



Agenda Item No B29.17/18
Board Minutes

Board Meeting – Tuesday 9 May 2017 – 1630, Meet 2, Nexus House, Newport

Present:

Members:

Jane Mudd	Chair
Nicola Somerville	Vice Chair & Chair of Remuneration Committee
Chris England	Chair of Audit & Risk Committee
Peter Gillon	
Iain Logue	
Suzanne Porretta	
Eddie Groves	
John Harrhy	
Val Delahaye	
Jayne Rose	Vice Chair of Audit & Risk Committee
Sally Mlewa	

In Attendance:

Ceri Doyle	Chief Executive (CEO)
Rob Lynbeck	Executive Director of Operations (EDofOps)
Tim Jackson	Executive Director of Finance & Resource (EDofF&R)
Andrew Sheen	Interim Head of Finance (IHdofF)
Claire Barley	Head of Strategy and Organisational Development (HdofS&OD)
Sharon Morden	Executive Personal Assistant (ExPA)
Rachel George	Head of Development & Regeneration (HdofD&R)
Johann Horton	Development Manager
Chris John	Business Improvement Manager (BIM)
Joanna Fairley	Governance Manager (GM)
Gill Sherman	Governance Officer (Minute Clerk)

Observers:

Ian Hibble	Welsh Government Regulation Manager
Cathy Bryant	ARC Support Member
Mal Doyle	Interim Head of Maintenance (IHdofM)
Alison Watkins	Governance Administration
Jonathan Conway	Community Relationship Manager

Academy Observers:

Margaret Roberts	John Hill
Mark Harris	Neil Upham
Janice Morgan	
Deb Loosemore	



- | AGENDA ITEM | ACTION |
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| 1. Welcome to Board Members and Observers | |
| 1.1 The Board Chair opened the meeting at 16:38 and welcomed Members, Observers and NCH Officers. | |
| 2. B1.17/18 – Apologies | |
| 2.1 Apologies were received and noted from Cissie Beal, and Members noted Nicola Somerville was en route. | |
| 3. B2.17/18 – Declarations of Interest | |
| 3.1 The CEO advised that all Board Members had an interest in Board Agenda item B20.17/18, however, it was not a disqualifying matter and it was appropriate for the Board Chair to lead. | |
| 4. B3.17/18 – Minutes of the meeting held on 8 March 2017 | |
| 4.1 Members agreed the minutes of the previous meeting held on 8 March 2017 as a true record. | |

Resolution: The Board approved the minutes of the 8 March 2017 meeting as a true record.

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| 5. B4.17/18 – Matters Arising 8 March 2017 | |
| 5.1 The Board Chair referred Members to the completed Matters Arising and asked Members for any other comments. The Board Strategic Planning Day (BSPD) date was confirmed following a query as Friday 16 June 2017. | |
| 6. B5.17/18 – Minutes of the Audit & Risk Committee (ARC) held on 21 March 2017 | |
| 6.1 The ARC Chair referred Members to the draft minutes of the previous ARC meeting held on 21 March 2017 for noting, and drew Members' attention to a number of recommendations and assurances. | |
| 6.2 The ARC Chair asked Members to note the limited assurances at Paragraphs 7.7 and 7.8 of the draft ARC minutes which referred to the audit report on fire risk assessment and asbestos. The ARC Chair went on to highlight the robust way in which Officers had responded to the findings in conjunction with the Association's internal auditors Mazars. | |
| 6.3 The ARC Chair reported recommendations to Board from the ARC at Board agenda items B11.17/18 Policy Review and B13.17/18 External Audit – Interim Management Letter and Audit Plan 2016/17 and recommended, following discussions, the Local Housing Allowance (LHA) as a topic for the BSPD. | |



- 6.4 The ARC Chair referred Members to the Assets & Liability Register which was a live document, currently being reviewed by Mazars prior to being recommended by ARC to the 18 July 2017 Board.
- 6.5 The ARC Chair concluded with the agreed new approach to the reporting of risk to ARC, paragraphs 11.1-11.9 which included “deep-diving” three strategic risks at each ARC, thereby covering across a year all the top risks of the Strategic Risk Register.
- 6.6 The Board Chair thanked the ARC Chair for his report and went on to thank Cathy Bryant, ARC Support Member for attending and her contribution as an ARC support member. There being no questions from Members the draft minutes were noted by Board.

Resolution: The Board noted the ARC minutes of the meeting held on 21 March 2017.

7. B6.17/18 - Share Membership

- 7.1 The Governance Manager (GM) asked Board to note the 1,488 current Share Members and that **NO** Share Membership applications had been received since the last Board meeting on 8 March 2017.

Resolution: The Board noted the current Share Membership and that NO Share Membership applications had been received since 8 March 2017 Board.

Nicola Somerville arrived at 16:50

8. B7.17/18 – Chair’s Report

- 8.1 The Chair and CEO had a positive meeting with Carol Kay and Ian Hibble following evidence given at the PAC meeting, one of the items discussed was the intention for Ian Hibble to present to Board the evolving performance standards and approach to regulation, a date for which was still to be confirmed.
- 8.2 The PAC visited the Association and had a short tour of Malpas to view external works to non-traditional homes and the positive outcomes of our investment, which demonstrated value for money resulting from public investment. The PAC also had the opportunity to meet residents of Pill and Ringland regeneration communities. This was an excellent opportunity for the PAC to appreciate the value of investment in our housing stock and value for money. The Board Chair went on to thank the participating residents.
- 8.3 The Board Chair reported to Members on recent correspondence from the Regulator which set out its six priorities:



1. Reclassification - to deliver a solution to reclassify housing associations.
2. Annual Judgements – to publish an annual Regulatory Judgement for every large housing association in Wales.
3. Transparency - to improve the quality and accessibility of information held by Welsh Government about associations.
4. Thematic reviews – to assist the sector’s understanding of its own performance, to promote and support improvement in performance. Looking at value for money from a tenant and social value perspective and a fresh review has been commissioned to undertake a governance progress report.
5. Preparedness - need for a robust Asset & Liability Register in place and robust scenario testing of Business Plans.
6. Regulatory Framework architecture - to ensure this remains fit for purpose.

Ian Hibble confirmed that these priorities would be the subject of his presentation to Board.

- 8.4 The Board Chair continued that the draft Compliance Statement continued to be reviewed and refined following feedback from Board at its last meeting, and awaited confirmation from Welsh Government (WG), of the finalisation of the Performance Standards. Members will be updated before presenting the draft compliance statement to WG.
- 8.5 The Board Chair reported that the Treasury & Refinancing Task & Finish Group had concluded, having met its original purpose, resulting in a Treasury Strategy and Policy agreed at the March Board. The Board Chair continued that the treasury position would continue to be monitored and, if required, a further task & finish group would be created to consider any future issues identified. The Board Chair asked and received confirmation that Members were content to close the group.
- 8.6 The Board Chair asked Jayne Rose and Suzanne Porretta for feedback on the Tai 2017 conference. Both Members reported on a successful and well attended event with opportunities to network.
- 8.7 Jayne Rose gave an informative update and concluded by detailing the work undertaken in relation to ACE, (Adverse Childhood Experience) and the work of the Princes Trust, who were looking for representatives from Newport. The Board Chair thanked both Jayne and Suzanne for attending on behalf of the Board and Jayne for her comprehensive overview.



- 8.8 The Board Chair congratulated David Roberts for reaching and coming second in the final of the Young Housing Professional, noting this was the third year the Association had reached the finals.
- 8.9 Members noted a further Minister's visit to Pill was scheduled for 17 May and was a follow up to a previous visit to view some of the issues being faced by the community.
- 8.10 The Board Chair advised Members that the Association was exploring the use of Digital Board Pack software. This would initially support the governance back office function and allow Members access to current and historical board papers via an "app".
- 8.11 Members noted that ARC had agreed to pilot the system at its June meeting. The ARC Chair would provide feedback to Board following the June meeting with a view to adopting this approach over the following six months.

**ARC
Chair**

Resolution: The Board noted the closing of the Treasury and Refinancing Task & Finish Group having completed its terms of reference.

9. B7.17/18 – CEO's Report

- 9.1 The CEO expressed her personal thanks to Members and the Executive for their support during her recent and unforeseen absence.
- 9.2 The CEO commenced her briefing noting that the Labour party had retained overall control of Newport City Council (NCC) and until notified by NCC, Councillor nominees would remain in place, and the Board would receive any update following the NCC AGM on 16 May 2017.
- 9.3 The CEO reported, as referenced by the Chair, that WG would consult on regulatory issues to be addressed through legislation from 8 May. The consultation would run for eight weeks and CHC would coordinate sector responses. The CEO asked Members to notify the GM with any comments that would support NCH's response. Members noted areas for consultation of:
- Constitutional and disposal consents eg any Rule changes and certain disposals currently requiring consent from WG.
 - Appointment of officers and managers to the Board eg this is understood to mean the ability to place Executive Directors on the Board of Management. Although the practice in England, WG has not given approval on this for Associations in Wales.
 - Local Authority nominations onto Association Boards and the golden share.

**BM
GM**



- 9.4 The CEO concluded that although there was no formal indication in relation to when legislation would be implemented, there was an expectation that implementation would take place in the summer of 2018.
- 9.5 A Member queried whether it was essential to give a collective response through CHC. The CEO responded that NCH's response would be submitted to CHC and WG. The CEO confirmed that a link would be sent to Members for information and any feedback. **GM/GO**
- 9.6 A Member queried whether responses would differ from different types of associations in the sector. The CEO confirmed she anticipated there would be a distinct difference between responses from traditional housing providers and large scale voluntary transfer (LSVT) associations.
- 9.7 The CEO thanked Members and residents who took part in the recruitment for the Head of Finance (HdofF) and Head of Maintenance (HdofM), the results of which will be communicated shortly. **CEO**
- 9.8 The CEO confirmed the results of the last staff survey had been collected and following publication to staff, would be published in an Appendix to the September 2017 KPI report. **BIM**
- 9.9 The CEO referred to a resident's complaint letter, addressed to individual Board Members and which had been forwarded by the GM electronically to each Member. The complaint had been formally lodged with the business by the resident and, in accordance with the complaints processes and procedures, was being fully investigated and managed by an independent manager. Members noted an acknowledgement of receipt had been sent to the complainant, which will be followed by a response on behalf of Members by 19 May 2017. Board Members would be notified following investigation and prior to the formal response being sent to the complainant.
- 9.10 The CEO reported that with work starting onsite in Pillgwenlly last month, there had been a number of high-profile publications in the trade press, namely Inside Housing, 24 Housing and Western Mail. Locally, there has been positive wide coverage received from the South Wales Argus, which was making a marked difference in redefining the narrative of Pill. Members noted the GM/GO could provide Members with Pill media coverage upon request.



- 9.11 Following a successful meeting with the Executive Director of Operations and the new editor for the South Wales Argus, there had been a step-change in the coverage now received. The South Wales Argus was keen to work with the Association on its developments for Newport, notably, Pillgwenlly, Ringland and Glen Court.
- 9.12 The CEO confirmed the Spring's Bridge Brief had been produced and distributed, with resident feedback being positive.
- 9.13 The CEO concluded her report with social media having reached 20,120 people. A recent focus by the Communications team in developing the Association's role in celebrating the cultural history of the city, saw social media articles on religious festivals, which had been supported by the equalities working group.
- 9.14 The Board Chair thanked the CEO for her brief and asked whether the Association had responded to the Rainbow Newport March in summer. The HdofS&OD stated that some linked work had been undertaken along with sponsorship of an event and a proposed presence at the march.
- 10. B8.17/18 – Qtr 4 Management Accounts (Year End) including Quarterly Treasury Report**
- 10.1 The Interim Head of Finance (IHdofF) referred Members to the Management Accounts for the period ended 31 March 2017, which showed a surplus of £4.9m compared to the budgeted surplus of £2.9m. The IHdofF continued that work was still in hand for the final end of year figures, which would be reported to the Board following review by the external auditors.
- 10.2 The IHdofF went on to report on a number of variances.
- 10.3 Total voids were £475,000 adverse to the budget due to demolished properties not being reported previously.
- 10.4 Overall expenditure was favourable, with a lower than budgeted spend in areas such as the Duffryn boiler due to this being out of operation as a result of technical issues and relationship management with British Gas which was now resolved.
- 10.5 Other costs showed a delay in spend for the implementation of Welsh Language which would be carried forward to the following financial year. The IHdofF drew Members' attention to section 8 of the report which detailed the three areas of planned maintenance, remodelling estates, and new development which were in line with the current



business plan. Reactive and voids maintenance were both showing favourable results for the period. The IHdofF concluded by asking Members for questions.

10.6 A Member had two items of concern, firstly what was the position of insurance claims in respect of tree surveys not being completed due to the inability of the contractor to cope with the workload. Secondly the underspend on estate caretaker costs, which he assumed was due to efficiencies. The Member stated his preference would have been for the underspend to have remained in the estate budget.

10.7 The EDofOps was unable to give the Member full details on the tree survey point and agreed to respond back to the Member upon investigation.

EDofOps

10.8 In relation to the estate caretaker savings, the CEO advised that the recent restructure meant the Association did not have the resources to ensure the effective use of the underspend, however, with a full complement now in place the points raised by the Member would be addressed.

10.9 A Member queried why there was an underspend on community engagement, the EDofOps responded that it was not due to a lower level of resident engagement but rather taking opportunities to work in partnership on joint engagement events thereby sharing facilities and reducing costs.

10.10 A Member confirmed that he believed the appendix to be, in commercial terms, a good set of accounts.

10.11 A Member asked for a breakdown of the under spend on page 37, reactive maintenance and queried whether this was due to efficiencies in reactive maintenance and was an underlying piece of good news.

10.12 The EDofOps stated that costs had been driven down as a result of implementing clear cost centres covering non-reactive repair matters, with clear budget manager responsibilities which avoided spend and delivering more maintenance work in-house. The EDofOps concluded that as a result the Association could seek to improve processes and efficiencies still further in an effort to drive costs down. Members noted that internal processes had been refined to stop spend creep.

10.13 A Member queried the under spend on electrical testing due to non-access and what could the Association do to address this. The EDofOps stated that the Tenancy Management team get involved in



these circumstances and can serve notice to gain access and had the ability to undertake more aggressive action if required.

- 10.14 The IHdofF concluded with details on Treasury, found at section 7 of the report.
- 10.15 A Member expressed concern that a single investment over £10m had been invested with one lender, contrary to the Association's current Investment policy. The Executive Director of Finance & Resources (EDofF&R) stated that this was as a result of the Treasury Policy approved in February which introduced the £10m limit, and work was being undertaken to address this as a matter of urgency.
- 10.16 The EDofOps provided information to support Section 8 of the report and reminded Members of the move to a three year rolling programme which had resulted in £7m planned maintenance spend currently on site, with £10m on current works, remodelling and negotiations and a further £4m on site acquisition. Members noted the three year rolling programme approach had provided greater capacity to move within the programme should one project's timing slip, allowing another project to be commenced and by forecasting three years in advance would support future investment and provide better returns.
- 10.17 A Member expressed concern on the current interest rates for lending and, although he recognised the treasury task and finish group had concluded and NCH was unable to change its financing arrangements in the short term, this area needed to improve by investing the cash we hold where possible in other assets.
- 10.18 The EDofF&R responded that there was a need for longer term forecasting and to understand how quickly that money is used, eg, in accordance with the current cash flow forecasts, Appendix 3 showed the £40m currently held as cash, would drop to approximately £8m by March 2020. The EDofF&R continued that by having better cashflow information there was an opportunity to make investment decisions based upon firm financial figures.
- 10.19 The Member accepted that change could not be made overnight, but emphasised this was one of the most important things the Board was required to consider and monitor going forward. The EDofF&R confirmed that the Association was reviewing its development opportunities, and related cash flows to understand the potential for further investment of its cash balances.



- 10.20 The Board Chair thanked the IHdofF and asked Members, if content to approve the Management Accounts.

Resolutions:

- 1. The Board approved the Management Accounts for the period ended 31 March 2017 for Lender and Welsh Government review.**

11. B9.17/18 – Qtr 4 Performance Indicators & Performance Framework 2017/18

- 11.1 The Business Improvement Manager (BIM) stated that the report was in two parts, the first providing Members with Quarter 4 performance (Jan-Mar 2017) and, the second, the proposed Key Performance Indicators (KPI) for 2017/18. The BIM asked Members for their comments, observations and questions. None were received.
- 11.2 The BIM reminded Members that the proposed KPIs were identified at the February 2017 Board KPI Workshop, and progress would be reported back to Board twice yearly, in October for a midterm review and again in February in accordance with the existing corporate plan.
- 11.3 A Member queried number 17 of Appendix 1, Repairs right first time, and based upon all the effort already gone into producing processes he believed the Association should be in a better position than the figures stated. He queried how the Association compared with “norms” for the sector. The CEO stated the figure did not reflect where she would want the Association to be at this time, and was below the “norm”. However work with the Customer Experience teams, the introduction in the autumn of the new portal, continuing to work with residents and using this multi-facet approach should, in a year’s time show improvements. The Interim Head of Maintenance (IHdofM) stated that areas for improvement had been defined, actions were in place and by making a distinction between what was a first time fix and what by its very nature will always require more than one visit would see improvements.
- 11.4 The Member continued that considering the amount of previous effort and resources put into this it was disappointing that performance remained at this level. The BIM assured Members that improvements in right first time remained a priority in repairs and other service areas and actions were already in place through the Service Improvement Programme to support Corporate Plan objectives to improve customer service.



- 11.5 The EDofOps appreciated the Member's frustration, which he shared, stating that work was being undertaken on the no access issue which currently counts as a "not right first time" and the balance of "satisfaction of maintenance" and "right first time", two measures that required further analysis.
- 11.6 A Member queried the detail on page 56 and questioned the formatting of the table. The BIM apologised for the error and confirmed this would be amended accordingly. **BIM**
- 11.7 The Member went on to query the item on page 51, the percentage of homes occupied showing 97% occupied which seemed at odds to the Management Accounts report of 110 strategic voids and asked for clarification. The Member continued that apart from this clarification point, the figures showed good performance when taken into the context of where it started. The BIM confirmed that the percentage of dwellings not in occupation included strategic and routine voids and that the next Performance Proforma report would include a description of each KPI to provide clarity on each measure. **BIM**
- 11.8 The Board Chair asked Members if they were content to note performance for 2016/17, approve the Performance Proforma for 2017/18 and the proposed KPIs, subject to amendment, for 2017/18.

Resolutions:

1. **The Board noted performance for 2016/17 against the strategic performance indicators.**
2. **The Board approved the approach for Performance Proforma for 2017/18.**
3. **The Board approved, subject to amendment, the proposed KPIs for 2017/18.**

12. **B10.17/18 – Modern Slavery Act Statement**

- 12.1 The HdofS&OD asked Members to support and approve the NCH Modern Slavery Act Statement for publication on the NCH website, in accordance with the Modern Slavery Act 2015.
- 12.2 The HdofS&OD continued that this new legislation required a statement as a landlord, employer and procurer of contracts to combat slavery and human trafficking by demonstrating due diligence and appropriate internal management and monitoring checks. The GM confirmed that assurance monitoring of this would be reported to Board via the ARC.
- 12.3 A Member queried how far down in the procurement process did the Association intend to go, eg sub-contractors. The CEO responded that currently the Association had two types of contract and there would be



a financial cost if controls were tightened on sub-contractors, which was currently managed by the prime contractor. The CEO added that should the Association choose to change its current approach, the new procurement approach for contracts would be reported back to the Board and the Association would continue to utilise the services of internal audit and undertake spot checks to ensure compliance.

- 12.4 Following Member discussion it was agreed that even as a social business there had to be realism as to how far down the supply chain the Association could wield influence. Members agreed the need to be watchful of what was happening on the ground and on site, taking all staff and residents seriously if anything did not look and feel right. Continuing engagement with the community would assist in enforcing this message and encouraging residents to report their concerns.
- 12.5 The Board Chair thanked Members for their discussion and asked whether content to approve the Statement for publication.

Resolution: The Board approved the NCH Modern Slavery Act Statement for publication on the NCH website.

13. B11.17/18 – Policy Review: Whistleblowing; Fraud; Anti-Bribery and Anti-Money Laundering

- 13.1 The IHdofF requested Board to note the recommendation from the ARC for the four policies - Whistleblowing; Fraud; Anti-Bribery and Anti-Money Laundering.
- 13.2 The IHdofF continued that no updates were required to the four policies, there being no legislative changes since the last review in June 2016. The Board Chair asked Members if they were content to note no changes were required to the four policies.

Resolution: The Board noted that no changes were required to NCH policies following the ARC's review on 21 March 2017.

14. B12.17/18 – Business Transformation Programme Update

- 14.1 The Executive Personal Assistant (Ex PA) referred Members to the Accommodation Review highlighting the recent appointment of two experienced project managers who were currently working on an investment appraisal report for July Board. Members noted that negotiations continued in respect of the Old Town Dock. The Ex PA invited questions before moving to the next item of the report. None were received.



- 14.2 The Ex PA continued by referring Members to the Customer Service Review. Members noted that the appointment of the Customer Experience Manager and how fundamental the new customer standards would be to the resident portal, due to be launched in autumn 2017 in conjunction with the city centre opening. The Ex PA invited questions before moving to the next item and none were received.
- 14.3 The Ex PA informed Members that the Restructure was on target to complete by the end of May. An evaluation project had been established which captured learning and formed part of the Lead, Manage and Coach Development Programme, ensuring managers were equipped with the right tools to engage, support and develop teams through significant periods of positive change. A further two CEO/Staff meetings were scheduled for September 2017 to give staff further opportunity to question outcomes of the restructure and staff survey.
- 14.4 Members discussed the effect the restructure had upon staff and was reassured that the majority of uncertainty had now gone. The CEO responded that she was pleased with the results of the staff survey which had just been received, and which reported more than 50% of staff were happy with their manager and their role, despite the restructuring, albeit she had understood staff frustration with the length of time taken to complete the restructure.
- 14.4 The HdofS&OD confirmed that a number of new posts had come about as a result of the restructure, some of which gave promotional opportunities to existing staff.
- 14.5 The Ex PA continued with the Recognition and Reward Review and confirmed the scope had been widened as a result of a number of issues being identified during completion of the restructure. A consultant would be appointed to provide independent advice on a range of Recognition and Reward issues which would impact upon the original Remuneration Committee (RC) reporting timetable.
- 14.6 The Ex PA concluded with plans for the Income and Cost review. Members noted that an update of the review would be presented to the July Board.
- 14.7 The Board Chair asked Members to note if content.

Resolution: The Board noted the progress on the Business Transformation Programme Work Streams.



15. B13.17/18 – External Audit – Interim Management Letter and Audit Plan 2016/17

- 15.1 The IHdofF reported on the Interim Management Letter and the Audit Plan for 2016/17 from Haines Watts Wales LLP, external auditors and requested Members note for information.
- 15.2 The IHdofF continued that the interim external audit by Haines Watts Wales LLP in Nov 2016 gave a conclusion of “adequate” for accounting arrangements that were tested and systems and controls for financial records were being operated correctly. Haines Watts also noted Mazar’s internal audit reports and raised no additional recommendations. The IHdofF concluded by advising that the external auditors were on site next week.
- 15.3 The Board Chair asked for any comments and whether Members were content to note.

Resolution: The Board noted the information contained in the External Audit, Interim Management Letter and Audit Plan 2016/17.

16. B14.17/18 - Any Other Business – Non Confidential

- 16.1 There being no any other non-confidential business this element of the meeting closed at 18:21 with the Board Chair thanking residents, observers and staff.