

Agenda Item No B12.1.22/23 Board Minutes

Virtual Board Meeting – Wednesday 25 May 2022 17:30

Present:

Members:

Nicola Somerville	Board chair
Christian Cadwallader	Board vice chair
	Board member
Kevin Ward	Board member
Chris Sutton	Board member
Mike Usher	Board member
James Tarrant	Board member
Anne Wildeman	Board co-optee
Samantha Williams	Board co-optee

In Attendance:

Ceri Doyle	Chief executive officer (CEO)
Matthew Davies	Executive director of development (EDofD)
Sonia Furzland	Executive director of operations (EDofOps)
Gareth Yeoman-Evans	Executive director of finance & resources (EDofF&R)
Sharon Wilkins	Deputy director of homes and communities (DDH&C)
Lee North-Smith	Interim director of property and place (IDofP&P)
Julie Summerhayes	Deputy director of people (DDofP)
Joanna Fairley	Deputy director of governance & compliance (DDofG)
Sophie Taylor	Deputy director of finance and procurement (DDofF&P)
Chris John	Strategy & business intelligence manager (S&BIM)
Alison Watkins	Governance & strategy business support coordinator (G&SBSC)/minute clerk

AGENDA ITEM

ACTION

1. Welcome to board members and observers

- 1.1 The chair opened the virtual board meeting at 17:30 and welcomed members. The chair requested that chat messaging only be used to make the chair aware that a member wanted to ask a question, and not for discussion around papers.
- 1.2 The chair noted the key paper for discussion would be B4.22/23 Qtr 4 integrated report.

2. B1.22/23 – Apologies for absence

- 2.1 Apologies were received and noted from Robiu Salisu and Guy Stenson.

3. B2.22/23 - Declarations of interest

- 3.1 The chair asked members to note a declaration of interest from all members and officers for:

B3-6.22/23 – CHC Directors, officers & volunteer's indemnity policy – all members and colleagues declared an interest which was non-disqualifying.

Resolutions:

1. **The board noted that all members and officers had an interest in B3-6.22/23 CHC Directors, officers & volunteer's indemnity policy, which was non-disqualifying.**

4. B3.22/23 - Digital approvals

- 4.1 The following resolutions were digitally approved or noted through Convene and met quorum requirements of five members voting/noting:

Digital resolutions:

1. **B3-1 The board approved the draft minutes of the previous meeting held on 9 March 2022**
2. **B3-2 the board ratified two urgent written procedures:**
 - **B40.21/22 Contract approval – building safety remediation to high rise residential buildings.**
 - **B41.21/22 Social Housing Loan 2021-2022 support to Newport City Homes for Affordable Housing Development.**
3. **B3-3 The board noted the three completed and three ongoing matters arising**
4. **B3-4 The board noted the draft minutes of the 30 March 2022 ARC meeting**
5. **B3-5 Governance - urgent and sealing procedures:**
 - **The board noted the three chairs actions since 9 March 2022 board meeting**
 - **The board noted the use of the company seal 14 times for number 115-124 (2021/22) and 01-04 (2022/23) since the 9 March 2022 board meeting**
6. **B3-6 CHC Directors, Officers and Volunteers Indemnity Policy:**
 - **The board noted the action that cover for the association under such policy is conditional upon immediate notice in writing to Community Housing Cymru of any claim made against any person insured**

by the policy or of the receipt of notice from any persons of intention to make a claim against any person insured by the policy

- The board agreed that if any board member (present or absent) or senior executive is aware of any such claim or any such notice of intention or of any circumstances or incident which may give rise to a claim he or she will immediately notify the company secretary of the association in order that notice in writing together with all relevant details can be submitted to Community Housing Cymru
- The board confirmed it is content to proceed with the additional top up policy with cover of £1m for each claim

7. B3-7 ED&I Policy - the board approved the equality, diversity and inclusion policy (see supporting minute below)

8. B3-8 Loan variation agreement - the board approved the amendment letter in appendix 1

9. B3-9 The board noted the chair and CEO overview

4.2 In relation to B3-7 ED&I Policy, members discussed how the association could, in future, measure the impact of the policy and any changes implemented in the way the association conducted itself. The executive director of finance & resources (EDoF&R) advised that the policy had been discussed at a recent touchpoint meeting, where feedback had been given, and that board would be updated of any material changes made. The EDoF&R added that, as outlined in the ED&I strategic commitment, an annual report would be presented to the board at its meeting in September 2022.

4.3 A member added that they had some additional comments regarding the content of the ED&I policy which they would clarify further in an e-mail. **DofCS**

4.4 The CEO advised that a member had requested an update on the ED&I data in relation to the recent board chair and board member recruitment and asked the deputy director of governance & company secretary (DDoG&CS) to share the statistics with the board. The CEO had expressed disappointment that these were not as high as the association would have liked, although was comparative to others in the sector.

- 4.5 The DDofG&CS provided initial headline figures on the percentage of applications received from key ED&I protected characteristics and advised this would be confirmed in a follow up email to members: **DDofG&CS**

Board Chair:

- Female – 59%
- Male – 41%
- BAME background – 12%
- Disability – 11.75%
- LGBTQ+ – 11.75%

Board member:

- Female – 30%
- Male – 63%
- BAME background – 13%
- Disability – 2%
- LGBTQ+ – 4%

- 4.6 The board chair noted the need for creativity with regards to the delivery of advertising, for both board members and colleagues and welcomed member suggestions on ensuring the board remained as inclusive as possible. A member commented that, whilst using an agency was efficient, there was always a risk of a very formal process that could impact upon ED&I statistics, which should be kept in mind during shortlisting.

- 4.7 The deputy director of people (DDofP) added that the association had recently recruited an EDI Manager, who would be actively working with HR colleagues on a recruitment review, exploring current processes and closely working together to build in EDI with the aim of improving inclusivity and targeting a more diverse candidate pool for both board members and colleagues.

5. B4.22/23 Qtr 4 integrated report – confidential

- 5.1 The strategy and business intelligence manager (S&BIM) referred members to the reports and appendices, drawing member's attention to key issues including customer satisfaction remaining below where required, voids turnaround rates and rent arrears, and advising there was an improvement in lagging measures expected in late 2022/23. The S&BIM confirmed that members of the leadership team (LT) were on hand to support discussion and scrutiny concerning their specific area.

- 5.2 A member noted a change in performance regarding the turnaround of routine voids and queried how the association compared to other Housing Associations (HAs) in Newport, considering the aftermath of the Covid-19 pandemic. The S&BIM responded that whilst the association did not have specific benchmarking data available from other HAs across Newport, there had been a varied picture across HAs in Wales experiencing an increased turnaround period since the pandemic due to a number of setbacks, including the availability of materials and contractors.
- 5.3 The executive director of operations (EDofOps) confirmed that she had reached out to directors of other HAs, who were experiencing the same issues in increasing numbers of voids and poorer property conditions. After receiving little interest from contractors, the association had also offered overtime to a number of colleagues in an effort to minimise the turnaround time of routine voids, noting that HAs across both England and Wales were struggling with the broader contract market.
- 5.4 The interim director of property and place (IDofP&P) further explained that, whilst the current position was not where the association wanted it to be, clear improvements were visible and that “in works” time for routine voids was now at [REDACTED], the target being [REDACTED] for survey & works. In March, the time for these two stages was [REDACTED] days. Following [REDACTED] tender that had gauged little contractor interest, the association had promoted a [REDACTED] tender for voids building works that was due to come back the following week. The IDofP&P added that the substantial quantity of belongings left behind in some major routine voids by customers was also hindering progress of turnaround times.
- 5.5 A member referred to paragraph 4.5 of the report and queried whether the association’s ability to grow its capacity within the trades team could be explored by recruiting additional apprenticeship and trainee opportunities, considering the association’s aspirations to minimise the turnaround time within a 12-18 month time frame.
- 5.6 The IDofP&P responded that, whilst the association would look to employ additional apprentices and explore that direction of travel, under the voids and lettings review, the intention was to bring in sector professionals for cost and efficiency purposes. The EDofOps added that a number of apprentices were already in place and the association had a proud tradition of retaining apprentices, particularly within the trades team.

- 5.7 A member emphasised the need to consider additional input and costs regarding apprenticeships, ensuring they were priced at the right levels in order for the association to retain and develop its apprentices.
- 5.8 A member asked why the board had not seen significant progress in customer service satisfaction, despite having policies in place to ensure improvement and when the association expected to start seeing visible change. The EDofOps responded that there had been significant changes within the homes and communities (H&C) team following a restructure in April, with the neighbourhood manager (NM) role being introduced, which would positively impact upon the association's presence within the community and engagement with customers, which had been hindered due to the pandemic.
- 5.9 The EDofOps continued by highlighting previous issues of call waiting times which were now trending downwards, adding that whilst NCH was still facing challenges with the repairs offer, the [REDACTED] programme would assist with this. The EDofOps also referenced the interconnected challenges of anti-social behaviour (ASB) and poor voids condition, adding that the association may not see a full improvement in customer services, in terms of the STAR survey, until the following year, but was seeing positive movement in the repairs transactional survey and the empowerment questions within the STAR survey, relating to satisfaction with opportunities to make your views known.
- 5.10 The CEO assured the board that the association would be recruiting a new post of head of communications (HdofC) in June, who would be working with both NCH and an external agency to address previously discussed branding issues which led to NCH consistently being confused with the council.
- 5.11 Members discussed what the association's workforce capacity should look like in order to meet the [REDACTED] "in works" target and when the association expected this target to be met. The IDofP&P advised that the "in works" time had been consistently reducing, [REDACTED] days and, if the trend continued, expected to meet target within circa eight weeks' time, adding that the relevant teams were meeting weekly to discuss progress to target and next steps.
- 5.12 The deputy director of homes & community (DDofH&C) explained that the current focus was on clearing the current back-log of voids, which was reducing on a daily basis and confirmed that a service re-design would take place later this year to improve the overall process and enhance the work already being carried out, adding that the

introduction of the NM role would enhance this with annual wellbeing checks, to address any issues with a property whilst a tenancy was still in place.

- 5.13 Members discussed the need for assurance regarding comparative data in terms of customer satisfaction between new-builds and more traditional, long-standing homes. The S&BIM advised that comparator subsets were currently difficult to achieve due to the number of new homes being too small to have validity. The EDofOps confirmed that colleagues were discussing options to break data into customer segments which would allow for geographical modelling and enable the association to identify communities with higher satisfaction rates.
- 5.14 Members discussed the potential impact of routine voids upon the business plan. The CEO commented that whilst this was accepted to be an ongoing issue, the association was dealing with the aftermath of Covid, Brexit and supplier activity and had still seen clear improvement, with further improvement expected following the service review scheduled for later in the year.
- 5.15 A member suggested working with 'The school of hard knocks', a charity supporting ex-offenders, which produced keen individuals with a strong skills base. The DDofH&C confirmed the association was already in touch with the organisation and would be supporting them with their work in Newport later this month.
- 5.16 Members discussed stress testing and a refresh of the business plan under the context of the current environment and cashflow, with the need for funding apparent within two to three years' time and the possibility of taking advantage of the current market. The EDofF&R confirmed that [REDACTED] was carrying out a high-level review of the existing business plan as part of their retained services, in terms of economic assumptions and stresses. Three stress scenarios, including a perfect storm scenario, had been received from [REDACTED] which would be run through the latest business plan. Board would receive details of broader scenario planning and mitigation strategies at its November 2022 meeting, however, the EDofF&R would escalate any concerns following review of the [REDACTED] scenarios.
- 5.17 The EDofF&R continued that, a recent deal with [REDACTED] had seen a dramatic shift in the cost of funding and actions, in line with the treasury strategy, were in place to consider options. The EDofF&R added the association would bring findings back to board at the appropriate time once specific points for discussion had been identified and discussed with treasury advisors.

- 5.18 Following a member query relating to the current mechanism for the monitoring of financial golden rules in relation to KPIs and FGRs, the CEO responded that this was presented quarterly as part of the established strategic planning cycle, with the mechanism for board assurance being the integrated report, which worked well. Any additional levels of assurance for KPIs would be considered when the revision to strategy 2025 was agreed.
- 5.19 A member asked for clarity on the mid 5-year strategy review due to go to board in September and queried how aspirational the association could safely be, in its objectives and challenges, considering the rapidly changing financial environment since the business plan and 2025 strategy were implemented. The CEO responded that the association had in place an established strategic planning framework, due to the changing operating context, work conducted with treasury advisors had been brought forward in relation to stress testing and dependent upon whether the information and the stability of the market provided the association with the confidence to make recommendations or undertake early deliberations with the board in open discussions.
- 5.20 The EDofF&R clarified that RSM would be presenting an internal audit on the business plan and process at the next ARC meeting which would act as an additional level of external assurance. Furthermore, the ARC would also undertake an in-depth review of the association's funding risk.
- 5.21 Members discussed the management accounts and a [REDACTED] spend in revenue expenditure which the executive director of development (EDofD) confirmed related to the option appraisals undertaken on the [REDACTED] and property and presented at July 2021 board. The costs included legal and professional fees (including architects, surveyors and engineers), all of which could carry forward into other solutions the association may take forward in those areas.
- 5.22 Members approved and noted the report and appendices.

Resolutions:

- 1. The board reviewed and noted the annual performance at appendix 1**
- 2. The board approved the annual management accounts at appendix 2**
- 3. The board approved the treasury report at appendix 3**
- 4. The board noted the development and regeneration programme dashboard at appendix 4**
- 5. The board noted the major risks: key concerns and key controls at appendix 5**

6. B5.22/23 Development & regeneration - items for approval

- 6.1 The EDofD referred members to the report, regarding the association selling [REDACTED] for which, following the due diligence process, the association had identified concerns regarding the underlying condition of the property and its suitability for the association's growth ambition.
- 6.2 Members queried the valuation of the freehold and the EDofD explained that two initial valuations were carried out and the agreed amount was in excess of both valuations received for the freehold interest and reflected the 'peppercorn rent' currently being paid for this particular unit.
- 6.3 A member asked what the benefit of selling would be for the association and how it impacted plans for regeneration in the area. The EDofD responded that moving forward with the sale of the freehold would not greatly impact regeneration plans as the location of the property was slightly remote from the works being carried out to [REDACTED]
- 6.4 A member asked whether other leaseholders at [REDACTED] could request to purchase the freehold of their properties. The EDofD explained that leaseholders could request to purchase, but that it would be the association's decision on whether or not to accept.
- 6.5 A member queried whether the association would be relinquishing what could be a strategic asset in future and if the sale of the freehold would impact the overall plan for [REDACTED]. The EDofD responded that this specific freehold was not a key property within the holding and held no strategic importance to the association with regards to its aspirations to improve [REDACTED].
- 6.6 Members discussed the cost assurance provided to board in relation to the initial acquisition of [REDACTED] and previous concerns regarding the underlying condition of the properties. The CEO explained that whilst [REDACTED] as a whole was a strategic asset that could complement existing holdings in the city centre, the state of despair at the [REDACTED] was so extensive that the practical way to mitigate the risks associated with the property was to transfer the freehold, which did not detract from the remainder of the association's strategic aspirations in and around [REDACTED]
- 6.7 The EDofOps added that, whilst they understood the concern in terms of disposing of an asset, the property was subject to a [REDACTED] year lease, which gave the association limited influence in terms of its abilities as

a freeholder from a strategic perspective. The EDofOps continued that, from an operational perspective, being the freeholder of the property could open the association up to significant liability.

6.8 The EDofD concluded by reminding members that the [REDACTED] block at [REDACTED] was a separate offer to the association that was not available during the initial acquisition, although it was part of the estate in terms of freehold, they were only offered the opportunity to consider the purchase of this leasehold residential and commercial property when the association engaged with the leaseholders within the block, which the association subsequently rejected having carried out due diligence activity.

6.9 There being no further questions, members approved and noted the recommendations set out in the report.

Resolutions:

- [REDACTED] The board approved the association contracting with the [REDACTED]**
- 2. The board approved delegated authority to the CEO/executive directors to sign and seal all documents associated with this transaction.**

7. B9.21/22 – Any other business

7.1 A member extended their thanks to the EDofD and other officers for facilitating a recent visit to Coverack Road, which they thoroughly enjoyed and asked for the opportunity to visit additional sites in future. The EDofD confirmed that a visit to the city centre development would be scheduled for the following month, which all board members were welcome to attend. **EDofD**

7.2 The CEO thanked the chair for circulating information to the board on 'levelling up' for which there could be an opportunity, for officers interested in this area, to meet and explore in more detail.

7.3 The CEO noted the next board meeting would be the chair's last board and asked members whether they would be content to hold the meeting at an external venue, which would allow for a farewell dinner and possible opportunity to visit the city centre development, members agreed. **Gov**

7.4 There being no any other business the chair thanked members and colleagues and closed the meeting at 19:07.

Date of next meeting - 27 July 2022