

Minutes of the Trust's Board Meeting held on 20 September 2016, 6.00pm at Ropewalks, Macclesfield

<u>Present</u>	John Hudson	JH	Chairman
<u>t</u>			
	Kate Lindley	KL	Board Member
	Tom Agar	TA	Board Member
	Alison Light	AL	Board Member
	Joy Bishop	JB	Board Member
	Gordon Richardson	GR	Board Member
	Matthew Cunningham	MC	Board Meeting
	Paul Findlow	PF	Board member
	Tim Pinder	TP	Chief Executive
	Greg van Enk-Bones	GvE	Director of Resources
		B	
	Pauline Gosling	PG	Governance Officer
	Liz Holmes	LH	Assistant Director of Finance
	Chris Twomey	CT	Assistant Director of Housing
	Nigel Bennett	NB	Assistant Director of Development
	Joanne Love	JL	Grant Thornton LLP

1. Apologies for Absence

There were no apologies for absence.

2. Declarations Of Interest

PF declared that he is a member of the Local Government Pension Fund committee

3. Minutes of the Meeting Held 19 July 2016

The minutes of the meeting held 19 July 2016 were reviewed.

The Board Decided:

567) That the minutes of the meeting held on 19 July 2016 be agreed as a true and accurate record and be signed off by the Chairman.

3a. Matters Arising

Conversion to Community Benefit Society

GvEB gave an update on the CBS conversion:

Good progress has been made in obtaining the required consents so far, however Cheshire Pension Fund are requesting a much larger bond, something Trowers have not come across before. We are going to negotiate with them but this could result in a worse case scenario of adding up to 6 months to process if we fail to

reach an agreement.

TP confirmed that the Trust will negotiate with the fund to try to get a resolution that satisfies them with the minimum delay.

JH suggested that the Exec Team carry on with negotiations and report back to Board when further updates are available.

BrExit

TP gave an update following the BrExit discussion held at the last meeting:

- Housing hasn't yet commanded same attention that it did under the previous Government.
- Only Last week was the first major speech of the Housing Minister, Gavin Barwell who signalled a relaxation of the previous Governments focus on home ownership. He will be addressing the Nat Fed Housing Conference later in the week where he is likely to be challenged on his commitment to this sector.

He also update the Board on:

- The HCA bidding round – now closed, with rumours that the take up for shared ownership may be lower than anticipated by the HCA.
- The number of recent proposed mega mergers which have collapsed, sometimes at the last hurdle and although the reasons vary there is a common theme of struggling to reconcile the different cultures of the organisations involved.
- The announcement of a settlement on supported and sheltered housing. From next year, for 3 years, there will be a rent reduction for sheltered housing tenants which will impact on our income. GvEB confirmed that this reduction is already assumed in our business plan.
- Local Housing Allowance – the Government want this to apply to sheltered housing schemes in the future.

4. Chairs Executive Actions

Board was informed of an executive action taken by the Chair between meetings. The background information was included in the Board papers.

The Board Decided:

- 568)** To endorse the Chairs executive action to remove D Kent and M Jehan from the Company membership, as requested by them.

5. Wellbeing Strategy

CT presented the Wellbeing Strategy which has been drafted in response to the revised business plan and Board's commitment to helping improve lives through our three corporate objectives. The strategy will help us deliver our second corporate objective of being a valued partner to help improve lives.

CT outlined the key objectives to measure the success of the strategy:

CT confirmed that when putting the strategy together, the NHS 5 year forward plan and the Care Act along with how they will be interpreted and delivered locally was considered. He also confirmed that consultation had taken place with key Board members, managers, customers, and stakeholders. Our future focus will be very much on community based early intervention and prevention, preventing the development of or enabling the self management of long term conditions along with reducing hospital admissions and assisting in early discharge.

The strategy is clear that The Trust's strengths lie in non clinical service provision, therefore we will not look to deliver services which require Care Quality Commission registration or to enter into specialist clinical services.

CT went on to outline the context and service offer, the business drivers for wellbeing services and the action plan and invited questions.

Board members asked what happened to the telecare contract which expired in April and the effects if the Trust is not successful when it is retendered. CT explained that the contract is still being delivered on a negotiated contractual extension and that the contract is a significant part of the Trustlink service.

MC commented on the objectives within the strategy asking where they came from and how achievement of them will be measured. CT stated that an educated projection has been made by looking at growth so far and emerging market place. He also confirmed that establishing the Trust as a trusted, well thought of service will be measured by satisfaction from the end user along with commissioner feedback. TP added that contract monitoring also plays a large part in measuring success.

KL asked what could stop us delivering this strategy – CT stated that a lack of resources apportioned to it, lack of commitment, lack of opportunities arising and the ambition of commissioning could all prove to be a barrier to delivery.

JH summed up by thanking CT for a very clear intelligently written strategy containing clearly identifiable business parameters and asked Board members to endorse the strategy.

CT presented the Wellbeing Strategy which has been drafted in response to the revised business plan and Board's commitment to helping improve lives through our three corporate objectives. The strategy will help us deliver our second corporate objective of being a valued partner to help improve lives.

The Board Decided:

569) To adopt the Wellbeing Strategy – 2016 to 2019

6. Growth and Development Strategy

NB informed Board that the strategy builds on the discussions held at the June Board development meeting along with the stock tour in July resulting in Board's preferences being incorporated. He also confirmed that the strategy builds on the commitments in the Asset Strategy 2015 and takes into account the Government's emphasis on home ownership.

Commenting on the HCA bidding round, NB thought there had been a cautious take up on shared ownership and that there is continuous market engagement running alongside which, unless the Government decide to do something else with the money not bid for, it will remain there for associations to bid for.

The strategy has an emphasis on home ownership – the Trust has already completed some very successful shared ownership schemes proving there is an appetite for them. It also builds on work we had carried out by Savills which concluded we are in the right area for shared ownership to work. There is also a focus on strategic and tactical land assembly, NB expanded on how this would work.

NB informed Board that we are beginning to see some developers taking a much more active role in their work with Housing Associations through Joint Venture (JV) partnerships. JV's tend to be used on larger sites and offer a risk / reward share between the parties. They can also provide an opportunity to share the skills and expertise of each organisation. We are already talking to a couple of key partner developers and will pursue Joint Venture partnerships where these can provide added value to the Trust; by offsetting risks on larger schemes, acquiring sales and marketing expertise or facilitating mixed use developments.

NB stated the strategy has been written to make it clear to anyone reading it just what the Trust's intentions on development are and also makes clear the type of activity we will not get involved with. The strategy does not rely on building for outright sale as the business plan is not dependent on this but it gives us the option to consider this where appropriate.

We know there will be competition in our area from other RP's so being flexible within the strategy and covering a wider geography is the right thing to do.

JH commented that it is very satisfying to see some of things we have discussed at away days etc., being bought together in a coherent but flexible development strategy which will translate into a clear programme of action and where we can assemble land in advance of development it will help that forward planning.

TP commented that the strategy builds on discussions at Board development event and is a very long way in terms of our future ambition from the strategy this time

last year.

MC thought the strategy was good and particularly liked the reference to mixed communities.

JH was pleased that the strategy contains objectives for urban regeneration, and in terms of mixed tenure it gives more room for negotiation on development opportunities.

PF commented that the strategy implies a diverse range of tenures which he thinks is a positive move.

GR felt Board had received a very good report which has moved on significantly from the position 12 months ago.

Discussion took place regarding the decision not to develop site under 10 units (except under S106 proposals). This was explained due to the high cost and resource intensive nature of small sites.

GR referred to the strategies focus on town centre regeneration and queried if there is a conflict with the intention to not develop sites of less than 10 properties, however it was explained that the intention would be to generate impact and numbers through strategic site assembly.

JH drew Board's attention to the recommendation to adopt the growth and development strategy.

The Board Decided:

570) To adopt the Growth & Development Strategy – September 2016 update

CT and NB left the meeting

7. VFM Self Assessment

TP explained that the statement is now considered as a fairly critical regulatory tool as it demonstrates to the regulator the degree of real understanding of the VFM the organisation is delivering and driving, part of that is the organisation understanding its own business and how it performs in comparison to its peer group.

TP explained that the statement was in draft, partly because of the new accounting procedures for FRS 102 which has made some year on year comparisons quite difficult.

Board was asked to consider whether they felt the statement was a credible and convincing way to demonstrate our VFM and whether it is sufficiently honest and

does not gloss over where perhaps our financial performance doesn't compare quite as well with some of our peer group.

TP informed Board that, once any comments they make have been incorporated and agreed, the strategy will be published on the website by the 30 September deadline.

TP confirmed that the statement has been written with customers in mind as the main audience.

JH asked Board members if they were happy to accept the draft as the basis for the final VFM statement

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The Board Decided:

571) To approve the draft VFM statement subject to the comments made.

8. AGM Resolutions

At its meeting in July, Governance Committee reviewed and agreed the resolutions to be put to the AGM; Board's formal approval of the resolutions to be put to the membership was now being sought.

GvEB informed Board that this year it is intended to allow questions from the membership to be put forward in advance of the meeting which will be managed on the night after the business part of the meeting.

PF felt that the membership should be given the opportunity to put their point forward in a non confrontational way. This was endorsed by JH.

The Board Decided:

572.i) That the Board provide the following to the 2016 AGM in accordance with the Articles of Association:

1. The revenue accounts and balance sheets for the last accounting period;
2. The auditor's report on those accounts and balance sheets;
3. The Board's report on the affairs of the Company;
4. The Board's statement of the values and objectives of the Company;
5. A report on the progress of the Community Empowerment Strategy

- 572.ii)** To put the ordinary resolution to AGM that:
6. Grant Thornton be reappointed as auditors
- 572.iii** To give notice of all Board member changes to occur at the AGM
) including that:
7. Alison Light be reappointed as a Board member
8. Joy Bishop retire as a Board member
9. Tom Agar be reappointed as a Board member
- 572.iv** To request that the Council Board member be nominated to vote for the
) Council Member at the AGM.

9. Performance Reports to July 2016

Board received the performance report in the new format for the second time.

GvEB outlined the main points in the report:

Rent collection performance is somewhere between this time last year and the target. August was amber so we have seen some improvement as a result of the measures set out.

Gas servicing is at 100% for the 8th month in a row.

Rent loss from empty properties is very positive against the target. The trend is expected to stay ahead of target with a slight increase in August and September due to a New Build scheme (14 units) going live and several low demand vacant properties in sheltered accommodation.

JH referred to the low demand in sheltered housing and asked if there was a particular issue that Board need to be aware of. GvEB replied that these are schemes of 30-35 properties so a number of vacancies at once is significant. We will keep a watch on these schemes but overall void performance of these schemes year to date is good.

TP stated that demand for sheltered housing has been very cyclical and he reminded Board that some years we carried out a review of sheltered schemes which led to the closure of some schemes and we committed to keeping a watching brief on the others. He went on to say that the Asset Strategy had identified that another comprehensive review of the schemes should be carried out this year.

New homes starts is below target but is forecast to achieve target this month.

Completions are on target; as is net stock growth – but we had a lot of right to buy sales in August so net growth will take a hit then.

Unsold shared ownership units is far below a level we would worry about with very low predictions of unsold units.

Repairs satisfaction is strong at 100% against a target for the month of 96%.

% self sufficient customers, we have a suggestion for this KPI - to measure what we are currently able to measure to by focusing on rent payments. We plan to bring in repairs reporting next year when we have the software in place.

Provide services customers would recommend – the target for net promotor score is 46 – in line with a survey we did last year as a base line.

Diversification of income streams had a favourable variance for July.

JH commented that the new performance reporting is starting to shape up well and is quite unique.

The Board Decided:

573) To note the performance report to July 2016

11. Asset & Liability Register (ALR)

Board received an update which gave a full review of the ALR in February. It has since been confirmed that it meets HCA requirements following our recent in depth assessment and also an internal audit of the register. The audit received substantial assurance and the full report will be reviewed by Audit Committee.

It is however a requirement for Board to agree that the ALR meets the needs of the business and is an effective register of our Assets and Liabilities.

The Board Decided:

575) To agree that the ALR meets the needs of the business and is an effective register of our Assets and Liabilities.

12. Annual Report and Accounts including:

- CEX Internal Controls
- Compliance with Regulatory Standards

JH Welcomed JL to the meeting.

GvEB introduced the item stating that Board are required to give final approval to the accounts for signature by the chair. He went on to say that the new rules around FRS102 have complicated things this year and that finalisation of the accounts has been an extremely long process for both the finance and audit teams.

The Audit Committee reviewed the audit progress in July and a small group from the committee have reviewed them in more detail since.

GvEb presented a summary of the annual accounts:

The accounts present a healthy surplus for the year of £5,471,000, an increase on the previous year's surplus, which was £3,902,000 (restated for FRS102). So that's £1.569m higher, which is 40% higher than the previous year.

As a proportion of turnover, that net surplus has increased from 15% of turnover in 2014/15 to 20% of turnover in 2015/16. That net surplus comes after gains on disposals of whole properties so it can vary from year to year.

The operating surplus, a more constant measure and a good measure of underlying financial performance, has increased from 27% of turnover in 2014/15 to 31% of turnover in 2015/16.

The main points to note at this final stage are for the Board to pay particular attention to the Internal Controls work that has been done and also the Board's statement of responsibilities.

JL informed Board that this has been a very challenging year for preparation of annual accounts and pointed out that the position as at March 2015 and March 2014 have also been restated to produce the accounts.

JL confirmed that nothing substantive has come out of the accounts since the audit committee review and she was happy to issue the statement and letter for signature.

For the benefit of Board members who had not previously seen annual accounts, TP explained that preparation of the accounts before FRS102 had been seamless and that they would normally have been presented to Board in July. He asked JL whether it was expected that the process for next year would get back to normal.

JL stated that the sector is still seeing best practice emerge and expects further guidance which means there may well be future changes.

GvEB flagged up that consolidation of the accounts for 2 subsids will require extra work along with building for sale and joint ventures, as we undertake more activities more new accounting standards may apply to us, but we will plan and resource for those changes.

The Board Decided:

- 576.i)** To approve the internal controls assurance report and retain an internal audit function as recommended by the Audit Committee

576.ii) To approve the Annual Report and Financial statements for the year ended 31st March 2016.

Any Other Business

There was no other business

The meeting closed at 19.55

Signed:

A handwritten signature in black ink, appearing to read "John Hudson". The signature is written in a cursive style with a large, sweeping initial 'J'.

