Minutes of Meeting

Meeting: Board Meeting
Date: Thursday, 23 February 2023
Time: 6.00pm
Venue: Board Room, Soha's Office

Present:

Naomi Barrand
Tim Bolton
Victoria Dingle
Jenny Ekelund
Dave Lakin
Emma Luddington
David Mody
Peter Nkum
Peter Sloman
Hayley Smith
Kate Wareing

Apologies:

Lucy Weston

Also in attendance:

Matt Archer, Director of Housing and Communities
Lee Hayward, Director of Property Services
Nasreen Hussain, Director of Finance and Resources
Marisa Elliott, Governance and Regulation Manager / Company Secretary

Announcements

It was noted that Victoria Dingle, the Vice-Chair of the Board, would chair this meeting in the absence of Lucy Weston.

Declarations of Interest

All staff and Board members declared an interest in item 72b, the Minutes of the Personnel and Remuneration Committee paper and also item 75, the Budget 2023/24 paper.

72a. Approval of Minutes	**Actions**
The minutes of the Board meeting held on 24 November 2022 were approved. **Resolved:**	

That the minutes of the Board Meeting held on 24 November 2022 be signed as a true and accurate record.

72b. Personnel and Remuneration Committee Minutes

The Chair of the Committee introduced the key points from the meeting held on 10 February. She advised that although the decision on remuneration for staff and Board members will be discussed as part of the Budget 2023/24, the Committee agreed with the proposed recommendation. She provided an overview of the increase to staff salaries which averages at 8.1% across all roles. The Chair of the Committee also confirmed that Board remuneration will increase by the average staff salary of 8.1% and that the company bonus scheme will be abolished from 1 April 2023.

A member enquired about the progress of the localities ways of working. The Chair of the Committee confirmed that progress will be monitored by the P&R Committee as part of the Organisational Development/IT Strategy.

Resolved:

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

73. Matters Arising Tracker and Wallboard Ideas

The Chair noted that many of the actions on the tracker have future dates, and these will be discussed at the appropriate time.

Item 6 – Update on Rent Statements

The Director of Housing and Communities advised that the MySoha app launched earlier today. The app allows residents to see the latest information on their tenancy, repairs and home, including rent, in one place whenever suits them. It was agreed to remove this item from the tracker.

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

The Director of Housing and Communities advised this item is on track to be reported on in April. In the meantime, he advised that a Board member had recently shadowed the Tenancy Sustainment team and had already provided some useful feedback which will be included in his report.

Item 37 – Results from the Staff Engagement Survey

The Chief Executive advised that an update on the recent staff engagement survey together with an action plan will come to the Board next month following discussion at the Staff Consultative Committee. Item 37 - How to Frame the Service Delivery Model in the OD Strategy The Chief Executive advised that discussion on the OD Strategy will be brought to the Board Away Day in April. Item 40 - Value for Money across the Business in Relation to the Increase in Rents It was noted that the Mitigation Plan is on the agenda for this meeting. Items 49 & 55 - Update on the MD Repair Backlog This is included in item 74, the Chief Executive's Key Issues report. <u>Wallboard Ideas</u> Members noted the updates and progress made on some of the ideas. A member asked for issues with car parking to be added to the Wallboard. It was noted that this was one of the biggest themes identified by residents during the Door Knock visits in November 2022 and it was suggested that further information be brought to a future Board meeting. **Resolved:** **That the Board notes the update.**	**MA/LH**
Reports	
74. Chief Executive Key Issues Update The Chief Executive provided an update to members on key external trends and internal issues. <u>External Update</u> **1. Inflation and Economic Operating Environment** The Chief Executive advised that inflation is at 10.1% which has reduced from the January figure of 10.5%. She commented that we appear to be in more stable times and has amended the Risk Register to reflect this discussion at the last Board meeting. **2. Cost of Borrowing**	

The Chief Executive advised that interest rates continue to rise with a rise of 0.5% in February to 4%. However, with inflation dropping, commentators are predicting that we will avoid further significant rises in interest rates over the next few months. She advised we would usually review our development assumptions in February but suggested this takes place in May alongside the Business Plan as we are not pursuing new s106 business at the current time. **3. House Prices** The Chief Executive advised that following a request at the January Board meeting, we have added a new risk to the top risks for cash flow and shared ownership sales purposes. **4. Private Rents** The Chief Executive advised the price of private rents continues to rise with demand outstripping supply. She advised that a quick search on Rightmove revealed no properties to rent in Didcot, Oxford, Thame, Henley or Wallingford at LHA rates. **5. Local Housing Allowance Rates Frozen for 2023/24** The Chief Executive advised that local housing allowance rates (the maximum amount that will be received from the benefits system towards someone's rent) has been frozen again. The impact on Soha is that approx. 300 properties will have their rents frozen as they are already charged at LHA levels. It was noted that this will be a growing issue unless LHA rates move. A member asked for this issue to be quantified to enable us to know what the gap looks like.	**KW/NH**
6. Awaab's Law Following the death of Awaab Ishak, the Housing Minister, Michael Gove, has made a commitment to make Awaab's Law a reality. The law will require social landlords to fix homes within strict timeframes and face legal consequences for any dangerous conditions that are not addressed. Consultation on the timeframes will be launched later this year. The Labour party are lobbying for the private sector to be covered by the same provisions. <u>Internal Update</u> **1. In-depth Assessment** The Chief Executive advised that since the on-site visit last month, she has had a follow-up call with the Regulator. The call did not highlight any concerns, but they asked for further information on Board recruitment, asset management and contingency planning. We expect to hear what our new Governance and Viability ratings are in late March. The Chief Executive reminded members of the continuing high level of	

Viability re-grades from V1 to V2. She felt that Soha was in a comparatively strong position but that this was a possibility for us. **2. Site Visit to Frances Curtis Court Retirement Living** The Chief Executive advised that she had recently visited the scheme in Wallingford with the Chair. She commented that it was beautiful but very large! We took handover last week and some residents are just about to move in. The care provider starts on-site in two weeks. She advised there will be an official opening later this year and Board members will be invited in due course. **3. Changes to Home Ownership and Sales Team** It was noted that the Managed Property Sales and the Home Ownership teams have been combined. This will allow them to deal with all enquiries, defects, sales, stair casing and leasehold management and enable the team to provide cover for each other once training has completed. The Chief Executive advised that the revised Home Ownership and Sales websites have been re-written and are either live or will go live shortly. **4. My Soha App and Customer Portal** The Director of Housing and Communities advised that the My Soha app has launched today enabling residents to see the latest information on their tenancy, repairs and home including rent, alongside amending personal data. **5. Rent and Service Charge Increase Letters** The Chief Executive advised that letters have been sent to all residents setting out the rationale and individual changes to their rent from 1 April. Separate letters have also been sent regarding service charges on the changes and why costs have increased so sharply. **6. New Homes Sales** The Chief Executive advised we were still above the trigger of £5m for unsold shared ownership units but current progress looks promising. Further detail will continue to be provided at future Board meetings. **7. MD Building Repair Backlog Update** The Director of Property Services advised there are currently 2,800 live orders outstanding when usually this would be approx. 800. Following an emergency meeting with MD, we have arranged a new contract with United Living to complete 1,500 orders. MD will then complete the remainder of the outstanding work by the end of May. In addition, MD will be recruiting ten further operatives to our contract within the next three weeks and they have arranged for a new sub-	

contractor to assist with the reduction of orders. The Director of Property Services advised that we will be recovering the additional costs of approx. £20k from MD. A member enquired whether MD will ever be able to reduce the number of orders. The Director of Property Services is confident they will but advised that our contract with MD is due to expire next year. It was noted that availability of staff across our main contractors is an issue, and we are not alone in this. Other housing associations are struggling with recruitment and retention, even those with directly employed staff. A member enquired about the possibility of Soha having a DLO. The Director of Property Services advised that we have engaged HQN in carrying out some consultation on whether a DLO or setting up a joint venture with a local housing association would be appropriate. He confirmed that a report will be coming to the Board in May. A member asked if we were spending enough on the repairs service. The Director of Property Services confirmed this will be included in the HQN report. **8. Lunch and Learn with TSG** The Chief Executive confirmed we delivered a lunch and learn webinar with our stock condition survey app developer to approx. 90 attendees from other housing associations and councils. **9. Service Standards** The Director of Housing and Communities confirmed that all the workshops on the service standards had taken place and an update on the findings will be brought to the next Board meeting. **10. Communications Update** The Chief Executive presented the qualitative data from Q2. It was agreed that it was useful to see comments alongside the data. A member asked if comparative data from either previous quarters or year could be provided. The Chief Executive agreed to consider this further. **Resolved:** **That the Board notes the update.** **75. Budget 2023/24** The Director of Finance and Resources presented the report on the	**KW/DE**

Budget for 2023/24.

She explained that this budget has proved to be the most difficult and unusual she has ever experienced. It has been prepared in a difficult economic climate which includes the rent cap set at 5%, inflationary pressures and increasing interest rates.

The Director of Finance and Resources drew members' attention to the key points of note in the budget including income which increases by 9.3% due to the agreed rent increase and 247 new properties; repairs and maintenance costs increasing by 17.3% due to contractor price increases and clearing of backlog of orders; interest costs are increasing by 30% as a result of additional debt and the rising cost of debt; utility costs are expected to be 107.7% higher; insurance costs are increasing by 48% and staff and other pay costs increasing by 8.1% driven by a number of new positions, expected efficiency gains and the cost of living pay award of 8.1%.

We are expecting expenditure to increase from £30.6m to £32.7m: an increase of 7.2%. Our operating surplus before interest is projected to increase from £17.8m to £20.2m with an operating margin of 38.1%. As with prior years' budgets, this budget does not take account of income received from other property sales, new build shared ownership, right to buy/acquire or staircasing sales.

The Director of Finance and Resources advised that although the budget is showing a less healthy position than previously experienced, we are still maintaining our viability and have sufficient resources to deliver our services and ambition in the Corporate Plan.

She advised that we have reviewed all areas to ensure we are realising efficiencies and will continue to look for gains throughout the year.

The Vice-Chair then invited questions.

A member enquired why we still have a relatively high operating margin when the Global Accounts are showing the average as 19.5% which is the lowest since 2011. The Director of Finance and Resources advised that Soha does not have as many liabilities as other housing associations e.g., fire or building safety works.

A member was concerned about the significant reduction in the planned maintenance budget and queried whether this was business as usual or a cutting back on works. The Director of Property Services confirmed that it was business as usual. He noted that we have only extended the lifecycle on gas boilers due to the impending change in 2025 when gas boilers can no longer be installed in new build homes.

A member enquired whether a change in our Viability rating would change our ability to raise new finance or increase interest rates. It was noted that this would be unlikely. However, a downgrade in the Governance rating could.

A member was concerned about the risk from increasing rent and/or service charge arrears materialising. It was noted that the budget is prepared using our current projections and targets, and that this risk is one of the stress tests for the business plan.

There was concern among a number of members on the exceptionally large increase in service charges for some residents. A member asked if we would look to reduce service charges in-year if energy costs also reduced. It was noted that we make any adjustments at the end of the financial year and any credit or debit is carried over to the next years' charges.

A member commented on the good work of the team in carrying out the installation works of the CO detectors.

Resolved:

That the Board reviewed and approves the Budget for 2023/24 as set out in Appendix A of the report.

76. Business Plan Assumptions and Stress Testing 2023/24

The Director of Finance and Resources presented the report to ask the Board to review the assumptions and scenarios to be used for stress testing the Business Plan 2023/24.

The Director of Finance and Resources advised that the assumptions and scenarios are based on our own best predictions during what continues to be a very volatile and uncertain operating environment together with those given in the Hargreaves Risk and Strategy document published in December 2022.

The Director of Finance and Resources then took members through the proposal for stress testing which will follow a similar format to last year. She advised that we will be carrying out a combination of single variate sensitivity analysis to ascertain when the plan will break and also multi-variate scenario testing.

We have considered four individual sensitivity factors, namely: conversion of all shared ownership units to affordable rent; arrears; divergence between inflation rates and rental income and interest rates. These have been chosen because they have a significant impact on our cash flow, covenant compliance and/or the long-term cost base of the business. The three chosen scenarios are based on either the Risk Register, a 'pessimistic' (based on the assumption that inflation and

interest rates remain higher for longer than assumed by the OBR) or a 'doom' scenario (based on the Bank of England's Annual Cyclical Scenario Pessimistic). The Vice-Chair then invited questions. A member asked about pay and the longer term trend of leapfrogging of salaries and possible recruitment and retention issues. It was agreed to consider this point further. A member enquired whether the figures used for the level of arrears in the stress testing was optimistic. It was noted that the figures were based on the KPI target we are expecting to achieve. A member was concerned about development risk and sales off-set if there was a delay in the handover of units and the realisation of income. It was noted this is managed through regular reforecasting of cashflow projections. A member asked about the inflationary costs of building on our land led schemes and whether we should include this in the stress testing? It was agreed that this was a possibility, and we will consider this point further. **Resolved:** **That the Board discussed and agrees:** **1. The assumptions to be used to produce the base case Business Plan 2023/24; and** **2. The stress testing to be performed on the Business Plan 2023/24.** **77. Soha's Unified Mitigation Plan** The Chief Executive presented the report to ask the Board to approve the Mitigation Plan for 2023/24. She advised that the plan is an attempt to pull together all mitigations and the order in which they would be invoked if financial risks crystallised. The Chief Executive reminded members that at the last meeting, the Board discussed the draft version both in terms of content and format. Since then, we have developed the plan further and updated it with new data and numbers following the production of the budget. She advised that we have focused on the proposed order in which savings would be realised if we needed to stop or slow down activities. A member commented that it was useful to see the information contained in Table G of the report including the monetary value and what this means we are unable to do. This was echoed by other members.	**NH/KW**

A member queried the use of the word merger and suggested that this should be acquisition. This was agreed. A member asked whether there was an evaluation technique or tool that could be used to measure the impact, for example not providing carpets in void properties vs not renewing laptops for staff and would deferring a decision lead to longer term issues? This will be considered for the next iteration of the plan. **Resolved:** **That the Board reviewed and approves the mitigation plan for 2023/24.** **78. Investment in Existing Homes 2023/24** The Director of Finance and Resources presented the report to provide the Board with the assurance that the level of investment in existing homes is appropriate and ensures we are compliant with the Decent Homes Standard and can deliver the ambition in our Corporate Plan. She advised that ensuring we have appropriate levels of investment in existing homes is key to managing our long term viability and that social housing assets are protected. There is also a regulatory expectation that the Board will have oversight of assurance on the level of investment in existing homes. The Director of Finance and Resources explained that the report does not aim to provide all the solutions but is a way for the Board to review and have assurance that investment is at the right levels. The Vice-Chair invited questions and comments from members. A member asked whether costs for damp and mould works was included in the stock condition survey programme. The Director Property Services confirmed that it was and that we have implemented a new system which allows us to track any damp and mould issues including costs. He also advised that we have made some amendments to the QL system which provides easy tracking of issues at each stage. A member enquired about possible regeneration, and resident expectations on what may happen to replace existing homes. The Director of Finance and Resources alluded to the work already carried out to remodel bedsits which had proved popular with residents. She advised that no specific plans have been made but that we needed to think long term about future regeneration requirements and plan accordingly.	**KW** **KW**

A member asked if we were planning to make retrofit services available to shared owners. The Director of Property Services advised that we are beginning with work on those homes that are least energy efficient, and this does not tend to be shared owners. We will consider this for future phases.	
A member asked if we checked compliance with gas servicing for shared ownership homes. It was confirmed that at present we do not, but the Director of Property Services agreed to consider this further.	**LH**
A member enquired about compliance of 100% in certain areas. It was confirmed that gas servicing is at 100% and noted that we now provide extrapolation of Decent Homes compliance based on stock condition survey data in the Performance Report.	
Resolved:	
That the Board reviewed and notes the report.	
79. Policy, Strategy and Statement of Approach Index	
The Governance and Regulation Manager presented the policy, strategy and statement of approach index for approval. She also asked the Board to note that the index will be brought to future Board meetings in October as part of the review of key governance documents report.	
No questions were raised.	
Resolved:	
That the Board approves Soha's Policy, Strategy and Statement of Approach Index and notes that future annual reviews will take place in October.	
80. Chair's Action - Barclays Revolving Credit Facility	
The Director of Finance and Resources reminded members that approval had been given at the November Board meeting to progress negotiations on a new £40m revolving credit facility with Barclays. She advised that the transaction had completed today via a Chair's Action.	
Resolved:	
That the Board notes the report.	
81. Rental Income Performance Update	
The Director of Housing and Communities presented the report to update the Board on current progress.	

A member asked if we should be continuing with evictions in the current climate. The Director of Housing and Communities advised that we do not evict any residents who are actively engaging and working with us to find a solution. A member queried the percentage of residents in arrears. The Director of Housing and Communities advised that the information is slightly deceptive and is a snapshot of the current situation. He advised that the figures show that 1.7k of households are in arrears of more than £250, however, some of these will be in receipt of Housing Benefit. The HB cycle doesn't always match the period when rent is charged so can often show more people in arrears than is correct. He agreed to provide further information on the HB cycle to a future Board meeting.	**MA**
Resolved: **That the Board notes the report.**	
82. Any Other Business None. **83. Date of Next Meeting** The date of the next Board meeting will be **Thursday, 30 March 2023** at **6.00pm** on MS Teams. The date for the Board Away Day is **Saturday 22 April 2023,** commencing at 9.00am at Fison Barn, The Earth Trust, Little Wittenham, Oxfordshire OX14 4QZ The meeting ended at 8.10pm. Signed:_________________________ Date: ______________	

CONFIDENTIAL MINUTES

There were no Confidential Minutes.

Signed:____________________________

Date: ________________