

Board meeting minutes

Minutes of the meeting of the Board of Keniston Housing Association Limited held on Thursday 11th May 2017 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)
Seema Jassi
Julian Miles (Chair)
Anthony Mills
Sheila Sackey
Lucy Worrall

Also present Vivienne Astall, Housing Services Director
Jonathan Card, Chief Executive
Tony Coward, Property Services Director
Tracy Day, Minute Secretary
Andrew Shiatis, Finance Director and Company Secretary
Richard Williams, Ark Consultancy (“Ark”)

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

Minute 128/17 Apologies for absence were received from Barry Luhmann and Peter Voisey

Minute 129/17 Julian Miles welcomed Richard Williams from Ark to the meeting.

Minute 130/17 After enquiry there were no declarations of interest.

Minute 131/17 Tony Coward advised that there was a Health and Safety update included in his Property Services Director’s Report later in this meeting.

Agenda item 2 Minutes of the Board meeting held 23 March 2017 and Matters arising and actions

Minute 132/17 There were two minor amendments required to the minutes of the Board meeting held on 23 March 2017, these were noted and the minutes were approved.

Matters Arising and Actions

Minute 133/17 There were no comments on the matters arising.

Agenda item 3 Treasury Review (Richard Williams from Ark/ BWNL)

Minute 134/17 Richard Williams formerly from Beha Williams Norman Limited (“BWNL”), now with Ark, presented his report on the Treasury Management Review of Keniston. He summarised the key points from the review. He concluded that it was important for Keniston to understand the potential need / uses for its cash in order to determine whether it could afford to repay either both or one of its loans and then to only take out new borrowings as and when required. He stated that currently there was a good market for obtaining favourable rates and terms on new borrowings.

- Minute 135/17 Shehla Husain asked how quickly new borrowings could be arranged. Richard Williams stated that this often depended on how quickly a Board could act through its internal approval system rather than it being down to the bank and that he had seen loans arranged in as little as two to three months depending on the urgency.
- Minute 136/17 Richard Williams stated that although interest rates were extremely low at the moment, the likelihood was that they would be going up soon. He also clarified that due to the age of Keniston's current loans, both were significantly over securitised at the moment, but that there would be a significant cost involved in releasing properties from security and also that Keniston still had plenty of unsecured assets available. As such security would not be a limiting factor in terms of obtaining new borrowings.
- Minute 137/17 Seema Jassi asked what the likely costs would be for redeeming the loans. Richard Williams said that he had estimated this to be in the region of £700,000 since the lenders would be looking to recoup a large part of the interest that would be lost, Orchardbrook in particular. Andrew Shiatis stated that the board would need to be aware that, from an accounting point of view, the redemption costs would need to be treated as an expense in the Income & Expenditure account in the year of redemption and that this could lead to a significant reduction in surpluses or even a loss in that year. Richard Williams concurred but stated that this expense could be highlighted within the financial statements so that it could be readily identifiable as a one-off cost.
- Minute 138/17 Lucy Worrall stated that before a decision could be made it was important to understand the development opportunities available to the association. Jonathan Card stated that although there was some visibility in terms of potential developments it was extremely difficult to put timeframes on them or to have any idea of the likelihood of which ones might actually occur. It was noted that development opportunities would be discussed more as part of the Chief Executive's report later in the meeting.
- Minute 139/17 The Board thanked Richard Williams for his comprehensive and clear report. Julian Miles stated that this matter would be discussed further once more accurate costings for redemption had been obtained. **Action: Andrew Shiatis to obtain redemption statements from both lenders to understand the cost of redemption compared to the cost of maintaining the loans.**
- Agenda item 4 Annual Reviews: Treasury report and treasury management policy, Resident involvement impact statement, Annual recruitment report, Annual review of complaints.**
- Minute 140/17 **Treasury Report**
Andrew Shiatis presented the annual treasury report to the Board representing the year to 31 March 2017.
- He stated that the cash and investment position at the yearend was just over £4m and that there had been a cash inflow of about £650,000 for the year. He highlighted that although there had been a general tightening of interest rates throughout the year, the Bank of Scotland was still offering a rate of 0.7%, almost twice as much as any of the other financial institutions and that as such, funds of up to almost the £1m limit allowed by the Treasury Management policy had been placed into this account. He stated

that a new banking relationship with Nationwide had been established during the year, where the rates being offered are slightly stronger than most other financial institutions. Loans had been reduced to a balance of just over £2.4m at the yearend with £159,000 repaid during the year together with just under £200,000 of interest. In terms of security, almost 60% of Keniston's stock remained unsecured and also as highlighted in the Treasury Review, both loans were significantly over secured. All bank loan covenants have been met throughout the year.

- Minute 141/17 Sheila Sackey asked what the costs would be like in order to release surplus properties from security. Richard Williams stated that these costs were likely to be quite high and that it would not be worth incurring these unless the properties were actually needed for alternative security arrangements, something which was currently unlikely as Keniston still had a lot of unsecured properties available. Andrew Shiatis enquired about the process that might be involved in ascertaining what could potentially be released from security. Richard Williams stated that an official valuation would need to be performed on the properties which would obviously cost money. In light of the current availability of unsecured properties within Keniston it was agreed that it was not currently worth incurring these costs in order to obtain this information.
- Minute 142/17 Richard Williams was asked about Keniston's Internally Set Thresholds ("ISTs") and whether he thought they had been set at an appropriate level. Richard Williams stated that it was common for companies to have their own equivalents to Keniston's ISTs which would include interest cover, gearing and liquidity but that in his opinion he felt Keniston's had been set at an extremely cautious level. It was agreed that these could be reviewed as and when the need required.
- Treasury Management Policy**
- Minute 143/17 Andrew Shiatis presented the updated Treasury Management policy to the Board. He stated that most of the updates were purely cosmetic. He highlighted the key changes to the policy:
- A minimum financial viability rating for institutions used for loan facilities had been included within the policy following a recommendation by the internal auditors. As such the Fitch long term credit rating had been incorporated into the policy for this.
 - A reference had been added within the policy to Keniston's Internally Set Thresholds which are used as a basis for monitoring borrowing capacity.
 - The maximum period for placing money on deposit had been amended from 6 months to 1 year which had been agreed by the board last year but had not been updated within the policy.
- Minute 144/17 Lucy Worrall suggested two further amendments; stipulating a minimum of 50% for fixed rate loans when balanced with floating rate loans; clarifying that potential breaches in covenants would be reported more urgently to the Board rather than just as part of the quarterly finance report.
- Minute 145/17 Simone Bailey proposed that the Treasury Management policy be approved by the Board subject to the above changes; this was seconded by Anthony Mills and unanimously agreed. Richard Williams then left the meeting.

- Resident Involvement Impact Statement**
- Minute 146/17 Vivienne Astall presented this statement to the Board; she advised that it was a summary of the community involvement that had happened over the course of last year. Keniston have been struggling to get more than 50% return on estate surveys. Since, the feedback is considered extremely valuable, Keniston is currently conducting surveys through a variety of different means; sending letters, E-mails, telephone calls and door knocking; the new texting service may prove useful in increasing response rates.
- Minute 147/17 Relatively small numbers of tenants attend the management team walkabouts and residents' meetings. Each scheme currently has two resident meetings a year and typically only a couple of tenants are attending. Greater participation may be achieved by holding these meetings during the day rather than in the evening. Sheila Sackey said that they had introduced a loyalty scheme at her Association where tenants could build up credits for attending resident meetings and management team walkabouts. She stated she would send details of this to Vivienne Astall for information purposes.
- Minute 148/17 It was noted that the treasurer of the Darrick Wood Community Group had sadly passed away during the year and that it had been a struggle to find a replacement. Her hard work and commitment to the Community Group was noted by the Board.
- Minute 149/17 There had been a disappointing response to the training courses that have been run in the Darrick Wood Community Centre for residents. There have been a variety of courses run in partnership with Bromley Adult Education and most have been free for tenants who are in receipt of benefits.
- Minute 150/17 Shehla Husain said that she particularly liked the document; she commented about the hot topics and said that the responses from residents would be useful when reviewing policies.
- Minute 151/17 Lucy Worrall said that this was a good document it really gets under the skin of Keniston; she suggested that maybe the tenants on the resident panel could attend e-learning courses.
- Minute 152/17 Seema Jassi asked if residents ever got involved in the tender evaluation process, Tony Coward advised that this was not usually done as most tenders were quite technical in nature, however a steering group of leaseholders had been set up during the consultation regarding the new roofs at Foxley Hall.
- Minute 153/17 Vivienne Astall advised the Board that most of the budget for Better Homes Better Neighbourhood for 2016/17 had been spent on one large project involving the enclosure of the staircase at the Tollington Park Estate. The Estate now has a door entry system and the whole of the interior entryway has been renovated. For the current financial year, 2017/18, the budget will be spent on a larger number of smaller projects that tenants have requested, rather than any large projects.
- Annual Recruitment Report**
- Minute 154/17 Jonathan Card presented this report to the Board. It was agreed that this could be reviewed internally by the Management Team in future. **Action: Annual recruitment report agenda item to be amended accordingly.**

Annual Review of Complaints

Minute 155/17 Jonathan Card presented this report to the Board. There were no specific comments or further points of note.

Agenda item 5 Policy Review – Rent Arrears

Minute 156/17 Vivienne Astall presented the Rent Arrears policy to the Board for review and approval. She advised that a lot of the changes related to updates in legalisation. She stated that tighter controls were being put in place over arrears, although she reassured the Board that some degree of discretion and flexibility was still being applied in situations where the tenant is really struggling to pay but is making as much effort as possible, especially where the tenant is fully engaging with Keniston. More checks were also being carried out on new tenants and Keniston were now asking these tenants to pay one week's rent in advance when signing their tenancies.

Minute 157/17 Lucy Worrall asked why warrants to evict tenants are being brought to the Board for a decision and why these were not discussed and approved at Management Team level. Anthony Miles said that he believed it was appropriate for the Board to retain the responsibility for approving the eviction of a tenant. Jonathan Card advised that this was one of the areas that would be assessed during the governance review.

Minute 158/17 Seema Jassi asked if a financial assessment was done on every new tenant and whether anyone had been turned away. Vivienne Astall advised that this procedure was now carried out on every new tenant and that only one person had been turned away when it was clear that they would not be able to afford the accommodation.

Minute 159/17 Anthony Miles proposed that the Rent Arrears policy be approved by the Board; this was seconded by Simone Bailey and unanimously agreed.

Agenda Item 6 Chief Executive's Report

Minute 160/17 Jonathan Card presented this report to the Board. He updated them on the proposed developments.

Elliotts Row – a discussion was had about the 4 bedroom house that has recently become void. Jonathan card summarised the options available and the likely costs involved. A discussion was had about extending the property and possibly converting it into flats. It was noted that no decision was needed at present as options and costs were still being worked on.

Hurstwood Avenue, comprising 8 houses (including 2 bungalows) – Jonathan Card stated that the key challenge here was to try and achieve a financially viable scheme for Keniston as the development costs had increased.

Hornsey Road – Jonathan Card advised that he had a meeting with officers of the council in about 2 weeks in order to discuss the potential re-modelling of the scheme.

Elliott's Row – potential disposal of a property - Jonathan Card advised that an unexpected complication had emerged and that he was waiting for legal advice before proceeding with the sale.

- Minute 161/17 Update on site options appraisal - Jonathan Card advised that he had a follow up meeting arranged with Calford Seadon, the firm that had carried out the initial review, to further explore several sites that could be taken to the next stage. He is hoping to involve some Board members through a development workshop possibly in conjunction with helping to formulate a new development strategy for Keniston. Members were invited to let Jonathan Card know directly if they were interested in attending this workshop.
- Minute 162/17 Governance Review – Jonathan Card advised that he had a meeting arranged with Campbell Tickell on Monday 15th May to agree the scope of the proposed review. It was agreed that Board members could indicate via the survey if they wished to be interviewed in addition to their written survey response. Campbell Tickell will be attending the next Board meeting and there will be a closed session where discussions can be had with the Board.
- Agenda item 7 Review of achievement of strategic objectives (No paper) – Note this item has been incorporated into the individual reports from the Management Team**
- Minute 163/17 Strategic Planning – Jonathan Card said that he thought that it was timely to bring forward the review of the strategic plan. He outlined his ideas to the Board and said that he would aim to have a draft ready for the November Board Away-Day. Members welcomed this approach.
- Minute 164/17 Shehla Husain asked if the new strategic plan would replace the present one which covered the three years from 2016 to 2019. Jonathan Card confirmed that this would be his intention and that the new strategy would therefore run from 2018.
- Minute 165/17 Lucy Worrall suggested that it might be useful if the strategic actions could include the date completed and if and when the target had been achieved.
- Agenda item 8 Finance Director's Report**
- Minute 166/17 Andrew Shiatis presented the Finance Report to the board. He stated that this had been another solid year for Keniston, with a surplus of around £1.1m and a cash balance of just over £4m, both being record amounts for the Association. The surplus was approximately £220,000 better than budget and £356,000 better than last year. He clarified that these figures were still subject to audit review.
- Minute 167/17 He highlighted that turnover was slightly better than both budget and last year by just under £30,000, despite the 1% rent reduction and that operating costs were £181,000 below budget and £317,000 below last year. He stated that the yearend cash balance was just over £4m with an increase in cash of about £650,000 from last year, but that both of these figures were inflated by about £400,000 in relation to stock reinvestment work completed but not invoiced before the yearend. He also stated that throughout the year all performance indicators on liquidity, gearing and interest cover had remained strong and all bank covenants had been met.
- Minute 168/17 With regards the 36 month cash flow forecast, he pointed out that this had been prepared on an extremely prudent basis and had allowed for all

potential development and stock transfers as highlighted in his report. He informed the Board that whilst the underlying cash flow of the Association remained strong throughout the 3 year period, the items reduced the cash balance below Keniston's cash reserve level of about £1m. As such, should all the above opportunities come to fruition over the next year or so, cash would need to be monitored closely and an additional short term funding of approx. £1.5m would be required.

Minute 169/17 Andrew Shiatis talked the Board through the various significant accounting estimates and judgements which had been used in the preparation of the financial statements and explained that the Board needed to be aware of these. He stated that each of these areas would be discussed in detail with the auditors during the upcoming audit which was due to commence on the 15th of May.

Minute 170/17 Andrew Shiatis explained that the board also needed to consider and approve the going concern status as the basis for preparing the financial statements. The report as presented was considered by the Board. After due consideration, Simone Bailey proposed that the going concern status was the appropriate basis for the preparation of the financial statements; this was seconded by Anthony Mills and unanimously agreed.

Agenda item 9 Housing Services Director's Report

Minute 171/17 Vivienne Astall presented her report to the Board. She asked if the report contained enough detail in terms of the update on Authorised Evictions. The Board confirmed that they were happy with the level of detail. Vivienne Astall updated the Board on the tenants that were on the current authorised evictions list.

Minute 172/17 It was noted that the length of time that a property is void before re-letting had increased slightly from the previous quarter but was still significantly down from last year. The void process has improved considerably. Vivienne Astall clarified that Keniston are now insisting on a 4 week notice period and are able to carry out more pre-void inspections. Although there have been a lot more void properties than in the same period last year, these are now being turned around in an average of 15 days, rather than the 21 days being achieved last year. The Board noted the achievement.

Minute 173/17 Welfare Reform – the income team are now carrying out affordability checks for new tenants. There were currently 16 tenants in receipt of Universal Credit; but this has yet to have a significant impact on arrears.

Minute 174/17 Lucy Worrall asked about the income recovery service review, Vivienne Astall advised that since the review Keniston had employed a second Income Officer and job roles had been restructured.

Minute 175/17 Green Doctor Update – Keniston have received good feedback especially from the residents at Burnhill House. In future all new tenants will be referred to this service.

Minute 176/17 Vivienne Astall provided an update on the work she had done with regards incentive scheme to encourage under-occupier tenants to downsize. She talked the Board through the results of the tenant consultations which showed a considerable difference in attitude between those over and under 62. She would draft a policy for future Board approval.

Agenda item 10 Property Services Director's Report

- Minute 177/17 Tony Coward presented his report to the Board. He advised them that stock reinvestment programme for 2016/17 was now complete and that costs had come in under budget. Overall the repairs service performance was good; there had been a slight blip in the figures due to a change in personnel part way through the year but overall repair costs had reduced. At the end of the year resident satisfaction was 94%, but pleasingly there had been an increase in residents returning the satisfaction forms. Keniston have just introduced a new texting system, this will be used to send surveys out by text going forward with the aim of further increasing the number of replies.
- Minute 178/17 Lucy Worrall asked if the performance summary could include some benchmarking data to see how Keniston compared to others. It was noted that more detail would be given as part of the Value for Money report due to be presented to the Board in June and also as part of the Performance Report review due to be presented later in the meeting.
- Minute 179/17 Compliance Report – Simone Bailey suggested that the letters to tenants to make arrangements for the electrical testing could possibly be sent out earlier in the process. She also suggested that the period should be changed to 4 years and 11 months, rather than 5 years to give an extra month of leeway.
- Minute 180/17 Health & Safety – Tony Coward advised that the inspection was now complete and he had received the report. It was noted that there were only minor recommendations within the report this year.
- Minute 181/17 Tony Coward talked through the resident satisfaction results for the year. There was a question regarding compensation paid to all the tenants at Tarling Close following the installation of the new boilers. Tony Coward explained that this was to reimburse the tenants there as the boiler replacement had taken longer than expected.

Agenda item 11 Performance Report – full report for the year

- Minute 182/17 Jonathan Card presented the performance report to the Board together with the proposed targets for the coming year. Lucy Worrall asked how the targets had been set and whether they were realistic. Jonathan Card said that this was primarily judgement based taking into account what had been achieved this year and any available benchmarking data. It was suggested that some benchmarking figures should be added to the report. **Action: Benchmarking figures to be added to the performance dashboard report where relevant.**
- Minute 183/17 A discussion was had about staff sickness and why the figures were relatively high. Andrew Shiaty clarified that at present there were two members of staff on long term sick and that this has had a significant effect on the figure. Excluding these two people, the average days for staff sickness was significantly lower at 4.8 days. Simone Bailey commented that she would have liked the target for next year to have been set slightly lower than the current year's figure and suggested that sickness could be incorporated into a staff bonus scheme. It was noted that this would be picked up as part of the HR review.

Agenda item 12 Company Seals

Minute 184/17 There were no company seals.

Agenda item 13 Any Other Business

Minute 185/17 Seema Jassi suggested that in future quarterly review meetings that the Directors reports be put at the beginning of the agenda whenever possible.

Agenda item 14 Date of next meeting

Minute 186/17 The next Board meeting will be held on Thursday 15th June 2017 starting at 6.15pm and that this meeting would incorporate a closed session of the Board.

Minute 187/17 The meeting ended at 9.40pm