112% again for 2020/21 was unanimously approved by the Sub-Committee.

12. **SALES LEDGER BALANCES – OUTSTANDING RECHARGEABLE REPAIRS BALANCES TO 31 JAN 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 total outstanding debt as at 31 January was c. £8.2k, which had reduced by c. £1.5k. It was noted that since the last meeting, £1.1k of invoices have been issued meaning that £2.6k of payments/credits have been received against these balances.

It was noted that 7% of the outstanding debt relates to former tenants.

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

13. **PROPERTY PURCHASES UPDATE TO 31 DECEMBER 2019 (For review)***

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

It was reported to the Sub-Committee that there has been an overspend c. £18.6k on the property purchases account for the year to date and it was noted that this amount will be deducted from the budget allocation for 2020/21.

Some discussion took place on the possibility of increasing the budget allocation for next year to allow additional property acquisitions, however the Head of Finance & Corporate Services intimated the benefits of being prudent in this area as the Association is committed to high levels of investment in cyclical and major repairs in the year ahead.

14. **ATTENDANCE MANAGEMENT REPORT – OCT TO DEC 2019 (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 196, which equates to 9.74% of the available working days. The cost of temporary sickness cover was also noted by the Sub-Committee, together with the total lost days in monetary terms.

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

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ACTION

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

15. CAPITAL PURCHASES REPORT TO 31 DEC 2019 (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 by the Sub-Committee that it had been previously agreed that a budget of £3,000 per quarter/ £12,000 per annum, be incorporated into Delegated Authority from the Finance and Corporate Services Sub-Committee to the Finance budget holders in respect of the purchase of new/replacement capital items.

The total spend to 31 December 2019 of c. £43k was reported, however it was noted that this included c. £37k for electric vehicles and c. £10k for computers/hard drive upgrades, all of which were approved separately from budget amounts. Once these additional costs are stripped out, the expenditure for the period of c. £4k was noted and approved by the Sub-Committee.

16. SUB-COMMITTEE TRAINING SLOT

The Head of Finance & Corporate Services reported that this is a new addition to the format of committee meetings and will involve a 15-20 minute overview on a variety of finance/corporate service areas.

As 2 of the 3 sub-committee members in attendance had already received the “Questions you should be asking finance” training held in January 2020, the training material was distributed to the remaining member for review.

17. IT ISSUES

There were no IT issues to report.

18. HEALTH AND SAFETY ISSUES

There were no health and safety issues to report.

18A. TENDER REPORTS

The Head of Finance & Corporate Services referred the Sub-Committee to the Tender Reports submitted for review and approval by the Housing Services Manager.

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ACTION

Lot 1 - Smoke, Heat and Carbon Monoxide Alarm System – Radnor Park


The Head of Finance & Corporate Services reported that 12 tenders had been received and the scoring had been weighted towards quality rather than cost. After discussion, the Sub-Committee agreed to approve the Housing Services Manager's recommendation of awarding this contract to City Technical Services who scored highest. It was noted that the contract price is c. £3k over the budgeted cost.

Lot 2 - Smoke, Heat and Carbon Monoxide Alarm System – All areas excluding Radnor Park

The Head of Finance & Corporate Services reported that 9 tenders had been received and the scoring had been weighted towards quality rather than cost. It was noted by the Sub-Committee that there was not much between the top two contractors, with the top contractor scoring higher on cost and the second contractor scoring higher on quality. After some discussion, it was agreed by the Sub-Committee to approve the Housing Services Manager's recommendation of awarding this contract to Belac Group as the highest scoring contractor. It was noted that the contract price is c. £21.6k over the budgeted cost.

Lot 3 – Electrical Re-Wire – Various Addresses

The Head of Finance & Corporate Services reported that 7 tenders had been received and the scoring had been weighted towards quality rather than cost.

It was noted that the Housing Services  Manager had recommended awarding the contract to [REDACTED] as the highest scoring contractor, however the Head of Finance & Corporate Services highlighted to the Sub-Committee that, whilst [REDACTED] scored second highest in terms of quality, they only scored third highest in terms of cost.

It was also noted that there was little difference in the overall scoring between [REDACTED] and the second contractor, [REDACTED], however the Sub-Committee noted that the contract price for [REDACTED] would be over budget by c. £25.2k, whereas [REDACTED] would be significantly under budget.

It was therefore recommended to the Sub-Committee that approval be given for proceeding with either Contractor but before proceeding, the matter should be referred back to the Consultant to review the scoring and to provide justification for the recommendation to proceed with the higher cost tender when there was little difference in the scoring between the top two contractors. This was unanimously approved by the Sub-Committee.

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<p><u>ACTION</u></p>	<p>19. <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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