

CLOCH HOUSING ASSOCIATION

Minutes of the Board Meeting held on Tuesday 13 February 2024 at 6pm via MS Teams/in the office

Present: Kelly Ferns (Chair), Ken Robertson (Vice Chair), David Brown, (via Teams) Eileen Tamburrini (Secretary), David McIndoe, Eleanor Robertson, Jackie Smith, Nicola McLachlan.

Attending: Alana Durnin (Chief Executive Officer) (via Teams) Shonaid Musgrove (CSO, Minute Taker) Laura Quinn (Observing) Trudi Tokarczyk, (Scottish Housing Network)

In the office: Valerie Wilson (Depute CEO) Kristina Thrush (Depute CEO) Paul McColgan (Head of Property Services) Michael Monaghan (Director of Customer Services & Communities)

Apologies: Hristina Tarpanova, Victoria Weir

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| 1. | Apologies etc & Declarations of Interest |
| | <p>Apologies had been received from Hristina Tarpanova and Victoria Weir. No declarations of interest were noted.</p> <p>The Chair advised that the order of the agenda would be changed as the Scottish Housing Network presentation would immediately follow Agenda Item No 1.</p> <p>Agenda Item No 10 – Association/Board Membership would be taken after Agenda Item No 2.</p> <p>The Chair welcomed Observer, [REDACTED] to the meeting and, [REDACTED], the new DCEO as well as consultant, [REDACTED] who would be presenting on benchmarking.</p> <p>The Chair then asked the Board to introduce themselves in turn, for the benefit of the new DCEO, Observer and consultant.</p> |
| | Agenda item 4 was taken at this point in the proceedings. |
| 2. | Minutes of the Meeting held on 30 January 2024 |
| | <p>The Minutes of the meeting held on 30 January 2024 had been circulated prior to the meeting.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> |

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| | <p>RESOLUTION With the above amendment being made the Minutes were proposed, seconded, and approved.</p> |
| | <p>Agenda item 10 was taken at this point in the proceedings.</p> |
| <p>3.</p> | <p>Matters Arising & Outstanding Actions</p> |
| | <p>RESOLUTION The Board noted the report.</p> |
| <p>4.</p> | <p>Presentation by Scottish Housing Network</p> |
| | <p>This item was taken immediately after Agenda Item 1.</p> |
| | <p>The Board were advised that the data being reported on related to information provided for 2022/23. Some of this data would have been superseded with the recent Tenant Satisfaction Survey that has been completed.</p> <p>The key points to note were: -</p> <ul style="list-style-type: none"> • Across the sector satisfaction levels have dropped. • Improvement in achieving SHQS standards. • Slight increase in dissatisfaction of repairs. <i>The HofPS advised this related to contractor issues.</i> • Increase across the sector for re-let times/offers/refusals. No clear indication why this might be. Re-let times could be related to house condition/contractor issues. • Tenants feel Cloch gives plenty of opportunity for them to participate. • Quality of homes scoring lower for Cloch. <i>The CEO replied that the stats for this and other markers has improved with the new TSS.</i> • Improvements have been made in respect of emergency and non-emergency repairs. • Cloch below average for “repairs right first time”. <i>The HofPS advised that this was an issue with the previous contractors who were not adhering to the conditions of this indicator.</i> • Cloch demonstrating excellent tenancy sustainment/tenancy sustainment (homeless) figures. • The Association had no evictions but did have some abandonments. • Rents much higher than Scottish average. <i>The CEO advised this is being investigated but the Association needs to ensure viability at the same time.</i> • Low engagement with tenants. <i>The CEO advised that recent TSS results have showed a dramatic increase; mainly due to new software being used to engage with tenants. Events such as “winter warm” and “santa” that were face-to-face consultations had been very well attended.</i> • Cloch achieving excellent rent collection figures and great performance in arrears. Same for former tenant arrears and write-offs. |

The Board were invited to make comment on the presentation. A question was asked about the level of relet times (56 days). The HofPS advised that there were various factors that could be affecting this. Many were the poor condition of the properties being returned and some contractor issues. However, there was also issues with utility companies – they could be difficult to deal with. The DCSC advised that a focus will be on the process for reletting properties and pre-termination inspections - how could this be improved to reduce times.

The consultant advised that a survey had been carried out on this for local authorities and it could be used for RSL's too. The Board asked if a copy of the survey could be sent to the Association. The consultant advised they would.

A Board member asked about what the percentage of stock meeting EESSH actually meant. The HofPS advised that EESSH (Energy Efficiency Standard for Social Housing) was established to remove poor energy efficiency from housing and since then updated to achieve Net Zero carbon emissions. The original EESSH standard has now been suspended following the ZEST consultation (Zero Emission Social Housing Taskforce) process. The HofPS advised not to place a lot of relevance on the EESSH figures presently as there are more changes taking place. The Association is using the services of Changeworks who will help us work towards the Net Zero/EESSH2 standards.

The consultant advised that, overall, Cloch is demonstrating a very good, strong performance.

There were no more questions, and the consultant left the meeting at 6.42pm. The Chair asked for the presentation to be uploaded onto the Board Portal.

ACTION

- Survey to be uploaded onto the Board Portal.
- Presentation to be uploaded onto the Board Portal.

RESOLUTION

The Board noted the presentation.

5. Rent Consultation – Final Proposal

The DCSC made a presentation to the Board highlighting the following: -

- A 6.9% rental increase being proposed.
- Rent restructuring process is ongoing.
- Factors that were considered included inflation/cost of living crisis/impact on our tenants and the Association.
- Consultation was carried out and new CX surveying tool has been a particular success in terms of engagement.
- 80.7% of responders opted for the 6.9% increase.
- Cloch used the SFHA rent affordability tool to see what the impact of a 6.9% increase would be and came in below which is good.
- The LT agreed that a 6.9% increase will help the Association achieve our longer objectives as set out in the Business Plan.
- Proposing no increase to the current level of service charges (the DCSC wants to carry out an exercise to see the value of this across the Association from the charging structure to the admin of it).

The Chair thanked the DCSC for the report and presentation.

A Board member asked what the service charges related to. The DCSC replied this covered a wide range of activities such as close cleaning for those in supported accommodation. Need to investigate why there is differing prices though.

Another Board member drew the meetings attention to Paragraph 3.4 of the report that stated "... the 30-year financial plan does not have a reduced asset management programme ..." and asked why this was. The CEO replied that the DCEO and HofPS had worked extremely hard on this to work around the covenant compliance.

The CEO advised that the Association does not make a profit from service charges but just need to ensure that it covers the staff costs. The exercise by the DCSC will ensure we get consistency across the board.

RESOLUTION

The Board approved the rent increase of 6.9% and to freeze the service charges for this year.

6. Structure Refresh – Final Report

The CEO advised the following: -

- The consultation period had now concluded.
- A staff bulletin had been issued detailing what the Board had approved.
- All staff told formally, in writing, of the changes. Most staff advised that little or no change occurring. For those who jobs would change significantly (20% or more change to role) a more detailed letter was issued.
- Departmental meetings with HR consultant took place followed by a full staff meeting.
- Next phase will be recruitment. Will start with 2 internal posts and 1 external post (the new Compliance Officer).
- Changes expect to take approx. 6 months to bed-in.

The Chair commented that there were no material changes since the Board approved the draft structure in December 2023. The Chair noted that the new structure should include the new titles of Director of Customer Services & Communities and Director of Properties & Assets.

A Board member enquired about the grievance that had been raised due to the restructuring process. The CEO advised that they have decided to wait for the process to finish and see how things stand at this point.

The Chair felt that the process has been very open and transparent for the staff, and they have had many opportunities to feed into the new structure. Another member concurred and felt that good communication has been key throughout the process.

The CEO intimated that staff have been given "change management" training to support them too.

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| | <p>RESOLUTION The Board proposed, seconded, and approved the staff structure.</p> |
| 7. | Policy Reviews |
| 7.1 | <p><u>Death of a tenant</u></p> <p>The Board noted there were no material changes to this policy. Wording around section 6.3 relating to the Housing (Scotland) Act 2014 had been strengthened.</p> <p>RESOLUTION The Board proposed, seconded, and approved the policy review.</p> |
| 7.2 | <p><u>Registration & Funding Criteria for Registered Tenant Organisations (RTO's)</u></p> <p>The Board were advised that a change to 6.1 – “removal from the register” included the statement if “the tenant organisation no longer wishes to be registered”. The Association does not have any RTOs at present. It is hoped that the Association may have a tenant scrutiny panel in the future.</p> <p>A Board member noted that the new job titles from the staff structure need to be amended.</p> <p>ACTION Amend the job titles to reflect the new titles as per the new Staff Structure.</p> <p>RESOLUTION The Board proposed, seconded, and approved the policy review.</p> |
| 7.3 | <p><u>Garages Policy</u></p> <p>The HofPS and the DCSC had met to discuss the maintenance costs and advised that the Association only has 4 garages for let.</p> <p>RESOLUTION The Board proposed, seconded, and approved the policy review.</p> |
| 8. | Landscape Maintenance - Tender Report |
| | <p>The HofPS advised that 5 tenders were returned and drew the Board’s attention to section 4 – financial implications. Negotiations took place to reduce costs but not reduce the quality of the contract. The contractor agreed to this reduction without affecting the overall values of other cost items in the tender. The HofPS also advised that contract costs are held for the next 2 years.</p> <p>A Board member enquired why one of the contractors was removed from consideration so quickly. The HofPS advised that when applying the MEAT (Most Economically Advantageous Tender) parameters their tender came in at 3rd place. It was confirmed also that their quality scoring came in at 4th place. The HofPS advised that the scoring was carried out by 2 individuals who were not aware of the costs at the time of scoring the quality questions.</p> |

A discussion took place around the feasibility of the Association selling off communal areas. The HofPS advised that this will be difficult as many of these areas have factored owners to consider. The CEO advised that the Association does not have a “bank” of land to sell and if communal areas are mentioned in the Title Deeds, then this would involve discussions with the owners.

RESOLUTION

The Board approved awarding the contract to the recommended named contractor in the report.

9. Budgets 2024/25

The DCEO made a presentation to the Board. The key points highlighted were as follows: -

- Loans based on interest rates with 88% of loans currently fixed.
- Salaries based on CPI + 0.5% from Year 2.
- All other costs are based on RPI.
- Major repairs, repairs & maintenance RPI only increases (expect inflation to stabilise in this area).
- Cashflow – meeting all of the golden rules for next 5 years.
- Covenants – fully compliant for the life of the plan.
- Investments in place to cover for additional costs (eg consultancy fees, new software, customer involvement events, structure refresh, etc).
- Risks highlighted (eg pension deficit, loss of income from OTHA – shared services, replacing revolving credit with fixed term loan, medical adaptations, increased insurance premiums, etc).
- Stress testing exercise: Risks - that rents become unaffordable. May need to go back to RPI + 1%. Interest cover covenant is breached in Year 4. Financial capacity impacted by higher costs. Changes in inflation costs. Salary costs – today the union advised [REDACTED] the pay increase is to be rejected.
- Increase in consultancy budget was discussed and requires Board approval as a change to previous draft budgets.

The DCEO asked if there were any questions on the report and presentation. The Chair commented that there is quite a bit of funding available for EESSH2/Net Zero compliance and wondered if the Association could claw back some of the costs via this avenue. The HofPS replied that the sector is being cautious about this just now and felt it would be more prudent to continue working with [REDACTED] for the time being. They advised that some of the funding is for fabric only but overall the Association will require to understand what may be required to achieve compliance on net zero. The [REDACTED] report is due imminently and will provide answers on what funding is available. It could be that funding will be offered if you have installed solar panels. The HofPS stated that some of the funding criteria requires installing more than one element and does not want to spend money just to reach a target. The Chair acknowledged this but did not want the Association to miss out on funding. The HofPS advised that they were on several forums just now trying to get as much information as possible before committing to anything.

The Board discussed the risks mentioned in the report and a Board member referred to item 6.3 whereby it stated that net current assets is not met in 3 out of 5 years and asked what the impact of this was. The DCEO replied that the banks are

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| | <p>satisfied that all is well with this. The Association recently drew down on the revolving credit facility and repaid it again. This situation can be managed by drawing down on the revolving credit facility as opposed to taking out loans.</p> <p>RESOLUTION</p> <p>The Board proposed, seconded, and approved: -</p> <ul style="list-style-type: none">(1) Increase to the consultancy budget.(2) Budgets for 2024/25. |
| | <p>Agenda item 10 had been taken immediately after agenda item 2.</p> |
| <p>10.</p> | <p>Membership Application/Board Member Application</p> |
| | <p>The Chair asked observer [REDACTED] to leave the meeting at this point so the Board could discuss their application. (Time 6.45pm).</p> <p>The Board had previously been circulated with the applications and unanimously agreed that [REDACTED] would make a great addition to the Board.</p> <p>The Chair advised the Board that member, [REDACTED] has had to resign with immediate effect due to a change in circumstances.</p> <p>The CEO intimated that they and the HofPS had met recently with an MSP who had someone who might be interested in joining the Board. They would pursue this line of enquiry.</p> <p>RESOLUTION</p> <p>The Board unanimously approved the membership and Board application.</p> <p>The observer rejoined the meeting at 6.55pm.</p> <p>The Chair advised the observer that their applications had been approved and welcomed them to the Board as a casual vacancy. They would be put up for full election at the Annual General Meeting without the requirement for a vote.</p> |
| <p>11.</p> | <p>CEO Report</p> |
| | <p>The CEO advised that the report had one item that was up for approval, the proposed salary increase, but this had now been cancelled as the union had advised that their members had rejected the offer.</p> <p>The CEO advised they wanted to update the Board on the flooding incident.</p> <p>[REDACTED]</p> |

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| | <p>[REDACTED]</p> <p>[REDACTED]</p> |
| | <p>The Chair noted the time as 8pm and asked the Board were they okay to continue. The Board agreed to continue so standing orders were suspended.</p> |
| | <p>[REDACTED]</p> <p>The Chair asked the CEO was there anything else from their report that required an update. The CEO stated that a 4-bed house the Association was looking to purchase had fallen through, but another property had been identified. A Board member asked if the 2 properties noted in the report were in the Association's area of operation. The CEO replied they were not but were near our stock. This matter was about rehoming the flood victim families and it was proving difficult to find suitable properties to buy.</p> <p>RESOLUTION The Board noted the report.</p> |
| <p>12.</p> | <p>VAT Update</p> |
| | <p>The DCEO stated that the Board had asked for further information about the Association's VAT status, reaching the VAT threshold as of March 2024, and the stance on VAT on IT services and factoring administration fees. This was a holding report meantime.</p> <p>The Association has been contacting others in the sector to understand how they are treating VAT and factoring/IT services fees. Five responses had been received with 3 charging VAT and 2 not having reached the threshold yet so not charging VAT.</p> <p>The DCEO will pass this onto their successor to bring to a future meeting of the Board or to the F&CS Sub-Committee.</p> <p>RESOLUTION The Board noted the report.</p> |
| <p>13.</p> | <p>Performance & Risk Report – Quarter 3 (inc KPI's)</p> |
| | <p>The CEO commented that although there had been a dip in former tenant arrears collection the figure was still a good statistic and wanted to highlight the great work the Housing team were continuing to provide in difficult times.</p> |

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| | <p>A new risk identified was the change in the Leadership Team. Two new members was 50% of the team.</p> <p>A Board member queried the surplus at item 1.4. It stated the Association had a surplus at Q3 of £827m. The CEO apologised as this was a typing error and should state £827k. The surplus reflects the £300k unbudgeted costs for the flood event.</p> <p>RESOLUTION The Board noted the report.</p> |
| 14. | Board Appraisal Action Plan |
| | <p>The CEO advised this action plan brings together the global training identified. However, there is still work to do for individuals which will be captured in the future.</p> <p>The Chair commented that it was unfortunate that the covenant training was cancelled. The CEO agreed and had taken on-board Board comments that bitesize training was their preferred option.</p> <p>RESOLUTION The Board noted the report.</p> |
| 15. | Health & Safety |
| | There was nothing to report to Board. |
| 16. | GDPR |
| | <p>The Board had been circulated with the checklist and project planner that the DCEO/CSO were working on along with the Data Protection Officer.</p> <p>The CSO intimated that GDPR was to remain a constant item on the Board agenda. They suggested that an annual report will be provided for the Board providing statistical data on numbers of Freedom of Information/Subject Access Requests received and actioned. Reporting on exemptional matters or new legislation will be done as and when they arise.</p> <p>RESOLUTION The Board noted the report.</p> |
| 17. | AOCB & Reflections |
| | <ul style="list-style-type: none"> • The next H&PS and F&CS Sub-Committees will not report on the KPI's as these were reported this evening to the full Board. The CEO enquired if the Board were happy with this. The Board responded they were. • The flood incident was now closed with the Scottish Housing Regulator (SHR). [REDACTED] • SHR has completed its risks of Registered Social Landlords (RSL's) and Cloch is not on their radar. (CEO commented that the SHR liked the Association's forward thinking on property purchases and covenant training). |

The Chair reiterated the resignation of [REDACTED] and advised that [REDACTED] has wanted to pass on their best wishes to the Board for the future. [REDACTED] had enjoyed their time immensely with the Association.

The Chair then spoke to the outgoing DCEO [REDACTED] and wanted to say farewell from the Board and to wish [REDACTED] all the best for the future. Together with the Board they had faced some very challenging time but [REDACTED] support to them and contribution to the LT had been invaluable. [REDACTED] replied and thanked the Board for the opportunities that working with them, and the Association had provided.

The Chair welcomed again the new DCEO [REDACTED] and said that the Board looked forward to a close working relationship going forward.

Finally, the Chair apologised that the meeting had run on, but it had been important to discuss in detail the various reports that had been placed before them.

The Board was advised there would be no more Board meetings until 21 May 2024 and that the Board Away Day was due to take place in April.

The meeting closed at 8.25pm.