

Cloch Housing Association Ltd

Minutes from the Virtual Board Meeting held on

Tuesday 28 April 2020

(everyone present appeared by video link)

Present:	<p>Julianne Scarlett (Chair) Eleanor Robertson Heather Thomson Brian Corrigan (vice Chair) Ronny Lee Eileen Tamburrini</p>
Attending:	<p>Paul McVey (Director) Liz Bowden (Corporate Services Manager) Alana Durnin (Financial Services Director) Andy Thomson (Housing Services Manager) Paul McColgan (Property Services Manager) Shonaid Musgrove (Corporate Services Officer, Minutes) Alan Hutchison (Observer) Ken Robertson (Observer)</p>
Apologies:	<p>Kelly Ferns (Leave of Absence) Alison Greenhill</p>

1.	Apologies & Declarations of Interest
	<p>Firstly, the Director welcomed both observers to the meeting and advised everyone that he would be sharing his screen so that everyone could see the papers and follow the meeting this way.</p> <p>Julianne Scarlett, Chair, introduced herself and asked the rest of the Board to do likewise for the benefit of our 2 observers. The Director and Leadership Team did the same.</p> <p>Apologies had been received before the meeting from Kelly Ferns and Alison Greenhill.</p> <p>There were no declarations of interest.</p>
2.	Minutes of Board Meeting Held on 10 March 2020
	<p>The Chair went through the Minutes of the meeting held on 10 March 2020 for accuracy and publication.</p> <p>RESOLUTION</p> <p>The Minutes were approved and can be published with no redactions.</p>

3.	Matters Arising/Outstanding Actions
	<p>The Director took the meeting through the report highlighting the main points:-</p> <ul style="list-style-type: none"> • The first item “furlough of staff” would be dealt with in his Director’s report. • He advised that the 2 Board members who previously resigned have been communicated with but that gifts acknowledging their resignations cannot be arranged due to the pandemic. • All staff been made aware of the changes to the Pensions Trust. • The Business Planning Day and “sod-cutting” events have both been postponed. <p>RESOLUTION</p> <p>The Board noted the contents of the report.</p>
4.	Notes from Extra-ordinary Meeting of 9 April 2020
	<p>The Chair took the group through the notes of the meeting and was delighted that, out of the 3 potential Board members that were interested in joining, 2 were present tonight as observers. The Director advised that the third possible recruit had been in touch to advise that he would not be joining at this time due to family circumstances. He hoped to join at a later date.</p> <p>RESOLUTION</p> <p>The Board noted the contents of the meeting.</p>
5.	Draft Minutes from Housing & Property Services Sub-Committee
	<p>The Chair enquired if there were any comments to be made on the draft minutes of the meeting held on 25 February 2020. There were none.</p> <p>RESOLUTION</p> <p>The Minutes would be approved at the next Housing & Property Services Sub-Committee meeting.</p>
6.	Update on Kings Glen
	<p>The Director took the meeting through the report and highlighted the main areas for noting which were:-</p> <ul style="list-style-type: none"> • It is not clear what the final impact on the development will be due to the pandemic. • Stage 2 Warrant issue has been hampered due to the lock-down. • CCG has issued a formal notice to suspend work. Cloch has acknowledged that they are making the application for extension of time. CCG not entitled to any claims for costs for loss of time at this stage. • Inverclyde Council has now released the full £430k to Cloch that was due as a result of abnormalities – offset against the land procurement price. • It has been confirmed that vehicular access will be from Kilmacolm Road only and not also via Cardross Crescent. • The servitude issues are still being dealt with by the lawyers.

- Predictions showing a £76k loss on rental income and non-utilisation fees on loan should the site be closed for 3 months. as an example. This is a knock to our programme but as it's at an early stage it is hoped to catch it up later on. The Director was asked if Cloch can claim these losses back. He replied that we cannot as the contractor was forced to shut down "force-majeure". CCG may be able to pursue the Scottish Government or Cloch for losses but this is not clear yet. A Board member asked if there was grant relief for CCG from the government. The Director replied that he had not heard of this yet. However, the situation will be monitored closely to see if this changes.

RESOLUTION

The Board noted the contents of the Director's report.

7. Business Continuity Plan – Covid-19 Checklist

The Director took the Board through the main points of the report.

- Only 1 long-term absence which is non-Covid related; a scheduled operation and recovery.
- Remote working is going well. A register by managers is being maintained of works that will need to be addressed once back in the office.
- 4 staff members on indefinite furlough with built-in review periods. A further 4 are being rotated on a 3-weekly basis. All furloughed staff are doing online training and have contact with their line managers and colleagues.
- Gas servicing had been suspended but is back on but in a limited capacity. It was noted that the Scottish Government cannot extend the timescale for this as it is not a devolved matter but is a UK one. It is unlikely that this will be changed in the short term.
- ARC (Annual Return on the Charter) statistics are on-track. The Housing Services Manager is taking the lead on this item.
- Governance. Good that we have 2 potential new Board members. One Board member is already on approved "leave of absence" for 3 months and it will be reviewed after this period. The Director advised that AG has also requested a "leave of absence" due to current circumstances. She had intimated her wish to remain on the Board. The Board unanimously agreed to grant the 3-month "leave of absence" for Alison.
- Finances continue to be strong due to the hard work of the Finance Director and her team so this is not currently a risk. The predicted increase in rent arrears/bad debts can be counter-balanced by the savings made in lower interest rates; especially fixing these lower interest rates. All covenant compliance has also been met.
- Contractor, MPS, is a cause for concern and this will be covered in the next report. Emergency repairs still being done.
- Work is continuing on void management. All void repairs have been suspended. However, it is hoped to lease a couple of units to the Homeless Team.
- All Legal Actions have been suspended. Investigating methods of serving notices to those who were in arrears before the Covid situation. There will likely an increase in rent arrears due to the pandemic. This is already happening with Universal Credit cases. The Housing Services Manager advised that Cloch has engaged the use of an agent to get letters out on our behalf. The Chair enquired how the issuing of Notices was possible. He replied that an email can be sent, provided the tenant agrees to this or using a Recorded Delivery letter that the mailing company can do. He advised that some landlords in England are using WhatsApp but he is not keen on this due to

security issues. He advised that there was not a massive amount of letters to get out but he wanted the process started.

- Rent payments being made as normal via the portal. New video for this going onto website soon.
- Increase in Anti-Social Behaviour. Police are dealing with this where possible. There will be a back-log in dealing with this.

The Chair asked how were communications being disseminated to staff. The Director advised that Microsoft Teams was being used in the main part. The Leadership Team and section teams meet daily. He also joins the section meetings regularly to keep in touch with staff. He also sends out a weekly email to cover the main points. The Chair intimated that this was good as the Director and managers needed to keep communications flowing and regular with staff. The Director also advised that he had spoken to all the furloughed staff before they went off explaining to them why they were being furloughed.

The Chair enquired if the governance induction manual was online yet that could be available for new Board members. The Corporate Services Manager advised that this is not available yet but she intended to get the documents online over the next month to allow the new inductions to be carried out online.

RESOLUTION

The Board unanimously agreed to grant a conditional “leave of absence” for Alison Greenhill for the next 3 meetings, and this will be reviewed in due course. In the meantime Alison will continue to receive papers and be afforded the opportunity to engage should she be in a position to do so.

ACTION

The Director will communicate the Board’s decision.

8. Director’s Report

The Director took the meeting through his report.

- There would be some financial implications (outlined in the executive summary) with the termination by the contractor MPS. These were likely to be procurement costs and increased costs with everything moving forward.
- There are risks associated with the delay to the Kings Glen development and the separation from Oak Tree Housing Association.
- A mock test of the Business Continuity Plan was cancelled due to the pandemic but the real thing took place and the Association could see how effective it is. There have been some good positive outcomes and a few negative ones. These will be incorporated into the review of the plan.
- Termination of contract by MPS - The Director reminded the Board of the previous decision not to pay the contractor in advance nor accept an increase to the cost of emergency call-outs. It was not felt a good use of tenants money. The Director stated that a telephone call from MPS to formally advise of the contract being terminated by them for Cloch and other associations in Scotland had taken place. The original notice

period was 13 weeks but the Director advised that it will be sooner than this. The notice has cited “force majeure” as the reason for the termination claiming that this action is outwith their control.

They intend to be engaged until 30th June provided we agree to their communication. The Director advised that it is unlikely that we will agree to this and that our lawyers are working on our behalf to prove that this situation is not “force majeure”, and that we have not breached our contract but that we are satisfied with them ending the contract, but not until 31 August. MPS have not followed the criteria for “force majeure” and Cloch will be responding to that effect.

A Board member advised that they thought Cloch had taken out the parent company guarantee with this contract. The Property Services Manager thought this could be the case and will investigate this.

Cloch are currently engaging in setting up procurement for both reactive and void maintenance, and are keen to split the contracts to attract more interest. An interim solution will also be sought.

The Director advised that IFLAIR had mentioned before that it thought about creating a team/DLO that would be governed by the associations as many had problems with contractors and their services in the recent past. Now could be the best time to revisit this and carry out a feasibility study to see if it could work. He advised that associations need to demonstrate some innovation as contractors failing in their contracts is happening all too often. A working group will be set up and the Property Services Manager will be part of it.

- Separation from the Oak Tree Group. The Director advised that he and representatives from Oak Tree had a joint call with the SHR (Scottish Housing Regulator). The SHR seemed satisfied with the progress and processes that had taken place so far and was particularly pleased to note that an external consultant had been engaged at the beginning of the process. The SHR stated that both organisations need to be sensitive on how to communicate the decisions to our tenants. The SHR also posed the question had either of the Cloch Board or Oak Tree Management Committee changed their minds about the separation due to the current climate. The Director advised this question had taken him by surprise but would now ask the question. The Chair intimated that she had not changed her mind and put it out to the members present. No-one had changed their mind about the separation and there was actually comment about the resilience shown by Cloch during the pandemic to give comfort that dealing with crisis and emergencies is something which Cloch can do comfortably.

The Director advised that the SHR also confirmed that they would prefer to have a ballot on the separation. He stated that on reflection it would make sense to do this and demonstrate that everything being done was open, transparent and demonstrating effective governance and tenant consultation. The Chair agreed with this and stated that it also provided assurances for the future that everything was carried out accurately. Both the Chair and Vice-Chair intimated they were happy to proceed as part of the special working party for the separation.

- Business Strategy Day. This had to be postponed due to the pandemic but the Director intimated that this will be a top priority item for when things return to some form of normal. He advised that the agenda will largely stay the same but that the experiences

that have happened due to the pandemic will be included as part of our service delivery and governance going forward.

- The Director stated that staff who have been furloughed, as agreed, would do so on 100% of their normal salary. Staff wished to let the Board know that they were very grateful for this decision.

RESOLUTION

As there were no further questions the Board noted the contents of the Directors report.

9. Business Planning Report

The Board were taken through the main points of the report.

- The end of year KPI's (Key Performance Indicators) showed no major implications other than those that have been discussed in the last couple of meetings.
- The average relet times are not where we want them to be and moving forward into the new year it will be interesting to see how our figures look like with and without the COVID-19 impact.
- Except for our voids, MPS had proven to be a reasonably good contractor.
- In the areas of factoring, absence and complaints call handling, improvements had been made.
- Risks. Looking at the change from February when none were in the red sector we now have 7 in this critical category with more than 15 points. These 7 areas are likely to remain high risk for several months.
- A snapshot of some of the key areas identified in our service delivery plans for April onwards include:-
 1. Monitoring the Kings Glen development.
 2. Budget reviews and carrying out stress testing.
 3. Costing for a "softphone" system.
 4. Improving the portal and what it can do.
 5. Major work on reducing our arrears and voids statistics when back in the office. This may mean reverting from the generic working back to the dedicated teams again.

RESOLUTION

The Board noted the contents of the report.

10. Annual Reports

10.1 Complaints 2019/20

The Corporate Services Manager advised that the overall number of complaints had reduced from the previous year. Many in the year before had been about the poor performance of the previous contractor Novus. MPS had proven to be a better contractor. About half of the complaints had been upheld and we had used these as a learning curve on how to improve more. Four complaints had gone to the SPSO (Scottish Public Services Ombudsman). Three of them related to the rent increase which the SPSO will not

	<p>investigate. The remaining case was upheld and related to the length of time taken to complete a repair.</p> <p>Of the complaints made against 2 staff, this had raised some training issues that are being dealt with by the managers. The Chair emphasised the need to ensure that the proper processes are followed if any staff member is on a poor performance plan. She stated the 1-to-1 meetings need to be robust and that the staff members receive the support they need and this is recorded accurately. The Director confirmed this was the case. The dialogue that had taken place with one staff member had highlighted a workload issue that was being addressed.</p> <p>The Corporate Services Manager advised that staff are encouraged to record compliments too which is not something that they tend to do.</p> <p>RESOLUTION</p> <p>The Board noted the contents of the report.</p>
10.2	<p><u>Data Protection and Freedom of Information</u></p> <p>The Corporate Services Manager reminded the Board that it had been agreed to report the results on an annual basis. Although there had been 10 breaches in the year (with 1 which had proven to be vexatious) the breaches were minor. Recording of breaches is strong and it was positive that the staff were able to identify breaches and report them. It has also shown up a software error that was able to be rectified.</p> <p>The FOI requests had been relatively easy to deal with. The Board were advised that the breaches were minor and good recording mechanisms were in place to register them.</p> <p>RESOLUTION</p> <p>The Board noted the contents of the report.</p>
11.	Calendar of Meetings 2020/21
	<p>The Board was asked to consider the dates suggested and advised that it was proposed to move the Finance & Corporate Services Sub-Committee meetings from a Tuesday night to a Thursday night in the same week that the Housing & Property Services Sub-Committee was being held. This would allow the Finance Director to attend both Cloch and Oak Tree meetings.</p> <p>The Corporate Services Manager intimated that our Annual General Meeting could still proceed as it is not due to take place until September. However, it was too early to plan for this just now.</p> <p>The Director advised that the Board appraisals will still proceed and he had been in contact with the consultant Arneil Johnston and they are willing to do online/remote appraisal interviews. He advised that remote working will be explored more as a tool going forward. The experiences from the pandemic have been a real game-changer in our day-to-day workings.</p> <p>RESOLUTION</p>

	The Board approved the calendar of meetings.
12.	Audit Planning Letter
	<p>The Finance Director advised that the Audit Planning letter was a standard document that set out the audit objectives, the approach, the arrangements, the timeable, the fees incurred, the audit team and what will be required from the Finance Team to complete the audit. It also detailed the processes and testing that will be worked through as part of the audit.</p> <p>The Chair noted that it was very concise and straightforward.</p> <p>RESOLUTION</p> <p>The Board noted the contents of the Audit Planning letter.</p>
13.	Report on Nationwide Fixed Rate Loans
	<p>The Finance Director advised that this Treasury Management paper related to the economic situation to-date and that interest rates were at an all-time low. She stated that we now had the opportunity to fix some loans with extremely low-interest rates, (mortgage rates). An exercise had been undertaken to see which loans could be fixed and these were the Nationwide ones, with 3 loans applicable. There were 2 stages to achieving this. Firstly, we were required to update our Mandate and secondly, to sign off Side Letters to expand on the narrative of fixed rates within two loan agreements that the 3 loans related to.</p> <p>The Finance Director referred to appendix 1 of the report – the Customer Mandate form, which detailed Paul McVey (Director) and Alana Durnin (Finance Director) as signatories to undertake transactions in relation to the existing Nationwide Loan, with joint approval required. This was in line with the Treasury Management & Borrowing Policy. The Board approved this and the Chair confirmed to the meeting that the individuals were authorised as Officers of the Association for joint approval of transactions and to execute and deliver the Documents and any Ancillary Documents. The Finance Director confirmed that now the Board had approved herself and Paul as the signatories within the Mandate, Nationwide had confirmed that Paul, as Director of CHA, can sign the Mandate to confirm the sample signatures provided are true and accurate. The Side Letters presented would also then be signed by Paul and herself, to enable fixed rate options to be reviewed / taken forward if applicable.</p> <p>The Finance Director advised if we can secure a rate at circa 0.97% we could save £97k over 7 years against the 3 loan costs within the current 30-year financial plan. It was noted that if this was taken forward this would result in 90% of CHA's loans being fixed versus 77% currently fixed, reducing the risk of increased loan costs if rates were to increase.</p> <p>There was a discussion about whether a set percentage should be detailed within the Treasury & Borrowing Policy, regarding the fixed rate loan value versus variable rate loan value. The Finance Director confirmed she had seen some policies with this included, e.g. max 70% fixed rates to 30% variable rate loans, however that CHA's Policy did not stipulate a set percentage split. The Finance Director confirmed that in her opinion this was better, as the decision to fix loans should be made in the context of the economic situation rather than a set percentage within a policy reviewed every 3 years. For</p>

	<p>example, the current pandemic situation has resulted in an unprecedented low in fixed rates, which can be used to our advantage. The Finance Director highlighted that, moving forward, once the Kings Glen loan is fully drawn and left on a variable rate, the fixed to variable loan percentage split would be 70% fixed / 30% on variable, however this would also be reviewed for a decision based on the economic climate at the time.</p> <p>The Chair advised that, in this instance, she was satisfied to go ahead with the fixed-rate option due to the low rates, but noted some Housing Associations had a maximum set percentage level for fixed loans within their policies. The Finance Director agreed and stated that, particularly in the current economic environment that it was better to react and make decisions based on what is happening in the economy. The Board was advised that the fixed rate option is only occurring due to the record low lending rates in the current economic situation.</p> <p>RESOLUTION</p> <p>The Board noted the contents of and agreed to the side letters that had been produced.</p> <p>The Board approved the Nationwide Loan Mandate.</p>
14.	Health & Safety
	<p>The Director advised that there was no additional H&S information to report on.</p> <p>The Chair enquired as to the Personal Protective Equipment (PPE) that is being given to staff during the pandemic. The Director replied that all staff had been provided with hand sanitiser before the lock-down and those that require it had already had PPE issued. All staff had been instructed social distancing. However, he reiterated that all staff were now home working and avoidance is the state of play. If staff are required to get back out in the public domain then this will be revisited.</p> <p>RESOLUTION</p> <p>The Board noted the above.</p>
15.	AOCB
15.1	<p><u>Applications for Membership</u></p> <p>The Board was advised that 3 applications for membership had been received. Two applications had been included in the papers (one observer and one tenant) and the third one (observer) was given verbally.</p> <p>RESOLUTION</p> <p>The Board unanimously approved all 3 applications.</p>

15.1	<p><u>Observers</u></p> <p>The Director asked the 2 observers how they had found the “virtual” meeting. Both had found the process easy enough to follow but acknowledged that it would take some time to get to grips with all aspects of Board work.</p> <p>One observer who had been on the Management Committee previously commented that it was encouraging to see that Cloch was once again under strong leadership and guidance with the Board and staff team. It had been this way under the tenure of the then Director, Mairi Brown.</p> <p>The Director thanked them for their kind comments and advised that he or the Corporate Services Manager will be in contact with them again shortly.</p> <p>RESOLUTION</p> <p>None.</p> <p>ACTION</p> <p>Follow up conversations with the 2 observers to take place.</p>
16.	Date of next meeting – 9 June 2020.
	Meeting closed at 7.20pm.