



Agenda Item No B103.17/18

Board Minutes – Thursday 9 November 2017 at 1730, Nexus House, Newport

Present:

Members:

Nicola Somerville	Interim Board Chair
Chris England	Audit & Risk Committee Chair
John Harrhy	
Cathy Bryant	
Janice Morgan	
Alex Stephenson	
Kevin Ward	
Helen Taylor	
Jane Mudd	Remuneration Committee Chair

In Attendance:

Ceri Doyle	Chief Executive (CEO)
Rob Lynbeck	Executive Director of Operations (EDofOps)
Tim Jackson	Executive Director of Finance & Resources (EDofF&R)
Stephanie Bradley	Head of Finance & Procurement (HdofF&P)
Sharon Wilkins	Head of Housing and Customer Services (HdofH&CS)
Claire Barley	Head of Strategy & Organisational Development (HdofS&OD)
Simon Andrews	Head of Maintenance (HdofM)
Rachel George	Head of Development & Regeneration (HdofD&R)
Chris John	Business Improvement & Performance Manager (BI&PM)
Sharon Morden	Business Transformation Manager (BTM)
Donna Pope	Finance Business Partner (FBP)
Joanna Fairley	Governance & Compliance Manager (G&CM)
Gill Sherman	Senior Governance Officer (SGO) (Minute Clerk)

Observers:

John Hill	Board Academy
Neil Upham	Board Academy
Beverley Flood	People and Change Manager (P&CM)
Kris Ablett	Customer Experience Manager (CEM)
Ian Hibble	Welsh Government Regulation Manager (WGRM)

AGENDA ITEM

ACTION

1. **Welcome to Board Members and Observers**
 - 1.1 The Interim Board Chair opened the meeting at 17:38 and welcomed members of the Board Academy, staff observers and Ian Hibble, Welsh Government Regulation Manager (WGRM) who gave a short introduction to the Board on WG/NCH co-regulation and the annual regulatory judgement.

- 1.2 The Interim Board Chair referred Members to the Annex As in their BoardPacks which had been provided for historical background and context.
- 1.3 The Chief Executive Officer (CEO) confirmed to the Board that, as of Monday 6 November 2017, the Financial Conduct Authority (FCA) had approved the Association's new rules.
2. **B82.17/18 – Apologies**
 - 2.1 Apologies were received and noted from Jayne Rose.
3. **B83.17/18 – Election of Chair**
 - 3.1 Members noted that the CEO would take this agenda item due to a Declaration of Interest for the Interim Board Chair, which was non-disqualifying.
 - 3.2 The CEO reported that approval had been sought and obtained, through a written procedure, 29 September 2017, for the current Interim Board Chair, Nicola Somerville to continue to hold the post of Interim Board Chair until the May 2018 Board meeting. The CEO requested Members consider and approve Nicola Somerville as Interim Board Chair until this time to allow for new Board Members to become familiar with Board procedure and maintain continuity.

Resolution: The Board approved the recommendation that Nicola Somerville continued to hold the post of Interim Chair until the May 2018 Board meeting and that John Harrhy would cover any absence of the Interim Chair until the Chair and Vice Chair were formally in post in 2018.

4. **B84.17/18 – Declarations of interest**
 - 4.1 The following members declared an interest:
 - Interim Board Chair declared an interest in B83.17/18 which was non-disqualifying.
 - Cathy Bryant, Kevin Ward, Alex Stephenson, Jane Mudd and Helen Taylor declared an interest in B88.17/18 – Share Membership.
5. **B85.17/18 – Minutes of the meeting held on 12 September 2017**
 - 5.1 The minutes of the previous meeting were agreed as a true record.

Resolution: The Board approved the minutes of the 12 September 2017 meeting as a true record.

6. B86.17/18 – Matters Arising from 12 September 2017

- 6.1 The Interim Board Chair requested Members note the one ongoing item of B58.17/18 and completed items. The Interim Board Chair also referred Members to the previous meeting's matters arising item B64.17/18 – Quarter 1 Performance 2017/18 which gave an update and recap on the corporate areas of activity likely to impact upon the outcomes of the resident perception survey.

Resolutions:

1. The Board noted the one ongoing item B58.17/18 and the completed items.
2. The Board noted the update B64.17/18 Quarter 1 Performance 2017/18.

7. B87.17/18 – Interim Board Chair's Report

- 7.1 The Interim Board Chair stated that following the tragic news in respect of the Cabinet Secretary, Carl Sargeant, she wished to record the Association's thanks for the support he had given to Newport and NCH. In particular, his support of the development in Pillgwenlly and the handling of the Tower Blocks following the Grenfell tragedy.
- 7.2 The Interim Board Chair continued that she was keen to explore the different ways the Board could engage and to establish the best way this could be established eg, breakfast meetings, lunch meetings, and the continued representation at various resident meetings.
- 7.3 The Interim Board Chair stated that the use of the 'Knowledge area' on the new Boardpacks system made it possible for Members to receive updates on a range of information, eg ward updates, staff newsletters and self-evaluation.
- 7.4 The Interim Board Chair reported that the date for the next Board Strategic Planning Day (BSPD) was confirmed as 19 January 2018. The BSPD would start later in the day with lunch and continue into early evening, followed by dinner, rather than a Christmas dinner and as an informal Board Member social event. **Gov team**
- 7.5 The Interim Board Chair reported that the Regulatory judgement had been published with a rating of standard:standard, which was the best rating that could be achieved. The letter of assurance was on the 'Knowledge area' and the Association looked forward to continuing to work with the WGRM.

7.6 The Interim Board Chair referred Members to the Regulatory Board for Wales (RBW) briefing which was available on the Knowledge area and highlighted items of information relating to:

- Grenfell Tower and the Board's role in overseeing compliance across the Association. The Interim Board Chair continued that it was the Boards' role to ensure compliance for safety, with regular updates and assurance on compliance received by the Board.
- Regulatory engagement for complex cases stemming from issues relating to poor governance.
- The RBW governance review outcomes, which would be presented at the CHC Governance Conference in March 2018.
- The Regulator's expectation that Boards have clear strategies to control costs and ensure services are delivered efficiently.

7.7 The Interim Board Chair reported on a number of award ceremonies and thanked Members who had attended on behalf of the Association. The Interim Board Chair thanked Members for attending the Board Member Induction Workshop and feedback. The Governance team would be circulating to Members the topics and themes for future workshops shortly.

Gov team

7.8 Members noted:

- Attendance at the CHC Conference, 16/17 November 2017, and the request to feedback on attendance, with any notes being shared on the 'Knowledge area'.
- The Association had been shortlisted for two Welsh Housing Awards, for:
 - Empowering and involving communities – Shaftesbury Youf Gang in partnership with Gwent Policy, Newport City Council and Energize Media
 - Empowering and involving communities – UNITY in partnership with Charter Housing and Newport City Council
- The Interim Board Chair concluded by referring Members to the 'Knowledge area' for information issued by Welsh Government on Board pay. A Board workshop had been identified for 2018 to allow Members to have a focused discussion and identify a way forward.

BM/Gov team

8. B87.17/18 – Chief Executive's overview
Strategic

- 8.1 The CEO reported that an announcement from the UK Government on 31 October 2017, had confirmed that sheltered and extra care housing would continue to be funded from the benefit system.
- 8.2 The CEO continued that the Local Housing Allowance cap, would not now be applied to the social housing sector or supported housing. A background and information sheet on this topic was available on the Knowledge area.
- 8.3 The CEO referred Members to the Regulation of Registered Social Landlords (Wales) Bill consultation which was currently at Stage 1 of its reading. The CEO continued the Bill sought to address the Office of National Statistics (ONS) actions that had moved RSLs into the public sector. The ONS had recently declared its intention to provisionally move housing associations (HAs) off the public balance sheet whilst awaiting the proposals to pass into law.
- 8.4 The CEO referred Members to the Knowledge area for the update from the PAC inquiry which the CEO and the then Board Chair, Jane Mudd attended on behalf of the Association. The WG had now published its response to the PAC recommendations and the CEO highlighted the following four key areas for Members attention:
- The intention of the WG to publish comparative performance information on Housing Associations (HAs), which would be used to build a picture of the sector's performance which.
 - HAs to be granted more autonomy, alongside the need for HAs to be more open and transparent in their decision making, Regulatory Judgements would be in place to support this.
 - Board Member Pay, which had been identified as a topic for a Board workshop in the New Year.
 - The recommendation for independent verification for senior staff salaries.

Operational

- 8.5 The CEO reported on the increased police presence over the past six months in Pill, which had previously been reported to the Public Service Board (PSB) as showing improvement. The CEO continued that, regrettably, incidents had increased in other parts of the city in the Bettws, Malpas and Somerton areas.

- 8.6 The CEO continued that in Somerton, where the Association was currently undertaking major works, high levels of anti-social behaviour (ASB) had escalated with more than 40 incidents being reported since August 2017, resulting in contractors closing the site.
- 8.7 The CEO concluded that the Somerton estate had received a leaflet highlighting the partnership work the Association was involved in, appealing to residents to report ASB. A further letter would be issued in the area, to inform that work on the external wall insulation would be delayed as a result of ASB. Members noted that the situation would continue to be closely monitored.

Media

- 8.8 The CEO advised that the top media interest was for the Tower Blocks, regeneration projects and the roll out of Universal Credit (UC) in November. Further positive coverage by South Wales Argus was the purchase of the Old Town Dock (OTD) site, and the regeneration work in Bettws, Ringland and Pill.
- 8.9 The CEO reported that social media had become the primary route of contact, with increased use of Twitter and Facebook, and engagement levels at 3.8% compared to the industry standard of 1%.
- 8.10 The CEO concluded that, as the date drew nearer for the implementation of full UC (15 November 2017), social media was proving a key tool in communicating the potential impacts and consequences on residents.

9. B88.17/18 – Governance Report

- 9.1 The G&CM stated the Governance report had been rationalised into one agenda item which covered Share Membership, Committee Membership and 2018/19 Meetings matrix.
- 9.2 The G&CM referred Members to the Share Membership report at Appendix 1 which sought approval of the four share membership applications for new Board Members.
- 9.3 Members noted that, due to the new Rules being approved by the FCA on Monday 6 Nov 2017, the RC Chair, Jane Mudd would also be eligible to become a Share Member, and this would be processed accordingly. **Gov team**
- 9.4 The G&CM concluded by requesting Members note the current share membership of 1,447 members. The Members **approved** the five share membership applications and noted the current membership.



- 9.5 The G&CM referred to Appendix 2, Committee Membership and requested Members agree the proposed membership of the ARC and RC as detailed in the report. The Board **approved** the proposed membership for both ARC and RC.
- 9.6 The G&CM moved to the final report at Appendix 3 the 2018/19 Meetings matrix requesting Members agree and approve the meetings for 2018/19 and to consider and discuss the trialling of alternate breakfast (0830 start)/evening (1800 start) meetings with a limit of no more than 180 minutes for Board meetings.
- 9.7 The Interim Board Chair asked Members for their thoughts on the meeting matrix and trialling of alternate morning/evening Board meetings. Following Member discussions, which highlighted a number of differing opinions, the CEO suggested, the Governance team circulated a short questionnaire to establish Members' preferences on breakfast and/or evening meetings, and to confirm Members availability to the proposed meeting dates in the 2018/19 meetings matrix. **Gov team**

Resolutions:

1. The Board approved the five Share Member applications and noted the total share membership.
2. The Board approved the composition of Members for the ARC and RC with immediate effect.

10. B89.17/18 – Quarter 2 Management Accounts

- 10.1 The Finance Business Partner (FBP) presented the Management Accounts for the period ended 30 September 2017 and gave an overview which showed an Income and Expenditure account surplus of £1m compared to a budgeted Income and Expenditure account deficit of £1.2m.
- 10.2 The FBP reported that a forecast outturn exercise had been undertaken during the Quarter 2 Management Accounting process to check compliance with lenders' covenants and was very prudent. The year-end forecast outturn for revenue was £2m deficit compared with a budgeted deficit of £1.6K, with the forecast capital outturn including grants was £250,000 adverse to the budget making a total adverse budget position of £650,000K.

- 10.3 The FBP explained this position was as a result of costs for Tower block sprinkler work not being known at time of budgeting, key contracts in development, planned maintenance and regeneration taking place faster than anticipated and budgeted for. Remedial plans and actions had been put in place to manage the potential overspends, and bring them back in line with budget to ensure that loan covenants were not breached.
- 10.4 The FBP reported on other areas of income and no questions were raised by Members.
- 10.5 The FBP reported on expenditure referring Members to paragraphs 5.1 -5.7 which detailed staff cost increase/reforecast of £200k due to the 24 hour warden cover in the Tower blocks. The FBP referred Members to the Duffryn District heating installation which resulted in a rebate of £105k and the now removed 100% NCC voids council tax charge.
- 10.6 A Member raised a query on staff costs in association with the Business Transformation Programme (BTP) under the work streams of Restructuring and Income and Costs, and Members agreed this would be addressed under the confidential element of the agenda.
- 10.7 A Member raised a query in respect of grounds maintenance works being undertaken during the winter months rather than the spring and summer. The Head of Maintenance (HdofM) agreed this would normally be the case, but during the summer, a number of pieces of land, incorrectly registered with the Association had been transferred back into NCC control and similarly, the Association had received land incorrectly retained by the local authority.
- 10.8 As a result, this led to delays with scheduling which, going forward would be addressed. The Executive Director of Operations (EDofOps) confirmed that a grounds maintenance schedule would be produced, along similar lines to the painting programme, which was currently ahead of schedule due to the bulk of works being carried out during the summer.
- 10.9 A Member queried whether there had been a financial impact on the Mispac contract as a result of ASB at Somerton, the HdofM responded that currently no penalty clauses had been issued, and the Association was dealing directly with Mispac and not the sub-contractors. The HdofM concluded that it was a consideration that could not be ruled out.

- 10.10 The FBP referred Members to paragraph 5.8 on major repairs and the detail covered in Appendix 3, and went on to report at paragraphs 5.9 on reactive, void and cyclical maintenance.
- 10.11 The FBP referred Members to paragraphs:
- 5.11, on reactive maintenance, which reported an increase of £88k due to re-categorising expenditure between revenue and capital.
 - 5.12, cyclical maintenance overspend of £139,000 which had resulted from programme acceleration due to favourable weather conditions.
 - 6.1- 6.5 which reported clarity around the current loan facilities and Members noted the opening of two new deposits as agreed at 12 September 2017 Board.
- 10.12 The FBP moved on to the maintenance and development programme, the three key areas being in line with the approved business plan, the annual budget being £29m, with an actual expenditure of £9.8m, against a budget of £16.4m, resulting in an underspend of £6.6m.
- 10.13 The EDofOps reported that the three year rolling programme was managed in totality, allowing for a full year spend and roll over into the following year, which had been extremely successful in the management of maintenance and avoided the “stop/start” methods previously experienced.
- 10.14 A Member requested whether there was any scope to understand beyond the financial year, eg what was done this year and what was rolled over into 2018/19. The EDofOps responded that the capital programme would be presented to Board in February 2018 which gave the total three year rolling programme.
- 10.15 The Head of Finance (HdofF) confirmed the suggestion from the CEO that a live three year programme could be made available and would explore whether it be loaded onto the ‘Knowledge area’.
- 10.16 The FBP concluded with the Balance sheets which showed the financial position of the Association at 30 September 2017 and requested Members approve the Management Accounts for the period ended 30 September 2017.
- 10.17 Members commented on the improved narrative of the Management Accounts and approved the Management Accounts.

EDofOps
HdofF

Resolution: The Board approved the management accounts for the period ended 30 September 2017 for Lender and Welsh Government review.

11. B90.17/18 – Quarter 2 Performance Indicators

- 11.1 The Business Improvement and Performance Manager (BI&P) presented the Key Performance Indicators (KPI) for Quarter 2. The BI&P highlighted the five measures generated from the quarterly resident satisfaction survey, measures 1, 2, 6, 7 and 8. The BI&P continued that these measures were very important and a key driver in the Association's service improvement activities.
- 11.2 The BI&P explained that the satisfaction survey had been expanded to include questions required by the regulator. The BI&P concluded that customer satisfaction was a key driver behind many of the major changes being undertaken at the Association, including the restructure and the Resident Engagement Strategy. Members noted that work continued with the aim of getting repairs right first time.
- 11.3 A Member remarked that the Quarter 2 KPIs were worse than 2016/17 and queried whether this was due to the way in which the KPIs were measured or a deterioration in service quality. The BI&P stated that, whilst not yet statistically valid, the variations were minor. The CEO stated that a full year's data was not yet available and it was too early to predict trends.
- 11.4 A Member queried the correlation between WHQS compliance, reported at 100%, and satisfaction with the home which stood at 70.8%. The BI&P responded that, while homes were WHQS compliant, this was not the only driver of satisfaction with the quality of the home and that factors such as the reactive repair experience could influence satisfaction with the home. The CEO stated that as part of the broader Board re-induction, a tour of NCH communities would take place to give Members some contextual understanding of WHQS compliance.
- 11.5 Members continued to discuss the high capital works costs and their understanding as to why the KPIs were not better, considering the amount of money spent. The HdofH&CS responded that a perception survey indicated how customers felt, and those feelings could be based upon a recent experience or one as long as five years ago. Therefore, work was required to further drill down to understand resident perceptions. The HdofH&CS continued that it generally took longer to change a negative viewpoint and required a time lapse in order for the customer to experience something more positive.



- 11.6 A Member queried whether the wrong questions were being asked or whether the actual KPI was wrong. The BI&P confirmed that the measures were the right measures and the KPI was good in that it provided valid data and showed a level of performance at this time, but that over time, with the changes in approach to customer experience it was anticipated the Board would see significant improvement.
- 11.7 The CEO stated that the aim was to keep KPIs strategic, but that the narrative could be enhanced to include reference to corporate performance measures that may give broader assurance on progress. **BI&P**
- 11.8 Following a query on whether there was a call handling target in place, the CEO advised that the Association was close to setting a number of operational targets following a piece of work that was defining what 'good looked like'. The CEO explained that the recent restructure had reoriented service delivery around the resident, and that a review of the data we collate was consequently required to better monitor operational performance.
- 11.9 A Member agreed that, based upon a similar survey 3-5 years ago, there had been improvement, and as a new approach should be given the time to bed in.
- 11.10 A Member queried whether another target would be created for the provision of new homes and the measure of the social value, using apprenticeships as an example, acknowledging that this was reported annually in the Value for Money (VfM) report.
- 11.11 The HdofH&CS responded that a piece work was in hand to streamline the approach to ensure clarity in contracts going forward for a whole organisation approach to community benefits, which would be project managed to ensure the contractual benefits were being delivered throughout the life of the contract and not, as previously, at the end of the contract.
- 11.12 The HdofF&P confirmed that community benefits had been built into the procurement process, with the intention of contractual community benefits being monitored quarterly and incorporated into the management accounts narrative.

Resolution: The Board reviewed and noted the performance for Quarter 2-2017/18.

12. B91.17/18 – Resident Engagement Strategy

- 12.1 The HdofH&CS presented the proposed Resident Engagement Strategy (RES) for 2017-2022 which was represented visually at Appendix 1, Resident Engagement – Part of our DNA.

- 12.2 The HdofH&CS continued that work had commenced on the RES in May 2017, when the Board agreed the three objectives for the new strategic approach. Compliance with the new regulatory standards for resident engagement had been incorporated and consultation with residents resulted in the proposals developed. Paragraph 2.3 detailed the main changes to the new RES approach and paragraph 3.11 gave a table of how the changes would impact upon the formal groups within the new strategy.
- 12.3 The HdofH&CS referred Members to Appendix 1, the DNA visual, which reflected the nature of future engagement with residents and how it demonstrated the Association's commitment to residents at the heart. The HdofH&CS continued by explaining to Members the initial mapping of the principles against the Association's internal governance framework and, from March-June, the operational level of engagement with residents to seek their views. The focus in July-October was on visual presence in the form of seasonal events eg summer holidays, Halloween and Bonfire Night, engaging with residents to get their views, both good and bad.
- 12.4 The HdofH&CS highlighted to Members some examples of the flexible adaptable approach, the level of influence that residents had and how measures could be applied. Subject to Board approval, the plan and approach would be shared more widely with residents.
- 12.5 Before taking questions the HdofH&CS explained the next steps which included working with residents to formulate an implementation plan, understanding the changes and going live from April 2018. The HdofH&CS concluded that work would continue to capture live feedback, which in turn would allow greater understanding of the priorities and have a positive impact upon the resident perception survey.
- 12.6 Members agreed that the concept was very good, simple to understand and would be key to encouraging a wider range of residents to get involved at a level to suit them.
- 12.7 The HdofH&CS responded that it was necessary to align existing formal panels with the Association's internal governance which had identified duplication and the aim of the RES was to have a clear focus.
- 12.8 The Interim Board Chair asked the Board Academy members for their comments and they agreed it had addressed previous duplication and was a simpler process which they were happy to work in tandem with.



- 12.9 A Member congratulated the HdofH&CS on the RES, recognising its potential and the scope of the groups' effectiveness. Other Members agreed stating it was exciting and welcomed.
- 12.10 The HdofH&CS stated that the plan was to launch the new resident portal, with the intention of producing a talk back panel, ensuring the right level of engagement had been identified based upon the feedback in the self-diagnostic tool on the resident portal.
- 12.11 The WGRM commented that the RES was a key driver for effective regulation and reminded Members of TPAS pulse, which the Welsh Government used to connect with the wider community of tenants.
- 12.12 The HdofH&CS advised new Members that the Tenant Participation Advisory Service (TPAS) had been involved in the development of the RES.
- 12.13 The Interim Board Chair thanked Members for their discussions and the HdofH&CS for a fantastic piece of work, asking Members for their approval of the RES 2017-2022.

Resolution: The Board approved the new Resident Engagement Strategy for 2017-2022.

13. B92.17/18 – Any Other Non-Confidential Business

- 13.1 There being no any other business – meeting closed at 19:33.

The Non Confidential Board finished at 19:33

Observers and Guests left prior to the Confidential Board Meeting

