

Minutes of the Management Board meeting held on Tuesday 25 May 2021 at 6.00pm using ZOOM Video Communications.

Ag3

Present: Joan McFarlane (Chair)
Elspeth Kerr
David Riddell
Josephine Barnshaw
Andrew Loen
David O'Hara
Margaret Bowie
Helen Eakin

In attendance: Pauline Burke, Interim Director
Duncan McKnight, Technical Manager
Jackie McGoran, Senior Finance Officer
Stephen Watt, Corporate Services Assistant

In light of the current coronavirus situation and Government guidelines, Board and staff agreed that the meeting would be via Zoom video communication.

1. Apologies

- 1.1 Apologies were received from T Harvey.
- 1.2 P Burke informed the Board that member P McBride had resigned for personal reasons which the Board duly accepted.
- 1.3 Following P McBride's resignation, a Vice Chair was required to be elected. A Loen was nominated by J McFarlane and seconded by E Kerr. A Loen accepted this position and was appointed Vice Chair.

2. Declaration of interest

- 2.1 E Kerr and A Loen both declared an interest in Agenda item 8.1.

3. Minute of the previous meeting

- 3.1 The minute of the meeting on 13 April 2021 was proposed by A Loen and seconded by D O'Hara. These minutes will be signed at the first available date due to Covid-19 restrictions.

Action – S Watt

4. Matters arising

- 4.1 P Burke informed the following adjustment to the workplan:

The 30-Year projections will be presented at the September meeting to allow for the audited accounts actual figures to be incorporated into year 0 for the projections to be completely up to date.

The Scottish Housing Regulator have a problem with their portal therefore the Loan Portfolio is not available for completion. The return deadline was 30 June 2021 however this has been extended to at least 12 July 2021 or longer. If available, it will be presented at the June board meeting.

The Business Plan is due for review at the June meeting however to allow the 30-year projections to be updated and incorporated into the plan this will be presented at the August 2021 meeting.

5. Interim Director's report

5.1 Management Accounts to March 2021

- 5.1.1 J McGoran presented the Management Accounts to 31 March 2021 highlighting the main variances between actual and budgeted spend.
- 5.1.2 The surplus for the year was £578,847 against the budgeted surplus of £460,110. This provided a favourable variance of £118,737.
- 5.1.3 J McGoran advised that the Covid 19 pandemic impacted the Co-operative's ability to carry out services/programs throughout the financial year and this combined with the temporary closure of the office has resulted in all cost centres with the exception of employee costs showing favourable variances.
- 5.1.4 Miscellaneous Income showed a favourable variance of £9,160 due to a combination of factors, the most significant being the £18.2K of furlough grant received during the year.
- 5.1.5 Employee costs showed an overspend of £32,088 which was mainly due to the additional cost of temporary Depute Director post. Board noted that an

additional £33k budget was approved for employee costs at December Board meeting therefore quarter 4 figures were in line with reviewed budget at year end.

- 5.1.6 Write-offs for the year totalled £4,034 and bad debt provision was increased by £8,300 due to an increase in gross arrears for the period to 31 March 2021.
- 5.1.7 There has been an increase of **£472,814** in current assets over the period primarily due to an increase in cash held at bank which is largely due to the movement of the planned maintenance program to financial year 2021/2022.
- 5.1.8 Equity has increased over the period to £5,774,729 the main factor being the addition of the **£578,847 surplus** generated for the year to 31 March 2021.
- 5.1.9 KPI's and Ratios are largely showing better than budgeted results which is predominantly due to reductions in spends/costs due to the impact of Covid 19.
- 5.1.10 The Co-operative has met its interest cover and asset cover targets as set out in its loan covenants.
- 5.1.11 The Co-operative continues to demonstrate good liquid cash balances and maintain a healthy, robust financial position. It is anticipated that as restrictions continue to be lifted following the rollout of the Covid19 vaccine program, "a new normal" and previous levels of service will resume. This will require close monitoring of potential impacts on the Co-operative's finances.
- 5.1.12 The Board approved the Management Accounts to 31 March 2021.

E Kerr left the meeting at 6.28pm.

5.2 Treasury Management Report to March 2021

- 5.2.1 J McGoran presented the Treasury Management report to March 2021.
- 5.2.2 Detail was provided on the amount and status of existing loans; the amount of stock secured against loans; future proposed borrowing; and management of cash available for investment.
- 5.2.3 It was noted there are no loan covenant issues expected at any point based on the long-term projections which cannot be remedied by slight adjustments to the timing of planned maintenance.
- 5.2.4 Due to the uncertainty surrounding Covid-19, it is anticipated that interest rates will remain at low levels into 2023 to aid the recovery of the economy.
- 5.2.5 J McGoran advised with the coming cessation of LIBOR by 31 December 2021 all organisations in the UK are expected to agree with their lender the transfer

of all LIBOR linked loans to either the new “SONIA” rate or another alternative (e.g., BASE). Board were advised that discussions are expected to commence with Nationwide over late Spring/Summer in advance for a smooth transition

5.2.6 The Board approved the Treasury Management report.

5.3 Five-year financial projections

5.3.1 J McGoran provided a summary of financial projections and assumptions used therein. It was noted that Year 1 incorporates the agreed rent “freeze”, whilst Years 2 to 5 hold at “inflation only” in continued efforts to align rents with peer groups.

5.3.2 Surpluses are projected on an annual basis and average around £508.7k

5.3.3 Both projections and ratios demonstrate a positive and robust financial outlook. Surpluses are projected on an annual basis and average around £508.7k, cash balances average a healthy £2.6M over the period, loan debt levels drop by 53% to £1.1M over the period by repayments of £1.2M. Ratios illustrate that the business objectives over the period continue to be fully funded and that the Co-operative operates from a strong asset base.

5.3.4 As the UK is still being impacted somewhat by Covid-19 and lockdown restrictions the Board noted a few points such as headroom having been built into the assumptions to cater for a worsening situation in the short to medium term in arrears performance. The Bank of England Base interest rate is at a historic low of 0.10% but projections have started with Base rate of 0.50% from Year 1. It is likely that Covid-19 has worsened the SHAPS Net Pension Liability position therefore past service deficit payments are carried beyond the November 2022 target currently set by the pension administrator.

5.3.5 Board were asked to review and approve submission of the return to the Regulator by the deadline 30 June.

5.3.6 The Board approved the five-year projections and submission to the Regulator.

5.4 Management Team report

5.4.1 P Burke referred to the Management Team report and the ongoing position with Covid-19 restrictions as directed by the Scottish Government.

5.4.2 The latest review from Scottish Government indicates most of mainland Scotland changed to level 2 on Monday 17 May 2021. Glasgow remained at level 3 restrictions for at least one further week. The senior team have now

begun preparations to draft a plan for returning to office working and resume services to tenants and customers for Board members to consider. This will be relayed to tenants on our website once any changes have been agreed.

5.4.3 P Burke referred to the finance actions in the Management Team report and advised that the external audit preparation was well underway with audit file almost complete. However, finance awaiting Pensions Trust updating portal to allow the calculation to determine the Co-operative's net pension liability for the final accounts to 31 March 2021.

5.4.4 Acceptance of Disabled adaptation grant from Glasgow City Council for 2021-22.

5.4.5 The Board were informed that telephone lines have been upgraded with a new call waiting system. The implementation appears to have improved the service and will continue to be monitored to ensure efficient customer service. This has coincided with the return of Chantelle Devlin to her original role following cover provided for the Asset Management Officer.

5.4.6 P Burke provided the Board with an update on the resumption of non-emergency repairs since Monday 26 April 2021 and that all gas appliances had been serviced within their anniversary date.

5.4.7 Board noted the Management Team report and update.

5.5 Strategy Day 2021/22

5.5.1 P Burke informed the Board that due to Covid-19, the venue for this year's Strategy Day would not be open by Thursday 27 May 2021. Subsequently, it was requested that Board members consider a half day strategy session, facilitated by Brian Coyle, using Zoom. Proposed areas for discussion were included in the Board papers.

5.5.2 The Board approved the half day strategy session on Thursday 27 May 2021 between 1330 and 1630hrs. Agenda to e-mailed to J Barnshaw and T Harvey for their input in the event that they are unable to attend.

5.6 Rent and Service Charges Restructuring Review

5.6.1 A proposed rent and service charges restructuring review was submitted by North Star as previously requested by Board. However, due to the value of the quote, P Burke advised that, in accordance with the Procurement policy, further quotations should be obtained.

5.6.2 The Board approved delegating authority to P Burke to acquire additional quotations and appoint the most economically advantageous tender.

6. Housing and Technical report

6.1 Annual Return on the Charter (ARC) 2020/21 for submission to the Scottish Housing Regulator

6.1.1 D McKnight presented the full ARC report to Board members for review and approval.

6.1.2 Key outcomes were compared against the 2019/20 return and discussions progressed in relation to the impact of COVID-19 upon performance.

6.1.3 Board approved the Annual Return on the Charter (ARC) 2020/21 and granted delegated authority for the ARC to be submitted by the Interim Director.

E Kerr returned to the meeting at 7.26pm.

6.2 Maintenance expenditure report to 31 March 2021

6.2.1 D McKnight advised that that a positive variation of £45,099 existed across the housing maintenance cost centre with positive variances across all categories and primarily related to the impact of Covid-19 and subsequent interruption to services.

6.2.2 Key variations were highlighted across each spend category with reasons detailed. Under Major repairs the Chair, J McFarlane, highlighted the removal of bin stores at Merryton Avenue and lack of knowledge in relation to this project. The reason for this being progressed at short notice was explained by D McKnight and It was confirmed that any significant spends would be highlighted to the Board in future, prior to projects commencing.

6.2.3 E Kerr advised members that she can assist with any closes which presently have bin shortages. P Burke thanked E Kerr and advised that we will be in touch accordingly when this is reported.

Action – D McK

6.2.4 The Board noted the maintenance expenditure report.

6.3 Procurement update report

6.3.1 D McKnight updated the Board on procurement activity relating to gas maintenance and the reactive maintenance framework.

6.3.2 Three recommendations were presented:

- i) appoint City Building (Contracts) LLP as the gas maintenance contractor via Scotland Excel Gas boiler maintenance framework - four-year duration
- ii) enter into framework and underlying contracts with successful contractors for the Druncog Reactive Maintenance Framework 2021-25
- iii) Include all new contractors from the reactive maintenance framework to the list of approved contractors and consultants 2021/22

6.3.3 All three recommendations were approved by the Board.

6.3.4 Board members noted their requirements under the policy for entitlements, payments and benefits to declare an interest if they or any persons connected to them have significant control in any of the companies detailed in the report.

6.4 Citizens Advice Bureau – 2020/21 annual report

6.4.1 D McKnight presented the Citizens Advice Bureau 2020-21 annual report, which detailing the financial benefits of this service to tenants.

6.4.2 The evaluability of the service was recognised with a financial gain for tenants of circa £142k during 2020/21.

6.4.3 The Board noted the CAB report.

6.5 Bad Debt write-off report

6.5.1 D McKnight presented the report and informed Board that there was an omission from the Bad Debt Write-Off report approved on 3 March 2021. Board were invited to retrospectively write off a credit totalling £191.85.

6.5.2 The Board noted the report and approved the recommendation to write off the credit of £191.85.

6.6 Tenancy Allocation

6.6.1 D McKnight presented the report which related to a complex allocation matter and recommendation in accordance with the exceptional circumstances involved.

6.6.2 Following discussion the Board requested further information to inform their decision and it was agreed that this would be provided at the next meeting in June 2021.

Action – D McK

M Bowie left the meeting at 7.49pm.

Standing orders were suspended at 7.56pm.

7. Policy review

7.1 Policy Review report

7.1.1 P Burke advised the Board that the i) Complaints Handling and ii) Customer Service Standards policies due for review in May 2021 had not been completed, due to the departure of the lead officer (Depute Director). It was requested that in the circumstances, the review of both policies be postponed until later in the year.

7.1.2 Board approved the postponement of both policies.

Due to declared interests, E Kerr and A Loen left the meeting at 7.58pm.

8. Governance

8.1 Membership Report

8.1.1 19 prospective members were brought to the meeting and no Share Certificates. These were approved by the Board.

8.2 Ethical Conduct and Notifiable Events

8.2.1 The notifiable events report was presented to the Board.

8.2.2 No further notifiable events were submitted to the Scottish Housing Regulator due to Covid-19 restrictions remaining the same. One notifiable event remains open.

8.2.3 The Board noted the notifiable events update.

E Kerr returned to the meeting at 8.00pm.

9. Audit, Risk and Staffing sub-Committee

9.1 The minute of the meeting on 4 February 2021 was noted by the Board.

A Loen returned to the meeting at 8.02pm.

9.2 Recommendations from the meeting on 6 May 2021

9.2.1 The Board noted the recommendations from the sub-Committee meeting on 6 May 2021.

10. Any Other Competent Business

10.1 It was agreed by the Board that Findlays Chartered Accountants are appointed as external auditors for the Co-operative at the next Annual General Meeting (AGM).

10.2 P Burke informed members that new tenant Mark McGovern has shown an interest in joining the Board and would attend the June meeting as an observer.

10.3 Following removal of the free bulk uplift service by Glasgow City Council, Caledonian Maintenance were engaged to carry out bulk uplifts to ensure that the estate was effectively maintained and potential fire hazards eliminated. This was initially based upon a half day per week: however, has proved insufficient to address the level of bulk being presented. It was recommended that Board give consideration to increasing this service to a full day per week, at an additional annual cost of £8,800 per annum. Board agreed to this request D McKnight to progress.

Action - DMcK

11. Date of next meeting

11.1 The next Board meeting will take place on Tuesday 29 June 2021 at 6.00pm using ZOOM Video Communications.

The meeting closed at 8.15pm