

Cloch Housing Association

Minutes of the Board meeting held at 6pm on Tuesday 19 December 2023 via MS Teams/in the office

Board Present: Kelly Ferns (Chair), Ken Robertson (Vice Chair),
(via Teams) Eileen Tamburrini (Secretary), Eleanor Robertson
David Brown, Victoria Weir, Hristina Tarpanova,
David McIndoe

Attending: Alana Durnin (CEO) – via Teams
(in the office) Valerie Wilson (DCEO)
David Burrows (Senior Property Services Officer)
Angela Spence (Consultant, Indigo House)
David Quinn (Team Leader, Customer Connections)
Shonaid Musgrove (Corporate Services Officer, on Minutes)

1.	Apologies & Declarations
	<p>Apologies had been received prior to the meeting from Nicola McLachlan and Jackie Smith. No declarations of interest were noted.</p> <p>The CEO asked if the order of the agenda could be altered slightly to allow the Senior Property Services Officer, (SPSO), to make their presentations and then leave the meeting. The Board agreed. These would immediately follow Item No 3 – “Matters Arising”.</p>
2.	Minutes of Previous Meetings
2.0	<p><u>Minutes of the Board Meeting – 24 October 2023</u></p> <p>The Minutes had been previously circulated. The Board noted the redactions to be made.</p> <p>RESOLUTION The Minutes were proposed, seconded and approved as a true record.</p>
2.1	<p><u>Minutes of the Housing & Property Services Sub-Committee – 14 November 2023</u></p> <p>The Board noted the Chair of the Sub-Committee was D Brown.</p> <p>RESOLUTION The Minutes were for noting only.</p>

3.	Matters Arising & Outstanding Actions
(3)	<p>Legality - the CEO stated that the timetable had been shared with the lawyer and our HR Consultant [REDACTED] to ensure that the correct consultation periods were being observed.</p>
(5)	<p>The Annual Assurance Statement Action Plan will be presented to the January meeting.</p>
(4)	<p>Annual Accounts – the new component spreadsheet is still being worked on. Services may be brought in to progress this quicker.</p>
(4)	<p>Social Event – an event will be held in April for the Board. A belated Christmas dinner will take place in January.</p>
(5a)	<p>Rent increase – The 2024 rent figures will be prepared minus the services charges, with the paper coming to Board in February 2024. There is also an evaluation currently being undertaken to place context around why Cloch’s rents are higher locally – VFM assessment. Due to the gap in Head of Housing resource, a consultant is undertaking this review. As part of this review our component replacements will be compared, in addition to tenant satisfaction survey information – what are our customers saying and feeling.</p>
10.	Kilmacolm Road Flood Event - Update
	<p>The SPSO presented the report and advised that some things had progressed since the report was written. The key points to note were:</p> <ul style="list-style-type: none"> • 4 units, (properties), had now been handed back to the Association as they had been completely dried out and are now ready for a programme of work. • 2 units are still drying out. • The Association will refrain from starting the programming of work until the New Year but will start to scope out the works that are needed. Some information from Housing and Finance is still required before this starts. • Despite the heavy rainfall at the weekend there has been no further flooding incidents. Association staff are up almost every day looking at the level of water at the burn and recording/photographing this for evidence. <p>The CEO reported that [REDACTED] have confirmed that they can reduce the reservoir levels to help with the flooding issue. A meeting is taking place on 21 December with the Association, [REDACTED]. The CEO intimated that [REDACTED] have been proactive and problem solving focussed, with regular updates provided to the CEO. The meeting on the 21 December is an important one to hear updates from [REDACTED] including next steps regarding the Feasibility Study and steps that they can take to mitigate risk of future flooding. The CEO had also been in touch with the [REDACTED] to assess if they could assist with funding towards the feasibility study, should this be an issue for [REDACTED]. The CEO has confirmed and will reiterate at the meeting that the Association will not be contributing to the Feasibility Study costs, with a material level of unplanned</p>

costs already being incurred due to the re-occurrence of flood damage in a 10-month period, from the December 2022 flood incident.



The DCEO advised that the Association is not insured now for flooding for these properties, and this will not be reinstated until the insurers have guarantees about the mitigation plans that are in place to prevent further flooding incidents. The Board were reminded that these properties had been used as security for our [REDACTED] loan. However, [REDACTED] have been very understanding and have agreed to release them from security.

The CEO advised that the properties now have metal barriers at the front doors and whilst they are not aesthetically pleasing, they may provide some level of protection from further water penetration, however it was noted that the flood water was coming up through the flooring as well as from the front and back gardens due to the level of flooding. The SPSO advised that the Association is also investigating putting sliding barriers at the back doors of the properties. These are not particularly heavy and are reusable.

The CEO stated that the staff teams in Housing and Property have been working so hard on this and have had the contractors out 7 days a week to get the tenants out of the hotels and into alternative housing before Christmas. While this is great news the Association cannot underestimate how devastating an impact this has had on the families that had to be evacuated.

The Chair agreed that the Association's choices are the best that can be done under the circumstances and will be very keen to hear the outcome of the meeting taking place on 21 December. They also intimated that the staff are doing as much as they can with all the monitoring of water levels, etc but they cannot control or predict what the weather will do.

The CEO intimated that the Scottish Government are providing funding to the Association for £91k to purchase 3-bed properties, with front and back doors. This amount is usually reserved for 4-bed properties, so the Association is very fortunate to get this level of support. There is a property that is being considered but there are very few 3-bed properties on the market at the moment.

RESOLUTION

The Board noted the report and the recent update.

[REDACTED] joined at this point 6.20pm.

11. Reported Case of Mould/Damp – Larkfield Grove

The SPSO spoke to the report and advised the following:

	<ul style="list-style-type: none"> • The tenant has highlighted damp/mould on a bedroom wall and the complaint was escalated to Stage 2. • Initially the tenant was engaging with the Association but was upset as felt the issue was not being progressed as fast as they would like in terms of a permanent solution. • Investigations for water penetration from the roof and wall concluded there was no water ingress. No-one could determine what the issue was. No mould was found but there was a small patch of discolouration on the middle of the wall. • Permission was granted by the tenant and the neighbour to cut holes in the wall as this was a party wall. All areas were completely dry. Temporary coverings were put in place with a view to make the repair permanent. • At this point the tenant disengaged from communications with the Association and went to the local press about it. <p>The Board enquired if all communications were being recorded. The SPSO replied they were. This was by email and letter. Evidence of hand delivered letters has been recorded too.</p> <p>A Board member asked if the wall ties or insulation were possible areas for water ingress. The SPSO stated this had been considered but the cavity wall insulation readings are showing no moisture whatsoever.</p> <p>It was noted that the Association was doing all it could to resolve the issue. [REDACTED]</p> <p>[REDACTED]</p> <p>RESOLUTION The Board noted the report.</p>
	<p>The SPSO asked if the members of the Housing & Property Services Sub-Committee could look at the contract for the fire alarms. This had been sent out for approval to their Cloch email addresses. Some Board members stated they do not log into their Cloch email addresses regularly so asked, for the future, could information also be sent to their personal email address.</p> <p>Those on the H&PS sub-committee to look at the contract and report back to the HofPS/SPSO.</p>
	<p>The SPSO left the meeting at 6.30pm.</p>
<p>4.</p>	<p>Customer Involvement Team (CIT)</p>
	<p>This item and Item No 5.1 were presented jointly by the Team Leader of Customer Connections, (TLCC) and our consultant. The Customer Involvement Strategy included a review of the Customer Standards.</p> <p>The TLCC advised that the CIT had representatives from all teams within the organisation as well as tenant representation.</p>

- 4 events for our customers have taken place since May 2023.
- There had been a significant improvement in engagement since using CX software.
- The Xcite event focussed on issuing food vouchers and asking tenants how they would like us to communicate with them in the future.
- The cinema event asked tenants which film they would like to see prior to screening, and this was also used to gather customers views on communication.
- There has been a significant increase in response rates since using the software, e.g. 33% response rate (about 500 responses). Digital methods preferred for communications but realise that not all customers want to engage this way. There is a need to ensure some tenants who don't want digital communication are not missed.
- Very pleased with the overall results of the survey/consultation.
- Lessons learned included (1) taking pictures of the events for publicity purposes, (2) looking at most cost-effective ways of delivering events, (3) review the budget and (4) engage with other groups e.g. single persons.
- There has also been a change in service to increase queue time from 40 seconds to 90 seconds and the impact of this has been to increase the Customer Connectors call handling from 80% to 97%. Higher level of satisfaction to get call resolved at first point of contact, in addition to freeing up the time of the operational team.
- Consultation resulted in listening to customers concerns and acting on them. The Winter Warmer event and Aldi food vouchers were good examples of this.

The consultant intimated that App 2 – Action Plan, includes the additional items that followed after the consultation. App 4 – is the feedback and what the Association will do using this. The Equality Impact Assessment (EIA) has been received in draft form but further information is required. The consultant asked the Board if they were happy to provide 'delegated authority' to act on this once the final version has been received.

The Chair commented that the results were a real improvement and offered congratulations to the CIT for their work on this. A Board member asked if the 33% could be benchmarked. The TLCC thought that the software might be able to provide this and will check this out. However, as long as the Association continued to increase this statistic this would be the target. The CEO intimated that the Association normally only achieves between 12-14% engagement for rent consultation so using the CX has more than doubled this. What is more important is qualitative data as opposed to quantitative. A Board member commented that it will be interesting to see the trends over the coming years using the digital platforms.

The consultant intimated that this level of engagement assists the Board in complying with Regulatory Standard 2.4 about meeting our customers aspirations.

The Chair enquired if reporting bi-annually was sufficient as mentioned in the report. The TLCC replied that this had been discussed and reporting will be quarterly in line with current KPI reporting.

	<p>A Board member asked if the Association would continue to provide incentives for participation as customers more likely to engage if there is a chance of a prize. The TLCC replied that this would continue if budgets would allow. They intimated that the Association’s contractors had been very generous so far and donated the tablets. Additional funding had also been awarded which helped with the Winter Warmer event. The Chair noted that this ties into our community benefit that our contractors sign up to.</p> <p>The CEO advised that the rent consultation event taking place on 21 December will ask tenants what they would like from a selection of heat efficient items that can be provided via our funding, and these items will then be provided after the Christmas break to those who attending the consultation. This event, also had Santa attending and issuing selection boxes to the children.</p> <p>The consultant mentioned that the event on 21 December has been arranged at very short notice and it is a credit to the TLCC and CIT for putting it in place.</p> <p>RESOLUTION The report and presentation were noted, and approval given for ‘delegated authority’ in relation to the EIA.</p>
5.	Policies – new and for review
5.1	<p><u>Customer Engagement Strategy/Customer Standards</u></p> <p>This was covered in item 4 above.</p> <p>RESOLUTION The strategy was proposed, seconded and approved.</p>
6.	Staff Structure Refresh
	<p>The Board had been circulated with pre and post staff refresh structures / organisational charts together with 2 reports that had been sent under separate cover. These reports had also been uploaded onto the Board Portal.</p> <p>The CEO apologised for the length of the reports and appendices but felt it was important to have all the staff ideas and feedback noted from the surveys and one-to-one interviews together with all the costings.</p> <p>The CEO presented the Staff Structure Refresh from Business Plan Refresh through extensive staff input in to identifying the resource gaps to deliver the refreshed business plan and objectives and mitigating potential future risks, the budget and parameters previously agreed by Board to the proposals and desired final outcome from the structure refresh.</p> <p>The Chair commended the CEO for condensing the information into the presentation noting all the key points were included. The Chair welcomed the staff input into the refresh structure and how forward thinking this process has been. There were no further questions apart from to ask if this would have any effect on the pension</p>

	<p>consultation/budgets. The DCEO replied it would not as the pension is based on a percentage of salary.</p> <p>A Board member noted that there was no mention of liaising with the H&S Executive in the job description for the new H&S Compliance Officer role, nor was there any particular qualifications required.</p> <p>The CEO commented that these were very valid points and would take this forward. As this is a new role in the housing sector a consultant was brought in to evaluate and inform the role requirements. The consultant has stipulated that the post holder will need exceptionally good administrative skills to manage the role.</p> <p>The CEO advised that the next step is consultation if the Board approve this draft. The consultation will take place over a 4-week period. EVH would be notified at this point. The structure refresh will be brought to the Board for final approval in February 2024 then the Association will proceed to recruitment for the new posts.</p> <p>One Board member commented that they would abstain from making comment about the specific roles as they did not know what the staff did in their day-to-day roles. The CEO replied that she could understand this, confirming for new roles, job descriptions had been included in the appendices to the report and roles that changed had been evaluated by EVH in terms of grading implications, (none). The CEO wanted to thank [REDACTED] for all their assistance with this.</p> <p>ACTION The CEO to ask the Head of Property Services to consider qualifications and H&S Executive liaison as part of the H&S Compliance Officer job description.</p> <p>RESOLUTION The draft report was proposed, seconded and approved to go out to formal consultation.</p>
7.	Mid-Year Budget Review 2023/24
	<p>The DCEO intimated that the report had looked at the spend for Quarter 2 and the rest of the year. There had been an overall movement of £11k increase to surplus. Some negative movement in income and staff costs but this had been off set in areas such as estate management costs and overheads.</p> <p>There were no questions.</p> <p>RESOLUTION The review was proposed, seconded and approved.</p>
8.	Budget 2024/25 – 1st Draft
	<p>The Board had been sent this paper under separate cover. The DCEO made a presentation and advised of some updates since the report was issued.</p>

- Purpose of the draft is to drive the consideration of the rent consultation options.
- Baseline assumptions – mid-year budget review used.
- Review of capital components cyclical non component expenditure etc (reviewed over the 30-year period) – some areas where costs have increased and we need to look at this (e.g. roofs, kitchens, etc)
- Loan funding, lender covenants and forecasts from treasury managers.
- Forecasting in volatile environment CPI and RPI modelling used.
- Additional modelling been used e.g. garden maintenance.
- RPI /CPI rates from October were used as November rates not available at time of reporting.
- BoE rates used.
- No stress testing done yet as plan not fully formed. This will be done for the February 2024 Board meeting.
- All our income based on CPI and costs based in future years on RPI increases.
- We may drawdown on the revolving credit facility.
- Voids and Bad Debts prudent assumptions made higher than current performance.
- Modelled in the structure refresh costs and the proposed pension changes to the budget.
- Growth currently through £1m of acquisitions instead of newbuild. We have purchased 4 properties already and forecast purchasing another 5 before the end of the current financial year.
- Hope to purchase a further 9 properties next year but no word on the funding yet.
- Cashflow – across the 30yrs the black line depicts the planned investment is being spread fairly evenly. Some signs of pressure on our cashflow and covenant compliance. Our 5-year plans must meet the needs of our tenants and keep to standards etc. Forecasting shows slight dip below the £1.5m in cash despite using some of our credit facility. Will only drawdown what we need. In Year 5 this shoots up as the budget models refinancing by a term loan instead.
- Conscious our rents higher than peers. Lowest rental increase being considered was a 6.1% increase, however this increases risk in terms of cashflow and is not being recommended for the Association. We will need to make serious cuts if Board go with this. The 6.6% increase is better but still risk where cash drops below the £1.5m. 6.9% or more gives flexibility for Cloch and any future financial shocks that could arise.
- Interest cover covenant – there would be sufficient time to relax this or refinance and change covenant altogether. Headrooms have been reduced throughout.
- Component spending has been modelled in the 30yr plan using the previous stock condition survey. Windows and boilers have been pushed back by 2 years (from 2022/23) mainly due to delays from Covid and Brexit etc. Priority for replacement boilers and windows from the TSS stress this is important to tenants. Keeping homes warm and reducing costs to heat them. Deferring some expenditure/works. The consultant asked were these assumptions based on the 6.9% increase. The DCEO replied they were.

- Mitigating Risks – no acquisition funding modelled but the Stage 3 grant income of £118k used. We need to provide properties that are fit for purpose and meet our Equality & Diversity obligations. There's a consultation underway on the wage subsidy so this may disappear. Salary costs unknown yet as EVH still in negotiation with unions; this will apply from April 2024 (CPI +0.5% so 5.1% modelled). £300k excess on insurance for flooding is offset against service equalisation costs. If we do have to claim on all properties our insurance may increase by more than the 5% we have modelled in. Pension deficits not known yet. Formal review takes place in September 2024 so may reintroduce pension deficit payments from 2026. No costs in yet for Net Zero but will impact on finance in the future.
- SHR report on 2023 review states 5-year finance plans for RSL's remain robust but trade offs are likely as finances tighten. Last year SHR forecast RSL's cash reserves to drop by 29% in 5 years. Costs going up so margins less and less room for extra shocks. A lot of uncertainty in the sector and factors continuing, not lessening (eg mould/ damp regulations, volatile economies, labour shortages, wars).

The DCEO stated that the Association will adhere to its Business Plan objectives and the final budget will be presented at the February Board meeting. At this point it will be updated for all known changes, be stressed tested and be fully compliant.

The Chair enquired if today's budget will have an impact. The DCEO replied that it will certainly have an impact but they had not seen what this was yet. It will be considered for the February meeting.

A Board member asked if the SG has announced a maximum rent for 2024. The DCEO replied that it will not do this for the social rented sector but may do so for the private rented sector. The member asked what rises tenants on benefits will get. The DCEO replied that for most this would be covered by the same increase to their benefits. The member asked about the impact on tenants who work and pay full or partial rent. The DCEO replied that these tenants will feel the impact of the increase the most.

The DCEO advised that working alongside companies such as ChangeWorks will help with advanced component accounting/replacement to see what costs are required and when.

A discussion took place on the EESSH2 standards, and the Chair commented that these will be replaced at some point in the future. The Association will need to consider what options it has when gas boilers are phased out. What will be the options for clean heating systems? Will it be solar panels and insulation only? The Association will need to carefully consider its legal obligations, tenants' rights and finances. Further tough decisions for the Board lie ahead.

RESOLUTION

Following the full discussions, the Board gave an in principle decision to proceed with the draft budget and that the final one will come to the Board in February 2024.

The motion had been proposed, seconded and approved.

9.	Rent Increase Consultation
	<p>The consultant made a presentation based on the report previously circulated.</p> <p>When considering a rental increase the Board must think about (a) comparability with other landlords, (b) affordability for tenants and (c) viability for the organisation. They also need to consider the options being presented to them. The consultant advised that the lowest rate that one of our peers is applying is 6.1%. This is not affording any financial capacity for future risks and removes the option of offering the garden tidy scheme. [REDACTED].</p> <p>A 6.6% increase provides more flexibility to respond to future challenges and has less deferment in component replacement. A 6.9% increase retains the garden tidy scheme and offers some financial resilience for the next 5 years.</p> <p>The consultant took the Board through an analysis of local RSL's proposed increases that were out for consultation. Not all were available at this time.</p> <p>It was noted that the Association will be using a hybrid consultation process of digital format and face-to-face events. The consultant invited the Board to attend the event being held on 21 December between 4pm-6pm. An event will also be held in January 2024 at our sheltered complex in Elliott Court. Responses to the consultation will be collated in early January and a reminder sent out before the survey closes on 19 January 2024.</p>
	<p>The Chair noted that the time was 8pm and asked if the Board agreed to suspend the Standing Orders and continue with the meeting. The Board was in full agreement to continue.</p>
	<p>The consultant intimated that the second part of the report dealt with the Association's 'rent rationalisation'. They advised that the Association had carried out an exercise in 2020/21 to bring rents into line so that tenants paid the same rent no matter which area they lived in. Consultation with tenants had resulted in an agreement for some to pay an additional £20/month above the rental increase and over a 4-year period to bring rents into parity. Last year was Year 4 of the transition. However, one increase was reduced to £10/month and following further consultation regarding the cost of living meant that it was frozen altogether with no increase. This has meant that instead of having parity the Association has some rents moving further away. This affects 120 houses. It is proposed to reinstate the additional £20/month as per the original rent rationalisation policy. This would bring 62 out of the 120 homes into the model rent.</p> <p>The consultant reiterated that when deciding on rental increases thought needs to be given to affordability, fairness, and equity. Cloch is currently not at the fairness and equity stage yet. It would take about another 2 years to reach this stage. The Board was advised that the SFHA has a model to test rent affordability by local authority which is a very useful too as well as guidance from the SG and the Joseph Rountree Foundation. This suggests that rents under 35% of your household income can be considered affordable. The Board were asked to disregard the 6.1%</p>

	<p>option as this is not sustainable. In both a 6.6% and 6.9% increase the Association is well under this threshold. The Board was also advised that the difference in monetary terms between the 2 options was only a few pence.</p> <p>The Board discussed the report and presentation in detail. A few comments were:</p> <ul style="list-style-type: none"> • Good to get context behind the report. • Compassion expressed for all tenants feeling the squeeze on household incomes and rising costs but especially those working tenants on low wages who paid full or partial rent. • Freeze on rent rationalisation cannot continue; need to work towards equality. • Deferment of works to properties cannot continue; this will eventually have an effect on the condition of our stock. Also need to ensure that our stock complies as would not be able to relet if do not comply. • Need to look at innovative and cost-effective works. • Continue to engage with all our customers. • Does the Association only give 1 option for increase or both options. • Show the small difference in monetary value between the 2 options if this is decided. • General consensus is that 6.6% rental increase does not give enough flexibility for unknown financial manoeuvrability. • Does the Association want to retain the garden tidy scheme or remove this. • Component costs have been updated as recently as one month ago; other RSL's working on older costings so this may reflect their lower proposed rent increases. • Loan funding can be investigated if needed. <p>RESOLUTION</p> <p>The motion to propose tenant consultation on a 6.9% increase and reinstate the £20/month rent rationalisation was proposed, seconded and approved.</p> <p>POST MEETING UPDATE</p> <p>The CEO emailed the Board the following morning following further internal discussions on the rent consultation to propose a further % of 7.2% be brought into the consultation process to bring meaning to this, rather than consulting on one percentage. The 7.2% is comparable with Inverclyde's alternative options and would enable an annual fund of circa £23k to help support tenants through non grant funded wider action support, e.g. food vouchers / fuel vouchers.</p> <p>Following an email discussion by the Board, tenant consultation on a rent increase of 6.9% or 7.2% was proposed, seconded and approved.</p>
12.	CEO Report (Performance & Risk) and Global Action Plan Exceptions Report
	<p>The Chair asked if the Board had any questions on the CEO's report. It was noted that permission was being sought to include new KPI's.</p> <p>The Chair suggested that the CEO's reports be brought forward in the agenda for the next meeting.</p>

	<p>RESOLUTION The motion to approve the new KPI's was proposed, seconded and approved.</p>
13.	<p>Board Bite Size Training Plan</p> <p>The Board noted the training plan that has been created and the training that had been presented on Customer Engagement/Involvement at the start of this meeting.</p> <p>RESOLUTION The Board noted the report.</p>
14.	<p>Policy Deferment</p> <p>The CEO advised that agreement to defer had already been given. This table showed when the policies would be reviewed. The Board agreed that it was reasonable to do this.</p> <p>RESOLUTION The Board noted the new policy timetable.</p>
15.	<p>AOCB & Reflections</p> <p>The CEO thanked the Board for the decisions that had to be made. It was extremely difficult to balance business viability together with decisions impacting on tenants' lives and the CEO empathised with the Board and thanked them for their considered debate and decision.</p> <p>The Chair thanked the staff and the Board for their support during what has been an extremely difficult and challenging year. Especially to the Board who give up their time to attend Board and Sub-Committee meetings and, at times, have to take difficult decisions along the way. The Chair finished by wishing everyone all the best for Christmas and the New Year.</p> <p>There being no further business the meeting closed at 8.35pm.</p>
16.	<p>Date of Next Meeting – 30 January 2024</p>