1. **Apologies for Absence**

   Apologies were tendered on behalf of Christine McCormack (Board Member), Jaclyn McCann (Treasurer) and John Duncan (Board Member).

2. **Chairperson’s Remarks**

   M. Cameron welcomed everyone to the first meeting of the new year and wished all a Happy New Year.

3. **Declaration of Interests**

   There were no declarations of interests, benefits, payments and entitlements made.

4. **Draft Budget for 2019/20 (Version 1)**

   M. Cameron passed the meeting over to F McDonald to take us through the various sections of the Draft Budget.

   F McDonald explained that the purpose of tonight’s meeting is for the Board to discuss and consider the information contained within the Draft Budget for 2019/20 (Version 1) and to agree the preferred rent increase option.
F McDonald confirmed that when he prepared the Draft Budget he used the figures recommended by the Audit & Assurance Committee meeting held on 12th November 2018 which was CPI at October 2018, CPI + 0.5%, CPI + 1.0% which equates to 2.4%, 2.9% & 3.4%. These were the options tenants were consulted on.

AM Brown advised that the figures had now been released for December 2018 CPI 2.1% & RPI 2.8%.

The Draft Budget has been based on a rent increase of 2.9% for the year which is the mid-point of the three options being presented to the Board for consideration.

F McDonald explained the 2.4% rent option would reduce cash balances by just under £7k and the 3.4% option would increase cash balances by around £7k. The Draft Budget for 2019/20 can support a rent increase of 2.9%.

Statement of Comprehensive Income

F McDonald explained that a rent increase of 2.9% would give us an income of £1,865,360 and that he had used the following assumptions when calculating income.

- Rents increasing by 2.9%.
- Void Loss has been assumed at 0.5%.
- Medical Adaptations income includes 10% development allowance received for arranging the works.
- Deferred Income amortised in the year will amount to £366,661.
- Factoring fees have been increased by 2.9%.

Expenditure - Staff and Service Costs: have been assumed at £397,117 which includes salaries, national insurance, pensions, expenses and Service costs.

Staff expenses include subsistence and mileage costs and are based on previous years costs. F McDonald also noted there are also additional amounts included for taxis, new glasses and uniforms.

M Cameron asked why overnight allowances are not taken out of the training budget. AM Brown explained that the training budget is only used only for actual cost of training courses and conferences.

Expenditure - Estate Costs: have been assumed at £1,001,566 which includes reactive, cyclical, major, medical adaptations and other property related charges.

Reactive Maintenance has been set at almost the same level as 2018/19.
M Cameron asked why the reactive costs have not reduced as we have been carrying out an extensive major repairs programme over the years. A Hughes explained that as we replace bathrooms, boilers in one development we are finding that as our properties age other development’s components are failing and we have to repair these issues or bring the replacement programme forward.

Expenditure – Overheads: have been assumed at £197,927 which includes advertising, general expenses, office insurance, general legal fees, postage, printing, stationery, training, affiliation fee, professional fees, etc.

Expenditure - Other Activities: have been assumed at £20,254 which includes community participation and wider action.

Balance Sheet

F McDonald explained that the Association has a very healthy cash at bank and in hand balance of £1.9m and that this is mainly due to good financial management on the Association’s part.

M Cameron asked why the Board laptop/tablets had been removed from budget and why the office alterations had been increased. AM Brown explained that the Management Team had discussed in detail an initial version of the Draft Budget with F McDonald prior to tonight’s meeting and some of the initial wish list items had been removed from the Draft Budget. In part this was due to assumed increased costs for the office refurbishment, staff training and the Welfare Advise Team. AM Brown advised that the following wish list items had been removed from the Draft Budget: Board laptops/tablets, Housing Services tablets, Directors laptop, new photocopier and the Board training budget had been reduced i.e. assumed two Board Members attending conferences instead of three/four. Photocopier maintenance had been reduced as has printing and stationary costs.

AM Brown explained that if the Board felt that the laptop/tablets were a priority that we could add items back into the budget and increase Board Members attending conferences to a maximum of three.

J Kilpatrick suggested adding back the full expenditure for Board laptops/tablets into the Draft Budget and if not everyone wants one there will be a saving in the Budget.

A Stevenson asked could we afford to pay off more of our debt. F McDonald explained that we are awaiting the amended 30 years maintenance projections which will give us a more definitive answer. F McDonald highlighted that we have more cash than debt and we could pay off the Clydesdale loan and its covenant and then the Royal Bank of Scotland loan due to its debt level. AM Brown mentioned that once the 30 years maintenance projections have been refined and we have met with Contractors in relation to the xx site we hope to present a report to the Board in April with our ideal options.
AGENDA ITEM: 4.c  MONDAY 28TH JANUARY 2019

CRAIGDALE HOUSING ASSOCIATION MINUTE OF BOARD MEETING HELD ON MONDAY 21ST JANUARY 2019 AT 6.00PM IN 83-85 DOUGRIE ROAD, GLASGOW G45-9NS

H Bayne asked for clarification on why the pension deficit payment was less. F McDonald explained that the amount was split between two liabilities and at present had no impact on our cash position and that the deficit is due to be paid by 2022. However this could change if a new evaluation is carried out and our payment could increase or decrease.

In summary, the Board agreed to add the following items to the Draft Budget:

- Laptops/tablets for Board Members
- Two hand held devices for housing management
- Increase the training budget to allow for a maximum of three Board members to attend external conferences

Financial Performance Analysis

F McDonald explained that the ratios compared to the Castlemilk and National Averages and that we perform very well against other associations, however our management costs are higher and this is mainly due to Craigdale having less property units.

Rent Consultation

M Cameron asked for clarification on the comment in relation to “Health and Safety – jobs getting finished i.e. painting top flat windows not finished because you’re too cheap for scaffolding or crane. Gutter cleaning the same”. A Hughes explained that this tenant is generally very negative towards the Association. We have explained that the roofs are fitted with roof anchor’s which does not require scaffolding for gutter cleaning and our painting contractor will use a crane when required.

M Cameron asked for clarification on the comment in relation to “It’s been 25 years since a new bathroom suite, think this is now a necessary, also close needs painted as well as doors. Damp cold flat and huge energy bills”. 

AM Brown advised that the feedback received from tenants through the rent consultation exercise will be used to influence our revised Business Plan and Asset Management Plan in particular.

AM Brown went on to give the Board an update on the rent increase options the other local RSLs are considering and these range from 2.4% through to 4.8%.

The amended Draft Budget will be presented to the February Board meeting for consideration.

RECOMMENDATIONS

After a lengthy discussion the Board agreed a rent and factoring fee increase of 2.9%. The budget will be amended to incorporate the 2.9% increase and all other agreed amendments.
CRAIGDALE HOUSING ASSOCIATION MINUTE OF BOARD MEETING HELD ON MONDAY 21ST JANUARY 2019 AT 6.00PM IN 83-85 DOUGRIE ROAD, GLASGOW G45-9NS

5. **Correspondence**

   The Secretary read out the correspondence for tonight’s meeting.

   a) J McCann has written to the Board requesting a 3 month leave of absence whilst she is on maternity leave, she will reassess in three months and will keep the Board informed of her situation. However while she is on her leave of absence J McCann would still like to receive her monthly minutes and reports to keep herself up to date and is available to sign any documents if required.

6. **AOCB**

   M Cameron confirmed that she did not have any other business for tonight’s meeting.

7. **Date of Next Board Meeting**

   Monday 28th January 2019 at 6.00pm