

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BLACKPOOL COASTAL HOUSING LIMITED
HELD AT COASTAL HOUSE, ABINGDON STREET
ON WEDNESDAY 29 MARCH 2023 AT 5.00PM**

Present: Councillor N Brookes, Non-Executive Director (Chair)
Councillor J Hobson, Non-Executive Director
Mr N Herring, Tenant Non-Executive Director
Mrs M Thompson, Independent Non-Executive Director
Ms M Gilkes, Independent Non-Executive Director
Ms T Johnson, Independent Non-Executive Director

In attendance: Mr J Donnellon, Chief Executive
Mrs M Cornall, Director of Operations
Mr S Dunstan, Director of Resources
Mr M Towers, Company Secretary
Mrs S Chadwick, Assistant Company Secretary

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| 1. | <p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Mr A Szatkowski, Independent Non-Executive Director.</p> | |
| 2. | <p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest made at the meeting.</p> | |
| 3. | <p>MINUTES OF THE LAST MEETING OF THE BOARD HELD ON 9 FEBRUARY 2023</p> <p>The Board agreed: To approve the minutes of the Board meeting held on 9 February 2023 as a true and correct record.</p> | |
| 4. | <p>MATTERS ARISING</p> <p>An update was provided on matters arising from the minutes of the meeting held on 9 February 2023.</p> <p><u>Minute 9 – 2023/24 Business Plan and Draft Budget</u> Mr J Donnellon, Chief Executive, explained that the presentation of longer term stock condition data to Board members when requested would be carried forward to the next meeting as the original arrangements which had been made to work with Ms M Gilkes, Non-Executive Director, had been postponed due to ill health and would therefore need to be rearranged.</p> | JD |

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| <p>All other matters arising from the previous minutes had either been completed or were covered elsewhere on the agenda.</p> <p>5. MINUTES OF THE AUDIT COMMITTEE HELD ON 22 MARCH 2023</p> <p>Mr N Herring, Tenant Non-Executive Director and Audit Committee member, presented the highlights of the minutes of the Audit Committee meeting held on 22 March 2023.</p> <p>A “deep dive” review into the Strategic Risk of poor quality / unsafe housing stock had been considered, following which the Committee agreed to recommend to the Board that the Strategic Risk was split to create an additional health and safety risk on the Strategic Risk Register.</p> <p>The value of the Assurance Framework had been discussed and, in noting the additional reporting that had been undertaken on the Strategic Risk Register “deep dives” and compliance reports, the Committee had agreed that the Framework did not add any further value and was therefore no longer required as it was a duplication of work.</p> <p>The Board agreed:</p> <ol style="list-style-type: none"> 1. To note the minutes of the Audit Committee meeting held on 22 March 2023. 2. That the strategic risk of Poor Quality / Unsafe Housing Stock was split to create an additional Health and Safety risk on the Strategic Risk Register. | |
| <p>6. CHIEF EXECUTIVE’S REPORT</p> <p>Mr J Donnellon, Chief Executive, updated the Board on the significant developments that had arisen since the last Board meeting.</p> <p>A 5% rent increase had been agreed by the Council at its budget setting meeting on 22 February 2023 which, although below the maximum cap of 7% set by government, maintained the 30 year business plan at a viable level. That rent increase had been communicated in writing to tenants by the Council to explain the impact on each individual bill and the Chair reminded Board members that for the majority of tenants the rise would be absorbed by benefit payments.</p> <p>A 2% pay rise had been budgeted for however that figure would likely have to be reassessed as Mr Donnellon reported that the employer offer, which had been higher than 2%, had been rejected by the unions who were moving towards ballots for strike action. In response to a question from Mr N Herring, Tenant Non-Executive Director, as to whether the company was prepared for</p> | |

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| <p>possible industrial action, it was explained that union membership within the organisation was relatively low and that a number of services were protected under arrangements made with the unions, such as those in relation to sheltered services. Mr Donnellon assured the Board that if strikes were to take place appropriate contingency plans would be made but that currently he had no concerns about the ability to deliver services.</p> <p>Ms M Gilkes, Independent Non-Executive Director, suggested that more visibility was needed by the Board on the risks associated with balancing the Housing Revenue Account (HRA) in view of the 5% increase and forthcoming pay settlement. In response, Mr Donnellon advised that in his view 5% was affordable, although additional funding would be required from government to meet carbon zero targets. The Chair added that there was leeway in the HRA for additional costs to be absorbed and in his opinion the company was in a better position than other similar providers.</p> <p>Work was ongoing in preparation for the Housing White Paper and an update was provided in regards to Levelling Up, with a business case due to be submitted to the Treasury by June for additional funding to begin addressing the housing problems in the inner area.</p> <p>A further response regarding Damp and Mould had been returned to the Regulator alongside details on current performance and how cases were dealt with, a copy of which had been provided for Board members' attention. The latest report from the Housing Ombudsman into Rochdale Boroughwide Housing was raised which had found that patterns of exclusion and marginalisation of some groups of residents had occurred. Assurance was therefore requested that BCH was accurately recording evidential details of complaints in the event of similar accusations being made. In response Mr Donnellon remarked that many of the issues highlighted at Rochdale were around failings in organisational culture which he did not believe was a problem at BCH. It was confirmed that all complaints were appropriately logged and Mrs M Cornall, Director of Operations, added that the company's culture differed to that at Rochdale in that it was more customer focused, particularly as a result of a restructure which had taken place some years previously.</p> <p>Mrs M Thompson, Independent Non-Executive Director, requested more clarity and understanding around the Damp and Mould indicators data which had been presented for the Board's attention. Mr Donnellon explained that BCH currently operated a responsive, rather than a proactive, damp and mould service and that the figures were therefore not consistent as most damp and mould issues came via ad-hoc complaints and referrals rather than regular inspections. In future it was anticipated that, as an assurance measure, the</p> | |

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| <p>regulator may wish to impose targets, therefore going forwards a more proactive approach would need to be built into the service. Mrs Cornall added that damp and mould was to be added to the stock condition surveys and that staff and contractors had been trained in damp and mould awareness although it was currently unclear if those measures would satisfy the regulator or if it would require a stand-alone assessment. Mrs T Johnson, Independent Non-Executive Director, referred to the potential for legal claims to be made via solicitors and suggested that where damp and mould complaints had been made directly by tenants and resolved that these should be signed by the tenant and stored as part of the complaints log which the senior management team agreed was a useful suggestion to take forwards.</p> <p>The Board agreed: To note the update.</p> <p>7. DIRECTOR OF RESOURCES' REPORT</p> <p>Mr S Dunstan, Director of Resources, presented the highlights of his report to the Board.</p> <p>The financial year end was approaching and no significant change was expected from the figures reported at Q3 with a small surplus forecast. The outturn figures were not available at the time of the meeting therefore Mr Dunstan agreed to share the document with Board members as soon as it was available. With regard to the HRA a negative variance was anticipated in line with that previously reported.</p> <p>The Board was advised that in February the company had been successful in the national Housing Digital Awards in the category of Most Innovative Approach to Culture and Wellbeing, following local and regional recognition in that sphere. A bid had also recently been submitted and the company shortlisted for Landlord of the Year at the Northern Housing Awards, the awards ceremony for which was scheduled to take place in May.</p> <p>Members of the staff consultation group were due to be given an update on the proposed pay award at its meeting the following day. Although the organisation had relatively low union membership Mr Dunstan explained that it was considered good practice to invite union representatives to the meeting for their contribution.</p> <p>The ASB and Neighbourhoods Service was now fully staffed and a team building exercise had recently taken place at the Winter Gardens. Mr Dunstan reported that the ASB Service remained committed to obtaining external accreditation in 2023/24. Options were being reviewed to assess which out of</p> | <p>SD</p> |

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| <p>Housemark or Resolve would best meet BCH's needs with a target for the accreditation to be in place by the end of the financial year.</p> <p>A new Lettings Team Leader had been appointed having previously worked in a housing role at Blackpool Council and Mr Dunstan was confident they would make a smooth transition. He concluded his report by providing an update on the Carbon Trust's Scope 3 emissions report which had recently been issued and offered to share a copy with Board members who were interested.</p> <p>The Board thanked Mr Dunstan for the update and discussed in detail the financial impact and affordability of the pay settlement if the figure ended up in the region of 5-6% rather than the 2% budgeted for. The Head of Finance had modelled different scenarios in the budget projections for the next year and Mr Dunstan offered to share those details, as well as figures demonstrating the impact on the HRA, to Board members on request. Mr Donnellon reported that the issue had already been raised with the Council but that a solution was yet to be negotiated with debate ongoing around the impact and understanding of efficiency targets and he therefore agreed to provide an interim update to the Board at the July meeting. In response to a question from Ms Gilkes, the Chair explained the annual process for approval of the HRA budget whereby options and consequences were presented to the Council's Executive for its consideration and Mr Donnellon suggested that in future years Board members could have sight of those recommendations in advance.</p> <p>The Board agreed: To note the update.</p> <p>8. DIRECTOR OF OPERATIONS' REPORT</p> <p>Mrs M Cornall, Director of Operations, presented her report and highlighted the significant developments since the last Board meeting.</p> <p>The result of the Responsive Repairs and Empty Homes Services HQN accreditation inspection was still awaited however the feedback received from the accreditor had been positive and Mrs Cornall had no concerns about the outcome.</p> <p>It was reported that, further to discussions around damp and mould earlier in the meeting, three new Key Performance Indicators would be added in relation to damp and mould in the new year.</p> <p>Information was provided on issues relating to housing benefit claims not being paid by the Council's Revenues and Benefits Service resulting in a small</p> | <p>JD</p> |

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| <p>amount of arrears beginning to accrue on rent accounts and a reduction in income to the HRA. This had been as a result of changes to the Housing Benefit Regulations which were being applied more rigorously in Blackpool, leading to more claims being rejected. Some modelling had been undertaken around the financial risk which had identified a potential shortfall of £1.78m per year to the HRA if it continued at the current level. The issue had been escalated to the senior leadership team at the Council who had been made aware of the risk and impact on affordability of services which BCH provided on the request of the Council.</p> <p>Board members expressed concern about the shortfall and requested that more detailed information was included in future reports about the associated risks and actions which were being taken to address the problem. Mrs Cornall advised that the issue had first been raised with the Council a month ago and Mr J Donnellon, Chief Executive, added that he had written to the Council's Chief Executive about the risks in the last week. The company was confident that a solution would be found as it was in the interests of both parties to do so and Mrs Cornall agreed to provide further details in her next report to the Board at the July meeting. Further to a suggestion from the Chair, the Board agreed that if the situation was not resolved that representations should be made to Blackpool Council in its role as member at the next Shareholder Committee meeting that the company was due to attend.</p> <p>In response to a question from Councillor J Hobson, Non-Executive Director, Mrs Cornall gave an update on options to reduce the carbon footprint of the housing stock. The company was still proactively searching for carbon-zero solutions and conversations had taken place with a number of local suppliers regarding products such as solar panels and air source heat pumps. Hydrogen technology was a possible future option and the company remained in close contact with Cadent about hydrogen development, closely following the outcome of the pilot hydrogen village project on the Wirral. If hydrogen was the agreed solution, Mrs Cornall advised that hydrogen-ready boilers could be installed at a similar cost to gas boilers. "Blue" hydrogen was currently being used in the testing, which was produced in a less environmentally friendly way than "green" hydrogen, however in the long term the energy industry was exploring ways of generating hydrogen using renewable technology.</p> <p>Mrs M Thompson, Independent Non-Executive Director, referred to the acquisition of the former Argosy Children's home and expressed concern about the information in the report which stated that the purchase of the building by the HRA and the capital investment it required made the project cost well beyond normal payback periods. In response, it was clarified that the purchase was funded by the Council, who had been advised that the purchase price required further negotiation. BCH would be taking on the management of the</p> | <p>MC</p> |

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| <p>building but the Chair noted that future reports could be presented with more detail to explain the risks and give assurance to the Board, particularly for those Directors who were not local to the area and were therefore unfamiliar with the properties and ownership model.</p> <p>The Board agreed:</p> <ol style="list-style-type: none"> 1. To note the update. 2. That risks around the potential £1.78m shortfall to the HRA would be raised with Blackpool Council if not resolved by the time the company next attended a meeting of the Shareholder Committee. <p>9. COMMUNITY ENGAGEMENT FRAMEWORK</p> <p>Mr J Donnellon, Chief Executive, presented the report which detailed the Council's decision to approve the Community Engagement Framework and to request that it was raised with all its wholly owned companies.</p> <p>Board members were informed that the company already had a well-developed and comprehensive strategy to engage with its communities which aligned well with the Council's framework. That provision would be kept under review with evidence of all community engagement work gathered over the coming months in preparation for the Housing White Paper becoming law to ensure BCH was at the forefront of best practice prior to any inspection process.</p> <p>The Board agreed:</p> <p>To endorse the Community Engagement Framework and its use by the company as part of BCH's policy framework.</p> | |
| <p>10. MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT</p> <p>Mr J Donnellon, Chief Executive, advised the Board that the Council had adopted the 2021/2022 Modern Slavery and Human Trafficking Statement and had requested that the Statement was also adopted by all its wholly-owned companies.</p> <p>BCH had adopted previous versions of the statement and already undertook steps to raise awareness of the issues and to deal with the risks for vulnerable individuals and groups. An action plan was provided which summarised the current work BCH undertook to identify and tackle any issues of modern slavery and human trafficking as well as the work done with the Council and other partners.</p> | |

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| 11. | <p>The Board agreed: To endorse the adoption of the 2021/22 Modern Slavery and Human Trafficking Statement as part of BCH's policy framework.</p> <p>MEMBER RELATIONS</p> <p>The Board considered any items it wished to raise with Blackpool Council in its role as member, noting that it had already identified a concern over the potential shortfall to the HRA.</p> <p>Mr M Towers, Company Secretary, reminded Board members that following the local elections on 4 May 2023, Council representation on the Board may change. Dates for future Shareholder Committees would be confirmed at the Council's Annual Meeting in May and Mr Towers agreed to keep members informed of any amendments made to appointments to the Board by the Council Leader after that date.</p> <p>The Board agreed: That risks around the potential £1.78m shortfall to the HRA would be raised with Blackpool Council if not resolved by the time the company next attended a meeting of the Shareholder Committee.</p> | Co. Sec. |
| 12. | <p>WORK PROGRAMME</p> <p>The Board agreed: To note its rolling work programme for 2023/24.</p> | |
| 13. | <p>ANY OTHER BUSINESS</p> <p>There was no other business.</p> | |
| 14. | <p>DATE OF NEXT MEETING</p> <p>The Board noted that its next meeting was scheduled for 12 July 2023, however as a number of Non-Executive Directors had given apologies for that date the Chair recommended that the meeting was moved back to the week commencing 24 July. The Assistant Company Secretary therefore agreed to circulate suggested alternative dates and times for Board members' consideration and agreement by email.</p> <p>The benefit of the Director's private pre-meeting was considered and whether to continue with the current arrangements. Following discussion it was agreed that the pre-meetings would continue but that they would be shortened in duration from an hour to 30 minutes.</p> | Ass. Co. Sec. |

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| <p>The Board agreed:</p> <ol style="list-style-type: none"> 1. That the date of the next meeting would be changed from 12 July 2023 to a date to be agreed in the week commencing 24 July following consultation with Board members. 2. That the Directors' private pre-meetings would be shortened in duration from one hour to 30 minutes. | |

The meeting ended at 6.36pm

Signed by the Chair

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Councillor Neal Brookes