

Board meeting minutes

Minutes of the meeting of the Board of Keniston Housing Association Limited

held on Thursday 18th October 2018 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)
Sally Rice
Seema Jassi via conference call
Sheila Sackey
Lucy Worrall via conference call

Also present Jonathan Card (Chief Executive)
Andrew Shiatis (Finance Director and Company Secretary)
Vivienne Astall (Housing Services Director)
Tony Coward (Property Services Director)
Tracy Day (Minute Secretary)
Richard Williams (Ark Consultancy) – up to item 3 only

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

Minute 268/18 Julian Miles welcomed Richard Williams from Ark Consultancy.

Minute 269/18 Apologies for absence were received from Peter Voisey.

Minute 270/18 There were no declarations of interest.

Minute 271/18 Health & Safety – there were no matters to note.

Minute 272/18 Andrew Shiatis informed the Board that they were trialling a new board IT portal system at this meeting and that two board members, Shehla Husain and Barry Luhmann, together with Jonathan Card, Andrew Shiatis and Tracy Day were using an electronic version of the board pack. If successful then the intention would be to roll this out further for the January 2019 Board meeting with the aim of eventually having as close to paperless meetings as possible. Feedback would be sought at the end of the meeting.

Agenda item 2 Minutes of Board meeting held on 19th July 2018 Matters arising and actions

Minute 273/18 The Board approved the minutes subject to one amendment, from the Board meeting held on 19th July 2018.

Matters Arising and Actions

Minute 274/18 The matters arising and actions were taken as read.

Agenda item 3 Loan Facilities Update (Richard Williams – Ark Consultancy)

Minute 275/18 Richard Williams from Ark Consulting introduced the paper. It was noted that there was an initial requirement to borrow up to £10m in order to fund a stock transfer opportunity, together with the initial stages of the Darrick Wood infill development project. Since the timing of cash flows were speculative at this stage Ark Consulting recommended a 5 year revolving loan facility which would enable the association to draw cash as and when required.

Minute 276/18 It was noted that Ark had received Heads of Terms from eight prospective lenders and that from a short list of three, they recommended that the Association selected Clydesdale Bank as its preferred lender and that they should mandate the bank and move forward to detailed negotiations and documentation of the facility at the terms indicated.

Minute 277/18 It was noted that there would be a potential refinancing risk in 5 years' time when the facility expired. This risk could be covered by taking out a longer revolving credit facility or a term loan, but Ark confirmed that they felt the reduction in risk would not be compensated by the additional cost.

Minute 278/18 It was noted that from board approval, it could take 3 to 6 months to put the facility in place, depending on the urgency. It was also noted that the terms of the loan in theory allowed for the uncertainty around Brexit although this was not guaranteed until the facility had been signed.

Minute 279/18 Sally Rice recommended that initial enquiries were undertaken sooner rather than later with solicitors with regards what information would be required for security arrangements and which properties would be charged.

Minute 280/18 A general consensus was reached that the Association should proceed towards obtaining an agreement in principle from Clydesdale bank on the terms outlined in their Heads of Terms. Richard Williams then left the meeting.

Agenda item 4 CEO update (including strategic plan delivery)

Minute 281/18 Jonathan Card presented his report to the Board. Key points on development were as follows:

Minute 282/18 **Lambeth stock transfer** – he advised the Board that Keniston were in the process of preparing an updated offer although there was a distinct risk of incurring abortive costs as the overall process still remained unclear. A meeting with residents will be held at the end of November. Tony Coward has carried out a stock condition survey on several properties and some significant investment would be required. The site has 22 rented properties and 30 ex-Right to Buy leasehold properties.

Minute 283/18 **Stonewater HA** – Jonathan Card advised that after putting in an enhanced bid Keniston had been informally told that they were the preferred bidder for this site, however the buyer for the other site had pulled out which was delaying further progress on the transfer at present. A discussion was had about purchasing both sites, however the cost of this would likely be between £16-20 million and it was felt that Keniston did not have the capacity to raise this amount of funds.

Minute 284/18 **Elliott's Row** – Jonathan Card advised that he is awaiting a formal offer

regarding the disposal of the freehold of 65-66 Elliott's Row. The refurbishment of 44 Elliott's Row is on track and the property is due to be handed over in the 1st week of November.

- Minute 285/18 **Burnhill House** – The Management Team were finalising the external advice required to enable the Board to make informed investment decisions. In the knowledge that the potential investment requirements are likely to be significant, and recognising the level of interest by members, Keniston would be looking to set up an ad hoc working group of members to examine the advice we are receiving in advance of consideration by the Board.
- Minute 286/18 **Commitment to Refer** Jonathan Card asked for the Boards' approval to sign up to the Homelessness - Commitment to Refer. Vivienne Astall advised that Keniston contacting the relevant Local Authorities when an eviction was being processed was already part of Keniston's procedures. The Board agreed by consensus that Keniston should sign up to this Commitment.
- Minute 287/18 Shehla Husain commented on the schedule of consultancy spend presented as part of the CEO's report. **Action: Jonathan Card to discuss further with the Management Team with a view to reviewing current procedures, potentially implementing a procurement strategy and / or updating the relevant clauses within the delegated authorities.**
- Minute 288/18 The Board asked if they could have an update on the recent staff survey, **Action: Jonathan Card to send this to Board members by e-mail.**
- Minute 289/18 Jonathan Card advised that he would circulate the approved 5 year strategic plan to the Board for their information. The Monitoring Delivery paper focused on delivering the first year of the plan and would gradually evolve over the 5 years.
- Minute 290/18 It was agreed that the format of the report could be reviewed as it was currently too detailed. **Action: Jonathan Card to review how Keniston reported the ongoing delivery of its strategic plan to the board.**
- Minute 291/18 Seema Jassi noted that this report showed that key elements of the plan were on track, and congratulated everyone involved.
- Minute 292/18 Lucy Worrall left the meeting at this point.
- Agenda item 5 Darrick Wood Infill Update**
- Minute 293/18 Jonathan Card presented the update on the Darrick Wood infill proposal to the Board, he advised that the tracked changes on the document related to a couple of matters picked up after the working group meeting. He advised that the redevelopment of the Community Centre was financially not feasible along the lines originally envisaged and had been removed from this programme so that it could be considered properly as a separate item.
- Minute 294/18 Jonathan Card advised that to date nothing unexpected had been received from the resident sounding board, and that Keniston will continue to work with residents on this. The next project meeting is scheduled for next week.
- Minute 295 /18 Jonathan Card advised that before a pre planning application could be submitted, a number of specialist reports would have to be commissioned. Sally Rice asked if the planning department had been asked what reports

they would require to give a better understanding of what work might need to be commissioned. She also queried the choice of the Site 2 option A as this appeared to be lower value for money. Jonathan Card agreed that this option needed more work. It was noted that a mixed tenure approach enabled Shared Ownership to subsidise affordable rented housing. He advised that he was due to meet with the architects next week.

Minute 296/18 After discussion the Board agreed to an 'In Principle' agreement to commission the necessary specialist reports, which would cost in the region of £30,000 to £40,000. The Board requested that they receive updates via e-mail. Sally Rice advised that some authorities do not charge pre application fees for housing associations.

Agenda item 6 Acuity Benchmarking Report

Minute 297/18 Jonathan Card presented this report to the Board, he advised that it covered the period ending March 2018. He advised that in relation to satisfaction measures Keniston are currently undertaking the 3 yearly residents' survey and results will be available for the next Board meeting in January 2019.

Minute 298/18 Members noted the above average staff sickness levels. Simone Bailey asked what the sickness days would be if the two long term sick staff were taken off. Jonathan Card advised that this would be 4½ days.

Minute 299/18 Julian Miles asked if in future coloured directional arrows could be added on the dashboard.

Minute 300/18 Simone Bailey commented on the excellent performance in relation to void re-let days. It was noted that this was due to a range of factors including the good condition of the properties which had become void, hence not requiring extensive works, and a schedule of rates to enable swift repairs ordering.

Agenda item 7 Finance Director's Report

Minute 301/18 Andrew Shiatis presented his report to the Board highlighting the results for the 6 months to 30 September 2018. He explained that the surplus was significantly higher than budget primarily due to a £248,000 favourable variance on operating costs. Whilst a majority of this was most likely due to timing differences, recent stock reinvestment tenders were showing savings against the expected budgeted costs. He explained that the surplus was slightly lower than for the equivalent period last year due to a number of factors, in particular the ongoing effected of the 1% rent reduction and also the lower proceeds received on flat 3 Elliotts Row compared to that of flat 4 in 2017.

Minute 302/18 It was noted that all financial performance indicators were strong and that all bank covenants have been met throughout the period.

Minute 303/18 It was noted that there was now a cash balance of circa £5.7m and that some of this would be used to cover potential stock transfers and development works.

Minute 304/18 Andrew Shiatis highlighted the fact that the Association was currently in technical breach of its treasury management policy in that it had exceeded

the £1.25m limit in its NatWest accounts. Andrew Shiatis clarified that he had reported this to both Julian Miles and Barry Luhmann who had agreed to this based on ensuring that liquid funds would be available for the potential Stonewater transaction and that this would be reviewed on a month by month basis once we knew more about the likelihood of this transaction.

Minute 305/18 Andrew Shiatis updated the Board with respect to the ongoing IT review at Keniston which was commissioned as part of the strategic plan. The review will enable Keniston to establish an IT Strategy and digital inclusion plan. 3C Consulting, a specialist housing IT consultancy which focuses in particular on providing advice to smaller HAs, had been asked to perform an overview of the technology that the Association currently has in place, together with identifying and evaluating future options. The scope includes IT infrastructure (site or cloud based); GDPR compliance, back up and business continuity; a need to be more environmentally friendly (less paper usage); and being able to facilitate more remote working practices to help drive efficiencies. From this review, it was noted that Keniston would then start developing a more robust and pro-active IT action plan, to align decisions with overall strategic goals.

Minute 306/18 It was noted that the SHPS triennial valuation had been received within the last few days and Andrew Shiatis summarised the key points as follows: pension deficit has increased from £1.3bn to £1.5bn. There would be an increase in the future deficit contributions payable from the Association from £107k pa to £142k pa (£35k increase) ending in September 2026. Future service contributions would also increase. Historically these additional contribution costs have been shared 50:50 with staff (approx cost of £15k to the Association). This is offset by the employer loading for closed schemes decreasing from 2.5% to 1.1% (£7.5k saving to the Association). Overall the additional costs appeared to be in line with Keniston's expectations per its Long Term Financial Plan. It was noted that the Association would have to review its options around its pension arrangements with SHPS and as part of good practice, consult with its staff.

Agenda Item 8 Housing Services Director's Report

Minute 307/18 Vivienne Astall presented her quarterly report to the Board. She updated the Board on rent recovery, advising that a new Rent Income Officer had now been recruited who has a lot of experience in rent recovery and she is hoping that there will soon be an improvement in arrears. The team have received some more training on Universal Credit; this is proving very complex particularly when challenging the incorrect allowances being paid.

Minute 308/18 Vivienne Astall advised that one eviction had been carried out; the tenant was not in receipt of any benefits and was £2,500 in arrears, there had also been problems with sub-letting.

Minute 309/18 Vivienne Astall informed the Board she had updated two policies; the Starter Tenancy Policy, and the Domestic Violence & Abuse Policy. The Domestic Violence and Abuse Policy raised concerns regarding risk assessments; these will now be carried out by an appropriate agency.

Agenda item 9 Property Services Director's Report

- Minute 310/18 Tony Coward presented his quarterly report to the Board. He highlighted that tenders for stock reinvestment projects were currently coming in below budget. He explained that there had been a deviation regarding the tender for the Nethewode Court lighting upgrade, and as a result it was decided to award the contract to Clairglow.
- Minute 311/18 Simone Bailey asked if the Board could have an update on the savings which had so far been achieved due to the energy saving lights that had been installed at Tarling Close. **Action: Tony Coward said he would include this in his next quarterly report.**
- Minute 312/18 Fire Safety Update – Tony Coward updated the Board about the current problems with the suppliers regarding the manufacture of fire safety doors. At present the company is still waiting for their doors to be tested and certified.
- Minute 313/18 Burnhill House – Tony Coward advised that the draft report had been received. He advised that he would arrange a site visit. **Action: Tony Coward to present the outcome at the January board meeting.**
- Minute 314/18 Health and Safety Compliance – Tony Coward advised that there was still one outstanding item in relation to pressure values at Tarling Close which were causing a slipping hazard.
- Minute 315/18 Fire Safety Actions – Tony Coward advised that there is still an outstanding fire safety action regarding the storage of residents' refuse in communal areas potentially blocking an escape route.

Agenda item 10 Annual Reports

- Risk Register Review**
- Minute 316/18 Andrew Shiatis presented the annual report on risk management, highlighting the key processes being followed by the Association throughout the year, the Audit and Risk Committee's review twice a year, together with the role of Internal Audit in reporting back on the specific elements of the risk registered covered by their audit.
- Minute 317/18 It had been noted that Lucy Worrall had commented prior to the meeting that the risk review could be better linked into the Strategic plan and split between strategic and operational risks. Seema Jassi commented that this was a thorough document and that her only concern was that the Association might be scoring itself a bit too harshly on some of the risks.
- Insurance Summary**
- Andrew Shiatis presented a summary of the insurances which had been put in place for the current year. He explained that despite pressure on insurance rates, the Association had managed to keep insurance premium increases to a minimum with an actual like for like decrease based on values insured of 0.5%. It was noted that Insurance Premium Tax remained at 12% although there had been some talk about increasing it to 20%.
- Minute 318/18 Andrew Shiatis explained that last year the Association had taken out additional cover for Employment Practice Liability, which protected the Association against any past, present or prospective employee alleging

wrongful employment practices. This insurance was taken out due to the lack of Human Resource expertise within the organisation and has been continued into the current year.

Agenda item 11 Governance Matters

Minute 319/18 Jonathan Card presented three papers to the Board, the annual review of the Audit and Risk Committee terms of reference, provisional Board and Committee dates for 2019 and the provisional agenda for the November Board away day.

ARC Terms of Reference

Minute 320/18 Seema Jassi commented that although it was appropriate for the Board to have responsibility on setting risk tolerance and appetite, the Audit and Risk Committee should have a responsibility to report to the board on compliance. A general consensus was reached to accept the update terms of reference for the Audit and Risk Committee, subject to the comment above.

Provisional Board meeting dates for 2019

Minute 321/18 The provisional dates for the 2019 Board and Committee meetings were noted, although Jonathan Card agreed to look to see whether the Away Day could be moved to the following weekend in November.

Agenda for Board Away Day

Minute 322/18 The agenda for the Board Away Day was circulated and noted. Sheila Sackey suggested that incorporated within the Away Day, the Board should have a discussion on how it listens and engages with residents. This was agreed by the Board.

Agenda item 12 Company Seals

Minute 323/18 There were no company seals.

Agenda item 13 Any Other Business

Minute 324/18 Andrew Shiatis asked the Board members if they could review their current profiles which were shown on Keniston's website and provide an update where necessary.

Agenda item 14 Date of next meetings

Minute 325/18 Board Away Day will be held on Friday 9th and Saturday 10th November 2018 at the Bromley Court Hotel.

Minute 326/18 The next Board meeting will be held on Thursday 24th January 2019 starting at 6.15pm

Minute 327/18 The meeting ended at 9.00 pm