

CLOCH HOUSING ASSOCIATION LTD

[Signature]
23/09/24

Minute of the Finance & Corporate Services Sub-Committee held on Tuesday 4 June 2024 at 6pm (via MS Teams)

In Attendance: K Robertson (Chair)
J Smith
K Ferns
K Aitken

Present: A Durnin (CEO
(via Teams) K Thrush (Depute CEO)
E Barr (ICT Manager)
S Musgrove (CSO, Minute Taker)

No	Item
1.	Apologies & Declarations of Interest Apologies had been received from E Robertson (Secretary) and D McIndoe (Vice-Chair). There were no declarations of interest made.
2.	Minutes for Approval – 27 February 2024 The Minutes had been circulated previously. The Chair noted some small typing errors. ACTIONS The CSO to make the changes to the Minutes. RESOLUTION With the above amendments made the Minutes were approved as a true record. Proposed: K Ferns Seconded: K Robertson
3.	Matters Arising & Outstanding Actions The DCEO took the meeting through the actions that were still “ongoing” or “not actioned” as follows: <ul style="list-style-type: none">Names of Board who have proposed and seconded actions will remain unredacted in the minutes. The Minutes are uploaded onto the website. This action was brought to the Board meeting on 28 May 2024 and approved.Equality Impact Assessments will form part of the QPIO's role. This will remain ongoing in the meantime.Young Person's Working Group. The CSO advised that this has still to be resurrected and that a recent seminar indicated that young people go to social media outlets for recruitment and like visual presentations about the organisation.

	<p>The CEO stated that our auditors have said that young people move around more in their careers and tend to only stay for a short period with any one company.</p> <ul style="list-style-type: none"> • The Communications Strategy is being revisited. <p>RESOLUTION The Board noted the report.</p>
	ITEMS FOR APPROVAL
4.	<p>Management Accounts Q4 2023/24</p> <p>The CEO advised that the Management Accounts and the Loan Portfolio Return (item 5) had previously been prepared by the Senior Finance Officer who was unable to attend the meeting.</p> <p>The DCEO reported as follows:</p> <ul style="list-style-type: none"> • A good outturn for the year to 31 March 2024 had been achieved with a £1.61m surplus. This was higher than had been budgeted for. • All covenants had been met. • The higher surplus directly relates to underspends in reactive and voids maintenance costs as well as savings in garden maintenance due to poor contractor performance. • External auditors are in the office this week. • Pensions adjustment still to go in. <p>The CEO asked the meeting if they were happy with written reports on the accounts or did they want to have a visual presentation as before. A presentation by the DCEO had been prepared previously but had not been used.</p> <p>The Sub-Committee was split between both options with one member stating that a presentation is good where there are variations or key points, etc but not a lengthy one just repeating what is in the written report.</p> <p>The CEO advised that a short presentation on the key issues will be made to the August meeting.</p> <p>RESOLUTION There being no further questions the Management Accounts as presented were approved.</p> <p>Proposed: K Ferns Seconded: J Smith</p>
5.	<p>SHR Loan Portfolio</p> <p>The DCEO took the meeting through the main points as follows:</p> <ul style="list-style-type: none"> • The Loan Portfolio Return to be submitted by 30 June 2024. • The purpose is to report on our loan funding position and to demonstrate they are in a satisfactory position. • Loans outstanding total £10.6m with 3 lenders. • Secure lending in place until 2028 when refinancing needs to be revisited.

	<p>A member enquired if the figures in the return are cross-checked in our systems in line with our lenders. The DCEO replied there are checks and balances in place for this.</p> <p>The CEO stated that App 2 shows the reconciliation statements in place relating to the Treasury Management figures.</p> <p>RESOLUTION The Loan Portfolio Return was approved for submission.</p> <p>Proposed: K Robertson Seconded: K Ferns</p>
6.	<p>Policies for review</p> <p>The CSO advised that the covering Executive Summary detailed the changes to each policy separately and would go through each policy in turn.</p>
6.1	<p><u>Stress, Mental Health & Wellbeing (No.009)</u></p> <p>The CSO advised that only minor changes to the policy were being proposed but the Association was actively setting up a Health & Wellbeing Strategy that would go alongside the policy. The recent staff away day had concentrated on this topic and our HR Consultant was working on the strategy along with staff. If further changes were deemed necessary to the policy they would be brought to a future meeting</p> <p>RESOLUTION The policy review was approved.</p> <p>Proposed: K Ferns Seconded: K Robertson</p>
6.2	<p><u>Smoke Free (No.098)</u></p> <p>The CSO advised that both the Scottish and UK governments have relaxed the stance of e-cigarette use in public areas and the review of the policy reflects this.</p> <p>Members expressed concern on this and were against relaxing the policy to include the use of e-cigarettes/vapes within the office premises. It was felt that there was still too little evidence on whether these aids could expose staff to chemicals/air pollution that would, in the future, prove to be detrimental.</p> <p>A suggestion was to survey the staff to get their feelings about relaxing the use of e-cigarettes/vapes as well.</p> <p>The CSO was asked to provide further information from the Health & Safety Executive before making a decision.</p> <p>ACTION The CSO to provide further information.</p> <p>RESOLUTION</p>

	The review was not approved as further information to be provided and brought to the next meeting.
6.3	<p><u>Privacy Notice - Customers (No.054)</u></p> <p>The CSO advised there were only minor changes with the key one being the addition of adding in debt recovery agencies.</p> <p>RESOLUTION The review of the policy was approved.</p> <p>Proposed: K Ferns Seconded: K Robertson</p>
6.4	<p><u>Complaints Handling Procedure</u></p> <p>The CSO advised the only changes made were to the titles of postholders.</p> <p>RESOLUTION The review was approved.</p> <p>Proposed: K Ferns Seconded: K Robertson</p>
6.5	<p><u>Staff Training & Development (No.069)</u></p> <p>The CSO advised that only minor changes had been made and were visible in the review.</p> <p>RESOLUTION The review was approved.</p> <p>Proposed: K Ferns Seconded: K Robertson</p>
7.	<p>External Audit Extension</p> <p>The DCEO took the meeting through the report and advised as follows:</p> <p>Existing auditor is [REDACTED]</p> <ul style="list-style-type: none"> • The contract is out of tender, but it is felt the timing is not right to re-tender so an extension to the existing contract is being sought. • Proposal is to extend to cover the current year (2023/24) plus the following year (2024/25). • Costs have increased significantly for 2024/25 up to £12.5K + CPI compared with 2023/24 of £8.8k + VAT. • Having done some research on fees in the sector the costs for 2024/25 are in line with what we are seeing and therefore not excessive. • We will need to re-tender for the period 2025/26. <p>The CEO advised that the Association negotiated the fees for 2023/24 based on extension to the contract for a further year. The auditors had agreed to this. The CEO felt that the Association was receiving value for money for the services provided.</p>

	<p>RESOLUTION</p> <p>The fees proposed and extension to the contract were approved.</p> <p>Proposed: K Robertson Seconded: J Smith</p>
8	<p>Internal Audit</p> <p>The DCEO advised that the Association's internal audit is currently carried out by [REDACTED] Within this contract 3 audits per year are performed together with an annual review. The DCEO informed the Sub-Committee that the fees for this service are good and value for money.</p> <p>The DCEO suggested that the Association should consider increasing the audits and personally felt that 6 would be more prudent. However, this was something to think about for the future. Staff resources are required, and this may not be conducive with the small teams involved. Discussions with a consultant would suggest increasing visits to 4 per year for an organisation our size would be enough.</p> <p>Lengthy discussions took place on the merits of increasing the number of visits per year and what topics should be picked for the next 3 audits. Whilst it was felt that current cyber security measures were more than sufficient it would not do any harm to have this tested. The same was felt about rent collection/rent arrears.</p> <p>A member asked if it would be feasible to have a table of key issues and when they were last audited on. This would allow a decision to be made on what needs to be revisited soonest. The CEO thought this was a good idea and the table could be uploaded onto the Portal too.</p> <p>It was noted that auditing the HR function could prove difficult as the Association is using an external consultant for these services just now.</p> <p>The ICTM intimated that [REDACTED] whom IT services is provided have chosen to audit the cyber security and also use [REDACTED] It would not be much more work to do the same for Cloch. The ICTM advised that [REDACTED] uses a specialist for an IT audit and advised it would be a good exercise to do if not for this audit but for a future one.</p> <p>The consensus was for the following to be audited next:</p> <ol style="list-style-type: none"> 1. Cyber Security 2. Treasury Management 3. Rent Setting, Collection & Arrears 4. Contract Management <p>and the following topics for a future audit:</p> <ul style="list-style-type: none"> • Business Plan Assumptions • Equality & Diversity • Asset Management <p>The DCEO advised that the recent 3 audit reports have all received substantial assurance which is very good.</p>

	<p>A member noticed a typo in the report at item 4.2 – it should read “1” not “l”.</p> <p>ACTION</p> <p>A table to be produced of recent audits and the topics picked.</p> <p>RESOLUTION</p> <ol style="list-style-type: none"> 1. Approve extending the contract with [REDACTED] for an additional year. 2. Increase the reviews from 3 to 4. 3. Agree the 4 areas to be reviewed (as stated above). <p>Proposed: J Smith Seconded: K Ferns</p>
	ITEMS FOR NOTING
9.	<p>Factoring Report on debt recovery</p> <p>The report prepared by the SFO had previously been circulated. The DCEO reported as follows:</p> <ul style="list-style-type: none"> • Debt stood at £35k. • £27k of debt is secured with Notice of Potential Liabilities (NoPL's) against the properties (12 owners). • One NoPL should return about £6k of debt when an estate is settled. • % of customers with debt has decreased substantially. <p>The CEO intimated that those owners with debt under £500 had decreased significantly and this was primarily down to the tenacity of the Finance Assistant. They had gotten owners to sign up to direct debit payments, to prevent debts increasing, whilst maintaining a good quality of customer service at the same time.</p>
10.	<p>ICT Update Report</p> <p>The ICTM took the Sub-Committee through the report and advised on the key points as follows:</p> <ul style="list-style-type: none"> • Kelio timeclock updated so risk of unsupported hardware now removed. This has included an opt-out option for any staff who do not wish to use the facial recognition part; they can log into the system manually from their laptop. • All Board now have laptops as opposed to iPads. This is better for our security accreditation going forward as well as better for the Board. • Hardware replacement programme for the year already completed. Devices replaced every 5 years. • A small tendering process for our copier devices was undertaken (under £15k so no need for extensive procurement exercise). Have reduced the specification for machines as this is no longer required. Existing contractor successful. A full report will go to the next meeting. • Replacement of housing management system in process. Will get the assistance of a specialist consultant to assist. Project will take about 12-18 months to complete. Staff have been involved/consulted during this. <p>[REDACTED]</p>

	<div data-bbox="268 112 1449 293" data-label="Text"> <p>[REDACTED]</p> </div> <div data-bbox="225 331 1422 483" data-label="Text"> <p>[REDACTED]</p> </div> <p>The ICTM advised that a dedicated telephone number has been created for the IT team and that it will ring at all 3 stations, so someone is available to pick up calls all the time.</p> <p>RESOLUTION The Sub-Committee noted the report.</p>
11.	<p>Corporate Services Report</p> <p>The CSO took the meeting through the report and highlighted key points as follows:</p> <ul style="list-style-type: none"> • Recruitment continues with recent interviews for a new Property Services Officer; no candidate selected yet. An advert for a job-share Assistant Housing Officer will be placed very soon. Two trainee posts still to be recruited for. • Our MA in IT has been accepted onto the Graduate (BSc Hons) course in Cyber Security and starts in September. • The Board's Chair presented awards at the Staff Away day. The theme for the day was based on Health & Wellbeing. • 3 Mental Health First Aiders all successfully completed the training. This could be reduced to 2 MHFA's next year if this is not utilised by staff. <p>The CSO asked if there were any questions on the report. A member enquired about the consultant brought in to facilitate the Away Day as they may wish to contact them. The CSO would pass on the details to the member.</p> <p>The CEO advised that the event was held in Cloch's offices and the cost for training the MHFA's was halved as we invited colleagues from another housing association to attend. This has also had the bonus of creating a new network to link into.</p> <p>ACTION The CSO will forward the consultant's details to the Sub-Committee member.</p> <p>RESOLUTION The report was noted.</p>
12.	<p>VAT Review</p> <p>The DCEO took the meeting through the report and advised as follows:</p> <ul style="list-style-type: none"> • Cloch currently not VAT registered. • Predicted to reach the VAT threshold of £90k by October. • Registering for VAT will impact Cloch by increasing running costs and increase costs to [REDACTED] and our factored owners.

	<ul style="list-style-type: none"> • A specialist consultant has been engaged to look at Cloch's options: - <ul style="list-style-type: none"> ➤ Charge VAT ➤ Create a subsidiary ➤ Get an exemption • Provision of services is definitely vatable. • Unclear on whether admin fees in factoring is vatable. • Our current charity status may allow us an exemption. • Letter has been sent to HMRC to clarify the situation for Cloch, but it could take some time for a response. Need to have a Plan B in place in case we reach the VAT threshold before a response from HMRC is received. • A subsidiary would be a new legal entity with its own Board and staff. Any profits made could be gift-aided to Cloch. <p>Discussions ensued about the pros and cons of setting up a subsidiary now or holding off to see if a response from HMRC is quick in forthcoming. The CEO advised that the auditor's advice is to set up the subsidiary; the risk is around the timescales involved.</p> <p>The CEO advised that the situation would be monitored closely, and further reports would be brought to the Sub-Committee or Board.</p> <p>RESOLUTION The report was noted.</p>
13.	<p>Treasury Report</p> <p>The DCEO took the meeting through the report as follows: -</p> <ul style="list-style-type: none"> ➤ £3.13m of cash in the bank. ➤ A funders meeting provided some information on better returns to be achieved. ➤ Loans stand at £10.6m with a good %age (88%) still being on fixed term rates. This will reduce in a couple of years' time. <p>The CEO advised that our average mortgage rate is sitting at 4.42% and compared to our benchmarking groups this is very good.</p> <p>RESOLUTION The report was noted.</p>
14.	<p>Health & Safety</p> <p>The CSO advised this was a standard agenda item and there was nothing to report. A report had been made to the May Board meeting.</p>
15.	<p>AOCB & Reflections</p> <p>The CEO thanked the teams involved for the reports.</p>
16.	<p>Deferred Items</p>
	<p>Policy - Staff Appraisals (No.071) – [REDACTED] will bring to the August meeting.</p>
	<p>Date of Next Meeting – 27 August 2024</p>

	The meeting closed at 7.30pm
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