

Board Meeting

18 August 2020, 17:30 to 19:30

Zoom Session

Attendees

Board members

Julianne Scarlett (Chair), Brian Corrigan (Vice Chair), Eileen Tamburrini (Board Member), Ronny Lee (OTHA Co-optee), Heather Thomson (Board Member), Eleanor Robertson (Board Member), Alan Hutchison (Cooptee), Ken Robertson (Cooptee), David Brown (Observer)

Absent: Alison Greenhill

Present

Paul McVey (Director), Paul McColgan (Property Services Manager), Liz Bowden (Corporate Services Manager (Minute Taker)), Alana Durnin (Finance Director), Andy Thomson (Housing Services Manager), Philip Morrice (Auditor), Brian Praities (Development Manager (OTHA))

Meeting minutes

1. Apologies and Declarations of Interest

Alison Greenhill and Kelly Ferns are on Special Leave of Absence.

David Brown was introduced as an observer.

There were no declarations of interest.

Information

Julianne Scarlett

2. Presentation of Annual Accounts

Philip Morrice of Alexander Sloan presented the draft Annual Accounts 2019-2020 for approval.

Decision

Philip Morrice

The following is a summary of his presentation.

- Starting with the Board Report, he explained that this sets out the objectives and activities and a review of the business of Cloch looking forward to the strategy for the future year.
- Page 5 refers to the Board's responsibilities with the Accounts. The Board has to state any concerns or if they are happy with the financial process and accounts. In this case, the Board has no concerns.
- This is followed by a statement of internal financial control, acknowledging the financial controls and listing key elements of the controls.
- After the Board Statement, the Auditor submits a statement of what was found during the Audit. The statement says that this is a clean Audit and gives a true view of the accounts and they have been prepared correctly. The conclusion to this is there are no issues.
- The Accounts are set out from Page 11. The Statement of Comprehensive Income (SOI) shows the financial performance. This year is slightly different because of discontinued operations of Inverclyde Care & Repair and this is split out in the accounts to explain the differences between this year and the previous year. Overall the operating surplus is similar to last year. There are two adjustments with regard to Pensions: There was a substantial change with the pension after a review in March 2020. A pension asset goes in to the Accounts, only if the employer gets something from it, such as a payment holiday, however this is not the case with the SHAP's pension. The Pensions Trust still require payments, so it is not recognised in the Accounts, however, the actuary gain meant income was £3M
- The Statement of Financial Position (SOFP) was very similar to the year before, although slightly lower due to depreciation. Current Assets are very similar to previous years and there are more liquid assets than last year. Last year, there was a deficit of £1.5M and this year there is a surplus. Net assets are over £15M which is up from last year and there is an Increase of cash of £7K. A lot of money was put into deposit accounts which is reflected in the low cash amount.
- From page 20, there is a lengthy note and it gives a better analysis of income and expenditure from lettings.

The presentation ended and there were no questions. Julianne commented that there are no big surprises and the accounts are straightforward. She thanked the Auditor for their work and presentation..

The Annual Accounts 2019/2020 were proposed and seconded and approved by the Board. They will be presented to the AGM on 23rd September 2020.

The Board then agreed to bring forward Item 6 for consideration.

 02.0 Cloch Annual Accounts 2019-20.pdf

3. Kings Glen Report

Information
Development Manager

The attached report was talked through by the Development Manager.

The contract is on site and progressing well. The costs have increased due to the variations.

Julianne acknowledged the £430K clawback has been received and the additional £346K increase in costs, from the original bid and asked what are the increases to the contract.

The Development Manager replied that it was only a variation of £19K, and explained the reference to additional costs in the report.

The team are considering the proposed fencing costs - there is money in the budget for fencing up to £100K, however, the quotes for fencing costs are higher and these are still to be fully considered.

The report was noted. The Development Manager left the meeting.

 03.0 Kings Glen Progress Report.pdf

4. Minutes

Decision

4.1. Minutes of 9th June 2020

Decision
Paul McVey

The Chair went through the minutes page by page for accuracy. It was asked the the wording is change in Item 5.2 from Staff Domestic Abuse Policy, to Domestic Abuse Policy (Staff). The minutes were then agreed as accurate. .

The Minutes were proposed and seconded and approved by the Board.

 04.1 Minutes 9th June 2020.pdf

4.2. Minutes of 23rd July 2020

Decision
Paul McVey

The Chair went through the Minutes page by page and the minutes were agreed for accuracy.

The Minutes were proposed and seconded and approved by the Board.

 04.2 Minutes 23rd July 2020.pdf

5. Matters Arising/Outstanding Actions

Information
Paul McVey

The Director talked through matters arising. It was noted that the document attached to the Agenda had not been updated since the last meeting, so the Director verbally updated the Board as follows.

23rd July: the Business Plan is to be progressed and the Values and Vision sent to staff. The Director is to work on building the narrative behind the Strategic Objectives.

23rd July: the Heat meter project is going to be procured.

23rd July: the Wellpark Project has a range of actions which will be taken forward and reported to the Board on the Outstanding Actions agenda item moving forward.

The updates were noted by the Board.

 05.0 Outstanding Actions and Matters Arising.pdf

6. Finance Papers

Information
Alana Durnin

6.1. Quarterly Management Accounts to Annual Accounts Reconciliation

Information
Alana Durnin

The Finance Director talked through the Report. She commented that the main changes were related to the valuation of the Pension.

The Report attached to the Agenda was noted by the Board.

 06.1 Q4 Mgt Accs to Annual Accounts Reconciliation.pdf

6.2. Management Letter from Auditor

The Auditor summarised the letter, as follows:

- It sets out how the Auditor carries out work and methodology.
- The letter states there are no problems with the Audit.
- The key audit risks are outlined and there are no audit risks.
- Recovery of rent arrears - the auditor looks at the rent arrears to June and July to gain assurance on bad debts. This year has been more challenging, but the Auditor is satisfied.
- Loan covenant compliance - there are no issues.
- SHAPS Pension is difficult to audit, so a comparison is done with other schemes and there are no issues.
- COVID 19 is a risk and it has a significant impact on everyone including how the Audit was carried out. The Auditor is happy that nothing needs to change because of the pandemic.
- The Auditor is happy that the right policies are in place and the judgement and timing of transactions are correct. Cloch is a going concern. All disclosures have been made.
- He confirmed there are no adjustments to be brought to the Boards attention.
- He confirmed there are no internal audit issues to bring to the Board's Attention.

The Management Letter was noted by the Board

 06.2 Management Letter from Auditors.pdf

6.3. Response to Management Letter from Board

The Letter was noted by the Board.

 06.3 Response to Management Letter from Board.pdf

Decision
Alana Durnin

6.4. Letter of Representation

The Finance Director reported that this is a standard letter to be issued.

The letter was proposed and seconded and approved by the Board.

 06.4 Letter of Representation.pdf

Decision

6.5. Engagement Letter from July 2019

The letter was noted by the Board.

 06.5 Copy of Engagement Letter - July 2019.pdf

Information
Alana Durnin

7. Director's Report

The Director summarised the following points of the report as follows:

- Business Continuity Planning: The nation is in Phase 3 of the Government's Road map and this for Cloch means, the office is open up to a maximum of 15 staff. There is a booking system for desks and an appointment system for the public.
- Organisational review and separation: The TIS assessment was received on Monday and this has been incorporated in to the Business Case. The Business Case has gone to the Regulator.
- The Business Plan: a communication has gone to the staff and so far the Director is receiving positive feedback.
- Internal Audit - Corporate Governance: this is a desktop audit and the auditors will not be coming in to the office.
- Wider Role: Cloch was successful in getting extra funding from the Supporting Communities fund. Kings Glen Community Benefits are now being looked at.
- Employee Issues: absence rates are very low. One Modern Apprentice has left. A temporary Housing Administrator has been brought in to cover the long term sick leave and he is an ex-Modern Apprentice.
- Governance - welcoming David Brown tonight as an observer.
- Annual Board Appraisal Summary will be presented to the Board in September.
- The key performance forecast from Housemark seems to be fairly accurate. It is hoped that Cloch's arrears will be below average. Anti Social Behaviour cases have increased and the number of Universal Claims has increased.

The report was noted by the Board.

 07.0 Directors Report.pdf

 07.1 Directors Report Appendix 1 - Internal Audit Strategy.pdf

 07.2 Directors Report Appendix 2 - Housemark Key Performance Forecasting.pdf

 07.3 Directors Report Appendix 3 - Business Continuity COVID Checklist August 2020.pdf

Information
Paul McVey

8. Quarterly Performance Report

The Director talked through the report and highlighted areas of the report to the Board.

He commented that performance is down in arrears and repairs and voids due mainly to the issues caused by lockdown. In the next quarter, staff hope to extract the statistics that highlight the COVID affected areas and show what normal performance will look like. Factoring arrears are less than last year and the target surplus is very low because of the amount we intend to spend this year. The Complaints performance is high and the Board attendance is strong.

The Director commented that the Risks were bleak in the last report, but everyone has grown to learn to live with this way of working. He also reported that the increased void periods will include some of the positive action being taken in the Wellpark void project, designed to tackle high void levels.

Julianne commented that there are a lot of amber risks and these need to be monitored carefully.

Action

The Leadership Team are to continue to focus on our risk management and also learn from our peers on their approaches.

The report was noted by the Board

 08.0 Quarterly Performance Report - Q1.pdf

 08.1 KPI Report 2020 2021 Quarter 1.pdf

 08.2 Quarterly Performance - Appendix 2 Risk Map.pdf

9. Business Case for Separation

The business case was presented by the Director.

The first part of the Report includes the main report and business case and the remainder is supporting documents.

The Separation Working Group on 13th August 2020 fed back comments and the Business Case has subsequently been updated and reissued to the Board.

Oak Tree (OTHA) Board will consider the case on 31st August 2020.

There was a meeting with TIS today, to look at the Stage 1 Notice that will be the next document issued to the tenants. It is a requirement as part of the statutory process. This opens up a further 28 days of consultation and then staff will start to canvas. The database of comments is showing overwhelming support for the separation. This is the tenants' last chance to influence the Business Case. There is no expectation that there will be significant changes. Stage 2 follows after 28 days and leads to the ballot approximately two weeks after this.

November 2020 is the anticipated time for the ballot.

Alan asked about Plan B if there is a no vote. The Director replied that it is "back to the drawing board" because depending on how strong the resistance is would determine whether or not we would move forward. For example, if it is 50/50, Cloch and OTHA would talk to the Regulator and discuss whether or not the separation should go ahead. The Director further commented that, while tenants have a vote in the ballot, the decision also has to be made by the Board and seek approval at a Special General Meeting.

If the two associations do not separate it will mean further options appraisals by both Boards.

One point a few tenants have raised is, financially we must be in a good enough position to separate. The positive finances is something that needs to be called out in the Stage 1 notice.

The Business Case was proposed and seconded and approved by the Board.

 09.0 Business Case and appendices and other related documents.pdf

 Cloch H A and Oak Tree H A Business Case for Separation August 2020.pdf

10. Proposed Rule Changes

The Director talked through the report. It was noted that the tracked changes were removed when being uploaded to PDF.

The model rules are set out by the SFHA in agreement with the Regulator and OSCR. The current rules we work to are from 2015. Once the new Rules are agreed by the Board they go to a Special General meeting of the members for final adoption.

Appendix 1 is the new 2020 Rules, customised for Cloch and including the need for virtual meetings.

Appendix 2 show the new rules but without the Parent.

A summary of the changes is in the report. Paul talked through these and Board were happy to approve the variations to the new model rules as proposed.

In addition, the Board agreed to wait until the outcome of the Separation Ballot and approve the new Rules at the SGM to be held removing the parent as well as adopting the new model rules 2020 with the variations.

The two sets of rules were proposed and seconded and approved by the Board.

-  10.0 Proposed Rule Changes.pdf
-  10.2.1 Rules Appendix 1.pdf
-  10.2.2 Rules Appendix 2.pdf

11. Governance Self-Assessment/Assurance

Decision

The Director talked through the Report. It was hoped that this could have been discussed as a Board but officers assessed it then put it out for comment. The Boards comments have now been included and gives assurance for Standards 5 & 6 of the Regulatory Standards. Thanks to the Board members who contributed by submitting comments and amendments.

This will cover part of the Corporate Governance Audit and the Annual Assurance Statement.

The Report was proposed and seconded and approved by the Board.

-  11.0 Governance Self Assessment 2019 - 22 Update Report.pdf
-  11.1 Appendix 1 Governance Self Assessment Standards 5 and 6.pdf
-  11.2 Appendix 2 Governance Self Assessment Action Plan Standard 5 & 6.pdf

12. AGM Preparations

Decision
Liz Bowden

The Corporate Services Manager apologised that the report issued was incorrect. She therefore produced the report on screen and talked through the detail. Here is a summary:

- The AGM will be held virtually on 23rd September.
- The Board agreed to use Zoom and to start at 7pm.
- The Board agreed to issue nomination papers on 24th July along with the notification to ensure a postal vote can be held if there is a need for an election to the Board
- The Board noted the members who are stepping down and those who are standing for re-election.
- The Board noted the request to notify the Director if they wish to stand for any of the office bearer posts.
- The Board noted the prize draw arrangements and the agenda for the meeting.
- It was noted that the letter from the Secretary agreeing compliance with Rules 62-67 had not been received due to a timing issue and will be put to the Board meeting on 15th September.

Following the approval of the required elements of the Report, the remainder of the Report was noted.

-  12.0 AGM Arrangements and Retirals - issued separately to Board Papers.pdf

13. Procurement Strategy

Decision
Paul McVey

The Procurement Strategy and Report were talked through by the Director. This is the annual report to the Board showing the procurement for this financial year. It was noted that The McDougall Group have won the Reactive and Voids Contract.

There is £4.6m planned procurement for this financial year.

The Procurement Strategy was proposed and seconded and approved by the Board.

-  13.0 Procurement Strategy Executive Summary 20-21.pdf
-  13.1 Procurement Strategy 2020-21.pdf

14. A.O.C.B.

14.1. Fencing at Kings Glen

The Director added further comment to the discussion on fencing under Item 3 of the Agenda. He reported that the cost for the preferred fencing option is coming in around £140k. Ken asked about additional cost to the quote for the fencing because of delays to the end of contract due to the installing of the fencing. The Director confirmed that this will be the case and is likely to add 2 weeks and the cost for this will need to be factored in to the final cost of the project and a decision made as to the affordability of this. It was agreed as most of this was included in the budget to proceed subject to officers being satisfied with the quote and specification.

Information

Paul McVey

15. Date of Next Meeting 15th September 2020

