



# Minutes of Meeting

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

**Meeting Location:** Shrewsbury Town Football Club

**Date and Time:** Tuesday 23rd November 2021 12.30 – 16.30

**Members present:**

Chair – Tony Deakin (Independent) Tdk	Steve Robinson (Independent) SR (via MS Teams)
James Wood (Independent) JW	Julia Buckley (Shropshire Council) JB (via MS Teams)
James Willocks (Shropshire Council) JWI	Sue Norris (Tenant) SN
Val Jones (Tenant) VJ	Emma Jones (STAR) EJ
Paul Hayward (Co-Optee) PH	

**Non-Members Present:**

Claire Allen (STAR) CA (Item 1)	Steve Ogram (STAR) SO
Sue Adams (STAR) SA	Andy Menzies (STAR) AM
Ayyaz Ahmed (STAR) AA	Jo Williams (STAR) JoW
Melanie Smith (STAR) MS	Lucy Heath (Shropshire Council) LH
Angela Simpson (STAR) AS	
Jane Trethewey (Shropshire Council) JT (via MS Teams)	

## ITEMS 1 6 - EXEMPT FROM PUBLIC DISCUSSION

7.	Minutes from STAR Board Meeting 21 <sup>st</sup> September 2021	All members confirmed that the previous minutes had been received and were an accurate reflection of the meeting.  A copy of the minutes will be signed and placed on the minute book.		
8.	Matters Arising	<p>The matters arising had been circulated for information. TDk asked SO if he could explain what cost floor meant in relation to a query about right to buy (RTB).</p> <p>SO explained that when a RTB application is received, a discount is calculated based on previous tenancy. A market valuation is obtained, the discount is taken off and this gives the selling price of the property.</p> <p>At the previous Board meeting, it was queried if any costs from refurbishment or repairs could be clawed back if the property becomes subject to a RTB application. There is a mechanism within the RTB calculation called the cost floor, which is the lowest value you can sell the property for. The cost of repairs or investment over the previous 10 years is considered but the first £5,500 is not included in the calculation – any costs over this can be considered, but the majority of works are below the £5,500 threshold.</p> <p>There were no further matters arising.</p>		
9.	Annual Review of Risk Management	<p>SO noted the purpose of the report is to update the Board on STAR's approach to risk management and to provide the latest high level risk register.</p> <p>Risk is primarily delegated to the Finance, Audit &amp; Risk (FAR) Subcommittee and is considered twice annually. The Senior Management Team have day to day responsibility, whilst it is discussed at full Board once during the annual cycle.</p> <p>The report identifies the risk scoring mechanism in place and details the risk registers kept by STAR. In addition to the areas listed, a register for Opportunities is also kept.</p> <p>All registers are available to view by the Board at any time and are reported in full to the FAR Subcommittee twice a year.</p>		

	<p>The high level risk register is attached for information, whilst section 5 of the report highlights the operational risk registers that are available for members to view. There is also a development risk register that is reviewed at each Development Subcommittee meeting and an Opportunities register.</p> <p>Section 6 summarises the current high risks, which are also outlined in the service report to Board.</p> <p>There have been minor changes made to the Risk Management Strategy to reflect the current position of the company's turnover.</p> <p>TDk and JW agree that a training session with the Board to consider risk appetite would be beneficial early in the new year.</p> <p><b>The Board approved the following recommendations:</b></p> <ol style="list-style-type: none"> <li><b>1. The contents of the report and current High Level Risk Register attached as Appendix 1 are noted.</b></li> <li><b>2. The minor amendment to the Risk Management Strategy is noted.</b></li> </ol>	Training session to consider risk appetite to be included in the Board Awayday in the New Year	<b>SO/SA</b>
10.	<p>Budget Strategy 2022/23</p> <p>The report sets out the key principles and assumptions STAR are proposing and established the framework and guidelines that will be followed when setting the budget for 2022/23.</p> <p>The report outlines the key factors that will influence the budget along with the key principles followed.</p> <p>At this time NJC (National Joint Council) public sector pay negotiations are still ongoing. The NJC asked for 10% which was refused and 1.75% was offered which was rejected. This will be monitored and will be retrospectively addressed, hopefully an agreement will be reached before we set our 2022/23 budget but in any event will be likely to be at least 1.75% as this is the employers offer. This will be funded from reserves in the current year.</p> <p>The Management Agreement with Shropshire Council is due to end in 2023 and the Council have appointed consultants, Campbell Tickell to review this. This has been</p>		

	<p>a major concern when trying to set a budget as we cannot anticipate the outcome of the review.</p> <p>Another concern is the uncertainty regarding the housing support service and the contract through the Sustain Consortium. The contract provides support not only to tenants but residents in the wider community. The current contract ends on 31<sup>st</sup> March 2022 and we are unclear if the contract will be renewed, or if Sustain would be successful in a tender process. The value of any new contract is also unknown at this stage.</p> <p>Initial projections indicate that we will have over £200,000 available for new Service Developments.</p> <p>General reserves have increased and based on financial projections, there is £4.5m funding available for reinvestment for one off expenditure.</p> <p>In regard to the HRA, the level of rent has been considered for next year and will follow rent standard guidance; rent will be no higher than the local housing allowance.</p> <p>Capital programme cost projections are estimated at £11m for New Homes and £4.8m for Planned Repairs and Maintenance. We will also need to consider the budgetary impact of sustainability, the green agenda and improving the thermal efficiency of homes but this is the subject of applications for grant funding and will be further discussed with the Council.</p> <p>TDk noted that there are repair costs pressures and the press have hinted that material prices could increase by up to 20% nationally – has this been factored into the budget? SO advised that shortages have been recognised and also identified as a risk on the Asset Management risk register.</p> <p>JW noted there although there has been a lot in the press about material prices, it appears to be a decreasing threat to the business and prices have not been anywhere near that high.</p> <p>JB asked if there should be a £150,000 contingency built into next year's budget similar to the supplementary estimate that has been approved today. SO noted the supplementary estimate is an intervention to address what is being experienced</p>	
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	<p>now but will hopefully be a temporary trend. Should permanent resources be required these would be driven by affordability and would be submitted as a growth bid that would be presented to board in February a part of the budget setting process.</p> <p>TDk asked in terms of risk appetite, how far could the development budget be pushed if opportunities arose. SO advised that the HRA borrowing cap was removed in 2018. The Council's capital strategy has identified up to £50m additional borrowing to be used in conjunction with existing reserves and existing grants that could be used to build up to 500 new homes.</p> <p>SO noted that although there is headroom within HRA funding, we are considering how to afford the required £116m of funding to retrofit existing stock. There is a need to maintain Decent Homes Standard, however, new development is not a luxury as there is a need to maintain stock numbers. For the first time stock numbers have fallen below 4000 due to RTB and it could come to a point where the HRA is not financially viable if we do not maintain stock levels. SA added that the sustainability agenda could become mandatory at some point in the future and this will have an impact.</p> <p>SO advised that AS has been working closely with the council to access grant funding opportunities, such as external cladding which will help.</p> <p><b>The Board approved the following recommendations:</b></p> <ol style="list-style-type: none"> <li><b>1. The Board approves that the key principles, assumptions and guidelines identified in the report will be applied when compiling the Company's budget for 2022/23.</b></li> <li><b>2. The assumptions identified in regard to preparing Shropshire Council's Housing Revenue Account and capital programme are noted.</b></li> </ol>		
11.	<p>Q2 Budget Monitoring</p> <p>The report advises the Board of the budgetary position at the end of Q2, with the caveat that it is early days.</p> <p>The current outturn position shows a projected under spend for the year of £158k, which reflects what was detailed in the Covid report. There are no items for write off</p>		

		<p>JW noted that the impact of voids relet times on the budget but very useful to see and is pleased that there are plans in place to address this.</p> <p><b>The Board noted the contents of the report.</b></p>		
12.	Q2 Performance	<p>JoW joined the meeting to discuss the Q2 performance results.</p> <p>PH noted 74% satisfaction with repairs is good, but asked what the themes for dissatisfaction related to. AS confirmed this was linked in to the resource issues with the time taken to complete repairs.</p> <p>PH asked if STAR had been in touch with other organisations to understand the issues they have having with voids. JoW advised that Housemark had carried out benchmarking throughout lockdown on specific Covid indicators and most organisations were in a similar position. Annual return data should be available within the next month so we can compare to other organisations and consider contacting them if beneficial.</p> <p>PH noted there was no data on satisfaction for complaint handling although 20 out of 28 complainants had responded. JoW advised that because of the low level of complaints the margin of error makes it impossible to submit a valid satisfaction rate unless practically all of them responded. PH understood that but felt that the satisfaction surveys completed would provide valuable information. JoW advised that the raw data is detailed in the satisfaction document circulated and is utilised it just can't be used for reporting purposes because of the validity of the data.</p> <p>SR noted the figure on A1v and the number of tenancies terminated was a little high. JoW noted that the termination drivers relate to a higher than usual number of tenant deaths and also tenants going into residential care. SA added that a number of properties are also being returned from the HOTS team that is impacting.</p> <p>JWi asked SA to explain why properties are given to the HOTS team, SA noted when the Council have a need for temporary accommodation and this has increased significantly over the past five years. There was an 'everybody in'</p>		

	<p>agenda at the start of the pandemic and so the number of properties being utilised increased, this is now reversing and therefore many properties are being returning in batches.</p> <p>STAR has a target of properties to be used by HOTS of 1.5% and should not go above that because STAR help to provide permanent accommodation, however, STAR wanted to and were able to support the Council. JW noted this was one to highlight how STAR have helped the Council.</p> <p>TDk felt that the management target of 30 days to relet an empty property was too ambitious, however SA advised that pre-pandemic STAR were moving towards this and were confident they could achieve the target. It isn't known if other organisations have struggled in a similar way so it may be beneficial to talk to HQN once the annual benchmarking figures have been analysed to check if there is something that is being missed.</p> <p>JB noted the gap in the number of residents satisfied with repairs and asked if this was due to issues with delays, but also asked what repairs are recharged. AS explained that recharges tend to relate to tenant damage that is found at void stage.</p> <p>Voicescape is the new system being used to gather satisfaction data and we are still learning how this works. AS will be working with EJ to help tenants understand the system. AS noted that when poor satisfaction is given, the customer is called to find out why they are not happy and what can be done to improve the service. JB thanked AS for explaining and felt reassured.</p> <p><b>The Board noted the contents of the report and presentation.</b></p>		
13.	<p>Six Month Review of Complaints Handling</p> <p>AA explained that the Housing Ombudsman Complaint Handling Code was published July 2020 and the purpose of the Code is to enable landlords to resolve complaints raised by their residents quickly and to use the learning from complaints to drive service improvements.</p> <p>STAR's Complaints Handling Policy was reviewed and published in December 2020 and the procedure is currently being reviewed.</p>		

	<p>The Customer Relationships team are now responsible for complaint handling and checks the quality of each response being sent out.</p> <p>31 complaints were received during Q2 and the top three reasons for complaints related to repairs, staff and property.</p> <p>The data shows that 72% of complainants were satisfied with how the complaint was handled and 68% were satisfied with the outcome of the complaints.</p> <p>STAR will look increase the number of satisfaction surveys completed for all complaints and learning is identified so that service improvements will be made.</p> <p>JWi asked how complaints were recognised. EJ explained that a complaint is when a customer informs STAR that they are dissatisfied with the service and noted that some complaints are recognised as a service request, where it's the first time that STAR are informed of a problem.</p> <p><b>The Board noted the contents of the presentation.</b></p>		
14.	<p>FAR Subcommittee (02.11.21)</p> <p>SR gave an update on the recent FAR Subcommittee meeting:</p> <ul style="list-style-type: none"> <li>• There was a discussion about tenant health and safety and staff have recently carried out a tenant survey. This will feed into an action plan.</li> <li>• Discussed the increasing numbers of housing disrepair claims, particularly those connected with damp. Although not an issue at STAR, this appears to be similar to PPI where tenants are often cold called about making a claim.</li> <li>• There was a very good update about STAR's new apprentices, but the committee were concerned to see a number of repairs operatives are not using their Solo Protect equipment.</li> <li>• The subcommittee discussed the work carried out on the governance framework.</li> <li>• SO noted that as this had been the first meeting since the AGM, MJ was confirmed as the Chair and SR as the Vice Chair.</li> </ul> <p><b>The Board noted the contents of the minutes.</b></p>		

15.	<p>Development Subcommittee (09.11.21)</p>	<p>JW gave an update on the recent Development Subcommittee meeting:</p> <ul style="list-style-type: none"> <li>• JW was pleased to state that development was busy. Schemes at Weston Rhyn and Whittington are progressing, although Weston Rhyn has been delayed by technical issues that have been a threat to the development. There has been a significant time and cash investment into this scheme so far.</li> <li>• There are a lot of other potential and new developments, with one site in Shrewsbury being progressed. A number of other potential sites are currently going through planning and due diligence.</li> <li>• JW offered reassurance to the Board to ensure that the development team are correctly resourced and able to maintain a steady development programme and to plan for the next 3 – 4 years.</li> </ul> <p>TDk was pleased to see so many activities. TDk noted the minutes referenced a spreadsheet being developed alongside the Proval investment model and was worried about data accuracy. SO noted that all schemes are evaluated using the Proval software to give a level of assurance, the spreadsheet is being used as a summary document of the information in the Proval tool.</p> <p>SR asked if the Cornovii restructure had any implications for STAR and LH confirmed the restructure was about the delivery of their business and has no wider implications.</p> <p><b>The Board noted the contents of the minutes.</b></p>		
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**ITEMS 16 – 17 EXEMPT FROM PUBLIC DISCUSSION**