



Board minutes Board meeting – Virtual – Wednesday 29
November 2023

Agenda item no: B44-1.23/24 – CRD 1

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
Mike Usher	Board member
Dale Walker	Board member
Sarah Croft	Board member
Kevin Ward	Board member
Marsine Kousarieh	Board trainee

In attendance

Ceri Doyle	CEO
Gareth Yeoman-Evans	Executive director of finance & resources (EDofF&R)
Sonia Furzland	Executive director of operations (EDofOps)
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)
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)

Observers

Leynie Pearn	Wales and West Housing Association Ltd (LP)
Peter Stephens	Project accountant (PA)
Lindsay Murphy	Head of Income (HdofI)

	AGENDA ITEM	ACTION
1.	Welcome to board members	
1.1	The chair opened the meeting at 17:31, welcoming members, officers and observers.	
2.	B24.23/24 – Apologies for absence	
2.1	Apologies were received from Andrew Gregory.	
3.	B25.23/24 – Declarations of interest	
3.1	All members declared a non-conflicting interest in the Board effectiveness report.	

4. B26.23/24 – 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. B26-1.23/24 Board standard voting report

- The board approved the minutes of the last meeting dated 27 September 2023 as a true and accurate record
- The board noted the six completed Matters arising following the 27 September 2023 board
- The board noted the minutes of the CCC dated 12 October 2023, which were subject to ratification by the committee at its next meeting
- The board noted the minutes of the ARC dated 25 October 2023, which were subject to ratification by the committee at its next meeting
- The board noted the two new chair's actions, numbers 10-11, since the last meeting
- The board noted the company seal had been applied since the last board meeting 25 times for numbers 42-66

2. B26-2.23/24 Governance annual board effectiveness report

- The board noted the outcomes of the 2023/24 board effectiveness process
- The board noted the proposed 2024/25 board effectiveness model, incorporating an independent review, subject to and following liaison with, Melin Homes
- The board noted the improvements and efficiency actions already incorporated at paragraphs 3.2-3.3
- The board noted the detailed comments, feedback and themes from 121s at CRD 1
- The board noted the progress update on the RSM advisory at CRD 2
- The board noted updates on the 2022/23 improvement actions at paragraph 4.3
- The board noted the 2023/24 skills matrix at appendix 1 and individual committee skills at appendices 2 & 3, section 5
- The board noted the succession plan at appendix 4
- The board noted the governance structure, board and committee membership remained unchanged
- The board approved the proposed 2024/25 governance improvement actions, subject to feedback and following liaison with Melin Homes
- The board approved the recommended CCC ToRs and noted, subject to board approval at B26-5.23/24, these would be updated post board
- The board approved the recommended ARC ToRs

3. B26-3.23/24 Forward board matrix

- The board approved the proposed meeting matrix structure for 2024/25, noting this was subject to change following merger discussions

- The board noted the reviewed board member time commitments, detailed at CRD 2 and summarised at paragraph 4.3
4. **B26-4.23/24 NCH rules – The board noted the outcome of the report and confirmed no update to the rules was currently required**
 5. **B26-5.23/24 Governance framework annual review**
 - The board approved the revised SOs, FRs, SofDA, and D&RGF
 - The board approved the notified changes made to the ARC and CCC ToRs that reflect approved changes to the framework documents
 6. **B26-6.23/24 Revolving credit facilitation documentation**
 - The board approved the draft documents, and delegated authority to the EDofF&R, in consultation with the CEO, to negotiate any non-material changes to the final documentation, so long as they were agreed with the advice of [REDACTED] where relevant
 - The board authorised any two of the CEO, EDofF&R, Deputy director of finance & procurement (DDofF&P), Company Secretary (CS) and Executive director of operations (EDofOps), in consultation with the CEO, to sign the legal documentation
 - The board delegated authority to the EDofF&R and CEO on any other matters of a non-material nature that arose requiring a chair's action procedure
 - The board delegated authority to the EDofF&R and CEO on any other matters of a material nature that arose requiring a written procedure or the holding of a special board
 7. **B26-7.23/24 Board ratification – proposal to merge with Melin Homes – The board approved the chair & CEO moving forward with a programme of work to explore the merger of the association with Melin Homes**
 8. **B26-8.23/24 Chair/CEO overview –The board noted the Chair/CEO overview for November 2023**
- 4.2 The chair referred members to actions and comments raised in the board pack and asked members to initially discuss those relating to digital voting reports.
- 4.3 A member queried the increase in the association's borrowing limit presented in the NCH rules review (B26-4.23/24). The CEO confirmed the report summarised independent advice received in relation to the association's model rules and that no changes were proposed, with the rules remaining fit for purpose, and could be revisited if and when the association chose to update it's rules at a future date.
- 4.4 A member discussed the recommendation not to amend the Development & Regeneration Governance Framework (D&RGF) and was expecting to see changes following the September board meeting. The CEO explained that the association was proposing the removal of the Growth Strategic Commitment, outlined in the Strategic Planning Framework update (B29.23/24), which would affect the D&RGF and would be updated at a future date.

- 4.5 The CEO addressed a member query relating to the removal of the individual payment limit for the CEO and EDofF&R, referenced in the Governance Framework report (B26-5.23/24), which was put in place to assist when taking emergency actions and was underpinned by conditions including annual budget constraints.
- 4.6 A member explained they had abstained from voting to approve the revised internal controls and had been unclear on the reason for the changes. The CEO clarified that a review was undertaken following issues experienced during the Duffryn heating incident and the DDofG&CS welcomed member feedback, explaining, with the EDofF&R, the payment and approval controls in place.
- 4.7 The chair highlighted adjustments to the Scheme of Delegated Authority (SoDA) that provided the executive with authority to determine the annual salary uplift for colleagues, and confirmed that the annual salary uplift for the executive fell to the CCC to recommend to the board. The chair concluded by describing additional delegations for the CEO to make changes to the colleague structure, confirming that board would be notified of any significant changes. Members noted that the documents would be updated and made available to members through Convene. **DDofG&CS**
- 4.8 A member drew attention to the Revolving Credit Facilitation (RCF) documentation (B26-6.23/24) and the importance of the new agreement containing the right level of financial assistance to support merger ambitions. The CEO explained that agreements would need refreshing following approval of a new business plan and both Melin Homes and Newport City Homes were considering a set of principles that would enable each association to maintain its partnership working until conclusion of the merger.
- 4.9 A member raised the existing funding agreements in place and whether the merger gave risk to lenders renegotiating terms at an inferior rate. The EDofF&R confirmed that each lender would take a different approach and early conversations had been positive.
- 4.10 The appointment of the creative agency to support the association's brand identity, detailed in the Chair/CEO Overview (B26-8.23/24), was welcomed by members, one of which asked whether the agency would shift its focus towards the merger. The CEO confirmed the work was tendered to build upon brand discussions following the January 2023 Board Strategic Planning Day (BSPD) and, subsequent to the announced merger, all parties were reviewing how the current specification could be revised with a new proposal due shortly.

- 4.11 The CEO informed members of two recent meetings held with the regulator; the first including both CEOs from the association and Melin Homes to discuss the proposed merger, and the second, held earlier that day, attended by the chair, CEO, and company secretary, where the association was informed that its regulatory judgement would not be completed. The CEO expressed disappointment in the decision. Members went on to support the company secretary contacting the regulator, highlighting board concerns and requesting a written response outlining the reasoning for their decision, which would assist with lender negotiations, the proposed merger and other stakeholders. **DDofG&CS**
- 4.12 Members discussed the need to ensure the proposed merger did not negatively affect day-to-day operations and the DDofG&CS reminded members that the self evaluation review would be presented to board annually regardless of regulatory judgement scheduling.
- 5. B27.23/24 - Integrated report Q2**
- 5.1 The SP&RL introduced the Integrated Report (IR) for quarter two (June – September) and drew members’ attention to the report’s focus on community and the association’s ambition to help communities thrive through its asset and regeneration approach. The SP&RL concluded the report by highlighting the economic impact on partner agencies, with the local authority (LA) funding crisis leaving significant gaps in communities and people feeling unsupported and facing financial difficulty.
- 5.2 The chair asked for the inclusion of sector average comparisons in future performance reporting and consider benchmarking against similar sized Welsh and English associations. **SP&RL**
- 5.3 A member highlighted the increase in eviction rates and the DofH&C affirmed the association’s aspiration and commitment to zero evictions into homelessness, working in partnership with the LA to avoid cycles of repeat evictions. The DofH&C went on to explain that the four evictions listed were the result of serious anti-social behaviour (ASB) and were undertaken as a last resort with all other means exhausted and did not relate to rent arrears.
- 5.4 A member asked if the association had identified any additional support services that could assist customer wellbeing, similar to the energy redress support scheme. The SP&RL confirmed the association was exploring an extension to the energy scheme due to its positive community impact and the opportunity it was providing to work with customers, before highlighting the upcoming WHREAP project that could significantly reduce customer electricity bills.

- 5.5 The DofH&C explained that the association's support needed to be sustainable and lasting with its focus on helping customers through the cost of living crisis, with the successful application of grant funding to support customer energy bills, partnering with the Citizens Advice Bureau (CAB) to run debt advice surgeries, and efforts to recycle furniture through a second chance furniture scheme.
- 5.6 The DDofF&P advised members of the procurement team's endeavours to build community benefit into contracts and its work across the association to target benefits that would provide the most value.
- 5.7 A member commented on the percentage reduction in 'Satisfaction with neighbourhood as a place to live' and the SP&RL confirmed the decline was within statistical validity and variation. The DofH&C advised that the data came from a perception survey, which drew close links to the LA and there was not significant seasonal variation or variation between neighbourhoods. The DofH&C added that the association had increased visibility through surgeries, walkabouts and road shows, which was helping to populate the association's 'what matters' plans, detailing customer priorities and driving community benefit.
- 5.8 A member asked for further information relating to new homes completed for letting and intermediate rents. The DofH&C responded that the association had recently introduced intermediate rents to Olympia House and Heron's Mead developments and linked in with the LA to assess where households had sufficient means to move to intermediate and market rate rents, freeing up temporary accommodation.
- 5.9 Members observed the positive shift in the decline in the emergency callout repair percentage and the SP&RL discussed the aim of the repairs project to correctly classify repairs and the importance customers place upon the notification of repair dates.

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. The board noted the progress against the change programme at appendix 6**
- 6. B28.23/24 – Strategic commitments annual progress report**

- 6.1 The SP&RL presented the report, highlighting the three existing commitments and detailing progress against Environmental Sustainability Commitment, including the continued delivery of energy efficient homes, the planned retrofit to existing homes, and colleague engagement through sustainable travel, biodiversity and waste management activities. The SP&RL concluded the report by focusing on future improvements to waste management plans, the implementation of sustainable and active travel, and the WHREAP project that would reduce energy costs for 800 homes, highlighting the shared environmental ambitions of Melin Homes.
- 6.2 A member discussed the exponential increase in material costs and grid infrastructure issues, asking officers to maintain efforts to ensure environmental sustainability remained at the forefront of decision making, with further partnership work required.
- 6.3 Following the Diversity & Inclusion report, a member thanked officers and reflected on the CCC's decision not to capture gender identity data, as reflected in the minutes presented for noting, observing the negative affect this might have on a small minority of colleagues already facing significant discrimination in society. Members discussed the case for collecting gender identity data asking what actions could be derived from the data, with examples of best practice in creating a pro-active, supportive, and inclusive culture and the need to understand the association's customers and colleagues.
- 6.4 Members continued discussing the pro-active approach to addressing the needs of colleagues and customers, being actively inclusive as opposed to passive. The SP&RL highlighted the importance of gender identity in delivering on the commitment and outlined the journey that had already led to the introduction of the gender identity STRIVE module, mandatory colleague training, support of vulnerable customers in the community, and the well attended 'lunch and learn' colleague session.
- 6.5 Members acknowledged the CCC minutes would not cover the full breadth of committee discussion and that regardless of data the association needed to embed diversity and inclusion throughout its operations.

Resolution: The board noted the annual progress report on the association's strategic commitments

- 7. B29.23/24 – Strategic Planning Framework update**
- 7.1 The SP&RL outlined changes to the Strategic Planning Framework (SPF) that included the naming of the EDI commitment to Diversity and Inclusion (D&I), and the transition from the Growth Commitment

to a Development Strategy, adding that the commitment had served its purpose and current ambition required clarity and precision best served by a strategy.

- 7.2 Members supported the proposed changes and queried the inconsistency of the supporting strategies and frameworks with approvals mixed amongst board and the executive team, asking for sight of all strategies and frameworks.
- 7.3 The SP&RL confirmed that customer facing strategies and frameworks required board approval, whilst those with an operational focus were delegated to the executive team. The SP&RL advised that the beyond 2025 strategy would provide greater clarity on digital and data ambitions and the association would shortly update the Strategic Planning Framework's suite of documents within Convene.
- 7.4 Members and officers discussed the importance of all frameworks and strategies regardless of individual preferences and the CEO reminded members of the updates received through a range of reports, including the IR, which provided operational information to board reported up through and scrutinised by the association's fora.
- 7.5 The chair welcomed the debate and members discussed trust and the visibility of all strategies, commenting on the IR as the means by which the board obtained assurance on what it charged the association in delivering. Following further discussion on the board's role in approving supporting strategies and frameworks, the chair gave consideration to including commentary within the IR when strategies were reviewed.
- 7.6 The EDofOps discussed their role in chairing the Digital and Data Forum, overseeing implementation of progress against the supporting strategies that contained considerable operational content, enabling the association to deliver in particular on the commitments of the Asset Management and Customer Voice strategies approved by board.
- 7.7 The CEO confirmed that the supporting strategies and frameworks would be updated and republished to board and agreed to follow up with interested members prior to the next board meeting, allowing members time to review and feedback on the SPF. **SP&RL**

Resolution: The board reviewed and approved the revised strategic planning framework which included the:

- **Renaming of the EDI commitment as the Diversity and Inclusion Strategic Commitment; and**
- **Replacing the Growth Strategic Commitment with the Development Supporting Strategy**

8. B30.23/24 – Golden rules refresh

- 8.1 The DDofF&P provided members with background to the Golden rules and previous conversations on covenants and capacity constraints, with the intention to remove the constraints following the renegotiated RCF approved at board (B26-6.23/24).
- 8.2 The DDofF&P highlighted the alignment between the Golden rules and covenants and the purpose of the refresh to ensure the rules remained meaningful. The DDofF&P concluded that following internal discussions and consultations with external advisors, [REDACTED] the association had chosen to maintain EBITDA MRI as a golden rule due to its value with credit scoring and use as an internal metric, advising that following modelling the EBITDA MRI level would reduce to [REDACTED] %.

Resolution: The board approved the refreshed golden rules which would be effective on approval of the re-negotiated Revolving credit facilities.

9. B31.23/24 – Business plan: scenario planning and mitigation strategy

- 9.1 The DDofF&P presented the report, explaining the use of stress testing and associated mitigation planning against the 2023-53 business plan and highlighted key sections including the financial planning cycle and modelling against economic assumptions, with section seven providing outputs against a perfect storm scenario, detailing adverse movements and deteriorating performance.
- 9.2 The DDofF&P addressed mitigating actions required to tackle the perfect storm scenario and their impact on delivery and risk profiles, before confirming the outcomes of applying mitigations, offering assurance that not all were needed, with only high and medium priorities used and enough options available to mitigate adverse financial impacts.
- 9.3 The DDofF&P concluded the report, highlighting the assurance received from treasury advisors [REDACTED] against the base case scenario, and risk advisors [REDACTED] who benchmarked the business plan against other associations, [REDACTED].
- 9.4 A member commented on the quality of the report and raised the severe level of mitigation used in the plan querying the order of priority and magnitude required. The DDofF&P commented on the close materialisation of the previous perfect storm scenario and explained the consultation process across the association used to develop

realistic mitigations, consideration of impacts and risks, and clarity on implementation and prioritisation.

- 9.5 The EDofF&R described the mitigations as a menu of solutions that could be applied dependant upon the scenario, and commented on the valuable service provided by [REDACTED] in assessing the association's approach to risk management and the business planning cycle.
- 9.6 Members were pleased that planning went beyond financial application, taking into account real world impacts and the CEO summarised its illustration of strong connectivity between directorates allowing for a complete corporate exercise.

Resolutions:

- 1. The board noted the results of the scenario testing set out in section 8 of the report**
- 2. The board approved the mitigation plan that would be used to bring the base plan back into compliance with the golden rules to the extent required following an adverse financial event**

10. B32.23/24 – Rent setting

- 10.1 The DofH&C introduced the report, referring to the recent board rent workshop and drawing attention to key points including the final year of the Welsh Government (WG) rent setting policy and the 6.7% September CPI that led to the Welsh Minister's rent uplift cap of 6.7% for 2024-25, later matched by a benefit uplift of 6.7% due in April 2024.
- 10.2 The DofH&C summarised the key workshop discussions included in the report, and modelled impacts against the business plan, with the 6.7% increase generating an additional £7m compared with the assumed 6.5% increase.
- 10.3 The DofH&C concluded, advising that a 6.7% rent uplift would make rent unaffordable for 53 customers based on the Joseph Rowntree Foundation (JRF) method, and in order to main 100% affordable rents the association proposed freezing or reducing service charges for those affected. The chair thanks the DofH&C and DDofF&P for the work undertaken in delivery of the workshop and presentation of the recommendations.

Resolution: The board approved a 6.7% rent uplift for 2024–2025 and whilst remaining within the overall maximum allowable rent envelope, the uplift would be applied flexibly by:

- Freezing service charges or reducing for all homes with an unaffordable Living Rent assessment, as determined through application of the approved Joseph Rowntree Foundation Living Rents method of assessing affordability**

- **Equally uplifting rent for all other homes with an affordable rent assessment**

11. B33.23/24 – Griffin Island development update

11.1 The EDofD presented the report, informing members of the original Griffin Island package deal approved at board in February 2021 and went on to explain the [REDACTED]

[REDACTED] . The EDofD confirmed [REDACTED]

[REDACTED] which met financial parameters.

11.2 A member asked if the association anticipated any issues with an occupier of one of the commercial units and the EDofD confirmed the tenants were aware of a potential issue in neighbouring units and the unit in question was yet to undergo investigation with a contingency in place to provide alternative accommodation if required.

11.3 A member queried the loss & expense claim and the EDofD confirmed the contractor was entitled to claim under the existing contract for additional costs incurred as part of the change of scope.

11.4 The chair discussed lessons learnt in utilising a full structural survey across the development and the EDofD agreed also drawing attention to the types of properties considered in future.

Resolutions:

1. **The board approved [REDACTED] which included a variation to the contract for [REDACTED]**

2. **The board delegated authority to the CEO, EDofF&R, EDofOps, EDofD and Company Secretary to sign and seal all documents associated with this transaction**

12. B34.23/24 – Any other business

12.1 The chair drew members' attention to the mandatory Health and Safety training on 5 December and two STRIVE celebratory events taking place on 12 and 19 December that members were welcome to attend.

12.2 There being no any other business, the chair wished attendees seasons greetings, before closing the meeting at 19:43.

Date of next meeting – 27 March 2024