

## Cloch Housing Association

### Minutes of the Board meeting held on Tuesday 22 August 2023 via MS Teams

Board Present: Kelly Ferns (Chair), Heather Thomson (Vice Chair),  
Ken Robertson, David Brown, Victoria Weir, Eleanor Robertson,  
David McIndoe, Nicola McLachlan

Attending: Philip Morrice (Auditor, Alexander Sloan from 6pm-6.30pm)  
Julie-Ann Clocherty (L&D Officer, SHARE from 6.50pm-7.10pm)  
Alana Durnin (CEO)  
Valerie Wilson (Depute CEO)  
Paul McColgan (Head of Property Services)  
Shonaid Musgrove (Corporate Services Officer, on Minutes)

<b>1.</b>	<b>Apologies &amp; Declarations of Interest</b>
	Apologies had been received prior to the meeting from Eileen Tamburrini and Hristina Tarpanova. No declarations of interest were made.
<b>2.</b>	<b>Minutes of the Meeting held on 25 July 2023</b>
	<p>The Board discussed the Minutes. The Board noted the recommendations for redactions that were agreed.</p> <p><b>RESOLUTION</b></p> <p>The Minutes were proposed, seconded and approved.</p> <p><b>ACTION</b></p> <p>The highlighted redactions to be made prior to website upload.</p>
<b>3.</b>	<b>Matters Arising &amp; Outstanding Actions</b>
	<p>The CEO made the following additional comments:-</p> <ul style="list-style-type: none"><li>• Annual Assurance Statement – GAP group will be sent a doodle poll for suggested dates to meet up. Report to be made to the October Board meeting; suggested as the 24<sup>th</sup>. Some bitesize training to be provided before this.</li><li>• GAP a good exercise, easy to see where Association stands. LT meeting on Wednesday to discuss.</li><li>• Social Event – suggestion that Board &amp; LT have an “Away Day”. Will discuss later on.</li><li>• Update on the structure refresh in the CEO’s report.</li><li>• Still require Chair to sign the Gifts/Hospitality Register; will try and get this done at the AGM.</li></ul>

	<ul style="list-style-type: none"> <li>• Rent increase – figures minus the services charges happening in autumn/winter and will be reported thereafter.</li> </ul>
4.	<p><b>Annual Accounts – 2022/23 (presentation by P Morrice, Alexander Sloan), Management Letter from Auditors (Audit Summary Report), Association Response and Letter of Representation</b></p>
	<p>The Chair introduced P Morrice of Alexander Sloan (Auditor) to the meeting to present the final accounts. The following areas were highlighted:-</p> <ul style="list-style-type: none"> <li>• No change to the structure/format of the accounts.</li> <li>• Approved accounts are used as an external document to demonstrate the Association’s viability/status for use by organisations such as its lenders, the Scottish Government, etc.</li> <li>• Accounts start with the “Report of the Board”. This first part of this section provides details about the Association, what its current activities are, its future developments, operational activities and its surplus. The second part looks into the Board’s responsibilities including the preparation of accounts, internal financial controls, regulatory returns as well as addressing its policies and procedures. The final part of this section indicates that there is no significant, financial weakness to report on.</li> <li>• The next section “Report to the Members” gives the opinion of the auditors about the position of the Association. The audit states that there is no cause for concern and that it is a clean audit report. The financial statements provided give a true and fair view of the state of the Association’s affairs and that they have been properly prepared in line with legislative requirements.</li> <li>• Actual statements commence from page 13 of the accounts.</li> </ul> <p>The actual statements commence from page 13 of the accounts. Some points to note were as follows:-</p> <ul style="list-style-type: none"> <li>• Operating costs down which is a bit unusual considering the state of recent inflation rates.</li> <li>• Surplus stands at £1.8m.</li> <li>• Housing properties (depreciated cost) down on last year.</li> <li>• Current assets higher than last year.</li> <li>• Creditors (amounts due after 1 year) is down quite a bit.</li> <li>• Pension deficit has appeared again but this not unusual in the sector.</li> <li>• Has £2.5m in cash.</li> <li>• Overall a strong, liquid position.</li> </ul> <p>The Chair thanked the auditor for the presentation and asked if the Board had any questions based on the annual accounts.</p> <p>The CEO asked if there was any insight into the pension in respect of the appearance of a deficit again. What is this looking like for the future. The auditor commented that audits for other clients are showing the pension as having performed remarkably well in the current, financial climate. In Cloch’s case the auditor surmised that it could be the asset performance of the pension provider.</p>

When looking at the figures (p. 29 of the accounts) the drop experience is the loss that has actually happened. The auditor explained that they are not party to the reports of the pension provider, but it looks like something has went wrong with them. The CEO advised that the Association would go back to the pension provider to get an explanation. The DCEO stated that there is more information to come from the pension provider but to-date the main dip came from hedging. The auditor replied that even with this explanation, the loss is not normal looking even with the volatility of the market.

#### Management Letter (Audit Summary Report)

The DCEO asked the auditor to present the audit summary report to the Board. The auditor reported as follows:-

- This is a report for the Board.
- It contains the audit opinion and assurances; this is dependant on the auditor receiving the letter of representation.
- Confirms the auditor has complied with FRS ethical standards and safeguards and provides their ethical assurances.
- Looks at the risks involved (p.4). The first two risks are compulsory in all audits. The auditor has to consider if risks identified are significant and also if Cloch can manipulate the risk.
- The auditor has to ensure that no breaches of the Association's covenants has occurred.
- SHAPS (the Scottish Housing Association Pension Scheme) liability is an audit risk as hard for the auditor to determine as not party to the SHAPS reports. The auditor looks at the KPMG reports to make an assessment.
- The audit confirms that the auditor is satisfied that calculations are correct and did not detect any issues, disclosures have been made where required, transactions were appropriate and accounting judgements are sound.
- The auditor did not make any adjustments to the accounts.
- Two minor recommendations were made.

The audit presentation was concluded and the DCEO asked if there were any questions.

A member asked what KPMG in the report stood for. The auditor replied it was the name of the financial firm that compares pension schemes across the board.

The DCEO confirmed that the two recommendations had been accepted and would be addressed. The DCEO had no further comment to make.

#### **RESOLUTION**

The Annual Accounts and Management Letter were proposed, seconded and approved.

**P Morrice left the meeting; the time was 6.30pm.**

	<p>The CEO acknowledged the work that the Finance team had done in order to prepare the accounts for the auditor.</p> <p>A Board member expressed disappointment that it had been up to the CEO to pick up on the issue of the pension deficit and not the auditor during the presentation. The Board member would have expected the auditor to raise this with the Association based on the fact that pension provision is doing extremely well in other areas. The Chair agreed and thought that other housing associations must be asking the same thing too. The CEO suggested that this could be a point of feedback; ask for observations ahead of the audit. The DCEO stated that this is not the pension scheme value, it is an accounting figure based on an accounting formula. The Chair stated that the Board still needed to be aware of what is going on and early notification would be helpful.</p> <p><b>ACTION</b></p> <ol style="list-style-type: none"> <li>1. Annual Accounts: Feedback on the pension deficit matter to be provided to the auditor and request for similar observations to be made prior to the audit going forward.</li> <li>2. Management Letter: Take action on the 2 recommendations made.</li> </ol>
5.	<p><b>2023/24 Budget Update (Post Year End Budget Review)</b></p>
	<p>The Board had previously been issued with the report. The DCEO advised that the report addressed the current year only; not the 5-year or 30-year plans (these will be looked at in the October meeting).</p> <p>The DCEO advised the recommendation before the Board is to approve the revised budget taking cognisance of the reduction in projected surplus of £184.5k to £1.103m from £1.287m. A large part of this is non-capitalised expenditure that had been carried over from last year into this year's budget. The budget is fully compliant and will be used for the Q1 Management Accounts.</p> <p><b>RESOLUTION</b></p> <p>The post year end budget review for 2023/24 was proposed, seconded and approved.</p>
6.	<p><b>Board Appraisals – Report from SHARE, presentation by Julie-Ann Cloherty</b></p>
	<p>The L&amp;D Officer from SHARE joined the meeting at 6.50pm to present the outcomes from the recent Board appraisals. The findings were reported as follows:-</p> <ul style="list-style-type: none"> <li>• Breakdown of tenure of Board members shows a good mix of new and longer serving members. Two members fell into the 9+ year bracket and rules apply as to monitoring their effectiveness.</li> </ul>

- Motivation for being a Board member included Cloch's excellent reputation, its good works in the communities, wellbeing of tenants and to knowledge/experience.
- Staying effective was evidenced as the Board takes information from various sources and not limited to 1-2.
- Succession planning was addressed and has been noted as a recommendation for looking into. Some existing office bearers have indicated that they are not looking at this role for the long-term and some members looking to step down within the next 1-2 years. No current interest from other members to become an office bearer. If members step down, then recruitment to the Board will require to be addressed sooner rather than later.
- Key roles and experience – a really long and varied list providing assurance that Cloch has a well-rounded Board bringing a lot to the table.
- 7 recommendations have been suggested. The 7<sup>th</sup> one is a standard recommendation which leaves 6 ones to look at. This number is not particularly alarming, and the Board/Association has nothing to be unduly concerned about.
- The survey rated the statements made and a quick refresher course/bitesize training in some areas is probably all that is required to rectify this (eg awareness of the constitution and vision & values).
- The Board demonstrated good awareness of its tenants and stakeholders. Also, in areas such as post-Covid issues and cost of living crises. Board showing an appetite to engage more but not sure how. The L&DO suggested using Cloch's own staff in this matter as they will be a great resource to help filter this from staff to Board.
- The L&DO has confidence in Cloch's succession process which was borne out in the discussions had with the Board at the individual appraisal meetings. Three main areas (1) numbers/stability, (2) office bearer intentions – time commitments most reason given and (3) diversity – how can we make the Board more diverse.
- The Board showed they are actively involved in the Annual Assurance Statement which is a key part of the Board role. This process will be ongoing but coming to the fore in the next few months.
- Need to be aware and address the matter of the Association's severance policy. If Cloch has a policy, then it needs to be re-issued and how to progress understanding of this in its learning and development plan.
- Summary: consider all the recommendations, address training needs - look at induction plan, appraisals, formal/informal ways to address them and Board's own individual learning needs.

The Chair thanked the L&DO for the excellent report and presentation that added context to some of the recommendations. The Chair advised that the CEO will be appraised shortly using the 360° method. It was mentioned that the Association has many policies, and it is difficult for the Board to focus on them all. However, the idea of bitesize training on them could be the way forward. The Board is actively pursuing engagement with its customers to improve on this but finding it difficult. Recent events have included a "bike bash", soft play day and cinema event but events cannot always be cash-funded ones as this is not sustainable.

The Chair enquired when would the individual appraisal reports be available. The L&DO stated that if the Board is satisfied with the current report, then the individual

	<p>appraisal reports could be ready within the next two weeks. This would be available for the next Board meeting.</p> <p><b>RESOLUTION</b></p> <p>The Board approved the report and the recommendations.</p> <p>The Chair thanked the L&amp;DO for attending the meeting and making the presentation.</p> <p><b>The L&amp;DO left the meeting at this point; the time was 7.10pm.</b></p> <p>The Chair stated that the report was really good and had enjoyed the appraisal experience but asked for the opinion of other Board members. One member commented that it felt similar to previous appraisals but had been quite happy with it in the end. The discussion section had given more ability to convey thoughts on the process. The Chair agreed that the standard responses were restricting. The CEO advised that the timing was an improvement to have this prior to the AGM; more helpful.</p> <p><b>ACTIONS</b></p> <p>To consider the recommendations made in the report.</p>
7.	<p><b>AGM: 9-Year Rule and Secretary’s Letter of Compliance</b></p> <p>The DCEO spoke to the report. The two members that the 9-year ruled applied to, left the Teams meeting at this point.</p> <p>The DCEO read out the questions to the remainder of the Board, to ascertain if the Board had confidence in the departed members’ abilities to remain on the Board.</p> <p><b>RESOLUTION</b></p> <p>The Board members approved the continuation of the two Board members who have surpassed 9+ years on the Board.</p> <p><b>The two Board members re-joined the Teams meeting.</b></p> <p><u>Secretary’s Letter of Compliance</u></p> <p>The DCEO read out the statement regarding the Secretary’s Letter of Compliance that was an appendix to the report. The Secretary was not present at the meeting, as apologies had been tendered, but the DCEO stated that the Secretary had provided confirmation that they have seen sight of the document and agreed with it.</p> <p><b>RESOLUTION</b></p> <p>The Secretary’s Letter of Compliance was approved in line with the Association’s Rules.</p>

<b>8.</b>	<b>Reactive &amp; Voids Contract Update</b>
	<p>The HofPS took the Board through the report.</p> <ul style="list-style-type: none"> <li>• It has now been over a year since the initial novation process started which culminated in the contractor stepping away from the contract.</li> <li>• The “out of hours” services is now live. Had been a slight problem regarding joiner provision but this has now been resolved.</li> <li>• DPS status: Feedback is that PfH have been very helpful throughout the procurement process. This service was at no cost to Cloch. They receive a 2.5% levy from the contractors on completed jobs.</li> <li>• All contracts have now been awarded and mobilised; 9 contractors in total.</li> <li>• Training for Property staff has been done in-house and will include the Customer Connector team.</li> <li>• All customers have been notified by letter including our factored owners (for common repairs).</li> <li>• As we have now completed this phase of the procurement, going forward reports will be presented to the Housing &amp; Property Services Sub-Committee on contractors performance and likewise contained within the KPI Business Plan reports to the Board.</li> </ul> <p>The Chair intimated that the relief for the Property team must be tangible. They had worked tirelessly to get to this resolution which was noted by the Board.</p> <p>The Chair enquired if the Association had received any reports back from tenants yet. The HofPS replied they had not, but the survey results had yet to be processed (text survey that follows a repair being done). The next 6-9 months will tell if we have successfully resolved the issue when spend on expenditure vs budget is known.</p> <p>A Board member reiterated the congratulations to the team for the solution and enquired if this outcome had been made known to other associations. The HofPS replied that two other members of the IFLAIR group were involved in the core trade procurement, but due to priority timescales Cloch were the first to proceed to the award stage. Other associations have been in touch and our experiences, together with pro’s/con’s, are being noted.</p> <p><b>RESOLUTION</b></p> <p>The Board noted the contents of the report.</p>
<b>9.</b>	<b>CEO’s Report</b>
	<p>The CEO took the Board through the presentation, noting where they aligned to the Association’s strategic objectives. Key points from the report were noted as follows:-</p> <p><u>SO 1 – Maximising the potential of our assets</u></p>

- Liaising with the Scottish Government to ascertain if further funding will be available for “off-the-shelf” purchases.
- Kilmacolm Road – properties will be handed back in early September and the project manager very happy with the quality of work.
- High voids partially attributed to death/moving into residential/care provision. Some related to affordability. Some moves to OTHA newbuild.

#### SO 2 – Opportunity to succeed

- Successful staff/Board meetings – good staff knowledge of local issues.
- Additional £5k for food vouchers secured and work with starter packs.
- Financial Fitness a great success with huge savings for our customers.

#### SO 3 – Involve our customers/wider action

- My Cloch Plus Project – SHO seconded to get this set up.
- Internal candidate successful in the Customer Health & Wellbeing Officer post.
- Going to use Bridgewater HA’s existing handyman service.
- Existing staff member appointed into the Housing & Community Connector post is now off on long-term sick leave. OH referral been made but this project now behind.
- Recent events – bike bash, soft play day. A cinema event is happening soon.
- Future events – host a Gala day in 2024 (a report will be presented to the H&PS Sub-Committee).

#### SO 4 – Deliver innovation & collaboration

- Our MA in IT carried out a presentation in “promoting employability & training opportunities”. This was very well received, and the MA showed great maturity and confidence in the delivery.
- PS Trainee post has been filled and postholder joins us w/c 28 August.
- New contractors – 5 new apprenticeships have been set up from this.
- Majority of novated ex-contractor staff have now found new positions, some within the local area.
- Part of group that met with the Housing Minister – discussed grant funding, factored owners and local housing strategy. Minister happy to meet with group again.
- New survey software – will be able to extrapolate data better and module will assist with own newsletter design.
- SDM – secured 5 free consultancy days. Asked them to benchmark. Costs increasing again.

#### SO 5 – Sustain a caring, forward-looking culture

- Revamp of staff appraisal process to include discussions on their job description and grade; include details of the EVH grading structure.
- CEO appraisal a 360° one. Staff have input.
- Wellbeing survey – good results but need to look at staff resilience (training planned).



- Mentoring with CEO of another association.
- Fairness of pension contributions in progress.
- Staff BBQ – 25 August (servers being changed over).

SO 6 – Make best use of our resources

- Good decision on the fixed rate for loans; 6.25% for 6 years. Provides stability for association. Has been run through our compliance matrix and all good.
- Consultant in to support pensions working group. Unions also want to observe and join in discussions at the consultation stage.
- Review of service charges.
- 6-month check after any damp/mould investigations have been carried out – suggestion from Board being implemented.

The Chair thanked the CEO for another detailed report and presentation.

A Board member referred to Slide 1 of the presentation and enquired if the Association was aware of the funding criteria and if the Association complied. The CEO replied that the Association had applied for the fair workings and all the statements were now uploaded onto the website; following clearance by the union.

Wellbeing survey - a Board member commented that their work has a system in place whereby someone feeling personal harassment can complete a form that is recorded. The CEO stated that the Association does have an incident form but can look into this more.

A Board member felt that the Pensions Working group had lost time waiting for EVH to respond. This now a tight timescale to report to the October Board meeting. The DCEO stated that the consultant currently on leave but felt that the timescale is still achievable.

The Chair enquired if the Association can make application for refurbishment costs via the acquisitions funding. The HofPS replied we could not. The HofPS stated that prior to any purchase one of the PSO's visits the property and this is cross-referenced with the 30-year plan to see if it would be a feasible/good purchase.

The Board members who had attended the presentation on promoting employability and training had been very impressed by the whole group. Their knowledge stood out. The CEO advised that it also gave staff the opportunity to understand the Board's perspective on things and that the Board are fulfilling their accountability and responsibilities.

**RESOLUTION**

The Board noted the report.

**10.**

**AOCB & Reflections**

The DCEO asked if the proposed date of 24 October for the next meeting was suitable. The Board agreed it was. The DCEO advised that a proposed timetable of

	<p>meetings will be brought to the October meeting. The Annual Assurance Statement will be brought to the October meeting for approval.</p> <p>The Chair intimated that the appendix booklet, accompanying the papers, provided a lot of additional reading that was beneficial. The wellbeing survey feedback was positive.</p> <p>A Board member enquired if the absence of the Housing &amp; Community Connector was job-related. The CEO advised that the post-holder had been in a more senior post (SHO) but was struggling. They accepted the new role as it fitted in better with their particular skillset. They were happy for this opportunity, but their health issues have not improved and are now off on long-term sick leave. This has unfortunately affected the Cloch Plus project. The DCEO advised that a further update will be provided at the F&amp;CS Sub-Committee being held next week.</p>
<b>11.</b>	<b>Date of Next Meeting</b>
	<p>There was a typographical error on the agenda. It stated the next meeting would follow the AGM on 21 September. It should have read 20 September 2023.</p>
	<p><b>There being no other matters to discuss the meeting closed at 8.00pm</b></p>