

FINANCE REPORT

7.1 2026 / 27 BUDGET REPORT to the Meeting of the Full Management Committee, Thursday the 26th of March 2026.

Summary

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| Projection to 31 March 2027 |
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| <p>The budget projection shows an overall surplus of £993,500 for the year to 31 March 2027. The net current assets on the Association's Statement of Financial Position show an increase of approximately £868,400 for the same period. The Association has used the Consumer Price Index including owner occupiers' housing costs (CPIH) as the measure for inflation, which has been assumed at 3.2% for the year. A 5.1% general increase in salary costs has been assumed in respect of the Employers in Voluntary Housing (EVH) salary scales.</p> |
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| Comparative Projection to 31 March 2026 |
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| <p>These figures are based upon the projected outturn for the year to 31 March 2026 adjusting the actual outturn to 31 December 2025 for known or anticipated variances from budget.</p> |
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| General Staff Costs to 31 March 2027 |
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| <p>The staff costs assume that the current staff complement will remain at 2025 / 2026 levels. All staff are assumed to be placed on the adopted EVH linked salary scales. Where adopted by individual staff members, salary sacrifice savings in lieu of pension contributions are reflected in the staff costs for the year.</p> |
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| <p>Staff increments have been assumed for six employees. One increment is budgeted to be implemented mid-year based on the assumption a permanent contract will be awarded to a staff member following cessation of their training contract. All increments will require formal approval by the Management Committee prior to implementation.</p> |
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Property Revenue Account

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| Rental Income |
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| <p>A rent increase of 4.9% has been applied. Rental income has been discounted by £141,000 to reflect anticipated tenant reward scheme payments to tenants who are eligible under the scheme.</p> |
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| Voids & Bad Debts |
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| <p>A total of 1.55% of gross rental income has been assumed.</p> |
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| Voids – Unavailable for Let |
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| <p>This figure reflects two unimproved properties at 2164 Dumbarton Road and 2172 Dumbarton Road which are currently unavailable for letting.</p> |
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Property Revenue Account (Continued)

| Management & Administrative Staff | |
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| The following staff levels have been assumed: | |
| C Forrest (Director) – 20% | |
| K Freeman (Housing Services Manager) – 99% | |
| A Crews (Housing Services Assistant) – 99% | |
| S Kedzior (Housing Services Assistant) – 99% | |
| E Paterson (Housing Services Trainee) – 99% | |
| S Azhar (Property Services Officer) – 100% | |
| S Newman (Property Services Officer) – 100% | |
| D Cochrane (Property Services Assistant) – 100% | |
| C McComish (Property Services Assistant) – 100% | |
| K McKay (Finance Services Manager) – 10% | |
| A McCourtney (Finance Services Officer) – 20% | |
| Other Staff & Recruitment Costs | |
| No other staff or recruitment costs are budgeted for. | |
| Reactive Repairs & Maintenance | |
| The reactive repairs and maintenance figures have remained as per the 2025 / 2026 budget which reflects anticipated expenditure. | |
| Rechargeable Repair Bad Debts | |
| This figure has been included to show the rechargeable repair bad debts. Rechargeable repair arrears are 100% provided for. | |
| Planned Repairs & Maintenance | |
| The planned repairs and maintenance programme includes the following: | £ |
| Gutter Cleaning – Works and Fees | 65,028 |
| Backcourt & Garden Maintenance Services | 45,084 |
| Drysdale Street Repairs – Doors / Roof Replacement / Render Repairs | 39,168 |
| EICR inc. Quality Control Checks | 31,680 |
| Maintenance of Communal Attic Fans | 30,000 |
| Gas Safety Check inc. Quality Control Checks | 29,376 |
| Close Decoration – Works and Fees | 24,540 |
| SHQS Stone Repairs | 10,000 |
| Bathroom Replacement Survey x 60 | 10,000 |
| New Build Heat Pump & Ventilation Servicing | 7,940 |
| Annual Asbestos Testing | 2,720 |
| Maintenance on AOVs at Yetholm Street / Dumbarton Road | 210 |
| Total | 295,746 |

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Property Revenue Account (Continued)

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| Mortgage Interest Charges |
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| No borrowings are anticipated during the budget period and consequently no interest charges have been budgeted for. |
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| Property Insurance |
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| An estimate based upon the Associations 2025, 2026 tender return with an inflationary uplift. |
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| Void Property Costs |
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| This sum reflects anticipated council tax charges for empty properties currently unavailable for letting at 2164 Dumbarton Road and 2172 Dumbarton Road. This sum also includes costs incurred in relation to the redundant Sandholm Dome and guest rooms. |
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| Legal & Professional Fees |
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| Despite reduced expenditure over the previous year, an estimate of £12,000 in respect of legal fees together with the annual charge for Community Safety Glasgow has been budgeted for. |
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| Bank Charges |
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| An estimate based upon Allpay.net contract rates and current rates for Bank of Scotland rent bank account transactions have been assumed. |
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| Factors Fees |
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| Factors fees in respect of six properties are included, based on current rates with an inflationary uplift. |
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| Motor, Travel & Accommodation |
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| Costs associated with the Association's van are included within the property revenue account. |
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| Mobile Telephone(s) |
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| No charges assumed as no live contracts in place. |
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| Depreciation |
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| Depreciation of Housing Properties Held for Letting. Includes depreciation on additional components. |
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| Common Electricity & Stair Lighting |
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| These costs are an estimate based on 2025 / 2026 expenditure with an inflationary uplift. |
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Service Charges**Sheltered Services**

The sheltered service charge income is based upon the 2026 / 2027 income with corresponding costs based upon 2025 / 2026 costs with an inflationary uplift.

Stair Cleaning Services

The stair cleaning income is based upon the charge levied to tenants for the service with corresponding costs based upon figures from the previous tender costs with a 6.5% uplift applied by the service provider.

Property Management Services**Property Management Fees**

A property management fee of two hundred pounds (fifty pounds per quarter) has been assumed. It has been assumed that fifty per cent of owners will qualify for a prompt payment discount of eighty pounds (twenty pounds per quarter). Fees were increased in 2023 / 2024 and no further increase in the fee level is recommended at this time.

Bad Debts

These are based upon 10% of property management fee income for owner-occupier and commercial property management services.

Management & Administrative Staff

The following staff levels have been assumed:

K McKay (Finance Services Manager) – 10%
A McCourtney (Finance Services Officer) – 20%

Agency Services**Agency Fees**

Income in respect of the provision of agency finance services to Glasgow West Housing Association Ltd has been budgeted for. The current contract is for 14 hours per week and is in place until 31 March 2027.

Management & Administrative Staff

K McKay (Finance Services Manager) – 50%

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Other Income & Expenditure

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| Other Grants |
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| No other grants anticipated during the year. |
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| Amortisation |
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| Amortisation of Social Housing Grant received in respect of Housing Properties Held for Letting. This figure is based upon the actual projected levels of amortisation adjusted for additional Social Housing Grants received during the year. |
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| Interest Receivable |
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| An estimate based upon the anticipated bank balance and interest rate levels has been included for the year. |
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Overheads

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| Management & Administrative Staff |
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| The following staff levels have been assumed: |
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| C Forrest (Director) – 80% |
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| K McKay (Finance Services Manager) – 30% |
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| A McCourtney (Finance Services Officer) – 60% |
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| K McClymont (Office Cleaner) – 100% |
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| Other Staff & Recruitment Costs |
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| Recruitment costs totalling £7,500 are budgeted for. |
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| Office Rates |
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| Rates have been estimated based on 2025 / 2026 charges with an inflationary increase. |
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| Office Insurance |
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| The sum insured reflects estimated renewal premiums based on the results of the previous tender return with an inflationary increase. |
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| Equipment Repairs & Maintenance |
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| An estimate based upon the previous year's charge has been assumed with an inflationary increase. This includes annual IT support, website support, security and fire alarm system maintenance, dry riser inspection and electrical inspection. |
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Overheads (Continued)**Building Repairs & Maintenance**

An estimate of £7,900 has been assumed for building repairs including painting of the Association's office building, £3,806 for lift maintenance and inspection costs, £658 for commercial boiler service, £746 for gutter and roof maintenance, £650 for air conditioning services and £228 for Automatic Opening Vent (AOV) inspections at the Association's office.

Electricity Costs / Gas Costs

Rates have been estimated based on contract costs.

Printing & Paper Costs

Rates have been estimated based on contract costs and 2025 / 2026 charges with inflationary uplifts.

General Office Stationery / Office Telephone

A flat rate of £600 has been estimated for general office stationery and an inflationary increase for telephone costs has been assumed.

Postage

Rates have been estimated based on 2025 / 2026 expenditure with an uplift based on new royal mail postage costs.

Motor, Travel & Accommodation Costs

An allowance for travel to conferences and seminars has been included within this expense together with vehicle running costs.

Audit Fees

This sum is based on tender figures for both internal and external audit fees for 2026 / 2027.

Sundry Expenses

An estimate based upon the previous year's charge has been assumed.

Bank Service Charges

An estimate based upon anticipated charges.

Bank Interest Charges

No short-term borrowings are anticipated during the year and consequently no charge has been budgeted for.

SFHA Affiliation Fees

Based upon the renewal invoice for 2026 / 2027.

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Overheads (Continued)

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| Other Affiliation Fees |
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| An inflationary increase has been assumed this includes the annual fee for membership of EVH. |
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| Cleaning Costs |
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| An inflationary increase on 2025 / 2026 costs has been assumed . |
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| Committee Training, Conferences & Publications |
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| An estimate of £500 per committee member has been assumed. |
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| Staff Training, Conferences & Publications |
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| An estimate of £250 per staff member and £400 per department has been assumed for general training and conferences respectively. Additional staff training costs have been assumed in respect of a professional housing qualification for E. Paterson. |
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| Depreciation Charge |
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| The charge is in respect of the office premises, office fixtures, fittings and equipment and vehicle depreciation. |
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Capital Expenditure – Housing Properties

The budget includes no expenditure on development works.

Expenditure on gates for the Blawarthill Place development is included within the budget at a cost of £8,000.

The budget includes expenditure of £300,000 for the potential acquisition of pre-1919 tenement properties situated within our housing stock.

The budget also includes expenditure on property component replacements as follows:

Kitchen replacements (x35) at a cost of £192,500

Bathroom replacements (x5) at a cost of £30,000

Central Heating replacements (x25) at a cost of £72,000.

Capital Expenditure – Other

The budget includes capital expenditure on replacements as follows:

Office fixtures, fittings and equipment of £5,000.

Cash Flow Projection

There is a projected net cash inflow of £868,300 for the year 2026 / 2027. This reflects the budgeted surplus for the year adjusted for the non-cash expense of depreciation less capital expenditure and movement in debtors and creditors for the year to 31 March 2027.

Cash balances are not expected to drop below £3.4m at any time during the year.

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Annual Treasury Management Strategy

For the year to 31 March 2027 it is recommended that where investment rates become more attractive, the Association should invest additional surplus cash reserves in fixed term deposits to maximise returns. Notice deposit accounts and long term deposit terms of twelve months are recommended at this time as no significant cash contributions are anticipated during 2026 / 27.

There are no borrowing requirements anticipated during the year.

Consultation

The document is for internal use only; to consult with tenants, owners and other stakeholders is not applicable.

Purpose of Report

This report is provided to the Management Committee for **approval**.

Conflicts of Interest

No conflicts of interest declared or known.

Risk Management

Budget Setting Process – Risk Ref. 34 – Inappropriate budget assumptions; budget not achievable

This risk is mitigated by operating a robust budget setting process which includes consideration of the Association's financial position, contractual obligations and repair programmes for the forthcoming financial year.

Budget Setting Process – Risk Ref. 35 – Budget prepared by Finance department without input from other departments

This risk is mitigated through the Finance department consulting with the Senior Housing Services Officer and meeting with the Senior Property Services Officer and Director during the budget setting process.

Budget Setting Process – Risk Ref. 36 – Board doesn't approve budget

This risk is mitigated through the provision of this report. By considering the report and approving the budget prior to the new financial year, the Management Committee is fully aware of its content.

Regulatory Standards of Governance & Financial Management

Standard 3 – The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. The cash flow projection within the budget report considers the Association's liquidity level (3.1). The treasury management strategy for the year ahead is detailed within the report (3.2). The financial forecasts within the report are based on appropriate and reasonable assumptions and information, as well as the rent increase which included tenant consultation (3.4).