

Jan 31, 2023

## Cloch Housing Association

### Minutes of Board Meeting held on Tuesday 30<sup>th</sup> August 2022 at 6.00pm At Cloch Offices and on MS Teams

**Attending (Office):** Kelly Ferns (Chair), Heather Thomson (Vice Chair), Eileen Tamburrini (Secretary), David Brown, Eleanor Robertson, Brian Corrigan,

**Attending (Teams):** Ken Robertson

**Present (Office):** Paul McVey (Director), Liz Bowden (Head of Corporate Services) (Minute Taker), Louise Carlin (Head of Housing Services), Paul McColgan (Head of Property Services), Gwen Mills (Senior Finance Officer), Phil Morrice (Auditor, Alexander Sloan & Co.)

No.	Item
1.	<b>Apologies &amp; Declaration of Interest</b>  There has been a request for Special Leave of Absence for 3 months for Patrick Marshal. This was approved by the Board.  The resignation from Suzie Skelton was accepted by the Board. They thanked her for her time on the Board and wished her well for the future.  There were no apologies.  Declarations of interest. Eleanor Roberston declared an interest in Financial Fitness.
2.	<b>Annual Accounts</b>
2.1	<b>Changes Applied since Q4 Management Accounts</b>  The Report on Changes applied to the Annual Accounts since the Quarter 4 Management Accounts was presented to the Board by the Director.  <b>Resolution</b>  The Report was noted by the Board
2.2	<b>Presentation by External Auditor on the Annual Accounts 2021/2022 (a)</b>  The Auditor presented the Annual Accounts. He explained the following: <ul style="list-style-type: none"><li>• The accounts are for the financial year, 21/22.</li><li>• The Statutory Accounts are used by members, lenders, Scottish Housing Regulator (SHR) amongst others.</li><li>• The Accounts start with information on the Board and the Executive Officers and gives context to the accounts.</li><li>• The first formal part starts on page 6/7 with a statement of internal financial control. This part is a requirement of SHR. This highlights the financial controls, and it lists what controls Cloch has in place.</li></ul>

	<ul style="list-style-type: none"> <li>• The job of the Auditor, page 8 (required by SHR), is to report to members if there are any issues. There are none and this was stated.</li> <li>• The actual Accounts start from page 9 onwards. The format has not changed from last year. The opening statement says this was a clean audit and gives a true account. They were prepared within the formal requirements. This means that the auditor does not have anything to report at the AGM.</li> <li>• The report highlights responsibilities and then a lot of information on the work done on fraud and so on. This is a new requirement that these items are explicit in the accounts.</li> <li>• Page 13 is the start of the accounts themselves. These are very similar to management accounts with a few changes as highlighted in Item 2.1 of the agenda.</li> <li>• On page 13, it shows that revenue is up by 5%, due to Kings Glen. Operation costs are up by 14% (common across the RSL's due to catch up of repairs after the pandemic). This is a healthy operating surplus.</li> <li>• Page 14 is the Statement of Financial Position. The Association is in a strong, liquid position in cash and investments. Long term debt has dropped. It shows grants over the years that are gradually written off.</li> <li>• Cashflow shows a surplus then adjusts for depreciation etc. Some of it is timing. Cloch has £2.2M to spend. This is used for Investments, acquisition and component replacement as well as paying loans.</li> <li>• Note 37 is new in the accounts. It highlights a potential issue with the Pension deficit and is for noting only.</li> </ul> <p>There were no questions from the Board.</p> <p><b>Resolution</b></p> <p>The Annual Accounts were proposed, seconded and approved by the Board. They will be signed and be available for the AGM.</p>
2.3	<p><b>Management Letter from Auditors</b></p> <p>The Management Letter was talked through by the Auditor.</p> <p><b>Resolution</b></p> <p>The Board noted the content.</p> <p>The Auditor left the meeting.</p>

2.4	<p><b>Response to Management Letter from Auditors</b></p> <p><b>Resolution</b></p> <p>The Board agreed the content.</p> <p>The letter was signed.</p>
2.5	<p><b>Letter of Representation</b></p> <p><b>Resolution</b></p> <p>The Board noted the content.</p> <p>The letter was signed.</p>
3.	<p><b>Minutes</b></p>
3.1	<p><b>Minutes of the Board Meeting 26<sup>th</sup> July 2022</b></p> <p>The Minutes attached to the Agenda were talked through and agreed as accurate.</p> <p><b>Redactions to be agreed as commercially sensitive or private and confidential</b></p> <p>No redactions</p> <p><b>Resolution</b></p> <p>The Minutes were proposed, seconded and approved by the Board.</p>
3.2	<p><b>Minutes of H&amp;P Services Sub-Committee, 25<sup>th</sup> May 2022</b></p> <p>The Sub-Committee Minutes attached to the Agenda could not be approved at the last sub-committee because those present were not at the last meeting. They were talked through and agreed as accurate.</p> <p><b>Redactions to be agreed as commercially sensitive or private and confidential</b></p> <p>Areas in grey to be redacted.</p> <p><b>Resolution</b></p> <p>The Minutes were proposed, seconded and approved by the Board.</p>
3.3	<p><b>Verbal Report from H&amp;P Services Sub-Committee 16th August 2022</b></p> <p>The Head of Property Services summarised the meeting.</p> <p><b>Resolution</b></p> <p>The comments were noted.</p>

3.4	<p><b>Verbal Report from F&amp;C Services Sub-Committee 24th August 2022</b></p> <p>The Director summarised the meeting.</p> <p><b>Resolution</b></p> <p>His comments were noted.</p>
4.	<p><b>Matters Arising &amp; Outstanding Actions</b></p> <p>The Director talked through the Matters Arising Report.</p> <p><b>Resolution</b></p> <p>The content of the Report was noted.</p>
5.	<p><b>Directors Report</b></p> <p>The Report was presented on Powerpoint.</p> <p>The Director highlighted:</p> <p><i>Reactive &amp; Void Maintenance Contracts</i> – Cloch’s novation to Saltire was not as smooth as it could as there was indications that after the novation, Saltire wished to withdraw from the contract. Following that statement, Cloch has at least 6 months and is reasonably hopeful that conversations can lead to a long term solution. In case it is required, staff are drawing up a Plan B, looking at changes to the contracts to re-procure.</p> <p><i>Recruitment and Staffing:</i> there has been a review of the Finance Department and the successful recruitment of the Finance Director. The Finance Officer is now the Senior Finance Officer. Also, Cloch has employing a Modern Apprentice in IT and Telecommunications, a candidate found using The Recruit programme.</p> <p><i>Wider Action</i> – Financial Fitness will continue. The Energy Activators programme finishes at the end of September, however, applications for funding continue. Tenancy support is being discussed in anticipation of the Simon Community contract ending in March 2023.</p> <p><i>Board Assurance</i> – the internal audit on Procurement gave substantial assurance. There is a decision to be made later in the year about re-tendering with OTHA for these services. Board Appraisals are almost complete, and we need to retender this for 2023. The Director commented that Board could consider if the appraisal needs to be toned down from the current, very business orientated appraisal. The Assurance statement will be dealt with in October.</p> <p><i>Other Items</i></p> <ul style="list-style-type: none"> <li>• Summary of Pension Valuation Results</li> <li>• GWSF</li> <li>• New Scots – the Head of Housing Services will bring a paper in October to re-align the local lettings plan to the offers to the refugees.</li> </ul>

	<p>The Board discussed the issues and solutions for the Refugees and Asylum Seekers.</p> <p>The Board discussed the challenges of achieving EEESH 2 and Net Zero. There was then a discussion around supporting tenants and staff with the increase of energy bills.</p> <p><b>Resolution</b></p> <p>The Report was noted.</p>
6.	<p><b>KPI &amp; Risk Management Report</b></p> <p>The Report was talked through by the Director. The KPI report is for Quarter 1. The Director commented that the contractor issues are affecting voids, relets and reactive responsive times. Non-technical arrears are remaining low. Anti-Social Behaviour has given a few difficult cases.</p> <p>The Finance KPI's are good, as are Corporate Services and Customer Connections. Board attendance dipped in Quarter 1 and complaints KPI's remain static.</p> <p>With regard to Risk, there has been an increased risk in certain items. Risk 4 has increased in terms of asset management planning due to ongoing issues with procuring planned maintenance contracts, and the last risk referring to senior staff leaving has been increased to reflect the need to manage change at a time of transition.</p> <p><b>Resolution</b></p> <p>The Report was noted.</p>
7.	<p><b>Kings Glen Lessons Learned Report</b></p> <p>The report was presented by the Director on Powerpoint.</p> <p>He highlighted:</p> <p>The Context of the decision to develop at the time:</p> <ul style="list-style-type: none"> <li>• Constitutional Partnership – this was in place and therefore this was a decision of the partnership.</li> <li>• There was Scottish Government and Local Authority pressure to go ahead with the development.</li> <li>• The topography of the site was always going to be challenging.</li> <li>• Need vs displacement assessment needed to be considered more. When you build new homes, this can lead to tenants moving from less desirable areas.</li> </ul> <p>Procurement</p> <ul style="list-style-type: none"> <li>• Development Services – OTHA were chosen and the service was satisfactory and was managed correctly.</li> <li>• Clerk of Works Services – OTHA carried out the work and they did not do it well – there was no control over who was taken on.</li> </ul>

- Scottish Procurement Alliance Framework was used.
- There were pros and cons to this model. It was set what you got, which meant that the procurement was easier, but the control perhaps less than you would want, particularly on the assignment of the Architect.

#### Reflections

- Strategic vs Opportunistic – this always need to be considered thoroughly.
- Site size and location – is it too small to be worth taking on or too large that it causes displacement?
- Procurement decisions – the Framework was not totally successful and there are other routes that could be better for future developments.
- Design of properties/layouts – there have been glaring omissions on the design and the layout caused concern. This was borne out by the end of defects survey of tenants.
- Adaptations – you should build in required adaptations, not be expected to add them in afterwards.
- Landscaping and gardens is a huge issue on this site because of the drainage and the poor quality of the landscaping. It really brings down the look of a development.
- The properties were sound properties because they are easy to heat, have a classic pitched roofs etc.

#### Future

- Making a note on the SHIP of interest in future development in 3 to 5 years time.
- Appetite for Notional Development years to come will be dependent on economic and demographic factors.
- Clune Park interest? It was agreed that a very limited interest is to be add to the SHIP.

The Board followed with comments and questions:

There were Health and Safety issues in the survey.

OTHA have not participated in the report and therefore it was Director and Head of Property Services who wrote the report. Tenant comments were included.

A classic Design and Build does mean you lose control and the ability to question items because the Architect has an obligation to the contractor.

The Association would almost be better to let the private sector carrying out the buildings. Perhaps Cloch should buy old properties and upgrade them.

There were no suggestions for other options in the report. The Director felt cautious to make recommendations for other options, but it does give questions to be asked.

