

AGENDA

1. Reminder to switch off mobile phones
2. Apologies for absence
3. Declarations of Interest
4. Urgent Items which Board Members wish to raise, not elsewhere on the agenda
5. Health and Safety Update

ITEMS FOR DECISION

Page: *Presented
by:*

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| 6. To approve the Minutes of the meeting held 07 March 2018 and Matters Arising | 1 – 3 | Chair |
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ITEMS FOR INFORMATION

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| 7. Chief Executive Monthly Progress Report | 4 – 10 | J Haley |
| 8. Knowledge Transfer Project Presentation | | E van
Heereveld |
| 9. AOB | | |

CONFIDENTIAL ITEMS FOR DECISION

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| 10. To approve the confidential Minutes of the meeting held 07 March 2018 and Matters Arising | | Chair |
| 11. Business Plan Stress Testing | | J Clifford |

CONFIDENTIAL ITEMS FOR INFORMATION

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| 12. Audit and Risk Committee minutes and actions | | J Clifford |
| 13. AOB | | |
| 14. Date and time of the next meeting – 01 August 2018, 6pm – 8pm at the BCT office | | |

Minutes of Board 02 May 2018 5:30pm

Board Members Present: Jim Coulter (Chair), Gordon Bell, Nigel Emmerson, Christine Stobbs, Annette Patten, Anthony Itiat, Alison Smith, Nick Kemp and Amanda Senior.

BCT Officers Present: Jill Haley Chief Executive (CE), Philip Pollard (DoO), Michelle Bell (DoP), James Clifford (DoF), Lynsey Ward and Jaime Flinn (taking minutes)

Observers: Olya Bowers and Geraldine Kay

1. WELCOME

1.1 The Chair welcomed everyone to the meeting and introduced the new Head of Housing and Communities Lyndsey Ward and Geraldine Kay, a prospective Board member.

2. APOLOGIES FOR ABSENCE

2.1 Apologies were received from William Howe.

3. DECLARATIONS OF INTEREST

3.1 Amanda Senior made a declaration of interest on the District Heating Transfer and Prudential Borrowing report.

4. URGENT ITEMS WHICH BOARD MEMBERS WISH TO RAISE

4.1 There were no urgent items arising.

5. APPROVAL OF BOARD MINUTES AND MATTERS ARISING

5.1 The minutes of the last Board meeting held on 07 March 2018 were agreed as a correct record and signed by the Chair.

6. BOARD UPDATE

6.1 The Board reviewed the contents of the report. Key points from the discussion were;

- William Howe's requested leave of absence was approved by Board;
- Geraldine Kay's application for Board membership was approved, she becomes a co-optee until the rule change is implemented. The Chair reminded the Board that all 'in year' appointments must be re-elected at the Annual General Meeting on 12 September 2018;
- Board noted the amendments to February and March 2019 meeting dates. Nigel Emmerson offered Womble Bond Dickenson's offices for the Board Away Day in November;
- Board were requested to complete and return the BCT Skills Matrix. Governance and Remuneration Committee had recommended that 'legal expertise' be added to the technical skills.

7. RISK MANAGEMENT FRAMEWORK

7.1 The Board reviewed the contents of the report. Key points from the discussion were;

- The Board agreed that the new Risk Management Framework and Strategic Register meet the goals set out in the Risk workshop.

- Board approved the amended Risk Register Framework and agreed that Appendix B was the preferred Risk Scoring Framework with four dimensions of risk;
- Board approved the amended Strategic Risk Register, it was suggested on page 17 under risk identification, staff and whistle blowing should be included;
- The minutes of the Risk Management Workshop held on 18 April 2018 were agreed as a correct record.

8. INTERNAL CONTROLS

- 8.1 The Board reviewed the contents of the report. Key points from the discussion were;
- The Chair noted that the Stress Testing Workshop will take place on 06 June 2018;
 - Board approved the Internal controls and Assurance Framework;
 - Board approved the Stress Testing Policy.

9. QUARTERLY INVESTMENT PROGRAMME UPDATE

- 9.1 The Board reviewed the contents of the report. Key points from the discussion were;
- A Board member suggested that when work begins to install high security locks to the communal entrance doors on the Byker Wall link blocks, areas with high levels of Anti-Social Behaviour should be prioritised. The Director of Property (DoP) advised that a programme would be developed with OpenView once the report was approved;
 - It was noted that there should be increased communication to tenants regarding the Investment Programme. The Chair suggested publicising how BCT will engage tenants when the environmental upgrade is rolled out across the estate and it was agreed an update on the Investment Programme will be included in the summer newsletter;
 - Board approved the proposed contract for OpenView to install high security locks to communal entrances in the Byker Wall;
 - Board agreed the proposed contract for Esh Property Services to replace identified doors from recent fire risk assessments at The Brow, The Chevron, Headlam Green and Thornborough House;
 - The Board noted the confidential costs appendix which included the proposed contract sums for the above two items.

10. ASSET MANAGEMENT STRATEGY (AMS)

- 10.1 The DoP provided a presentation to Board detailing the AMS.
- 10.2 Board reviewed and agreed the AMS and action plan subject to suggested amendments. Key points from the discussion were;
- The DoP gave a brief overview on the action BCT are proposing to consider underperforming assets. A Board member stated that BCT's approach to managing the difficult to let properties, from a regulatory point of view, is important. The Board receive information on which properties they are, why they are in that condition and what mitigating actions might be available;
 - The Chair reminded the Board of the discussion held at the Board Away Day regarding the investment gap over the lifetime of the Business Plan. This will be re-assessed as part of the Business Plan refresh and discussed at the workshop on 06 June 2018.

11. HEALTH AND SAFETY UPDATE

- 11.1 Board reviewed the contents of the report and agreed the revised H&S Policy Update.
- 11.2 It was confirmed that leaseholders who sublet or purchased after 2009 provide CP12 certificates on an annual basis to BCT. A Board member suggested in addition to the bi-

annual report, Health and Safety should be a standard item on the Board agenda with a verbal update. It was agreed that health and safety implications should be a standard element of the reports to Board.

12. CHIEF EXECUTIVE MONTHLY PROGRESS REPORT

- 12.1 The Board noted the contents of the report. The CE gave a brief update on the Cost Sharing Exemption in the light of the European Court of Justice Ruling and the interim advice from HMRC. A more in depth discussion regarding the potential mitigations in the event of loss of the CSE from a future date will take place at the Board Workshop on 06 June 2018.

13. 2017/18 PERFORMANCE REPORT

- 13.1 The Board noted the contents of the report. Key points from the discussion were;
- The introduction of Universal Credit was discussed and the impact that this has on the figures for current tenant arrears. A Board member queried what the probability is of achieving the collection of £325k former tenant arrears. The Director of Operations (DoO) advised that either arrangements have been set up with former tenants or details have been passed to the debt collectors to try and recover the debt;
 - The Chair pointed out that in paragraph 4.4.5 three of the four reasons provided for terminations are destinations rather than reasons and suggested that further analysis be undertaken;
 - The DoP advised that an in depth review of repairs and maintenance will be brought to Board in August, evaluating a full year of financial data for 2017/18;
 - A Board member suggested an additional column be inserted in the Performance Scorecard to include the end of year figures.

14. AOB

- 14.1 There were no items of other business.

Title: Chief Executives Monthly Progress Report

Report By: Jill Haley, Chief Executive (CE)

FOR INFORMATION

1. Recommendations

1.1 The Board are recommended to note and discuss the contents of this report.

2. Synopsis

2.2 This report aims to bring Board Members an update of information, progress since the last meeting and any relevant, regional or national developments.

3. Actions from last Board meeting

3.1 All outstanding actions were reported separately in an email to Board on 24 May 2018.

4. Delegated Decisions

4.1 There are two delegated decisions which are detailed at Confidential Appendix A.

5. RJ Action Plan

5.1 Following an In Depth Assessment by the Regulator of Social Housing (RSH) in December 2017, BCTs Governance rating was downgraded from G1 to G2 – Compliant.

5.2 BCT have agreed a Governance Improvement Action Plan with RSH and completion of the Action Plan will support BCT in regaining its G1 status by the end of 2018. A progress update is included at Appendix B.

6. Cost Sharing Exemption (CSE) VAT exemption threat

6.1 Further to May's report on CSE, HMRC are still considering how the European Court of Justice judgements will impact on Cost Sharing Vehicles which have been set up by housing associations. They have committed to give more guidance on this later this year.

6.2 At the time of writing this report, the National Housing Federation (NHF) and Deloitte are in the process of submitting an argument to HMRC and the Government for Housing Associations to retain CSE. A copy of this paper will be made available to Board when it has been received from them.

7. BCT Rule Changes

7.1 A problem has arisen with the timing of FCAs registration of the BCT Rule changes which were passed and voted through unanimously by all constituencies on 2 May.

- 7.2 The changes were submitted on 11 May, however an administrative delay at the FCA has meant that at the time of writing this report, BCT have been informed that approval could be expected “sometime in June”.
- 7.3 The FCA have been approached in regard to the possible backdating of the rule changes due to their administrative delay problem but it looks like this may not be permissible.
- 7.4 The position is currently the subject of legal advice and discussions with the FCA on this matter on whether a further SGM is required. Board will be updated at the 06 June meeting on what the outcome of the advice is.

8. Register of Interests

- 8.1 In order to comply with BCT Rules and the Code of Conduct Code Policy, Board Members are required to complete and record all ‘Declarations of Interest’ annually. At the time of writing, 9 declaration forms are still to be returned. Would Members who have not yet completed their form please do so, and return it to James Clifford, Company Secretary by 06 June 2018.

9. Hackett Review

- 9.1 Following the Grenfell Fire in June 2017, which killed 71 people, questions were raised about the part that building regulations played in the tragedy.
- 9.2 In July 2017, senior government officials commissioned Dame Judith Hackitt, an engineer with extensive experience, also previous chair of watchdog the Health and Safety Executive, to conduct an Independent Review of building regulations and fire safety. The Review has a particular focus on regulations as they apply to multiple occupancy, high-rise residential buildings.
- 9.3 The Independent Review published its final report on 17 May 2018, it can be found at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707785/Building_a_Safer_Future_-_web.pdf
- 9.4 To summarise, the report called for a ‘radical rethink of the whole system’ for keeping high-rise buildings safe and also made recommendations for regulatory, cultural and behavioural change. It sets out a new regulatory framework which seeks to address the failings identified, the principles of which are underpinned by:
- A clear model of risk ownership with clear responsibilities for those with defined roles;
 - A simpler and more effective outcome-based regulatory approach which incentivises the right behaviours and penalises those who seek to game the system;
 - A risk-based approach to regulatory oversight;
 - Transparency of information and a clear audit trail throughout the lifecycle of the building.
- 9.5 There are more than 50 recommendations in the report and attached at Appendix C are the 10 key recommendations, including BCT’s response to date.

10. Contact Officer

- 10.1 If you have any questions about this report that you would like clarifying before the meeting, you can contact Jill Haley by telephone on 0191 290 3910 or email jill.haley@bykerct.co.uk

RJ Action Plan 2018

A&RC – Audit and Risk Committee
 CE – Chief Executive
 DoF – Director of Finance and Resources

Objective	Action	Target Date	Responsible	Evidence	Date Complete
1. Establish a systematic, risk based, approach to internal controls	Internal Audit (IA) appointed by F&AC (Auditors: TIAA)	February 2018	F&AC	<input checked="" type="checkbox"/> a. Committee minutes of IA appointment	27 Feb 18
	Formally document BCT's approach to internal controls assurance. To include:	May 2018	Board CE DoF	<input checked="" type="checkbox"/> b. BCT Internal Controls Approach document as approved by Board <input type="checkbox"/> c. Evidence of external review of Internal Controls Approach	02 May 18
	<ul style="list-style-type: none"> Map of policy, procedures, reporting and other controls Control reviews Role of management Role of Board and Audit Committees Role of IA 				
	Three year IA Plan formulated with assistance from TIAA and approved by A&RC	July 2018	A&RC	<input checked="" type="checkbox"/> d. 2018-19 IA Plan including rationale of prioritisation aligned to risk register <input checked="" type="checkbox"/> e. Future IA Plans for 2019-20 and 2020-21 <input checked="" type="checkbox"/> f. Committee minutes approving the IA Plan	
	Formal review of Internal Controls and Internal Control Statement	July 2018 August 2018	A&RC Board	<input type="checkbox"/> g. Report to A&RC on formal review done to prepare the Internal Controls Statement <input type="checkbox"/> h. The Internal Controls Statement as included in the annual accounts	
	Evidence of audit findings and management actions completed	October 2018	A&RC Exec Team	<input type="checkbox"/> i. IA reports to A&RC including management actions. <input type="checkbox"/> j. A&RC minutes of discussions	
Evidence of ongoing review of internal controls	October 2018	A&RC Exec Team	<input type="checkbox"/> k. A&RC and Board reports of reviews to major policies etc. <input type="checkbox"/> l. Minutes of A&RC discussions.		

Objective	Action	Target Date	Responsible	Evidence	Date Complete
2. Address weakness in risk Identification and prioritisation	Formally document BCT Risk Management System to include: <ul style="list-style-type: none"> Impact and likelihood Risk scores and risk owners Risk appetite defined How Internal Controls apply to risks and residual scoring Mitigations/contingencies/recovery plan 	May 2018	Board CE DoF	<input checked="" type="checkbox"/> a. New Risk Management System approved by Board <input checked="" type="checkbox"/> b. Minutes of Board discussion <input type="checkbox"/> c. Evidence of external review of Risk Management approach	02 May 18 15 May 18
	Externally facilitated risk identification Board workshop linked to BCT strategy & objectives	May 2018	Board	<input checked="" type="checkbox"/> d. Reports and minutes of Board workshop to review the risks associated with the BCT objectives <input checked="" type="checkbox"/> e. Strategic Risk Register report incorporating new management arrangements with risks identified and scored at the workshop <input checked="" type="checkbox"/> f. Minutes of Board discussion	18 April 18 02 May 18 15 May 18
3. Improvement to stress testing	Document BCT approach to stress testing of Business Plan, to include: <ul style="list-style-type: none"> Timetable of comprehensive, multivariable stress-testing and reporting to Board, covering impact on covenants, cash and securities “Perfect storm” scenarios linked to strategic risks Details of mitigations available Evidence how appropriate mitigations recover the Business Plan Controls and early warning indicators 	June 2018	Board CE DoF	<input checked="" type="checkbox"/> a. Formal description of BCT’s approach to Stress Testing as approved by Board <input type="checkbox"/> b. Evidence of external review of BCT’s approach	02 May 18
	Stress testing carried out according to the documented approach	June 2018	Board DoF	<input type="checkbox"/> c. FFR submission to RSH <input type="checkbox"/> d. Business Plan report to Board showing full details of stress testing carried out <input type="checkbox"/> e. Minutes of Board discussion	

Appendix C

Key Recommendations	BCT Current Position	BCT Planned Steps
<p>1. A new regulatory system should be established for high-rise residential buildings, overseen by a single regulator. A Joint Competent Authority (JCA) – made up of Local Authority Building Standards, Fire & Rescue Authorities and the Health & Safety Executive would be able to apply sanctions where duties were not being met. The JCA would operate a full cost recover model.</p>		<p>BCT await details, timescales and charges relating to the creation of the JCA and will update Board accordingly.</p>
<p>2. High rise buildings were defined as 10 storeys and higher, rather than 18m (6 storeys) which was the data collected from Department for Communities & Local Government (DCLG) following the Grenfell Tower tragedy. The review also called for recommendations to be extended to other multiple-occupancy residential buildings covered by the Fire Safety Order.</p>	<p>The new regulatory system will apply to Tom Collins House (TCH) which is 11 storeys high.</p>	<p>BCT await confirmation of the buildings classified as ‘multiple-occupancy’ residential buildings to confirm whether the new regulatory system will apply to Mount Pleasant and Avondale House.</p>
<p>3. A requirement for clear duty holders responsible for the fire and structural safety of a high rise residential building throughout its lifetime. During design and construction, these duty holders are likely to be the commissioning client, the principal designer and the principal</p>	<p>The duty holder is BCT.</p>	<p>None required</p>

<p>contractor. Once the building is occupied, the duty holder should be the building owner or superior landlord.</p>	<p>4. The duty holder must nominate a building safety manager with the relevant skills, knowledge and expertise to assist in discharging their duties and be available to residents' concerns about the safety of their building.</p>	<p>This would be BCTs Technical Services Manager, who is National General Certificate in Occupational Health and Safety (NEBOSH) qualified. This together with his experience and training allows BCT to class him as its 'Competent Person'.</p>	<p>None required</p>
<p>5. In depth digital records should be kept to prove that a high-rise residential building is built and managed safely. In design and construction, these records will be developed and checked by the JCA at key points and work will not progress until the JCA is confident that safety measures are as they should be. Once the building is occupied, record keeping should move to a Safety Case Regime approach, whereby a duty holder provides in-depth evidence to the JCA about how safety risks are being managed.</p>	<p>BCT hold digital records of all compliance checks in TCH.</p>	<p>BCT await details of the Safety Case Regime approach and the in-depth evidence that will be provided to the JCA and will respond accordingly.</p>	
<p>6. For existing buildings, the duty holder must undertake an information-gathering exercise to build a record of how the building is constructed and how safety should be managed. A phased programme for this should be developed by the JCA.</p>	<p>BCT are acquiring details of the construction of TCH as part of the current refurbishment. The project includes major fire safety improvements including third party fire certification of the completed refurbishment.</p>	<p>BCT await details of the information gathering exercise and will commission surveys if required to populate the JCA requirements.</p>	
<p>7. Whole building Fire Risk Assessments (FRA's) should be carried out annually until the JCA has reviewed a buildings</p>	<p>From 1 October 2006, The Regulatory Reform (Fire Safety) Order 2005 requires the Responsible Person (RP) of any non-domestic premises to carry</p>	<p>BCT will be carrying out a new FRA of TCH on the completion of the refurbishment project. This FRA will be</p>	

<p>safety case documents, at which point an appropriate routine can be agreed between the JCA and the duty holder.</p>	<p>out a fire risk assessment, including measures to reduce or eliminate the risk of fire, and identify persons at risk. BCT FRA's are carried out every 3 years and to date have focused on the internal communal areas of a building. If there is a significant change in the building, then a new FRA should be completed.</p>	<p>extended to undertake a whole building FRA and the timescale for TCH FRA changed to annually until the JCA has reviewed TCHs building safety case documents.</p>
<p>8. An action plan for filling competency gaps in key roles across the construction and building management sectors should be delivered within one year.</p>	<p>BCTs Technical Services Manager is qualified to NEBOSH standards.</p>	<p>BCT awaits details of further training requirements for key roles within BCT and also third parties we commission.</p>
<p>9. Residents should have the right to access FRA's and safety case documents. Duty holders should have a resident engagement strategy setting out how information will be shared with residents.</p>	<p>Details of the TCH FRA are not currently shared with its residents. All TCH received fire safety guidance following the Grenfell Tower tragedy, and have been briefed at residents meetings on the fire safety improvements include in the refurbishment of the building. Letters were also sent to all residents detailing the work included in the project.</p>	<p>BCT to develop a resident engagement strategy following completion of the next TCH FRA, detailing the approach to accessing the FRA and safety case documents. New fire safety advice will also be communicated to residents as we expect the new FRA to redefine the building as 'stay-put' following completion of the comprehensive fire safety improvements to the building.</p>
<p>10. Residents should have clearer obligations to maintain their flats safety and should co-operate with the duty holder and building safety manager. This relates to accessing properties where there are safety concerns.</p>	<p>Tenants must provide access to their home under Section 27 of the BCT Tenancy Agreement. Tenants must not obstruct or deny access, either deliberately or otherwise, as action will be taken in accordance with their tenancy agreement.</p>	<p>BCT awaiting details of these clearer obligations and will include guidance in the updated communication as above. Residents will be reminded of their obligation to comply with their BCT tenancy agreement.</p>

