



**Cardiff Community Housing Association  
Special Board Meeting Minutes**

<b>Meeting Date</b>	9 <sup>th</sup> June 2021	
<b>Meeting Time</b>	13:00 – 13:30	
<b>Meeting Venue</b>	Virtually via Microsoft Teams	
Present	Scott Rooks Janet Beauchamp Emma Britton Michelle Wade Vinita Nawathe Fadhili Maghiya Lerisha Hansraj Bhardwaj Joga Singh Didi Ketter  <b>CCHA Staff</b> Hayley Selway Brian Pickett Jonathan Jones Liz Evans Naveeda Morgan Samantha Williams	Vice Chair Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member  Chief Executive Corporate Director - Central Services Corporate Director – Property Services Corporate Director – People & Places Head of Finance Senior Governance Officer (minutes)
<b>Agenda item ref.</b>	<b>Minutes of discussions held</b>	<b>Actions</b>
<b>B21.21/22</b>	<b>Apologies for absence</b>	
	Apologies for absence were received from Amina Yusuf, Michael Owen and Daniel Lewis, Head of Governance (DL).	
<b>B22.21/22</b>	<b>Declarations of interest</b>	
	There were no declarations or conflicts of interest.	
<b>B23.21/22</b>	<b>30 Year Financial Plan and Indices</b>	
	<p>BP presented the report. He confirmed that it covers the key inputs, stress testing and takes Welsh Government’s (WG) latest risk assessment of the sector and demonstrates how we will put a value on these risks and feed them through the 30-year plan. He drew attention to the indices and confirmed that these have not changed significantly since last year and we are broadly operating in a similar environment. He highlighted inflation and interest rates. NM advised that year one in this plan reflects this year’s budget and therefore, is set as approved by Board in January 2021. She confirmed that there is some uncertainty in terms of the economy which we have researched, however, we do not expect interest rates to rise as quickly as previously anticipated. She further detailed the research undertaken.</p> <p><b>JJ joined the meeting at 12:55.</b></p> <p>NM highlighted bad debt provision and the arrears percentages we are looking at in comparison to last year. She noted last year’s bad debt provision and review of quarter four 2020/21 outturn which was better than anticipated. She confirmed that we feel the provision was slightly overstated last year and with the assumptions and plans we have in place, we have slightly lowered this provision. She confirmed that the provision remains</p>	



prudent. BP noted that we have included some additional inflation in the plan for maintenance. He highlighted shortage of materials. He noted that these are commodity materials, so we expect price increases to be short term due to supply and demand. He advised that we have therefore just built-in additional inflation increases for the next three years.

LHB noted the benchmarking and asked if we have any intelligence from peers that we can benchmark against. NM confirmed that we have contacted some of our peers and do share our plans. She noted that we have had feedback from one association and are expecting feedback from a further two associations soon. She advised that so far we are roughly in line with the one associations plan and we will consider the other two responses once received.

MW noted agreement with the indices. She stated that she would be surprised if bank rates progress as included in the report, but she understands our reasons for including this.

**LE joined the meeting at 12:59.**

MW asked if there is anything we want to do in terms of our testing around inflation. She noted the prudent approach. BP iterated our prudent approach. He advised that 80pc of our money is now fixed following fixing a loan with Blend, so any interest rate rises will have a smaller effect on us. He highlighted CPI link to our rent settlement.

SR noted the prudent approach taken in relation to maintenance and minimal risk due to the amount we spend on materials. He asked what rate rises are built into our Travis Perkins contract. JJ confirmed that CPI rises are included on our existing agreement (after 12 months) across all general materials supplied – these could be subject to short term price increases. However, we have a core basket of goods with costs fixed for 12 months until April 2022, negotiable thereafter. He detailed the current effect on pricing of materials giving some examples of increases and delays with material deliveries. He confirmed that he will circulate an article from Travis Perkins and assurance on what we have done (sent on 9<sup>th</sup> June to board members). VN noted the indices and discussions and agreed with the prudence taken.

BP drew attention to the scenario testing and advised that we are looking to do this in two phases. He confirmed that the first phase is to approve a plan for the Regulator and it will reflect what we have done over the past year. He noted that this phase will look at rent and interest rates and what our plans are if the business plan breaks. He noted that the Regulator is happy with our approach. He advised that in the second phase he would like to revisit the plan in the Autumn with a few members of the Board to agree some multi variant testing which we will then bring back to a Board meeting. He noted that this will help demonstrate to the Regulator that if we have any big ‘shocks’, we can manage them. He noted that this would encompass feedback from Moody’s who reviewed our credit rating when applying for the

JJ



	<p>Blend loan and Mazars. He confirmed that the phase one testing results will be brought back to Board in July.</p> <p><b>The Board approved the indices to inform the 30-year Financial Plan and the scenario testing.</b></p> <p>EB, MW and VN agreed to join a working group to look at the second phase of scenario testing in September.</p>	
<p><b>B24.21/22</b></p>	<p><b>Golden Rules</b></p>	
	<p>BP presented the report and noted that the golden rules will form part of our financial governance framework we have been building. He noted that when Moody's carried out our credit rating test for the Blend loan, they noted that we did not have formalised golden rules. He outlined our approach to establishing the suggested rules set out in the report and advised that we have not sought external support as we wanted to do something that is right and proportionate to us. He confirmed that we canvassed some peer associations and obtained a sample set of rules from Centrus. He noted that we have carried out some testing on the business plan against the suggested golden rules. He detailed the areas covered by the rules and highlighted that we have not included profitability. He advised that we have not included this due to us not yet having the results of our stock condition surveys and the potential for us break the rules straight away. He highlighted research we have undertaken on good practice and drew attention to section four which sets out how we will meet this. He noted Table One in the report which shows the results of our research and our suggested set of rules for approval which we feel fits our purpose.</p> <p>LHB noted the golden rules and that she can see our starting point from our covenants and applying some headroom. She questioned value for money and where we cover this approach. She gave some examples. BP noted that for development, we have an investment appraisal which will need to be revised to meet the new grant framework coming out from WG. He advised that for liquidity and headroom, we will continue to develop this in the business plan. He confirmed that all known development plus 'speculative' development is built into the 30-year financial plan. He advised that we have not set targets on savings, the Directors are each looking at their areas of the business. He highlighted the service charge review which is being driven with tenants and needs to deliver the right service for the right price. He noted that our Treasury Strategy has delivered value for money. He highlighted initiatives in JJ's area where we can deliver more value too. He noted that we will need to collate this and bring it back to Board to quantify what we are doing on value for money. HS noted the previous Value for Money Strategy brought in before some Board Members started. She agreed that we can bring back an update to this and outline other areas we are progressing.</p> <p>LHB raised the Development Strategy in our 30-year financial plan and the liquidity built in. She asked how decarbonisation fits into this. BP advised that we are not putting a large decarbonisation agenda into the business plan, as we are clear across the sector that there needs to be some additional funding to support this. He confirmed that when we come to do</p>	<p><b>BP</b></p>



	<p>additional stress testing, we will include decarbonisation as one of the stress tests. He noted stress testing carried out in Autumn 2019 on decarbonisation, which showed that we would have to stop a lot of other business activities in order to fund it. He advised that research shows that an additional circa £20K would need to be spent per property to meet EPC A standards. HS advised that the next strategic planning session with Board will be focused on decarbonisation. She noted that we have delayed this discussion a few months as there is not a clear direction from WG on how it will be delivered. She advised that if the new Welsh Housing Quality Standard includes significant decarbonisation for us to deliver, we will need to re-map our business plan to meet this. SR noted agreement with the comments and the need to wait for further direction from WG. JJ noted the Asset Management Strategy monitoring report recently brought to board, which budgeted £20K per property on top of existing component replacements that may have to be brought forward from research for decarbonisation to bring properties to EPC A. He noted that this would cost circa £58mill in total and we will need funding to support this.</p> <p>JB noted the golden rules and asked how this will support our regulatory oversight. BP confirmed that we do not expect WG to look at the metrics. He further detailed what WG review in terms of financial viability.</p> <p>SR thanked BP for the work on the rules. He suggested that we continue to review the rules and profitability in the future once stock condition surveys and decarbonisation is clearer.</p> <p>BP raised regular board reporting and suggested that this included in the quarterly financial report.</p> <p><b>The Board approved the Golden Rules and reporting back to Board on a quarterly basis as part of the quarterly financial report.</b></p>	BP
<b>B25.21/22</b>	<b>Any other business</b>	
	<p>HS advised that we will be having a new Regulation Manager, Nicola Gibbons and will be meeting her next week. She highlighted our ‘Standard, Standard’ Regulatory Judgement and gave thanks to DL for coordinating this.</p> <p>REDACTED</p> <p>VN raised the Ministry of Housing and Local Communities potentially starting to deal with local Councils in Wales via a one UK approach. BP explained that WG are taking legal action against this. VN asked if the Board can have an update on this once it is clearer. BP explained how it relates to proposed funding being given directly to Welsh local authorities instead of using the mechanism contained within the devolved settlement.</p> <p><b>The meeting closed at 13:30.</b></p>	BP/DL
<b>Date of next meeting: 21<sup>st</sup> July 2021, 17:00.</b>		

Signed: .....



**Chair**

**Date:** .....