



**Drumchapel
Housing**
Co-operative Limited

Management Board meeting to be held on Tuesday 21 May 2024 at 6:00pm. hybrid meeting using ZOOM Video Communications at 4 Kinclaven Avenue, Drumchapel Glasgow G15 7SP

Ag3

Present: David O'Hara (Chair)
Josephine Barnshaw
Helen Eakin
Karen McKenna
Joan MacFarlane
Elspeth Kerr
David Riddell
Graeme MacIntosh
Pauline McNaught
Frances McLean

In attendance: Pauline Burke, Director
David Ampofo, FMD (via Zoom)
Marisa McCarthy, Senior Housing Officer
Alex Gemmell, Senior Maintenance Officer
Aileen Brown, Corporate Services and Finance Officer (Mins)

D O'Hara opened the meeting at 6.00pm

1. Apologies

1.1 Apologies were received from K Hogg, V Ogar, A Kerr and J Forbes.

2. Declaration of interest

2.1 There were no declarations of interest noted.

3. Minute of the previous meeting held on 16 April 2024

3. The minute of the meeting on 16 April 2024 was proposed by E Kerr and seconded by D O'Hara.

4. Meeting Action list 2024/2025

4.1 The meeting action list was approved by the Management Board.

5. Matters arising

5.1 There were no matters arising.

6. Director's report

6.1 Five-year financial projections for submission to Scottish Housing Regulator

6.1.1 D Ampofo presented the draft Scottish Housing Regulator (SHR) five-year financial projections (FYFP) for 2024. It was explained that the projections have been extracted from the most up to date 30-year model which was the model provided for last autumn's business plan, now rolled forward and updated by 2024/25 Budget information and new Life Cycle Costings plans. An overview of the main assumptions was provided, and it was noted that the outruns continue to show a positive financial outlook. Negative sensitivity testing ran over the period demonstrate the Co-operative's ability to withstand a series of adverse scenarios.

6.1.2 E Kerr queried why bad debts increased at year 3. It was explained that the Co-operative's historic 3-year average was only 0.53% for voids and bad debts but this increase was purely a prudent provision built into the model to cater for any further adverse impacts of welfare reform and any worsening impacts from the economy.

6.1.3 E Kerr asked why there was little component expenditure in year 3. It was explained timings are determined by the life cycle costing plans and for that year there are few replacements required.

6.1.4 J Barnshaw asked what the spend of £91.2k was at year 5. It was explained that this is for office premises and office equipment costs. It was requested that a breakdown of this be provided.

Action D Ampofo

6.1.5 Board members approved the submission of the Scottish Housing Regulator Five Year Financial Projections 2024 to the Scottish Housing Regulator.

6.2 Management Accounts to 31 March 2024

- 6.2.1 D Ampofo presented the Management Accounts to 31 March 2024 highlighting the main variances between actual and budgeted spend.
- 6.2.2 The surplus for the year was £801,104K against the budgeted surplus of £534,929K arising in a favourable variance of £266,175K. D Ampofo gave an overview of the main income and expenditure variances contributing to the favourable variance.
- 6.2.3 D Ampofo explained that Equity had increased over the year by the amount of the surplus and that tangible net assets have decreased due to the depreciation charge exceeding the fixed asset additions.
- 6.2.4 It was highlighted that cash balances had increased over the period by £107K and that the Co-operative has now been able to place a higher amount of surplus cash in higher interest deposits accounts.
- 6.2.5 Bank loans have reduced due to regular annual repayments plus the early repayment of loans in August 2023.
- 6.2.6 The Co-operative's KPIs are broadly in line with what was expected so there were no adverse issues.
- 6.2.7 The Covenants have been met with good headroom in the interest cover covenant.
- 6.2.8 E Kerr asked for an explanation of the meaning of "out of hours" in relation to reactive repairs. A Gemmell explained these were costs for various out of hours contractor call out charges.
- 6.2.9 E Kerr asked for an explanation of what "depreciation" was and how it was calculated. D Ampofo explained that depreciation is calculated by releasing the cost of a component gradually to expenditure over the useful life of an asset.
- 6.2.10 The Management Board considered and approved the management accounts to 31 March 2024.

Graeme MacIntosh left the meeting at 6.30pm

6.3 Treasury Management Report 31 March 2024

- 6.3.1 D Ampofo presented the annual Treasury Management Report (at 31 March 2024) which details treasury management operations including the stock secures against outstanding loan, details of movement in outstanding loans during the year, potential future borrowing and management of cash available for higher interest investment.
- 6.3.2 It was highlighted that following security release from Nationwide Building Society only 29 units are now being used as security by them. Their up-to-date value at December 2023 is £1.6M.
- 6.3.3 D Ampofo explained that, following the early payment of loans in August 2023, 38% of the total outstanding loans of £1.29M are fixed. He pointed out that Free Security could potentially support additional borrowings but that were no plans that currently require additional borrowings.
- 6.3.4 Cash balances are forecasted to reach around £2.4M by 31 March 2025 and the current draft long term projections showed no cash viability issues over the period.
- 6.3.5 There were no issues to report on non-compliance with policy and covenant compliance.
- 6.3.5 The Co-operative's strategy over the next 12 months will continue to be under pinned by risk averseness. The current fixed to variable loan mix should continue and that there is capacity to repay further variable loans should interest rates rise again. The Co-operative will continue to ensure cash remains above the 6-month operating expenditure cash requirement which is around £968K for 2024/25.
- 6.3.6 The Management Board discussed and approved the 31 March 2024 Treasury Management Report.

6.4 Loan Portfolios Return for submission to Scottish Housing Regulator

- 6.4.1 D Ampofo presented the draft Scottish Housing Regulator loan portfolio summary return template for 2024.
- 6.4.2 It was noted that the only change in the format this year was the inclusion of the maturity profile of loan debt outstanding.
- 6.4.3 The Management Board approved the submission of the return to the Scottish Housing Regulator.

David Ampofo left the meeting at 6.42pm

6.5 External Audit Impairment Statement

6.5.1 P Burke presented the Impairment Statement as part of the External Audit highlighting that there were no indicators of impairment.

6.5.2 The Management Board approved the Impairment Statement.

6.6 Value for Money Statement

6.6.1 P Burke presented the paper on the Value for Money Statement. She explained progress is monitored quarterly by the Audit, Risk and Staffing sub-Committee and that the following 2 actions have been postponed by the cost-of-living-crisis but will be taken forward when reviewing the statement.

- Carry out Value for money exercise on rents and service charges.
- Consider how we can involve tenant views in helping define what value for money means to the Co-operative and how this can be measured.

6.6.2 As previously agreed by Board, the Co-operative's approach to Business Planning is in line with the requirements of the Scottish Housing Regulator's Recommended Practice. Therefore, Board agreed to move the review of the Value for Money Statement alongside the business planning process.

6.7 Strategy Day programme 2024

6.7.1 P Burke discussed the agenda and venue planned for the Board and Staff Strategy Day.

6.7.2 The Management Board noted the venue and format of the day.

6.8 Donation report

6.8.1 P Burke presented the Donation report advising one request had been received from G15 Thriving Places SCO52665 who were asking for donations for a community event to be held in Drumchapel Shopping Centre on Saturday 20 July 2024. They had not specified an amount which they were looking for.

6.8.1 Lengthy discussion took place around the amount to donate, and Board agreed to donate £150 to G15 Thriving Places.

Construction Consultants have completed the project with 14% of the stock surveyed for 2023/24.

7.3.2 A Gemmell also asked Board to approve Hardies Property & Construction Consultants to the approved list of contractors.

7.3.2 The Management Board noted the update and agreed to approve Hardies Property & Construction Consultants to the approved list of contractors.

8. Policy review

8.1 Notifiable Events Policy

8.1.1 P Burke presented the report and reviewed policy to Board advising the policy was reviewed in line with the revised Regulatory Framework and associated Statutory Guidance, effective from 1 April 2024. The changes to the policy had been highlighted in Appendix 1 for the Board to see. The changes are detailed to show where there are amendments and the impact the amendment will have on the Co-operative.

8.1.2 The Management Board considered the impact assessment and confirmed assurance with the reported impact and action to be taken. They also approved the Notifiable Events Policy, and that all other Co-operative documentation is updated as it is reviewed.

9. Governance

9.1 Membership Report

9.1.1 There were 37 prospective members and 3 Share Certificates for approval.

9.1.2 The Management Board approved 37 prospective members and 3 Share Certificates.

9.2 Ethical Conduct and Notifiable Events

9.2.1 There are no ethical conducts or notifiable events to report.

9.2.3 The Management Board noted the report.

10. Audit, Risk and Staffing sub-Committee

- 10.1 The Board approved the minute of the Audit, Risk & Staffing sub-Committee meeting on 15 February 2024.
- 10.2 The Board considered the recommendations from the Audit, Risk & Staffing sub-Committee meeting on 2 May 2024.
- 10.3 All recommendations were agreed.

11. Any Other Competent Business

- 11.1 H Eakin asked when recruitment would take place for a replacement for the Estate Caretaker.
- 11.2 P Burke advised, as previously agreed by Board a report would be presented at the June 2024 meeting.
- 11.3 There was no other competent business.

12. Date of next meeting

- 12.1 The next Management Board meeting will take place on **Tuesday 25 June 2024 at 6.00pm**

Chair.....Date.....

D O'Hara closed the meeting at 7.25pm