

**CRAIGDALE HOUSING ASSOCIATION LIMITED MINUTE OF BOARD MEETING  
HELD ON MONDAY 25<sup>TH</sup> MARCH 2024 AT 6.00 PM**

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

<b>REPORT TO:</b>	<b>BOARD OF MANAGEMENT</b>				
<b>MEETING DATE:</b>	<b>MONDAY 29<sup>TH</sup> APRIL 2024</b>				
<b>AGENDA ITEM:</b>	4A	<b>APPROVAL OF MINUTES OF BOARD MEETING – 25.03.24</b>			
<b>Status:</b>	<b>Confidential</b>		<b>For:</b>	<b>Approval</b>	✓
	<b>Non-Confidential</b>	✓		<b>Discussion</b>	
				<b>Noting</b>	

**PRESENT:**

Des Phee	Chairperson	Morag Cameron	Board Member
Louise Bacon	Vice Chair	Kevin Boyle	Board Member
Claire Taylor	Treasurer	Stephen Kelly	Board Member
Stephen Baxter	Secretary	Lucy Madigan	Board Member
Christine McCormack	Board Member		

**IN ATTENDANCE:**

Linda Chelton	Chief Executive Officer (CEO)	
Fettes McDonald	FMD Financial Services Ltd (FMD)	Left Meeting at 6.30 pm

**1. Apologies for Absence**

Apologies were tendered on behalf of Frances Cunningham (Corporate Manager) and Hilary Tennant (Board Member).

**Leave of Absence:** None.

**Absent:** None.

**2. Chairperson’s Remarks**

The Chair welcomed everyone to tonight’s meeting and advised that the following Agenda Items would be brought forward so that our consultant could present their reports then leave the meeting:

- Agenda Item 7: Annual Budget 2024/25 (Final)
- Agenda Item 8: 30 Years Long Term Projections
- Agenda Item 9: Five Year Financial Projections

**3. Declaration of Interest**

- Agenda Item 5, CEO Report, 3.1.2. Cost of Living Pay Increase: D Phee (Chairperson), M Cameron (Board Member - EVH Executive Committee) and L Chelton (CEO) declared an interest.

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- Agenda Item 14a, Correspondence, EVH Employers Ballot: D Phee (Chairperson), M Cameron (Board Member - EVH Executive Committee) and L Chelton (CEO) declared an interest.
- Agenda Item 5, CEO Report, 4.3.1 Welfare Service Report: D Phee (Chairperson) declared an interest.

**4. Minutes of Previous Meetings:**

**4.a Approval of Minutes of Board Meeting held on Monday 26<sup>th</sup> February 2024**

The Board approved the minute as a correct record of the meeting held on Monday 26<sup>th</sup> February 2024 as proposed by Morag Cameron and seconded by Kevin Boyle. The minute was signed and sealed by the Chair.

**4.b Matters Arising from the Board Meeting held on Monday 26<sup>th</sup> February 2024**

The Chair asked if anyone had any matters arising from the previous minute of Monday 26<sup>th</sup> February 2024.

**Page 2, Policy Review Register:** The CEO highlighted that due to annual leave, the Financial Regulations and Procedures would not be presented tonight and would be brought to the Board 29<sup>th</sup> April 2024. The CEO advised that once the policy and procedure was ready the CM would circulate the documents around the Board.

- Board decided to review Regulatory Standard 3 – (Financial Management).
- The airspace gates were discussed, and MC asked why the gates were open, the CEO explained that the key hadn't been given to cleansing as yet but they were due to collect this w/c 25.03.24. MC asked that a programme of estate management be presented to April Board meeting now that CHA are back to essentially full staff.

**The Board noted and approved the Matters Arising Report from the Board meeting held on Monday 26<sup>th</sup> February 2024.**

**5. Chief Executive Officer & Governance Report**

The CEO presented the Chief Executive Officer & Governance Report to the Board and gave a brief update on the following:

**3.1.2. Cost of Living Pay Increase:** The CEO advised that further negotiations had taken place and a cost-of-living pay increase of 6% had been agreed. EVH have issued a new ballot paper for the Board to consider.

**The Board agreed to accept the cost-of-living pay increase of 6%. The Chair signed the paperwork on behalf of the Association and the CEO will scan the document to EVH in the morning.**

**3.1.5. Fair Work First Statement:** The CEO presented the draft FWF statement for approval and advised that it was a mixture of the EVH FWF and Southside HA which had been kindly provided by the Chair.

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**The Board approved the Fair Work First Statement with one slight amendment regarding skills audits.**

**The Board noted and approved the Chief Executive Officer & Governance Report.**

**6. Development Report**

The Chair advised the Board that they had agreed on 27.02.23 that this report would be moved to a quarterly cycle. The next report is scheduled for 20.05.24.

**7. Annual Budget 2024/25 (Final)**

F McDonald advised that the purpose of the draft annual budget is to provide members with details of the expected financial position of CHA for 2024/25 based on the main assumptions employed.

The draft budget indicated a surplus for the year of £244k. The final budget for the year indicates a projected surplus of around £234k. As always, the projected outturn will depend on the assumptions employed and any changes in the assumptions will result in a change to the expected position.

F McDonald mentioned that the cash position at April 2024 is projected at £1.95m with the balance increasing to £2.02m by March 2025. This remains a relatively strong position.

Based on the final budget loan covenant compliance is achieved with headroom of £755k.

Staff costs as a % of turnover and rent ratios continue to show positive outturns. Reactive maintenance cost ratios show a large increase (58%) compared to the March 2023 results.

Updates to the long-term projections shall be carried out in the final quarter of 2024/25 and these shall form the basis of the 5-year budget submission to SHR.

- The Chair asked whether consideration was being given to SHNZS affordability CEO and F McDonald assured Board that whilst no costings had been done as yet that as soon as the requirements were agreed that Board would be appraised of the financial implications. F McDonald advised that he wasn't overly worried about CHA's ability to meet SHNZS due to adequate budget headroom and the relative age of the stock.

**The Board approved the Annual Budget 2024/25 (Final).**

**8. 30 Years Long Term Projections**

F McDonald explained that we are required to have long term projections to make sure that we have long term viability.

F McDonald explained that the Main summary outputs highlight the Assumptions & Cashflow Tab and details the unit assumptions, NPV and Cash-Flow. The SOCI, SOFP, covenant compliance information, KPI details and sensitivity analysis are the other main outputs.

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F McDonald highlighted the detailed working schedules of all revenue income, cost information and balance sheet information and mentioned that some cases include historic data.

The tabs marked in green include SHR statistics, SHR cash flow statement and a reconciliation to the annual budget.

The opening figures are based on the budget 2024/25 assumptions.

F McDonald mentioned that Inflation has been assumed at 4.6% year 1 then 2% long term. No new build activity has been included.

F McDonald explained that the rent rises are based on a real 2% increase year 2 and a real 1% for next 3 years and then inflation only thereafter. The Sensitivity tab considers impact of changes in rent levels and highlighted that our rents are generally lower than local RSLs and mentioned that the Association uses the SFHA tool and confirmed no material issues on affordability.

F McDonald highlighted that void and bad debts have averaged at 0.46% in the last 3 years-model and has assumed costs double long term. This is a prudent assumption not a target.

F McDonald mentioned that Real cost rises assumed on all maintenance costs for full 30 years. The model incorporates updated planned maintenance costs and high end planned maintenance costs currently allowed for-includes estate costs.

F McDonald explained that no changes in staffing assumed in plan period. Real 0.5% rise on management costs until year 10. All staff in DC pension scheme at 10.45% contribution and limited ability to benefit from economies of scale.

F McDonald mentioned that Loan interest rates at 5.25% year 1, 4.5% in 2 years and then 4%-pre margin. That there is an increase in debt levels as a result of new build funding with Peak debt year 1 and Base case assumes £1.4m bullet repayment year 9 is refinanced for 4 years. This will result in no issues re loan covenant compliance in base case.

Our average annual costs allowed at £6.2k per annum for other fixed assets.

And rent arrears assumed at 3% long term-historic record of very low rent arrears.

F McDonald gave a brief overview of our assumptions and highlighted our ability to generate surpluses annually. There are no issues with covenant compliance in base case model. We have no liquidity issues with cash balance. All debt repaid by year 13. Cash exceeds debt by year 7.

Main issues in terms of sensitivity analysis relate to rent increases as well as ongoing control of letting and management and maintenance costs. In the event of lower inflation and interest rates the impact is neutral over the long term. EESSH 2 position shall be reviewed once guidance and funding support finalised.

**The Board noted and approved the 30 Years Long Term Projections.**

**9. Five Year Financial Projections**

F McDonald explained that the Association is required to submit the Five-Year Financial Projections (FYFP) to the Scottish Housing Regulator on an annual basis and explained that the figures have been based on the first five years of the Long-Term Projections which was approved at Agenda Item 8.

F McDonald explained that the surpluses are projected on an annual basis and average around £189k per annum and cash resources average £1.92m over the five-year period and at the end of year 5 cash balances are projected at £1.74m.

The projections continue to demonstrate a positive financial outlook and there are no issues regarding loan covenant compliance. The SHR template notes the level of headroom available on the various covenants.

Rent increases will be reviewed on an annual basis and actual increases shall depend on annual budget projections and prevailing economic circumstances.

**The Board noted and approved the Five-Year Financial Projections for submitting to Scottish Housing Regulator.**

**10. Draft Business Plan 2024-2027**

The CEO went through the minor changes to the draft plan and the insertion of the FYFP and the sensitivity analysis. The plan is essentially the same as presented to February Board with the minor requested tweaks.

**The Board noted and approved the Business Plan with minor tweak regarding wider role and NI contribution risk Business Plan to go for printing and circulating from April.**

**11. Membership Report**

The CEO advised that there were no changes to the membership this month.

The Board noted the level of membership was currently 79.

**The Board noted the content of the Membership Report.**

**12. Notifiable Events Report**

The CEO highlighted that all recent notifiable events have been closed.

**The Board noted and approved the content of the Notifiable Events Report.**

**13. Rent Report: February 2024**

The CEO went through the Rent Report for February 2024.

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**The Board noted and approved the contents of the Rent Report for February 2024.**

**14. Correspondence**

The Secretary highlighted that there was no correspondence this month.

**15. Any Other Competent Business**

The Chair asked if anyone had any other competent business for discussion.

- a) EVH Changes to Flexibility Works: M Cameron had recently attended the EVH Members Information Exchange Meeting where they gave a presentation on the changes to Flexibility Works that will come into force this year and asked for the presentation to be circulated to the Board.

**17. Date of Next Meeting**

Board Meeting: Monday 29<sup>th</sup> April 2024 at 6.00pm.

**The meeting concluded at 7.35 pm**

**Minute Signed by Chairperson:** \_\_\_\_\_