Minutes of Meeting

Meeting: Board Meeting
Date: Thursday, 28 January 2021
Time: 6.00pm
Venue: Via videoconferencing on MS Teams

Present:

Tim Bolton	Dave Lakin	Harjit Sandhu
Victor Breach	Nicky Mellings	Hayley Smith
Victoria Dingle	David Mody	Kate Wareing
Jennifer Ekelund	Nasreen Razaq Al-Hamdani	Lucy Weston

Apologies:

Katie Legg

Also in attendance:

Lee Hayward, Director of Property Services
Nasreen Hussain, Director of Finance and Resources
Jude McCaffrey, Interim Director of Housing and Communities
Craig Dransfield, Head of Development
Mat Ridley, Head of Finance
Marisa Elliott, Governance Lead & Company Secretary

Declarations of Interest

David Mody declared an interest as he has commenced work for Catalyst Housing as a consultant on a short-term basis from December 2020. This has also been included on his Annual Declaration Form.

All resident Board members declared an interest in item 61, the Rent Increase 2021/22 and Affordability report.

54a. Approval of Minutes	**Actions**
The minutes of the Board meeting held on 26 November 2020 were approved.	

Resolved:

That the minutes of the Board Meeting held on 26 November 2020 be signed as a true and accurate record.

54b. Personnel and Remuneration Committee E-decision

The minutes of the Personnel and Remuneration Committee E-decision meeting held on 15 December 2020 were noted.

Resolved:

That the Board notes the minutes of the Personnel and Remuneration Committee E-decision meeting.

54c. Audit and Risk Committee Minutes

The Chair of the Committee advised that some of the key points discussed by the Committee at their meeting on 13 January 2021 are on the Board agenda tonight and he didn't propose going through them at this stage.

Resolved:

That the Board notes the minutes of the Audit and Risk Committee meeting.

55. Matters Arising

Item 39 – Matters Arising (Lettings and Tenancy Policies)

It was noted that a couple of case studies are on this agenda later. The case studies linked to allocations will be included as part of the Board L&D session on Allocations taking place later this year.

Item 39 – Matters Arising (Development Update)

The Head of Development advised that he has a pre-application planning meeting with SODC next week and will then be in a position to submit a planning application for Townsend Road in Shrivenham.

Item 41 – CEX Key Issues Update

It was noted that the new Code of Governance is on the agenda for this meeting.

Item 44 – Development Update

The Head of Housing advised that a revised standard format for development reports is on the agenda for this meeting.

Item 45 – Progress on Communities Strategy Work

The Interim Director of Housing and Communities advised that Soha is co-authoring a report with Collaborate. It was agreed that this would be an interesting topic to discuss at a subsequent informal Board lunch session.

Item 49 – Information Management Strategy

The Director of Finance and Resources advised that the Internal Audit Plan for the coming year is being discussed by SLT and at the Audit and Risk Committee meeting in early March.

Confidential minutes

Item 44 – Development Update

The Head of Development advised that a grant application for Pyrton Lane in Watlington has been submitted to Homes England and SODC who will be discussing it at their cabinet meeting in April.

Reports

56. Action Tracker and Wallboard Ideas

<u>Action Tracker</u>

Item 126 – QL Project

The Director of Finance and Resources confirmed the implementation of the Asset Management and First Touch modules were on track.

She advised that we have made an offer for the new Head of Business Transformation role and the person has accepted. He has been recruited from one of our suppliers and we hope he will be able to start at Soha in March.

Item 39 – Brexit

The Chief Executive advised that Brexit is now being managed as part of the operational Risk Register. It was agreed that this could be removed from the Action Tracker.

Item 145 – Review of IDA Documentation

The Chief Executive advised that the meeting didn't take place and is due to be re-scheduled shortly.

Wallboard

The Chief Executive advised that we are considering the sort of information and how we should publish it on our new website which is due to be launched in April 2021. We need to agree how we achieve transparency in the round.

The Chief Executive advised there was no new update on the personal evacuation plan item.

The Chief Executive advised that the Director of Property Services will talk more about our plan for more schemes like Dot, Dot, Dot during the CEX Key Issues item.

The Director of Property Services advised that we are in the process of installing energy software. This will enable us to determine whether an energy advisor for Soha is required.

Resolved:

That the Board notes the update.

57. CEX Key Issues Update

The Chief Executive provided an update on key external trends, internal issues and our ongoing response to Covid-19.

External Operating Environment

1. Covid-19

The Chief Executive advised that a full report was attached as Appendix A, but in summary, we continue to offer a full service under the current lockdown rules. However, we have decided to, once again, close Reception and Royal Scot House as a place of work.

The Chief Executive then asked SLT members to provide an update for their own service areas.

The Director of Property Services confirmed that we are offering a full repairs and maintenance service but that an increasing number of residents are declining planned maintenance work such as kitchen refurbishments and heating upgrades. He advised that we will be carrying forward some of this years' planned maintenance budget into the next financial year to accommodate this.

The Director of Property Services advised that we've experienced some issues with Bridge Heating and we are closely monitoring the situation. He advised that we currently have one gas service which is overdue and potentially four more in the next few weeks. We are

writing to residents to remind them of the importance of the gas safety checks and for them to make contact with us as soon as their period of self-isolation ends. A member asked if the overdue gas services need to be reported to the Regulator. It was confirmed that we do need to notify them but this being done via the monthly CORS report. The Interim Director of Housing and Communities confirmed that a full service is being provided at our Extra Care schemes and we've been using temporary staff to support the existing team. He advised that roll-out of the vaccine has been successfully taking place for residents, the care team and our own staff. The Interim Director of Housing and Communities advised that we are seeing more positive Covid-19 cases in our sheltered schemes. We've arranged for deep cleans to take place where necessary and reminded residents to still be careful even after they've received the vaccine. A member asked if all residents who've been offered the vaccine, have accepted it. The Interim Director of Housing and Communities advised he will look into this.	**JMC**
A member asked if we have sufficient capacity to deal with the significant increase in Universal Credit cases. The Interim Director of Housing and Communities confirmed that we have a new person starting in the Tenancy Support Team but that we were expecting an increase in UC cases even before the pandemic. The Head of Development advised that we had revised the number of units we expected to complete this year from 230 to 135 at the beginning of the pandemic. However, we are now anticipating that the impact will not be as severe and we will complete between 180 and 190 units. He assured members that construction is still continuing but we are starting to see delays on site due to sub-contractor issues. In the absence of the Head of HR, the Chief Executive advised that we are seeing an increase in the number of staff having to self-isolate and there has been one case of Covid-19. Some staff are struggling to juggle work with home schooling and they have been offered furlough on a part time basis. A member asked about the morale and wellbeing of staff. The Chief Executive advised that this lockdown appears to be the hardest one to cope with. Staff are being encouraged to use their wellbeing days and we are holding a 'wellbeing' month during February with activities for staff (and Board members) to take part in. **2. Economic Impact of Covid-19**	

Discussed above. **3. Brexit** The Chief Executive advised that we have not experienced any supply issues since leaving the EU. Risks and mitigations are being monitored via the Risk Register. **4. Social Housing White Paper** The Chief Executive advised that SLT are working through the detail and what this will mean for Soha. A report will be brought to the Board meeting in February. **5. Vale Supplementary Planning Guidance Consultation** The Chief Executive advised that the Vale are consulting on this document. Soha is lobbying them to include a requirement for some of the affordable housing in S106 agreements to be let at social rents. We've also asked engaged residents who live in the Vale to write to their local councillors about this issue. **6. South Oxfordshire's Local Plan** The Chief Executive advised that South Oxfordshire's plan has already been approved. They have a 35% target for social rents. **7. Countywide Homelessness and Rough Sleeping Strategy** The Chief Executive advised that the new strategy focuses on homelessness prevention and Housing First type models. She advised the consultation is open until 21 February. <u>Internal Update</u> **1. Covid-19** Discussed above. **2. Changes to SMT and Directors' Group Remits** The Chief Executive advised that SMT will now be known as SLT (Senior Leadership Team). Over the past year, SMT/SLT has successfully worked together to be the primary decision makers for Soha and it has been decided that this should continue. The Directors' Group will meet on an ad-hoc basis for more confidential items or where a smaller group will work best. **3. 'Meanwhile in Oxfordshire' Bid** The Chief Executive explained that Soha has been part of a group to bring fifty empty properties back into use across Oxfordshire. The group were successful with their bid and have received funding from the Government to take this forward. The Director of Property Services will lead on this on behalf of Soha. **4. Partnership with SOFEA – Community Larder Memberships**	 **KW**

The Chief Executive advised that we have funded SOFEA to provide free three month memberships for Soha residents of their local community larder.

A member asked how the work of SOFEA and the Community Larders is being communicated. The Interim Director of Housing and Communities confirmed that it is on our social media platforms but will need to check the website. Staff have also received a briefing on what support is on offer and how to make a referral.

5. New Website
The Chief Executive advised that work is progressing well on the new Soha website and will provide improved self-service functionality into the QL system. The planned launch date is 5 April.

6. ICT Policy
The Chief Executive advised that we have not tabled the revised ICT Policy at this meeting. The policy was on an annual review cycle to take account of expected changes to legislation as we left the EU. The changes have been delayed until 2022 and we are asking the Board to note that we have extended the review date until June 2021.

7. Communications Update
The Chief Executive advised that the report includes qualitative information alongside the quantative data.

8. Regulatory Judgements
The Chief Executive provided an update on recent Regulatory Judgements published by the Regulator to enable Board members to reflect on any trends or issues that Soha should be concerned about.

Resolved:

That the Board notes the update.

58. Development Appraisal Review

The Head of Development and the Head of Finance presented the report to ask the Board to review and discuss the financial assumptions made within our development appraisals.

It was noted that the report was split into four elements; an assessment of appraisal metrics, a review of appraisal assumptions, an appropriate use of surplus subsidy and a revised standard format for Development reports.

The Head of Development took members through the first element on the assessment of appraisal metrics. He advised there are a variety of methods which can be used to measure the viability of a scheme but

the most commonly used by housing associations is either Net Present Value (NPV) or First Cumulative Break Even. He advised that no method is necessarily better than another. The Head of Development then explained each of the methods and what this means for Soha. He highlighted the close relationship between NPV and First Cumulative Break Even and provided an example using Soha's current set of financial appraisal assumptions. He advised that a scheme which generates a NPV of £0 will break even at year 31. In most schemes, Soha generates a modest positive NPV meaning that the break-even point is less than 30 years. Several members felt that it would be useful to present both as it would provide a more rounded approach to the appraisal process and asked if it would be realistic for Soha to produce both. The Head of Development confirmed that the team could do this and it was agreed to use both NPV and First Cumulative Break Even for future scheme appraisals. Next, the Head of Finance took members through the current set of development assumptions that are used for assessing all schemes which enables us to accurately model the actual cost. He advised that the factors with the largest impact on a scheme's NPV will be the length of time to break-even and the Cost of Capital discount rate used. As Soha provides homes for those in most housing need, it is not intended that we will sell any units, even after the break-even period. It is therefore proposed that we retain the existing assumption of 40 years for the scheme period. The Head of Finance advised that a significant variable is the weighted average Cost of Capital (WACC) and the NPV discount rate. Our current WACC is 4.68%, set in November 2018. Since this time, rates have reduced with future rates likely to reduce further. We have also recently secured new finance with PIC at an agreed rate of 2.6%. It is proposed that we apply a new WACC of 3.4% based on our full borrowing position. If we do reduce the percentage, the impact will show a much improved NPV meaning that our schemes will present as more profitable. The Head of Finance proposed no changes to maintenance, management and repairs costs, rent inflation costs, average build costs, shared ownership sales values or staircasing. However, he suggested that it would be prudent to increase the assumption for void loss and bad debts from 1.22% to 1.9% to align with the budget figure. The Chair invited questions from the group.	

A member enquired if we should consider reviewing the WACC each time we drawdown new tranches of funds. It was suggested that the WACC plus all the variables should be reviewed annually. This was agreed. It was also agreed that development appraisals should show two numbers: the NPV at the current, annually updated WACC, and the WACC that would generate an NPV of zero. This will give Board effective oversight of how much future average interest rates would need to move by to push the scheme appraisal in to a negative position. A member enquired if we should try to use more actual costs in our assumptions bearing in mind the surpluses that we make on our developments. It was noted that we need to manage the risk appropriately whilst ensuring that we have some flexibility. We also don't know what know what the future may bring – there is a possibility that interest rates will increase together with rent arrears. A member asked where the financing risk is monitored. The Chief Executive advised that this is reviewed via the Business Plan stress testing and the annual Treasury Plan. The Head of Development introduced the section on use of surplus to subsidise development but it was agreed to defer this to a separate discussion. Finally, the Head of Development asked members to review the revised Development report. It was agreed that the revised report provides much more detail and will assist the Board in making a more informed decision on future schemes. Subject to a few minor additions, the revised report was agreed. **Resolved:** **That the Board:** **1. Approves the continued use of Net Present Value to assess scheme viability but Soha will also use First Cumulative Break Even alongside the NPV figure;** **2. Approves the revised financial appraisal assumptions as detailed in the report and also approves the review of these assumptions on an annual basis;** **3. That future appraisals will be appraised at the revised WACC rate, and will also show what WACC would generate an NPV of zero to enable Board to see impact of future interest rate shifts** **4. Approves the revised format of the Development Board report; and** **5. Notes that a separate discussion will take place on the use of surplus to subsidise specific development**	**CD**

schemes.	
59. Corporate Plan 2021-25	
The Chief Executive presented the report to ask the Board to review and approve the final version of the Corporate Plan for 2021 to 2025. She also asked for feedback on how the Corporate Plan should be communicated to residents.	
It was noted that Board members have been involved throughout the planning process and were already aware of much of the detail. It was agreed that the new Corporate Plan was excellent and provided a clear direction for the next four years.	
A member suggested that for residents we could highlight what the previous Corporate Plan delivered and then move on to explain what the new Corporate Plan is hoping to achieve from a residents' perspective. The Chief Executive agreed to consider this idea in more detail.	**KW**
The Chief Executive then asked the Board to review the draft objectives for the next two years and to provide any comments by email.	**Board**
Resolved:	
That the Board reviewed and approves the Corporate Plan 2021-25.	
60a. Annual Review of Risk Appetite	
The Chief Executive presented the report to ask the Board to review Soha's risk appetite statement.	
She advised that twelve months ago the Board agreed the risk appetite statement for Soha based on a set of nine domains. The risk appetite in each domain is defined on a scale of 1 = minimal to 5 = high.	
The Chief Executive advised that the Audit and Risk Committee reviewed the current risk appetite at their meeting earlier this month. They proposed a reduction to one of the domains and suggested changes to the some of the wording of the risk domain descriptors.	
The changes being recommended to the Board are: • People – it is proposed that this should reduce from 3 (medium) to 2 (low). The Committee also suggested that the wording should be re-written to include our approach to staff welfare and engagement in addition to the focus on pay and turnover. • Governance, Legal and Regulatory (inc H&S and data) - it is	

- proposed that the wording is broadened to include the integrity of our data.

A member enquired if we needed to consider changing our risk appetite for the market exposure domain. At present, it was felt that the score for this domain was appropriate but that it will be kept under review.

Resolved:

That the Board considered and agrees with the changes recommended by the Audit and Risk Committee to risk appetite levels and domain descriptors.

60b. Risk Review including Sector Risk Profile 2020

The Chief Executive presented the report to update the Board on changes to the Risk Register since the last review and to consider the Regulator's Sector Risk Profile (SRP) alongside it.

She drew members' attention to the summary of SRPs which highlights the key areas of focus for the Regulator each year since 2012.

The Chief Executive advised that she was content that Soha's Risk Register identifies all the risks mentioned in the SRP together with the mitigating actions and controls.

A member commented on data security in relation to remote working and the increase in issues surrounding data breaches and IT security. It was noted that the Audit and Risk Committee and SLT are now receiving quarterly reports on data protection issues including breaches. There will also be an annual GDPR performance report to the Board.

The Director of Finance and Resources mentioned the use of Egress with emails, commencement of penetration testing with a third party supplier and completion of the training for staff on GDPR/IT Security.

Resolved:

That the Board discussed the Sector Risk Profile and identified no changes to Soha's Risk Register.

61. Rent Increases 2021/22 and Affordability

The Chief Executive presented the report to ask the Board to approve the rent increases for tenants and shared owners from 1 April 2021.

She reminded members that an in principle decision was taken in November 2020 to apply the full permitted increase for 2021/22 subject to discussion with the Members' Forum at their meeting in January. The Members' Forum gave unanimous approval to increase rents but made a number of observations, as detailed in the report, which they wished the Board to note.

A member was concerned about reputational risk and how the increase would be viewed by residents in these difficult times. It was agreed that early and proactive communication of the increase is important together with publicising the support that is available including Soha's tenancy sustainment fund, hardship fund and use of the tenancy support service.

Resolved:

That the Board:

1. **Approves the increase to social and affordable rents of 1.5% and 1.6% to shared ownership rents subject to all rents remaining within LHA levels; and**
2. **Provides appropriate allowances in the budget setting process to enable Soha to offer effective support and, where required, financial assistance.**

62. NHF Code of Governance

The Governance Lead presented the report to ask the Board to adopt the new NHF Code of Governance from 31 March 2021.

She reminded members of the report from September 2020 in which she outlined the detail of the new code and the requirements expected of housing providers to deliver it. It was agreed at that meeting to re-visit the requirements of the new code when published and in particular to discuss a key change in Principle 3 on Board effectiveness. This change means a reduction in the maximum tenure a Board member can serve from nine to six years.

The Governance Lead provided an explanation of why it may be in Soha's best interest to retain the nine year maximum tenure. The reasons given include: the number of years it takes to fully embed as a Board member, our succession and recruitment plan is based on the knowledge that Board members will serve up to nine years and already having a diverse Board which we are keen to maintain.

The Governance Lead noted that it is for Soha to decide whether to continue with its existing arrangement on maximum Board tenure. If we decide not to adopt the new code in full, we will need to explain where we don't comply and provide robust evidence for our decision making.

The Chair then invited questions from the group.

A member commented that Board members have a vested interest in this area and asked if it would be sensible to obtain wider advice on our reasoning. It was suggested to ask the Members' Forum for their feedback and also approach any other forums e.g. the NHF Company Secretary Group for the views of their members.

A member commented that at the recent NHF Board Excellence Conference, most organisations were content with the six year maximum but were emphasising the importance of re-election after the three year term on the basis of skills and experience required at that time.

A member felt that their nine year term had passed very quickly and believed that being on the Board for longer had given them a better understanding and knowledge but they agreed with the point about the robust review of skills at the end of each three year term.

The Chief Executive noted that as a mutual, Soha likes to develop its own talent (particularly with resident Board members) and may wish to maintain our flexibility with tenure to allow us to offer a further term following the end of the six years, and decided on a case by case basis.

A member commented that being a Board member is not getting any easier and by allowing the six years with the potential for a further three years would be a suitable compromise.

It was suggested that it would be useful to find out what other organisations are doing about tenure and also to clarify our discussions from tonight at the next Board meeting. This was agreed. **ME**

Resolved:

That the Board discussed and adopts the new Code of Governance from 31 March 2021 except the one area noted above. It was agreed that a further report on this issue will be brought to the next Board meeting.

63. Development Update

The Head of Development presented the report to update the Board on progress since the last meeting.

He advised that Homes England carried out a compliance audit on Sidney Harrison House in Shiplake and Soha has been awarded a green rating (the highest possible rating). Homes England found one low level breach but training has been delivered to the Development Team to prevent this type of breach from occurring in the future.

The Head of Development asked the Board to approve a S106 scheme in Broken Furrow in Banbury. The scheme comprises twelve affordable units of which eight are for affordable rent and four are shared ownership units. No questions were raised.

Resolved:

That the Board approves the development site at Broken Furrow in Banbury and notes the Homes England Compliance Audit.

64. Review of Key Performance Information for Q3 2020/21

The report was provided to update the Board on financial and operational performance at the end of the third quarter of 2020/21.

Performance and Key Trends Report

The Director of Finance and Resources presented the report. She advised that following comments received when the last Performance and Key Trends report was discussed, a revised dashboard has been produced.

She drew members' attention to the areas of concern (the red and amber indicators) and asked SLT members to provide additional detail.

The Interim Director of Housing and Communities advised that arrears performance at the end of Q3 is at 6.1% against a target of 5% which was expected and is as a result of additional claims for Universal Credit and the time of year. The average re-let time has reduced from 56 to 52.9 days against the forecast of 30 days. Void loss is at 1.04% and it is hoped that this will reduce to under 1% by year end.

The Interim Director of Housing and Communities advised that there are 36 unsold properties of which 20 are reserved. He confirmed that most of these are zero or one month unsold. We are continuing to receive enquiries and applications so it is felt this a timing issue rather than an inability to sell.

The Director of Property Services advised that all responsive repair indicators are either above or just below target and all historic repairs have been completed. He advised that work on the tender for the main repairs contract has finished and he will bring a report to the Board next month confirming the details.

STAR Survey

This report was noted and no questions were raised.

<u>ATFS Economic Review</u> This report was noted and no questions were raised. **Resolved:** **That the Board notes the performance report.** **65. Tenancy Sustainment Fund and Food Project Case Studies** The Interim Director of Housing and Communities presented the report to provide the Board with case studies on the use of the Tenancy Sustainment Fund and the Food Project. It was noted that a great deal of work goes into these projects and there is a willingness among staff to work together, sometimes very quickly, to help where they can. A member asked how in the first case study, the household were subject to the benefit cap. The Interim Director of Housing and Communities explained that affordable rents have increased and even though we cap our rents at the Local Housing Allowance, some families are still experiencing the cap much earlier. It was agreed that this was an area to explore further as part of the Board L&D session on rent policy and welfare reform taking place in February.	**JMC**
A member enquired why the family were moved into an affordable rent rather than a social rent from the outset. The Interim Director of Housing and Communities advised they were in an insecure situation and had to move quickly. The tenant was more optimistic about her ability to afford the rent on a long term basis than was realistic. A member asked how many people the Tenancy Sustainment Fund is currently supporting. The Interim Director of Housing and Communities advised that we have seen an increase since December and agreed to provide further information at the meeting in February.	**JMC**
Resolved: **That the Board notes the report.** **66. Members' Forum Minutes – 14 January 2021** The minutes of the Members' Forum were for information only. **Resolved:** **That the Board notes the minutes.**	

67. Any Other Business

Victoria Dingle thanked Board and SLT members for their support during the last few months.

68. Date of Next Meeting

The date of the next **Board** meeting will be **Thursday, 25 February 2021** at **6.00pm** via **MS Teams**

The meeting ended at 8.30pm.

Signed:__________________________

Date: _________________