

Meeting	Development Sustainability and Strategic Investment Sub-Committee	 Shropshire Towns and Rural Housing
Date	14th February 2024	
Time	14:00-16:00	
Location	MS Teams	

Present:

James Wood (JW)	Chair of Committee & STAR Board Member
Harpreet Rayet (HR)	Managing Director - STAR
Tom Forty (TF)	Operations Director - STAR
Ros Bridges (RB)	Corporate Director - STAR
Leela Cottney	Assistant Director of Assets - STAR
Steve Robinson (SR)	STAR Board Member
Lucy Heath (LH)	Shropshire County Council
Rob King (RK)	Interim Head of Finance
Helen Williams (HW)	Asset Manager- STAR
Yordan Tolev (YT)	STAR Board Member
Dan Winsor (DW)	PDW
Debbie Gauntlett (DG)	Independent Minute Taker

Apologies

Paul Weston (PW)	STAR Co-optee Board Member
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Minute No.		Who	When
1.	Welcome and Apologies The Chair opened the meeting and welcomed R. King, STAR interim Head of Finance to his first Development Sustainability and Strategic Investment Committee meeting.		
1.1	Apologies received and accepted from Paul Weston,		
2.	Declarations of Interest No new declarations recorded.		
3.	The minutes of the Previous Meeting held on 15th November 2023 were approved. Matters Arising		
3.1	Abovo Training. Due to recent changes within the organisation, The Chair proposed that the Abovo training session be carried forward to the Spring to include the Board having oversight of the Business Plan. HR agreed. Action: March 2024.	All	March 2024
3.2	Item 7: Internal Development Structure. HR reported that ongoing meetings continue with the Shropshire Council and recommended streamlining these discussions to allow for a		

	<p>strategic review at a later date to include projects, developments, and finance. The Chair agreed.</p>		
4.	<p>Development, Sustainability, and Strategic Investment Update</p> <p>A report had been circulated in advance and taken as read.</p> <p>HR reported on several key activities within the Development update. These included:</p> <p>Harpers. Conversations continue with Harpers concerning their financial claims. Harpers had suggested STAR consider the cost increases due to subcontractors not being able to fulfil their original obligations to the work orders. HR advised he did not think this was unreasonable and advised that EW and himself would be willing to have further discussions with Homes England regarding additional grant support. HR advised that any agreement would be supported by an evaluation and independently verified.</p> <p>Tricass Construction. HR reported this construction was moving towards a voluntary insolvency position. This would mean that they would not be able to complete the work onsite. STAR Housing is currently evaluating the position by:</p> <ul style="list-style-type: none"> a) Ensuring they do enter insolvency. b) Ensuring the site is secure with security in place. c) Engaging with Shakespeare Martineau regarding any contractual/complicated liquidation matters. d) Understanding how best to restart work and understand the process. <p>HR reported that a full update would be given to the Board once confirmed. Action: HR.</p> <p>SR asked for further clarification regarding the subcontractor not completing the work. HR advised that money had been paid out but this money had not been passed on to the subcontractor. HR advised consideration was being given to the risks involved and moving forward.</p> <p>SR asked how long it would take before contractors were back working on site. HR replied that initially, it was three months, however, nothing could move forward until the insolvency had taken place. New tenders would need to be placed to ensure best value, and therefore HR believed this project would not be completed until early 2025.</p> <p>SR queried whether there would be deterioration to the buildings in the interim and HR assured that this would not be the case.</p> <p>SR queried the short-term financial implications. HR advised a new development appraisal would need to be completed and funds</p>	HR	
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	<p>would need to be available within the business plan of approximately £500,000.</p> <p>JW queried the number of assets held by the members involved and asked for clarification that legal advice would be sought. HR advised that he was waiting for Shakespeare Martineau to update him on the position.</p> <p>JW queried the warranties and asked if they had been signed by the subcontractors. HR advised that a number had been signed but also there were a number that were not serviceable due to nonpayment. JW expressed his concerns. HR agreed advising that this is part of future discussions he will be having.</p> <p>The Chair assured the Committee that he was aware of the financial challenges and would continue ongoing discussions with HR outside of the meeting. A written update will be provided to the Committee members in due course. Action: HR/JW.</p> <p>Fairfield Close. HR reported that only one resident remains and eviction into their new place was due to take place in the coming week. TF confirmed support from relevant agencies and a detailed action plan was in place. HR advised no tender process or engagement with Homes England would take place until everything had been resolved.</p> <p>Strategic Investment Activity update:</p> <p>Coleton Hill House. HR reported that the tenders had now been returned and he was waiting for a report regarding the refurbishment costs. HR advised this was a council-owned asset.</p> <p>70 Castle Foregate. HR advised this is used as emergency housing for the homeless during the winter months. In May the Council will be looking to decant the building and STAR Housing were putting together a tender. Discussions continue and an outcome on viability would be available soon.</p> <p>Parish Rooms. HR reported that the purchase had been completed. The works will require a planning application if recommended replacement of windows and doors is pursued.</p> <p>LAHF Properties. STAR Housing are in the process of working with the council to move forward the purchase of up to 18 LAHF properties.</p> <p>RK queried the Coton Hill House summary within the report believing it was already in the HRA. HR advised it was still within the general fund and will need to be moved into the HRA. RB was working on this. HR and RK suggested discussing further offline to</p>	HR/JW
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	<p>ensure the details are accurately recorded within the Business Plan. Action: HR/RK.</p> <p>STAR Housing Shared Ownership. HR reported that future papers will include details on shared ownership properties. Action: HR.</p>		
4.10	JW queried the Coton Hill House tender process and what measures would STAR House be deploying to protect themselves in future tender processes. HR advised that there is a robust process procedure in place within the CDL. STAR Housing uses Credit Safe. This analyses the accounts/cashflow monthly. Once shortlisted and the technical requirements are understood, STAR Housing will seek references, credit checks, checks on suppliers, etc as part of the tender process.	HR	
4.11			
4.12	TF reported on the strategic investment update and the paper presented was taken as read. TF confirmed that the in-year programme was on track as per the delivery. Several capital works had been completed and decent homes were on track to be zero as expected.		
4.13	TF reported on the feedback received from the regulator earlier this week that the work completed on the property investment plan, validation, and the data provided had given the regulators assurance in terms of how STAR Housing is managing its properties. This data has now been used to validate next year's programme. This has been accepted by the Asset Assurance Board.		
4.14	Sustainability Programme. TF confirmed that the funding bid had been submitted to the Social Housing Decarbonisation Funding (SHDF). Figures were available in the report and assumptions will be monitored as part of the Business Plan. TF agreed to circulate an update once received. Action: TF.		
	No further questions/comments were made.		
	<p>Agreed Actions:</p> <ul style="list-style-type: none"> • Updates to be provided to the Committee members when available. • Development, Sustainability and Strategic Investment update to be presented to the FAR Committee and the Board meeting in March. • Coton Hill House. Further discussion regarding HRA. • Sustainability Programme. Update to be shared once available. 		
5.	Draft Strategy Update		
5.1	<p>Asset Management</p> <p>A report had been circulated in advance and taken as read. The purpose of the report was to update the committee on the proposed</p>		

	<p>Asset Management and Development strategies for the period 2024-2027.</p> <p>The Committee were asked to consider the draft: 1) Asset Management Strategy and 2) Development Strategy in terms of language, content, and approach.</p> <p>5.2 JW reassured as Chair of the Committee he did have a good oversight of similar reports within the housing sector. JW queried the data, data gaps, and data validation. He acknowledged the difficulties in keeping track of all the data and asked TF if he felt reassured that STAR Housing was in control of holding data on 4,000 properties. TF talked through his thoughts. In summary:</p> <ul style="list-style-type: none"> • The data is perceived as good and links to the statutory requirements. • Moving into the next stage, would like to start increasing the breadth to include a holistic look at properties and understand the assets. • Sustainability is a gap and this is being worked on moving forward. • Confirmation that a new Data analyst had joined the business described as already adding value and bringing sector experience. • Develop an intelligent Asset Hierarchy. Taking learning from the Building Safety Acts as good practice across the different types of properties. <p>The committee approved the draft.</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> • The Corporate Plan to be presented to the Board in March 2024 for approval together with several supporting strategies. 		
<p>6.</p> <p>6.1</p> <p>6.2</p>	<p>Capital Budget</p> <p>RK summarised the paper that had been circulated in advance with supporting appendices and reported that there would likely be a rolling spend moving forward into 2024/2025.</p> <p>JW said that he believed the sector as a whole does give cause for concern with regard financial predictions based on factors and assumptions happening elsewhere i.e. COVID, Brexit, the war in Ukraine, and troubles in the Red Sea.</p> <p>RK advised that the situation was being monitored closely with the contractors, and repairs team concerning any capacity constraints. RK said he felt confident that the numbers were on track based on the market factors. HR echoed this adding that the Saville's audit had helped with the forecasts within the difficult economic climate adding caution would be taken until tenders are signed.</p>		

7.	<p>Business Plan Presentation</p> <p>7.1 RK presented the 30-year Business Plan and provided a summary of the following:</p> <ul style="list-style-type: none"> • Why do we need a 30-year plan? • Development Plan – financing dashboard. • Key conclusions. • Progress to date. • Golden Rules. • Base case model. • Base case operating dashboard. • Development Plan Overlay. <p>7.2 JW queried the figures in the programme i.e. Net Zero £600m circa. 4000 units at £140k per unit. JW queried if this was correct. HR advised that today's price was £75k and the refinancing would start in 2042/2043. JK agreed advising the figures inflationary adjusted and grant funding assumptions were based on the last five years of the 30-year plan.</p> <p>7.3 LH raised a query regarding CPI and HR advised that several strategies would be presented to the Board for consideration at the next Board meeting.</p> <p>Agreed actions:</p> <ul style="list-style-type: none"> • Presentation to be circulated to committee members after the meeting. • Final model to be presented to the full Board in March 2024. 	
8.	<p>Any Other Business</p> <p>8.1 Abovo. HR advised that STAR Housing would be working with the Council to look at savings to monitor as part of the development appraisal.</p> <p>8.2 Council Financing. HR advised a Cabinet report was due out tomorrow setting out the saving target for the LA during the next 12 months.</p> <p>With no further items for discussion, the meeting closed at 3.50 pm.</p>	

Action Log Development Sustainability and Strategic Investment Subcommittee New and On-going				
Action Ref	Owner	Date to be Completed	Action & Update	Completed/ Ongoing
01 Abovo Papers	HR	24/04/2024	HR agreed to reshare the papers/assumptions on Abovo software with the committee members after the meeting.	
02 Coton Hill and Castle Foregate	HR	24/04/2024	HR agreed to share a breakdown of the funding mix once the Development and Strategic Investment Plan was completed.	
03 Parish Rooms Update	HR	11/03/2024	Parish Rooms – Approval of the scheme to be presented at the next Board meeting	Completed – 11/03/2024
04 Internal Development Structure	HR	14/02/2024	HR to circulate the presentation after the meeting	
05 Abovo Training	All	24/04/2024	Abovo training session to be carried forward to the Spring	
06 Tricass Construction	HR	24/04/2024	Full update to be given to DSSI once position confirmed	
07 Coton Hill HRA	HR/RK	24/04/2024	HR & RK to discuss the details are accurately recorded in the Business Plan as the Coton Hill moves from General to HRA.	
08 Shared Ownership	HR/DH	24/04/2024	HR agreed that future papers will include details on Shared ownership properties	Completed – 24/04/2024 Papers submitted for DSSI
09 SHDF Funding Bid	TF	24/04/2024	TF to share an update on the grant funding.	Completed – 24/04/2024 Paper submitted for DSSI
10 Corporate Plan and Strategies	HR/TF	11/03/2024	Corporate Plan to be presented to Board in March with proposed supporting strategies	Completed – 11/03/2024
11 Business Plan Presentation	RK	11/03/2024	Presentation to be circulated to committee members after meeting and final model to be presented to Board in March.	Completed – 11/03/2024