



ONGO COMMUNITIES COMMON BOARD MEETING

**COMPRISING OF: ONGO COMMUNITIES LTD (Company Number 08619739)
ONGO RECRUITMENT LTD (Company Number 04750128)
CROSBY BROKERAGE LTD (07307333)**

**Held at 6.00pm on Tuesday 10 March 2020
Board Room, Ongo House, High Street, Scunthorpe, DN15 6AT**

MINUTES

Present:

Board: Helen Lennon (Chair), James Main, Tim Mills

Officers: Jo Sugden (Company Secretary), Fiona Ruddick (Minutes), Karen Cowan, Kevin Hornsby, Ashley Harrison, Jan Williams

Also present: None

Apologies: None

Absence: None

The meeting was confirmed as quorate. Three members are required (Standing Orders, Ongo Communities Board section, quorum point 13). The Chair thanked everybody for attending this new group and thanked James Main for his hard work on the former board structure.

Declarations of Interest

No declarations of interest were made.

Confidential items

There were no separate confidential items.

Time meeting opened

The meeting opened at 5.51pm.

1. Agenda Item 3: Minutes of Previous Meeting

The Chair understood the minutes of the previous meeting were to have been circulated and agreed via email. They had been circulated to the former members and content agreed. James Main was the only member present at the previous meeting and he confirmed the minutes of the meeting held on 27 October 2019 as a true and accurate record and the minutes were signed.

2. Agenda item 4: Action List

The Chair asked if there should have been an action regarding the comment on surplus. It was agreed this was not needed as the aim is not to have large surpluses as money should be

reinvested into the community which will be included in the Opportunities Strategy. There were no further updates to report to the action list and it was agreed.

3. **Agenda item 5: Terms of Reference and Charitable Objects**

Summary: As a result of the agreed changes to the governance structure this is a new Board which is acting as a Common Board for the legal entities of Ongo Communities Ltd, Ongo Recruitment Ltd and Crosby Brokerage Ltd. The Board has new terms of reference which were presented, along with the charitable objects for Ongo Communities Ltd.

Discussions/questions:

- The Chair felt the charitable objects were interesting and important as it sets out the reason why Ongo Communities exists.
- The Board were happy with the terms of reference.

Agreed: Board were made aware of their new terms of reference and the charitable objects for Ongo Communities which would help members become familiar with them to ensure the work of the Board is focused.

4. **Agenda item 6: Trustee Rotation and Recruitment Update**

Summary: Article 11.5 of the Articles of Association for Ongo Communities Ltd requires one third (or the number nearest one third) of the Trustees (Board Members) to retire every year effective from 4 March 2015. Those longest in office will retire first. Following the recruitment process held late 2019, two independent Board Members vacancies remained for this board.

Discussion points/questions:

- The Chair and Tim Mills were happy to agree to reappoint James Main in accordance with Article 11.5.
- Jo Sugden has an update call scheduled with Angela Lomax of DTP for later in the week regarding the interviews for 20 March for the two remaining independent vacancies. The Chair is on the interview panel but has not yet seen the CVs of applicants. DTP will be asked to share these with the Chair.

Agreed:

- Ongo Communities Ltd re-appointed James McKellar-Main as a Trustee to Ongo Communities Ltd in accordance with Article 11.5 w.e.f. 4 March 2020.
- The Board noted the update on progress to recruit to the vacancies on the Ongo Communities Common Board.

5. **Agenda item 7: Performance and Monitoring**

5.1 **Agenda Item 7a: Business Performance Updates**

Summary: Board have approved targets to provide support for at least 700 people per year with an aim to increase the percentage of tenants year on year. The current year aspiration is to achieve 50% of the 700 people supported to be Ongo tenants. This is to be achieved alongside the internal £1,000,000 budget as there are a number of externally funded projects that cannot be provided to tenants only. An agreement is in place, made by the previous board of Ongo Communities Ltd, to subsidise both Arcafe and post office with up to £10,000 each per annum from the internal budget.

Discussion points/questions:

- A member queried performance of the Arcafe. Previously the budget has been changed to make it more realistic but it seems it is still not performing where it should be. There are some changes in staffing which are being made and this will see a saving of circa £8k per year.
- A member felt the reports did not demonstrate Social Return on Investment (SROI) well enough or highlight the social value and impact of the businesses.
- The Board discussed the Arcafe and agreed it would allocate an additional £10,000 of the funding it received from Ongo Homes to the Arcafe to cover the budgeted losses for the next financial year. This subsidy would need to be reviewed annually when considering the budgets. The business needs to provide more information on the impact it has e.g. on the social value side.
- The Financial Conduct Authority referred to in the report is undertaken by Jan Williams and relates solely to the debt licensing work.
- The Chair would like to understand where the targets have come from. She felt they seemed more output driven rather than outcome based. Kevin Hornsby explained some of them came from the Corporate Plan, others were based on requirements around external funding. He will collate information that explains the drivers behind the targets to share with the board. **Action 1/20.**
- Ongo Recruitment have been focusing on employment opportunities within the food sector but this is not proving very successful. There are growth areas within the health and social care sector and its reputation in the market is growing in this area. It is working with the DWP to support their work with British Steel redundant staff.
- It was considered appropriate that Ongo Recruitment focuses on work areas that are more profitable. It is placing itself within the going costs of the market for its work area.

Agreed:

- Considered the content of the report and discussed and debated performance issues and agreed the report demonstrates sufficient progress against targets and outcomes, and that risks are understood and managed appropriately.
- Agreed to allocate additional funding of £10,000 from the funding it received from Ongo Homes to the Arcafe to cover the budgeted loss of the Arcafe.

5.2. Agenda item 7b: Management Accounts

Summary: The management accounts of Ongo Communities, including the Group and the subsidiary companies were presented. The management accounts provides detailed information on the financial performance of the group for the period April 2019 – January 2020.

Discussion points/questions:

- There is a debtor showing £10.8k. This is a reduction in their debt – some of it has been partially collected and an agreement and plan to pay off the debt is now in place.
- The list of debtors is very detailed but can not be shown in a different way without a lot of manual work by staff. It was agreed Board would continue to receive the list as it is for now and would review the value of this information later in the year.
- The Board want to understand the drivers behind bids and understand why applications for bids are made e.g. is it to drive growth or drive purpose? If in year bids are made, the Board want to know what is being bid for, why and the impact it will have on Ongo Communities.

Agreed: Noted the contents of the report and associated information and approved the management accounts for the period.

5.3. Agenda item 7c: Donation to Ongo Communities Ltd

Summary: Crosby Brokerage generates income by holding and managing personal budgets on behalf of individual clients, which are granted by the local council and the NHS. The money received into each personal budget is used to pay for various services, primarily personal assistants, which are charged directly to the client. A mark-up ranging from 8% to 12% is charged dependent on the level of service.

Discussion points/questions:

- If outstanding debts are paid by the end of the current financial year, it is proposed to make a Gift Aid donation from Crosby Brokerage Ltd to Ongo Communities Ltd. This would increase funds available for community investment and reduce the liability of corporation tax on Crosby Brokerage Ltd.
- It was made clear that any money belonging to clients was ring fenced and not considered as part of this Gift Aid donation. A minimum of £20,000 needs to be retained in the business to cover operating costs.
- The Board felt it would be a good idea to deliver a specific project with any money Gift Aided.

Agreed:

Considered and discussed the content of the report, debated and agreed on a course of action which was to delegate authority to the Director of Communities to approve a Gift Aid donation by Crosby Brokerage Ltd to Ongo Communities Ltd of up to £20,000, provided that the value is:
(a) supported by the taxable profits of the business for the year and;
(b) Crosby Brokerage retains a minimum of £20,000 free cash within the business.

6. Agenda item 8: Strategic Planning and Targets

6.1. Agenda Item 8a – Budgets and Business Plan 2020/21

Summary: Budgets for the organisation must be considered and approved by the board on an annual basis. These will form the basis for financial control and reporting during the financial year, and for our reporting on the financial position of the businesses. Regarding the longer term, at this point in time inclusions in the Group business plan will be based on the application of the overall economic assumptions agreed for the Business plan being applied to the budgets for 2020/21, with planning being to maintain an agreed level of net margin.

Discussion points/questions:

- There was a discussion around the loss showing for the Arcafe of £10k and whether that was realistic. The subsidy agreed earlier in the meeting from the Ongo Homes funding could be considered as a grant.
- Jan Williams felt the proposed budget for Ongo Recruitment needed revising as the company is moving away from the food sector work. The board accepted the overall level of income was stated correctly within the budget but further work was required around the line specifics.
- Crosby Brokerage has no direct costs just overhead costs.

Agreed:

Ongo Communities Ltd

- Approved the initial draft of the budget and the assumptions upon which it is based;
- Did not advise on any amendments that are required to be considered to the budget prior to final approval.
- Advised on specific requirements and considerations in relation to the compilation of the longer term business plan.

Ongo Recruitment Ltd

- Approved the initial draft of the budget and the assumptions upon which it is based, subject to amendments required to be considered to the budget to line items. Advised on specific requirements and considerations in relation to the compilation of the longer term business plan.

Crosby Brokerage Ltd

- Approved the initial draft of the budget and the assumptions upon which it is based;
- Did not advise on any amendments that are required to be considered to the budget prior to final approval.
- Advised on specific requirements and considerations in relation to the compilation of the longer term business plan.

6.2 Agenda item 8b – Intra Group Agreements and Funding

Summary: Ongo Recruitment Ltd owes historic balances to Ongo Partnership Ltd, which Ongo Partnership Ltd has agreed to convert to a formal loan arrangement. Ongo Recruitment Ltd is owed balances by Ongo Roofing Ltd and Ongo Heating and Plumbing Ltd. The board has previously requested that a solution to the settlement of these amounts is proposed. The issue has been raised with the Board of Ongo Commercial Ltd, and this has resulted in a request from Ongo Commercial Ltd that these balances are also converted to formal interest bearing loans.

Discussion points/questions:

- None of Ongo Roofing, Ongo Heating & Plumbing or Ongo Recruitment have the cash available to repay their balances owed. To try and resolve this loan agreements have been requested.
- As Ongo Communities Ltd is a charity, it is not felt it can offer any financial assistance to Ongo Recruitment Ltd for this situation. Legal advice has been received on this which needs further understanding.
- It was felt Ongo Recruitment could request a lower interest rate from Ongo Partnership which is more in line with the current cost of borrowing.
- If no action is taken against the balances owed by Ongo Roofing & Ongo Heating & Plumbing Ltd, the external auditors could request the money be impaired. If payment is demanded on the balances, it could cause the two commercial companies to go into liquidity.
- If the loan is agreed for the commercial companies, in five years time, if the capital has not been repaid, the loan will be reviewed. The commercial companies are aiming to pay the loan when they have sufficient money to do so.
- The board asked that later in the year they receive a report explaining the reasons this approach has been taken and whether any alternative approaches were available. They also wanted to better understand the technicalities around this. **Action 2/20**

Agreed:

Debts relating to Ongo Partnership

1.2.1 The Board of *Ongo Recruitment Ltd* accepted the issue of a loan in the sum of £140k by Ongo Partnership Ltd for a period of 5 years (to 31st March 2025), but did not agree

to the annual interest rate of 5.5% and instead requested a reduced interest rate of 3% **Action 3/20**

Amounts due from Ongo Commercial Companies

- 1.2.1 The Board of *Ongo Recruitment Ltd* agrees to issue a loan agreement to Ongo Roofing Ltd for a period of 5 years (to 31st March 2025), at an annual interest rate of 3.25% to cover current inter-company amounts owed in the sum of £80,119.
- 1.2.2 The Board of *Ongo Recruitment Ltd* agrees to issue a loan agreement to Ongo Heating & Plumbing Ltd for a period of 5 years (to 31st March 2025), at an annual interest rate of 3.25% to cover current inter-company amounts owed in the sum of £26,280.

6.3. Agenda item 8c: Opportunities Strategy

Summary: The Ongo Corporate Plan has created three distinct areas of aims and objectives across the business. This has resulted in the requirement to prepare and deliver three Ongo strategies: Offer Quality Homes, Be a Great Landlord and Create Opportunities. The new Create Opportunities Strategy defines the projects and activities that will be delivered over the next three years, describes new opportunities and drives our ambition.

Discussion points/questions:

- The Board liked the strategy. A request was made to alter some areas of language used e.g. rather than coaching tenants to manage their own budgets change to coach tenants to unleash their potential.
- References to different diversity groups within page 2 to be updated to include all groups.

Agreed:

- Considered the content of the report, discussed, debated and challenged the draft strategy.
- Agreed the key themes within the Create Opportunities Strategy are acceptable for presentation at the Group Wide Strategy Day.

7. Agenda Item 9 – Risk

Summary: Following a full review of risk management within Ongo, our new Risk Management Framework and Strategic Risk Registers were approved by Ongo Homes & Ongo Partnership Boards in September 2019. The most recent Risk Registers were provided which gives an update on all strategic risks. SRG2 Subsidiary Performance relates to Ongo Communities.

Discussion points/questions:

- For future meetings, the Board will receive a report more specific to Ongo Communities. It was asked that summaries be included that provide more explanation and explains why things are as they are. It is more important for this Board to discuss the risks specific to Ongo Communities and it can signpost to the Group strategic risk registers.

Agreed:

- Board were updated on the Strategic Risk Register and work on operational risk registers related to Ongo Communities.
- Discussed emerging risks from current and future activities and agree what information they want at future meetings which is for information specific to Ongo Communities rather than at Group level.

8. **Agenda item 10: Attendance List**

As this was the first meeting of the new structure, the attendance list was provided to board but had no attendance information recorded.

9. **Agenda item 12: Time for Reflection**

One member felt the meeting was informative and there was a big learning curve personally for him. Another member was keen to not lose the celebration of the successful work that takes place in Ongo Communities. This can be reported and should be done in the context of a strategic update.

10. **Any Other Business**

Jo Sugden asked if the Board wished to see a specific health and safety report. They did and would like it to provide high level assurance for Ongo Communities including information on trends, reporting by exception, information on any safeguarding issues. **Action 3/20**. There may be a need for further training for staff within Ongo Communities as no safeguarding issues have been reported within Ongo Communities and Board felt there were likely to be issues in places such as The Arc.

James Main advised he has been asked to sit on the decision panel for Community Development grants. Historically the Board have agreed to set aside £10k for local groups to bid into.

With no further business the meeting closed at 7.48pm.

Signed by Chair: Date:

As a true and correct record of the Ongo Communities Common Board meeting held on 10 March 2020