

# Finance subcommittee

Monday 29<sup>th</sup> July 2024

## Key points and actions

### 1.0 PRESENT:

Jean Davies, John Paul Lynch, Christine Parsons, Ian Newman, Yuan Potts

Bob Heapy, Berni McEwan, Majda Pamic

### 1.1 APOLOGIES:

Bola Akinwumi, Clive Shaw

### 2.0 DECLARATIONS OF INTEREST:

None

### 3.0 HEADLINES ON FINANCIAL PERFORMANCE QUARTER 1 2024/25

The Finance Team Leader presented the headline report describing the financial performance at the end of Quarter 1 2024/25. This showed income collected above budget of £38k, with expenditure £5k below budget overall. Income received less actual expenditure showed a nominal quarterly operating surplus of £91k, though it is too early in the year to make decisions based on this surplus.

- Attendees reviewed the income and expenditure against budget that had varied by more than £5k from budget.
- Income was above budget, mostly due to more collection of homeowner major works contributions.
- Concern about quarterly overspend on repairs contractors budget, which is at a similar level to 2024/25. This budget covers spend on day-to-day repairs, voids, window replacements, drainage, roof work etc. Void turnaround is still too high due to a combination of slow delivery by contractors and sorting gas and electricity accounts.
- Repairs materials budget is also spent above budget, so there is no saving on materials to offset contractors spend.
- The JMB is looking to bring more repairs in-house but have struggled with turnover of staff in key roles, performance and IT.
- Concern that the in-house team do not do routine work over the weekend

- The Property Services Manager will undertake a review of the in-house team, including values of jobs and variations. He is also looking for stronger management of contractors.
- The CEO warned attendees that it would take time for these initiatives to result in reductions in spend in the management accounts.
- The Chair met with the Property Services Manager and understood his desire to see a turnaround. Finance subcommittee need to give it time to make changes.
- Staffing costs are high due in part to staff turnover across the organisation. The aim is to steady the ship, improve morale and see the results feed into the management accounts.
- Finance subcommittee members were happy that they were beginning to hear solutions to move the JMB forwards
- Concern that Joyce Newman House residents had still not been billed for heating and hot water. This would require understanding of how long bills could be backdated legally, followed by consultation with residents and sensitivity dealing with residents on low finances.

**Action: inform September board what plan has been agreed to consult residents and bring in charges for heating and hot water usage**

- Miscoding was still causing problems for producing meaningful management accounts.
- Estate works budget was an annual budget so spend is not smooth through the year, and a programme of resurfacing was being developed along with one for gutter clearance.

#### 4.0 CASHFLOW

- £5.4 million in the bank at the end of June 24. The finance team is developing a new cash flow forecast which becomes more important as reserves are spend on major works and the JMB tries to attract interest on money held in the bank

**Action: provide cash flow forecast to next finance subcommittee**

#### 5.0 CURRENT FOCUS OF THE FINANCE TEAM

- The audit appears to be progressing well. Difficulties related to amending prior year adjustments, but were now resolved with the auditor
- Actual revenue service charges were being calculated prior to the accountant review and billing
- The new IT will provide a significant challenge to the finance team, but if done well, will help streamline homeowner actual charges and reduce the chance of mis-postings and other errors

## 6.0 MAXIMISING INCOME FROM THE BANK

- The JMB and Directors have supplied all required information to NatWest and are expecting the bank accounts to be set up within 6 to 8 weeks.
- The cash flow forecast will inform the JMB how much money can be put into higher interest but longer notice bank accounts, before the money is needed for major works

## 7.0 ANY OTHER BUSINESS

Attendees reviewed a proposal to limit the length of time resident leaseholders are given to repay major works with a low total value. The current JMB rules mean that resident leaseholders can repay over a longer period with no lower limit. This has resulted in some cases where the cost of collection is higher than the monthly repayment amount.

**Decision: bills of less than £1,200 would result in repayment terms of 12 months for all leaseholders, with longer repayment terms for resident leaseholders for total bills above this amount only.**

The treasurer reported that directors who attend finance subcommittee had received an initial report on the causes of repairs contractors overspend in 2023/24.

Christine Parsons submitted her apologies for the September finance subcommittee meeting.

### **Date of next meeting**

Monday 9<sup>th</sup> September from 5:30pm