

**For Update
CONFIDENTIAL**

Agenda Item 9.1
Date of Meeting:27/09/25

To: The Management Committee
From: The Technical Services Manager
Subject: Damp and Mould Case

1. Introduction/Purpose

1.1 The purpose of this report is to update Committee with the current position relating to an ongoing damp and mould case which is the subject of legal proceedings. At the April, May, June and August 2025 Meetings, Committee were presented with detailed reports relating to this case.

2. Settlement Package and Amended Motion Update

2.1 We received an email from our solicitor on 08 September to comment on the amendment to the motion based on the minute of amendment (notified to Committee at the August meeting) as there has been a hearing assigned for the 16 October. The court requires our solicitor to lodge answers no later than the 25 September.

2.2 Both myself and the Director met with our solicitor on 17 September, to reaffirm our position that there was nothing in the motion that we wished to oppose. During this meeting we further discussed the current offer as there was still no response from the other party to our first settlement offer. It was agreed that it was time for a further offer and our solicitor felt we were moving closer to a settlement with the amendment to the motion reducing the amount of works the pursuer wishes undertaken.

2.3 A revised offer is being made by our solicitor and now consists of:

- Insulation/ plaster works around front door and to kitchen wall along with making good finishes etc
- Replacement mastic to all windows.
- Installation of data loggers
- £3,000 compensation
- Legal fees

We also requested that when the offer is finalised that a non-disclosure agreement is included by our solicitor.

2.4 We have asked our insurers Zurich if the compensation element of the settlement will be covered by our policy. They think it is unlikely it will be covered as we are making a general settlement of compensation and not making compensation against specific items e.g. a new carpet or bed that may have been damaged. We will not get a definitive answer on this until settlement is reached and Zurich have been advised on the final settlement by our solicitors.

3. Notifiable Event

3.1 As Committee is aware that since the Director submitted a Notifiable Event to The Regulator on 2nd May 2025 about this case, she has been keeping The Regulator updated on the matter. This latest report will be uploaded to The Regulator’s portal shortly.

4. Risk

4.1 When considering this case we have identified the main risks under the following risk categories and the measures we could take to mitigate such risks.

Risk Category	Mitigating Measure
<ul style="list-style-type: none"> Financial – cost of defence or settlement Reputation – bad publicity regarding case and outcome Health & Safety – condensation has potential to still to occur if case settled or won 	<p>Early settlement or win case</p> <p>Win case but no guarantee of outcome; settlement may keep the case ‘quieter’</p> <p>Monitor property with data loggers to find route cause(s) of condensation</p>

5. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Defending our position that we have a wind and watertight home	1. Provide high quality affordable homes
The decision to settle or defend	6. Use resources efficiently and effectively

6. Application of our Core Values

Area	Related Core Value(s)
Defending or settling this case	Accountable and Compliant Fair and Approachable Efficient and Responsible

7. Compliance and Assurance

7.1 Discussing our options to either defend or settle details how we meet our Regulatory requirements with reference to the following:

Compliance Source	Details
The Standards of Governance and Financial Management for RSLs Standard 5 - The RSL conducts its affairs with honesty and integrity.	GS5.1 - The RSL conducts its affairs with honesty and integrity and, through the actions of the governing body and staff, upholds the good reputation of the RSL.
The Scottish Social Housing Charter	4. Quality of Housing 5. Repairs, maintenance and improvements 13. Value for Money

7.2 Evidence Bank

Evidence	Assurance Exercise Location
<ul style="list-style-type: none">Committee Report	Regulatory Standard 5 – GS 5.1 The Scottish Social Housing Charter

7.2.1 Committee is reminded that our Assurance Exercises are available in the Committee Log-in Area of our website, which Committee can access at any time.

8. Summary

8.1 In summary, Committee has been updated with potential settlement information relating to an ongoing damp and mould case which is the subject of legal proceedings.

- 8.2 The current position with the open NE is set out in Section 3.
- 8.3 Risk has been considered at Section 4.
- 8.4 Section 5 shows how dealing with this case contributes to the delivery of our Strategic Objectives.
- 8.5 Section 6 shows how dealing with this case contributes to the application of our Core Values.
- 8.6 Section 7 shows how we comply with Regulatory requirements.
- 8.7 Committee is asked to note the current position with this matter. If any update is subsequently received from our solicitor, this will be reported at the meeting.