

Feb 9, 2022

**Minutes of the Board meeting  
held on Tuesday 7 December 2021  
in the offices and on Zoom**

Present (in the office)	All online
Present (via Zoom)	Brian Corrigan, Chair Heather Thomson, Secretary Susan Skelton, David Brown, Eleanor Robertson, Alan Hutchison, Ken Robertson, Jackie Smith
Attending (in the office)	Paul McVey, Director Andy Thomson, Housing Services Manager (HSM)
Attending (via Zoom)	Liz Bowden, Corporate Services Manager (CSM) Alana Durnin, Finance Director (FD) Paul McColgan, Property Services Manager (PSM) Shonaid Musgrove, Corporate Services Officer (Minutes)

**1. Apologies & Declarations of Interest**

Apologies had been received from Eileen Tamburrini, Patrick Marshall and Kelly Ferns.

There were no declarations of interest.

**2. Minutes of Meeting held on 12 October 2021**

The draft minutes were considered page by page.

**RESOLUTION**

The Minutes were proposed, seconded and approved as a true record.

**3. Matters Arising & Outstanding Actions**

Three items remained outstanding. These were:-

- 1) Appraisal recommendations going back to the GAP working group for decision.
- 2) Recommendations from governance review to be incorporated into the Global Action Plan – will be added to the Board portal soon.
- 3) Lessons learned exercise in respect of Kings Glen still to be carried out.

**RESOLUTION**

The Board noted the report.

#### 4. Verbal Updates from Sub-Committees

##### 4.1 Finance & Corporate Services – 25 November 2021

The Director provided an update as follows:-

- New Chair and Vice Chair appointed.
- Board were very supportive of the restructure of the Housing Services section and using the budget previously ring-fenced for a new post.
- ICT update including the cyber security accreditation.
- Quarter 2 Management Accounts were approved.
- PPE policy approved
- Staffing – 3 long-term absences explained.
- Confidential item – the Finance Director has tendered their resignation from OTHA to take up a new post. She will work for both organisations until the end of February. Cloch will look to recruit its own Head of Finance instead of jointly with OTHA. A communication on this will be going out to staff tomorrow.

The Chair intimated the Board's good wishes to the FD but it was tinged with sadness to see her leave.

The FD advised that the move was for the best on a personal level but would ensure that the recruitment of a replacement will proceed before they finished.

##### 4.2 Housing & Property Services – 30 November 2021

The PSM gave an update of the meeting as follows:-

- Due to low numbers in attendance the appointment of a Chair and Vice Chair has been postponed to the next meeting. A Board member stood in to take the meeting.
- Mid-year write offs had been approved (rent arrears bad debts, rechargeable repairs).
- Policies were approved (Gas Maintenance, Voids, Decant, Home Loss & Disturbance).
- Update of the planned maintenance programme had been provided following a request by a Board member.
- Agreed to keep the hybrid method for meeting attendance and for a 6pm start.

The PSM intimated that he had an update on the Tenant Satisfaction Survey and there is a slight delay on this; mainly due to the survey being a telephone one instead of in-person (re Covid).

The Chair asked members of the H&P Sub-Committee to think about the positions of Chair and Vice Chair for the next meeting in February.

#### **RESOLUTION**

The Board noted the updates.

## 5. Finance

### 5.1 Mid-Year Budget Review & Draft Budget 2022-23

The FD took the Board through the report highlighting the key points:-

- Surplus projections now showing as £94k; down from £187k.
- Capitalised Expenditure (page 6) – acquisition of properties meant increase in spend on acquisitions. A further £460k was added for the additional 5 properties purchased.

A Board member enquired if this cost included refurbishment works. The FD replied it did. A Board member asked what “ad hoc components” referred to. The FD advised it was for works completed out with the planned maintenance programme (e.g. via reactive repairs / component replaced at void, with the work effectively brought forward). They advised that part of this was in respect to Covid as the programme was delayed. The Director intimated that it had previously been agreed to look at voids and bring forward planned maintenance items if they were nearly due (e.g. kitchen renewal).

A Board member asked about the buildings insurance. The FD stated that this was due to the increase in insured property value for the 2021/22 renewal and it was noted that a 5% increase was added on for the up and coming re-tender.

#### **RESOLUTION**

The Board proposed, seconded and approved the changes to the Mid-Year Budget.

### 5.2 Budget – Draft 1

The FD shared their screen for a presentation.

She advised that Slide 1 gave a picture of what is currently happening in the economy that affects the plan. Inflation has increased and part of this has been driven by things such as high energy prices. Higher inflation then feeds through to all the costs in the plan. It was also noted that although interest rates are currently low, the Bank of England may try to control inflation by increasing interest rates. They are low now but may increase slightly. Material costs have increased and there are labour shortages (a 10% increase projected). If the Association was to build more units then there would be an increase to risk. The FD also advised that the government has increased National Insurance costs for both employer and employee, to help fund the National Health Service.

Further key points to note were:-

- The pension deficit could be cleared as early as September 2022 or March 2023 at the latest – the plan models the worst case scenario for prudence.
- Inflation is based on RPI, which reflects housing cost so this is why this percent is used.
- CPI is used for salary costs (the table projects the figures for the next 5 years).

- The Acquisition Strategy projects the purchase of 21 new properties into the business portfolio. An investment of £1m requires to be made but it is a good investment. The Association will reap the rewards after 30 years.
- Voids – better turnaround but Wellpark units pushed void loss costs up as being held for refurb works before reletting.
- Good work on rent arrears; impacting low bad debt percentage.
- Planned/Cyclical Maintenance – a lot of our spend is here and the next 5 years forecast heavy spends but we have seen costs increasing here too (eg materials).
- Reactive/voids – emergency services only during Covid; £100k money ring-fenced for the Wellpark project.
- Salary costs are increasing. Using a 3.5% uplift increase in salaries.
- Loan funding about to peak. Taken account of Bank of England increases; good buffer in here. £2.2m still to draw down for Kings Glen. Currently procuring a further £2.5m loan funding. Looking to improve the cashflow by paying off the OTHA loan and adding the value to the RBS loan.
- Using the BRIXX model see how low we can make rents – 2.5% rental increase being proposed. CPI is what benefits tend to be modelled on.
- Good, steady, stable projections showing for next 5 years, with cash averaging at £3M. Have buffer that if something happened we could pull back on the planned maintenance.
- Covenant testing good with headroom to spare.
- Gearing well below maximum and scope to raise more funds if required.

The FD advised that a 2.5% rental increase is being proposed. This report concentrated on the next 5 years but the final draft will have the full 30-year plan.

A Board member noted that maintenance costs were currently at a high point and with the future being uncertain was their enough headroom if any contractors approached the Association for additional funding. The FD advised that we were in contract for this work following the tenders approved in June and future increases were based on inflation plus 0.5%. The PSM advised that no contractor has approached the Association for additional funding.

A Board member referred to the increase in salary costs of £18k and felt that this was low considering the new post being created in housing. The FD replied that the 2021/22 budget had included carry forward of budget from 2020/21 to be ring fenced for the Housing restructure, therefore increasing this year's salary costs compared to the 2022/23 budget.

## **RESOLUTION**

The budget was proposed, seconded and approved.

### 5.3 LIBOR Transition

The FD advised that a presentation on this had been made at the previous Board meeting. However, the change of using LIBOR to SONIA or Base Rate from 1 January 2022 requires being brought to the Board for approval and one of the documents require to be signed off by the Chair and Secretary – the Bank of Scotland documentation. The others lenders had confirmed the FD can sign off these documents.

The FD advised that the documents had been reviewed by the lawyers BTO and also the Association's treasury management consultants for scrutiny and feedback –these were attached as appendices to the reports.

## **RESOLUTION**

The Board proposed, seconded and approved the move from LIBOR to an alternative rate, e.g. Base Rate or SONIA. The Chair and Secretary would be sent the authorisation documentation directly via an online portal.

## **6. Rent Consultation**

The HSM advised that the Board had just been taken through the financial process of the budgets and that a model based on a 2.5% rent increase was feasible. They advised that the next stage would be for a tenant consultation process advising that this was the preferred option.

The HSM intimated that Covid has delayed the full rent restructure process from being implemented as it was felt unethical to do so. Instead of the previously proposed £20 increase (before percentile increase) we are looking at a cap of £10 increase which would be consistent with the approach taken last year. Then applying the 2.5% increase.

The Board was advised that by proposing a lower rent increase of 2.5% and limit of £10 instead of £20 would take account of the increased costs tenants are experiencing with higher energy prices and increased inflation costs. It will just mean that it will take the Association a couple of years longer to get the restructure in place fully.

The HSM advised that with the Kings Glen site the Association has to apply the Scottish Government rents and these are very different from ours. These rents will not follow our new restructure on 1 April 2022 but instead will be phased into the restructure later. These rents will eventually get to a point where they match with our rental policy. All the tenants that have moved into the Kings Glen properties were made aware of this beforehand.

The HSM sought approval for the Association to go out to consultation based on £10 cap and 2.5% rental increase.

A Board member asked if there was some provision for hardship cases. The HSM replied that this is not within the Association's remit but that such cases would be signposted to the relevant agencies. The HSM advised that Universal Credit is also being cut by £20 and will have implications for many of our tenants on it.

The Director stated that the Association benchmarks itself against other associations; both local and of similar size. The Association's proposed rental increase is the lowest in Inverclyde but historically our rents have been higher than others.

The HSM advised that consultation will take place between now and mid-January. A report will be prepared for the February Board meeting.

## **RESOLUTION**

The rent increase was proposed, seconded and approved.

### **7. Acquisition & Disposals**

The Director intimated that the report gives an update on the acquisitions we have made and talks about the proposed disposals.

Funding of £360k has been offered from the Scottish Government. Eight properties have been purchased so far. A claim for £100k is being made for 4 of the properties. A retrospective claim for a further £61k is being discussed presently.

The Director advised that our Asset Management Strategy states that if Cloch are a minority owner then we can look to dispose of properties. The Association is looking to dispose of 5 properties in Killearn Road. Costs had been obtained from Everwarm to ascertain the cost to improve the properties first as well as sourcing funding for the other owners. Even if the owners got the maximum funding they would still be liable for additional costs of between £11k-£15k and they will not approve to proceed on this. The Association's costs are between £23k-£27k per unit.

The Association is therefore seeking to dispose of the units. Currently 2 of the 5 properties are voids and the existing tenants would be offered alternative accommodation as well as receiving a Home Loss Disturbance payment. The Association would also need to inform the other owners about the disposals as we are also the factors for the building and if we sell our units then they would need to seek another factor.

The Director advised that the Association does not need to inform the Scottish Housing Regulator (SHR) of the disposals but we would see it as a notifiable event.

The Director advised that approval is sought to dispose of the 5 properties at Killearn Road and to move the proceeds over the acquisition budget.

## **RESOLUTION**

The motion to dispose of the 5 units was proposed, seconded and approved.

### **8. Performance & Risk (inc Risk Management Policy)**

The Director took the Board through the report and attached dashboards and drew their attention to the following key points:-

- Relet times improved and very good.
- Void rental loss is up but mainly due to the Wellpark project.
- Non-technical arrears reducing which is a positive trend.
- Emergency repair times good but non-emergency still an issue for us; hope to see this improved for next quarter.
- Factoring performance remains excellent.

- Board attendance is extremely high (& the Director thanked the Board for this).
- Sickness levels reducing but we have 3 long-term absence cases.
- Complaints performance is very good.

The Director advised that the quarterly forecast report is prepared by Housemark which gives us an indication of how our performance matches against similar organisations. The Leadership Team will be meeting with representatives from Housemark to understand these benchmarks and our individual performance better.

The new Risk Management Policy was included in the report and the Director intimated that they proposed to hold a risk mapping session to ascertain what risks could the Association face in the short and long term. It will be split into (a) strategy and (b) operational. This plan will then be uploaded onto the portal.

The most significant risks at present are:-

1. Contractor performance, availability and cost
2. EESSH2
3. Kings Glen development
4. Key staff changes (eg Leadership Team)

## **RESOLUTION**

The new Risk Management Policy was proposed, seconded and approved.

## **9. Policy Reviews**

### **9.1 Corporate Social Responsibility Strategy**

The CSM advised the Board that they would deal with this policy and the Volunteering Policy (item 9.2) together as they are linked.

The Board was advised that there was little change in either policy; Covid had halted most aspirations for the Association to undertake any project in each of the policies. However, there were some changes made to goals for the next 3 years in the CSR policy and these were highlighted. Despite the difficulties of the pandemic and lockdowns, the Association still managed to collate and deliver packs for the under 5's but the volunteering aspect couldn't proceed.

## **RESOLUTION**

The Corporate Social Responsibility and Volunteering policies were proposed, seconded and approved.

### **9.2 Volunteering**

As above.

### 9.3 Equalities Strategy

The CSM advised that the Equalities Strategy ties into the Business Plan and takes account of new legislation. The accompanying timeline plans how the Association will achieve its goals. There is some work to be done on training both staff and Board before we are ready to launch it to our customer base. Some staff members have already undertaken training to become EO Ambassadors. The CSM stated that the Regulator is very keen for associations to have robust equality strategies in place and will be monitoring this.

A Board member asked who would be carrying out the training. The CSM replied that it would be a mix of staff and external providers.

#### **RESOLUTION**

The Board approved the Equalities Strategy.

### 10. **Notifiable Events Policy**

The Director advised that this was a new policy but that items under this remit were already reported to the Regulator as and when required. However, it was felt prudent to make this a policy to be reviewed annually to ensure that the Board were aware of its existence.

There was only 1 event that the Regulator was notified of last year which was the new Rules following the separation from the Oak Tree group. However, it had come to the Director's attention that other possible notifiable events such as (1) settlement agreements and (2) disposals of properties could qualify. The Director will be speaking with the Regulator on these issues.

A Board member enquired as to whose responsibility it was to report matters as the policy referred to "Cloch Housing Association" and not a specific person. The Director advised that in the main, it was their responsibility to report. However, if there was an issue with the Director or Leadership Team then the Chair would be responsible. This would be done via the Regulator's online portal.

The Director advised that the Notifiable guidance will be uploaded onto the portal library if not already there.

#### **RESOLUTION**

The policy was approved.

#### **ACTION**

The CSM to check the Board portal that the guidance is available.

### 11. **Director's Report**

The Director shared his screen with his presentation.



The Board was advised that within the Business Plan the Association wanted to explore new opportunities – eg working with other organisations. The Director was in discussions with other RSLs to investigate the feasibility of creating a joint maintenance or handy-man service. The Director has decided to pause this just now as wanted to get information from other associations who have already tried this. More evidence was required before paying for a feasibility study.

The Association has been involved with Community Links for over 10yrs but their funding regime is very sporadic and they do not appear to have firm investment commitment from their partners. The Association has brought in millions of pounds of investment to Inverclyde and we need to try and protect/future proof it. The Director and Finance Director have met with them to try and assist.

The Board was advised of recent Association successes. We had achieved 2 good internal audits and received substantial assurances on both of them. The audits looked at (1) Asset Management and (2) Duty of Care. The Association had also achieved reaccreditation to the Customer Service Excellence Awards with 7 appliance plus credits. These are where the Association goes way above the standard required. Much of this is due to the work of the CSM and her team. The Association also achieved the silver award with the Investors in Young People (IYYP) Award reaccreditation.

The Director advised the Board that following on from the housing services restructure there will be some recruitment to be carried out as a result of this. With our finance services now becoming in-house once again the Finance Graduate will become a full time Cloch employee and not a shared service. Staffing absences were being dealt with.

Other points from the Director's presentation were:-

- Kings Glen – agreement on progress. The contractor is aware of the works to garden issues that will be picked up in the Spring.
- ICHR policy review will come to the February Board meeting. Going out to consultation soon.
- Tenant Satisfaction Survey – report will come to the February Board meeting. Initial reports suggest that overall satisfaction has dropped but consultant advises this is being seen across the sector.
- Wider role activities continue.
- SHR data check (eg EESSH2 compliance)
- Glasgow and West of Scotland Forum Update.
- Building Pricing Forecasts.

A Board member referred back to the shared services part of the report and enquired if the Association would be interested in using the services from River Clyde Homes. The Director advised that the Association had used them in the past but their pricing was extremely high and not a model that Cloch wished to use. The Director was interested in a model used by Link Housing and was wanting to investigate this more. They concentrated on quality and service provision, however the pitfalls of DLOs need to be considered.

## **RESOLUTION**

The Board noted the Director's presentation

### **12. Procurement Report & Strategy**

The PSM advised this was an annual report on procurement activities for years 2021/22 and 2022/23. The key points discussed were:-

- Procurement strategy wording changed to reflect no longer using EU directives following BREXIT and 2021-26 business plan objectives and vision updated.
- Future contracts will be procured on a 3 year basis with 2 x 12-month option to extend.
- Continue with community benefit schemes; this has been delayed re Covid. One gas contractor took on a local person as an apprentice. Will keep promoting this.
- Continue with consultation with owners for communal works.
- Procurement strategies over £5m require to be published but SHR promote publishing if under this. Cloch's will be uploaded onto the website.

## **RESOLUTION**

The Board noted the report.

### **13. Six-Monthly Complaints Update**

The CSM took the Board through the report and advised that as the office/services opened up more the complaints increased as customers began to contact us again. It was interesting to note that complaints about repairs had increased and those on Anti-Social Behaviour were decreasing. A new "resolve" category had been created and staff had been quick to utilise this correctly. All the information collated will allow the Association to learn and remedy issues.

## **RESOLUTION**

The Board noted the report.

### **14. Use of the Association Seal**

The CSM advised the Board that this is an annual report but due to Covid it was missed last year so there was 2 years' worth of items for noting.

## **RESOLUTION**

The Board noted the report.

## **15. Membership**

The CSM advised the Board that this was an annual report on the status of our membership numbers. They explained that the “5-year Rule” often cuts numbers each year. The Association is not alone in experiencing low membership numbers. A current debate with the GWSF is ongoing in respect of the current model.

The CSM intimated that for Board recruitment most of our members do not come from the membership but from the community. The Association will continue to recruit for its membership.

### **RESOLUTION**

The Board noted the report.

## **16. Board Training Plan**

The CSM advised that the training plan was a generic one as opposed to individual training plans as there was not enough information from the recent Board appraisals to create individual plans. Training to follow would comprise of:-

- Health & Safety training. This would be mandatory and is required to be refreshed every 3 years. This looks at the role of the Board from the office perspective and not from the property side. It is intended to create videos for Board to watch at a time that suits them and this will be rolled out in January.
- Carbon Net Zero- what does this mean for Cloch?
- Finance & Treasury Management
- Risks – likely to be a workshop session
- Communication
- Meet the Leadership Team individually and find out what they/their teams do.
- Business Continuity – this was done jointly with OTHA but will now become Cloch only. This is overdue for review.
- Director’s appraisal. See if Board want to do differently going forward.

### **RESOLUTION**

The Board noted the training plan.

## **17. Reflections on Meeting**

The Chair asked the meeting if they were happy with the hybrid method of meetings. The consensus was that it was working well and members happy with it. One Board member commented that they had now moved to a new island setting and online meetings were preferable for them for future participation.

## **18. Date of Next Meeting**

Tuesday 1 February 2022.

**19. AOCB**

The Chair noted this was the last meeting of 2021 and wished the Board and staff a Merry Christmas and good New Year. He thanked the Board for their continued commitment and attendance and the Director and team for ensuring the Association remained in a strong and healthy position.

There being no other business the meeting closed at 7.45pm.