



Minutes of Meeting

Meeting Name: **Shropshire Towns & Rural Housing Limited**

Meeting Location: **Shrewsbury Town Football Club**

Date and Time: **Tuesday 22nd February – 2.00 – 5.30pm**

Members present:

Chair – Tony Deakin (Independent) TDk	Steve Robinson (Independent) SR
James Wood (Independent) JW	James Willocks (Shropshire Council) JWI
Mark Jones (Shropshire Council) MJ	Val Jones (Tenant) VJ
Yordan Tolev (Tenant) YT	Emma Jones (STAR) EJ
Paul Hayward (Co-Optee) PH	

Non-Members Present:

Sue Adams (STAR) SA	Steve Ogram (STAR) SO
Andy Menzies (STAR) AM	Melanie Smith (STAR) MS
Jo Williams (STAR) JoW	Lucy Heath (Shropshire Council) LH

1.	Apologies	<p>TDk welcomed everyone to the STAR Housing Board meeting.</p> <p>Apologies were received from:</p> <ul style="list-style-type: none"> • Julia Buckley (Shropshire Council) JB • Paul Weston (Co-Optee) PW <p>TDk welcomed YT to his first board meeting. YT is the new Tenant Board Member.</p>		
2.	Declaration of Interests	<p>TDk asked the Board if they have any interests to declare on any items on the agenda.</p> <ul style="list-style-type: none"> • VJ declared an interest in Item 5 Appendix 4. • EJ declared an interest in Item 6. 		
3.	Minutes from STAR Board Meeting 23 rd November 2021	<p>All members confirmed that the previous minutes had been received and were an accurate reflection of the meeting.</p> <p>A copy of the minutes will be signed and placed on the minute book.</p>		
4.	Matters Arising	<p>The matters arising had been circulated for information.</p> <p>The Board Away Day is still to be scheduled, and this will be done once it is determined what is happening with the Council's review. It is hoped this may be able to be scheduled before May.</p> <p>There were no further matters arising.</p>		
5.	Annual Action Plan (AAP) & Performance Targets 2022/23	<p>The new AAP and Performance Indicators (PI's) have been discussed and agreed with the Council.</p> <p>A key area that was discussed was the introduction of Tenant Satisfaction Measures (TSMs) by the Regulator of Social Housing. SA delivered a short presentation on this.</p>		

	<p>The Regulator will be implementing changes to consumer regulation and the proposed changes were set out in the Government's Charter for Social Housing Residents. The Government will be collecting data about landlord's performance and quality of services.</p> <p>Information will be collected on a number of areas, such as timeliness of repairs, keeping properties in good repair, complaint handling etc.</p> <p>This will be collected in a range of ways and includes gathering property information, using complaints and reports of ASB, but also an annual perception survey is recommended to check how satisfied tenants are. The survey will be expected to be representative of the tenant population and so STAR will need to collect more information on tenant characteristics. This will be mentioned in the reviewed Equality, Diversity and Inclusion Strategy (EDI) that will be brought to Board in May.</p> <p>The consultation on TSMs closes on 3rd March with a final version being published towards the back end of summer. It is expected that the requirement to collect TSM data will come into force in April 2023 and STAR must submit data in summer 2024. The regulator aims to publish this data in autumn 2024. SA noted that members should be prepared that STAR will be compared against other landlords that are completely different.</p> <p>SA has responded to the consultation and has no concerns about comparative performance given that STAR are already in the top quartile in most areas. Some systems may need to be tweaked to ensure that the data the Regulator wants is collected.</p> <p>There are concerns about carrying out an annual survey. STAR may have to carry out a census to achieve valid stats due to the size of the organisation and this costs a lot of money. EJ noted that an annual survey does not give a lot of time to act on those survey results.</p> <p>If board members want more detail, this is available on the Regulator's website.</p> <p>In discussion with the Council, it has been agreed to keep the existing PI's and then tweak them if needed once it is known what the Regulator is looking for,</p>		
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		<p>In discussion on the targets for 2022/23 TDk asked if STAR have the resources in place to deliver and SA advised yes – where there have been issues in voids for example, additional resources have been provided to combat this. SO added that there are items within the budget papers for growth bids for these additional resources.</p> <p>The Board approved the following recommendations:</p> <ul style="list-style-type: none"> • To note the report to the Board of the Q3 Annual Action Plan 2021/22 Dashboard (Appendix 1). • To approve the Annual Action Plan 2022/23 (Appendix 1) • To approve the Performance Targets for 2022/23 (Appendix 3) 		
6.	Budget 2022/23	<p>The budget report is presented and it is noted that STAR will be within its final year of the management agreement. The budget has been prepared with an expectation that the organisation will continue after April 2023.</p> <p>A range of service development proposals are proposed to improve and offer capacity as STAR enters discussions with the Council regarding the new management agreement.</p> <p>The board received a report at the November meeting, setting out the budget strategy and SO advised the board that the framework has been followed.</p> <p>The management fee represents STAR's core source of income. Despite pressures that have required additional staffing and resources, STAR has never asked for any additional funding from the Council – these resources have always been funded by STAR.</p> <p>There was not a clear prediction on the level of pay award last year and it was decided that STAR would continue to monitor NJC negotiations. There is still no settlement. Employers made a final offer of 1.75% in October which was rejected by the Unions. Unions balloted their members but did not meet the requirement to take industrial action. SO is proposing that STAR award 1.75% to staff now and backdate to 1st April. Should there be any further negotiations or agreement, then a further report will be brought to board to ensure there is parity with NJC scales.</p>		

	<p>SO would like to implement the pay award now for two reasons. Firstly to acknowledge that staff have continued to work hard throughout with the pandemic pressures and secondly from a financial point of view, NI contributions will rise from April, which will be an increased cost to both staff and the employer.</p> <p>The reserve remains at 5%.</p> <p>It is suggested that the IHM charge is reviewed following an analysis of costs incurred and time spent with users of the service. SO wanted to highlight a concern regarding the housing support service. The contract ends at the end of March and STAR were advised there would be no extension to the contract. Staff were therefore put on notice that their jobs were at risk. The Council have now said they wish to retender the service, but there is not enough time to retender this, so a one year extension has been agreed.</p> <p>TDK felt this was a key issue and asked if the Sustain contract could be discussed as part of the management agreement discussion. SO advised that the management agreement is funded through the HRA and the Sustain contract was funded through the supported people grant and is a county wide service. SA added that STAR are also in a consortium with other partners and that would have to be renegotiated. The consortium is working well to deliver a seamless service that works well for the Council.</p> <p>A number of growth bids have been considered by SMT and have been put forward for approval by the Board. They are commitments to improve the service and expand areas of operation but also address poor performance, particularly around voids.</p> <p>Details of the HRA have been included and will be presented to the Council on Thursday. This includes an ambitious capital programme driven by a number of changes, including some exciting developments within the new build programme. There is also funding to develop thermal efficiencies in the stock in response to the sustainability agenda and STAR will continue to seek out funding opportunities.</p> <p>JWi asked EJ if she had an idea as to how staff would react to the pay award. EJ thought staff would be happy and would not expect anything above and beyond what has been agreed. JW asked if this proposal would fall foul of the unions. SO advised that STAR recognises Unison and GMB, but is not proposing to consult.</p>	
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	<p>SO does not think the employers will move from their position of 1.75%, however, staff can take confidence if there is a disparity in the final settlement and it comes in at less than this it would be adjusted at the next increase to realign.</p> <p>JWi noted the impact of inflation on the budget and felt the team had done a wonderful job in not having to ask the council for more money, but asked if there was resilience built in. SO confirmed there is capacity within the budget, in addition to there being a contingency fund and reserves in place.</p> <p>SR welcomed extra resources being allocated to tackle voids, however, is conscious there have been issues around recruitment. SA noted there has been more success in recruiting staff recently and SO confirmed that there is currently one vacancy out for an electrician and other vacancies have been filled. SA added that an external review of processes and procedures around voids is going to be carried out to see if there are other actions that could help improve performance.</p> <p>PH welcomed the growth bid to fund an additional Financial Inclusion post, but has concerns about the 4.1% rent increase. PH asked how STAR would support those residents that will no longer receive Universal Credit. SO advised that was the main driver for the post; the Financial Inclusion team have been very successful in interventions and supporting tenants and this post will enable the Team Leader to look more strategically and widely at what other interventions could help. The Financial Inclusion Strategy will lay out how STAR intends to develop the service in the future and this will be brought to Board for consideration.</p> <p>The Board approved the following recommendations:</p> <ul style="list-style-type: none"> The Management Fee for 2022/23 will increase by an inflationary uplift only with no request for additional funding in respect of clauses 3.1 to 3.6 of schedule 5 to the Management Agreement. In accordance with the results of the 2019/20 triennial review undertaken by the Pension Fund Actuary and the decision taken by the Board on 26th February 2020, the employer's contribution rate will remain at 18% for 2022/23. All pay grades are increased by 1.75% with immediate effect backdated to 1st April 2021 in respect of the 2021/22 pay award. 		
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	<ul style="list-style-type: none"> - If the final settlement for 2021/22 agreed by the National Joint Council (NJC) for Local Government creates any disparity between the Company's pay spine and the national pay scale a further report will be brought to the Board to achieve re-alignment and backdate any amendment in accordance with the terms of the national agreement. - No pay award is made in April 2022 in respect of the 2022/23 year at this time but we will continue to monitor developments at the NJC negotiations. - If a national settlement for 2022/23 is agreed a further report will be brought to the Board to seek re-alignment with the NJC pay spine and backdate any amendment in accordance with the terms of the national agreement. - An amount of £100,000 which equates to a 2% pay increase is held in the budget to fund or contribute to the cost of the final settlement. <ul style="list-style-type: none"> • The level of general reserve for the Company is maintained at 5% of turnover (equivalent to £470,000 for 2022/23). • Charges for services directly provided by the Company listed in Appendix 2 are approved. • The two Area Panels are each allocated discretionary budgets of £20,000 for Community Grant applications in 2022/23. Any underspend against these budgets at 31st March 2023 is returned to general balances. • The pre-Service Development Budget for 2022/23 shown in Appendix 3 is approved. • Service Development Proposals recommended by the Senior Management Team (reference numbers 1 to 22 on Appendix 5) are approved for inclusion in the 2022/23 budget and beyond. • Subject to approval of the preceding recommendations, an amount of £107,420 is allocated to create a budget that gives 	
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		<p>capacity to expand and develop services as we seek to prepare a new Management Agreement following the recent review.</p> <ul style="list-style-type: none"> • The 3-year budget forecast shown on Appendix 6 is noted. • The draft Housing Revenue Account (HRA) 2022/23 for Shropshire Council attached as Appendix 7 is noted. • The Proposed HRA Capital Budget for 2022/23 attached as Appendix 8 is noted. 		
7.	GAP Analysis NHF Code of Governance	<p>At the Board meeting in November, the Board had considered which framework to use for exploring governance arrangements and decided on the NHF Code of Governance 2020. SA asked Internal Audit to carry out an analysis and they concluded that the company has a strong governance regime in place and the company is in an excellent position to demonstrate compliance with the code.</p> <p>The review found a small number of administration issues and this is due to a change of personnel and staff working remotely that will be addressed.</p> <p>There were a number of policies in need of revision. It was noted that policies are in place but need to be reviewed in a timelier manner.</p> <p>There were also a few issues for the Board to consider:</p> <ul style="list-style-type: none"> • Should public papers be added to the company's website to make agendas and minutes more transparent? <ul style="list-style-type: none"> - After discussion the Board agreed that more effort would be put into providing this information in tenant newsletters and communication and more correspondence with the Council. • Consider if having the Chair not on the Finance Audit & Risk Subcommittee would promote greater discussion at Board. <ul style="list-style-type: none"> - SA has discussed this with TDk and is happy that TDk sits on the FAR committee. The structure of the Board means it is unlikely that there will be a lot of members with the relevant expertise. When looking to recruit independent and council members in the future this could be a consideration, however, the Board agreed they were content for TDk to remain on the FAR Subcommittee. 	<p>Liaise following Board with Comms to decide on messages to share</p>	<p>SA and EJ</p>

		<ul style="list-style-type: none"> Code requires the company to publish information about skills and attributes of members, although recognised that that this is something that the company or members may not wish to do. <ul style="list-style-type: none"> PH suggested a biography of board members and this will be developed. There is low member turnout to Development Subcommittee meetings. Although there is no operational impact, it does diminish the governance process. <ul style="list-style-type: none"> JWi asked if there were reserves for subcommittee meetings. SA confirmed there aren't but TDk advised he was happy to step in if needed. <p>TDk recognised it has taken a lot of audit days but it has been key to have that independent scrutiny. SA noted that the 2020 code is more extensive and covers a wider range of areas. The report highlights there are a number of action plans, which SA will consolidate into a single action plan. The full report is available if any members would like to see a copy.</p> <p>The Board approved the following recommendations:</p> <ul style="list-style-type: none"> To agree the NHF Code of Governance Action Plan at Appendix 1. Consider items for discussion by the Board and agree what, if any, further actions are required. To agree that a consolidated Board action plan is presented at Board on 24th May 2022. 	Biographies will be developed and added to website	SA
8.	Management Agreement Term Review	<p>LH joined the meeting to update the Board on the review carried out by Campbell Tickell.</p> <p>Campbell Tickell were asked to carry out a review to identify the future HRA model for Shropshire. This was timely due to current Management Agreement ending next year.</p> <p>The four management options being considered were:</p>	Develop list of reserves for Development sub-committee	SA

- Option 1: Extend and strengthen the Council/ALMO partnership
- Option 2: Integrate the HRA Housing function back into the council
- Option 3: Maximise benefits of ALMO & Housing Company model
- Option 4: Voluntary transfer of HRA assets to an RP

The report considered STAR's current performance and delivery and found that performance had been very strong, some performance measures were impacted by COVID and this was recognised, particularly in terms of voids performance and ASB.

The HRA is in a strong position and it was felt that STAR were a safe pair of hands. The review found the HRA has £50m headroom, however, this does not take into account the decarbonisation investment required.

The review considered STAR and Cornovii and found that STAR's development had been limited due to a lack of available sites but that this was now being addressed. STAR focused on smaller, more complex community led projects. Cornovii is set up to operate very differently and is about delivering market sale at scale. Their Business Plan is currently being revisited but is ambitious.

The review considers developing a Shropshire housing model and having a coordinated approach. It suggests that STAR and Cornovii are aligned to deliver to one strategic vision as the Council looks to develop a strategic plan for delivering houses across the county.

The review found there were strong foundations on which to build. STAR is delivering a high quality service and has provided strong stewardship of the HRA, however, it needs to be more visible. The new STAR Chair is seen as an opportunity to pivot the role and focus of STAR.

The review considered the strengths and weaknesses of each of the options and concluded that a whole system approach across all housing functions is required by the Council. It recommends that STAR is retained and realigned to meet the strategic objectives of the Council. A maximised joint model is recommended with a single framework for housing functions and two focused delivery vehicles in STAR and Cornovii.

	<p>It's suggested that stakeholder workshops, the main piece of work, will take place during April – May followed by contract negotiation, leading up to Council Approval in December.</p> <p>It is hoped that the changes can be delivered and embedded within 12 – 18 months.</p> <p>TDk welcomed the report and work that has been done, but was concerned about the proposed timescale. STAR's external auditor will need to sign off the accounts and state if STAR is a going concern. This would likely require the formal approval of the option to retain STAR or more. SO has liaised with the Director of Grant Thornton to check when they may sign off the financial statements, but if they cannot see tangible evidence that STAR will continue they will have to list a major qualification in their audit opinion – this would likely be embedded in the Directors Report and Financial Statements and recorded at Companies House that there is a doubt over STAR's future. SO is meeting with the Auditors next Wednesday and will ask what assurances they require. LH noted this and agreed it would be useful to find what is needed by the auditors.</p> <p>TDk noted it is a very good news story and looks forward to working together to improve the strategic function of housing in the county.</p> <p>SR welcomed the proposal, but has concerns around the incredibly ambitious timescale. SR noted there are three parties involved as an absolute minimum – STAR, Cornovii and the Council, but not forgetting the residents. There is a lot of work to keep people on side to demonstrate the STAR offer is not being watered down, but strengthened. SR asked if there is a Plan B of not sticking to the timetable. Could the Council get agreement from the three main parties and then have a more targeted approach to signing things off over a two – three year period, this keeps momentum going. SR felt the proposed timescale has the potential to fall flat on itself by December. LH noted the timeline is very much based around the ending of the Management Agreement.</p> <p>SA noted the Management Agreement and Constitution can be very flexible and addendums can be added as things change, as has happened over the past 10 years. The detail can be delivered as part of business planning.</p>	<p>SO to feedback to LH following meeting with Auditors.</p>	SO
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	<p>SR noted that in his experience of big change management processes there is a danger of being distracted by other interested parties, and trying to do everything at once could mean the contract negotiations could suffer. LH advised that as long as the Management Agreement is broad enough and flexible enough that changes can be made and it does what it needs to then that can be considered. The Council are not looking to rush into doing something; they want this to be the offer that will see through the next 10 years.</p> <p>SA noted the message will need to get out there to tenants and that all they will want to hear is that STAR has another 10 year contract. Similarly to job applicants – candidates have been asking questions about the future of STAR and this will become increasingly important for senior positions. LH noted this will take this forward with Jane.</p> <p>JWi added that having a contract that has the flexibility to meet the requirements of a joined-up housing policy but gives reassurance to STAR and tenants that they are here is more important than the detail of that contract.</p> <p>MJ noted the previous options appraisal unsettled tenants and was disappointed that the Council will be considering the review up to December, with the contract ending in April. MJ thought it may be an idea to invite the Council Leader to a future meeting to understand what an asset they have in STAR.</p> <p>TDk reiterated that the outcome of the review is welcomed and the Board looks forward to developing the vision further but assurances are needed.</p>	<p>Invite Lezley Picton to a future meeting</p>	<p>SA</p>
9.	<p>Temporary Accommodation Project</p> <p>SO noted an email had been circulated to Board members regarding the proposal to acquire up to 60 units of temporary accommodation and hostel accommodation as a move to ease the pressure on the Council accommodation. The proposal addresses the financial pressure as well as putting people in more suitable and appropriate accommodation, and this can help residents secure tenancies going forward.</p> <p>The report was approved by the Council, with the budget set at £5m (£2.5m HRA borrowing and £1.5m S106 funding). The properties would be held in the ownership</p>		

	<p>of HRA and revenue would go back to the HRA. These properties would be exempt from the Right to Buy scheme.</p> <p>The proposal makes sense from a business point of view, with the day to day maintenance of the properties falling under STAR. The client group could be potentially less easy to manage and it is not clear where the ongoing support of those residents would come from, whether that would be picked up from STAR and some sort of IHM charge and support fee or remain in the management of the Council.</p> <p>LH stated it is a service offer that STAR can deliver to Shropshire Council, however, the Housing Options team are keen to retain that function. This isn't something that has had a line drawn under it, but the Council needs to give this more thought as to how it could work going forward.</p> <p>SO noted would have to be mindful as to how this was funded to ensure it complies with funding requirements. LH confirmed she is still carrying out a piece of work on properties that may be held in the general fund that may be able to be transferred into the HRA for use as temporary accommodation.</p> <p>TDk thanked SO and LH for the update and welcomed the opportunity.</p>		
10.	<p>VFM Self-Assessment</p> <p>SO noted there is not a requirement for STAR to complete a self-assessment however we feel that it is important for us to review our VfM performance and we choose to undertake this work as good practice.</p> <p>The self-assessment brings together financial and operational performance information and considers if STAR delivered value for money in 2020/21. It highlights areas of good performance as well as identifying those areas where improvements are required.</p> <p>The overall performance was successful and tenant satisfaction has remained high. The assessment summarises how STAR has performed financially and details some of the decisions made, notably the decision to bring the grounds maintenance service in house. This has led to a dramatic improvement in tenant satisfaction on grounds maintenance. Social benefits have been calculated using the HACT model.</p>		

		<p>There has been some disruption to the capital programme as some development and planned maintenance works were delayed due to the pandemic. It's pleasing to note that the decent homes standard was maintained throughout this period.</p> <p>A number of KPI's were suspended, again due to the pandemic, but overall STAR is in a very satisfactory position.</p> <p>SR noted the report and wanted to say well done to everyone. TDk noted it was a very comprehensive document and wished to pass on his thanks to staff.</p> <p>The Board noted the Value for Money Self-Assessment 2020/21.</p>		
11.	Q3 Budget Monitoring	<p>The report advises the Board of the budgetary position at the end of Q3, which includes STAR and HRA accounts.</p> <p>There is currently a projected underspend of £340,000, although this does not take account of the pay award that Board approved earlier in the meeting. This is estimated to total approximately £70,000.</p> <p>There hasn't been a big increase in materials and prices as Angela Simpson has been working successfully with the two main suppliers to keep costs down.</p> <p>AM asked the Board to consider approval of a write off of debt as the total is in excess of £500. The write off relates to the clearance of a property and external areas during the void process and debt recovery efforts have been exhausted. It was noted that this relates to a current STAR tenant and staff have been making steps within systems to identify this debt as one to pursue if the individuals financial circumstances change in the future.</p> <p>The Board noted the contents of the report and approved the write off detailed in section 3.2 of the accompanying report.</p>		
12.	Q3 Performance	JoW joined the meeting to discuss the Q3 performance results and reported on those targets that have not been met.		

	<p>MJ noted the voids figures and asked if there were specific reasons behind the high number of people moving. SA noted the two main reasons were a high number of death and of residents moving into residential care, although numbers appeared to be returning to a lower, more normal level. A factor is that as people get older and often become poorly, they are less likely to want the disruption of major works in their homes and those works then tend to be picked up when it becomes a void.</p> <p>SR asked if 5% turnover is high, and SA advised that is a steady figure.</p> <p>PH liked the positive compliments included within the report and asked if these are feedback to staff. SA confirmed that positive feedback is passed on to individuals and teams. PH noted the number of complaints that are escalated to Stage 2 and are not upheld and asked how many complaints are sitting with the Housing Ombudsman. SA confirmed there are no current complaints with the Ombudsman but agreed that any live cases would be reported on within the service report.</p> <p>SR noted the performance on adaptations completed and asked if the delays related to Occupational Health referrals. JoW confirmed these issues related to some staffing issues with the contractor that have now been addressed.</p> <p>JW noted there was a dip in the numbers completed in timescale of routine and programmed repairs (C2iv/c and d) and although understand the reasons behind this felt some extra monitoring should be put in place. SA will send an update regarding these KPI's before the next Board meeting in May.</p> <p>The Board noted the contents of the report and presentation.</p>	<p>Report on Ombudsman cases in the service report</p> <p>Update board on performance on C2iv/c and /d</p>	<p>Ayyaz Ahmed</p> <p>SA/JoW</p>
13.	<p>FAR Subcommittee (19.01.22)</p> <p>MJ gave an update on the recent FAR Subcommittee meeting:</p> <ul style="list-style-type: none"> • MJ was elected as Vice Chair at the last meeting. • The subcommittee discussed the Solo Protect equipment as there are concerns around staff usage of the devices. SA noted that extra training has been carried out with staff to ensure they know how to operate the devices and some of the devices have been surrendered where job roles have changes and they are no longer required. The Strategic Repairs Manager and Team Leaders will be picking this up with those operatives not using them. • TDk noted there was a typo in the minutes, 	<p>Amend minutes</p>	<p>MS</p>

		The Board noted the contents of the minutes.		
14.	Development Subcommittee (09.02.22)	<p>JW gave an update on the recent Development Subcommittee meeting:</p> <ul style="list-style-type: none"> • Current programme has three live sites, one in Weston Rhyn, one in Whittington and one in Shrewsbury. First time STAR Housing have developed outside of core area. • Development is slightly behind but developers have been locked into tender prices so no risk of any increases. • There are a number of pipe line projects. The Passivhaus project in Bridgnorth will be a good learning project for the team. • Planning at Racecourse Crescent, Shrewsbury is moving forward. • There are some operational challenges with the relationship with Cornovii and a more strategic development plan for the future is welcomed. This has the potential to hamper future development works and make colleagues jobs harder. This will be discussed as part of the Management Agreement negotiations. JW added that the promising sites seem to remain with Cornovii for development, and the team feel it's a challenge for development on council sites. JW felt this was more teething issues. MJ asked if it would be beneficial inviting Cornovii to a meeting and queried if STAR had been asked to be involved in the Shrewsbury Plan. It was noted that STAR has not been asked to be involved but would welcome the opportunity. <p>The Board noted the contents of the minutes.</p>	Discuss meeting with Cornovii with Jane Trethewey	SA / JW

	Date of next meeting: 24th May 2022 – Shrewsbury Football Club	
	The meeting closed at 5pm.	

Chair of Board Date

Managing Director Date: