



ONGO HOMES LTD
(FCA Mutuals Registration No 7639) (the Association)

Held at 2.00pm on Wednesday 13 September 2023
Board Room, Ongo House, High Street, Scunthorpe, DN15 6AT and via MS Teams

MINUTES

Present:

Group Common Board: Bob Walder (Chair), Mike Finister-Smith (Teams), Helen Lennon, John Wright (Teams), Paula Gouldthorpe, Paul Warburton (Teams), Kacper Merta, Steve Hepworth, Melvin Kenyon

Officers: Jo Sugden, Karen Cowan, Fiona Ruddick (Minutes), Ashley Harrison, Pete Stones, Kevin Hornsby, Mark Perrin, Nigel Saxby, Erica Sanderson, Neil Keay

Apologies: Rachel Cook, Gerraint Oakley, Natalie Cresswell

Absence: None

Also Present: Lisa Whelan (Board Trainee)

Time meeting opened: 2.00pm

Quorum: It was reported that proper notice of the Meeting had been given in accordance with the Rules of Ongo Homes. A quorum being present, the Chair declared the meeting open.

Declarations of Interest: Each Board Member considered whether they were interested for the purposes of rules D15 to D24 of Ongo Homes' Rules, directly or indirectly, in any of the matters to be discussed at the meeting (including interested personally or by virtue of being a director or other officer of a business trading for profit or in any other way whatsoever in any contract or other transactions with Ongo Homes other than as an officer, committee member or employee of the body whose accounts are or ought to be consolidated with Ongo Homes' accounts) and it was noted that any Board Member who disclosed an interest was requested to remain present by the other members of the Board but did not vote upon the matter under discussion. No declarations of interest were made.

1. Confidential Items

Discussions from the first part of the meeting are recorded as confidential minutes.

2. Agenda item 4: Minutes of Previous Meetings and Matters Arising

Minutes of the open and confidential meetings held on 3 July 2023 and confidential minutes from 19 July 2023 were agreed as a true and accurate record for the Ongo Homes Board and will be signed by the Chair.

3. **Agenda item 5: Action List**

Updates on the action list were noted as per the meeting pack and all actions had been completed.

4. **Agenda item 6: Chief Executive's Update**

Summary: A presentation was given which delivered a high level overview of sector specific issues for the Board to consider.

Discussion points/questions:

- Steve Hepworth explained the National Housing Federation (NHF) had recently held their Housing 2023 conference.
- The Shadow Housing Minister for Labour had stated the party's intention to reduce the Right to Buy (RTB) discount and reverse the s106 and infrastructure levy as part of planning reform.
- Damp and mould remains in the news with one Chief Executive receiving a letter regarding an issue from 2017.
- Ongo Homes has submitted its required information regarding building safety in relation to the four high rise properties within the stock.
- Neil Keay and his team are conducting a desktop review to establish if there are any properties with suspect RAAC (reinforced autoclaved aerated concrete). Neil Keay explained it tended to be more prominent within flat roofs. The heating at Lincoln Court had recently been upgraded. This was one of our biggest flat roofed properties and no issues had been reported.
- A Member who also attended the Housing 2023 conference commented a message was not to underestimate the political impact the housing sector has.

Agreed: Board noted the spoken update provided by the Chief Executive on issues within the sector.

The Chair thanked all staff members involved in the preparation of the year end financial accounts and related documents. These covered the next few agenda items and the Chair requested for each item, unless anything had changed since the report was written, the discussions go straight to questions from Board Members.

5. **Agenda Item 7: Impairment of Fixed Assets**

Summary: Housing assets are reviewed using the 'cost' method by calculating a potential sales value and comparing it to the net book value of an asset or group of assets. Impairment should be considered when the net book value is greater than the estimated recoverable/sales value. While this exercise identified a potential impairment of £1.2m with the majority attributable (and to be expected) on a recent newly built dementia facility, other factors are considered to form the overall judgement.

Discussion points/questions:



- A typo within the report at paragraph 4.1 was pointed out - this report relates to 2022/23.
- A Member asked why impairment was made but increase in value was not allowed for. Ashlely Harrison explained this was not allowed under accounting standards.

Agreed: Board reviewed and accepted the impairment judgement in paragraph 4 below, made for Assets valued at 31 March 2023.

6. **Agenda Item 8: Stock Valuation**

Summary: The results of the annual desktop valuation exercise, which has been prepared by Jones Lang LaSalle (JLL) on a desktop basis and is intended for internal management purposes only was provided in the meeting pack. The valuation considers the results of the Stock Condition Surveys (SCS) exercise reported in June 22 - based on a 10% sample of our stock at the end of December 2021 (1,013 property inspections). The report contains the status of all housing stock which includes those that provide security for loans from Barclays Bank and The Housing Finance Corporation Ltd (THFC).

Discussion points/questions:

- A Member commented this report showed a strong equity position for Ongo Homes as an entity.
- The report is compiled based on EUV-SH (Existing Use Value for Social Housing). It is likely the stock would achieve a higher value on the open market.

Agreed: Board considered the stock valuation report from JLL for assets valued at 31 March 2023 and confirmed they are happy with the valuation process and results.

7. **Agenda Item 9: Year End Financial Statements 2022-23**

Summary: The Companies Act 2006 and Co-operative and Community Benefit Society Act 2014 require a set of audited statutory accounts to be prepared for each company within the Ongo Group. The financial statements form the basis of the corporation tax computation for the year ended 31 March 2023. The financial statements for Ongo Homes' subsidiaries, Ongo Developments Limited and Ongo Homes Sales Limited, were approved at their board meeting held on 7 September 2023.

Discussion points/questions:

- The year end statutory accounts are based on management accounts provided to the Board.
- In response to a Member's question, it was confirmed since the Audit & Risk Committee meeting held mid August nothing had changed.

Agreed:

- The Board considered the statutory accounts for **Ongo Homes Ltd** for the year ended 31 March 2023 and approved them.
- Each member of the Board considered the letter of representation, approved it, and agreed for it to be signed on behalf of the Board.
- The Board reviewed and noted the contents of Crowe's external audit completion report.



- The Board gave authority for the documentation to be signed either by wet ink or e-signature by the required signatories and authorised officers to make the necessary filings with regulatory bodies.

8. **Agenda Item 10: Consideration of Going Concern**

Summary: The expected financial performance of Ongo Homes for financial year (FY)2023/24 and FY2024/25 is based on the budget for those years, and considers the closing statements of financial position at 31 March 2024 and 31 March 2025 respectively. The business plan and associated sensitivity analysis and stress testing scenarios presented to the Group Common board at the end of March form the basis for the assessment of going concern for Ongo Homes.

Discussion points/questions:

- Crowe, as external auditors are aware of other projects within the business and this does not affect their audit report.

Agreed: Board noted the contents of this report and considered and confirmed the assessment of going concern for the **Ongo Homes** for years FY2023/24 and FY2024/25.

9. **Agenda item 11: Year End Financial Statements 2022-23**

Summary: The Companies Act 2006 and Co-operative and Community Benefit Society Act 2014 requires a set of audited statutory accounts to be prepared for each company within the Ongo Group. As the ultimate parent company at the end of the financial year, the financial statements for Ongo Partnership Limited are required to include both Ongo Partnership Limited as an individual company and the group consolidated position, after eliminating intra-group transactions.

Discussion points/questions:

- As at 31 March 2023 Ongo Partnership Ltd still existed as an entity and year end statutory accounts have been prepared on this basis.

Agreed: Board considered the statutory accounts, which incorporate the group consolidation, for **Ongo Partnership Limited** for the year ended 31 March 2023 and approved them. Each member of the Board considered the letter of representation, approved it, and agreed for it to be signed on behalf of the Board. The Board reviewed and noted the contents of Crowe's external audit completion report. The Board gave authority for the documentation to be signed either by wet ink or e-signature by the required signatories and authorised officers to make the necessary filings with regulatory bodies.

10. **Agenda item 12: Corporate Plan for Feedback**

Summary: The current Corporate Plan was approved by the Board back in 2019 and has been in place since April 2019 until now. The current plan required an extension for one year. It was due to end 31 March 2023. Several challenges, damp and mould, the rent cap, and the pandemic, meant that the achievement of the objectives within the plan would not be met



within the original timescales. Progress against the current plan was presented at the Board away day back in June along with the feedback from the consultation exercise.

Discussion points/questions:

- Erica Sanderson presented the draft of the Corporate Plan to the Board for consideration.
- The Board were asked to consider an appropriate timescale for the plan. After discussion, they agreed five years was appropriate.
- Members requested words such as *bold, brave, inspirational* and *adaptable organisation* are included to demonstrate the type of organisation Ongo is.
- Continuing with language, it should be more specific about qualifications. As an organisation we do not want others to think we are not already qualified and professional.
- Language on customer focused areas needs to be clear.
- Digital systems compliment what we already offer.
- A Member felt this was a good start to the plan and was a high enough level.

Agreed: Board considered the detail within draft Corporate Plan for feedback and approved the proposed corporate objectives and targets. They agreed the length of the new Corporate Plan as being five years. They approved the draft to be shared with colleagues internally and our tenants for wider consultation.

11. Agenda Item 13 : Switch 2 Heat Networks Report

Summary: The report sets out the current situation relating to the provision of heat and hot water to 483 properties in six schemes via heat networks. Tenants pay via Switch 2 for the energy they consume. Rates paid by tenants were set based on gas prices contracted in 2020. Newly contracted prices are significantly higher and this, coupled with the need to increase efficiency within the heat networks, requires Board consideration of several factors.

Discussion points/questions:

- Mark Perrin introduced the report.
- For 483 properties, rates have been on costs based on a contract negotiated a few years ago when energy prices were lower. They have not been impacted by energy price increases over recent times as they were on a fixed rate.
- That contract has expired and a new contract has been entered into. The costs are significantly higher. The next contract is for a period of two years starting 1 August 2023 and that has been agreed based on advice by Monarch who are our external advisers.
- There are some inefficiencies in the heat network. The temperatures in communal areas of the properties have in some cases been excessive. There are reports some tenants are turning up the temperature of communal areas and opening their front doors to benefit from that heat.
- Changes are being made e.g. removing thermostatic radiator valves from communal areas to prevent tenants making changes to the temperature. There is no guidance on what temperature communal areas should be heated to. Officers propose using the Age UK guidance of 18°C for corridors and 21°C for lounges.



- Officers are working with Switch 2 to make further improvements to the system, to reduce some of the inefficiencies and this should have a positive impact.
- A Member understood the need to fully recover costs and asked if this increase in energy costs would have a negative impact on some tenants. It is anticipated it will for some people but as part of the tenant engagement, meetings were held at all schemes and residents were informed that Ongo can signpost them to financial support. Where requested have provided additional support and guidance and had 1:1 discussions.
- It was explained the heat network was different to district heating. All six Ongo heat networks have been registered with the Energy Bill Discount Scheme.
- The increase in costs to these tenants does seem large but it is comparable to what other tenants have already encountered with recent price increases.
- An example was provided of a specialist care provider who does not provide heating in communal corridors.
- Proactive communication has been held with local councillors and MPs to make them aware of the situation and the steps Ongo is taking.
- A Member commented this is something most housing associations have been through over recent years and Ongo is facing it now due to the expiration of the previously negotiated contract. They were pleased to hear elected members were being involved in the process.

Agreed: Board:

- confirmed the new rates set for heat network charges should fully recover the costs at each scheme following the increase in gas contract rates.
- approved the new data driven maintenance contract with Switch 2 at an additional cost as an alternative to granting direct financial support to tenants.
- approved the proposal to create a heat network vision for each related scheme.

12. Agenda Item 14: Business Plan Update

Summary: The business plan including peak debt, covenant compliance and financial performance is considered annually and is sensitivity and stress tested in relation to various factors that may affect the business. Given the materiality of some changes that have occurred around our expectations for this year it is felt appropriate to bring a reforecast business plan to the Board at this point. It is expected this updated plan, amended to reflect any board requirements identified, will form the basis for upcoming financial planning work, with appropriate adjustments to content and assumptions in the usual manner during that cycle.

Discussion points/questions:

- Ashley Harrison explained this was not a wholesale review of the business plan, but revisions made to those areas that needed changing.
- Negotiations regarding pensions have now concluded and this revised business plan picks up those savings. The savings have been made by negotiating a pooling arrangement between North Lincolnshire Council and Ongo for the East Riding Local Government Pension Scheme. There is a refund from the scheme due of approximately £650,000 for overpayments.



- A Member congratulated staff for this achievement which involved a significant amount of money.

Agreed: Board noted the current position of the business plan. They did not advise of any actions and changes in planning assumptions required for the remainder of the current year or for the 2024/25 planning cycle.

13. **Agenda Item 15: Performance and Financial Reporting**

Summary: The key Strategic Plan Board key performance indicators (KPIs) and financial performance for the period ended 31 July 2023 were covered in this agenda item. Management accounts, containing financial golden rules for Homes and Group are contained in the accounts with the revised forecast for each entity also included.

Discussion points/questions:

- There is a red golden rule within Ongo Homes and it was explained this will be mitigated by the refund due because of the pension discussions noted in above discussions.
- Work being completed on properties around damp and mould is work scheduled for future years that has been brought forward. This is being reviewed to see what can be capitalised. Some of the work is renewal rather than repair.
- As new builds are created, this does impact on the void rate. Kevin Hornsby explained as of last week there are 141 void properties.
- A Member asked if there were any trends within the Housing Ombudsman cases. There is now a group to consider learning from these. Communication and decision making are key themes.

Agreed: Board:

- considered and approved the revised format for performance reporting
- noted the contents of the report and associated information and approved the management accounts of Ongo Homes (entity and group) for July 2023.
- noted the red status of one financial golden rule and the red status of one business plan stress test indicator for Ongo Homes.
- approved the revised forecast for 2023/24.

14. **Agenda Item 16: Health and Safety**

Summary: The report provides an overview of key Health & Safety (H&S) arrangements across Ongo. Incident data included in the report has been updated for April – July 23. There has been 2 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) since the last report made by contractors working in Ongo Homes properties. We again have 100% valid gas certificates in place. There is 1 overdue Fire Action. Note that the previous fire action from the commercial business is now closed. There are now 31 Electrical Installation Condition Reports (EICR) over the 5 years (The oldest EICR is from August 2022).

Discussion points/questions:

- The number of absences due to mental health has reduced.



- A recent internal audit gave strong assurance and identified areas of best practice for staff wellbeing.
- A Member asked if there was any indication if the mental health absences were work related. Those figures are collated by the organisation and would be updated to Board. **Action 9/23.**
- A Member stated the outstanding fire risk assessments would form part of the Tenant Satisfaction Measures. It was unclear whether all the outstanding actions were required, or preferable. All the recommendations were accepted but it needed to be clear whether these were mandatory and this should be separated out in the information provided in future H&S reports. **Action 10/23**
- It was asked how old the one outstanding fire risk assessment was. This dated from 16 August 2023.
- There is an EICR that is one year out of date. A Member asked what the next steps were. Neil Key explained the process of these does need reviewing. There is potential to gain access via the legal route. It may require an injunctive process. This will be investigated and reported back to Board on what the process is and how this case has been agreed to be moved forward. **Action 11/23**
- There are 347 repairs that have exceeded the timescales. A Member asked if the policy was too tight. Neil Key explained some of these were historical cases. Equans and other external contractors have been brought in to help reduce the repair backlog. Equans do not fully close a repair until all aspects have been completed. They also send several different tradespeople at different times to do the varying elements, rather than one person/team visit and complete all tasks in one go.
- If repairs for damp and mould are taking longer, the property has a mould wash every two weeks.
- A Member asked what the definition was of a closed job. It is once the work is completed, it is closed. They explained at their organisation a repair is not closed until a follow up is made.
- Some tenants with damp and mould issues have been decanted to other properties while repairs are made.
- Staff work with an “eyes wide open” approach and feedback damp and mould issues when they spot them as part of their daily business.
- A Member requested work related stress be built into the report. **Action 12/23.**

<p>Agreed: Board Members confirmed they were satisfied with the management of Health, Safety and Wellbeing arrangements set out in the report.</p>

15. **Agenda Item 17: Future Development Assumptions**

Summary: To determine whether potential development projects represent good investments for Ongo, all projects are run through a financial feasibility model and within this model there are number of standard assumptions applied. The Development appraisal assumptions currently being used to assess our current Development opportunities were approved by the Group Common Board in July 2022. Some of these assumptions are now in need of further consideration.



Discussion points/questions:

- This report had already been discussed by the Ongo Developments Board who recommended it for approval to Ongo Homes Board.
- Prices have been factored in showing increase in house values by CPI. A Member asked if this was realistic.
- Ashley Harrison felt there were many factors which could be considered but may not make a scheme competitive.

Agreed: Board discussed and approved the proposed changes to the Development assumptions applied when appraising potential Development schemes, as detailed in the table in 4.2 of the report.

16. **Agenda Item 18: Confirmation of Items via Convene in Advance**

Summary: Items were circulated on Convene with a request for members to consider them in advance and the approval decisions to be ratified at the meeting.

Discussion points/questions:

- Several items had been circulated in advance of the meeting via Convene. At the time of the meeting they had been approved by seven Board Members. Board confirmed they approved all items.
- In addition, it was reported the Chair had approved two applications from new Community Voice members to become Tenant Shareholders. Both applications met the requirements of the shareholder policy and the Chair gave approval.

Agreed:

Ongo Home Sales Voluntary Strike Off: Considered and resolved that a Voluntary Strike Off (VSO) would be in the long term best interest of Ongo Home Sales Ltd and the Ongo group as a whole and; pursuant to paragraph 18.2 of Part 1 of Schedule 2 of the Intra Group Agreement, the strike off be approved and Ongo Home Sales be permitted to take all steps as necessary to give effect to the Strike Off.

Strategy and Policy Update: Board noted progress against the annual policy review schedule.

Accounting Policies: Group Audit & Risk Committee have considered the accounting policies set out within the Financial Statements for 2022-23 and recommend these to Board for approval/continued use during 2023-24 financial year. Board approved this.

Governance Report: noted the sector update on regulatory findings by the RSH; received and approved the annual report ready for publication mid-September.

Customer Engagement Framework: Board approved the revised Customer Engagement Framework.

Delegations Framework: Approved the amended Delegations Framework as recommended by the Audit & Risk Committee.



Environmental and Sustainability Policy: approved the new Environmental and Sustainability Policy that is presented following sign-off from the Heads of Service team and Executive Leadership team in line with the Policy Development Framework
Ongo Homes Community Initiatives Policy: approved the annual review and revisions to the Ongo Homes Community Initiatives Policy, written to provide an appropriate governance document to cover the financial payment made annually from Ongo Homes to Ongo Communities.

17. **Agenda Item 19: Other Board and Committee Updates**

17.1 Agenda item 19.1: Minutes from all meetings within the group

17.2 Agenda Item 19.2: Assurance update from Board and Committee Chairs

Minutes from all other Board and Committee meetings are available for Members to view within the Document Library in Convene. A Member asked for an update on discussions held at Ongo Communities around the UK Shared Prosperity Fund. In her day job she has links with ministers and was keen to feedback experiences on the fund.

19. **Agenda Item 21: Attendance List**

The attendance list was noted.

20. **Agenda item 16: Time for Reflection**

The Chair reminded Members of the need to attend meetings in person. Paula Gouldthorpe gave her apologies for the November meeting.

With no further business the meeting closed at 4.28pm.

Signed by Chair:

Date:

As a true and correct record of the Ongo Homes Board meeting held on 13 September 2023

