Minutes of Meeting

Meeting: Board Meeting
Date: Thursday, 25 January 2024
Time: 6.00pm
Venue: Board Room, Royal Scot House

Present:

Naomi Barrand	Dave Lakin	Peter Sloman
Janet Crooks	Emma Luddington	Hayley Smith
Victoria Dingle	David Mody	Martyn Thorne
Jenny Ekelund	Peter Nkum	Kate Wareing

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
Penny Finburg, Head of Finance and Treasury
Marisa Elliott, Governance and Regulation Manager / Company Secretary

Observers
Vic Breach, Members' Forum
Sam Galley, Estates Officer
Summer Roberts-Clifford, Estates Assistant

Declarations of Interest

There were no new declarations of interest.

Announcements

The Chair of the Board welcomed Vic Breach from the Members' Forum and Sam Galley, Estates Officer and Summer Roberts-Clifford, Estates Assistant, as observers.

37a. Approval of Minutes The minutes of the Board meeting held on 3 November were approved. A member enquired about whether the full range of protected characteristics had been included in the EDI Strategy 2023-26. The Director of Housing and Communities advised that he would circulate the revised version. **Resolved:** **That the minutes of the Board Meeting held on 30 November 2023 be signed as a true and accurate record.** **37b. Audit and Risk Committee Minutes** The Chair of the Audit and Risk Committee gave an overview of the meeting held on 10 January 2024. He confirmed that the recent internal audits provided a high degree of assurance and that no major issues were raised. He further advised that the internal audit plan for 2024/25 had been agreed. The Chair of the Committee noted that Committee members had discussed risk appetite and the top live risks which are also on tonight's agenda. He passed on this thanks to the Committee for their work on the revisions to the risk domains. **Resolved:** **That the Board notes the minutes of the Audit and Risk Committee.** **38. Matters Arising Tracker and Wallboard Ideas** Items 49 & 55 - Update on the MD Repair Backlog It was noted that the number of jobs had risen to 1,200 but we have directed some of this work to United Living. It was further noted that we are currently on-boarding a new contractor to assist in peak times. Item 54 - What else Soha can do to Assist with Individuals whose Housing Needs are not being Met Elsewhere This item is included within the CEX Key Issues report at point 39. Item 77 - Evaluation Technique to Measure Impact of Stopping or Slowing Down Activities Not yet due. Item 16 – Impacts of the War in Israel	**MA**

This item has been added as a standing item in the CEX Key Issues report. Agreed to remove from the tracker.

<u>Item 27 - Whether Soha should take Formal Role of Advocate</u>
It was noted that we would not take on this role but would provide support and offer the services of an advocate. The wording in the EDI Strategy will be updated to reflect this. Agreed to remove from the tracker.

<u>Item 27 – Consider Collecting Household EDI Information</u>
It was noted that we will formally report on tenant EDI data and where we have the information for other household members, this will also be reported.

<u>Item 29 - Customer Service and Engagement Update</u>
These items are not yet due.

<u>Item 30 - Whether helping to Address Homelessness should be a more Proactive Part of Soha's Mission and Purpose</u>
See item 54.

<u>Item 31 - Formal Paper on Budget Variance</u>
This is on tonight's agenda. Agreed to remove from the tracker.

<u>Item 32 - Staff to Complete Health and Safety Training Modules</u>
It was confirmed that emails to all staff reminding them to complete the outstanding modules had been sent with a copy to Line Managers. Agreed to remove from the tracker.

<u>Wallboard Items</u>

The Chair invited members to reflect on any additional items for inclusion on the Wallboard. No questions were raised or comments offered in response.

Reports

39. 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 December CPI inflation was 4.0%, a slight increase from 3.9% in November.

2. Cost of Borrowing
The Chief Executive advised that the Bank of England (BoE) base rate has remained at 5.25% (same rate since August). The higher rate continues to impact directly on our variable rate debt repayments, which currently form 28% of our total drawn down debt. She advised that mortgage rates are also now falling, with long-term rates (five years) cheaper than shorter term fixes. This is good news for shared owners needing to re-mortgage but those coming to the end of fixed rate deals will still see their monthly costs increase sharply.

3. Israel-Hamas War and Potential for Wider Conflict
The Chief Executive advised that we continue to live in a climate of heightened insecurity with both human and economic impacts of any escalation of the conflict potentially grave. She noted that the war has not directly impacted Soha as yet but inflation and energy costs have a significant impact on us financially.

The Chief Executive commented that we need to plan for a high degree of potential economic volatility given global instability and the impact of recent global price shocks on our national economy.

4. Awaab's Law
The Chief Executive advised that the government are currently consulting on Awaab's Law which sets timescales within which social housing landlords will be obliged to act when hazards are reported to them including damp and mould in properties.

It was noted that we already adhere to the timescale suggested for emergency repairs. However, for some other repairs there is a much tighter timescale for inspection, and for works to commence. The actual definition of what types of work this covers is still to be clarified. The Director of Property Services confirmed that he is speaking with our contractors regarding the proposed lead-in times and how the workload will be managed.

The Chief Executive advised that the form of redress proposed (through tenants taking legal action against landlords for breach of tenancy) is likely to further increase the number of speculative no-win-no-fee lawyers marketing at our residents. However in practice, sector compliance is likely to be enforced at an aggregate level through the regulatory inspection regime.

5. SODC S106 Conditions – An Important Result
The Chief Executive updated members on the proposal from South and Vale Councils to move away from the standard National Housing Federation clauses in s106 planning consents that give us the ability to use the homes we purchase through s106 as security for our loans. These are known as "mortgagee in possession" clauses.

She advised that we have been working with colleagues from other local housing associations to explain why this would create problems for us, both in terms of our ability to securitise new developments, and in terms of shared owners being able to get mortgages on homes without these provisions. She reported that South and Vale is no longer proposing to proceed in this manner which is good news. <u>Internal Update</u> **1. Responsive Repair Backlog – Update** It was noted earlier in the minutes that the number of orders had risen to 1,200 which is above our desired range but significantly better than twelve months ago. However, we will now invoke our emergency plan and will divert circa 150 orders per week to United Living until MD reduce the number back to planned levels. **2. Frances Curtis Court - Sales Update** The Chief Executive advised that we have five apartments sold and another five on hold for unproceedable buyers. Twelve units have been allocated for short-term let, of which four have potentially interested parties going through the reservation process. The available properties are being marketed for sale on a range of platforms including the Soha website, Share to Buy, which is the leading property portal for affordable homes, Rightmove and Zoopla. In addition, we are currently creating some branded 'For Sale' boards, which will be erected outside the property to further assist in the promotion of these units. **3. Stock Condition Survey Update** The Chief Executive advised that in December we completed our 2,000th stock condition survey since the survey programme re-started in October 2022 and we are well on track to meet the 2023/24 year-end target of 2,100 surveys. A member asked if there were any surprises or things we were not aware of which have been discovered. The Director of Property Services advised that the results were pleasing and less than 1% of the homes inspected failed the Decent Homes Standard. **4. Communications Update** An update was provided as shown in Appendix A of the report. A member enquired about the figure for users of the Soha App which he felt was low. It was noted that further enhancements are being made to the App and with communication in general. **5. Regulatory Judgements and Housing Ombudsman Update** An update on the latest judgements and information on Complaint	

Failure Orders was provided as shown in Appendix B of the report. **6. Who Should We Be Housing?** The Chief Executive noted a long-standing item on the Matters Arising Tracker was to further consider who we should be housing. She advised that when this was initially added, it was in response to our ambition to potentially augment our development programme in order to meet a broader range of housing need. We have not progressed this because of other priorities, and our decision to scale back new development because of interest rate volatility. The Chief Executive advised that this is one of the two big questions (the other being asset disposals) that we should be considering as we develop the next Corporate Plan and proposed that we should pick this up as part of this process. This was agreed. **7. Regulatory Judgement - G1:V1 Rating** The Chief Executive advised that our G1:V1 rating has been confirmed following a stability check. **8. Gateway Site – Next Steps** The Chief Executive advised that Homes England are soft marketing the site immediately to the left of our office (if you are facing the front of our building). She noted that Hyde are interested in acquiring the site and we are in early discussions with them about the potential opportunities that could be created by working in partnership with us. A member enquired if we had made contact with the opposition parties regarding their housing policy as the decision regarding the Gateway site could change. The Chief Executive advised that she had been in contact with them but not recently.	
A member asked about Bully XL dogs and our response to the impending ban on keeping them. It was noted that we are about to introduce a Pet Policy but this will not cover the residents who signed their tenancy agreement before the ban. The Director of Housing and Communities agreed to consider this further.	**MA**
The Chair of the Board commented on the recent Friday Update on the work of the Board for staff that she hosted alongside Victoria and Peter S. It was very well attended and received, and the invitation for staff to attend as observers has resulted in staff joining us this evening. The Vice-Chair provided an overview of her journey from tenant to Board member and Vice-Chair to a recent Women in Housing Forum meeting. She also shared some of the different approaches used by housing associations to encourage residents to apply for Board positions.	

The Chief Executive advised that four homes had been affected because of the recent severe flooding. She suggested that an item is added to the Wallboard on climate change risk and protecting residents from future occurrences. This was agreed. **Resolved:** **The Board notes the update.** **40. Future Funding Options** The Director of Finance and Resources introduced the report and reminded members that at the meeting in October 2023, one of the recommendations was to 'conduct an exploratory exercise…. of new medium-term financing that provides flexibility to spread drawing over time and enter into new interest rate hedges opportunistically at short notice'. She confirmed that we would seek offers up to £75m of funding and bring a proposal to the meeting in January 2024. The Director of Finance and Resources then invited George Flynn and David Jin from Savills Financial Consulting to take members through the analysis of funding offers received from eleven counterparties. **Confidential items** were discussed. Further information is contained within the Confidential Minutes. The Chief Executive asked the Board to take an in-principle decision to proceed with the offers received from the top two lenders as detailed in the report. **Resolved:** **That the Board approves that we progress with the top two funding offers as detailed in the report with a final recommendation to proceed being brought back to a future Board meeting for approval.** *The Chair thanked George Flynn and David Jin from Savills Financial Consulting for attending and they then left the meeting.* **41. Risk Appetite 2024** The Chief Executive presented the report and explained that every year Soha reviews its risk appetite statement against a set of nine domains to ensure the descriptors remain relevant alongside a review of the scores for each domain. This is then considered and discussed by the Audit and Risk (A&R) Committee prior to full Board approval. She advised that the Committee is recommending to Board that:	**KW**

- The risk appetite scores remain unchanged with one exception – that the Board consider increasing risk appetite on service delivery from 2 to 3 to reflect the willingness to accept a temporary reduction in service standards for long term gains as we review our repairs delivery model.
- Wording in the finance risk appetite descriptor is changed to include budget management as shown in the appendix.

The Chief Executive noted that the SLT and A&R Committee also discussed the long-term ambition to reduce risk appetite for environmental impact to 2 (low). However, this is not recommended this year due to cost implications for Soha and its residents of moving the planned heating replacement programme from gas boilers to air source heat pumps.

The Chair then invited questions from members.

A member asked if the change to the risk appetite on service delivery was a temporary measure and was not a reason for the service to fail. This was confirmed.

A member felt that the score should remain at 2. He suggested that it could be perceived that we are almost pre-empting that a reduction in service standards is going to happen. The Chief Executive concurred and noted that the messaging and tone needs to be appropriate.

A member commented on the recent flooding which affected four homes and what Soha can do to prevent this from occurring in the future. Another member suggested that we consider the environmental impact rather than adapting our homes. This will be considered further as a Wallboard idea.

Resolved:

That the Board discussed the recommendations from the Audit and Risk Committee and agreed that the risk appetite score for service delivery remains at 2 and approved the change to wording in the finance risk appetite descriptor.

42. Review of Top Risks including Sector Risk Profile 2023

The Chief Executive presented the report to ask the Board to review and approve the Top Live Risks, to note the work of the A&R Committee in reviewing the risk register (top risks and internal control framework) and to review the areas of risk detailed in the Sector Risk Profile (SRP).

She asked the Board to: review if the risks detailed in the Top Live Risk Register remain appropriate and have considered the risks identified by the Regulator in the SRP; whether the controls we have in place mitigate the risk to an acceptable level and if there are any risks we haven't considered. She advised that SLT and the A&R Committee regularly review the register and internal control framework in detail.

The Chair then invited questions from members.

A member suggested that compliance with the revised Complaints Handling Code needs adding to the Top Live Risks and also asked about sufficient resourcing in light of the enhanced and statutory nature of the Code. The Chief Executive advised that we are seeking to recruit someone who can assist with the administration and investigation for complaints, subject access requests and disrepair claims.

A member commented on the risk around the labour market and the surrounding politics. It was suggested that we give some thought to training and developing our own workforce in relation to the DLO.

The Chief Executive noted that the Top Live Risks will be shown in a different format next time as we are about to implement some new software.

Resolved:

That the Board reviewed and approves Soha's Top Live Risks subject to the inclusion of the additional risks mentioned and notes the work carried out by the Audit and Risk Committee during the last year.

43. Soha's Complaints Process

The Chief Executive presented the report to advise on the changes to the Housing Ombudsman's Complaints Handling Code and how Soha will manage this.

She advised members that revisions to the Complaints Handling Code is currently in a consultation period and is voluntary, but will become a statutory duty from 1 April 2024. The revised Code is due to be finalised at the end of January, but we have chosen to tighten our processes now by updating our policy and procedure to align with the draft Code. Key changes to the policy include shortened timelines for providing responses at Stage 1 and 2, the definition of a complaint and re-iterating that Stage 2 is a review of Stage 1 and not another investigation. We have also reviewed and streamlined the Stage 2 process to ensure that it is manageable.

The Chief Executive noted that whilst we are seeking approval for the new policy, we are aware of the differing views to the revised approach. We will be carrying out an early review of the revised policy and are currently considering how the increase in workload will be resourced and managed.

She also asked the Board to note that Hayley Smith has been appointed as the Board member with lead responsibility for complaints.

The Chair then invited questions from members.

It was noted that complaints is a difficult area but there are gains to be made and lessons learned/recommendations for teams within Soha to take forward. The Chief Executive concurred and noted that we have some way to go with the learning piece and being able to harvest the data.

It was noted that the change to the Stage 2 review panel could be seen to have less impartiality than the existing arrangement. The Chief Executive commented that she is confident that having one SLT and one member of the Board/involved resident will maintain the objectivity of the decision. Most organisations have an internal review stage with the Housing Ombudsman providing the external perspective.

A member commented that whilst we have to comply with the Code, some of the timescales may be difficult to meet, for example, making reasonable adjustments with a complainant who requires BSL assistance as there is at least a two week lead-in time for support.

It was noted that culture around complaints needs to be a focus in the policy and across Soha. This will be taken forward by the Board member with lead responsibility for complaints alongside the Complaints Manager.

Resolved:

That the Board:

- **Approves the revised Complaints Policy, noting that timescales for future complaints handling will be worked to by 1 April 2024 and will be subject to regular reviews;**
- **Notes the draft Complaints Procedure; and**
- **Notes the appointment of Hayley Smith as Board member with lead responsibility for complaints.**

All observers were asked to leave the meeting.

44. Budget Variance

The Director of Finance and Resources presented the report to ask the Board to approve an increase to the budget for 2023/24 in three areas.

Confidential items were discussed. Further information is contained within the Confidential Minutes.

Resolved:

That the Board approves an increase to the original Budget for 2023/24 as detailed in the report.

All observers re-joined the meeting.

45. Performance Report Q3 2023/24

This item contains all Executive Team reports about Soha's performance for the quarter ending 31 December 2023. Questions and comments were taken together for all reports.

Performance and Key Trends Report

The Director of Finance and Resources presented this report and noted some of the key highlights.

She advised we had an operating surplus (after interest) of £1.9m, which is 34% below budget. Our total year to date surplus is £5.4m including £3.5m of property sales.

The Director of Finance and Resources advised that average re-let time stands at 23 days which is at the year-end target. It was noted that Q3 rent arrears levels stand at 4.4% against a target of 4.8%.

The Director of Property Services advised that average time to complete all repairs stands at 11.4 days against a target of 15 days. He noted that the Q3 repairs fixed first time KPI was at 83.7% against a target of 85% as a result of the difficulty of managing four-hour repairs. Emergency repairs completed on time stands at 94.9% compared with a target of 99%. He advised that some emergency appointments have been missed by a couple of minutes and others have been mis-allocated for those with disability or higher priority. The Director of Property Services commented that some HAs have a 24 instead of a four-hour timescale for emergencies.

The Chief Executive drew members' attention to the drop in satisfaction with the overall service for shared owners. She advised that we have reviewed the detail and only 15% of respondents are fairly or very dissatisfied. She noted that more shared owners state 'neither' as they have very little contact with Soha. She advised that full data will be provided for future performance reports.

Resolved:

That the Board discussed and notes the reports.

46. Amendments to Standing Orders including Approval of Terms of Reference for Committees

This item was for consent with no questions raised.

A member commented that we should make reference to the newly created Board member with lead responsibility for complaints role in the section on portfolios. This was agreed.

Resolved:

That the Board approves the amended Standing Orders including the Terms of Reference for the Audit & Risk and Personnel & Remuneration Committees subject to the inclusion of the above point.

47. Code of Conduct – Housing of Employee's Relatives

This item was for information and no questions were raised.

Resolved:

That the Board notes the report.

48. Any Other Business

There was no further business.

49. Date of Next Meeting

The date of the next Board meeting will be **Thursday, 29 February 2024 at 6.00pm** in the **Board Room at Soha's office.**

Please note the drop-in session with members of SLT to discuss any reports on the agenda, James Rudge for any IT training queries and Caius Galliers for any IT technical requirements is between **5.00 and 6.00pm** in **Meeting Room 2**.

The meeting ended at 8.10pm.

Signed:__________________________

Date: ___________