

MINUTES OF THE BOARD OF MANAGEMENT MEETING OF MID-WALES HOUSING ASSOCIATION HELD ON 27TH JULY 2011 AT TŶ CANOL HOUSE

Present: Mr. Nick Hoskins (Chair), Mr. David Evans (Deputy Chair)
Mrs. Susan Trevor, Mr. Jim Lloyd, Mr. Richard Martin,
Mrs. Morag Bailey, Mr. Wynne Davies and Mr. Brian Christopher.

Observers: Mrs. Olivia Davies, Ms. Suzan Willis and Cllr. John Steadman.

Officers: Mr. Shane Perkins (Chief Executive), Mr. Charles Brotherton (Director of Corporate Services), Mr. Aidan Ackerman (Director of Operational Services) and Mrs. Janet Price (Minute Secretary).

1. APOLOGIES	ACTION
Apologies were received from Ms. Julie Pearce and Mr. Ray Dowling.	
<p>2. DECLARATIONS OF INTEREST OF ANY ITEM TO BE DISCUSSED ON THE AGENDA</p> <p>Mr. David Evans declared an interest in agenda item 6 in relation to discussions surrounding the possible development of The Tabernacle in Aberystwyth. Members agreed that he should not be asked to leave during discussion of this item.</p> <p>The Executive team declared an interest in agenda items 23 and 24 and agreed to absent themselves from the meeting during those discussions.</p>	
<p>3. MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON 25TH MAY 2011</p> <p>Mr. Brian Christopher proposed and Mrs. Morag Bailey seconded that the minutes of the meeting held on 25th May 2011 be approved as a true record. All Members were in agreement.</p>	
<p>4. MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>27th October 2010 item 19 – properties at Lake Vyrnwy: the Chief Executive reported that no decision had yet been made regarding the allocation of Lot 4 (housing) and the Association’s continued interest has been registered.</p>	

6. REVISED DEVELOPMENT PROGRAMME

The Director of Operational Services spoke about the need to take out option agreements in order to react quickly to new landsite opportunities presented to the Association.

In relation to recommendation 3.4, a Member queried how the Association would compare with other housing associations if its gearing was increased to 75%. The Director of Corporate Services undertook to present a report to Board in September regarding the increase in gearing.

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A Member queried whether the valuation was based on cost rather than market valuation. The Director of Corporate Services replied that it is based on Existing Use Value, i.e. the income stream as a value of the asset. The Member further commented that he had understood the Association had wished to alter the way its properties are valued in order to strengthen its position with the banks and he was concerned that by doing this, whilst increasing the gearing to 75%, would be a double hit on the organisation. The Director of Corporate Services reiterated that all of these issues would be covered in his report to Board to show that the Association is not weakening its financial position.

The Chief Executive concurred that an increase in gearing is a consequence of an ambitious development programme but he did not feel there was anything within the programme that would compromise the gearing ratio before the presentation of the report to September Board. The Director of Corporate Services offered to present a seminar on the gearing issue to show things more simplistically.

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A Member commented that whilst he was pleased to note the Association is intending to redevelop the property at 5 Llanbadarn Road, Aberystwyth, he was concerned that the Association would be spending more on it than it would be worth if it were to be sold. The Director of Operational Services explained that intermediate rents would be charged on the refurbished flats within the property which renders it financially viable. Additionally, the Association is keen to prove it is able to deliver some much needed housing in Ceredigion. The Member repeated his concern that the Association may be “out-of-pocket” should it wish to sell the property in 2-3 years. Another Member accepted the veracity of the Member’s comments but added that the Association is primarily interested in its relationship with Ceredigion County Council in terms of development. The Member stated that the Association’s auditor had recently stated that “falling property values” were one of the major concerns for the Association. The Chief Executive explained that there are many and varied definitions for property values and these will be explained in the Director of Corporate Services’ report.

<p>A Member requested clear information from the Director of Corporate Services before he would agree to the increase in gearing to 75%. Therefore, Mrs. Susan Trevor proposed and Mr. David Evans seconded that the Development programme be approved. All Members were in agreement.</p> <p>However, Members requested that the following three recommendations be reconsidered following receipt of the Director of Corporate Services' report concerning gearing levels and their implications.</p> <ul style="list-style-type: none"> a) Those additional development opportunities without the use of grant are brought to the Executive Group for approval on an individual basis and reported to Board via the monthly information item or Board report as appropriate. b) The Association progresses discussions with the lenders on the current gearing ratio. c) Following the achievement of gearing renegotiation, a paper is brought to Board in September seeking authorisation to raise the gearing level to 75%. <p>No further decisions on these recommendations would be made until after the presentation and explanations of the Director of Corporate Services. In particular, no changes would be made to the gearing covenant in advance of any Board approval to consider such a change</p>	<p>CE</p>
<p>7. 30-YEAR FINANCIAL FORECASTS</p> <p>A Member commented that he was uncomfortable reading lower figures reported from other housing associations; however, the Chief Executive assured Members that he was satisfied with the work undertaken by the Director of Corporate Services and the assumptions from the funders, who consider the Association to be prudent.</p> <p>Mr. David Evans proposed and Mrs. Morag Bailey seconded that the following recommendations be approved:</p> <ul style="list-style-type: none"> a) That Members confirmed the base assumptions used in the financial forecasts and noted those suggested by the WG. b) That Members approved the 30-Year Financial Forecast – 2011 return to the WG. <p>All Members were in agreement.</p>	
<p>8. BANKING SERVICES 2011</p> <p>Mr. Brian Christopher proposed and Mrs. Susan Trevor seconded that the continuation of Barclays Bank in providing banking services to the</p>	

<p>Association at a fixed quarterly fee of £950 including overdraft be approved. All Members were in agreement.</p>	
<p>9. RENT COLLECTION POLICY</p> <p>The Director of Operational Services reported that impending changes in the Welfare Reform Act will have a significant impact on tenant arrears in the future. The Association will be working to improve the information it holds with regard to its tenants and their households and how their welfare benefits will be affected. This will be reported to Board at a future date.</p> <p>A Member requested greater emphasis within the policy on the prevention of arrears and in obtaining improved pre-tenancy information. The Director of Operational Services accepted the comments and assured Members that his team will be engaging more fully with those who will be exposed to the changes. The Chief Executive undertook to report on this to Board later in the year.</p> <p>A Member emphasised the importance for tenants to respond quickly when changes in personal circumstances occur. The Chief Executive accepted the comment but stated that the Data Protection Act made it difficult for information such as this to be shared between organisations such as local authorities, etc.</p> <p>A Member pointed out that the review date shown at the end of the policy should be amended from 2008 to 2012. She also suggested that a communication plan to educate tenants about the proposed changes would help to alleviate some of their worries.</p> <p>Mr. Jim Lloyd proposed and Mr. David Evans seconded that the amendments to the Rent Collection and Recovery Policy be approved and that it be reviewed in July 2012. All Members were in agreement.</p>	<p>DOS</p> <p>CE</p> <p>DOS</p>
<p>10. ANTI-SOCIAL BEHAVIOUR POLICY</p> <p>The Director of Operational Services explained that the policy has been updated with changes discussed at Scrutiny Committee and following the TIAA review of ASB.</p> <p>In relation to point 3.12 on page 5, which states: “use our Anti-Social Behaviour Champion to ensure service compliance”, the Director of Operational Services suggested that the Housing Champion could also become the ASB Champion.</p> <p>In relation to point 9 on page 9 – Domestic Abuse – the Director of Operational Services agreed that a specific policy on this subject is</p>	<p>DOS</p>

<p>required.</p> <p>Mr. Richard Martin proposed and Mrs. Morag Bailey seconded that the amendments to the Anti-Social Behaviour Policy be approved. All Members were in agreement.</p>	
<p>11. MAINTENANCE POLICIES</p> <p>a) Property – Repair and Maintenance b) Reactive Maintenance Recharge Policy c) Asbestos Policy d) Gas, Oil and Solid Fuel Safety Policy</p> <p>The Director of Operational Services apologised for the inclusion of two sentences on rent collection and recovery policy within the second paragraph on page 1 which had been inadvertently retained from a previous template.</p> <p>He was pleased to draw Members’ attention to updated policies on asbestos and gas safety. He reported that the Association is engaging with a group of tenants on response times and establishing an appointments system.</p> <p>A Member commented that she was unable to tie in the comments made under paragraph 6.1.4 on page 7 with the Association’s key performance indicators (Metrics). The Director of Operational Services undertook to make these amendments following discussions with the new framework contractors. The Member added that the policy did not clarify what was important within the policy and what was important for tenants. The policy should state why things are and are not being measured.</p> <p>A Member pointed out that if contractors do not work at weekends, the “seven calendar days” timeline should be altered to “working days”. The Chief Executive stated that the timeline should read “five working days or seven calendar days”.</p> <p>A Member stated that in his view, five priorities were too many and only two categories should be given priority: emergency repairs and gas safety.</p> <p>The Director of Operational Services assured Members that amendments would be made to the policy after discussions with contractors and re-presented to the November Board.</p> <p>A Member felt that the maximum frequency of 10 years for testing general domestic installations was too long a period, but another Member stated that there is no legal obligation to upgrade the wiring in that time</p>	<p>DOS</p> <p>DOS</p> <p>DOS</p>

<p>period if the same tenant remains in the property. It was noted that the electricians will be tested every time a property is re-let.</p> <p>A Member queried the frequency of fire alarm testing in communal areas of blocks of flats which she had been advised should be tested on a weekly basis. The Director of Operational Services advised that the panels are tested on an annual basis but the alarms are tested on a weekly basis. The Chief Executive confirmed that in all new properties the alarms are hard-wired but there may still be some which are battery operated. He undertook to report back within the matters arising on this and the Director of Operational Services suggested that it could become a standard agenda item to the Scrutiny Committee if the Committee Chair was in agreement. The Chief Executive confirmed he would report back via the matters arising and if the percentage of properties with hardwired alarms was in excess of 99%, he suggested that it would not be necessary to report to the Scrutiny Committee.</p> <p>It was agreed that all of the above policies should be re-presented to Board in November. Mr. Wynne Davies offered to share his notes on other policies with the Director of Operational Services.</p>	<p style="text-align: center;">DOS</p> <p style="text-align: center;">DOS</p>
<p>12. ANNUAL REPORT FROM SCRUTINY COMMITTEE TO THE BOARD OF MANAGEMENT</p> <p>A Member thanked the Scrutiny Committee for their hard work during the year which was accepted with thanks by the Chair of the Committee.</p> <p>Mrs. Morag Bailey proposed and Mr. Jim Lloyd seconded that:</p> <ul style="list-style-type: none"> a) The responses to the internal controls by the Chief Executive and Directors is approved, and b) The statement on the management's Internal Control Systems contained within the Annual Financial Statements is approved. <p>All Members were in agreement.</p>	
<p>13. ANNUAL ACCOUNTS 2010-2011</p> <ul style="list-style-type: none"> a) Association Accounts b) Care & Repair in Powys Accounts c) Association Consolidated Accounts d) Variance to March (year-end) Management Accounts e) Letter of Representation <p>The Director of Corporate Services stated that these documents had been presented to the Scrutiny Committee last week by the Association's auditors, Whittingham Riddell. Item d) explained how the surplus had</p>	

<p>increased from the £83k originally forecasted to £138k.</p> <p>The Director of Corporate Services explained that the £22k impairment charge was a further impairment following a third party valuation. Interest costs on the loans used to build new homes are now included as capital costs, (which has not been the case in the past) and therefore prior year amendments of £360k have led to an increase in the reserves by this figure, which is an appropriate accounting adjustment, going back ten years.</p> <p>A Member commented he was pleased to note a decent surplus.</p> <p>In response to a Member's question, it was confirmed that the accounts, once approved, will be circulated to those shareholders who will be attending the Association's annual general meeting and will also be posted on the website.</p> <p>Mr. Richard Martin proposed and Mr. Jim Lloyd seconded that the following be approved:</p> <ul style="list-style-type: none"> a) The Association Accounts; b) Care & Repair in Powys Accounts c) Association Consolidated Accounts d) Variance to March (year-end) Management Accounts e) Letter of Representation, which was duly signed by the Chair of the Association. <p>All Members were in agreement.</p>	<p>Min. Sec.</p>
<p>14. MANAGEMENT INFORMATION</p> <p>a) Monthly Metrics</p> <p>The Director of Operational Services reported that the Housing Services team has been directly impacted by the long-term sickness absence of a Member of staff affecting its performance in void control and rent arrears in particular. A Member commented that whilst accepting the issues concerning sickness absence, he was disappointed to note that the target for rent arrears had been exceeded so soon in this financial year as it is one of the key issues which the Association deals with. He hoped it could be quickly addressed.</p> <p>The Chair agreed that the sickness absence had exposed a vulnerability within the section with only three employees covering a large geographical area and suggested that solutions needed to be put in place soon, such as the appointment of a trainee. The Chief Executive accepted the comments and reported that he hoped the individual will</p>	

<p>return to work in the next week, whilst accepting that the situation is further exacerbated by the holiday season.</p> <p>Another Member commented that bad debts were another area highlighted by the auditors as one on which the Association must concentrate. The Chief Executive suggested that more resource may be required in the section, especially in relation to Welfare Reform changes.</p> <p>A Member stated that in the larger context, the Association's performance is excellent, as rent arrears are at 5% for the country as a whole. She questioned whether seasonality had an effect on the figures as it was not clear from the report. The Director of Operational Services confirmed that it was subject to seasonal variations.</p> <p>In response to a Member's question, the Director of Operational Services agreed that Reactive Repair costs were high this month but should be compared against a very low cost in the previous month.</p> <p>The Director of Operational Services confirmed that a report on the increase in the average cost of development will be reported to the Scrutiny Committee as a matter of routine.</p> <p>In response to a Member's question, the Chief Executive explained that the large underspend to date on Board Member training was due to a portion of the budget being retained for Board Champions role training, and training on Anti-Social Behaviour has also slipped against its target. An increase in spend is anticipated in Quarter 2. The Chief Executive urged Members not to feel inhibited in applying for appropriate training and conferences as there is a large budget available. All requests should be made through the Human Resources team.</p> <p>Mr. Richard Martin proposed and Mrs. Susan Trevor seconded that the Metrics report be approved. All Members were in agreement.</p> <p>b) End of June 2011 Quarter Management Accounts</p> <p>The Director of Corporate Services drew Members' attention to the spreadsheets shown under Tables 1 and 1a which summarised performance against that of last year. Members found the tables to be useful.</p> <p>Mrs. Morag Bailey proposed and Mr. David Evans seconded that the end of June 2011 Quarter Management Accounts be approved. All Members were in agreement.</p>	<p>DOS</p>
<p>Ms. Suzan Willis left the meeting at this point.</p>	

15. RECOMMENDATIONS FROM THE SCRUTINY COMMITTEE MEETINGS HELD ON 15TH JUNE 2011 AND 20TH JULY 2011 NOT ELSEWHERE ON THE AGENDA

a) TIAA Review of Asbestos

Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the TIAA Review of Asbestos be approved. All Members were in agreement.

b) TIAA Assurance Review of the Service Charge Arrangements

The Director of Corporate Services apologised for not being in a position to report to this month's Board meeting on the new Service Charge processes and consultation arrangements (page 3) and undertook to report to the September Board meeting.

Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the TIAA Assurance Review of Service Charge Arrangements be approved. All Members were in agreement.

c) Service Auditors' Pilot Audit of Service Standards

The Chief Executive stated how pleased he was with the first report undertaken by the Service Auditors.

Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the Service Auditors' Pilot Audit of Service Standards be approved. All Members were in agreement

d) Business Significant Risk Map

A Member queried whether the Association undertakes exercises to identify what may be missing from the Risk Map? The Chief Executive explained that the map is reported to Board on an annual basis with recommendations to add or remove risks as appropriate. The Business Planning Away Day is a conduit for identifying new risks. He accepted there was no formal method of identifying missing risks and suggested it could be discussed at Board Away Days or via the quarterly presentation to Board. The Chief Executive undertook to research peer assessment processes, probably via Housemark.

Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the Business Significant Risk Map be approved. All Members were in agreement.

e) TIAA Follow Up Review

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<p>Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the TIAA Follow Up Review be approved. All Members were in agreement.</p> <p>f) Fraud, Bribery, Corruption or Misappropriation Policy</p> <p>Mrs. Morag Bailey proposed and Mr. Wynne Davies seconded that the Fraud, Bribery, Corruption or Misappropriation Policy be approved. All Members were in agreement.</p>	
<p>16. USE OF SEAL</p> <p>The Use of Seal was tabled.</p> <p>Members discussed the delay in the completion of the Dolfach scheme and questioned whether the Association could make a claim against the contractor for loss of rent. The Director of Operational Services confirmed he would be seeking compensation for loss of rent and the poor quality of external work. Members were concerned about the apparent stalemate reached between the Association and the contractor.</p> <p>Mrs. Susan Trevor proposed and Mr. Richard Martin seconded that the Use of Seal be ratified. All Members were in agreement.</p>	<p>CE</p>
<p>17. DATE AND TIME OF FUTURE MEETINGS</p> <p>Members accepted the report for information.</p>	
<p>18. ANY OTHER BUSINESS</p> <p>There was no further business.</p> <p>Mrs. Olivia Davies and Cllr. John Steadman left the meeting at this point ahead of discussion of the confidential agenda items.</p>	

The minutes of confidential agenda items number 19-25 are recorded under the Confidential Minutes of the Board of Management Meeting held on 27th July 2011.

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