

CLOCH HOUSING ASSOCIATION

Minutes of the Board Meeting
Held on Tuesday 20 August 2024 at 6pm
Via MS Teams/in the office
(Bitesize training took place at 5.45pm)

Present: Kelly Ferns (Chair)
Ken Robertson (Vice Chair)
David Brown
David McIndoe
Laura Quinn
Nicola McLachlan
Karen Aitken

Apologies: Hristina Tarpanova
Jackie Smith
Eleanor Robertson

Attending: Alana Durnin (CEO)
Shonaid Musgrove (SCSO, Minute Taker)
David Quinn (Corporate Services Manager)
Michael Monaghan (DCSC)
Paul McColgan (DPA)
Ewan Barr (Head of IT & Corporate)
Phil Morrice (Auditor, Alexander Sloan)
John Mulholland (Consultant)
Julie-Ann Cloherty (SHARE)
Sheen Wain (AHO)

00	<p>The CEO presented a bitesize training session on the annual accounts to 31 March 2024. This was based on how the accounts form the foundation for the future programme of works the Association and to give practical examples of what each aspect of the accounts means. The CEO advised that the auditor would be talking about the approach to the accounts later on in the agenda.</p> <p>The Chair thanked the CEO for the training session and was pleased to note that the Association was in a good place financially.</p>
	The Chair welcomed the auditor, consultants and staff to the meeting.

The Chair advised that the order of the agenda would be changed to allow the auditor and other consultants to make their presentations and then leave the meeting. There were no objections to this.

The Chair advised that they would be taken in the following order:

- [REDACTED] on the annual accounts to 31 March 2024
- [REDACTED] on the proposed new governance structure
- [REDACTED] on the Board appraisal results

The items would follow the correct numbering from the agenda within the Minutes.

1. **Apologies & Declarations of Interest**

Apologies had been received from H Tarpanova, E Robertson and J Smith.

D McIndoe intimated a declaration of interest to be entered into the minutes for item 7 under the “shared HR service” being proposed. D McIndoe also serves on the Board of [REDACTED]

The Board noted the declaration of interest.

2. **Minutes of the Meeting held on 21 May 2024**

The SCSO advised that a “post-meeting” note would be added to the minute giving the additional annual costs of between £1k-£1.5k to set up a subsidiary and that a separate Board would need to be set up.

A typing error on item 8 should read £1.3m and not £3.1m and under item 12 it should read “29” not “13” indicators.

Action

The SCSO to make the changes to the Minute as noted above.

Resolution

With the amendments agreed the Board approved the Minutes on the motion of:

Proposed: David McIndoe

Seconded: David Brown

2.1	<p>Minutes of the Confidential In-Between Meeting held on 23 July 2024</p> <p>The Board had been circulated, under separate cover, the confidential minute of the “in-between” meeting held on 23 July 2024 to discuss the [REDACTED]</p> <p>The CEO thanked Board member, D Brown, who was unable to attend the meeting for submitting his questions prior to it.</p> <p>Resolution</p> <p>The minutes were approved on the motion of:</p> <p>Proposed: K Robertson Seconded: D McIndoe</p>
2.2	<p><u>Minutes of the F&CS Meeting – 4 June 2024</u></p> <p>These were for noting only and would be approved at the September F&CS meeting.</p>
3.	<p>Matters Arising and Outstanding Actions</p> <p>The CEO advised on the above as follows:</p> <ul style="list-style-type: none"> • Feedback on complaints will be made to the November F&CS Sub. • Annual Assurance Statement – dates will be discussed under AOCB. • Employment Law training – do at the December Board meeting (wait to see what changes the new government brings). • Factoring Fees – no further forward, still waiting on response from HMRC. Will hit the VAT threshold in December if we start issuing monthly invoices as opposed to quarterly ones. Have arranged a meeting with the Housing Minister. • Value for Money – report still not received.
4.	<p>Asset Management Strategy (AMS)</p> <p>The Director of Property & Assets (DPA) took the meeting through the report which was an interim AMS for the period 2024-2026.</p> <p>The DPA advised that the Leadership Team will look into the comment that [REDACTED] made earlier in their presentation. The DPA advised that a</p>

figure on Pg 10 is likely to be a typo, but these will be checked by the CEO before being finalised.

The AMS has been compiled using information from a SHR document and highlights the 5 main areas that the Association should be focussing on.

The DPS drew the Board's attention to the following:

- At 2.1 – how the Association actually goes about putting the financial plan into place.
- At 2.2 – EICR's are not components from a property perspective but are allocated to this budget. Perhaps going forward terminology could be changed/expanded to say "procure" or "spend".
- At 2.9 – acquisitions & disposals. Cloch has no disposals currently but could have in the next few years. Will discuss with the Scottish Government to get some funding for some acquisitions. Hope to buy 8 properties. However, this rests on the Inverclyde market at the time - for our area of operation. Our preference for purchase is for 3/4-bedroom homes. We would consider purchasing flats in areas where we already own property.

The CEO clarified by stating that [REDACTED] hadn't seen this ASM and his comments/recommendations referred to an out-of-date one.

A Board member enquired if it would be useful to have the ASM risks (1.9) as a separate appendix. They also commented that the stock condition survey should be completed before the creation of a new Business Plan in 2026; ie do the survey in 2025. The DPA agreed and mentioned that one should feed into the other.

The DPA did though advise that information gathered from stock surveys can't be quickly/effectively transferred to our current housing software system into the new system when in place. There can also be dubiety on the assumptions made from surveys depending on the surveyor. Perhaps this is a task that the Association could consider taking on in-house. The staff know the stock and could make more meaningful observations. The CEO agreed and advised that these stock condition surveys are very expensive. Using our own resources could be a much more cost-effective exercise.

Another Board member made an observation about the component accounting. Should the numbers not be more meaningful aligning with the financial figures. The DPA replied that they should, but the current hybrid

situation where tender values might be prohibitive didn't allow for this. That is why they are having to use the budget figures only just now. The DPA stated that they needed to align the stock with the value of the tenders. The Board member commented that their organisation did a benchmarking exercise on components recently and did Cloch do this. The DPA replied that this would be normal practice but, for the moment, they couldn't do this. The CEO stated that this could be added on as an appendix once the figures have been corrected.

The Chair enquired as to the numbers of stock that had surveys done. The DPA advised that it was a 20% ratio across the stock range. However, the recent Wellpark project meant we had to bring these flats up to specification (new kitchens, windows, bathrooms) so we took this out of the equation.

Discussions took place about getting detailed stock surveys in the future that would interlink providing information for our loan portfolios, stock condition, components, etc as well as factoring in new projects/schemes such as net zero. Perhaps new/different views about how to achieve this were needed. The Chair asked if some enquiries could be made into new models that may be available. The DPA advised that the local/national forums would be a good place to start. It was agreed that whilst innovation was good the Association did not want to be the victim of untested energy efficiency technology that could cause issues in the long run.

Action

The DPA to make enquiries about new models for stock condition survey processes.

Resolution

The Board approved the interim AMS with the following conditions:

1. Risks to go into an appendix
2. AMS to lead into the Business Plan.
3. No of units to go into an appendix.

Proposed: D McIndoe

Seconded: N McLachlan

5. Financial Statements

5.1 Annual Accounts to 31 March 2024

This had been moved to the start of the agenda in order for [REDACTED] auditor, to make the presentation to the Board.

The Board were advised as follows:

- This procedure is about the audit process and what it means for Cloch.
- A Statement of Internal Financial Controls is produced by Cloch (pg 7)
- Highlights what Cloch's responsibilities are.
- Summaries the key controls in place.
- Confirmation there are no significant weaknesses in these controls.
- Auditors need to report to the membership if there were any inconsistencies (there were none).
- Audit process starts in February with the planning process, then moves to identifying risks, then develop a plan and communicating this to the Board. The field work is then carried out with the final stage being the review/completion and reporting to Board and then the Members at the AGM.
- It is a clean audit report giving a true and fair view of Cloch's financial affairs.
- A lot more detail is now provided and gives insight into how the auditors go about their work. They follow international standards.
- Cloch will be able to continue in business for the foreseeable future.
- Lists the responsibilities of the Board/Association and those of the auditors.

5.2 Reconciliation of Annual Accounts

This item was taken immediately after the auditors presentation (agenda item 5.3).

5.3 & 5.4 Audit Summary (Management Letter) and Letter of Representation

This auditor advised that this part of the process was them reporting to the Association – the key audit risks. The 5 are:

1. Management Override of Controls (compulsory to report on)
2. Revenue Recognition (compulsory to report on)
3. Loan Covenants (any RSL with debt is seen as a risk if don't comply)
4. SHAPS (a risk as can be volatile, how it's calculated is based on assumptions)

5. Current Economic Environment (risk due to economic pressures – eg on Cloch’s tenants understated in reports) accruals/rent arrears.

In relation to Adjustments the auditor advised non were made; there’s no unadjusted errors either.

Internal Controls: There was one query relating to the service charge within the equalisation account for £300k (white goods, flooring, furniture, etc). Some of the income is deferred to other periods. This doesn’t reflect the true cost of replacing them. The issue has been identified - traced back to a fair balance. The auditors are satisfied that this has not been a mis-stated or over-stated item. The Association are using consultants, [REDACTED] to do a review of this so the matter is being dealt with.

The auditor stated that controls from previous audits have been resolved.

The CEO asked the auditor to explain a bit more about the pension statement; that the figure is not a cash item. The auditor advised this related to Note 19. The Board was advised that this is a complicated calculation. Each year the pension trust tries to calculate this. Cloch has obligations to its current and former employees and the current value of the pension plan stands at £5.5m. It is likely that the pay out will be higher than this, but it is spread over a 30–40-year timeframe. It is not a cash item that Cloch would have to pay out and the amount will vary over the years. For example, fluctuations of the value on the stock market (in 2022 it was in surplus) as assets go up and obligations go down. The auditor commented that it does look volatile in the accounts. Over the 30-40 years it is Cloch’s responsibility that pensions get paid to current and former staff.

The CEO advised that this will be put into the Business Plan.

The accounts would be sent via electronic signature to the Chair, Vice-Chair and Secretary for signing off.

The auditor left the meeting at 6.35pm.

The Chair asked if there were any questions on the reconciliation statement that had been prepared by the Senior Finance Officer (item 5.2). There were none.

The Chair made a brief recap of all items under item 5.

Resolution

The annual accounts to 31 March 2024 were approved as a true record and to be put to the membership at the AGM together with the management letter. The reconciliation report was noted, and the letter of representation was approved and to be signed by the Chair and the Secretary.

Proposed: K Robertson

Seconded: D Brown

6. Q1 – KPI's/Risk Register/Global Action Plan

The CEO took the Board through the report noting the following key points:

KPI's

- 58% improvement in performance on last year.
- Using the benchmarking information on a quarterly basis to monitor performance.
- Void relet times is one of the key areas to make improvements (the housing and property teams are having good discussions on this).
- Factoring debt – insurance statement was later in being issued.
- Sickness levels were higher – summer round of covid hit Cloch.
- Membership – CS team pushed out a notification to all tenants (got about a dozen notes of interest).
- Complaints – one Stage 2 case is ongoing.

New Risk Register

- Board and LT have worked on the new register (following on from the Away Day in April).

GAP

- This will be loaded up onto the Board Portal.
- Presentation made to staff meeting today.
- Key actions from the action plan will be progressed.

A Board member asked about sustainability of tenancies, mainly on the topic of abandonment/evictions and if there were any trends showing. The DCSC replied that the numbers for this were very low, and no trends were evident. Most cases fell into the categories of deceased/moved into residential care/absconded. With regards to homeless referrals our levels were at 95% sustainability which was really good. The new community

support team are working really hard to get support in place for these referrals.

Action

The CEO advised that the GAP will be brought to the Board on a 6-monthly basis.

Resolution

The KPI's, Risk Register and GAP were approved on the motion of:

Proposed: K Ferns

Seconded: K Robertson

7.0 CEO Report (Business Plan)

The CEO took the Board through the report and highlighted the following key points:

- Will continue to purchase off-the-shelf properties.
- New build opportunity – very early stages just now.

■ Kilmacolm Flood – legal advice being taken ■

Medical Adaptation funding

Our annual application for funding was made in May and the Association had not heard anything. A follow up call to the Scottish Government has revealed a cut to the overall budget by 25%. Worst case scenario is we only get £20k of funding. We have committed to £92k of costs. We will honour the works we've agreed to but put a hold on further adaptations. The DPA advised that there's no budget set aside for adaptations. However, the Association has a £50k contingency budget (major repairs) and we could reallocate this. One particular case is taking up a lot of the funding resource, but it is an extremely deserving case. A message will need to be issued to our customers about the cuts to funding.

The Chair suggested contacting the care and health partnerships to see if they could help.

A discussion about the one particularly costly adaptation took place. The chair could not understand how the SG could not fund this as it linked into their equalities legislation as well as being high risk under the terms of health & safety. The Association will see if moving the family to more

suitable accommodation is an option rather than undertaking the adaptation.

The Chair asked that the standing orders be suspended as it was now approaching 8pm. The Board unanimously agreed. Anyone who needed to leave the meeting could do so.

Investing in Communities Project

The CEO advised that the SG has also advised that cuts to the Wider Action budget will happen for Years 2 & 3. The Association has taken on staff on fixed term budgets to March 2026. With the housing admin post not being filled, the funding from this will plug the gap for the Wider Action funding.

7.1 **Proposed New Governance Structure**

This item was taken as the 2nd agenda item, immediately following the audit presentation.

The consultant gave a quick resume of their work/career in the housing sector. They advised that the Association was in a strong place and had good reviews from the SHR too. This wasn't something that they said lightly.

Good points for noting was the Board portal, full and detailed agendas, papers, reports and minutes.

There were only 2 recommendations being proposed.

1. The Asset Management Strategy could be improved on.
2. The Sub-Committees were no longer fit for purpose for the new world we live and work in. They need to move away from the day-to-day reporting and focus on risk, audit, compliance and assurance.

The consultant commented that there wasn't much that the Association was doing wrong, but some modernisation and removal of repetition could improve matters. This should be carried out in a consensual manner with both Board and senior staff being involved. However, legal advice on the Model Rules should be sought if any changes to delegated authorities were being considered.

The Chair thanked the consultant for their presentation and feedback and commented that the Board have perhaps underestimated the work that staff have to put in to producing the papers, etc. A new focus on risk and exception reporting would be the way forward.

The consultant left the meeting at 6.45pm.

The CEO advised that the Association would continue with the current Board/Sub-Committee structure to the end of the year and start the new one from January 2025.

Resolution

The Board approved the following motion:

- Set up a working group to progress the new Board structure
- Proceed with consultant, Linda Ewart, to assist with the next stage

Proposed: D McIndoe

Seconded: D Brown

7.2

Board Appraisal

This item was taken third and immediately followed the presentation by [REDACTED] from SHARE was present to report to the Board.

The consultant advised that the report was based on information derived from the Board online survey, one to ones, observation of meetings, gathering of information and finally formulating a new Learning & Development plan.

The consultant noted that the Board consisted of 3 new members but that there were no notes of interest for members to step up to office bearer roles. Whilst this was not uncommon it would be prudent to look at this to get some sort of succession planning in place. One member had intimated they would be stepping down within the next year, so more recruitment would be needed to keep the Board levels high.

Seven recommendations were made as follows:

1. Views of tenants/stakeholders to influence the plans/strategies, etc
2. Aware of the Association's financial & treasury management strategy and risks.
3. If needed give finance training to assist them.

4. Board and LT succession planning process and how it will be implemented.
5. All Board should understand the AAS and their role in the process.
6. All board members understand how the CEO is managed/appraised.
7. Board and Association agree on L&D plan based on discussions.

It was apparent that there was a good knowledge and skills base within the Board. The consultant noted that some training in “Chairing Skills” could be applied as part of the succession planning process. The report cross references the outcomes from the current and last year’s appraisals looking at what has happened in the past 12 months. Individual learning statements will be issued too.

The Chair thanked [REDACTED] for the presentation on the report.

A member referenced the recommendations and asked if the results were typical or atypical for similar type of associations. The consultant replied not to be concerned about the 7 recommendations made. These were pointers for the Association to address and Cloch was likely to be in the median. The consultant noted that it was evident that much work had been done in the past year, so this is a good indicator that the process is a worthwhile one.

The Chair intimated that a lot of time and effort was being carried out by the staff and Board in addressing what our customer-base needs were in order to facilitate this. The Customer Involvement Team (CIT) and Customer Advisory Panel (CAP) are helping with this. The Chair stated that the Board have a better understanding of the Annual Assurance Statement (AAS) with a new approach being trialled. All Board would now be involved in looking a couple of the objectives each, not just one core group looking at all of them.

The CEO advised that discussions with the consultant on succession planning for the Board and staff have been taking place. We will tailor the training once we see the individual appraisal outcomes.

The consultant left the meeting at 7.05pm.

Resolution

The Board approved the report and the recommendations on the following motion:

Approved: K Robertson and Seconded: D Brown

	<p>The Chair asked if the meeting was in approval to suspend the standing orders at 8pm. The meeting agreed.</p>
<p>8.</p>	<p>AGM Arrangements & Retirals</p> <p>The SCSO took the meeting through the report noting the retirals of [REDACTED] [REDACTED] would be required this year. They would stand for re-election at the AGM.</p> <p>Under the 9-year rule 2 Board members are required to be assessed for their continuity on the Board. The members in question are [REDACTED] [REDACTED] had submitted apologies, but [REDACTED] was present and was asked to leave the meeting for the remainder of the Board to discuss the situation.</p> <p>[REDACTED] left the meeting at 8.05pm for the Board to discuss the situation. After the decision was made K Ferns returned to the meeting at 8.10pm.</p> <p>Resolution</p> <p>The Board approved the AGM report, the continuity of the 2 Board members with 9yrs+ experience and the Secretary's letter of compliance. They were approved on the motion of:</p> <p>Proposed: K Robertson Seconded: D Brown</p>
<p>9.</p> <p>9.1</p> <p>9.2</p>	<p>Policy Reviews</p> <p><u>Flexible Working</u></p> <p>The Board had previously been circulated with the proposed changes to the policy. A Board member queried if many staff took up the hybrid working pattern. The CEO advised that some staff use it, but others don't. It all depends on their domestic situations. The CEO advised that a recent member of staff returned from maternity leave and made a request via the policy to reduce their hours. This was accepted and the other part of the role was put out for job share. [REDACTED] who was the successful candidate was observing the meeting tonight as part of their personal development.</p> <p><u>Reservists</u></p>

	<p>The Board had previously been circulated with the policy review. A Board member asked if there had been any uptake on it. The SCSO replied that no one had ever made an application.</p> <p>Resolution The Board approved the Flexible Working and Reservists policies on the motion of:</p> <p>Proposed: K Ferns Seconded: D Brown</p>
<p>10.</p>	<p>Membership Applications</p> <p>The CEO advised that the Association had received a good response to the recent marketing campaign that the CSM ran. Eight applications had been presented to the Board for approval. There is the possibility that one person may be interested in coming onto the Board.</p> <p>Resolution The Board approved all the new applications on the motion of:</p> <p>Proposed: D McIndoe Seconded: K Robertson</p>
<p>11.</p>	<p>Former Tenant Write Offs</p> <p>The DCSC advised that every effort has been made to recoup the monies in question, but all avenues had now been exhausted and there was no hope of getting them. The amount being written off was for £15,062.63.</p> <p>The Board agreed that this was the only logical option left.</p> <p>Resolution The Board approved the motion to write off the former tenant arrears amounting to £15,062.63.</p> <p>Proposed: K Ferns Seconded: D Brown</p>

12.	<p>Notifiable Events</p> <p>This was a standard item on the agenda and there were no notifiable events for reporting.</p>
13.	<p>Health & Safety</p> <p>This was a standard item on the agenda and there were no H&S matters to report on.</p>
14.	<p>General Data Protection Regulation (GDPR)</p> <p>This was a standard item on the agenda and there were no matters for reporting.</p>
15.	<p>AOCB & Reflections</p> <p>The CEO advised that [REDACTED] was now part of the Leadership Team having been given responsibility for Corporate Services on a 6-month trial basis. The title was now Head of Corporate Services & IT. The Chair and Board congratulated [REDACTED]</p> <p>The CEO advised that the dates for the review of the AAS objectives will be issued by email. Board can choose a couple of objectives each that they would like to review.</p>
16.	<p>Date of Next Meeting – 24 September 2024 (after the AGM)</p>
	<p>The meeting finished at 8.20pm</p>