



Agenda Item No B67.18/19
Board Minutes

Board Meeting – Tuesday 11 September at 17:30 Nexus House, Newport

Present:

Members:

Nicola Somerville	Board Chair
Chris England	Audit & Risk Committee Chair
Jayne Rose	Audit & Risk Committee Vice Chair
Janice Morgan	
John Harrhy	
Alex Stephenson	
Kevin Ward	

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 and Procurement (HdofF&P)
Sharon Wilkins	Head of Housing & Customer Services (HdofH&CS)
Rachel George	Head of Development & Regeneration (HdofD&G)
Simon Andrews	Head of Property (HdofP)
Chris John	Business Improvement & Performance Manager (BI&PM)
Sharon Morden	Business Transformation Manager (BTM)
Beverley Flood	People & Change Manager (P&CM)
Gill Sherman	Senior Governance Officer (Minute Clerk)

Observers:

Christian Cadwalader	Observer
Guy Stenson	Observer
Alison Johnson	Community Relationship Officer
Alison Watkins	Governance Assistant
Alexandra Phillips	Property Accountant
Luke Davis	Regeneration and Delivery Manager
Peter Walters	Share Member/Resident
John Hill	Scrutiny Partnership
Neil Upham	Board Academy
Margaret Roberts	Scrutiny Partnership

AGENDA ITEM**ACTION****1. Welcome to Board Members and Observers**

- 1.1 The board chair opened the meeting at 17:35 and welcomed board academy, scrutiny partnership members and observers.

2. B45.18/19 – Apologies for absence

- 2.1 The board noted apologies from Jane Mudd, Helen Taylor, Cathy Bryant, Ian Hibble, Welsh Government Regulation Manager (WG RM) and Joanna Fairley.

3. B46.18/19 – Declarations of Interest

- 3.1 The board noted that no declarations of interest had been received.

4. B47.18/19 – Minutes of the meeting held on 17 July 2018

- 4.1 The chair referred members to the non-confidential minutes of the previous meeting and asked members to review and agree the non-confidential minutes as a true record.
- 4.2 The CEO reminded, and asked members to note, the two non-material changes to the financial statements communicated to members on Friday 7 September 2018 that related to paragraph 21.11 of the minutes.
- 4.3 There being no queries or amendments, the board approved the 17 July 2018 minutes as a true record and noted the two non-material changes to the financial statements.

Resolutions:

1. The board approved and signed the minutes of the 17 July 2018 meeting as a true record.
2. The board noted the two non-material changes to the financial statements.

5. B48.18/19 – Matters Arising

- 5.1 The board chair asked members to note the one completed and two ongoing matters arising.

Resolution: The board noted the two ongoing and one completed matters arising.

6. B49.18/19 – Governance: Share Membership

- 6.1 The executive director of finance & resources (EDofF&R) requested members note that no new share membership applications had been processed in accordance with the 30 day non-processing of applications prior to the Annual General Meeting (AGM).



- 6.2 The EDofF&R went on to refer members to note the “live” membership of 201 and a total of 2,045 cancelled share members.
- 6.3 The EDofF&R concluded, before taking questions, by requesting members note the completion of the share membership administration exercise.
- 6.4 The senior governance officer (SGO) confirmed, following a member’s query, that share members were asked to respond by telephone or e-mail if they wished to remain share members by a cut-off date in line with the process previously agreed by board.

Resolutions:

- 1. The board noted the live share membership.**
- 2. The board noted that no share membership applications had been received.**
- 3. The board noted the completion of the share membership administration exercise.**

7. B50.18/19 – Chair & CEO Overview

- 7.1 The chair and CEO asked members for any questions or points of clarification relating to the chair’s overview.
- 7.2 The chair asked board members Janice Morgan and Jayne Rose, who attended the 20 August 2018 Talkabout meeting as observers, for any feedback.
- 7.3 The members’ feedback covered their views on how Talkabout works, and confirmed that 12 new residents attended providing an opportunity for the board member to hear directly from residents.
- 7.4 The head of housing and customer services (HdofH&CS) explained that residents were asked to test the self-evaluation, which would be fed into the mid-term self-evaluation and reported back to board. The HdofH&CS added the next Talkabout would be on 20 September 2018 and would discuss the affordable housing review and impacts upon the rent policy.
- 7.5 There being no further questions, the chair thanked the members for attending and sharing their thoughts on the Talkabout session.

Resolution: The board noted the chair & CEO overview

8. B51.18/19 – Quarter 1 Management Accounts

- 8.1 The head of finance & procurement (HdofF&P) referred members to the new management accounts format which provided a summarised

commentary on financial performance and management accounts for the quarter ending 30 June 2018.

- 8.2 The HdofF&P reported on the management accounts at appendix 1, which was being presented for member's consideration in the new format as agreed at the July 2018 board. The HdofF&P continued that the new Income & Expenditure (I&E) appendix represented the structure of Newport City Homes (NCH), and the old format had been included for information purposes only and would not be included in future management accounts.
- 8.3 The HdofF&P continued that the new management accounts covered the I&E, balance sheet and capital schedule, a dashboard which drilled down into financial performance and a treasury schedule which pulled data and performance information together for ease of reference.
- 8.4 The HdofF&P referred members to the quarter one position which showed a surplus of £1.5m compared to a budgeted £1.5m deficit for the period. The HdofF&P continued that net income was slightly above budget for the period, with routine voids being over budget due to essential H&S work being undertaken, and strategic voids being over budget due to delays in previously reported schemes in Somerton, Pill, Cot Farm, and Ringland.
- 8.5 The HdofF&P continued with appendix 7 which provided bad debt analysis by types of activity with rental income equating to 40%, and was broken down as Universal Credit (UC) and non UC for current and former tenants. The HdofF&P reminded members that a deep dive on UC was considered by the ARC at its June 2018 meeting and a further update was due at its November 2018 meeting.
- 8.6 The HdofF&P referred members to appendix 8 which covered staffing and provided an analysis of staff budgets with quarter one being slightly below budget by £63k due to vacancies.
- 8.7 The HdofF&P continued with appendix 9, maintenance services which showed a £236k underspend, showing the move from external contractors to internal DLO delivery. Planned maintenance was at £10.2m, showing a £0.5m underspend for quarter one.
- 8.8 The HdofF&P referred members to appendix 10, Development and Regeneration programme (D&RP) showing at £25m; with an underspend of £7.6m behind budget for quarter one, the details at paragraph 8 of the report and at B62.18/19. A reforecasting exercise for the (D&RP) budget will be reported to board at quarter two.

- 8.9 The HdofF&P continued with appendix 11 which gave an analysis of performance against contract for the (D&RP) schemes on site. The pie chart shows land banking/purchase of land activity to date. The sale of fixed assets was ahead of budget at quarter one due to five properties being sold as a result of the Right to Buy (RTB) scheme, which was expected to continue throughout the year.
- 8.10 The HdofF&P concluded, before taking questions and feedback, that the association was fully compliant with loan covenants and the treasury policy and referred members to appendix 12, Treasury, which showed the cash balance of £38m at the end of period.
- 8.11 Members agreed that the new format was good and was a work in progress which provided a total package of information that helped the board understand the picture in relation to performance without having to refer back to previous reports.
- 8.12 A member commented on maintenance costs and queried whether this would be achieved by a drop in maintenance standards. The head of property (HdofP) agreed it was a challenging target which would be achieved through the transfer from external contractors to the internal DLO, and not by a drop in standards. The CEO added that the association's objective was to be within the range of the average cost of HA spending for maintenance across the sector, whilst keeping stock attractive to residents. The member commented on the amount of savings and the need for time to transform, the EDofF&R confirmed whilst the budget for planned programmes was lower than it had been historically that the full amount had not been spent in previous years, whereas now the association was spending close to the full budget each year.
- 8.13 The people & change manager (P&CM) responded to a query on staff turnover which had not gone up but remained low, and reported on recruitment and the high number of applicants received for certain jobs, particularly in respect of trades. The P&CM concluded that whilst using a wide and varied range of services for recruitment, eg job centre, job clubs, web etc, the association was still faced with the same challenges as the sector in particular markets.
- 8.14 The head of development and regeneration (HdofD&R) responded to an enquiry from the D&RP appendix 10, stating that Cot Farm had had a major impact upon budget as a result of scheduling for onsite activity in May 2018, but actually not being on site until September 2018. The CEO added that as a maturing "developing" association, NCH was still

learning and phasing would improve both scheduling and budget profiling with experience.

- 8.15 Members commented that appendix 11 was very helpful in seeing the project picture but there were still areas that required verbal explanation for clarity. The executive director of operations (EDofOps) responded that appendix 11 reflected the current best spend profile when considered against a range of reasons for onsite delays, eg bats onsite. The EDofF&R confirmed that it would not cause a problem with covenant compliance this year if the budget slipped into next year, but would be worse if the budget were spent quicker than planned, and assured the board that prudent planning was adopted on the timing of cash flows to reduce the risk of failing to comply with covenants.
- 8.16 Members queried whether contracts could be accelerated rather than pushing everything back and incurring the subsequent delay. The EDofOps responded there was no need to accelerate at the moment, and reminded members that some contracts were accelerated and re-organised last year to stay on track, with the original contract completed. The EDofOps concluded that further information would be provided at B62.18/19.
- 8.17 Members discussed the usefulness of the new format, the historic information and patterns emerging for performance and management information. The CEO concluded by asking members to provide any comments or suggestions to the governance team for further exploration and, where possible, inclusion in future management accounts.

**Board
members
Gov team**

Resolutions:

1. The board noted the newly proposed formatting of the management accounts and provided feedback.
2. The board approved the management accounts for the period ended 30 June 2018.

9. B52.18/19 - Quarter 1 Key Performance Indicators

- 9.1 The business improvement & performance manager (BI&PM) referred members to the key performance indicators (KPI) for quarter one April-June 2018. The report included resident satisfaction KPIs and showed a slight fluctuation between the fifth and sixth survey results with appendix 3 providing actions and progress.
- 9.2 The BI&PM continued that appendix 3 contained an update on the previously reported improvement actions. Acknowledging that changing resident perception was challenging and took time, SMT



were developing transactional satisfaction measures to enable the understanding of specific improvement actions on resident satisfaction.

- 9.3 UC continued to have an impact upon rent arrears, and the ARC had undertaken a full review of the UC risk at its June 2018 meeting with a further report going to the ARC in November 2018.
- 9.4 The BI&PM concluded, before taking questions, by confirming that the “rag” rating aligned to self-evaluation and highlighted a typing discrepancy for new homes in the development pipeline showing two figures of 572 and 472, the correct figure being 472.
- 9.5 The head of housing and customer services (HdofH&CS) responded to a query on the definition of the financial inclusion activities, at paragraph 8.2, which was a range of activities undertaken with residents in support of benefits, how to open bank accounts, manage payments etc.
- 9.6 A member queried the confidential nature of surveys, stating the name and address of the resident was on the actual survey. The BI&PM responded that all surveys went out with resident name and address on the envelope and not the survey to ensure confidentiality. The BI&PM would investigate and report back to the member.

Post meeting note: *The member confirmed that the resident's name and address were on the envelope and not on the survey. No further action required.*

- 9.7 A member questioned whether the association was moving in the right direction in respect of resident satisfaction as the action plan, whilst in place, appeared to not be addressing the issues and questioned whether the board were satisfied with the target for improved satisfaction.
- 9.8 The BI&PM responded that this was the sixth perception survey across 18 months which had shown a flat line trend. Improvement actions had not, at this stage, resulted in an improvement in overall satisfaction, as measured by the perception survey. The BI&PM confirmed that improving satisfaction remained a priority and that the feedback from operational transactional surveys was also helping officers identify additional actions to improve satisfaction.
- 9.9 The CEO highlighted the customer service evidence of improved satisfaction with transactional activities, eg in-house trades scored high with residents and there had been an increase in positive feedback for

the city centre office, @195. The CEO continued that the association was not seeing a similar correlation between improvement and resident perception. Members noted that the association was looking at high performing HAs to identify best practice across the sector.

- 9.10 A member queried what was meant by transactional survey and the BI&PM responded that a customer satisfaction response was taken at the point of delivery of a service as opposed to the perception survey which does not relate to the delivery of a specific service. It was confirmed the transactional surveys would be in addition to the perception survey and not instead of.
- 9.11 The CEO added that work to determine what should be included in post 2020 KPIs may be up for discussion at the next BSPD. A member responded that resident satisfaction was the only evidence and information provided to give board assurance. The CEO concluded that if the board required other forms of assurances these could be looked at.
- 9.12 The chair raised a query on the low figure for on line resident engagement figures, and the HdofH&CS responded that nearly 10% of residents had signed up to a portal account to date, and that this constituted a significant achievement within 6 months of operation. The resident portal offers limited functionality at the moment, in terms of access to rent accounts and information, this was being developed further by introducing new service requests, to be launched later this year. Work was also being carried out internally to look at the reactive repairs reporting and appointments process, before this service can be brought into the resident portal.
- 9.13 The HdofH&CS explained that the association continues to promote new portal accounts at every opportunity, and refreshing core data to ensure that it holds all the required information for residents to become portal ready, eg the resident's name, D.O.B. and an email address. In addition to on-line activity made through the resident portal, the association is seeing a significant increase in on-line service requests and web-chats.
- 9.14 The HdofH&CS continued there was a two pronged approach to target residents who were portal ready and the assurance that data available on remaining residents was correct. The portal account currently offered a limited service, but there had been a growth in the email service requests, showing 700 on line requests across the period since launch.

- 9.15 The HdofH&CS concluded that the 25% target for the end of the financial year was on track when considered against the recent increase as a result of a social media campaign, and the proposed new on line services, which would make the portal more attractive to residents and see a steady increase in portal users.
- 9.16 The chair referred to the 67.73% satisfied with how resident enquiries were dealt with, and asked what was being done to improve on this figure. The HdofH&CS responded that as part of the customer service standard commitment and the management of enquiries, data on the operational level of calls was being collated to identify themes. The HdofH&CS continued that residents found staff friendly and helpful, however it also highlighted that the association was less good at keeping residents informed of timescales for resolution. The HdofH&CS continued that the Scrutiny Partnership would play a key role in providing assurance to the ARC and board on the effectiveness of resident engagement.
- 9.17 A member stated that residents felt calls were still taking too long to be answered. The HdofH&CS responded that when fully resourced, calls were being answered within a much lower timescale. However, due to periods of staff absence and turnover, call answering times increase, particularly across peak times. The HdofH&CS continued, that working with the P&CM, and following a successful recruitment campaign, the resident services team were now fully resourced. To smooth out the call peaks, a local agency had been sourced to provide call handlers at short notice to ensure residents do not experience a dip in performance.
- 9.18 A member stated that the digital web chats were very good and queried whether actions were being followed up. The HdofH&CS confirmed that on completion of web chats, actions were created as cases on CRM along with outcomes. The HdofH&CS continued that whilst case management was a new system, the tracking of progress for each case is monitored to ensure it is dealt with quickly and the resident kept informed.
- 9.19 The HdofH&CS confirmed that the telephony system included a message service informing residents that it was easier and quicker to go on line and use web chat rather than wait on the phone, but acknowledged there was a culture change needed to transition to a digital first approach.

- 9.20 The CEO added that the association still continued to receive calls that had been diverted by Newport City Council (NCC). The CEO continued that whilst there was an in principle agreement put in place to stop these calls there were still high numbers being diverted and continuing partnership work with NCC would help to resolve this.
- 9.21 A member questioned whether the service standards expectations were completely clear to residents, if residents were fully aware of them it may change their perception. The HdofH&CS responded that the service standards were a key to holding the association to account, and had been launched in March 2018 and were due to be considered by the Scrutiny Partnership as part of the mid-term evaluation.
- 9.22 Members discussed the number of calls received, the queuing systems, and the capture of data relating to the purpose of calls, which the current system was unable to provide. The HdofH&CS responded that during the last quarter 8,000 calls were received, many of which were false diversions from NCC, the current call system was unable to provide information on the scale and type of call whilst in the queue, but samples were being collected manually from staff.
- 9.23 Some members expressed concerns at the proposed use of agency staff to cover periods of absence and peak times, believing it was not the most cost effective method and questioned whether resource levels had been correctly set. The CEO responded that it was a balance, the board agreed digital engagement objectives in July 2018 and there was a positive drive for on line enquiries. The CEO continued that following the completion of the restructure 18 months ago, resources were moved to front end resident resolution with a number of specialised back office staff in support of front end service delivery.
- 9.24 The chair brought discussions to an end, and asked members if they were content to note the KPIs.

Resolution: The board reviewed and noted the performance indicators.

- 10. B53.18/19 – Regulation – Performance Standards Compliance Statement 2018**
- 10.1 The EDofF&R requested the board review, consider and approve the draft performance standards compliance statement at appendix 1. The EDofF&R continued that, subject to the board's approval, the performance standards compliance statement would be formally passed to the WG RM, who would use the information alongside other data to make a judgement on the association.

- 10.2 The EDofF&R concluded, before taking questions, that the draft performance standards compliance statement had been based upon last year's statement and had been reviewed and updated, and had received positive feedback from the WG RM. A further meeting with the WG RM was scheduled for September 2018 with the chair and CEO.
- 10.3 A member queried the "stock tours" and the EDofOps stated board members were welcome to join new staff on the stock tours, which travelled across all the association's estates. The CEO added that any board member who wished to avail themselves of a "stock tour" should contact the governance team who would make the necessary arrangements for the next staff stock tour. **Board Members Gov team**
- 10.4 Members discussed the new data quality post which would align with the service review and the culture changes required for the capture of data, and build upon the risk identified at the ARC.
- 10.5 The chair concluded that it was a great document which reflected upon the amount of work and activities undertaken throughout the year and thanked both the EDofF&R and the governance & compliance manager (G&CM) for their work.

Resolutions:

1. The board approved the draft performance standards compliance statement at appendix 1.
2. The board noted that the draft performance standards compliance statement would be shared with the WG RM to inform part of the association's regulatory judgement.

11. B54.18/19 - Annual Risk Management Report

- 11.1 The BI&PM referred members to the annual risk management report which provided the board with assurance that the association's risks were managed effectively. The BI&PM continued, before taking questions, by reminding the board that it received, through the ARC's minutes the register containing the major risks facing NCH and the detail of the in-depth risk reviews undertaken by the ARC. The BI&PM asked the board to note the major changes in the operating environment, the materialisation of major risks across the last twelve months, review the risk register at appendix 1 and comment as to whether risks had been correctly assessed.
- 11.2 The chair asked the ARC chair to explain the relationship between the board and the ARC. The ARC chair responded that the ARC consisted of five members and was a tool of the board in providing confidence

and assurance that risks were being effectively monitored and managed, understanding that risks were not always bad and in recent months, linked closely with the scrutiny partnership.

- 11.3 The BI&PM responded to a query as to scoring of impact and probability, the detail of which was set out in the risk management framework, which formed part of board member induction and would be added to the knowledge area of BoardPacks for members' reference. **BI&PM
Gov team**
- 11.4 The chair questioned whether there was a need to bring all of the risks, rather than just high level risk to board, and asked what was being done to mitigate the impact on risks. The BI&PM responded that the top risks were included in the ARC minutes and in the ARC annual report to board and it was important that in the annual risk report that board saw the full risk register to understand the association's full risk exposure. The BI&PM continued that where a risk was highlighted by the ARC as an area of concern, further scrutiny would be undertaken. The EDoff&R added that annual scrutiny by the board of risks was a further layer of assurance that risks were being assessed effectively.
- 11.5 The BI&PM responded to a question from the chair in respect of project risk, stating that each project had its own risk details, including controls, which were risk assessed and mitigated through routine project management. However, if a project risk posed significant risk then projects risk are escalated to the NCH risk register.
- 11.6 Following a discussion on the risk picture and the challenge undertaken at the ARC, where different risks impact in different ways, a member questioned whether mitigation actions should be seen at the board. The CEO advised that if deemed necessary the relationship between the ARC and board could be reviewed. Following discussion, it was agreed that the risks would be presented in four different categories, to one board observer to support his induction, eg financial, legal & regulatory, growth and residents. **BI&PM**

Resolutions:

1. The board noted the major changes in the operating environment.
2. The board noted the materialisation of major risks in the last twelve months.
3. The board reviewed the risk register for missing or inaccurately assessed risks.
4. The board noted the in-depth reviews of the major risks undertaken by the ARC.



12. B55.18/19 - Equality and Diversity – update

- 12.1 The P&CM provided members with a summary update on equality and diversity (E&D) following board training in April 2018, requesting members note the ongoing work on the revision of the existing policy and the aspiration to achieve the independent Quality in Equality & Diversity (QED) award with Tai Pawb.
- 12.2 The P&CM concluded, before taking questions, by asking members to consider the appointment of a board E&D champion to support the work of the E&D working group.
- 12.3 It was noted by members that retiring member, Jane Mudd was currently the board E&D champion, and Guy Stenson volunteered to be the board's E&D champion following Jane's retirement.
- 12.4 There being no questions, the chair thanked Guy Stenson for volunteering and asked members to note the completed progress and the ongoing work and aspirations for E&D.

Resolutions:

1. The board noted the completed progress under the current E&D framework.
2. The board noted the ongoing work to revise the E&D policy.
3. The board noted the aspiration to achieve from Tai Pawb the independent QED award.
4. The board noted that Guy Stenson would be the board E&D champion.

13. B56.18/19 – Business Transformation update

- 13.1 The business transformation manager (BTM) referred members to the mid-term evaluation of the business transformation portfolio (BTP).
- 13.2 The EDoff&R provided members with a refinancing update, which was still on target to complete in December 2018, and the intention to provide a significant paper for the November 2018 board. The EDoff&R continued that prior to the November board a further treasury task and finish group (TT&FG) would be held and it was anticipated that a special board meeting may be required in December 2018 to approve, subject to agreements at November 2018 board, formal documentation. The EDoff&R concluded before taking comments and questions, that progress on refinancing was good and there would be a better understanding of the timing for the next steps over the coming weeks.
- 13.3 A member stated that the board had supported the transformation of the DLO even though it was a high risk. The member further asked how often a review would take place to ensure the association

continued to make the right decision in resourcing maintenance in a fluctuating market.

- 13.4 The HdofP responded that it was not the association's intention to resource to cover 100% of maintenance work, particularly in light of the upward cost trends but would be looking to resource between 70-80% internally with the rest covered by external contracts, with an expectation to review this at approximately 18 month intervals.
- 13.5 The member raised the previously developed apprenticeship scheme which had been taken over by external contractor resource. The HdofP confirmed and provided the member with assurance that a similar apprenticeship scheme was being put in place which would increase the workforce.
- 13.6 The CEO reminded members of the deliberations when first setting up the BTP and the requirement to report an update at each board to provide assurance against risks. The CEO continued that as the BTP had demonstrated, it was well managed and risks mitigated, whether now was the time to consider aligning the BTP update report to the other quarterly reports, thereby receiving a BTP update every four meetings instead of every six.
- 13.7 Members discussed the need for a six or four report cycle and agreed that post AGM would see a relatively new board, therefore at this time BTP reporting should remain the same until the new board had fully embedded.

Resolutions: The board noted the progress of the BTP.

14. B57.18/19 – Any other business non-confidential

- 14.1 The chair expressed her thanks to the three retiring members Jane Mudd who was unable to attend the meeting, Chris England and John Harrhy, who over the past nine years had undertaken a number of roles on its committees, task and finish groups and as chair and vice chair. The chair continued that their contribution to the success of NCH had been invaluable and wished all three success for the future. The CEO added her personal thanks for their support over the years.
- 14.2 John Harrhy thanked members, adding the association had been on a long journey, but he was pleased and privileged to have been part of that journey and wished everyone success for the future.
- 14.3 Chris England went on to thank everyone who had supported the newly formed board from the beginning, adding it could not have been



achieved without their support and contribution, and was grateful for the opportunities it gave in making so many friendships.

- 14.4 There being no any other non-confidential business, the chair closed the non-confidential element of the meeting at 19:26 and thanked observers for attending.

Observers and HdofH&CS left

