

## **FREEBRIDGE COMMUNITY HOUSING BOARD**

### **Minutes of a Meeting of the Board held on Monday 7 August 2017 at 4.50pm in “The Barn”, 2 Chapel Lane, King’s Lynn**

#### **PRESENT:**

Ray Johnson (Chairman)  
Steve Clark  
Marie Connell  
Tony Hall (Chief Executive)  
Brian Long  
Ian Pinches  
Pauleen Pratt  
Jasmine Rigg  
Colin Sampson  
Simon Smith  
Andy Walder

#### **IN ATTENDANCE:**

Colin Davison	-	Director of Property
Alex Dixon	-	Director of Assets and Development
Birgit Lenton	-	Director of Corporate Services and Culture
Dave Marshall	-	Director of Finance and Resources
Clare Flynn	-	Finance Business Partner (minute numbers 142/17 – 165/17)
Howard Burton	-	Business Assurance Manager (minute numbers 142/17 – 159/17)
Angus MacQueen	-	Company Secretary

#### **142/17      INTRODUCTIONS**

The Chairman welcomed Birgit Lenton, who had recently joined the organisation as Director of Corporate Services and Culture. Those present introduced themselves.

The Chairman advised that a nomination had been received from the Borough Council to replace Colin Sampson when he leaves the Board in September 2017. The appointment of the nominee to the Board would be subject to him successfully completing an interview with the Chairman and Andy Walder, the Chairman-elect; the interview would be taking place later in August 2017.

#### **143/17      APOLOGIES**

There were no apologies for absence.

#### **144/17      MINUTES**

The minutes of the meeting held on 12 June 2017 were confirmed as a correct record and signed by the Chairman.

#### **145/17      DECLARATIONS OF INTEREST**

There were no declarations of interest, although it was noted that all Non-Executive Board Members had an interest in Board remuneration, which would be discussed under “Governance Committee Recommendations” (minute number 158/17(c) refers).

#### **146/17      CHAIRMAN’S UPDATE**

The Chairman said that he and the Chairman-elect had attended their usual weekly meetings with the Chief Executive. In addition, he advised of the following:

- Along with the Vice-Chairman and the Chief Executive, he had attended the twice-yearly Strategic Liaison Forum meeting with the Borough Council, on 26 July 2017. This had provided an opportunity for an interesting and useful discussion.
- He had attended meetings at the Queen Elizabeth Hospital, King’s Lynn, on 31 July and 1 August 2017, in his role as the Freebridge-appointed member of the Hospital’s Governors’ Council.

#### **147/17      MANAGEMENT TEAM UPDATE**

A written update from the Management Team had been previously circulated and was noted by the Board.

The written update covered the following issues:

- Board Member Agreement for Services
- Best Inclusive Project Award
- Conclusion of Fraud Case
- Anti-Fraud, Bribery and Corruption Policy Statement
- Hillington Square
- Blockbuster
- Discovery Centre
- Mutual Exchange Event
- Hillington Square Fete

The Board confirmed that it supported the Company Secretary’s view that no change was required to the Board Member Agreement for Services, other than an alteration to the Board Member fee (if agreed later in the meeting) and an update to the Media Protocol to refer to the new post of Director of Corporate Services and Culture instead of the former post of Director of Engagement.

The Board was delighted to note that the Providence Street Football Club had won the Football Association Community Award for “Best Inclusive Project”.

[confidential wording]

It was pointed out that the item in the update on the Hillington Square Fete referred to the “Mayor of King’s Lynn”; this should have read “Mayor of King’s Lynn and West Norfolk”.

#### **148/17      AUDIT COMMITTEE RECOMMENDATIONS**

The Board received a report which introduced the recommendations of the inquorate meeting of the Audit Committee held on 10 July 2017.

Recommendations 1 and 2, as listed in the report, were considered under item 8 of the agenda (minute number 149/17 below), and recommendations 3, 4 and 5 were considered under item 9 of the agenda (minute number 150/17 below).

#### **149/17      INTERNAL CONTROLS ASSURANCE ANNUAL REPORT 2016/17**

The Business Assurance Manager presented the Internal Controls Assurance Annual Report 2016/17. The report explained the requirements of the business assurance exercise and the approach that the Association had chosen to adopt, and presented evidence from a wide variety of internal and external sources.

The Board acknowledged that this was an important report, bringing together a number of work streams which had taken place throughout the year.

The Board noted in particular the statement on internal controls, which it was required to approve for inclusion in the statutory accounts. This was a significant statement, confirming that the Board was satisfied that adequate systems of internal control had existed within the organisation during the year.

Having noted the recommendations of the Audit Committee (inquorate meeting), the Board

#### **RESOLVED:**

- 1) That the Internal Controls Assurance Annual Report 2016/17, as presented, be approved.
- 2) That the statement on internal controls, as presented, be approved for inclusion in the Association’s statutory financial accounts 2016/17.

#### **150/17      DRAFT STATUTORY ACCOUNTS 2016/17**

The Director of Finance and Resources presented a report which detailed the Association’s draft statutory accounts 2016/17, including the Board of

Management Report, Strategic Report, Auditor's Report and Financial Statements. Also presented for approval were the Audit Findings Report 2016/17 and the Letter of Representation to the External Auditor.

The Director of Finance and Resources advised that two minor amendments to the accounts had been received from the External Auditor since the agenda had been issued. These were the insertion of a sub-total within the prior-year adjustment figures and some rewording to the note around the prior-year adjustment. These changes were not material and did not alter the figures.

It was highlighted that financial performance had been slightly better than in the previous year, other than the effect of the pension actuarial valuation.

A Board Member suggested that the Strategic Report should include examples of learning outcomes from complaints. The Business Assurance Manager responded that these would be included in the Value for Money Statement, which would be presented to the Board at its next meeting.

**RESOLVED:**

- 1) That the statutory accounts 2016/17 be approved.
- 2) That the Audit Findings Report 2016/17 be approved for submission to the Homes and Communities Agency.
- 3) That the Letter of Representation be approved for signature by the Chief Executive.

**151/17      BOARD'S REPORT TO THE ANNUAL GENERAL MEETING**

The Chief Executive presented a report which sought approval for the Board's Report to the 2017 Annual General Meeting.

**RESOLVED:** That the Board's Report to the 2017 Annual General Meeting be approved, as presented.

**152/17      RULE CHANGES**

The Company Secretary presented a report which set out draft Rule changes for approval to be taken forward to the 2017 Annual General Meeting.

In answer to questions, the Company Secretary made the following points:

- There was nothing within the Rules that would prevent a Co-opted Board Member from becoming a full Board Member, provided that there was a vacancy and that the necessary criteria were met.
- The Rules required one Tenant Board Member to retire at each Annual General Meeting. (This assumed that there were no vacancies.) A Tenant Board Member who was retiring could apply for reappointment, provided that the limit of nine years on the Board was not exceeded.

**RESOLVED:** That the 2017 Annual General Meeting be recommended to adopt the Rule changes attached to the report, subject to no issues of concern being raised as a result of the consultation process with the Borough Council and the funders.

**153/17        DRAFT ANNUAL GENERAL MEETING NOTICE OF MEETING AND AGENDA**

The Company Secretary presented a report which sought approval for the draft notice of meeting and agenda for the 2017 Annual General Meeting.

**RESOLVED:** That the draft notice of meeting and agenda for the 2017 Annual General Meeting be approved, as presented.

**154/17        Confidential item**

**155/17        REVIEW OF THE FINANCIAL REGULATIONS**

The Director of Finance and Resources presented a report which reviewed the Financial Regulations. He highlighted that this had been a fundamental review, aimed at making the Financial Regulations more streamlined and easier to understand.

The Director of Finance and Resources advised that a minor amendment of the wording in Financial Regulation 7 had been made since the issue of the agenda, as set out below (additional wording in italics):

“All contracts over £25,000 *which are to be advertised* shall be published via the Government website “Contracts Finder”

In answer to a question, the Director of Finance and Resources explained that his limit to authorise invoices had been raised from £250,000 to £500,000, so as to provide cover for when the Chief Executive was not available.

In response to a question, the Director of Finance and Resources said that the Government had indicated that OJEU compliance would still be required after the United Kingdom’s exit from the European Union.

A Board Member highlighted that it was made clear in Financial Regulation 2, section 4.1, that it was the Board which was responsible for the stress testing of the Association’s Financial Plans. The Director of Finance and Resources responded that this would become even more pertinent when the Financial Capacity Review was presented to the Board in October 2017.

**RESOLVED:**

- 1) That the revised and refocused Financial Regulations be approved, and that a three-month training, communication and phased introduction period be approved.

2) [confidential wording]

**156/17      STANDING ORDER AMENDMENTS: CHANGES TO MANAGEMENT TEAM**

The Company Secretary presented a report which sought to make amendments to the Standing Orders, to reflect the changes to the composition of the Management Team that had been recently introduced.

**RESOLVED:** That the amendments to the Standing Orders be approved, as presented.

**157/17      INVESTMENT APPRAISAL, LAND BANKING AND ASSET DISPOSALS**

The Director of Assets and Development presented a report which proposed a new Standing Order to govern the investment expenditure for development projects and land banking and the disposal of assets.

The Director of Assets and Development highlighted the following key points arising from the new Standing Order:

- The Management Team would have authority to approve development schemes up to a value of £5 million and subject to meeting other criteria; all other schemes would come to the Board for approval.
- A series of “hurdle rates” around Internal Rate of Return had been introduced which schemes would normally have to comply with for Management Team to be able to approve them on financial grounds. (The Management Team would also have authority to approve schemes which did not meet the Internal Rate of Return, on social or strategic grounds, subject to other criteria being met.)
- Freebridge’s total land holding would have a cost of no more than £7 million; this represented about two years’ worth of land led development.
- Assets would only be disposed of if they met at least one of the listed criteria; priority would be given to those assets which met more than one of the criteria.

**RESOLVED:** That the new Standing Order 14 – Investment Appraisal, Land Banking and Asset Disposal – be approved, as presented.

**158/17      GOVERNANCE COMMITTEE RECOMMENDATIONS**

**(a) Introduction**

The Board considered the recommendations of the Governance Committee meeting held on 3 July 2017, as set out below.

**(b) Procedure to Follow in the Event of an Unsolicited Approach for a Potential Merger, Acquisition or Strategic Partnership**

Marie Connell, Chairman of the Governance Committee, thanked Simon Smith for lending his expertise and help in the development of the procedure.

The Board welcomed the procedure, which would ensure that any approaches were given proper consideration without taking up an undue amount of time.

**RESOLVED:** That the procedure to be followed in the event of an approach for a potential merger, acquisition or strategic partnership be approved, as presented.

**(c) Board Remuneration Review**

Marie Connell explained that the Governance Committee had considered the independent report on Board remuneration produced by Campbell Tickell, but had been split as to whether to adopt the recommended fee increases or to freeze Board remuneration levels.

The Board discussed the recommendations in the independent report. Some Board Members did not believe that it would be appropriate to raise Board remuneration levels, particularly as the recommended increases were significantly higher than those received by staff over the past three years. Other Board Members were of the view that the report had been provided by an independent expert and should therefore be adhered to; it was important to pay the correct level of remuneration in order to attract Board Members of sufficient calibre.

On being put to the vote, it was

**RESOLVED:** That Board remuneration levels be adjusted with effect from 1 October 2017, in line with the independent report produced by Campbell Tickell, as set out in the table below:

<b>Position</b>	<b>Current Remuneration (since October 2014)</b>	<b>Remuneration from 1 October 2017</b>
Chairman	£10,000	£10,500
Vice-Chairman	£5,000	£5,500
Committee Chairman	£4,000	£5,500
Board Member	£3,600	£4,500

The Board asked that the Communications team ensure that the remuneration increases were reported to the Annual General Meeting in such a way as to minimise any reputational risk. The Board also requested that the Management Team investigate whether any increases in Board remuneration could be linked to those applicable to staff going forward, and to report back.

**159/17**      **RISK MANAGEMENT AND FRAUD AWARENESS UPDATE**

The Business Assurance Manager presented a report which detailed risk management, service assurance and fraud awareness activity during the quarter ending 30 June 2017. The report included a full review of the Risk Map, including the introduction of residual risk ratings.

A Board Member highlighted that Freebridge was required to comply with all relevant law by the Regulatory Framework. He was concerned as to how this could be monitored, particularly in relation to health and safety. It was explained that this would be covered in the Board training that had been organised for October 2017.

A Board Member pointed out that there were some gaps in the revised Risk Map which should be filled in, and also suggested that the controls for Risk GOV06 – “Failure in Relationship with Tenant Panel” – could include actively encouraging Tenant Panel members to apply to join the Board. The Business Assurance Manager undertook to pursue these comments.

The significant amount of cyber-attacks which had been experienced by the organisation and successfully defended was noted with interest.

**RESOLVED:** That the revised Risk Map and residual risk reporting arrangements be approved.

**160/17**      **TENANT PANEL QUARTERLY UPDATE**

The Director of Corporate Services and Culture presented a report which provided a quarterly update of the Tenant Panel’s work, including a review of the Panel’s Terms of Reference and Code of Conduct.

The Board was sorry to learn that Sheila James had decided to resign from the Tenant Panel, for personal reasons, and asked that the Chairman write to her to thank her for her five years’ service on the Panel.

The Board agreed that there should be a slight amendment to the Terms of Reference to make clear that the independent facilitator was jointly appointed by Freebridge and the Panel.

The Board noted the report and

**RESOLVED:** That the revised Tenant Panel Terms of Reference and Code of Conduct be approved, subject to the amendment detailed above.

**161/17**      Confidential item

**162/17**      **BUSINESS PLAN – FIRST QUARTER UPDATE**

The Chief Executive presented a report which provided an update on the implementation of the Business Plan and the delivery of the strategic objectives. He highlighted that detailed progress against the Business Plan

was included within the Operational Performance Pack which had been issued with the agenda. He reminded the Board that this had been discussed in detail at the away day in July 2017.

The Board noted the report.

**163/17      OPERATIONAL PERFORMANCE – YEAR TO DATE JUNE 2017**

The Director of Finance and Resources presented a report which described current performance and progress towards the 2020 Business Plan targets. He highlighted that this was the first time that the new reporting format for operational and financial performance had been used, and that the more detailed information, which sat alongside the report, could be found in the “Operational Performance Pack”, which had been circulated with the agenda. The aim of the new reporting format was to make the information more accessible and to facilitate constructive challenge.

The Board welcomed the new reporting format and confirmed that it favoured the method of Year-To-Date reporting that was being used for the performance indicators. It was acknowledged that it had originally been intended to present the six highest level indicators to the Board, with the next level only available electronically for Board Members; however, it had been decided to present both the top level and next level indicators, giving a total of 18 indicators provided to the Board. Further indicators sat below these, and they were being monitored by managers at monthly meetings.

In answer to a question, the Director of Finance and Resources said that variances around expenditure were the result of activity phasing, and he would expect these to reduce over the course of the year.

A Board Member highlighted that participation in the employee survey stood at 51%, against a target of 80%, and asked what actions were being put in place to address this. The Director of Finance and Resources responded that the operatives at Property Services found it difficult to access the monthly employee satisfaction survey on their devices; steps were being taken to resolve this. The Human Resources team was also looking to enhance employee engagement, by implementing the outcomes of the Bring Yourself to Work programme and re-launching the recognition scheme, annual appraisals and one-to-ones. It was also pointed out that the Business Plan project around the Times Top 100 included significant work on employee satisfaction.

The Board noted the report.

**164/17      FINANCIAL PLAN CONTINGENCY PLANNING UPDATE**

The Director of Finance and Resources presented a report which described the outcomes from the contingency planning workshop held by the Management Team and Leader Managers in June 2017.

It was acknowledged that the contingency planning had focused on retaining the current business model. In a real situation, a number of options might have to be considered, including thinking beyond the current business model.

The Board noted the report.

**165/17      TREASURY MANGEMENT AND STRATEGY UPDATE**

Confidential item

**166/17      DISCLOSURE AND BARRING SERVICE CHECKS (DBS) UPDATE**

The Director of Finance and Resources presented a report which provided the latest statistics in respect of DBS checks. He reminded the Board that this report followed on from an Internal Audit report made in October 2016, subsequent Board Member enquiries, and a report made to the Audit Committee in July 2017.

In answer to questions, the following points were made:

- The DBS checks were being completed reasonably quickly.
- An indication would be given at the next Board meeting as to when all of the DBS checks would be in place.
- About two thirds of staff had been identified as requiring a DBS check, in view of their roles.

The Chief Executive stressed that there was no legal requirement for Freebridge to have its staff undergo DBS checks, and, indeed, many housing associations had taken a decision not to do this. However, he was of the view that it was good practice to have these checks in place. He paid tribute to the Human Resources team for their hard work in ensuring that the checks were done as quickly as possible.

The Board noted the report.

**167/17      OPERATING MODEL REVIEW – COMPLETION OF PHASE 1**

Confidential item

**168/17      PROCUREMENT APPROVALS**

The Director of Property presented a report which advised of contracts worth over £50,000 that had been let by Freebridge in the past three months.

It was acknowledged that one of the successful contractors had previously been the subject of a declaration of interest by a member of staff. While this declaration had been reported to the Board, and the Board had given

approval for the firm to continue to be used as a contractor, a Board Member requested that such declarations be referenced in future Procurement Approvals reports.

In answer to a question, the Director of Property said that, while the informal challenge to one of the contracts had been successfully defended, a lesson had been learned around wording within the Invitation to Tender document and would be acted upon.

The Board noted the report.

**169/17      APPOINTMENT OF SHAREHOLDERS**

The Board noted a report which advised of shareholder applications that had been approved under the Company Secretary's delegated authority.

**170/17**      Confidential item

**171/17**      Confidential item

**172/17**      Confidential item

**173/17**      Confidential item

**174/17      COMMITTEE MINUTES**

**(a)      Governance Committee – 3 July 2017**

Marie Connell, Chairman of the Governance Committee, presented the minutes of the Committee's meeting held on 3 July 2017.

In answer to a question, the Company Secretary explained that the position of the two Co-opted Board Members in relation to their becoming full Board Members would be considered at the Board's meeting in November 2017. In order for them to become full Board Members, they would have had to successfully complete an appraisal, and the Board would have to be satisfied that their appointments were in the best interests of Freebridge.

**(b)      Audit Committee – 10 July 2016**

Ian Pinches, Chairman of the Audit Committee, presented the minutes of the Committee's inquorate meeting held on 10 July 2017.

A Board Member suggested that a system of substitutions should be introduced so as to avoid inquorate meetings. Some concern was expressed about this, as, on the rare occasions when meetings were inquorate, this only became apparent shortly before the meeting. It would be very difficult to arrange a substitute at this short notice and, even if someone could be found, they would not have had time to study the papers. The Company Secretary undertook to discuss the suggestion with the Chairman-elect and the Chairman of the Audit Committee.

**175/17      WORK UPDATE**

The Company Secretary presented the work update, which included the following:

- Action Sheet
- Future Work Programme of the Board.

The Company Secretary highlighted that a report on Drivers of Satisfaction had been scheduled for the Board meeting in September 2017. In fact, it was intended to hold a workshop for the Board and the Tenant Panel to jointly discuss this topic in September 2017. The report would then be presented to the Board in November 2017. The Board welcomed the opportunity to work with the Tenant Panel.

The Board noted the update.

**176/17      ANY OTHER BUSINESS**

There was no other business.

**177/17      NEXT MEETING**

The Board noted that its next meeting was scheduled for Monday 4 September 2017 at 4.30pm.

**The meeting closed at 6.55pm, having resolved to continue to sit at 6.50pm.**

**CHAIRMAN**