

Jun 8, 2022

Minutes of the Finance & Corporate Services Sub-Committee meeting held on Thursday 24 February 2022 via Zoom

Present: Ken Robertson, Chair of F&CS
Heather Thomson, Vice-Chair of F&CS
Kelly Ferns
Brian Corrigan

Attending: Paul McVey, Director
Ewan Barr, ICT Manager
Kes Cameron, Finance Manager (OTHA)
Liz Bowden, Head of Corporate Services (HoCS)
Shonaid Musgrove, Corporate Services Officer (CSO on Minutes)

1.	Apologies & Declarations of Interest Apologies had been received from J Smith and P Marshall. There were no declarations of interest made.
2.	Minutes of Meeting – 25 November 2021 RESOLUTION The Minutes were proposed, seconded and approved with no amendments.
3.	Matters Arising & Outstanding Actions One item has been deferred to September – review historical trends in planned maintenance. RESOLUTION The Sub-Committee noted the report.
4.	ICT
4.1	<u>ICT Report</u> The ICT Manager intimated that this report is the standard quarterly update but needed to bring a couple of points to the Sub Committees attention as there were some financial implications. <ul style="list-style-type: none">The ICT Manager advised that the installation of a new server has been brought forward from the 2022/23 hardware budget and the budgets have been updated to reflect this. This was done in order to increase the security of our systems.

	<ul style="list-style-type: none"> • The recent ICT Disaster Recovery test had been led by the ICT Assistant and this had gone very well (under 2 hours to reinstate). It also gave the ICT Assistant experience of undertaking this task. • Item 1.5 of the report gave details of the IT works required for the uncoupling of the Finance team from Oak Tree Housing Association. However, both organisations will continue to provide the back-up system for one other. This worked well and there was no need to change this.
4.2	<p><u>ICT Communication Lines Tender</u></p> <p>The ICT Manager advised that this report was for information. Due to the timing “an in-between meetings decision” was required and approval had been granted.</p>
4.3	<p><u>ICT Disaster Recovery Plan</u></p> <p>The ICT Manager advised that this report was for noting and gets updated after the annual disaster testing of our systems. The report details what the IT section do and what they have planned as well as listing support contacts and back-up procedures. The only change made this year was that the Association now has Office 365 Cloud back-up.</p> <p>A Board member observed that within the risk assessment section there was no mention of contacting the Scottish Housing Regulator and enquired if this was needed within the checklist section of the report. The Director replied that it should be a major service disruption or failure would be deemed to be a Notifiable Event. The Director advised this should be added to the front of the document. The ICT Manager advised that this document forms part of the over-arching Disaster Recovery Plan that the Association already has in place.</p>
4.4	<p><u>ICT Delivery Plan</u></p> <p>The ICT Manager advised that the ICT Delivery Plan details the outcomes and objectives for the year. Section 3 of the plan details the key areas and these items will always be included and be ongoing throughout the year (eg maintaining a secure ICT environment). Appendix 5 depicts all the security measures in place.</p> <p>Items 3.2 and 3.3 deal with procurement and the ICT Manager advised that our current IT Support contract ends in June so it will be important to have new services in place. Our current contractor has given excellent service and it is hoped they will re-tender for the services. The Sub-Committee were advised that this service will now be tendered on an individual basis and not jointly with Oak Tree HA. With regards to our photocopiers, the procurement will, again, be on an individual basis and not jointly with Oak Tree HA. Cloch will likely reduce to one large photocopier going forward as an external printing company used during the pandemic has proven cost effective.</p> <p>The ICT Manager advised that item 3.6 discusses the migration to more Office 365 services and SharePoint development. The Association is starting to move into the Cloud (eg portal, emails and the new Intranet). This will improve continuity for business use and a move away from our existing K Drive to the Cloud. Further investigation of MS Office</p>

365 services will be looked at to see if we can utilise them and save on costs. Cloch currently has a “non-profit” licence but this potentially could disappear. Costs to purchase further professional services have been budgeted for this.

The ICT Manager drew the Sub-Committee’s attention to item 3.7 – Client Hardware Strategy. They advised that originally the purchase of “thin clients” had been low-cost and low-maintenance. However, the urgent requirement to work from home during the pandemic threw up issues as they weren’t conducive for working from home. Going forward into a new hybrid working regime discussions on the best hardware to use will be had (eg purchase of more laptops is a real consideration).

Appendix 1 of the document gives an estimated delivery timescale and all efforts will be made to adhere to this.

A member commented that the plan looks very comprehensive and seems to have covered all the bases, especially in light of all the cyber-attacks that could potentially come our way.

RESOLUTION

The Sub-Committee noted the reports.

The ICT Delivery Plan was proposed, seconded and approved

ACTION

The ICT Disaster Recovery Plan to include a statement on Notifiable Events included.

The ICT Manager left the meeting at 6.30pm.

5. Management Accounts – Quarter 3, 2021/2022

The Finance Manager (FM) took the meeting through the following variances:-

- Surplus increased to £743k against budget of £287k.
- High void loss excluding Wellpark project (£25.9k over budget). Movement of tenants to Kings Glen and Wellpark causing voids in other areas. This coupled with poor performance from the contractor who is taking longer to get properties ready for re-let.
- Major repairs £317k under budget. Costs for the LD2 programme have come in at £300/unit as opposed to £500/unit that was budgeted for.
- £34k of the savings to be moved to the cyclical budget for the overspend in painter work programme (catch up from post-Covid impact).
- £126k underspend in staff costs (unfilled vacancies). New Housing staff restructure has been approved at similar cost levels.
- Covenants have all been met; some headroom here for future funding if required.

The Director advised that whilst the saving from the LD2 contract was good this funding was a loan from the Scottish Government and has to be paid back.

A Member enquired if the Association would be pursuing the contractor using penalty clauses. The Director advised that the Association has been in the unfortunate position of 2 contractors, who have dealt with our void programme, having issues. One was novated to a different company and since then improvements are being seen. However, they have been struggling to source parts for our existing Worcester Bosch boilers and now different boilers are having to be installed.

Our planned maintenance contractor programme had been doing well but the contractor recently intimated they had a cashflow problem. The Association was notified today that the contractor is going into administration. Our contract was for £4.5m and we are currently in discussions with our solicitors. Discussions around “payless notice” are being held. Cloch is trying to get Year 1 finished. Ongoing discussions with other existing contractors are being held to ascertain if they can assist us. From Year 2 we will need to re-procure and will go back out to IFlair.

The Director intimated that we need to keep our tenants and the SHR informed of the situation too. Default notices have been done.

RESOLUTION

The Quarter 3 Management Accounts and £34k movement from Major Repairs to Cyclical budget were proposed, seconded and approved.

6. Finance Reports

6.1 Insurance Tender Report

The FM advised that a consultant had been used for this tendering process. Only 2 tenders had been returned. The tenders had been scored and assessed for price and quality. Our existing insurers, Bruce Stevenson, had come out as the top tender. The contract will be for 3 years with an option to extend by a further 2 years (on a year by year basis).

The FM intimated that the recent stock condition survey information has still to be imputed. The Director stated that concerns had been raised following the stock valuation as to the high costs. Following discussions with the valuer they advised that currently (1) building costs are so high and (2) price based on a like-for-like structure (eg red sandstone in this area). The Director had advised them that any rebuilding would be carried out on a modern construction basis and would not involve red sandstone; therefore our insurance costs should not be based on this. However this will be a decision to be made with the insurer.

RESOLUTION

The motion to appoint Bruce Stevenson on the terms stated above was proposed, seconded and approved.

6.2	<p><u>Audit Plan and Letter</u></p> <p>The FM advised the meeting that there were no significant changes since last year. The only point for noting had been the separation of the Finance team but this did not apply to the current audit.</p> <p>RESOLUTION</p> <p>The Sub-Committee noted the report.</p>
6.3	<p><u>Treasury Management Account</u></p> <p>The FM advised on the following points:-</p> <ul style="list-style-type: none"> • Interest rates are still low; • Mortgage rates lower than last year which is good; • OTHA loan has been repaid; • 77% of loans are on a fixed rate - again this is good as rates going up; • Cash being utilised – have drawn down £3m to-date; • Limit of 75% of reserves with one bank is being monitored – we have 71% with RBS presently. <p>RESOLUTION</p> <p>The Sub-Committee noted the report.</p>
6.4	<p><u>Annual Business Continuity</u></p> <p>The FM reported as follows:-</p> <ul style="list-style-type: none"> • IT remains the biggest area of risk but is being covered well by the IT section. • Review and testing of the policy and plan will be reinstated. A small working party had been in place pre-pandemic and much of the work undertaken had been done by them which helped when pandemic hit. <p>RESOLUTION</p> <p>The Sub-Committee noted the report.</p> <p>The FD left the meeting at 6.50pm.</p>
7.	<p>Absence Management Policy</p> <p>The HoCS advised that the changes to the policy were minor; mainly related to processes. They were highlighted in red.</p>

A Board member noted that the date for next review was wrong and needed to be amended.

The Director intimated that the Association currently uses a timeclock system called Kelio but that it would be changing to a new system called Bright HR. The Director stated that the Association got a very good deal for the software and that it is Cloud-based compared to the server-based existing system. This would complement the Absence Management policy.

RESOLUTION

The policy review was proposed, seconded and approved.

ACTION

The HoCS will amend the review date on the front page of the policy.

8. Head of Corporate Services Report

The HoCS took the meeting through the report and made comment on the following points:-

- Number of telephone calls to the office has increased together with a marked increase in demanding calls. This not restricted to just the Customer Connectors but to other staff too. The Association intends to run a campaign (1) for staff and (2) for customers. Will look to training for staff about self-care to prepare themselves for difficult conversations. For customers the Association shall be making reference to behaviours, etc and will upload the campaign message to our social media platforms.

A Board member enquired if staff who experience face-to-face aggression have access to a lone worker service. The HoCS advised that the relevant staff have a fob directly linked to a call centre.

The Director intimated that most of the anger being displayed is via the telephone. Other RSL's are experiencing this too; so it appears to be across the sector. The Director had carried out an exercise whereby they could listen into telephone calls. They were pleased to advise that the staff members who had taken the calls had behaved in a most professional manner. They had used exceptional skills. The Director had complimented the staff members afterwards.

- Recruitment of the 2 housing posts are ongoing. Closing date is tomorrow. The post of Corporate Services Assistant is now being advertised.
- KPI's for absence will be high due to the 3 long-term absences that have occurred. Two of the absentees are now back at work.

The Director apologised as he had not prepared a report for this meeting on the engagement of Financial services. He would report verbally just now but would detail the situation in his written report for the March Board meeting.

The Association had advertised for an in-house Head of Finance and had only received 2 applications by the closing date. Before interviews took place one candidate had already withdrawn. The remaining candidate was interviewed but the Panel agreed that they were not suitable.

The Panel then faced the decision did they try to recruit again or look to alternative solutions (eg buying in Financial services). It was agreed to go down the latter route and a Brief was prepared and circulated to interested parties. Following this process it was agreed to engage the services of the Director of Finance with Atrium Homes. The Service Level Agreement is being finalised at the present time. The individual will be based in Cloch's office 1 day/week but this may drop to 1 day/fortnight. They have advised that they would be available all the time; not just when they are in the office. With the cost saving that the Association is making we have resources to get some additional (part time) temporary Finance assistance and will be looking to fill this space soon. Currently we have a temporary, part time person helping in Corporate Services and they would be interested in this opportunity if available.

There was discussion around the capacity of the Head of Finance at Atrium being able to take on the Association's work but the Director advised that Atrium have done this previously with property and housing services.

The Director advised that he would be assuming responsibility for the Finance team with assistance from the HoCS. The Director stated that if this arrangement is not successful then the Association would look to re-advertise the Head of Finance post.

RESOLUTION

The Sub-Committee noted the report.

9. Data Protection Audit Action Plan

The HoCS advised that the Audit threw up some areas where further action and training was required. There are some additional policies that need to be introduced. One area that had been particularly useful was the work on the Data Protection Impact Assessments (DPIA).

The HoCS stated that they still disagree with the Data Protection Officer with regard to the Association's newsletter. The DPO advises that information to sign point tenants/ customers to services is seen as Direct Marketing. The HoCS does not agree with this.

A Member noted that the Action Plan contained some very useful information.

	<p>RESOLUTION</p> <p>The report was noted.</p>
<p>10.</p>	<p>Settlement Agreement (In Between Meeting Decision)</p> <p>The Director thanked those members who had replied to the report that had been sent out at the start of the month. The decision taken had been the correct and the agreement had now been concluded. No enhanced monies had been given.</p> <p>The Director will report this to the Scottish Housing Regulator as a Notifiable Event.</p> <p>RESOLUTION</p> <p>The report was noted.</p>
<p>11.</p>	<p>Health & Safety Update</p> <p>The CSO spoke to the report and advised that all but one of the updates was straightforward. The section on Vehicles had been radically updated and what was being recommended seemed out of kilter with the requirements for housing association staff. A response to their enquiry about the amendments had just been received and the CSO verbally updated the meeting.</p> <p>The CSO intimated that ACS Environmental (the co-founder of the H&S Manual) had advised that the Association can amend the H&S Manual to be more in line with their requirements and the current procedures it had in place seemed adequate.</p> <p>The HoSC reminded the Members that the H&S training videos on the portal are mandatory and should be watched and signed off as soon as possible.</p> <p>RESOLUTION</p> <p>The report was noted.</p>
<p>12.</p>	<p>Reflection</p> <p>A Member advised that the IT updates had made for very interesting reading and was extremely comprehensive. It was good to note that we are getting up to speed. The Director agreed and intimated that it is very hard to get and retain experienced IT staff and at Cloch we are fortunate in having exactly that. It was apparent that there was a demand for IT staff that can carry out audits of IT services. It was hoped that Cloch could utilise this in the future and market this out as a service. It would also offer opportunity for diversification of the IT roles in Cloch. This in turn could bring in additional money and perhaps provide the chance to expand the team.</p>

	<p>The HoCS also advised that the value/skills that the IT Assistant brings to our Social Media and website is immense.</p> <p>The Director enquired as to the meetings being held on a Thursday as opposed to a Tuesday and if the meeting wished this left as is or changed. After a brief discussion it was agreed to keep meetings to a Thursday but would change if this no longer suited.</p>
13.	AOCB A Member noted the positive update on the financial services provision. A Member enquired about the H&S of tenants and residents questionnaire to the SHR and if the Director had a copy of it. The Director responded by stating that he did not get a copy of it. Once the submit button had been executed there had been no opportunity to get a copy. The Director will report more fully to the next Board meeting in his Director's report. The meeting finished at 7.30pm
14.	Date of Next Meeting – 2 June 2022