



**Agenda Item No B3-2.21/22
Board Minutes**

Virtual Board Meeting – Tuesday 30 March 2021 17:30

Present:

Members:

Nicola Somerville	Board chair
Christian Cadwallader	Board vice chair
Janice Morgan	Board member
Kevin Ward	Board member
Guy Stenson	Board member
Chris Sutton	Board co-optee
Robiu Salisu	Board co-optee
Mike Usher	Board co-optee

In Attendance:

Tim Jackson	Executive director of transformation (EDofT)
Matthew Davies	Executive director of development (EDofD)
Sonia Furzland	Executive director of operations (EDofOps)
Gareth Yeoman-Evans	Executive director of finance & resources (EDofF&R)
Stephanie Bradley	Interim director of finance & resources (IDofF&R)
Sharon Wilkins	Deputy director of homes and communities (DDH&C)
Joanna Fairley	Head of governance and compliance (HdofG&C) & Company Secretary
Miranda McGinn	Corporate financial controller (CFC)
Chris John	Strategy & business intelligence manager (S&BIM)
David Johnson	Corporate community investment manager (CCIM)
Katrina Rigby	Governance officer (GO)/minute clerk

Observers:

Kelly West	Engagement and digital inclusion business partner
Lewis Johnson	Risk and assurance officer

AGENDA ITEM

ACTION

1. Welcome to board members and observers

1.1 The chair opened the virtual board meeting at 17:30, welcoming members, and observers Kelly West and Lewis Johnson. The chair requested that chat messaging only be used to make the chair aware of a member wanting to ask a question, and not for discussion around the papers.

1.2 The chair noted the key papers for discussion:

B52 Confidential Q3 integrated reporting



B54 Business plan 2021/51

B56 Social purpose

2. B49.20/21 – Apologies for absence

2.1 Apologies were received from James Tarrant and Ceri Doyle.

3. B50.20/21 - Declarations of interest

3.1 The head of governance and compliance (HdofG&C) asked members to note the four declarations of interest:

B51-6 Board member recruitment & succession – update - all board members – non disqualifying.

B51-8 Share Membership policy – all members, excluding co-optees – non disqualifying.

B51-9 Annual pay award and recommendation from RC – all colleagues.

B51-10 Gender pay gap report – all colleagues.

Resolutions:

1. The board noted that all members had an interest in **B51-6.20/21 Board member recruitment & succession – update**.
2. The board noted that all members, excluding co-optees, had an interest in **B51-8.20/21 Share Membership policy**.
3. The board noted that colleagues had an interest in **B51-9.20/21 Annual pay award and recommendation from RC**.
4. The board noted that colleagues had an interest in **B51-10.20/21 Gender pay gap report**.

4. B51.20/21 - Digital approvals

4.1 The chair confirmed that following noting of the digital approvals already recorded, further discussion could take place as requested by members (set out at paragraph 4.3 onwards). The following resolutions were digitally approved or noted through BoardPack and met quorum requirements of five members voting/noting:

4.2 B51-1 Board member Q&As

The chair advised members that questions, and responses had been uploaded to BoardPack for information.

Digital resolutions:

1. **B51-2** The board approved applying the chair's electronic signature to the minutes of the previous meeting, 23 February 2021, as a true and accurate record.
2. **B51-3** The board noted the minutes of the ARC meeting held on 9 March 2021.

3. **B51-4** The board noted the ten completed and six ongoing matters arising.
4. **B51-5 Governance - urgent and sealing procedures:**
 - The board ratified the two chair's action, numbers 16 & 17.
 - The board noted the company seal had been used 21 times for numbers 87-107.
 - The board approved the Welsh Government (WG) specimen signature proforma.
 - The board approved the disposal of the freehold title of the [REDACTED]
5. **B51-6 Board member recruitment & succession – update:**
 - The board noted that current board members, due to stand for a second term, may use the internal process of providing a supporting statement for the selection panel's consideration by close of play 4 May 2021.
 - The board noted the membership of the 2021 selection panel.
 - The board noted that current co-optees, due to stand down in 2021/22 and who wish to apply for board membership may do so through the external competitive process.
 - The board noted the update on the board member recruitment campaign.
6. **B51-7 Annual governance reporting – schedule 1 and chair's actions:**
 - The board noted the previously approved schedule 1 exemptions and chair's actions reported for the financial year ended 31 March 2021, detailed at appendix 1.
 - The board approved delegating authority to the HdofG&C to add any further additions to the schedule 1 exemptions between the dates of 23-31 March 2021 inclusive, noting any additions will be reported at the next transactional board meeting.
7. **B51-8** The board reviewed and approved the ARC recommended policies at appendices 1 -4.
8. **B51-9 Annual pay award and recommendation from RC:**
 - The board approved the recommendation from the RC and the proposed 1% annual pay increase for colleagues. Those colleagues benchmarked below the market rate would receive an uplift to the market rate and the annual pay award in full, those at the market rate would receive the annual pay award in full, and those

above the market rate would receive a moderated increase.

- The board noted and approved that those colleagues benchmarked below the current market rate would receive an uplift to 98% of the benchmarked market rate at a cost of [REDACTED] (including on costs) from April 2021.

9. B51-10 Gender pay gap report:

- The board noted the gender pay gap data analysis presented in the report which would be submitted to the gov.uk website.
- The board noted the chief executive's statement which would be published to support the data presented.

10. B51-11 The board noted the Chair/CEO overview.

4.3 In relation to B51-5.20/21 – appendix 4 - sale of freehold title for the [REDACTED] the chair asked if it was common practice to have a covenant, requiring use as a [REDACTED] and if there were any implications on future regeneration plans. The executive director of development (EDofD) responded that this type of transfer prevented others benefitting from a change of use at a later date and would not impact upon the association's regeneration plans for the area. The HdofG&C added that potential impacts were looked at under due diligence, ahead of recommendations coming to board, and the future use caveat was intended to provide community protections.

4.4 The chair asked members to note B51-9 Annual pay award and recommendation from RC, that board was made aware of the RC's considerations on senior salaries through the minutes presented for noting at 23 February 2021 board, and that senior staff had been treated in the same way as all other NCH colleagues.

4.5 There were no further questions and members noted the digital approvals.

5. B52.20/21 – Confidential Q3 integrated reporting

5.1 The strategy and business intelligence manager (S&BIM) referred members to the Q3 report and drew attention to the stable performance, despite the pandemic, and the improvement across all five satisfaction measures which contrasted with a decrease in average satisfaction across the sector. The S&BIM highlighted the decrease in rent arrears in the last quarter, whilst social restrictions continued to have an impact upon maintenance and repairs.

5.2 The S&BIM referred to the 45 new homes completed in the quarter with the association on track to complete the financial year in a strong



position. The S&BIM added there had been a significant increase in call volume and call waiting times, rising above the five-minute trigger point, and lessons learned were being used to improve the service. Before taking questions, the S&BIM referred members to section 8 of the performance proforma report, which outlined the arrangements for performance reporting across the three transactional meetings in 2021-22, and the risk profile in appendix 4 which identified priority areas including impact of the pandemic upon customers and communities.

- 5.3 A member asked if the association had looked at the use of mystery shopper checks for customer call experiences. The S&BIM responded that mystery shoppers were not used by the association, looking instead at “negative experience” customer journeys, with regular reporting to the learning panel to identify improvement actions.
- 5.4 The executive director of operations (EDofOps) added that she had personally listened in on customer calls, joined live chat as a customer and called the live phonenumber over the past month, to understand the nature of demands. The EDofOps concluded that these spot checks had helped identify practical actions, eg improved call routing, call backs and recorded messages to redirect customers to the website.
- 5.5 A member asked if the association’s Q&A session for residents, mentioned on Facebook, had proved useful. The EDofOps responded that the new digital engagement business partner (DEBP), observing, was leading on the association’s approach to online engagement and had organised the Q&A and video content. The EDofOps continued that responses to customer questions would be recorded and good intelligence was being gathered from Facebook and social media interactions. The EDofOps concluded that digital engagement would form part of a customer experience workshop proposed for June/July.
- 5.6 The EDofOps responded to a further question by clarifying there was currently no systematic approach to pulling together customer feedback themes, acknowledging the need to explore how feedback could be gathered from social media and how to make better use of available analytics.
- 5.7 The chair noted the gradual increase in voids and asked what mitigations were in place to avoid a back log. The EDofOps advised the increase was mainly related to over 55’s voids, where potential customers bid for properties but did not sign up, which was under investigation to better understand why customers were not progressing with moving to these properties, and whether it was related to issues around Covid 19 and shielding. The deputy director of homes and



communities (DDofH&C) added that the pandemic had impacted upon the time taken for letting stages, and whilst the move to digitised letting helped to minimise face-to-face contact, further work was required to understand why some voids were taking longer than usual and what action could be taken to address this.

- 5.8 The chair asked if the lettings policy or arrangements around the common housing register were having an impact upon turnaround times. The DDofH&C responded that support was being provided to the local authority (LA) to directly allocate accommodation to homeless households, and this impacted upon time taken from identifying people in need to letting the properties. The DDofH&C added that the transformation programme and service reviews would be examining the association's approach to allocations, lettings and the common housing register.
- 5.9 A member noted that whilst 45% of customers were currently registered for online accounts, the transaction levels were much lower and asked what could be done to improve this. The EDofOps responded that for a successful channel shift, the new product needed to be better than the existing phone system and, with the limited functionality of the portal and improvements required to the website, a different offer was required to drive customers to other channels. The EDofOps continued that work had started on the new NCH App, with phase 1 expected to improve the existing offer, and extensive testing to ensure that it met customer needs, whilst maintaining a core offer for customers who preferred person to person contact.
- 5.10 Members approved and noted the report and appendices.

Resolutions:

1. **The board reviewed and noted performance for quarter three 2020/21.**
 2. **The board approved quarter three management accounts at appendices 2.1-2.10**
 3. **The board approved the integrated treasury report at appendix 2.11**
 4. **The board approved the development and regeneration management accounts at appendix 3**
 5. **The board noted the major issues in the association's operating and risk environment and the major risks and related controls at appendix 4.1-4.2**
 6. **The board noted the proposals for the reporting of performance information for 2021/22**
- 6. B53.20/21 – 2021/22 Budget**
- 6.1 The interim director of finance and resources (IDofF&R) referred members to the report, and reminded members of the board budget and business plan workshop that was held on 15 February 2021. The



IDoF&R confirmed that the draft budget took into account WG rent policy of CPI plus 1%, the 1.5% rent uplift, 1% pay award, and three year profiles for both planned maintenance and the development programme. The IDoF&R concluded that for covenant compliance, the budget generated a 221% EBITDA MRI and there was a 20% operating margin.

- 6.2 The chair noted there were separate budget lines for WHQS, H&S, decarbonisation and Duffryn, asking why decarbonisation was being treated separately rather than within the WHQS budget or as part of the association's overall work. The IDoF&R responded that the Duffryn scheme, for roof and wall insulation, was identified as a pilot scheme for decarbonisation within last year's budget, planned over a three-year period with circa [REDACTED] allocated, and the WHQS work also included wall insulation at circa [REDACTED] per year.
- 6.3 The chair asked whether the decarbonisation agenda would, in future, become centralised within the budget, rather than considered separately. The IDoF&R responded that the budget lines aimed to make the decarbonisation investment more visible and work was ongoing on the asset management programme and decarbonisation approach.
- 6.4 A member asked when and how the decarbonisation baseline would be set. The executive director of finance and resources (EDoF&R) confirmed that work was ongoing and the HdofG&C added that the strategy and business intelligence team were working with a consultant with environmental sustainability being the proposed topic of the October strategic themed board meeting.
- 6.5 The EDoF&R continued that the business plan at B54.20/21 included capacity modelling, and there was a need to look at both pre and post Covid levels, what the WG policy requirements would be, and to use the next 6-12 months to assess the current situation. The EDoF&R continued that the REDS programme, regeneration work, and investment in standards in new homes were already contributing to the decarbonisation agenda, alongside WG policy and information from the CHC delivery group, and future discussions with board would help decide the risk appetite for this work.
- 6.6 A member asked whether the budget line for environmental works was linked to the decarbonisation agenda. The IDoF&R clarified that environmental works included community activity such as installing benches and boundary walls, work on paths and other planned maintenance. The IDoF&R confirmed, in response to a further



question, that the budget was allocated over three years, with environmental works planned for 2024, which was supported by an underspend on H&S and WHQS following Covid 19 restrictions. The EDofF&R added there was a circa [REDACTED] covid shortfall, largely due to difficulties accessing properties, and over the next 12 months the focus would be on reactive and external work.

- 6.7 A member asked whether there was a need to prioritise the H&S works that had been delayed. The EDofF&R assured members that the association had maintained landlord H&S and compliance standards throughout the pandemic, including emergency work on properties. The EDofOps confirmed there were no concerns around compliance, with electrical testing and identification of 'at risk' properties continuing throughout the restrictions, along with full re-wires as required.
- 6.8 The IDofF&R advised that the H&S budget line also related to installation of sprinkler systems over a three-year period, which had faced an initial delay due to covid restrictions, and all contracts were now in place.
- 6.9 Members approved the budget and noted the recommendations.

Resolutions:

1. **The board approved the revenue budgets and capital programme for 2021/22.**
2. **The board noted the affordable rent model approach to the rent increase of CPI plus 1% (1.5% overall) had been included, as approved by board on 23 February 2021.**
3. **The board noted a pay award of 1% had been included as recommended by the RC, under agenda item B51-9.20/21.**
4. **The board noted the business plan was set out in a separate paper at B54.20/21**

7. **B54.20/21 – Business plan 2021/51**

- 7.1 The IDofF&R referred members to the report, highlighting that it provided a ten year illustration across the 30 year business plan, the assumptions followed from the board workshop in February, and included both the planned maintenance and development programmes with a target of 250 new homes over the next ten years. The IDofF&R added there was also analysis around future requirements for treasury, with five further tranches up to [REDACTED] required in the business plan.
- 7.2 The IDofF&R continued that stress testing had been conducted, looking at a range of models and economic factors, including a risk-based approach around the 'Covid chaos' scenario. The IDofF&R added that three scenarios had broken the golden rules relating to



EBITDA MRI, which went below 200%, and work would be undertaken on mitigation strategies, with a paper planned for the November 2021 board looking at risk appetite, the golden rules, mitigations and the treasury policy and strategy.

- 7.3 The IDoF&R continued that an opportunity had been taken to look at capacity modelling and decarbonisation for the existing homes, with an estimate of [REDACTED] for full decarbonisation up to EPCA, which was considered unaffordable at this time. The IDoF&R continued that this had been further analysed in terms of what could be accommodated within the existing plan, investing up to [REDACTED] and taking the EBITDA MRI down to [REDACTED], which showed that [REDACTED] spend on decarbonisation could be achieved over 20 years with no additional development from year 11 onwards. Before taking questions, the IDoF&R added that the value for money (VfM) summary was also included in the report.
- 7.4 The chair referred to the VfM summary at appendix 3, asking how it related to the work of the business transformation portfolio and expected savings. The IDoF&R responded that the VfM exercise included items identified prior to this financial year, as well as new items of work identified through current activities, whereas the business transformation portfolio was at the 'as is' stage, looking at outward facing areas such as customer services, and savings identified through this work would be incorporated into the budget and business plan for next year.
- 7.5 The executive director of transformation (EDoFT) added that one transformation project was bringing the responsive repairs service in-house, which was a legacy project from the previous strategy, and was now being implemented, and on target to deliver, substantial savings as set out in the plan.
- 7.6 [REDACTED]
- 7.7 Members approved the reports and noted changes to be reported to board in November 2021.

Resolutions:

- 1. **The board approved the draft 2021/51 business plan.**



2. **The board reviewed and approved the draft VfM action plan.**
 3. **The board noted that consideration would be given to changes in the association's risk appetite, golden rules and mitigation strategy and reported to board in November 2021.**
- 8. B55.20/21 – Corporate plan 2021/24**
- 8.1 The S&BIM referred members to the Corporate Plan (CP) 2021-24, noting that draft key priorities were discussed at the 23 February 2021 board and feedback had been incorporated into the report and appendices. The S&BIM continued that proposed KPIs were included and these would continue to evolve as data improved, with members receiving progress updates through quarterly integrated reporting.
 - 8.2 A member complimented the document presented and asked if the plan would be updated in the light of the emerging definition of social purpose or if this would be incorporated into the next annual update. The member also suggested the plan be made more readable for customers and colleagues. The S&BIM responded that the primary audience for the plan was internal colleagues, however, work would be undertaken with the communications team to ensure that it was presented in an engaging way. **S&BIM**
 - 8.3 A member suggested, rather than reducing the content, to focus on design and accessibility. The EDofF&R clarified that the document was intended as assurance for members on how the CP would be delivered and how the themes would be brought to life, adding that communications to colleagues would be more interactive.
 - 8.4 Members approved the CP 2021-24.

Resolution: The board approved the corporate plan 2021/24.

9. B56.20/21 – Social purpose (SP)

- 9.1 The corporate community investment manager (CCIM) presented the report and referred members to the information slides already shared which outlined the approach to SP and incorporated feedback from BSPD discussions and board meetings. The CCIM explained that a bespoke SP framework was under development, which was strategically aligned, values based and shared the ambitions and aspirations laid out in strategy 2025. The CCIM continued that the five strategic themes presented were identified following feedback from the October 2020 BSPD, with the framework aligned to customer needs, local and national policy and strategy, and sought to frame SP in terms of building the skills and capacity of customers as well as community partnerships and infrastructure.



- 9.2 The CCIM advised that the framework aimed to provide rigour, an evidence base for investment decisions, and to track these against performance outcomes at strategic, corporate and operational levels. The CCIM continued that the approach was dynamic, to reflect changes in the operating environment, and the key aim of the report was to seek approval for the five strategic themes and allow the SP work to progress through the business transformation portfolio and revised community benefits approach.
- 9.3 The chair asked for assurance that future activities were not solely related to the discretionary funding of [REDACTED] identified in the report. The CCIM responded that, whilst most discretionary activity reported through board was core funded, the SP work was being aligned to the business transformation portfolio and service reviews, and would also attract funding for community benefits via the procurement process, which focused more on community partnerships and local projects.
- 9.4 A member suggested that the approach could be more asset-based, focusing on lifting the community and helping them to thrive. The CCIM responded that the strategic aim was to achieve real change in the lives of customers and communities, which would be captured with case studies as well as operational metrics, and shaped around investment decisions. The CCIM continued that the key issue was how to directly support or work in partnership to help build community skills and assets in a way that helped people to thrive.
- 9.5 The EDofOps added that the framework provided an assessment tool to help shape measures of what was deliverable, and in terms of asset-based approaches this would be looked at within the transformation programme and the approach to regeneration, with the REDS work being key to that. The EDofOps continued that the framework provided a steer, however, asset-based approaches were more fundamental to the culture and kind of organisation that the association wanted to be, and the way in which it engaged and talked about strengths. The EDofOps added that the transformation work would also look at how current structures may not support this way of working, and allow further exploration of place-based leadership and building capacity of communities.
- 9.6 A member noted that the framework provided a bridge to move in the right direction and must now ensure that metrics were counting the right things to allow the SP agenda to move forward. The CCIM responded that there would be a focus on case studies, customer journeys and the way that lives were changed.



- 9.7 A member asked whether the association was taking advantage of the Kick Start scheme for apprenticeships, the criteria for which had recently changed. The CCIM responded that work was ongoing to look at the role of apprenticeships, and the DDofH&C added that the association had previously worked in partnership with Newport City Council (NCC) on employability schemes.
- 9.8 A member thanked the CCIM and colleagues for the report and appendices, noting that the performance metrics for benefits realisation were very helpful, and asked how the proposed five strategic themes aligned with those of other organisations and potential partners, to allow a collective contribution which could make a bigger difference to communities. The CCIM responded that development of the five themes had included comprehensive assessment of policies and agendas across Wales, the relationships with NCC and local partners had been strengthened over the past 12 months, and the framework and assessment toolkit focused not only on what the association was best placed to do, but what could be bought in and what could be best done in partnership.
- 9.9 A member asked how the association would determine the level of resources to invest in the overall programme and individual strands. The CCIM responded that the first step was to agree the strategic priorities and themes, then use the assessment toolkit to prioritise spending against the five themes and develop business cases for transformation work or community benefits activity, whilst ensuring this was right for customers and aligned with the strategic vision.
- 9.10 The EDofOps added that in terms of core and non-core activities, some of the SP investment would be additional resources, above and beyond core services, to support customers to sustain their tenancies, whilst other investment might be commissioning of services to enhance the association's work in communities.
- 9.11 A member noted that the SP definition was essential to moving forward, including how it related to core work, and there needed to be an understanding of the segregation of the SP programme and how much resource should be invested in that work.
- 9.12 The EDofT responded that the SP paper provided the framework to take this work forward alongside the transformation programme, looking at what was currently being done, what the overall costs were, possible realignment of services, and what could be available for SP. The EDofT added that the approach would be mapped out in a paper



to be presented to 21 July 2021 board, as part of a look back and look forward report on social purpose.

- 9.13 The chair asked whether legacy projects that did not align with the five strategic themes would be closed or offered to partners, and what impact this might have, eg, if the 'fit and fed' project during school holidays did not align and was closed this could have social and reputational impacts. The CCIM responded that the framework would provide information to help understand the impact of activities and how these fitted with delivery models, as well as looking at the reputational and community impacts of stopping activities, and where these might be better placed with partnerships or other organisations.
- 9.14 The EDofT added that the pandemic had also impacted upon service delivery, with some activities suspended and others initiated, and there was a need to take stock and reassess before moving forward. The chair queried the amount of historical data already held on activities above and beyond core services, and emphasised the importance of not using the pandemic as an excuse for slow progress. The EDofT acknowledged this and added that it was important to understand how the needs of communities had changed as a result of the pandemic, to ensure this would be incorporated into the process.
- 9.15 The CCIM confirmed, following a question, that progress on SP work would be reported to board as part of the integrated reporting, the first report in July 2021, as part of a look back and look forward report.
- 9.16 There being no further questions, board approved the recommendations in the report.

Resolution: Board approved the draft definition, strategic themes, outcomes and reporting framework that would underpin the delivery of the association's social purpose approach.

10. B57.20/21 – Any other business

- 10.1 A member queried whether, in terms of board effectiveness, more could be done to maximise the benefits of discussions at board touchpoint meetings as well as at board. The EDofF&R responded that issues raised at the touchpoint meeting were fed back to colleagues for response, and pre-board Q&As and comments against voting items were discussed with colleagues prior to board.
- 10.2 The HdofG&C suggested that the purpose and effectiveness of **HdofG&C** touchpoint meetings could be discussed at upcoming appraisal meetings and feed into the board effectiveness review.



- 10.3 A member noted that touchpoint meetings were originally intended to provide an informal discussion space outside of board and the introduction of note taking risked moving away from that original purpose. Members further commented that touchpoint meetings provided an invaluable space for regular informal discussion and the ability to resolve questions ahead of board. The HdofG&C reminded members of the potential risk of the touchpoint meetings becoming ‘a board within a board’ and the importance of debate and discussion at the board meeting itself.
- 10.4 A member thanked the EDofD for responding to comments from the 23 February 2021 board so comprehensively in the commercial portfolio paper at B41-4.20/21.
- 10.5 The chair asked members to note that the draft minutes for this meeting would be issued later than normal due to the Easter holidays and colleague annual leave. There being no further questions the chair thanked members and colleagues and closed the meeting at 18:52.

Date of next transactional meeting - 21 July 2021