



Agenda Item No B113.18/19

Board Minutes

Board Meeting – Tuesday 05 February at 17:30 Nexus House, Newport

Present:

Members:

Alex Stephenson	Board vice chair – acting board chair
Janice Morgan	RC chair
Cathy Bryant	Board member
Helen Taylor	ARC vice chair/board member
Jayne Rose	Board member
Guy Stenson	ARC chair/board member
Sheila Davies	Co-optee
James Tarrant	Co-optee

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 and customer services (HdofH&CS)
Beverley Flood	Head of human resources (HdofHR)
Rachel George	Head of development and regeneration (HdofD&G)
Simon Andrews	Head of property (HdofP)
Chris John	Business improvement and performance manager (BI&PM)
Sharon Morden	Business transformation manager (BTM)
Joanna Fairley	Head of governance and compliance (HdofG&C)
Gill Sherman	Senior governance officer (SGO) (minute clerk)

Observers:

Laura Nash	People and change business partner (P&C BP)
Alison Watkins	Governance assistant (GA)
John Hill	Scrutiny Partnership

AGENDA ITEM

ACTION

1. **Welcome to Board Members and Observers**
 - 1.1 Members noted that the vice chair would be acting chair for the meeting in the chair's absence.
 - 1.2 The chair opened the meeting at 17:30 and welcomed members and observers. The chair highlighted the key papers for focus, in non-confidential, Q3 performance and strategies, and in confidential the rent setting policy and the development and regeneration governance framework.



2. B90.18/19 – Apologies

- 2.1 Apologies were received and noted from Nicola Somerville, Kevin Ward and Christian Cadwallader. Members also noted that Guy Stenson had advised he was en-route.

3. B91.18/19 – Declarations of interest

- 3.1 The following declarations were received and noted:

B100.18/19 – 2019 appraisal and succession planning process – all board members, determined by the company secretary to be non-disqualifying.

B105.18/19 – Rent setting 2019/20 (confidential item) – Janice Morgan, the company secretary determined although not a disqualifying matter for board discussion, if the board decision moved to a vote, or written procedure Janice would have a disqualifying interest.

B110.18/19 – In camera minutes of 6 November 2018 meeting – Ceri Doyle, Tim Jackson and Rob Lynbeck, considered to be non-disqualifying and covered in confidential.

Resolutions: The board noted the three declarations of interest.

4. B92.18/19 – Minutes of the meeting held on 6 November 2018

- 4.1 Members reviewed and approved the minutes of the last meeting held on 6 November 2018 as a true and accurate record.

Resolution: The board approved and signed the minutes of the last meeting held on 6 November 2018 meeting as a true record.

5. B93.18/19 – Non-confidential matters arising

- 5.1 Members noted the three completed and one ongoing matters arising.

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

6. B94.18/19 – Minutes of the audit and risk (ARC) meeting held on 20 November 2018

- 6.1 In the absence of the ARC chair, the ARC vice chair informed members that the ARC minutes were due to be approved at its next meeting on 26 March 2019. The ARC vice chair continued that a number of ARC agenda items were noted, and drew members' attention to the association being currently compliant with the Welsh Government's Registered Social Landlord (WGRSL) H&S recommendations, adding a further report would form part of the ARC annual report in June 2019 and to board in July 2019.



- 6.2 The ARC vice chair continued that those agenda items recommended to board for approval were:
- The value for money framework – to be presented to the 12 March 2019 board meeting.
 - The CHC code of governance compliance, following review by the ARC and recommended to the board for adoption at B95.18/19.
- 6.3 The ARC vice chair moved on to the in depth review of the risks for an update on the universal credit risk and the information systems security breach or cyber-attack risk.
- 6.4 The ARC vice chair concluded by informing members that the scrutiny partnership had attended their first ARC and during the meeting a number of activities were identified in which they could become involved.

Resolution: The board noted the minutes of the 20 November 2018 ARC meeting

7. **B95.18/19 – Governance - share membership and CHC code of governance**
- 7.1 The head of governance & compliance (HdofG&C) asked members to note the total live share membership of 201. The HdofG&C continued, before taking questions, referring members to the ARC reviewed CHC code of governance, which the ARC recommended to board for approval and adoption, subject to feedback. There being no questions, members noted the live share membership and approved the adoption of the CHC code of governance.

Resolutions:

1. The board noted the live share membership.
 2. The board approved the adoption of the CHC code of governance.
8. **B96.18/19 - Chair and CEO overview**
- 8.1 The CEO apologised to members for the lateness of this paper and asked for any questions. Members had no comments and noted the overview.

Resolutions: The board noted the chair and CEO overview.

Guy Stenson arrived at 18:01



- 9. B97.18/19 – Q3 performance and appendices/business transformation programme**
- 9.1 The business improvement and performance manager (BI&PM) presented the report containing three elements, financial, non-financial and business transformation. The BI&PM went on that the board would be provided with the fully integrated report for the year end at quarter 4 at the May board meeting.
- 9.2 The head of finance and procurement (HdofF&P) provided members with the quarter 3 accounts commencing with appendix 1-1 which showed a surplus of £6m compared to the budgeted surplus of £2m which had been re-forecast to increase to £4.32m by year end.
- 9.3. The HdofF&P referred members to appendix 1-5 which provided a visual analysis on property rental income and explained that routine void rent loss was over budget due to longer void periods.
- 9.4 The HdofF&P commented on the bad debt at appendix 1-6 highlighting the current position of £2.5m, which equated to 43% of outstanding debt. The HdofF&P continued that a review of current bad debt will be undertaken with a likelihood of a write off in the year end budget.
- 9.5 The HdofF&P went on to highlight the amended reforecast of £125,000 for the year end for community benefits, with income being under budget due to the timing of the receipt of funds.
- 9.6 The HdofF&P highlighted maintenance being under budget by £345,000, due to a reduction in contractor spend as more maintenance was being carried out internally. The HdofF&P continued that an increase was expected towards the end of the year to clear the backlog of voids resulting from the service review of lettings and voids.
- 9.7 The HdofF&P referred to the planned maintenance underspend at quarter 3, and confirmed some smaller projects would be accelerated under the three-year rolling programme.
- 9.8 The HdofF&P highlighted the sale of fixed assets under the Right to Buy and Right to Acquire scheme which was £2m over budget and was expected to continue.
- 9.9 The HdofF&P referred members to treasury activities which had a closing balance of £45m in deposits across a number of financial institutions and confirmed the association was fully compliant with all its loan covenants and its golden rules.



- 9.10 The HdofF&P concluded, before taking questions by referring members to appendix 1-12, the new value for money (VfM) matrix, which includes quarter 3 information and provides trend analysis for year end 2017/18 and 2016/17.
- 9.11 The executive director of operations (EDofOps) responded to a member's query on the difference between strategic voids, which was identified via the asset management strategy where refurbishments costs exceeded £10k and a routine void that was as the result of the normal letting process.
- 9.12 A member queried the bad debt provision, whether it included the current quarter, and at appendix 1-8 the fire risk assessment showed £21k against a £69k budget with a forecast of £71k for year end.
- 9.13 The head of property (HdofP) responded that surveys being undertaken were more invasive than previous surveys, which picked up more works. The HdofP continued that following Grenfell, level four FRAs were being undertaken on higher risk properties to identify remedial works required.
- 9.14 The CEO reminded members of the Hackitt report, published later than expected, the anticipated report from the Welsh Government (WG) building safety expert group and the possibility of the new Welsh Minister revisiting decisions made on fire risk assessment as part of maintenance, development and large scale refurbishment. The CEO believed it was prudent, with so much uncertainty, to have overestimated and prioritised the association's expenditure on known areas. The CEO added there would continue to be budget movement whilst waiting for clarity across the next year.
- 9.15 A member referred to treasury matters and the value for members to have liquidity and cash flow reporting in this section. The member continued that in relation to the golden rules, there was a need to see separate cash positions to determine whether the association had what was required for the two and a half years. **HdofF&P**
- 9.16 Members went on to discuss the progress of the direct labour force (DLO) with the HdofP confirming the DLO had seen an immediate positive effect as a result of changing terms and conditions.
- 9.17 Members continued to discuss bad debt, the HdofF&P stated there had been an increase as more residents came onto Universal Credit (UC). The head of housing and customer services (HdofH&CS)

responded that work was focused on the collection rate and in helping residents to pay their rents and stay in their homes. The HdofH&CS continued that the real risk was those residents with bad debt who left Newport City Homes (NCH).

- 9.18 The HdofH&CS continued that the ARC discussed in detail a 12 month snapshot of the collection rates and the claim journey, overall collection rates were increasing. The HdofH&SC explained there was a resident preference to pay rent direct, and the focus was to provide these residents with alternative payment arrangements to move away from direct payment which was only permissible for a short period. The chair asked for the in depth UC ARC report which showed the distinction of the receipt and impact, be made available to members. **HdofH&CS**
- 9.19 The BI&PM referred members to the KPI report and highlighted the call handling performance, before taking questions. The BI&PM responded to a question on the resident satisfaction survey, stating that during 2017/18, the survey response rate was typically 15%. A revised survey methodology was adopted in 2018/19, increasing the response rate to 28% per survey. The BI&PM continued that results were flat line across the period, and whilst expecting an impact as a result of a number of improvement drivers, it was anticipated that changes would be seen over time.
- 9.20 Members discussed residents' perceptions and feedback of the new office, @195 which the HdofH&CS confirmed gave residents the opportunity to provide live feedback, which was overwhelmingly positive, with footfall shifting from other offices. Members went on to discuss the need for face to face contact, and the HdofH&CS confirmed that in accordance with the customer service strategy, face to face contact as needed would always be provided.
- 9.21 Members discussed the lettings information, strategic voids, the common housing list for properties and the recent lettings process review. The EDofOps stated that voids were averaging 50-60 routine voids a week. The service review had enabled maintenance, lettings and customer service to work together to streamline the process and deliver the right product at the right point in time. The EDofOps continued that a further benefit of the review had highlighted an increase in health & safety demands, which was a challenge for all housing associations, and by the increased customer intelligence, had identified a shift in customer expectations in that people were making informed decisions as to what properties they wanted to live in. The EDofOps concluded that voids had already dropped to 55 days, and a 28 day target had been set for next year.



- 9.22 The chair queried the average void days in totality and wondered whether data could be split. The EDofOps confirmed that operational data was used to drill into different areas making the DLO more effective and focused. The HdofH&CS highlighted one of the big improvements to the letting process was the pre-allocation of a property whilst works were being undertaken, which provided the resident with a better tenant experience, ability to negotiate and tailor around the tenant and a lead in for moving. The HdofH&SC continued there was still sufficient time to reallocate if the property was refused.
- 9.23 Members went on to discuss the perception survey, which was not a measure of service delivery but measured perceptions which were often historical views rather than present. Members concluded by noting the assurance provided by the scrutiny partnership on the mid-year self-evaluation statement.
- 9.24 The business transformation manager (BTM) referred members to the progress on the six transformation work streams which included the data integrity programme, with the recruitment of a new data manager. The BTM went on to highlight the accommodation project which would hand back floor 3 on time and work due to commence in Malpas. The BTM concluded before taking questions, with the customer services showing an increase of 2.5% for web chats, 1,401 residents signed up for a portal account and the soon to be launched ROB BOT offer for residents.
- 9.25 Members discussed a better way of presenting the report to show actual progress against the last milestones to understand what progress had been made, suggesting summaries and bullet points. **BTM**
- 9.26 Members went on to discuss the integrated quarterly reporting. The HdofG&C commented that work was underway to provide a more visual and meaningful report setting out key milestones and targets, with a high level summary. The chair stated that integration of the BTP was in progress.
- 9.27 There being no further questions the board noted the management accounts, KPIs and the BTP.

Resolutions:

1. The board noted the quarter 3 management accounts for 2018/19.
2. The board noted the KPI's for non-financial performance for quarter 3, 2018/19.
3. The board noted the progress of the business transformation programme.

10. B98.18/19 – Strategies - customer services and development

10.1 The BI&PM referred members to the strategy planning framework at appendix 1 using 2020 vision as the overarching strategic framework to define the long term aims of the association. The BI&PM continued that each strategy provided a clear road map of guiding principles, and referred members to the customer services strategy and development strategy and tenure principles for their consideration and approval.

10.2 Members discussed the customer services strategy and the need for the scrutiny partnership to be involved in the creation of customer facing strategies, the priorities of the association aligned for the corporate plan, how the strategy captured the aspirations of the association and the style, commitment and approach of the paper.

10.3 A member commented that the approach brought the strategy to life and gave a sense of obligations. The CEO informed members that the senior management team (SMT) had produced a one page infographic of the strategy which would be posted on the knowledge area of BoardPacks.

HdofH&CS

10.4 The chair suggested that target setting and drivers should be considered in relation to the learning from the service review, and to ensure that these do not mis-drive targets. The HdofH&CS responded that the role of the portal was to direct footfall towards self-service, which will increase as more services are offered, but would not replace the need for human contact. There being no further questions members approved the customer services strategy.

10.5 Before moving to the development strategy, a member questioned the association's branding, which was still perceived as Newport City Council (NCC). The CEO responded that this was raised at the December 2018 BSPD and since then by the chair. The CEO continued this would need to be considered as we approach 2020 and defined the strategy for 2025. The CEO concluded that Kevin Ward had offered to scope the potential outcomes of any rebranding which would inform board deliberations and time had been allocated in the May 2019 BSPD for board to discuss.

10.6 The head of development and regeneration (HdofD&R) referred members to the development strategy and the key principles for mixed tenure, which set the framework. The HdofD&R responded to a query on mixed tenure, stating that the association needed to be clear on which housing products will be charitable, market and intermediate, with different customers in different properties. The HdofD&R continued that the ultimate aim was to build and deliver mixed



communities of shared homes and services, offering open market sales housing to those who were able to afford these, which in turn would assist those who could not afford the market rate. There being no further questions the board approved the customer service and development strategies.

Resolutions:

1. **The board approved the customer services strategy.**
2. **The board approved the development strategies.**

11. B99.18/19 – Corporate plan 5

- 11.1 The BI&PM presented the CP05 plan with 2020 vision as the bridge moving forward to 2025, developed using input and evidence from previous BSPDs, board meetings and understanding the current operating environment. The BI&PM continued that the plan was made up of five overarching themes and requested feedback for the March 2019 board approval, unless members were content to approve at this meeting.
- 11.2 A member commented that the document reflected well the conversations at the BSPD held in October 2018.
- 11.3 There were no questions and the chair stated that the plan reflected the nature of the board and covered what was already agreed and discussed, members approved the CP05.

Resolutions: The board approved the CP05.

12. B100.18/19 – Governance: 2019 appraisal and succession planning process

- 12.1 The HdofG&C referred members to the report which reflected feedback from last year's one to one process, to minimise the impact of board member turnover. The HdofG&C continued, before taking questions, the report proposed that those members who were scheduled to stand down this year, and who wished to re-stand, would provide a 1,000 word statement, which a panel would consider against the skills identified.
- 12.2 The HdofG&C explained, following a member's question, the reasoning for terms of two and three years was to avoid and manage the loss of skills in any one year. Members were content with the proposed approach for succession planning and agreed the approach for 2019.

Resolutions: The board agreed the approach to appraisal and succession planning for 2019.



13. B101.18/19 – Any other non-confidential business

- 13.1 There being no any other non-confidential business the chair closed the meeting at 18:38 and thanked observers for attending.

Observers and guests leave prior to confidential board. Laura Nash (P&CBP) & Alison Watkins invited to stay for development.

The chair closed the non-confidential element of the meeting at 18:38