



Agenda item no: B26-1.23/24 – CRD 1

Board minutes

Board meeting – In person – Wednesday 27 September 2023

Present:

Members

Lynda Sagona	Board chair
Christian Cadwallader	Board vice chair
Guy Stenson	Board member
Chris Sutton	Board member
James Tarrant	Board member
Jenifer Baxter	Board member - <i>virtual attendance</i>
Mike Usher	Board member
Andrew Gregory	Board member
Dale Walker	Board member
Sarah Croft	Board member

In attendance

Ceri Doyle	CEO
Gareth Yeoman-Evans	Executive director of finance & resources (EDofF&R)
Matthew Davies	Executive director of development (EDofD)
Joanna Fairley	Deputy director of governance and Company secretary (DDofG&CS)
Sharon Wilkins	Director of homes & communities (DofH&C)
Owain Roberts	Director of property & place (DofP&P)
Sophie Taylor	Deputy director of finance & procurement (DDofF&P)
Chris John	Strategy, performance & risk lead (SP&RL)
Ben West	Governance & compliance officer/minute secretary (G&CO)

	AGENDA ITEM	ACTION
1.	Welcome to board members	
1.1	The chair opened the meeting at 17:35, welcoming members, and colleagues.	
2.	B16.23/24 – Apologies for absence	
2.1	Apologies were received from Marsine Kousarieh and Kevin Ward.	
3.	B17.23/24 – Declarations of interest	
3.1	No declarations or conflicts of interest were made.	
4.	B18.23/24 – Digital approvals	
4.1	The chair confirmed the following resolutions were digitally approved and noted through Convene and met quorum requirements of five members voting/noting:	

Digital Resolutions:

1. B18-1.23/24 Board standard voting report

- The board approved minutes of 26 July 2023 as a true and accurate record
- The board noted the one completed, three ongoing and the one in progress matters arising items
- The board noted the one chair's actions number 09
- The board noted that the company seal has been used 18 times for numbers 24-41

2. B18-2.23/24 Loan facilities

- The board noted the approach taken to the re-negotiation of the loan facilities
- The board approved the proposal to put in place a new [REDACTED] with Barclays, and not renew the existing facility with NatWest

3. B18-3.23/24 Chair/CEO overview

- The board noted the Chair/CEO overview for September 2023

5. B19.23/24 - Integrated Report Q1

5.1 The SP&RL introduced the Integrated Report for quarter one and drew members attention to the key content, which included the challenging operating environment caused by inflation and cost of living and the expected below inflation rent settlement that would continue to affect the sector. The SP&RL went on to discuss the impact of [REDACTED] entering administration, drawing attention to the risk to one of the association's development schemes, before highlighting the stabilised rent arrears for the quarter and the pro-active approach the association was taking to support customers over the winter period.

5.2 The SP&RL concluded the report by informing members of the positive interest variance and presented the report's additional focus on customers, confirming there would be future focus on communities and colleagues in subsequent quarterly reporting.

5.3 A member asked for the association's plans to undertake an internal assessment of RAAC and whether third party assurance would be sought. The DofP&P confirmed an initial desktop review had identified 38 properties with potential RAAC, two of which were most likely to include the material and explained the association's plans to engage third party specialists, commenting on the challenge faced by the current demand for specialists.

5.4 A member asked for details of customer engagement surrounding RAAC and the DofP&P confirmed the association would engage with customers following further investigations that identified the presence of RAAC. The CEO confirmed a general communication had been sent advising customers they would be notified of any RAAC found in

their homes and the association had assessed the initial risks and submitted a report to Welsh Government (WG), co-ordinated through Community Housing Cymru (CHC), detailing any potential RAAC.

- 5.5 The chair asked for the number of homes included in the 38 potential properties and the DofP&P confirmed the majority were houses and bungalows with porch canopies and extensions built during the period that RAAC was commonly used and highlighted the association's shopping centres were currently considered high risk, subject to surveys being undertaken, which included a range of homes.
- 5.6 A member asked if [REDACTED] was in control of the association's site when it entered administration. The EDofD confirmed [REDACTED] was contracted by the developer, [REDACTED] to complete construction and the association was seeking clarification on [REDACTED] position and assessing vulnerabilities. The EDofD added that the 48-unit development had been reduced to 45 through planning and the DDofF&P explained the cost exposure and abortive cost risks were considered to be low.
- 5.7 A member asked if the association held any indemnities against the local authority (LA) relating to RAAC. The CEO advised members that the initial appraisal of transfer documents had not uncovered any warranties or liabilities and, despite the national issue, the association was not expecting additional funding due to budgets experienced by the LA and WG.
- 5.8 A member discussed the publicised financial difficulties of Birmingham City Council and asked what the association could do to prepare for a similar impact. The CEO highlighted the existing cost implications caused by delayed local planning and the pressures on the association resulting from withdrawal of key local services and reduced waste collections, before discussing the risk to the social housing grant from bankruptcy and the effects of the LA's budget cuts over the last five years.
- 5.9 The SP&RL described the association's monitoring of the LA, through regular scanning of the operating environment, commenting on its ability to absorb short-term shocks and the potential re-emergence of re-organisational proposals long term. Members debated the LA risk, discussing economies of scale, the loss of local accountability for merged authorities and the potential for further planning delays and a freeze on development proposals with the need for the association to diversify across authorities.

- 5.10 A member raised the impact to households across the city and the need to collaborate with the LA and partners. The CEO responded that the association had asked the chief executive and council leader for support in re-establishing the strategic housing forum. The DofH&C discussed the need to work closely in creating strong and robust local partnerships following the reduction in preventative support services, acknowledging the association could not fill every gap and where the removal of a service left a void, the association needed to consider how this was managed and communicated to communities.
- 5.11 A member referenced the planning delays experienced and associated impacts on development sites and queried the risks to the association's funding streams for Old Town Dock. The EDofD confirmed the association was making progress with the SuDS Approving Body (SAB) following the LA's appointment of a new planning manager which had seen changes to the council's approach, creating the need to revisit previous planning advice. The EDofD advised that some schemes may require changes with a potential reduction in the number of units and increased delays.
- 5.12 A member commented on the significant risk to the potential loss of the [REDACTED] funding for Old Town Dock with the imposed spending deadline. The EDofD discussed ongoing conversations with local planners, aware of the funding deadline, to create a process that provided consistent advice and explained there was some movement with funding timescales and that SAB delays were close to resolution. The CEO agreed there was risk the [REDACTED] funding could be lost if SAB approval was not secured in time.
- 5.13 A member highlighted the significant extension of the 10-year duration shown in the assumptions table of the Development and Regeneration Dashboard. The EDofF&R explained that the financial assumptions were in line with the approved business plan, as defined in the Development and Regeneration Governance Framework (D&RGF) with material changes reported to board and, in this instance, following a review of the association's approach to scheme appraisals that included external benchmarking, the duration period was extended from 50 to 60 years.
- 5.14 A member questioned the increasing number of approved schemes being presented back to board with increased costs, asking if the association was seeking approval at the right point. The EDofF&R drew attention to market volatility and confirmed that schemes presented to board were consistent with the delegated authority, which could be revisited alongside the D&RGF in the annual review

presented to board in November. The EDofF&R discussed the risk of the assumed annual rent increase of the Consumer Price Index (CPI) plus 1% with the EDofD continuing to scrutinise rental and price increases of each scheme using the WG standard viability model.

- 5.15 A member asked if the association was still on target to deliver its development programme considering the pressures and current delivery issues. The EDofD confirmed the association expected to deliver on its 10-year programme and would start to increase delivery once planning issues were overcome, aided by the targeting of development opportunities across South East Wales. The EDofF&R and EDofD discussed a range of schemes that, once unlocked through planning approval, would deliver over 600 new homes in Newport.
- 5.16 The chair asked officers to highlight future changes to financial assumptions and their impact, applying an additional narrative to reports. The EDofF&R discussed that the criteria changes did not create a material impact to the programme and would not have affected previous decisions. **EDofD**
- 5.17 Members and officers held further conversations around the association's prudent approach to board decision making, appraisals, significant scheme increases and the mature alignment of the golden rules and treasury policy. The CEO welcomed the debate and recommended the discussion was brought to a future board strategic planning day (BSPD) ensuring the alignment of the association's ambition against delivery. **SP&RL**
- 5.18 A member queried the change in the contingency assumption from a fixed [REDACTED] to a scheme-by-scheme basis. The EDofF&R confirmed the association was moving to a risk-based approach, commenting that a previous fixed price package would unnecessarily include a [REDACTED] contingency and reporting would now include detailed contingencies for individual schemes. The EDofD added that, as prices began to stabilise, the association did not wish to risk scheme rejection through viability of a risk that was unlikely to materialise.

Resolutions:

- 1. The board reviewed and noted the performance at appendix 1**
- 2. The board approved the 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. B20.23/24 – Asset management strategy annual report

- 6.1 The DofP&P introduced the annual progress report on delivery of the association's Asset Management Strategy (AMS) highlighting progress against the strategic priorities and the plan for the year ahead.
- 6.2 A member enquired as to the legacy demands of the [REDACTED] WG funding to bring into use 19 properties as temporary homes. The EDofD commented that the demands were dependant on the grant criteria and standards achieved, which could range up to ten years. The CEO advised of WG's priority in addressing homelessness and the need to offer an alternative solution, should the association dispose of properties.
- 6.3 A member was pleased to hear of the 19 temporary homes that were in great demand and commented on people wishing to remain in their communities, reluctant to move neighbourhoods. The DofP&P described the spread of properties as being predominantly city centre focused, and the DofH&C discussed the use of intermediate rents, working with the LA to identify customers and encouraging moves to alternative tenures.
- 6.4 Members discussed the opportunity to work collaboratively with other Registered Social Landlords (RSLs) in closing skills gaps and the DofP&P commented on WG support in funding small medium enterprises (SMEs) in Wales, preparing them for the Optimised RetroFit Programme (ORP) grant awards with WG conscious of money exiting Wales and the need to develop SMEs, encouraging housing associations (HAs) to work with them.
- 6.5 A member discussed the opportunity to develop the association's existing workforce with the right skills. The EDofF&R highlighted the decarbonisation roadmap would likely lead to partnerships with other HAs and the association's People Plan aimed to provide colleagues with opportunities to reskill and take on new emerging roles.
- 6.6 A member asked if the association was considering disposals as part of its decarbonisation plan and if data was readily available. The CEO outlined the current Property & Place directorate restructuring plan, with colleague consultations due to commence in October that would change how the association conducts its stock surveys, providing data in real-time and launching in the next fiscal year, which would inform and be reflected in the decarbonisation roadmap, including the identification of properties that may be disposed.

- 6.7 The EDofF&R discussed the loan facilities report (B18-2.23/24) that would unlock some financial capacity and initial modelling indicated an additional [REDACTED] would be needed to achieve EPC-C in all properties by 2029. The EDofF&R concluded that the association had confidence in the financial capacity over a 30-year programme and to do so over five years would challenge the association's loan covenants and reduce its attractiveness to lenders.
- 6.8 The CEO described the priority of achieving lower customer bills with a genuine commitment to environmental sustainability, affirming that the poorest in society should not shoulder the burden and advised of the risks of creating additional carbon whilst attempting to decarbonise housing stock.
- 6.9 A member commented on the association's correct approach with fabric first, maintaining insulation and fuel poverty as key factors, adding that the association should consider its supply chain in reducing its carbon footprint.

Resolutions:

1. The board noted and commented on the annual progress report on the delivery of the association's Asset Management Strategy

7. B21.23/24 – Customer voice strategy annual report

- 7.1 The DofH&C thanked members for attending the recent Customer Voice Bitesize session and presented the annual progress report on the delivery of the association's Customer Voice Strategy (CVS) that sought to highlight major successes and looked to the year ahead, whilst observing the stalled customer satisfaction scores.
- 7.2 A member referenced the static and low satisfaction scores, asking if the association was victim to negative press, like other RSLs, with the measure not reflecting the great work seen in communities. The DofH&C discussed the challenge of association with the local council and its withdrawal of services, outside of the association's control, seen in the STAR survey comments. The DofH&C went on to describe the positive feedback from the Duffryn heating incident that had not seen a shift in local satisfaction scoring, and discussed the purpose of the regulatory STAR survey adding that the association was exploring the right metrics to measure impact.
- 7.3 The SP&RL drew members' attention to the Integrated Report that provided further insight into customer data and satisfaction, commenting on the high value of repairs that offered the most compliments and complaints. The SP&RL described the variations in service demand, reported through real time data and the CEO

explained how this would be used in the planned restructure to create a flexible pool of colleagues to cope with seasonal fluctuations.

- 7.4 A member commented on the census results that detailed 5% of Newport's population were not confident to read or write in English, which could be reducing scoring and asked if the new customer app would provide the option for quick customer feedback in a preferred language or easy to understand format. The DofH&C confirmed that the next phase of app functionality would be gaining live feedback and understanding how this would fit within the association's overall approach to feedback.
- 7.5 The SP&RL described underrepresented demographics in survey responses and a member commented on the associated impact of links to the council. The DofH&C added that although the local authority could not be held accountable for the scoring, a perception did remain and if the association was not clear on its responsibility then customers may continue to hold the association to account for services it was not responsible for. The DofH&C continued that work around the neighbourhood standard was underway, which included services within the locality of customer homes and focused on delivery and visibility.
- 7.6 Member and officers discussed statistical bias and the Integrated Report's focus on the drivers of satisfaction delivered through the three major change projects.
- 7.7 A member described the 9% real income loss to customers and its impact on scoring and enquired to the methodology used in assessing satisfaction. The DofH&C discussed the need to obtain transactional data across the association and the current focus on customer feedback for moving in, living in, and moving out experiences, adding that every contact counted and the need to harness live feedback to understand when and why things go wrong, holding the association to account.
- 7.8 The chair commented on the customer app currently in its soft launch phase that would provide customers with choice, the importance of which should not be overlooked.

Resolutions:

- 1. The board noted and commented on the annual progress report on the delivery of the association's Customer Voice strategy.**
- 8. B22.23/24 – D&RGF approvals**

- 8.1 The EDofD introduced the report seeking approval for the increase in the scheme cost for Longmeadow Court, requesting progression of the revised scheme and describing milestones that included scheme approval in September 2020, site commencement in November 2020, site demolition in December 2020 and discovery of the rising main in March 2021 that resulted in a five metre easement and redesigned scheme that maintained the number of units and resulted in a reduction in number of bedrooms.
- 8.2 The EDofD concluded the report introduction, confirming the approval of updated planning and SAB and highlighted the contract with [REDACTED] with a revised scheme cost of [REDACTED], reviewed by the employer's agent, Blake Morgan, as offering value for money in the current market.
- 8.3 A member asked if the report included the updated financial assumptions, which the EDofD confirmed. The chair drew attention to the significant increase in the Net Present Value (NPV) before the EDofF&R provided further detail on changing variables including the increased grant, with the delayed timing leading to a more beneficial grant methodology.
- 8.4 A member drew attention to the investment table (4.6) that demonstrated a reduction in the net investment from the association and the EDofF&R highlighted the improved financial viability of the scheme for a lower net investment, confirming that the association would continue to scrutinise and strive to obtain best value for money.
- 8.5 A member asked who was at fault for the cost increases and loss of time caused by the incorrect mapping of the rising main. The EDofD explained that the association obtained survey enquiries at planning and qualified that an exact location of apparatus was not guaranteed making it difficult to challenge Dŵr Cymru Cyf and confirmed the association had learnt lessons and was now implementing the use of radar to map the exact location of services prior to tendering future development opportunities.
- 8.6 A member asked if there was opportunity to move the [REDACTED] funding for Old Down Dock to an alternative scheme should the deadline expire and the EDofD confirmed there was potential scope to extend the current deadline and would explore moving the funding if needed.

Resolutions:

- 1. The board approved the progression of the revised scheme**

2. The board approved the total increased costs associated with the Longmeadow Court scheme for the new contract sum of [REDACTED] and the total scheme cost of [REDACTED]
 3. The board approved delegating authority to the CEO, EDofF&R, EDofOps, EDofD and Company Secretary to sign and seal all documents associated with the transaction
- 9. B23.23/24 – Any other business**
- 9.1 The chair reminder members of the **Customer voice opportunity** on the 3 October 2023 and the virtual **Bitesize: Decarbonisation** session on Wednesday 18 October 2023.
 - 9.2 The DDofG&CS welcomed feedback on the AGM and discussed the share membership review, due in 2024, confirming that current share membership stood at 80 members.
 - 9.3 There being no any other business, the chair closed the meeting at 19:36.

Date of next meeting – 29 November 2023