

Board meeting minutes

Minutes of the meeting of the Board of Keniston Housing Association Limited held on Thursday 24th March 2016 at 6.15 p.m.at The Conference Room, 13 Artington Close, Farnborough, Kent, BR6 7UL

Board members in attendance Simone Bailey
Shehla Husain (Co-Vice Chair)
Barry Luhmann
Julian Miles (Chair)
Anthony Mills
Peter Voisey (Co-Vice Chair)

Also present Vivienne Astall, Housing Services Director
Tony Coward, Property Services Director
Tracy Day, Minute Secretary
Nevil Osborne, Chief Executive
Andrew Shiatis, Finance Director and Company Secretary

Agenda Item 1 Apologies for absence, declaration of interest and Health and Safety items to note

Minute 114/16 Apologies for absence were received from Jane Clark and Seema Jassi.

Minute 115/16 After enquiry no one declared any interests.

Agenda item 2 Minutes of the Board meeting held 25 February 2016, minutes of the Complaint Sub Committee held 4 February 2016. Matters arising and actions

Minute 116/16 Both sets of minutes were approved.

Matters Arising

Minute 117/16 Matters arising as shown in the tracker were noted.

Minute 118/16 Minute 352/15 – Vivienne Astall confirmed that a copy of the revised Selection & Allocation policy has been sent to the residents' panel.

Minute 119/16 Minute 31/16 – Vivienne Astall advised that she had done some research into a web based tool to help tenants recalculate their rent; unfortunately she has only found one and is reluctant to use this one as it is affiliated to a larger company. She will continue her research.

Minute 120/16 Minute 73/16 – Nevil Osborne advised that he was still waiting for a response from Campbell Tickell about the existing Chief Executive's contract of employment.

Agenda item 3 Asset Management Programme, Annual Budget and Long Term Plan

Proposed Stock Reinvestment Programme 2016/17

Minute 121/16 Tony Coward presented the proposed stock re-investment works that are programmed for the year starting 1 April 2016. The programme is based on

the content of the stock reinvestment spreadsheet. The only exception is the replacement windows of four Darrick Wood properties which have deteriorated prematurely.

Minute 122/16 Peter Voisey asked if the yearly cost of the stock re-investment programme would be the same as recent years. Tony Coward advised that it was slightly less than the previous year and in line with the three year programme previously provided.

Minute 123/16 The stock reinvestment programme for 2016/2017 was approved.

Budget 2016/17

Minute 124/16 Andrew Shiatis presented the Budget to the Board. He advised that the budget takes account of the 1% rent reduction and significant increase in pension costs; it has been prepared from a "zero" base together with reference to prior year spend,. This is in contrast to previous years where the budget provided for items of expenditure where there seemed a reasonable chance of costs being incurred. The aim of this year's approach is to establish a more realistic budget upon which to base Keniston's long term plan. This will help counteract the reduction in income over the short term compared with projections in the long term financial plan provided to the Board this time last year.

The overall reduction in funds over the next five years compared to our previous long term plan amounts to £1.73m, approximately £350,000 per annum. This has been offset through a mixture of tighter item by item budgeting in line with actual prior year costs, together with a reduction in actual budget spend within Stock Reinvestment and Better Homes Better Neighbourhoods (BHBN).

Minute 125/16 He advised that a certain amount of prudence still remained within the budget, for instance rents had been budgeted to decrease in April 2016, but will not actually be reduced until August.

Barry Luhmann asked why the Hayles Street and Elliotts Row refurbishments had not been included in the budget. Andrew advised that the timing of the work would not be initiated until these properties become empty and this does not seem likely over the next year. It was noted that the refurbishment costs had been included in subsequent years in the Long Term Plan.

Long Term Plan

Minute 126/16 Andrew Shiatis presented the Long Term Plan to the Board. It was noted that the projections included the audited balance sheet and income and expenditure account for the year to 31 March 2015, the forecast outturn for the year to 31 March 2016 and the budget for the year to 31 March 2017. He advised that this was a 30 year plan and that this maintains a strong focus on stock reinvestment.

The potential development of 18 units at Hornsey Road has not been included in the base Long Term Plan model but is included as part of the development scenarios.

The developments at Burnhill House and Perryfield House work have been included in base model of the Long Term Plan which will increase

Keniston's stock by 7 properties over the next three years. As such the base model version of the plan is a foundation on which additional development scenarios can be modelled and analysed.

The base model of the plan shows a 35% reduction in the annual surpluses over the next four years with the 1% reduction in rents, followed by a steady increase in annual surpluses going forward, rising to more than £1,000,000 per annum from 2036 onwards.

Although the cash position drops slightly over the next four years (£3.2m to £3.0m), it remains positive at all times throughout the plan and there is no necessity to draw down additional funds to cover working capital requirements. The plan also meets all current loan covenants and internal thresholds.

Discussion was had with regards to the maximum amount of cash to be held within one single institution. Andrew Shiatis advised that this was currently limited to one million pounds - limiting cash in one institution reduces the risk of loss if an institution were to fail but also restricts investment capacity. It was suggested that this limit could be further discussed when the Treasury Policy is reviewed at the next Board meeting.

Minute 127/16 Andrew Shiatis then talked through the various development scenarios which had separately been added to the base plan, using a model development project in line with recent figures provided by Adams Integra.

It was noted that interest cover was the limiting factor in terms of the Association's capacity: using the base model the Association's capacity to borrow is approximately 12.4 million which decreases to approximately 6.9 million in 2020. Andrew Shiatis noted that although the agreed threshold for interest cover was 1.5, if this was reduced to 1.25 it would increase our borrowing capacity by about two million pounds. Peter Voisey asked whether the 1.5 interest cover was being overly prudent. Andrew Shiatis agreed and added that even the current threshold of 1.25 retained a good degree of prudence.

Minute 128/16 Andrew Shiatis then talked through the stress testing scenarios he had used on the base plan linking these to the key business risks from Keniston's risk matrix, including an extreme combination of events. He then talked through the potential remedial actions which might be available to the Association in severe circumstances.

Minute 129/16 Julian Miles thanked Andrew Shiatis for his work on both these documents.. Both the budget and the Long Term Plan were approved by the Board.

Agenda item 4 Staff pay benchmarking report and cost of living increase

Minute 130/16 Nevil Osborne presented the pay benchmarking report to the Board. He advised that this report had been compiled by 26 Consulting who were previously selected by the Board to carry out pay benchmarking in December 2013 and 2014. All staff have had their job profiles reviewed and re-written in preparation for this pay benchmarking exercise.

Nevil Osborne reminded the Board to take a view about how Keniston

should deal with the pay of staff which exceeds the recommended upper quartile. The Board also need to consider how to implement the recommendations for pay for 2016.

- Minute 131/16 All the staff left the meeting and the Board considered the matters without any staff present.
- Minute 132/16 On return to the meeting Julian Miles announced that:
Staff who are paid under the benchmark for their position would be awarded the benchmark.
Other staff should receive a 1% cost of living award; where staff are paid more than the benchmark, the 1% is to be paid as a non-consolidated payment.
- Minute 133/16 Simone Bailey made a proposal that any staff who retire/die in service would be awarded a proportion of the three yearly awards given to staff on the resident satisfaction survey. **Action: Nevil Osborne to consider the implications of paying staff a portion of the bonus after they have ended their employment with Keniston.**

Agenda item 5 Policy Review

Equality and Diversity

- Minute 134/16 Nevil Osborne presented the revised Equality and Diversity policy to the Board. He wished to thank Seema Jassi for reviewing the re-draft of the policy. Shehla Husain commented that the policy was very clear.
- Minute 135/16 Simone Bailey asked where Keniston reports on monitoring Ethnicity/Gender. Nevil Osborne confirmed that the annual review of equalities covers these areas.

Rent Policy and Plan

- Minute 136/16 Nevil Osborne presented the revised policy to the Board. He advised that the main changes were due to the announcement from the Government in July 2015 that housing associations should reduce rents by 1% each year for the next four years. The tolerance on formula rents (which used to be called target rents) is mostly no longer available. Keniston will continue to apply to the Rent Officer Service for re-registrations of fair rent for secure tenants.
- Minute 137/16 Both policies were approved by the Board.

Agenda Item 6 Internal Audit: Audit Plan for 2016/2017, Health & Safety audit report, Follow Up Audits.

Internal Audit Plan

- Minute 138/16 Andrew Shiatis presented the Internal Audit Plan to the Board. He explained that this was linked to the risk matrix. The Internal Audit Plan had been produced by Service Matters who provide 12 audit days throughout the year at a charge of £420.00 a day.

Andrew Shiatis advised that he would like to include a health check on the IT system in the audit plan for the following year. He asked the Board to suggest any other areas that they consider should be included. There were

none raised at the meeting. The Board agreed the plan.

Health & Safety
Minute 139/16 Tony Coward presented the Health and Safety audit report to the Board. He highlighted the recommendations made in the report which include arranging for new Board members to be made aware of their role and responsibilities in relation to Health and Safety. A record of such training should be kept.

A discussion took place about relevant training which Board members undergo associated with other areas of responsibility. **Action: Nevil Osborne will add a section to the annual Board declaration form to cover relevant training undertaken outside of the Association.**

Tony Coward advised that he was in the process of sourcing additional training for the members of staff who had not attended the recent H&S training; other local housing associations have been invited to participate to share the cost of the session.

Procedures for testing the office fire alarm are now in place. The records for testing will be reviewed by Tony Coward every three months.

Follow-Up Audits
Minute 140/16 Andrew Shiatis presented the follow-up audit report which covered the recommendations from last year's audits. These included Gas Servicing, Allocation & Lettings, Creditors and Staff Expenses. From a total of 10 recommendations, 8 had been implemented and 2 partially implemented. Staff expenses - some members of staff are not including post codes in their expense claims; creditors - evidence of checks to changes in supplier bank details had not been retained on file.

Agenda item 7 Update on recruitment of Chief Executive, Chief Executive Contract of employment.

Update on recruitment of Chief Executive
Minute 141/16 Julian Miles updated the Board on the recent progress made by the panel who were overseeing the recruitment process. He advised that there had been 19 applications; the recruitment consultant had made recommendations for first interviews and the recruitment panel had made their own assessments. Eight candidates were selected for first interview and from these, three candidates have been chosen to go through to the second interview. These candidates are undergoing on line testing for numeracy, verbal reasoning and management and leadership styles.

The second interviews will be held on Friday 15th April at Keniston's office; this will include a walkabout on the Darrick Wood estate with staff and tenants followed by various networking sessions with the management team and Board members. There will then be an interview with the panel including a presentation. If members of the Board have any specific questions they would like raised could they please let Julian Miles know and he will try and factor these in.

Chief Executive Contract of employment

Minute 142/16 Nevil Osborne reminded the Board that the current Chief Executive's employment contract had been reviewed and updated last year. Nevil Osborne has asked Campbell Tickell to review the contract further and recommend how to proceed.

Agenda item 8 Impairment review

Minute 143/16 Andrew Shiatis presented his impairment review of the Association's properties. He reminded Board members that they had to be satisfied that the Association's properties were not being stated at a value which was more than their recoverable amount. Andrew Shiatis explained that this review was required for the external audit.

Minute 144/16 Andrew Shiatis explained that under FRS102, the methodology for assessing whether there was any indication of impairment was prescriptive; the approach taken was to first assess the net book value of the Value in Use. For the three properties where this net book value was less than the carrying value of the asset within the Association's accounting records further testing was carried out which demonstrated there is sufficient "Value in Use – Social Potential".

It was confirmed that some guidance had been received from Smith & Williamson on the approach adopted. It was also confirmed that the Management Team had reviewed this report prior to it being presented to the Board and consider that although there is an indication of impairment as a result of the 1% rent reduction, no actual impairment adjustment was required.

Minute 145/16 The Board considered the contents of the report and were satisfied that no impairment adjustments were required.

Agenda item 9 Former tenant arrears

Minute 146/16 Vivienne Astall presented her request to write off former tenant arrears. She advised that all cases had been referred to a debt collection agency who after various investigations had closed the cases.

There was a discussion about the effectiveness of recovery through debt collection agencies; it has been agreed to try a new company with collecting some of the Association's debts although this comes with a charge of 30% of the amount collected

Minute 147/16 After discussion it was agreed to write off:
800237 - £1,272.36
800279 - £1,247.58
801441 - £1,967.54
801853 - £2,638.55

Agenda item 10 Directors' and Officers' Liability Insurance

Minute 148/16 Andrew Shiatis reported that the National Housing Federation has purchased an Indemnity Policy protecting all Board or staff members and volunteers in member organisations from claims made against them in their capacity as representatives of the Association.

Minute 149/16 It was noted that cover for the organisation under such policy is conditional upon immediate notice in writing to the National Housing Federation of any claim made against any person insured by the policy or of the receipt of notice from any persons of intention to make a claim against any person insured by the policy.

Minute 150/16 Accordingly, it was agreed that if any Board Member (present or absent) or senior executive is aware of any such claim or any such notice of intention or of any circumstances or incident which may give rise to a claim he or she will immediately notify the Secretary of the organisation in order that notice in writing together with all relevant details can be submitted to the National Housing Federation. Notification of this minute has been made to all Board Members and senior executives who are required to make necessary disclosure to the Secretary.

Andrew Shiatis stated that this insurance indemnified Board members and staff members in their capacity as representatives of the Association for wrongful acts. It was noted that wrongful acts included any actual or alleged error, misstatement, misleading statement, omission, neglect, breach of statutory law, breach of duty, breach of trust, libel, slander, breach of contract, breach of warranty of authority, wrongful trading, an employment wrongful act or other wrongful act actually or allegedly committed or attempted.

Minute 151/16 Andrew Shiatis advised that this insurance cover is up to an aggregate value of 45 million pounds. In addition, it was agreed that Keniston would purchase additional cover specific to the Association of 10 million pounds which will cost approximately £7,000 for the year.

Minute 152/16 Anthony Mills asked how often claims were made. Nevil Osborne replied that there had been none in the last 10 years as far as he was aware.

Agenda item 11 Company Seals

Minute 153/16 Shehla Husain proposed that the Association's seal be affixed to the new SEC framework agreement. This proposal was seconded by Anthony Mills and unanimously agreed.

Agenda item 12 Any Other Business

Minute 154/16 Vivienne Astall requested authorisation to evict tenant 801816. She explained that the arrears were escalating and no payment had been made since August 2015, the current claim for Housing Benefit has been closed. It is thought that the tenant has left the property and they did not attend the recent court hearing. The Rent Income Officer has tried on various occasions to contact the tenant but there has been no response.

After discussion authorisation to evict the tenant was approved.

Agenda item 16 Date of Next Meeting

Minute 155/16 The next Board meeting will be held on Thursday 12 May 2016 starting at 6.15 p.m.

Minute 156/16 The meeting ended at 8:40pm