PRESENT:

Christine McCormack  Vice Chair (Chaired this evening’s meeting)
Claire Taylor  Board Member
Pat Bowden  Secretary
John Duncan  Board Member
Margaret Welsh  Treasurer
Helen Bayne  Board Member

IN ATTENDANCE:

Frances Cunningham  Senior Corporate Services Officer (Minute Taker)
Wendy McCracken  Optimum Compliance (In Full)
Rhona Joss  FMD Financial Services (In Part)
Jennifer Alexander  Scott Moncrieff Accountants (In Part)

1.  **Apologies for Absence**

   Apologies were tendered on behalf of Morag Cameron, Patricia Young, Jaclyn McCann and Jeanette Brown.

2.  **Chairperson’s Remarks**

   C McCormack thanked everyone for attending tonight’s meeting on such a lovely evening.

3.  **Declaration of Interests**

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

4.  **Minutes of Previous Meetings:**

   4.1  **Minutes of Board Meeting held on Tuesday 29th May 2018**

       The Board approved the minute as a correct record of the meeting held on Tuesday 29th May 2018; as proposed by Helen Bayne and seconded by Pat Bowden. The minute was then signed and sealed by the Vice Chairperson.

   4.2  **Matters Arising From Previous Minutes (Tuesday 29th May 2018)**

       C McCormack asked if anyone had any matters arising from the previous minutes of Tuesday 29th May 2018.

       There were no matters arising from this minute.
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5. Director’s Report

F Cunningham presented the Directors report to the Board and gave a brief update.

Page 1, Item 2.1.1 – Staff Update:

F Cunningham asked if we could possibly bring the recruitment for the Corporate Services Assistant post forward to July rather than leave it to August.

The Board agreed that the recruitment for this post could start in July rather than August as previously agreed.

Page 4, Item 2.3.12 – Advert for New Board Members:

F Cunningham highlighted that she had met with John Kilpatrick on Thursday (21.06.18) that he is very interested in becoming a Board Member. F Cunningham confirmed that he had paid his £1 share and that J Kilpatrick’s first Board meeting would be 27.08.18 if the Board agreed to co-opt him. J Kilpatrick can become a full Board Member at the AGM.

The Board noted the contents of the report.


F Cunningham presented this report to the Board and gave a brief update.

Page 4, Item 5 – Working with Others:

P Bowden asked if we would be continuing the Welfare Rights & Financial Inclusion Services. F Cunningham confirmed that AM Brown had been speaking to Cassiltoun regarding keeping this service however she could not confirm what stage we were at present.

Page 6, Item 8 - Scrutiny:

H Bayne asked if we could bring this forward to incorporate feedback within the ARC report card. F Cunningham will speak to AM Brown to check if this is possible.

Page 8, Item 15 – Regulatory Engagement:

J Duncan asked if this would be in place for the August Board meeting. F Cunningham reported that this procedure should be in place for the August Board Meeting.

Page 11, Item 23 – Risk Management:
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J Duncan asked where we in relation to Risk Management. F Cunningham explained that we currently have a Risk Management Strategy, Policy and Management Action Plan which fell in line with our previous strategic objectives. However, we reviewed our strategic objectives as part of our approved business. As a consequence we will have to review our Risk Management Action Plan. F Cunningham confirmed the business plan will be revised at the Business Away Day in October, as the business plan is reviewed annually.

The Board noted the contents of the report.

7. **Share Capital Report**

F Cunningham highlighted that through this year’s External Audit we were asked some different questions, which has led us to change the way we report our Share Capital.

This year a Governance Report was developed and presented to the Board. Unfortunately this has resulted in changes to the way Share Capital has been reported to the Board in that the Share Capital is slightly hidden within the Governance Report. The External Auditors also mentioned that we have never reported cancelled shares to the Board therefore we will start from this month to report new and cancelled shares.

<table>
<thead>
<tr>
<th>Action</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canceled</td>
<td>44 Anne Marie Buchanan</td>
</tr>
<tr>
<td>Canceled</td>
<td>227 Sadie Duffy</td>
</tr>
<tr>
<td>New</td>
<td>344 John Kilpatrick</td>
</tr>
<tr>
<td>Moved Away</td>
<td></td>
</tr>
<tr>
<td>Deceased</td>
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</tbody>
</table>

F Cunningham confirmed that John Kilpatrick is interested in becoming a Board Member and that she had met with him last week. John has a back ground in finance and is keen to learn more about Housing Associations.

The Board noted the contents of the report and approved the membership of John Kilpatrick and will invite him along to the next Board Meeting.

8. **Secretary’s Report on Compliance with Rule 68**

F Cunningham highlighted the purpose of this report is to provide the Board with a report confirming whether or not the Association is compliant with Rules 68.

The Association’s Model Rules state (rule 68) that the Secretary must confirm in writing at the last meeting before the AGM that Rules 62 to 67 have been followed, and if not the reasons for this. F Cunningham confirmed that the Association is complying with Rule 68.

The Board noted the updates and approved the Report.

Draft Financial Statements for the Year Ended 31st March 2018

J Alexander reported on our Statement of Comprehensive Income as follows:

- **Turnover of £1,796,546:** Turnover has remained relatively consistent with a small increase of around £5k. A rent increase of 1.8% was applied in the year, which accounted for a rise of £32k however this was offset by a reduction in grant income from Glasgow City Council as less Stage 3 adaptations were carried out and there was no Wider Role activities income in the year, with a 2017 comparative of around £5k.
- **Operating Costs of £1,405,821:** have increased in the year by around £70k. Costs in relation to the governance review amounted to approximately £25k for which there was no prior year comparative. Furthermore, staffing changes/sickness resulted in additional staff costs of £14k and a stock condition survey was carried out in the year totalling £18k. The remaining movement is due to overall increases through inflationary rises.
- **Operating Surplus of £390,725:** has decreased in the year due to the increase in turnover of £5,000 being offset by the increase in expenditure of £70k.
- **Interest Payable of £23,603:** on bank loans has decreased in the year by around £2.6k. This is primarily to do with the ageing of the bank loans held by the Association, thus as the loans mature in life, the proportion of capital repaid each year increases and subsequently reduces the interest payable. The interest expense in respect of the past service deficit has also fallen by £9k against the prior year.

J Alexander asked if anyone had any questions on the statement of comprehensive income. No questions were asked.

J Alexander reported on our Statement of Financial Position as follows:

- **Housing Properties of £16,885,492:** The increase in housing properties comes following the component replacements carried out on kitchens, bathrooms and central heating systems with an overall cost of £557k. This is offset by the disposal of the old components which had a cost of £393k and the increased depreciation charge for the year of £477k.
- **Rental Arrears of £21,971:** have remained low for the Association with the £22k only constituting 1.2% of the overall turnover for the year.
- **Bank & Short Term Deposits of £1,986,100:** Cash and investments decreased although they still remain in a very healthy position. The decline has been due to the slight fall in the surplus and the large budgeted component replacement project performed throughout the year.
- **Trade Creditors of £236,140:** have increased substantially at the year end, however this is purely due to the timing of invoices sent in by suppliers. The current year end saw a large invoice received in March from Mears in relation to the
component replacements for £158k. Additionally, due to the year-end falling on a bank holiday, payments which were anticipated to be made around the year end fell into April, thus increasing the creditor balance at 31 March 2018.

- **Bank Loans of £2,025,068:** The movement is primarily due to the ageing of the bank loans held by the Association, thus as the loans mature in life, the proportion of capital repaid each year increases and subsequently reduces the amounts owed to the lenders.

- **Pension Creditors of £172,000:** The decrease in the pension liability is due to the deficit contribution paid by the Association in the year of £42k. This has been offset by the negative change in actuarial assumption of £1k and the unwinding of the actuaries discount factor of £2k.

J Alexanders asked if anyone had any questions on the statement of financial position. No questions were asked.

The Board approved the Draft Financial Statements for the Year Ended 31st March 2018 and agreed to recommend them to the Shareholders at the AGM on 30th August 2018 for approval. The Chairperson, Treasurer and Secretary to sign the Audited Accounts.

Audit Management Report for the Year Ended 31st March 2018

J Alexander highlighted one Observation to be actioned:

**Observation:** The Association was unable to produce Title Deeds for the properties included within the Fixed Asset Register.

**Risk & Recommendation:** There is no evidence to prove ownership of the Association’s properties. The Association should ensure copy of the title deeds are held or gain an understanding as to the location of the Title Deeds so that these can be requested when required. **Grade 4**

**Management Response:** At the time of writing the management response (14 June), the Association had obtained Title Deeds for Phases 6, 8 & 9. One of our lenders has confirmed that they have Title Deeds for Phases 1, 2, 3, 5 & 7 as well as Title Deeds for the office. The lender will release copies of these to the Association upon request from the Association’s solicitor. The Association’s solicitor is currently in the process of contacting the lender. We are awaiting confirmation from a third lender that they have the Title Deeds for Phase 4. The Association will keep Scott-Moncrieff updated on progress of obtaining copies of Title Deeds and will forward copies to Scott-Moncrieff for audit purposes when they become available.

J Alexander asked if anyone had any questions on the audit management report. No questions were asked.

The Board noted content and approved the recommendations from the Audit
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Letter of Representation

J Alexander explained that the letter of representation means that the Association agrees to have in place and provide the information required to produce audited accounts.

J Alexander asked if anyone had any questions on the letter of representation. No questions were asked.

The Board approved the Letter of Representation and gave delegated authority to the Secretary to sign the letter.

6.50pm J Alexander left the meeting at this point.

10. Loan Portfolio to 31st March 2018

R Joss explained that the Loan Portfolio outlines our private lending profile. As a Registered Social Landlord we are required to provide certain standard information to Scottish Housing Regulator (SHR) on an annual basis with regard to the loans we have taken out over the years to build or renovate properties. R Joss confirmed that the Association is maintaining our monthly payments and that we are complying with our loan covenants.

J Duncan asked if a summary of our loan portfolio balances could be given for next year’s return. R Joss confirmed that she currently gives this balance within the management accounts, however would insert an appendix within next year’s loan portfolio report.

The Board approved the Loan Portfolio for the period 31st March 2018 and gave delegated authority to staff to make the submission to SHR prior to the deadline of 30th June 2018.

11. Five Year Financial Projections to 31st March 2018

Rhona Joss presented the Five Year Financial Projections (FYFP) to 31st March 2018 and explained that the FYFP budgets are based on the 2017/18 draft annual accounts figures then projected for 5 years.

J Duncan highlighted that there was no spend against EESSH. H Bayne confirmed this and mentioned that she thought there was an allocation allowed for within the EESSH annual return which was approved last month. R Joss confirmed that she would speak to T Atkinson and if there were any amendments she would insert these into the FYFP return. [Post Meeting note: R Joss spoke to T Atkinson and he confirmed that there was a small monetary value included. R Joss has amended figures to
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include £4k for year one and £10k for year two as per conversation with T Atkinson.] 

W McCracken thought that the figure in Year 1 Interest Cover Ratio was not correct. R Joss will double check this figure in the morning. [Post Meeting Note: R Joss checked figure and it relates to the treatment of amortised HAG in short term creditors. Figure correct, no amendment required to FYFP.] 

The Board thanked R Joss for her presentation and approved the FYFP with amendments, and gave delegated authority to staff to make the submission to SHR prior to the deadline of 30th June 2018.

7.00pm R Joss left the meeting at this point.

12. Review of Standing Orders

F Cunningham highlighted that SFHA had issued revised model role descriptions for Governing Body members and Officer Bearers on the day AM Brown finished for annual leave. F Cunningham has read through the new role descriptions and confirmed that there were a number of differences between our role descriptions and SFHA’s model ones. On this basis the revised Standing Orders need a further revision to take into account the SFHA’s new model role descriptions.

The Board agreed to defer approval of the revised Standing Orders to August Board meeting to allow for the additional amendments to be made.

13. AGM Arrangements: Board Members Standing Down

F Cunningham reminded the Board that the AGM will take place on Thursday 30th August 2018 at 7.15pm in Castleton Primary School and advised that the Board Members that are due to retire this year are Morag Cameron, Pat Bowden & Margaret Welsh.

F Cunningham highlighted that M Cameron would call a meeting of the Office Bearers in July to discuss Board Members standing down and Office Bearer nominations.

The Board Members noted the content of the report.

14. Rent Report

C McCormack confirmed the Rent Report is for information only and the details will be discussed at the next Operational Services Committee meeting.

The Board Members noted the content of the report.
15. **Board Action's Report**

   F Cunningham presented the Board Actions Report to the Board.

   **The Board Members noted the content of the report.**

16. **Operational Delivery Plan: Strategic Objectives**

   F Cunningham presented the report to the Board and highlighted that Scottish Housing Regulator had suggested an amendment to the report and that was to directly link this report into the Business Plan – Strategic Objectives Delivery Plan. F Cunningham explained that there were a couple of items that had not been populated as she was not sure she had matched everything correctly, so there is a possibility of a couple of changes to the August report.

   Item 11: F Cunningham confirmed that our Welfare Rights Officer had given birth to a baby girl.

   Item 13 & 31: J Duncan asked for clarification in relation to awarding contracts for 1 year with option for additional 4 years. F Cunningham will speak to T Atkinson and would insert a Post Meeting Note with T Atkinson comments ([Post Meeting Note: Report appended to minute])

   Item 27: J Duncan asked for clarification on the EESSH target date. The date stated is the date for government compliance should there be another date here?

   Item 38: F Cunningham confirmed that the family fun day would be to Edinburgh Zoo.

   Item 2 & 7: W McCracken clarified that these items would link into Objective 1 Deliver Excellent Housing & Related Services.

   **The Board Members noted the content of the report.**

17. **Governance Report**

   F Cunningham presented the Governance Report and confirmed that there was one amendment in relation to Use of the Seal. We have one new share that requires to be sealed for John Kilpatrick.

   **The Board Members noted the content of the report and approve the amendment.**

18. **Policy Timetable**

   F Cunningham presented the policy timetable to the Board and advised the Board that the Factoring, ICT Policy and now the Standing Orders will be presented to the Board in August.
The Board Members noted the content of the report.

19. **Board’s Training Plan 2018/19**

   F Cunningham presented the training plan to the Board.

   The Board Members noted the content of the report.

20. **Correspondence**

   P Bowden confirmed that she did not have any correspondence for tonight’s meeting.

21. **A.O.C.B.**

   C McCormack confirmed that she did not have any other business for tonight’s meeting.

22. **Date of Next Board Meeting**

   Monday 27th August 2018 at 6.00pm

   The meeting concluded at 7.30pm