**The Minutes of Ruchazie Housing Association Management Committee**

**Meeting held on Thursday 25th May 2023 at 6pm, at Ruchazie Housing Association, 24 Avondale Street / via Zoom**

**Present:**

Michelle Caldwell Chair In person

Ann Macdonald Secretary In person

Tommy McGuigan Via Zoom

Gillian Bell Via Zoom

Charlie MacLellan Via Zoom

David Mackenzie Via Zoom

**In Attendance:**
Janice Shields Director

Moira Smith Finance Officer

All reports where available are uploaded to Committee portal on our website in advance of all meetings. We aim to provide this seven days in advance of each meeting. Where this has not been the case it will be noted.

Where a hard copy is required we aim to get this to the committee member in advance of the meeting.

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|  | **Register & Declaration of Interest** | D Mackenzie – Item 7 – Cu-rb.  |
|  | **Apologies**  | David KhanPatrick UtiRobina RigleyHugh HollandKatrina Philips |
| 1. | **Minutes of Meeting held on 23rd February**  | No matters arisingProposed – G BellSeconded – A Macdonald |
| 2. | **Committee Review and Succession Planning**  | JS presented report outlining the format of this year’s annual review. Committee advised that appointments had been made for them following a request to provide suitable times/dates. Sessions will either be in person or via zoom and links had been sent with Zoom details. Linda Ewart will undertake the reviews on a one to one basis and follow up with a collective review at our meeting to held on the 29th June.This is a requirement for Committee to comply with regulatory Standard 6. ( 6.2 and 6.3) **Committee noted the update**  |
|  3. | **Finance report**  | MS presented the following for Committee discussion and approval 1. **Q4 Management Accounts , Committee noted the following**

The operating surplus for the year at £375.4k is £91.2k up on the budget surplus of £284.2k. The favourable variance mainly reflects timing differences in the phasing of activity and spend together with savings against staff costs. Total operating costs for the year at £900k (excluding grant funded are down on budget by £100.3k and are reflective of staff cost savings and timing differences against phasing of activity. The annual pension disclosure data which summarises the Associations liability for future defined benefit pension provision now shows an actuarial revaluation loss of £51k (2021/22: £104k gain) and a pension liability of £41.1k (2021/22: £17.4k). Loan interest at £60.1k is up on budget by £10k for the year and together with the pension actuarial losses at £51k and interest earned on cash deposits at £6.6k, this decreases the full year net surplus to £269.1k (2021/22: £481.7k) vs a budget of £234.9k.Cash balances at £931.8k (2021/22: £865.1k) are up on those assumed under both the budget at £754.6k and the full year out-turn of £828.3k. An improved opening cash position, overall lower operating costs in the year, grant funding spends deferred to 2023/24 and a better than expected closing rent arrears position all contribute to the increased balance . Gross rent arrears at the end of March equate to 3.79% (2021/22: 3.19%) vs an assumed budget position of 4%.Void loss in the period at £1,473 equates to 0.15% vs a budget of 0.2%.Bad debt provision held at £18.7k (2021/22: £15.9k) equates to 52% (2021/22: 54%) of gross rent arrears and 1.96% (2021/22: 1.72%) of net rental income receivable in the year.Loan repayments in the year amount to £121.3k and reduce total loan balances outstanding to £1.953m. Loan balances at this level equate to loan debt per unit of £8,642 (2021/22: £9,179). Financial covenants are compliant at 31st March 2023 with interest cover headroom at £195.1k equating to headroom cover of 3.27.The Association’s liquidity ratio at 1.7% and whilst remaining steady (2021/22:1.6%) is lower than our peers across the sector. There is nothing highlighted in the other key ratios at appendix 6, which would suggest that the Association’s performance is adversely out of step with the averages against the sector as a whole, similar sized or other locally based Associations.DMac – despite the challenges faced RHA have gotten to a good position and this disguised those pressures we have faced (loss of staff), concerned about level of arrears but may be better now that staff are in position albeit temporarily. Happy to approve the accounts. GB – comforted that cash in bank is healthy and better than expected and agreed that appointment of staff should help and in the main a good outcome. Proposed D MackenzieSeconder Ann Macdonald **Management Committee approved the accounts Management Accounts** 1. **Treasury Management Annual report and Treasury management Strategy**

MS presented a report which had been previously circulated and reviewed by the Audit & Risk Committee at their meeting on 11th May. The following points were highlighted Borrowing and investment arrangements during 2022/23 did not expose the Association to any undue levels of increased risk. Loan balances have decreased to £1.953m and equate to loan debt per unit of £8,680 (2021/22: £9,220).The time taken to complete the process of opening new investment accounts restricted investment activity during 2022/23 and the report highlights that there is scope to improve the management of surplus funds.Against a backdrop of increasing interest rates, the Association benefited from having secured a particularly low fixed rate of interest against the RBS Phase 4 loan. During 2022/23 and under the 2023/24 strategy, the fixed: variable rate loan finance ratio at 38:62 is out of alignment with the target set under the updated policy of 60:40. The Association currently has 79 unencumbered units, which are available as security in the event of any future development. Unencumbered stock and excess security allow for the potential borrowing capacity of £5.220m.The cashflows indicated under the 5-year financial projections assume the re-financing of the RBS Phase 6 loan following its maturity in July 2025 and are sufficient to meet the Associations obligations across the next five years. The 2023/24 strategy and does not identify any requirement to secure new additional loan finance to support its current level of operations.Given the very early nature of the discussions regarding the possibility of entering a programme of development, the 2023/24 strategy does not provide for any new loan finance that may be required under such a scenario. With a view to managing risk, the ‘Golden Rules’ at appendix 1 set out the parameters within which the Association must manage its treasury management activity during 2023/24. Whilst the rules were not fully established under the 2022/23 policy and strategy, the 2022/23 performance is noted for comparative purposes and in this respect balances invested in the Nationwide exceeded the maximum investment parameter and the fixed:variable rate loan ratio does not meet the policy target. Banking covenants are met comfortably during 2022/23 and all deliverables required under the lenders checklist have been delivered. Covenants are maintained under the 2023/24 strategy. Committee noted the report. MS presented within the report the Treasury Management Strategy proposed for 2023/24. This includes the main intentions of the strategy and the proposed actions to be taken.Committee commented on the delay to open another bank account with Bank of Scotland and it was highlighted that these delays were due to bank administration and due diligence. 1. **5 year financial projections**

MS presented a report which had been previously circulated. This return is a requirement of the regulator and is used by SHR as part of its annual review of the financial viability of the Association and is used to produce comparative data for the sector. Committee noted that the accounts have yet to be finalized for 2022/23 and that Yr1 of the submission is based on the budget approved by Committee in February 2023 and adjusted to reflect the actual balances at 31st March 2023.Committee were provided with information in relation to the assumptions used in the preparation of the 5YFP. Overall the projections show an improving position within the time considered where surpluses are generated throughout, cash balances are increasing with strengthened liquidity and net assets. Proposed A MacdonaldSeconded T McGuigan **Committee approved the submission of the 5 year Financial projections to the Scottish Housing Regulator.** 1. **30 Year Financial projections review**

Ms presented a report which had been previously circulated. The report included a number of appendices to support the report. Committee noted that projections require to be reviewed and tested at least annually or as required where external or internal factors could be considered as having an impact on the associations’ ability to meet its financial commitments in the short, medium or long term.  The plan assumes an element of cost reduction and an extension to inflation + rent increases through to year 10 to compensate for another year of below inflation rent increases in 2023/24. Whilst covenant and cash balances are maintained under this basis, the ongoing economic impact of both global and domestic events has yet further eroded the covenant and cash headroom that had existed in previous versions of this plan. The risk remains that the economic forecasts, upon which the projections are based, will not play out as expected and as the Association, over a relatively short timeframe, moves towards having to deliver programmes to meet tenant safety obligations, there is now little in the way of headroom or flexibility to readily manage any adverse economic fallout. An ongoing alertness to economic conditions and their timeous interpretation within the context of our plan will continue to be key in the coming periods if we are to minimise the potential impact for our tenants and prevent further decline in our financial position. **Committee noted the report and approved submission to our lenders. .**1. **Loan portfolio return**

MS presented the report which had been previously circulated. This report shows a summary of loan details as at 31st march and is a requirement of the regulator. We are required to submit this return annually no later than the 30th June. **Committee noted the summary of detail and approved the Loan Portfolio be submitted to the SHR.**  |
| 4. | **Performance Report**  | JS presented the report with Appendices. 1. **Annual Return on the Charter.**

JS presented the report for committee approval and this included feedback from the validation exercise with C Dugan. Committee noted both the feedback and the report and information presented showing comparisons with the previous 2 years. Committee commented again on the challenges presented. The validation exercise is one normally carried out with staff but due to illness JS was the only member of staff involved, Committee acknowledged the time and effort required. **Committee approved and delegated JS to complete the on line submission on or before the 31st May 2023.****Post meeting note – Stock information and ARC approved and uploaded 31st May 2023.** 1. **Q4 KPI performance**

This report provides information and outcomes of the KPI’s agreed by Committee for the year ending March 2023. This is the final quarterly report for 2023/24. Committee noted the challenges experienced due to staff absence and staff movement. Of the 18 KPI’s * 7 targets were met
* 4 targets were not met with declining performance
* There was improvement across 5 indicators but we did not meet our target
* 2 performance areas show no change in performance and we did not meet our targets.

KPI’s for 23/24 will be presented for approval in June. Committee commented on the downturn on performance and the impact of the staff challenges in the last year. **Committee noted the report.** 1. **Delivery Plan**

Committee reviewed and noted the report which highlighted the tasks to be completed that aligned to the Strategic Objectives in the Business Plan. JS advised that the current Business Plan is dated to the period March 2025. Committee may wish to review earlier. A delivery Plan for this year will be presented to Committee in June. 1. **Equalities Action Plan**

Committee reviewed and noted the updated action plan. JS advised that the recent TSS asked equalities information and where this was given the information will be recorded. Committee noted that we collect the data anonymously. The headline information confirmed that RHA will not require to make any substantial changes to the way we deliver services to meet tenant’s needs. L Shaw (Research Resource) will present at next meeting in June.  |
| 5.  | **Policy review** | JS presented report the following policies were presented for review and approval. Policies relating to the Governing Body have been reviewed by L Ewart and comments provided. The Grievance Policy has been adopted from ECH suite of policies and minor changes to reflect RHA. **Management Committee approved the following policies*** Committee Annual Review Policy/procedure
* Committee Training Policy/procedure
* Committee Recruitment Policy
* Succession Planning Policy
* Draft Committee profile
* Grievance Policy
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| 6. | **Membership Report** | JS presented the report. Committee are satisfied that the noted shares should be cancelled in line with Association Rules as follows

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| Share Number  | Reason for ending  |
| 187 | 5 year rule  |
| 272 | 5 year rule  |
| 85 | Deceased |
| 294 | Deceased |

Committee approved the cancellation of above shared abd transfer them back to the Association. |
| 7. | **Directors report**  | JS presented the report and committee noted Confidential item to be discussed. * Update on potential new build at ST Philips church site. Committee agreed that JS/MS continue with discussions with GCC/Archdiocese and Cu-rb.
* Committee approved the transfer of Lottery Funding to Growing 21 in respect of The Ruchazie Pantry.

MS left the meeting* CONFIDENTIAL ITEM Committee noted the staff update.

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| 8. | **AOB** |  MC reported to Committee that a member had asked for a leave absence until August. Committee noted this and this was approved. MC to contact member.  |
| 9. | **Date of next meeting** | Thursday 29th June time to be confirmed, loction likely Garfield House also TBC |

**Meeting Closed**

I certify that the foregoing minute has been approved as a true and accurate reflection of the meeting held on Thursday 25th May 2023.

**Date Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chairperson**