

**MINUTES OF THE BOARD OF MANAGEMENT MEETING OF
MID-WALES HOUSING ASSOCIATION HELD AT TY CANOL HOUSE,
NEWTOWN ON WEDNESDAY, 7TH DECEMBER 2016**

- Present:** Mr. David Evans (Chair), Mr. Peter Swanson (Deputy Chair), Mr. Richard Martin, Ms. Liz Jenkins, Mr. Peter Bayliss, Mrs. Jill Ladbrook, Mr. Vic Brown, Mrs. Morag Bailey, Mr. Nick Hoskins and Mr. Ray Dowling.
- Co-Opted Members:** Ms. Elenor Bonner-Evans, Mr. Tony Bowron, Ms. Joy Garfitt and Mr. Daniel Lewis.
- Observers:** Cllr. Francesca Jump (Powys County Council) and Mrs. Pamela Smith (Llanidloes).
- Officers:** Mr. Shane Perkins (Chief Executive), Mr. Charles Brotherton (Director of Finance and Company Secretary - part), Mrs. Sian Howells (Director of New Business), Mr. Aidan Ackerman (Director of Customer Services) and Mrs. Janet Price (Governance Officer – minute taker).

The Chair welcomed everyone to the meeting.

1. APOLOGIES	ACTION
Apologies were received from Dr. Olivia Morris as well as Mr. Charles Brotherton (Director of Finance) who joined the meeting during agenda item 8.	
2. DECLARATIONS OF INTEREST	
There were no declarations of interest though it was noted that the soon to be appointed new Members and the tenant observer would need to withdraw from the meeting during discussion of agenda item 5.	
3. MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON 21ST SEPTEMBER 2016	
The Governance Officer undertook to correct a minor typographical error on page 5. Taking into account the above amendment, Mr. Vic Brown proposed and Mrs. Morag Bailey seconded that the minutes be approved as a true record.	
4. MATTERS ARISING	
No questions were raised in advance of or at the meeting and Members received the report for information.	

5. APPOINTMENT OF NEW BOARD MEMBERS

The four candidates for new Board Membership and the Tenant Observer withdrew from the meeting temporarily at this point.

The Governance Officer introduced the report, reminding Members of the objectives of the Organisational Development Committee in the recruitment campaign for new Board Members. Ten formal applications had been received of a very high calibre and all candidates had been interviewed. It was noted that the Chief Executive could not take part in the interview process, as planned, due to a personal matter.

A Member commented that he was very disappointed that no tenants were being proposed as Board Members and felt that the observer role proposed was insufficient. The Chair responded that disappointingly only one application had been received from the Association's tenants and the interview panel felt that the candidate proposed would benefit from being appointed as an observer at this stage. The Chief Executive added that the observer is entitled to put herself forward for election by shareholders for full Board Membership, alongside the independent candidates, at the Association's Annual General Meeting in August 2017. Another Member remarked that the skills of the independent candidates were precisely those that had been sought in the recruitment campaign and she would not wish to see any one of those candidates withdrawn from the process at this stage merely to tick a "tenant" box. She added that the observer role is an excellent opportunity to help tenants to develop into the role and become an effective contributor to the Board in the longer term.

Another Member questioned whether the Association was approaching the recruitment of Tenant Board Members in the most effective manner. It was noted that the issue of tenant engagement had been discussed at Audit & Scrutiny Committee and it was agreed it should consider tenant involvement structures within the Association at one of their future meetings including the role on Board. Members agreed to this suggestion.

Another Member commented that the Association had not had such "generosity of talent" previously in its applications for Board Membership but felt that Members had been given little information or time to make a decision on the candidates' appointment. He suggested that each candidate could be asked to give a personal presentation about their individual background. However, the Chief Executive pointed out that the candidates will be appointed on a co-opted basis until the AGM, when Members will have had more time to get to know them, consider their suitability and decide whether they wish to recommend the co-optees to the AGM for election to the Board.

<p>The Deputy Chair reminded the meeting that the interview panel had been tasked with interviewing and recommending the candidates for Membership and questioned why there was a need for further information; he was supported by another Member who felt that it would be 'insulting' to ask the candidates to undertake a presentation. With these responses, the earlier Member withdrew his suggestion of asking for a presentation.</p> <p>Mr. Peter Swanson proposed and Mrs. Morag Bailey seconded that the following candidates be appointed as co-opted Members of the Board of Management of Mid-Wales Housing Association until the AGM in August 2017: Ms. Elenor Bonner-Evans, Mr. Tony Bowron, Ms. Joy Garfitt and Mr. Daniel Lewis.</p> <p>In addition, Members proposed the appointment of Mrs. Pamela Smith as a Tenant Observer to the Board of Management of Mid-Wales Housing Association until the AGM in August 2017.</p> <p>There were nine votes in favour with Mr. Ray Dowling abstaining.</p> <p>The newly co-opted Members and Observer returned to the meeting and were warmly welcomed into their roles.</p>	
<p>6. BOARD WORK PLAN</p> <p>The Chief Executive introduced the proposed work plan for 2017-18, explaining that the timings of meetings had been arranged to suit the needs of the business.</p> <p>The Chief Executive accepted a Member's suggestion to include the Resident Engagement Policy in the list of policy reviews, given the discussion held under agenda item 5.</p> <p>Mr. Richard Martin proposed and Mr. Nick Hoskins seconded that the Board Work Plan for 2017-18 be approved and Members noted that the precise timings of meetings may vary during the year.</p>	<p>CE</p> <p>GO</p>
<p>7. WHQS POSITION UPDATE</p> <p>The Director of New Business introduced the paper, advising Members that the Association has one of the highest percentages of surveyed stock, which is an improving position. Based on the Association's Compliancy Policy, which was submitted to the Welsh Government earlier in the year, the Association now has 586 properties which are fully compliant with the Welsh Housing Quality Standards (WHQS) and 861 properties with 'acceptable fails', of which a number are due to</p>	

residents' choice. The Association has committed £127k to bring its properties to the required standard by the deadline of 2020.

A Member asked for greater clarity on the property figures, commenting that it appeared that the number of non-compliant properties had reduced because they were re-classed as 'acceptable fails'. The Director of New Business explained that the Welsh Government (WG) had stipulated how housing associations should categorise certain properties and gave examples of how properties may be re-categorised, e.g. physical constraints. She added that the Association is undertaking a large kitchen replacement programme at present and the energy efficiency of 331 properties is being considered.

Mr. Vic Brown proposed and Mrs. Morag Bailey seconded that progress was noted in the Association's ability to meet WHQS across its social housing stock by 2020, in accordance with WG regulations and the Association's own Asset Management Strategy/Compliance Policy documentation.

8. QUARTER 2 KEY PERFORMANCE INDICATORS

The Chief Executive reminded Members that the report reflected a 'snap-shot' view of performance at the end of Quarter 2 and current data is available via the Covalent system.

He highlighted some of the exceptions reports and the Director of Customer Services reminded Members that the report had previously been considered by the Audit & Scrutiny Committee at its meeting in October. He responded to a Member's question regarding housing benefit payments and the true debt position of the Association.

The Director of Finance joined the meeting at this point.

As Chair of the Association's Finance & Risk Committee, a Member commented that he had undertaken to work with the Association's Management Accountant to comprehensively and clearly report its position on debt. The Chief Executive acknowledged the variables of weekly and monthly tenancies and the two local authority housing benefit payments involved in presenting an accurate debt figure.

After a short further discussion, Mr. Richard Martin proposed and Mrs. Morag Bailey seconded that the Quarter 2 KPIs be approved.

9. RECOMMENDATIONS FROM THE FINANCE & RISK COMMITTEE MEETING HELD ON 19TH OCTOBER 2016 AND FROM THE SPECIAL FINANCE & RISK COMMITTEE MEETING HELD ON 29TH NOVEMBER 2016

The Director of Finance apologised for his late attendance at the meeting.

The Chair of the Finance & Risk Committee commented that he was happy to propose all the recommendations presented to the meeting, given that they had been considered by two meetings of the Committee. He added that the Committee had agreed to add the issue of Development Grant Blending to the risk map and highlighted the potential exposure to the Association's ongoing income of any change to the model by subsequent governments.

The Director of Finance explained the impact of Grant "Blending", and commented upon the risk should the HFG revenue grant, provided each year, be stopped at some point. He felt this was a low risk at the moment but could, in the future, increase, if a subsequent government took a simplistic view comparing surpluses to revenue grant received.

In response to a Member's question, the Director of New Business stated that the Association hopes to take advantage of the fact that the WG appears to have additional grant at the year end.

In relation to the Quarter 2 Management Accounts, the Director of Finance acknowledged, and apologised for an incorrect figure of £23,000 shown in the fifth column against Total Cost. The correct figure should be £46,000.

A Member requested an addition to recommendation 3.6, which was agreed by all present, and is shown in italics below.

Mr. Peter Bayliss proposed and Mr. Nick Hoskins seconded that the following be approved:

- a) The Quarter 2 Management Accounts;
- b) The Quarter 2 Treasury Management Review;
- c) The Budget and Business Plan Parameters;
- d) That the Director of Finance may seek the removal of the current Net Worth gearing covenant and replace it with either a Historic Cost gearing covenant at no less than 50% or other appropriate gearing alternative;
- e) The Treasury Management Strategy, as follows:
 - i. Barclays

<ul style="list-style-type: none"> • Converts the traditional net worth (loan to grant and reserves) gearing to a historic cost (loan to historic cost) basis; aiming for 55% limit; • Consider whether an overdraft facility is still required. <p>ii. Nationwide</p> <ul style="list-style-type: none"> • Renegotiate a change in the covenants with Nationwide BS to remove the current Net Worth gearing covenant to an alternative that suits the needs of the business; • If renegotiation is unsuccessful, repays the pure £4 million Nationwide BS loans, incurring potential breakage costs of c£10,000; and • Keep the Nationwide ‘Cheshire’ loans as these have no gearing covenant. <p>iii. Santander</p> <ul style="list-style-type: none"> • Converts the traditional net worth (loan to grant and reserves) gearing to a historic cost (loan to historic cost) basis; aiming for 55% limit. <p>iv. GB Social Housing</p> <ul style="list-style-type: none"> • Arrange a new £4 million funding facility to refinance the £4 million Nationwide BS facility as noted above, if necessary; • Arrange a new £2 million funding facility to finance the c£2 million Pobl stock purchase during 2017. <p>v. THFC (Welsh Government Bond)</p> <ul style="list-style-type: none"> • Arrange a new £4.5 million funding facility to finance the Cylch Caron Extra Care Scheme; • Arrange a new £4.5 million funding facility to finance the future development programme. <p>vi. Orchard brook</p> <ul style="list-style-type: none"> • Release the surplus security and charge to the Prudential Security Trustee, enabling the easier provision of security for future loans. <p>f) The delegation to the Finance & Risk Committee the approval of the Nationwide loan changes <i>or possible redemption, by means of alternative loan finance</i>”.</p> <p>Members also noted:</p> <ul style="list-style-type: none"> g) The implications for Development Grant Blending; h) The financial impact of current projects on financial forecasts. 	
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<p>10. AUDIT REGISTER</p> <p>Mr. Richard Martin proposed and Mr. Peter Bayliss seconded that the audits presented within the register be approved.</p>	
<p>11. POLICY REGISTER</p> <p>Mrs. Morag Bailey proposed and Mr. Nick Hoskins seconded that the policies presented within the register be approved.</p>	
<p>12. USE OF SEAL</p> <p>The Use of Seal was tabled at the meeting. Mrs. Morag Bailey proposed and Ms. Liz Jenkins seconded that the Use of Seal be ratified. All Members were in agreement.</p>	
<p>The two Observers were thanked for their attendance and left the meeting at this point ahead of the discussion of confidential items.</p>	

Agenda items 13-20 are recorded under the Confidential Minutes of the Board of Management Meeting of Mid-Wales Housing Association held on 7th December 2016.