Minutes of Meeting

Meeting: Board Meeting
Date: Thursday, 24 November 2022
Time: 6.00pm
Venue: Board Room, Soha's Office

Present:

Naomi Barrand	Dave Lakin	Peter Sloman
Tim Bolton	Emma Luddington	Hayley Smith
Victoria Dingle	David Mody	Kate Wareing (via Teams)
Jenny Ekelund	Peter Nkum	Lucy Weston

Apologies:

None

Also in attendance:

Matt Archer, Director of Housing and Communities
Lee Hayward, Director of Property Services
Nasreen Hussain, Director of Finance and Resources
Craig Dransfield, Head of Development
Penny Finburg, Head of Treasury
Marisa Elliott, Governance and Regulation Manager / Company Secretary
Charlotte Copcutt, Complaints Officer

Declarations of Interest

All resident Board members declared an interest in item 40, the Rent Changes from April 2023 paper.

34a. Approval of Minutes	Actions
The minutes of the Board meeting held on 20 October 2022 were approved. **Resolved:** **That the minutes of the Board Meeting held on 20 October 2022 be signed as a true and accurate record.**	

34b. Personnel and Remuneration Committee Minutes

The Chair of the Committee provided the Board with the key points from the Committee meeting held on 14 November 2022. She advised that the Committee discussed the recent cost of living pulse survey and noted the areas that staff feel most concerned about alongside the highest scoring areas. She advised that the Committee were also provided with an update on progress of delivery of the actions in the EDI Strategy and changes to the employee flexible benefits scheme.

The Chair of the Committee advised that the Committee had discussed the HR1 risk in detail and reviewed progress of the recommendations from the Governance Review.

The Vice-Chair commented that she had observed the meeting and encouraged all Board members to observe Committee meetings they were not a member of.

Resolved:

That the Board notes the verbal minutes of the Personnel and Remuneration Committee meeting.

35. Matters Arising Tracker

Item 6 – Rent Statements

The Director of Housing and Communities confirmed that he had discussed the sending of paper rent statements more frequently with the Rent Accounting Manager. He noted that it was proving more difficult than first anticipated as residents have different rent payment cycles and can also be dependent on when Universal Credit is received. This is a work in progress.

Item 10 – Updated Information from Sava

The Director of Property Services advised that this point was covered in the CEX Key Issues report.

Item 11 - Impact Assessment on Proposed Changes to the Classification of IL3 Homes

The Director of Housing and Communities confirmed that personalised conversations with all residents affected by the changes had been carried out.

Item 14 – Review Tone and Language in Letters (regarding Court and Eviction Action)

The Director of Housing and Communities advised that the letters had been reviewed to ensure that emphasis on available support has been strengthened whilst also remaining legally compliant.

Item 20 – Mystery Shopping

The Director of Property Services advised that he has had initial discussions on how this could work and reminded the Board that the customer portal is due to go live shortly.

Item 21 - Fifth Golden Rule

This item is on this agenda.

Item 23 - MD Group Repair Backlog

This item is on this agenda.

Item 25 – Outcome from the Additional Resource in the Rental Income and Tenancy Sustainment Teams

The Director of Housing and Communities advised that Tenancy Sustainment Officers are now working within locality teams, and we are in the process of recruiting a manager for the Tenancy Sustainment team. He advised that no impact has yet been measured and it was agreed to keep this item on the tracker.

Item 26 - Amendment to Standing Orders

This item has been completed.

Reports

36. Wallboard Ideas

The Chief Executive advised that some of the areas for further exploration and discussion hadn't been progressed as originally planned. It was agreed to move the dates forward where appropriate.

Resolved:

That the Board notes the update.

37. Chief Executive Key Issues Update

The Chief Executive provided an update to members on key external trends and internal issues.

External Update

1. Inflation and Economic Operating Environment
The Chief Executive advised that inflation is rising at its fastest rate in 40 years. The September figures (which the rent settlement and Soha pay awards are based on) saw CPI climb to 10.1% and RPI to 12.6%. She noted that the October figures are even higher and are being driven by an increase in food and energy prices.

2. Cost of Borrowing
The Chief Executive advised that the base rate has increased from 2.25% to 3% in October and impacts our variable rate interest payments. She noted that our interest costs are higher than staff costs.

3. National Politics
The Chief Executive noted the return of Michael Gove to the Department of Levelling Up. His reappointment has been broadly welcomed by the sector.

4. Autumn Statement
The Chief Executive highlighted some of the key points from the Autumn Statement including the rent cap at 7% and the benefit cap which will increase in line with inflation – the first time this has happened since the cap was introduced. This is good news for residents affected by the cap and also for the sector who have been lobbying for this change.

5. SODC – New Housing Delivery Strategy
The Chief Executive advised that SODC has approved a new housing delivery strategy. This includes their intention to become a stock holding landlord again by purchasing a modest number of open market homes to rent at social rent levels.

<u>Internal Update</u>

1. Regulatory In-Depth Assessment (IDA)
The Chief Executive advised that we have received the scoping document from the Regulator and a briefing document is also on this agenda as a separate item.

She asked the Board to note the large number of Viability re-grades from the latest set of published Regulatory Judgements. The Regulator has stated that ‘higher inflation and borrowing costs, as well as a weakening housing market, are putting greater pressure on providers’ finances.’ She commented that Soha is experiencing the same pressures and is a developing association so we should not be surprised if this is also the Regulator’s assessment of us.

The Chief Executive advised that the sector is under a huge amount of scrutiny especially after the tragic case of Awaab Ishak. She noted that we already had the reports on improving our approach to property condition and the revised Complaints Policy on this agenda. We have also received the letter from the Regulator asking all registered providers to give assurance on addressing risks relating to damp and mould in residents' homes. This work is being co-ordinated by the Director of Property Services.

2. Stock Condition Survey Data

The Chief Executive advised that the data gathering on stock condition information is progressing well with 150 surveys carried out in October and we are on track to complete 800 by March 2023.

3. Social Housing Decarbonisation Fund

The Director of Property Services advised that we have submitted a bid to the social housing decarbonisation fund for £1.7m of funding, to assist with works to bring the EPC rating of 200 of our least energy efficient homes to band C.

4. Head of Repairs and Estates Services

The Chief Executive advised that Andrew Tollett will be joining Soha on 23 January 2023.

5. Door Knock

The Director of Housing and Communities advised that on 4 November, staff took part in a door knock exercise. We visited 2,701 properties and spoke with about 900 residents. We spoke about what they valued and would like to see changed in their neighbourhoods, and their appetite to get involved in creating change.

He advised that feedback from staff and residents was positive, and both valued the opportunity to have conversations. He asked the Board to note the major themes from the 'what you love' and 'what would you change' word clouds.

A member asked about the data collected on the door knock and what the plans are for it. The Director of Housing and Communities confirmed that he had met with the door knock project team earlier today to discuss how we use the information and share this with residents. We are also keen to hear feedback from residents who we were unable to meet on the day.

6. Soha's External Profile

The Chief Executive provided an update on the various events and speaking opportunities that staff have participated in. She drew members' attention to the regional Tpas event at which Martyn and Vic presented at on resident engagement. She encouraged all members to watch the video on YouTube.

7. Staff Engagement Survey The Chief Executive advised that the results from the annual staff engagement survey had just been received and headline results are strong. The Chief Executive advised that the full report would be sent following this meeting and discussed in further detail at a future meeting. **8. Lettings Performance** The Chief Executive advised that minor re-lets KPI stands at 25 days and is in line with the target of 25 days. Void loss is 0.74% against a target of 0.83%. **9. Update on Changes to Strategy Framework** The Chief Executive advised that at the October Board Away Day, we agreed to bring together the HR, IT and Communications Strategies into one to be known as the Organisational Development (OD) Strategy. She noted that work has already taken place on developing our current draft OD priorities, our culture workshops and formulating our IT priorities. However, what we have not done well enough yet is to articulate the changes in our delivery model, skills, culture, and ways of working that we need if we are to achieve our future ambitions. The Chief Executive advised that the next steps are to have a workshop session with the Board in either January or February and bring the strategy to the March Board meeting for approval. The Chief Executive also asked the Board to note that the existing Services Strategy is due for review. We have decided not to renew this strategy but to replace it with revised Service Standards and a new trajectory for our future delivery model as part of the OD Strategy. A member asked if wrapping up the delivery model in the OD Strategy was the right approach. The Chief Executive agreed to consider how delivery is framed within the strategy. **Resolved:** **That the Board notes the update.** **38. Soha's Golden Rules – Gearing Ratio** The Director of Finance and Resources presented the report to ask the Board to approve a fifth Golden Rule on gearing ratio and the level it should be set at. She advised that the Board agreed the Golden Rules covering liquidity and interest cover at the October meeting and requested that we should also include a rule on gearing ratio. The Director of Finance and Resources explained that gearing ratio is	**KW** **KW**

measured by comparing the net debt (debt less cash) to the value of housing stock in the annual accounts. The purpose of the gearing ratio is to ensure that we do not carry too much debt compared to our asset base (the housing stock).

She advised that we have reviewed the upper, median and lower quartile levels of gearing for a number of other housing associations from the Global Accounts and confirmed that Soha currently operates at the median level.

The Director of Finance and Resources advised that housing associations can carry properties on their financial statements in a variety of ways, but that the majority use deemed cost - EUV-SH for existing stock and new build stock at cost, which is the same as Soha.

The Director of Finance and Resources advised that we have also carried out some analysis to understand the longer term ratio. This has been carried out on the Business Plan with the inclusion of 200 new units every year for the life of the plan rather than the usual seven years.

The Director of Finance and Resources proposed that we set the gearing ratio at no more than 60% which is then reviewed in ten years. She advised that this would enable the Board to review Soha's comparable position to the sector at that point in time and ensures that we do not carry too much debt too soon.

It was noted that the Regulator views gearing as an indicator for growth ambition. A high gearing ratio is too uncomfortable and a low one can be seen as too safe.

A member asked what Soha's 'safe space' would be. The Director of Finance and Resources advised that the banks would expect us not to breach 65-70%.

A member asked if our borrowing costs would decrease if our properties were re-valued. The Director of Finance and Resources advised that it wouldn't as our borrowing costs are based on our ability to service the loans.

The Board agreed that 60% was an appropriate level and enabled us to not take on too much debt, too quickly.

Resolved:

That the Board discussed, reviewed, and approved the gearing Golden Rule is set at less than 60%.

39. Funding Approach and New Loan Facility

The Director of Finance and Resources introduced the report to ask for approval for a revised funding approach and for a new revolving credit facility.

She advised that following the approval of the liquidity Golden Rule at the Board meeting last month, we are required to have an agreed facility in place 18 months ahead to cover all contracted and planned developments, not enter into development contracts without having sufficient facility to cover the first 36 months of contracted cash flows and always have securitised facility in place to cover 12 months' forward cash flows. This means we can expect to continue to need £60m of undrawn facility in place.

The Head of Treasury proposed that we obtain a new revolving credit facility (RCF) of £40m with Barclays and explore a new fixed rate facility of £20m to be drawn down in 2023/24. The £20m fixed rate facility will be used to pay back the drawn down RCF. She noted that the rate for the RCF is cheaper than a fixed rate (even with paying a non-utilisation fee) but at some point, we will take a fixed rate to pay back the RCF.

The Chair then invited questions.

A member enquired if external advice had been sought in reference to the additional RCF facility. The Director of Finance and Resources advised that we obtained advice from our treasury advisors, ATFS, when we originally developed our strategy to commence using an RCF. She advised that we have also spoken with our existing lenders about the rates they will offer to Soha which ATFS have confirmed are competitive within the market. The Chief Executive added that we have also soft tested the market with other housing associations. The Board asked for this market intelligence to be shared. **NH**

A member also sought confirmation that options for financing the new fixed rate facility will be brought back to the Board, so members have full oversight of how we have tested the market at that point and noted that **NH** this Board decision is to authorise only the progression of the direct negotiations for the additional RCF facility at this point, and the overall funding approach.

Resolved:

That the Board:

1. **Reviews and approves the funding approach; and**
2. **Gives authority to the Director of Finance and Resources and Head of Treasury to progress negotiations with Barclays for the £40m new revolving credit facility.**

40. Rent Changes for 2023/24

The Chief Executive presented the report to ask the Board to consider the rent increases payable by residents from 1 April 2023.

The Chief Executive advised that social housing rents must be set in line with the Regulator of Social Housing's Rent Standard and Rent Guidance. This covers both social and affordable rents. Rents for shared ownership leases must be set in line with the individual lease or agreement.

The Chief Executive advised that the current rent settlement enables us to set rent increases at CPI plus 1% for social and affordable rents and RPI plus 0.5% for shared owners. The government has confirmed that it has capped rent increases at 7%. Soha has discretion about whether to increase rents by up to 7% for social and affordable rents. There is no such provision for shared owners, and we are able to increase rents by up to 12.6%.

The Chief Executive reminded members of the conversations held at the Board Away Day in October when we reviewed the revised stress testing assumptions following the mini budget and considered what increasing inflation and interest rates mean for our approach to setting rents and adjusting long term investment priorities. She asked members to note that for every 1% of rental income foregone equates to an annual loss in additional income of approximately £450k per annum.

The Chief Executive advised that we need to consider the impact of any rent increase on our residents in real terms balanced with the impact on our business and our ability to cope with the changing operating environment and our long term plans for investment. She advised that we would be able to deliver our Corporate Plan aims if rents were capped at 5% providing that interest rates do not rise to 5% or if rents were capped at 7% and interest rates do not rise beyond 7%. However, we could decide to disinvest.

The Chief Executive advised that Soha has choices, but we need to be clear about what this means for our residents and for us as a business.

The Director of Housing and Communities updated the Board on the feedback from the Members' Forum and the Members' event. Residents were concerned about significant rent increases at a time when there are other cost pressures, but they understood and wanted to maintain the long term security of Soha. There was also some discussion on where savings could be made by reviewing value for money from our contractors, slowing down development and reviewing the pace of our net zero carbon ambition.

The Chair then invited questions and comments from members.

A member was concerned about the difficulty some residents may face in asking for help especially if there are other factors to consider or they are just starting work. We need to ensure we are targeting residents who may not ordinarily contact us or know what is available to them. A member asked that we consider language and tone when contacting residents. A member asked what residents' expectations were in terms of the rent increase from those that participated in the Members' event. It was noted that there was greater acceptance of a rent increase of 7%. However, another member queried whether 7% had been discussed extensively so was perhaps in peoples' minds? It was agreed that this was a possibility. A member commented that median income had increased by 6.5% but that public sector pay had only risen by 2.2%. On this basis, he felt we shouldn't be increasing rents above 5%. Another member countered this idea as a large proportion of residents are in receipt of Universal Credit and all our rents are at or below Local Housing Allowance levels These residents are therefore protected from any increase. She also mentioned that if interest rates rise beyond 5%, we would breach our headroom and have to scale back on development and net zero carbon work. A member felt that there should be some consistency and fairness across the tenures, and we should be increasing all rents by the same percentage. It wasn't the year to be discussing a different increase for social and affordable rents. A member commented that for some, rent increases was the first part, we also need to consider the rise in service and estate charges on top. The Chair asked members to vote via a show of hands for increasing all rents to 7% of which two members agreed, and to an increase of 5% of which nine members agreed. The Chair requested that officers review value for money across the organisation and bring this detail to the Board in due course, including: • which 'nice to haves' we are able to pause or cease doing • the potential for decreasing contractor spend and reviewing wastefulness in resident facing services • any non-statutory spend e.g., delivery of new homes or net zero carbon works • service charge increases – what do the costs look like and how much can/should we pass onto residents Members asked that access to the hardship fund is made easier and	**KW/NH/ LH/MA** **MA**

clearly communicated to residents especially those who may be reluctant to ask for help.

Resolved:

That the Board approves:
1. A rent increase of 5% to all existing social rents, affordable rents and shared ownership rents from 1 April 2023
2. A rent increase of CPI plus 1% (11.1%) to all existing garage rents from 1 April 2023
3. All socially rented properties being re-let continue to be charged at target rent plus 5% which is in line with the RSH Rent Standard

41. Development Update

The Head of Development presented the report to ask the Board to approve a S106 scheme at Rushy Bank in Charlbury (houses).

He advised that this scheme had previously been approved in February, but the contract had been re-negotiated with the developer, Harper Crewe, to deliver all seven affordable rent homes to net zero carbon standards. He advised that the NPV had dropped but was still positive.

A member asked whether it had been cheaper to pay more for each unit now vs the cost of retrofitting. The Head of Development advised that he had negotiated a cost of £15k per unit rather than the estimated figure of £24k that we are using in the development appraisal for retrofitting.

A member asked about the developer and whether the Head of Development had any concerns. He advised that we carry out due diligence on all developers and we have a satisfactory Dunn and Bradstreet insolvency report.

Next, the Head of Development asked the Board to approve a scheme of bungalows at the same site i.e., Rushy Bank in Charlbury.

He advised that it's with the same developer and the site will comprise twelve bungalows; seven of which will be for people with autism, one to be used as an office/sleepover accommodation and four for general needs. He advised that it doesn't make Soha much money but provides accommodation for a particular client group where there is a demand.

The Head of Development advised that the original plan was to build eighteen flats, but the County Council has since decided that bungalows will be more appropriate. However, it means that the scheme is more expensive to build and is being underdeveloped, but the County and District Councils and Homes England are interested in providing grant funding even though it's a S106 site.

The Head of Development also advised that we have placed some conditions in the contract with Harper Crewe in order to mitigate the risks including the grant of satisfactory planning permission, execution of a satisfactory S106 agreement which enables Soha to let to general needs if the County Council are unable to nominate clients with support needs, that an appropriate support package and funding is in place with the County Council from the start and that a minimum amount of grant is obtained.

A member asked if it would be feasible to build the bungalows to net zero carbon. The Head of Development advised that this would need to be modelled into the development appraisal assumptions and discussed with the developer as it will increase the cost per unit.

Resolved:

That the Board approves both the developments at Rushy Bank in Charlbury (houses and bungalows).

42. Stock Acquisition Opportunity

The Chair advised that this paper had been withdrawn as Soha had been unsuccessful in reaching the interview stage.

43. Briefing on the In-depth Assessment (IDA)

The Chief Executive presented the report to brief the Board on the forthcoming In-depth Assessment (IDA) by the Regulator.

She advised that we have received the scoping framework and are preparing the documents ready for submission by 9 December. She also advised that the Regulator will be onsite on 25 and 26 January including observing the Board meeting.

The Board were also encouraged to read and digest the Soha key facts handout provided during the meeting and to ask for any further information, clarification or if they felt anything was missing.

The Chair offered members the opportunity to speak to her in advance of the next Board meeting if they needed to.

Resolved:

That the Board discussed and notes the report.

44. Tenant Satisfaction Measures (TSMs) and Consumer Standards – Briefing and Self-Assessment

The Director of Housing and Communities presented the report to provide the Board with an update on the Consumer Standards including the Tenant Satisfaction Measures (TSMs).

He advised that compliance with the Consumer Standards has been the responsibility of Boards with the Regulator only taking an interest if there was 'serious detriment'. Soha provides assurance to the Board of its compliance against the Consumer and Economic Standards via the Regulatory Compliance report discussed at every July Board meeting.

From 1 April 2023, the Regulator will begin regulating the Consumer Standards with the introduction of the TSMs. The TSMs are a set of 22 standardised measures against which all registered providers will be monitored including: quality, safety and repair of homes, effective handling of complaints, communal areas and neighbourhoods and relationships between landlords and residents.

The Director of Housing and Communities explained that the TSMs are to be collected via a survey and we are about to go out to tender for this work with an external provider. He advised that while the data for the 22 measures must be collected, we are able to ask any further questions that will be of benefit to us. Also, although we are not obliged to submit data for shared owners as we have not yet hit the threshold of 1,000 properties, we will be collecting this as we are keen to gather this now and learn from their experiences.

The Director of Housing and Communities advised that we are looking to refresh our service standards to ensure that residents know what they can expect from us, the types of things we are and are not able to do and how they can hold us to account if they are dissatisfied or wish to make a complaint. He confirmed that we will be consulting with residents on what the service standards should contain and following publication, monitor satisfaction results, the volume and types of requests we've received, response rates and complaint levels.

Resolved:

That the Board discussed and notes the report.

45. Improving our Proactive Approach to Assuring Property Condition

The Director of Property Services presented the report to provide the Board with details of the assurance Soha currently has in place regarding the condition of our homes alongside the further measures we will be implementing to improve our detailed knowledge of property condition and improve satisfaction with the repairs service.

He advised that Soha is in a good position as we have continued to

invest in our homes, but we want to take a more proactive approach. He explained that we have commenced the trial of smart devices within a number of homes which identifies condensation, damp or mould risks and provides real time data remotely. We are also carrying out in-house stock condition surveys and are aiming to complete the first 800 by March 2023. The Director of Property Services took members through how we currently manage repairs and handle any repair complaints together with the risks associated with the current practice. He also provided an action plan for how we aim to improve our approach. The Director of Property Services provided an update on the disrepair claims that Soha has received to date and noted they have mainly focused on damp and mould issues. He referred members to the recent report from the Housing Ombudsman on this subject and confirmed that Soha aims to implement all the recommendations made alongside the action plan detailed above. The Board noted the report and asked for an update to be provided at a future meeting which sets expectations around assurance, culture and tone. **Resolved:** **That the Board discussed and notes the report.** **46. Value for Money Statement of Approach** The Director of Finance and Resources presented the report to ask the Board to approve the revised statement of approach. No questions were raised. **Resolved:** **That the Board approves the Value for Money Statement of Approach.** **47. Complaints Policy** The Governance and Regulation Manager presented the revised policy for approval. It was suggested that the composition of the Stage 2 panel and the inclusion of a paragraph on the option to bypass the Stage 2 process are discussed and agreed by the Complaints Working Group at their meeting in December. This was agreed.	**LH**

Resolved:

That the Board approves the Complaints Policy in principle subject to discussion and agreement by the Complaints Working Group on the two items mentioned.

48. Group Treasury Management Policy

The Director of Finance and Resources presented the report to ask the Board to approve the revised policy.

Subject to a couple of small amendments no further questions were raised.

Resolved:

That the Board approves the Group Treasury Management Policy subject to a couple of minor amendments.

49. MD Group Repair Backlog Update

This item was for information and no questions were raised. However, members asked for an update at the Board meeting in January.

Resolved:

That the Board notes the report.

50. Rental Income Performance Update

This item was for information and no questions were raised.

Resolved:

That the Board notes the report.

51. Any Other Business

None.

52. Date of Next Meeting

The date of the next Board meeting will be **Thursday, 26 January 2023** at **6.00pm** at Soha's office.

The meeting ended at 9.05pm.

Signed:__________________________ Date: _________________	