

NORTH DEVON HOMES



Minutes of a meeting of the Board held on Monday 12 September 2016 at 6pm

PRESENT: Simon Price (Chair) [SP]
Asad Butt [AB] o/t
Scott Murray [SMu]
Richard Setter [RS] [until item 3302]
Robert Stronge, Vice Chair [RSt]
Jeremy Yabsley [JY]

IN ATTENDANCE: Martyn Gimber, Chief Executive [MG]
Marc Rostock, Director of Neighbourhoods [MJR]
Philippa Butler, Finance Director [PJB]
Stephen Snooks, Regeneration Manager [SS]
Bill Allen, Supported Housing Manager [BA]
Iain Springate, Strategy & Performance Manager [IS]
Kate Blooman, Financial Controller [KB]
Lucy Duchesne, PA to the Chief Executive [LD]

3338 Apologies

Received from Dawn Ash, Adrian Jeffery and Sarah Maylor and Brian Moores. (Faye Webber did not attend.)

3339 Declarations of interest

SMu – Pemberton Homes, which is on the PSW Development Framework.
JY - Devon County Council and North Devon Council. RSt Westward Housing Group.

3340 Items raised at the Chair's discretion as a matter of urgency

None.

3341 Fraud reported since last meeting

None.

3342 Board Action Tracker – Martyn Gimber

- 344 Actual costs will come to the next Board as part of the Asset Management update. However, we have completed 94 of the annual programme of 180.
- 346 MG confirmed that the number of direct debit users was 2,290 across all payment types.

3343 Minutes of the Board meeting held on 25 July [22 August] 2016

Approved consolidated minutes. Agreed and signed.

3344 Matters arising from 25 July 2016 minutes

None.

3345 To note the minutes of the Anchorwood Limited meeting held on 22 August 2016

3346 To note the minutes of the Customer Forum meeting held on 21 July 2016

RS asked why, when the Customer Forum had voted 8:4 against, we had continued with Experian. MJR explained that we were committed to the project for those who benefit from it. In particular, this is a really good way of allowing customers who wish to access credit to get improve their credit rating. It also helps us to identify customers who may be on the verge of difficulties and enables us to help them. He confirmed that everyone had been given the opportunity to opt out and asked the Board to be mindful of the business case for NDH using the Housing Hub Software and the Experian project that had previously been made. SP asked how it will look for us to ignore the Forum's recommendation, although he conceded that he knows Experian is a good thing. MJR agreed that this was an issue but outlined how we had used the 2015 Customer Summer Fayre to consult a wider customer group and had received a much more positive and supportive position. It could be a demographic matter, as it is primarily elderly customers who do not value or wish to use credit who are choosing to opt out. The Board noted the minutes and the customer forum vote.

SMu asked about direct debit payments and the Housing Hub and MJR said that this is of advantage to us as we can identify customers who pay others (but not NDH) via direct debit and work with them and also identify some customers who are at increasing risk of financial difficulties. In addition, a positive credit rating helps customers to borrow money at better rates.

3347 Chief Executive's Update

MG reported that naturally the first RTB applications are trickling through now and that the Shared Ownerships are still a strong policy drive from the government. We are adopting a cautious approach with our bids for HCA grant and MG has been speaking to ASW partners who are now doing more of a mixture of sale, SO and s106, which is our development strategy.

There is still exploration of ways to cost share with our ASW partners as well as sharing information on particular issues such as how to manage the rent cuts. In addition to this, ASW is keenly following our progress with the MMC project as they see that this could be a valuable project to pursue. MG will bring a further report on ASW to the Board in Quarter 3.

Post Brexit is an uncertain market. RSt asked if we could look at our DLO and MG said he has been pushing this across the ASW partners but some are not keen to pursue.

AB asked if we had feel for the level of SO bidding compared to previous years and MG said it is significantly less. SS said that PSW activity is a lot lower than in previous years too and is not site or date specific. SS will confirm actual bid levels via email after the meeting.

AB shift from HCA? Non site specific bids had previously been a no-no by HCA but partners seem to be putting some forward. SS to share bid numbers with Board members. Bid date 4th Sep. Don't know nationally but indication of handbacks 15-18 programme which is a worry for HCA. Nervousness between HCA targets and RPs not being able to deliver. AB ditto. Must be a contingency. Won't want everything left backloaded in the programme.

347 SS to share bid numbers with Board members.

Recommendation

The Board is recommended to note the contents of this report. The recommendation **carried** unanimously.

3348 Business Plan 2016-2046 – Philippa Butler

This report tabled the developed group business plan which includes the approved Anchorwood Limited ('AL') business plan. The AL plan includes full residential build out of the AWB scheme - 135 market sale units; and 37 affordable to be purchased by the parent, NDH.

The revised group plan also includes the unfunded development schemes presented to Board in May, which are now funded. Appendix D shows the detail.

PJB referred to the multi-variate scenario shown at Appendix B and said that she had taken the Anchorwood Bank development exit points into account and outlined the recovery actions which had been identified.

PJB summarised by saying that this group information is what the HCA had wanted when they issued their Regulatory Judgment and, of course, it had always been the intention to do this.

RSt asked the Board if it was satisfied that it fully understand these risks, which was a key focus for the HCA. He suggested that we have training on all future business plans in order for the new/er Board members to fully understand them and this was agreed.

SMu complimented PJB on a really good piece of work and said that the Board should be satisfied with this report. SP agreed, saying this is the information the HCA wanted. He asked when it would next be updated and PJB said it would be coming back to the Board in March, provided the refinancing goes well. If not, then she will address it again much sooner and revert back to the May base case. SMu asked if the Board needed to see the whole plan again or whether a report of the changes

and their consequences would suffice. RSt agreed with this proposal but MG cautioned that the funders may wish to have full Board approval.

AB asked for some additional time to work with PJB in detail, to ensure his complete understanding of the business plan and this was agreed. He confirmed he was, notwithstanding, happy to approve the plan.

348 Add to AB's induction.

Recommendation

That the Board approves the Business Plan 2016-46 and appendices attached at A to F. The recommendation was **carried** unanimously.

3349 Treasury Strategy Update – Philippa Butler

Recommendations

2.1. That the GB Social Housing commitment letter is signed on the proviso that no fees are incurred by GBSH unless pre-approved by NDH.

2.2. That the Board note the progress with the Treasury Strategy.

The recommendations were **carried** unanimously.

3350 Governance Update – Martyn Gimber

The meeting with the HCA is taking place on Friday, 16 September and will demonstrate how determined and how much progress we have made to move back to a G1 rating as fast as possible. The appointment of Altair could be seen as a positive move by us to help accelerate the process. Altair have proved a very useful resource as we work through our response and have been a key support so far.

LA has discussed and agreed its approach to Board membership and is making preparations for the changes we have requested so we will be reporting this to HCA on Friday, too. The key issue for the HCA will be to see the embedding of the changes. RSt supported the engagement of Altair because of their track record and his experience of working with them at Guinness. They have been involved with recent recruitment for Westward Housing, which gives them fresh knowledge of the area.

SP was particularly interested in how they will help with recruitment, especially when we offer Board member payment and MG said that part of their appointment will be to look at this matter.

RS asked if Altair will be assisting both Boards or just NDH and MG said it would be both.

RSt referred to the time gap between the AGM and having new Board members and asked how we will fill the interim period once SP and AJ have left as it is vital we are not left lean when we need skills in place now. He asked for an update at Friday's meeting.

Recommendations

2.1. The Board is requested to note the report.

The recommendations were **carried** unanimously.

3351 Development and Regeneration Update – Stephen Snooks

Recommendations

2.1. The Board is requested to note the report.

2.2. Commission OJEU framework to support delivery of development programme 2017-2022.

The recommendations were **carried** unanimously.

[SS left the meeting at this point.]

3352 Office Strategy Update – Martyn Gimber

MG said that this is a very good location, with easy access from all directions. We need to get clarity on the position and use time between now and January 2017 to fully explore the maintenance and liability position. Very little has been spent on the building to date and action will be required, whichever option is agreed. There were no questions.

349 Add to Jan 2017 Board agenda.

Recommendations

2.1. The Board is requested to note the report and note options and financial report from Alder King at Appendix A.

2.2. The Board to agree to option 4 with a review in January 2017 following market testing and confirmation of the position with.

The recommendations were **carried** unanimously.

3353 Financial Statements to 31 March 2016 – Kate Blooman

The Audit and Risk Committee met earlier today in order to ensure that it was comfortable with the changes to the Financial Statements. KB confirmed they are not material and that the majority of changes were to disclosure under FRS102; and to the regulatory review wording (page 9) which was amended to reflect our current rating. The team worked intensively with Smith & Williamson last week in order to close off any issues and KB referred the Board to appendix C, their letter of representation, which has changed. Smith & Williamson's Management Letter, currently a draft at appendix E, will be issued as final once the accounts have been signed by Board.

SMu confirmed that ARC is happy to recommend the statements for Board approval.

Recommendations

2.1. That the Board approves the Financial Statements attached at Appendix A, subject to any final amendments verbally reported.

2.2. That the Board notes the contents of the Management Letter attached at Appendix B.

The recommendations were **carried** unanimously.

3354 Performance Report 2016/17 Quarter 1 – Iain Springate

IS introduced the Performance Report, and explained that all the issues are covered in detail in the report and Appendix B. The area perhaps worth discussing was Voids performance, and that whilst we are not where we would ideally wish to be, we are addressing performance issues and the lead indicators are showing improvement. However, this will take time to show in the re-let times as this is a lagging indicator. In

terms of the actions we are taking to improve performance, as laid out in the report: Asset Management are setting up sub-contractors to take on voids at a fixed price / short notice; the voids module on ROCC is being investigated to assist voids management; and, consultants have been in to carry out a 'Rapid Improvement Event' to identify quick wins and longer-term strategies to improve performance.

IS also explained the proposal outlined in the report to review the KPI Dashboard, with a view to moving towards strategic 'organisation-breaking' KPIs, rather than operational KPIs. Operational KPIs could be escalated under agreed criteria. IS explained that if the Board were content for him to proceed, he would propose a revised Dashboard for consideration alongside the next Performance report.

The Peer Group was also discussed, and the report laid out the reasons why the current peer group could be considered to not be ideal. IS noted that the HCA were focusing now on whether Providers had an appropriate Peer Group, and ours had been questioned by the HCA during the IDA. IS proposed that he take advice from Housemark, and bring back a proposal for moving to a robust peer group that would be a good benchmark to use to drive performance improvements.

RSt noted that it took two days to get the gas safety certificate for the property with LPG and asked if this is considered robust enough? MJR said that this cooker had almost certainly been installed by the customer. We are asking all staff, regardless of their role to keep their eyes open with regard to safeguarding, health and safety and compliance related issues and to report back on any concerns they have. This is part of the Every Visit Matters initiative. He confirmed that a check for gas would be carried out, even in off-gas areas as LPG is possible. RSt asked if we were certain that adequate steps are being taken to ensure this does not happen again and MJR stressed the changes to staff visits as well as telephone calls. He felt that we could not reasonably have expected to have known the the customer had installed an LPG cooker at this property but stressed that we are not complacent and staff are vigilant.

RSt suggested we could ask our peers what they do about these, potentially hazardous installations. MJR stressed that this is not a matter taken lightly but emphasised, strongly, that all members of staff make the Every Visit Matters principle count as they report their findings. That said, he will ensure that they know how seriously the Board takes this. He also suggested that the Board could receive a further update about progress in this area through the annual gas safety report if this would be helpful. The Board agreed that this would be helpful.

JY said that in a rural area such as ours there are huge areas which are off-gas and that LPG is very popular, as it is cheap but MJR said most of our properties are in towns and on-gas but that the additional controls through Every Visit Matters were looking for LPG installs in off gas areas

SMu had looked at the average relet times but could not follow them through the report easily. That said, he noted underperformance since May which appears not to have been addressed. He asked if the way the information is presented could be distinguished more clearly, possibly by a RAG system and MJR said that this is a lagging indicator and we are still releasing properties. MJR thanked SMu for his helpful comments regarding the voids but was keen to correct the perception that no action had been taken. The actions being taken were outlined in the report including the lean process review exercise that had just taken place on Friday. The appendix to the table was intended to give history of the issue and remedial actions and MJR noted that we are neither relaxed nor complacent about voids.

IS, referring to Appendix B, noted that performance was within target in April, but had worsened following the spike in voids in May and June. The Leading indicators show that a recovery is happening, but it will take time to feed through to the re-let times. SMu asked if the indicator would be green next month and MJR said it depends when we let properties that have been vacant for some time and whether we look at a single month or the year to date position., We do still have some properties which have been vacant for some time and these will continue to impact this particular PI at some stage in the future. MJR explained we also need to remember that we have strengthened voids compliance work including asbestos surveying to ensure robust asbestos info is in place before contractors set foot on properties and to take advantage if the void property to allow more intrusive surveying. Therefore, we will not turn homes around as quickly as other peers who do not use the Void process in this way. There is a cost to this. SP said there is an element of underselling our performance in this report and asked if we could showcase our successes

350 Update on situation and progress in more detail as part of next performance report.

AB asked whether Decent Homes is an issue. MG explained that all 5 properties not meeting the Decent Homes Standard are subject to development strategy. Decisions made so action is being taken on all five properties.

Recommendations

- 2.1. That the KPI dashboard is reviewed and a recommendation made for change as part of the next Performance report in November.
 - 2.2. That the appropriateness of the current peer group is reviewed and a recommendation for change made if necessary as part of the next Performance report in November.
 - 2.3. That the report is noted alongside Appendices A and B.
- The recommendations were proposed **carried** unanimously.

3355 Financial Performance 2016/17 Quarter 1 – Kate Blooman

KB presented this report.

SMu said it is a really good report. He asked if the H2H's income was based on a schedule of rates with no contribution to overheads and PJB said this was correct. SMu then suggested that this level of detail is not necessary for what is a trading account and a note of performance against budget would be preferable at future

meetings. This was agreed but MJR explained that the information was only included as the Board had historically requested this level of information. SMu was also keen to see a forecast to the end of the year, with all the cost savings being shown and assurance given as to where the priorities lie. He added that he would welcome a traffic light indicator system to show target and progress and this was agreed.

351 RAG system to be put in place.

SP noted that the budgets were underspent earlier in the year and that the savings are considerable.

352 PJB said she would provide some commentary to explain this.

SMu asked if the HCA will see the report and PJB replied no. The error they highlighted (see 4.4.3) was corrected. AB asked if all the discrepancies highlighted by HCA had been addressed and said yes and that she will be working closely with PWC to iron out the misunderstandings in the next return.

Recommendations

- 2.1. That the Board notes the content of this report and the funder's quarterly returns attached at appendices A and B.
- 2.2. That the Board notes the NROSH Quarterly Financial and Risk Survey at appendix C and the Price Waterhouse Coopers (PWC) review attached at appendix D.
- 2.3. That the Board note the exceptions to the Treasury Management Policy Statement as stated in section 5.

The recommendations were proposed **carried** unanimously.

[SP left the meeting at this point and RSt took over the chair.]

3356 Independent Living Services Update – Bill Allen

BA drew the Board's attention to the change in title for his report, which is the first for the Independent Living Service rather than Older Persons.

353 Year end board by 30 June 2017.

RSt noted the huge challenge facing the team; was really pleased to see the positive impact on our customers; but stressed the importance of a strong exit strategy. SMu asked when we would make a decision about exit and BA said that it would be most appropriate to review as part of the next update at year end. This is not a service which will change quickly. SMu asked how we measure customer satisfaction and BA said it is mostly through surveys to about 10% of customer base per month, which means that each customer should have been contacted within the year. The return rate is about 50% but the team is currently working on evaluating surveys as an appropriate way of measuring satisfaction. Where responses give low results, it tends to be an issue of expectation, which also needs managing. BA said that we do not survey on VfM. He has discussed this with PJB as whilst there is a VfM module as part of the IT support, he is not entirely convinced by the methodology. He wants to be sure we can evidence the changes and improvements we make to people's lives. MJR agreed, saying there is huge potential here, as this service can be taken in much

more strategic directions if we get the preventive per capita indicators that we are making a difference.

SMu asked how much of it is funded by housing benefit and what risk the self-funders pose. MJR replied that there are two different charges, which are tracked through appendix A and BA confirmed that about 60% income so far is HB.

Recommendation

That the Board notes the contents of the report. The recommendation was **carried** unanimously.

3357 Devon Home Choice Scrutiny Review – Marc Rostock for Miles Sellick

MJR offered apologies and clarified the title of this report and introduced the main findings. There were no questions.

Recommendations

2.1. That the Board note the report on Customer Satisfaction Planned and Response Repairs by the Customer Scrutiny Panel.

2.2. That the Action Plan attached as Appendix 2 be approved by the Board.

The recommendations were **carried** unanimously.

[Officers left the meeting at this point.]

3359 Date of next Board Meeting and Close

The next Board meeting will be held on Monday 24 October 2016. The meeting closed at 20:42.

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