

# Cloch Housing Association Ltd

## Minutes from the Virtual Board Meeting held on

Thursday 23<sup>rd</sup> July 2020

(everyone present by video link - zoom)

Present: Julianne Scarlett (Chair)  
Eleanor Robertson  
Heather Thomson  
Brian Corrigan (Vice Chair)  
Ronny Lee  
Eileen Tamburrini  
Ken Robertson

Attending: Paul McVey (Director)  
Alana Durnin (Financial Services Director)  
Andy Thomson (Housing Services Manager)  
Paul McColgan (Property Services Manager)  
Alison Smith (Allan Park Consultants)

Apologies: Alan Hutchison  
Kelly Ferns (Leave of Absence)  
Alison Greenhill (Leave of Absence)

<b>1.</b>	<b>Apologies &amp; Declarations of Interest</b>
	<p>The Chair opened the meeting confirming that this was an additional meeting in the schedule and thanked everyone for attending.</p> <p>Other than the 2 members on a leave of absence, only Alan Hutchison submitted apologies for tonight's meeting.</p> <p>There were no declarations of interest.</p>
<b>2.</b>	<b>Business Planning Session No.5</b>
2.1	<p>The Director opened this agenda item by talking to the covering executive summary accompanying the consultant's report on our Business Planning Sessions that have been taking place. The objective of tonight was to further explore and agree on the following –</p> <ul style="list-style-type: none"><li>• Duration of the Business Plan</li><li>• Vision for Cloch Housing Association</li><li>• Values for Cloch Housing Association</li><li>• Strategic Objectives</li></ul> <p>There were proposals in the report for each of these items and to discuss these in more detail, Alison Smith took up the discussion outlining the strategic journey which the Board have been on through the sessions.</p>

2.2	<p>It was explained that the draft visions for consideration were taking account of our desire to be outward looking as well as consolidating in light of imminent separation from our Parent. Following a lot of discussion from Board Members about the importance of the message and the appropriate wording, there was agreement on the following vision –</p> <p style="text-align: center;"><b>Services which exceed expectations delivered by a strong and resilient organisation</b></p>
2.3	<p>In terms of Values – all members liked the wording and the messages of the values – staff will now look to discuss how they flow (order) and descriptions for each in terms of expectations, but there was agreement that we should move forward following discussion with staff on the following –</p> <p style="text-align: center;"> <b><i>be Responsible</i></b>  <b><i>be Better</i></b>  <b><i>be Positive</i></b>  <b><i>be Kind</i></b> </p>
2.4	<p>The 7 Strategic Objectives were explored with the members taking account of the strategic priorities which now sit alongside as an example of areas we will focus on throughout the duration of the plan.</p> <p>Following discussion some amendments were made to the draft, including –</p> <ul style="list-style-type: none"> <li>• In the priorities, change the term kerb appeal to environmental appeal or similar</li> <li>• Fold Strategic Objective 7 into 6 to read <b><i>“To make the best use of our resources and strengthen our organisational resilience and capacity”</i></b></li> <li>• Amend Objective No 4 to read <b><i>“To promote innovation and collaboration”</i></b></li> <li>• It was agreed to now circulate the objectives to staff and the Leadership Team will develop the priorities under the strategic objectives.</li> </ul>
2.5	<p>The Business Plan will now be pulled together taking account of the strategic direction which has been set by the Board – this will come back to the Board.</p> <p>The Chair led thanks on behalf of the Board and Staff to Alison for her work in this project, which has obviously been very different from a standard business planning process given the virtual nature of our sessions.</p>
<b>3.</b>	<b>Finance Papers</b>
3.1	<p><b>SHR Loan Portfolio Return</b></p> <p>AD presented the loan portfolio return highlighting the current status with £14.64m of loans outstanding at 31<sup>st</sup> March 2020. There was a query on the Carbon Monoxide loan and it was confirmed that this was the loan for Smoke Detector (LD2) Compliance.</p> <p><b>RESOLUTION</b> This was proposed, seconded and unanimously approved by the Board.</p> <p><b>ACTION</b> Submit return to SHR</p>

## 2020/21 Post Year-End Budget and 5-Year Financial Statements/30-Year Cashflow Projections

AD presented the key changes made to the post year-end budget & financial plan and highlighted that section 3 provided full details of the changes and financial impact. In summary, the budget changes were noted as:

- Carry forward from 2019/20 due to work being delayed re: timing of activities
- An update to the SDM planned maintenance extract had been undertaken by the Property Services Manager including some life cycle changes, e.g. external work being moved from 2022 to 2025
- The new budget of £125k re: Communal Heating system had been added– with reference to agenda item 5
- The budget reflected the Wellpark Project –with reference to agenda item 6 and movement of costs, plus the £50k additional budget for voids, disturbance allowances, etc.
- £100k had been added for fencing at Kings Glen
- The impact of Covid 19, e.g. inflation and Libor assumptions had reduced over the short term / increase in void loss, arrears and bad debts / 5% increase on reactive and voids due to MPS walking away from the contract / and additional grant funding from Supporting Communities Fund
- Other Changes, e.g. the pension deficit now being accounted to the SOCI rather than the SOFP as there is no Pension Accounting Liability, following The Pension Trust valuation
- The impact on rent uplifts was also discussed and noted, e.g. inflation plus 0.25% is now applicable from 2024/25 to 2030/31 where previously this applied from 2026/27, however this was offset by a reduction in uplift from 2040/41 to inflation less 2%, where previously this was inflation less 1.5%.

A summary of the financial impact was then discussed:

- With reference to surplus for 2020/21 reducing to £20k from £719k in the January 2020 budget.
- Cash held after 30 years being similar to the January 2020 plan - £16.51M v £16.65M in the previous pre-rolled forward plan & that the graph within section 4.2 illustrated this.
- Sections 4-6 were referred to for the 5 year Financial Statements details with comparison included to the January 2020 information.

The Covenants were discussed:

- It was noted the Interest Cover Covenant was 1.11 versus the minimum of 1.1, with £6k headroom noted. However, RBS have confirmed they would relax this covenant due to the impact of Covid 19 and this would be agreed once we provided RBS with a copy of the budget and financial plan. It was also noted that carry forward may be taken forward into 2021/22, (however this was not modelled in the plan) and that we also had some costs that could be postponed to 2021/22, e.g. door entry / door expenditure, (circa £50k).
- There were two further interest cover breaches in 2030/31 and 2039/40, however planned maintenance could be smoothed to address this.

There were a couple of questions from members – firstly, enquiring as to the likely impact of Covid 19 on the economy / to us as a Housing Association. AD confirmed inflation and interest rates are likely to remain low over the next few years. However, we are likely to see higher unemployment and this is likely to have a knock on impact on demand for social housing and on tenants' ability to pay rents / impact on arrears & bad

	<p>debts / more UC claims and support for tenants, e.g. through wider action activities. A focus on rent affordability will be important for us moving forward and where we can outperform the financial plan assumptions we can look to reduce our rent uplift assumptions in turn.</p> <p>Secondly, was the reactive and void tender impact included in the budget? AD confirmed the 2019/20 budget values were increased by 5% to take account of this. In response to a final question, AD confirmed that the plan was a prudent plan and there was wriggle room in certain elements, for example, with reference to salary uplifts being based on RPI, (whereas they are based on CPI) and bad debt and void budget provisions.</p> <p><b>RESOLUTION</b></p> <p>The budget, papers and statements/projections were proposed, seconded and unanimously approved by the Board.</p> <p><b>ACTION</b></p> <ul style="list-style-type: none"> <li>Information to be sent to the Banks and also used for the SHR 5 Year Financial Projections.</li> </ul>
<b>4.</b>	<b>Reactive Repairs Tender Report</b>
4.1	PMcC presented a tender report for our Reactive Repairs Contract from 2020 – 2022 (with extensions). The report included details of the procurement in terms of scoring, pricing and the process adopted throughout this OJEU Procurement. In addition, there was a separate tender report from ADA Consultants who led the procurement on our behalf.
4.2	There was some discussion by the Board including a question relating to the closeness of the 1 <sup>st</sup> and 2 <sup>nd</sup> contractors, and detail was provided in terms of the process adopted and checks and balances were in place to ensure that this was fair and transparent.
	<p><b>RESOLUTION</b></p> <p>The Board unanimously agreed to with the recommendation to award the contract to McDougall’s who submitted the Most Economically Advantageous Tender. The next steps were noted and the Property Services Manager will manage the process to ensure that our new contractor is operational as soon as possible.</p> <p><b>ACTION</b></p> <p>PSM to award contract and notify successful and unsuccessful contractors, taking notice of the statutory period for challenge. Thereafter work with new contractor to mobilise, publicise and start up contract.</p>
<b>5.</b>	<b>Heat Meter Project – 58 Regent Street</b>
5.1	<p>PMcC and AT presented the Heat Meter Project which proposes a transformation of the current Heating and Metering system in place at 58 Regent Street/ 5 Trafalgar Street – 15 properties. These properties are mainly supported accommodation by SAMH and Richmond Fellowship. The current system is not fit for purpose and a specialist company – McDermott’s carried out an Options Appraisal for Cloch to provide a cost effective solution which is attached to the covering report.</p> <p>The recommendation is (following procurement) to –</p> <ul style="list-style-type: none"> <li>Renew gas boilers/hot water system in the plant room</li> </ul>

<p>5.2</p>	<ul style="list-style-type: none"> <li>• Upgrade underfloor system and controls</li> <li>• Install heat meters to each flat</li> <li>• Upgrade existing electrical meters to smart meters to be located within each flat.</li> </ul> <p>There was discussion and questions around potential difficulties working with the new system and also an acknowledgement that environmentally, the air source solution would have been ideal, however due to the capital cost specifically, this was not a preferred solution.</p> <p>The budget has been amended to include the implementation of this project.</p> <p><b>RESOLUTION</b></p> <p>The recommendations were accepted - proposed, seconded and unanimously approved by the Board.</p> <p><b>ACTION</b></p> <ul style="list-style-type: none"> <li>• Procurement of the project to commence and support providers and tenants to be engaged with.</li> </ul>
<p><b>6.</b></p>	<p><b>Wellpark Improvement Project</b></p>
<p>6.1</p>	<p>AT presented this report which covered a range of issues and other associated appendices supported the covering report in the form of voids analysis and a consultation analysis following work carried out by Research Resource on Cloch's behalf. AT took the Board through the main points of the report.</p>
<p>6.2</p>	<p>The report detailed changes to lettings and voids in Wellpark, bringing together major works/component replacement into a programme of works associated with voids, negotiate with support providers to create a supported accommodation model, suspend lettings to allow this to take place, paying one-way moves for those tenants to facilitate these moves into modernised stock.</p>
<p>6.3</p>	<p>The rationale for doing this is to stabilise the Wellpark area through investment, improvement, lettings initiatives, increasing supported accommodation and engagement with the community.</p> <p>The budget has been amended to include implementation of this project.</p> <p><b>RESOLUTION</b></p> <p>The recommendations in the report were proposed, seconded and unanimously approved by the Board.</p> <p><b>ACTION</b></p> <ul style="list-style-type: none"> <li>• PSM to arrange a programme of works bringing forward investment in the areas identified</li> <li>• HSM to suspend allocations in the Wellpark area, whilst the investment works are undertaken to current voids and discussions continue into the development and implementation of a supported housing model in the area funded by Inverclyde HSCP.</li> <li>• HSM/Director to further discuss with HSCP/Support Providers to agree suitable supported accommodation project(s)</li> <li>• If discussions with HSCP continue to be successful, discuss with specific tenants in identified blocks are targeted to move voluntarily to facilitate an empty block (or</li> </ul>

	two) being available for such projects.
<b>7.</b>	<b>Shared Services Report</b>
7.1	<p>PMcV advised the Board that this report had already been considered and recommended for submission to the governing body, by the Separation Working Group which consists of the Chair and Vice Chair from Cloch and members from Oak Tree HA.</p> <p>The report details the background to our current shared services provision, an independent VAT Report and outlines a post-separation proposal including specifics on TUPE and cost apportionment. The risks were outlined alongside mitigating measures.</p> <p>During discussion it was noted that it is important for the shared services to continue for as long as they are working and cost effective. PMcV agreed that the success of our shared services with Oak Tree HA has been a real bonus from working together and there is no reason why this should be discontinued, provided it continues to provide results and positive outputs.</p> <p><b>RESOLUTION</b></p> <p>The recommendations in the report were proposed, seconded and unanimously approved by the Board.</p> <p><b>ACTION</b></p> <ul style="list-style-type: none"> <li>• Proceed with the proposals outlined in 3.1 and 3.3</li> <li>• Engage with Finance and ICT Team to communicate proposals and next steps</li> <li>• Prepare a timeline with a view to TUPE taking place at the point of separation</li> <li>• Draft new Service Level Agreements</li> </ul>
<b>8.</b>	<b>Business Planning Report</b>
	<p>The Board were presented with two applications for membership from the following, who also intend observing our next Board Meeting in October, 2020.</p> <ul style="list-style-type: none"> <li>• June McIntosh, Greenock</li> <li>• David Brown, Glasgow.</li> </ul> <p><b>RESOLUTION</b></p> <p>The Board approved the applications for membership.</p>
<b>9.</b>	<b>AOCB</b>
9.1	<p>Following a query, there was a general consensus that Zoom was the preferred platform for the virtual Board Meetings.</p> <p>There were no additional areas of competent business raised.</p>
<b>10.</b>	<b>Date of Next Meeting</b>
	Tuesday 18 <sup>th</sup> August 2020: 5.30pm – Zoom

