

Minutes of the Finance & Corporate Services Sub-Sub-Committee meeting held via MS Teams on Tuesday 30 May 2023 at 6pm

Present (via Teams) : K Robertson (Chair)
H Thomson
K Ferns

Attending (via Teams) : Alana Durnin, CEO
Ewan Barr, ICTM
Shonaid Musgrove, CSO (Minutes)

	<p>It had been agreed that the ICTM could take their agenda items first so they could leave the meeting a bit earlier.</p>
1.	<p><u>Apologies & Declarations of Interest</u></p> <p>Apologies had been received from E Tamburrini. There were no declarations of interest.</p>
2.	<p><u>Minutes of the Meeting held on 16 February 2023</u></p> <p>The ICTM advised that the Leadership Team amendment had been made. There we no redactions to be made.</p> <p>Resolutions</p> <ol style="list-style-type: none">1. The Minutes of the meeting were proposed, seconded and approved as a true record.2. The Private & Confidential minute that followed the meeting had been circulated separately. These were also approved.
7.7	<p><u>Acceptable Use Policy</u></p> <p>The ICTM advised the meeting that this policy would replace the previous “Email & Internet” one and was a more modernised policy removing old terminology. This policy would serve both staff and Board members and would be signed off annually by everyone. The Social Media Policy would remain a separate policy.</p> <p>The ICTM intimated that a new section on “private messaging apps” had been included as these types of apps are becoming more popular (e.g. WhatsApp). It was required to call-out what is/is not acceptable to use in a business setting.</p>

	<p>A member asked if the Association monitored WhatsApp. The ICTM replied it did not. Most of the WhatsApp groups were set up during Covid as a means of keeping in touch with teams, etc. The ICTM advised that when the social media policy is up for review a more in-depth narrative on WhatsApp could be included.</p> <p>Resolution</p> <p>The policy was proposed, seconded and approved.</p>
<p>8.</p>	<p><u>IT Report</u></p> <p>The report gave the final review of the previous year's delivery plan which was complete except for the ongoing remote access review and the UPS/ Server upgrade. Progress of the first quarter of the current plan was also presented.</p> <p>The ICTM stated that 7 laptops had been replaced this year with the migration from thin clients to laptop now complete. This provided staff with the flexibility to work from home with devices that have better security built-in to them.</p> <p>The meeting was advised that the server replacement project would be a big piece of work. Our servers are now 7 years old and at end-of-life capacity together with the 2012 software on them. This is all covered in the delivery plan and budgets. Cloud-based infrastructures will be investigated in due course as this is how things are heading but the Association will plan in this properly to allow due diligence to take place.</p> <p>The testing period for the contractor portal is ongoing and staff will be trained in it before it goes live.</p> <p>Two ICT Assessments have now been carried out. The most recent one has just been finalised with just the follow-up meeting to take place. This will be reported to the next meeting in August.</p> <p>A member asked if staff had other association-owned equipment at home (e.g. additional monitors) that would require Portable Appliance Testing. The ICTM replied that all IT equipment is asset tagged and could be traced but would need to double check if any monitors remain permanently in staff homes. The CSO intimated that after Covid all staff were instructed to return all non-mobile equipment to the office.</p> <p>A member enquired about the IT Assessments that the ICTM had recently undertaken for two Housing Associations and if there was any similarity between them. The ICTM stated they were different, with one having over 70 CCTV's in operation.</p>

	<p>A member mentioned the difficulties arising now from ring doorbells, especially in common areas. The ICTM agreed and advised that this is being investigated by Cloch's Data Protection Officer.</p> <p>Action</p> <p>ICTM to check if any non-mobile equipment (e.g. monitors) in staff homes.</p> <p>Resolution</p> <p>The report was noted.</p>
<p>9.</p>	<p><u>IMS Update</u></p> <p>The ICTM advised that this had arisen from the vast increase in our housing management system costs due to the current provider being taken over; as well as them losing many of their key staff. Similarly, Cloch has lost key staff who had great expertise of the system and its products.</p> <p>Applying good risk management is essential for Cloch in case the housing management company decides to walk away from the housing association platform. Benchmarking exercises have been undertaken to see how costs compare to others in the sector.</p> <p>A small group of staff have been looking at demos of other software packages and most agree that there are better options available. Four companies are being approached for costs and a SWOT analysis will be created thereafter.</p> <p>Cloch will continue to carry out housekeeping exercises and some historical data will be cleansed so that we are taking preparatory steps should we need to migrate to a new housing management system.</p> <p>A member asked how long the current contract has to run. The ICTM advised that it was on a rolling 12-month contract and Cloch would be required to give 6-months' notice should we terminate it. However, at this time Cloch would already have a plan in place so that it could migrate over to a new system.</p> <p>The CEO intimated that this will be looked at once the Repairs/Void contract was settled. It had become apparent that our existing software was limited in terms of what we were wanting it to do going forward.</p> <p>Discussions took place about ensuring that Cloch took its time to get the best software available including looking at bespoke systems.</p>

	<p>Resolution</p> <p>The report was noted.</p> <p>The ICTM left the meeting at this point; the time was 6.52pm.</p>
	<p>The agenda was restarted from item number 3.</p>
<p>3.</p>	<p><u>Matters Arising & Outstanding Actions</u></p> <p>The meeting noted the status of the outstanding actions.</p>
<p>4.</p>	<p><u>Management Accounts</u></p> <p>The CEO took the meeting through the key points of the presentation that had been prepared by the Finance Director.</p> <ul style="list-style-type: none"> ➤ Surplus £1,357k – variance of £423k. It was noted that there is still some work to finish the Management Account off for the annual audit and therefore these were draft figure just now, however a reconciliation would be undertaken to highlight the variances between the Q4 Management Accounts and the Annual Accounts. ➤ Increase on income of £16k. This relates to void loss savings re: the 0.2% variance from budget associated with 117 void properties and the 33 at Wellpark. ➤ Expenditure was below budget by £335k. This was due to delays to the planned maintenance programme and not using the provision for asbestos removal. Savings were made against the gutter cleaning contract and painter work is being carried over into the 2023/24 budget. Savings were also made from common utility bills and overheads were lower, (legal fee provision of £50k for Maukinhill not used yet and delays to some IT projects). Depreciation is lower; mainly due to being over-stated in the budget. Bad debts are lower than anticipated due to very good arrears performance by staff. ➤ Reactive maintenance is over-budget because of soaring costs. ➤ Actual (or true) savings of circa £100k is mainly because of bad debt recovery performance but savings have also been made in postage and printing/stationery along with interest made on our bank accounts and lower interest paid against loans due to cashflow management. There will also be some timing differences that will carry forward into the 2023/24 accounts. ➤ All covenants were met, and we have plenty of headroom to spare. Similarly, our gearing ratios offer us the opportunity to raise additional funds should this be required.

	<p>The CEO asked that the Sub-Committee approve the Management Accounts but to note that further changes may be made re: preparing the final accounts for audit.</p> <p>A Board member commented that the Association is in a healthy position but that the fluctuation in interest rates noted in the press / news during the week was a concern.</p> <p>Resolution</p> <p>The Sub-Committee approved the Management Accounts as they were presented and noted that a final draft would be presented to the Board, reconciled against these set of Management Accounts.</p>
<p>5.</p>	<p><u>Treasury Report</u></p> <p>The CEO took the meeting through the Treasury Report highlighting the following points:-</p> <ul style="list-style-type: none"> ❖ Cash in bank stands a £3.3m. ❖ Return on cash increased to 0.98%, with higher rates achieved against cash held in the banks, linking with the increase in Bank of England Base Rate. ❖ 60% of cash is held in accounts with BoS, against the maximum of 70% held with one bank. ❖ 75% is in instant access accounts, to pay for operating costs. ❖ All accounts are held with reputable banks – BBB+ ratings. ❖ £800k was drawdown against the revolving credit facility at the year end, to make the cash held value more comparable to last year and improve the current ratio, noted in the SHR return. This has now been repaid. • We have £12.5m of loan funding and a revolving credit facility of circa £6.3M but we do not plan to draw down funds unless we need to, to reduce loan interest costs. • Non utilisation fees for the revolving credit facility were £10k as at March 2023. • The £12.5m loans are secured against 838 of our properties. • Net debt per property stands at £6.2k and is comparable to the SHR median. <p>The CEO then took the Sub-Committee through the fixed rate options available to the Association advising that over the past week the market became volatile and the previous fixed rate quotes from mid May had now increased by circa 0.8%.</p> <p>The Sub-Committee discussed the benefits and disadvantages of fixing rates for 2 or 5 years or whether to continue with the variable rates.</p>

	<p>Discussions also took place whether to fix for a longer period (e.g., 10 years).</p> <p>The CEO intimated that the Association is due to refinance its loans in 2027/28 and a 5-year deal would take us to that point, however there were also risk advantages to spreading out the refinancing, so not all loans require to be refinanced at the one time. Having had discussions with the FD previously they had both considered if it was prudent to let the loans remain on a variable rate as the forecasts were that after June rates would start to come down, however over the past week rate predictions had increased.</p> <p>Members expressed concern that the volatility of the markets was still causing such uncertainty but understood that this was out with the Association’s control. They also noted the driver was high inflation with essential items such as coffee/chocolate/ essential food goods having high cost increases. The CEO agreed and stated that only a couple of week ago the Treasury Consultants were advising that they thought rates would peak at 4.75% and then start coming down from March 2024.</p> <p>Following the discussions, the Sub-Committee delegated authority to the CEO and FD to carry out an exercise to review fixed rate options against the latest projections on variable rates. This would be based on to fix for 2 years or 5 years or leave on a variable rate.</p> <p>Action</p> <p>The FD to prepare a report forecasting interest rate costs based on a 2-year fixed deal, a 5-year fixed deal and leaving on a variable rate. Members would receive the report by email and make their preferences known by return.</p> <p>Resolution</p> <p>The Sub-Committee proposed, seconded and approved the Treasury Management report.</p>
6.	<p><u>Loan Portfolio Return (SHR Return)</u></p> <p>The meeting had previously been circulated with the return and advised that this must be submitted to the SHR by 30 June 2023. This return is based on the information contained in the Treasury Report that is reported to the F&CS/Board.</p> <p>Resolution</p> <p>Approval was given for the submission to be made.</p>

7. Policies for Review/New Policies

A Member commented that the name of the outgoing Head of Corporate Services was still on the reports and, whilst it was likely they had prepared them prior to leaving the organisation, the name should be removed from reports going forward / any policies also updated.

7.1 Paws Policy

The CEO advised that this is a new policy and a trial had been in place for a few months to see if this was something that could work. The trial has been successful and the policy is now being brought to the Sub-Committee for approval.

Dogs would be restricted to the room being designated the “Paws Room” (the room immediately next door to the CEO’s room) and the CEO’s room. These 2 rooms are isolated from the other rooms on this floor by means of an inter-connecting door which is closed over at all times (as it is a Fire Door). Only 2 dogs at any one time will be permitted to be on the premises. This is for emergency situations such as a dog-walker has let someone down or a rescue/rehoming dog requires its owner to be close-by or needs interaction with other dogs.

The Sub-Committee were satisfied about the reasoning for the policy, and how good it can be for staff wellbeing, but stressed that dogs must not be allowed to wander around the office in case any staff member(s), or visitor(s) to the office, had a fear of dogs or indeed were allergic to dogs. They also wished for the Association’s insurers be contacted to ensure that this policy would not negate anything and that owners are fully aware of their responsibility should their pet cause damage to Association property. The CEO advised that this latter point will be added into the liability form that accompanies the policy.

A member asked if the Association had ever thought about having a “bring your child to work day”. The CEO confirmed this would be a great idea to let children see what their parents do at work do and would keep this in mind for a future event.

Action

- Liability form to be updated to include owner’s responsibility for damage caused by pet.
- Check with insurers about having pets on the premises.

Resolution

The new policy was proposed, seconded and approved.

7.2	<p><u>Dignity at Work</u></p> <p>The members were advised that only minor changes were made to this policy. The links to the Business Plan and the relevant strategic priorities had been added in also.</p> <p>Resolution</p> <p>The policy review was proposed, seconded and approved.</p>
7.3	<p><u>Flexi & TOIL</u></p> <p>The CEO intimated that a change had been made to the minimum amount of time a staff member can take for lunch. It has been 30 minutes, but this had been increased to 45 minutes. The Kelio timeclock had been altered so that anyone who takes less than 45 minutes is automatically deducted the full 45 minutes; this is to encourage staff to take a proper lunch break. A further change had been made that TOIL can be accrued from 5.30pm (lowered from 6pm). TOIL can only be claimed for very specific work and must be agreed by the Head of the Section in advance.</p> <p>Resolution</p> <p>The policy review was proposed, seconded and approved.</p>
7.4	<p><u>Developing Young Persons</u></p> <p>The Sub-Committee were advised that the Association currently has a Modern Apprentice and a Graduate Apprentice in post and are in the process of advertising for a Property Services Trainee. However, the Association is keen to do more, and the strategy sets out how we hope to achieve this.</p> <p>Resolution</p> <p>The policy review was proposed, seconded and approved.</p>
7.5	<p><u>Domestic Abuse (Staff)</u></p> <p>The main changes were the updated definition and the inclusion of the strategic priorities from the Business Plan.</p> <p>Resolution</p>

	The policy review was proposed, seconded and updated.
7.6	<p><u>Health & Safety</u></p> <p>The main change to the policy was the inclusion of the strategic priorities from the Business Plan.</p> <p>A member commented that within the flowchart one Board member had their full name included instead of just the initial. This would be amended for consistency.</p> <p>Action</p> <p>Amend the flowchart.</p> <p>Resolution</p> <p>The policy review was proposed, seconded and approved.</p>
10.	<p><u>Factoring Debt Recovery</u></p> <p>The CEO advised that factoring debt had increase to just under £44k and was back at levels last seen in 2020. The following reasons for this were noted:-</p> <ol style="list-style-type: none"> 1. The number of customers who have debt has increased. 2. The December 2022 flooding incident has pushed up the cost of our insurance; which is reflected in the higher premiums for our house insurance for our owners. 3. DD's have not been increased when invoices were issued. 4. Resource gap in team when staff member left who had a vast knowledge of the factoring system. <p>The CEO intimated that points 1 & 2 were out with the Association's control. However, what had become apparent was the lack of written procedures in place when a staff member had left, and that knowledge left with them. The Finance Team now had 2 members who have attended factoring training. Procedures will be put in place; DD's will be increased accordingly and the KPI amended to reflect owners who pay by DD and the number of owners with debt, raising the visibility of this with Board members.</p> <p>Action</p> <p>Amend the KPI reported to the Board about how many factored owners pay by DD.</p> <p>Resolution</p> <p>The Sub-Committee noted the report.</p>

<p>11.</p>	<p>Corporate Services Update</p> <p>The CEO updated the Sub-Committee on the following key points:-</p> <ul style="list-style-type: none"> ✓ The outgoing HofCS appreciated the messages and gifts from staff and Board. Two Board members had been able to attend the leaving presentation. ✓ Interim arrangements are that the Customer Connector team now report to the HofHS and the Corporate Services team report to the FD. The CEO is assisting the FD for 1 day per week. ✓ HR services being bought in as required from a consultant. ✓ Further support being bought in to assist with our housing management system. ✓ 1 Maternity leave recruitment in place and is doing really well. ✓ Recruitment of the PS Trainee is ongoing. ✓ More robust monitoring of staff development and wellbeing will be put in place. ✓ EVH Terms & Conditions now state that Mental Health First Aiders will get the same allowance as First Aiders. ✓ Sickness statistics improved since last year. ✓ New healthcare provider in place. ✓ Job descriptions and staff appraisals being reviewed. ✓ Staff turnover for the 2022/23 was 9.8% (3 people) which was lower than the previous year. ✓ Other projects include trialling the Board induction on the Portal, policy reviews (inc spreading them out more, grouping together, compiling Equality Impact Assessments). <p>A member commented that training on Equality Impact Assessment's would be a good bitesize training session for the Board too. The CEO stated that this could be arranged and advised that there's quite a bit of work involved in the EIA's – training is being arranged.</p> <p>A member will send over a template that their organisation uses to see if it would be helpful.</p> <p>Resolution</p> <p>The Sub-Committee noted the contents of the report.</p>
<p>12.</p>	<p>Health & Safety Update</p> <p>The CSO advised that clarification had been sought on the issue of PPE from the previous meeting. Confirmation had been provided that contractors are responsible for providing their own PPE.</p>

	Resolution The report was noted.
	The CSO left the meeting at this point; it was 7.45pm. The next item contained a Private & Confidential item.
13.	AOCB & Reflections See private session.
14.	Date of Next meeting – 22 August 2023