

PUBLIC MINUTES

of the Homes England Board Meeting held at 10.30am on Thursday 30 May 2019 at 1 Friargate, Coventry

Present:

Edward Lister	Chair	
Nick Walkley	Chief Executive	
Simon Dudley		Items 1-6, 13
Keith House		
Richard Blakeway		
Stephen Bell		
Teresa O'Neill		
Duncan Sutherland		
Ceri Smith, UKGI		

In attendance:

Isabella Freeman	General Counsel	
Christopher Kinsella	Interim Chief Financial Officer	
Mark Gray	Chief Risk Officer	
Justin Oldham	Head of Governance	Item 1
Belinda Hudson	Independent Audit	Item 1
Kate Stansfield	Interim General Manager for Health & Safety, FM and Accommodation	Item 10
Adam Cooper	Head of Help to Buy Accounting	Item 12
Harry Swales	General Manager - Investment Products, Markets & Strategy	Item 13
Jennifer Murray	Senior Manager – Product Development	Item 13
Tracie Evans	Interim Corporate Services Director	Item 15
Mark Holmes	General Manager – Financial Crime Compliance and MLRO	Items 16 & 17
Mary Carter	Board Secretary	

Apologies

01/05/19 There were no apologies.

Item 1 Board Effectiveness Review & Chair's letter

02/05/19 Independent Audit presented the findings of their review of Board Effectiveness. They had found that the Board had many positive attributes, being committed and knowledgeable with an open and transparent relationship with the Chief Executive. There was a good relationship between the non-executives and the executives based on mutual trust and respect; and a positive and constructive relationship with UK Government Investments (UKGI). The Audit and Risk Committee and Investment Committee were also

operating well.

03/05/19 However members recognised that the Board needed to evolve further. In particular, a greater focus on accountability was needed as the Agency matures and pursues an ambitious strategy with significantly greater resources and increased delegated authority. The report set out ways in which the Board and Committees could evolve further and bring stronger focus on fulfilling all aspects of its role; offering more robust and well-informed challenge; holding the Chief Executive to account for the efficient delivery of the business plan, achievement of the Strategic Objectives and implementation of the transformation agenda, and gaining assurance that effective risk management, governance and internal control were in place.

04/05/19 Members welcomed the report, which they considered gave a balanced picture of the Board's strengths and weaknesses in February 2019. They discussed the external context in which the Agency was working, including the recent local government elections, together with the need to deliver significant transformation across the agency. They noted that delays in the appointment process for new members had resulted in a weakened Board, and lack of continuity in committees, where it had at times been a struggle to ensure a quorum. They considered that every effort should be made to ensure that the current recruitment round was not further delayed.

05/05/19 They discussed how to balance the recruitment of suitably qualified and experienced members with the Board's duty to avoid unmanageable conflicts of interest. They considered that conflicts were there to be managed, but recognised that the reputational consequences of those conflicts needed to be taken into account. It was important that the Department had confidence in the ability of the Chair and Board to manage such potential conflicts.

06/05/19 Members discussed the report's findings in detail, and the draft action plan. In particular, they expressed support for improving the consideration of strategic risk; more in-depth discussion of individual topics; greater clarity in papers, including the decisions required from the Board; and revisions to the agenda to improve strategic focus and follow-through of actions.

07/05/19 The Interim Chief Financial Officer offered feedback based on his perspective as a recent attendee of the board. He agreed that the current Board skill mix needed improvement, and considered that financial oversight required strengthening, and the Board's external ambassadorial role was currently underpowered. Members asked that his perspectives should be reflected in the action plan.

JO

08/05/19 Members agreed that the action plan should come to Board on 4 July, and that a Board workshop group should be convened to consider the action plan prior to its submission. They asked for a diagram of Homes England's decision making structure to come to the workshop, together with the draft plan.

MC

MC

09/05/19 The Chair presented the letter he had received from UKGI, acting on behalf of MHCLG, and setting out their key priorities for the year. The Board welcomed the letter as a significant step forward in governance, with all sides in the relationship committed to the agreed priorities set out in the letter. They asked that the letter should be reflected in the Board transformation action plan.

MC

10/05/19 The Board NOTED the Review and AGREED to consider a Board Transformation action plan on 4 July.

Item 2 Minutes of Previous Meeting

11/05/19 The minutes of the previous meeting were agreed as a true record.

Item 3 Matters Arising

12/05/19 *11/04/19* - Members welcomed the note giving a split of the Affordable Housing outputs between strategic partnerships and business as usual. The figures showed the need for pump priming of strategic partnerships, but they held the potential to smooth over housing delivery across funding cycles. The Chief Executive agreed that the agency needed to have confidence that its strategic partners could achieve outcomes counter cyclically. He also mentioned the importance of associated infrastructure funding, and land pipelines in extracting the best value from the partnerships.

13/05/19 *15/03/19* – the Chief Risk Officer reported that he had received an email from the MHCLG Risk Officer acknowledging receipt of the risk framework and risk appetite, but he was not expecting any more formal sign-off for the documents. Members noted that the requirement for sign-off was set out in the Framework Document, and suggested this section should be revisited when it was revised.

JO

14/05/19 Members NOTED the matters arising.

Item 4 CEO Update

15/05/19 The Chief Executive updated members on key events since the last board meeting. This included the announcement of the £90m Joint Venture with Sekisui and Urban Splash. This was excellent news and credit was due to the cross-agency work it had taken to deliver the deal.

16/05/19 The NAO report on the Public Sector Land programme had been published and he would be appearing at PAC on 12 June.

There was also a PAC hearing scheduled on Help to Buy Two on 26 June, and he would send members a copy of the report. The NAO were also conducting a review into the Starter Homes programme, and he would update the Board on the findings in due course.

NW

17/05/19 Work on the design of the new operating model and transition into

this new way of working was now moving into the implementation phase.

18/05/19

19/05/19 Final MHCLG approvals for the Digital Business Case had yet to be received and he had indicated to the Department his concern that these delays were adding risk to the programme. The project was being implemented using Agile principles, and it was important that the oversight provided by government departments was aligned to this approach.

20/05/19

21/05/19

22/05/19 Members asked that an update be brought to the next Audit & Risk Committee meeting

MC

Item 5 Chair's Update

23/05/19 The Chair reported that he had held meetings L&Q and Seven Trent Water and Newcastle Combined Authority; he had also met Skanska and Ikea, who have formed a joint venture to deliver modular housing, and attended the meeting the Secretary of State called to discuss remediation of cladding in high rise blocks.

Item 6 Chief Risk Officer Report

24/05/19 The Chief Risk Officer highlighted key risks.

25/05/19

Item 7 Management Information Suite

26/05/19 The Interim Chief Financial Officer presented the key elements of Homes England's performance to the end of April 2019.

27/05/19

28/05/19

29/05/19

30/05/19 Members NOTED the report.

Item 8 Market Overview Report

31/05/19 The Chief Executive introduced the report, which showed a similar

picture to the previous month, with economic indicators remaining positive, but consumer confidence and sentiment in the sector remaining stubbornly pessimistic. The Research and Analysis Team was working closely with MHCLG's analytical team, exploring the potential for developing wider trigger points for discussion at MHCLG Portfolio Board, and in this report.

32/05/19 Members NOTED the report.

Item 9 Committee Minutes

33/05/19 The Chair updated members on the proceedings of the Investment Committee meeting on 9 May 2019.

34/05/19 Members NOTED the update.

Item 10 Health & Safety Monthly Update

35/05/19 The Interim General Manager for Health & Safety, FM and Accommodation informed members that all corporate SHE targets for 2018/19 had been met and sought views from the Board on what health and safety objectives and targets should be set for 2019/20. Homes England had achieved a zero accident / incident rate for employee related notifiable injuries in 2018/19, and no incidents were reported in the period since the last Board meeting. The Safety Climate tool had been purchased, the strategic health and safety review was progressing well, quotes were being sought for the delivery of safety training for senior leaders, and she would with present the key findings of the review to the 4 July board. There were a number of initiatives and activities undertaken during stress awareness month and mental health week across the agency.

36/05/19 Members NOTED the report.

Item 11 Update on the Pension Review

37/05/19 Simon Dudley and Teresa O'Neill declared an interest as they are both Trustees of the HCA Pension Fund.

38/05/19 The General Counsel provided an update to the Board on the progress of the consultation on the proposal agreed at Board on 28 February 2019 for a new tier, incorporating the redline reform requirements from HM Treasury, being implemented from 1 July 2019.

39/05/19 The consultation process was still ongoing, and there were several points which were likely to require Board approval. As the proposed date for the introduction of the new tier was 1 July 2019, she proposed that the Board held a special meeting to approve the recommendations.

40/05/19 The Board AGREED to hold a special meeting in advance of 30

June 2019.

Item 12 Training Session 2: IFRS9 Implications for Annual Report & Accounts

- 41/05/19 The Head of Help to Buy Accounting gave a short presentation on the changes being driven by the introduction of International Financial Reporting Standard 9: Financial Instruments (IFRS 9). He set out the key changes to the Primary Statements and highlighted the changes in accounting treatment between years which caused significant differences. The NAO had been both helpful and engaged in working through the complexity of the changes, and Finance was working with the Department's financial accounting team to agree how the changes mapped into the group accounts.
- 42/05/19 Members welcomed the increased transparency brought about by the changes, which obliged organisations to recognise volatility, and reflect the effects of a downturn or upturn much earlier than previously.
- 43/05/19 The Chief Risk Officer observed that the changes created a demand for more risk data, which the agency could not at present fully support, but was working towards.

Item 13 Equity Investment Strategy

- 44/05/19 The General Manager - Investment Products, Markets & Strategy set out the agency's plans to create new commercial partnerships and take a stake in housing to drive positive market change.
- 45/05/19 Members welcomed the strategy, and the significant progress made in growing the governance arrangements and expertise in this area since the last update to Board.
- 46/05/19 Members NOTED the strategy.

Item 14 Funding the Remediation of Tall ACM Cladding Blocks

- 47/05/19 The Chief Executive advised the Board on progress with delivery of the Social Sector Cladding Remediation Fund and with the development of a newly announced private sector remediation fund. Progress with the Social Sector fund had been excellent, with payments having been made to 15 building owners enabling remediation works to 25 high rise buildings to be completed, and a further 27 buildings to start on site. The fund remained open so further applications for funding could be received, although this was considered unlikely.
- 48/05/19 The Head Counsel reported that the agency was supporting MHCLG to get a scheme ready for the private sector, with a target

of issuing a prospectus by the end of June. It was not yet clear if operation of the Fund in London would be delegated to Homes England or to the GLA. Once the formal commission was received from MHCLG it would be brought to Board for a decision.

49/05/19

50/05/19 The Board NOTED the update.

Item 15 Digital Business Case Update

51/05/19 The Interim Corporate Services Director updated the Board on the final version of the Homes England Digital Business Case submitted to MHCLG for approval to proceed with the programme. As the Chief Executive had already noted, Departmental approval for the overall business case had not yet been secured.

52/05/19

53/05/19 The Board NOTED the update summary of the Homes England Business Case; APPROVED the delegation to the Accounting Officer to approve the award of the tendered packages proposed in the Business Case; and NOTED the variation to the contract spend for interim consultancy; and AUTHORISED the Accounting officer to sign off the contracts with BCG.

Item 16 Modern Slavery Policy

54/05/19 The General Manager – Financial Crime Compliance and MLRO presented the policy and statement, which had been endorsed at Director's Group as part of Homes England's legal requirement to annually review and publish a website statement, setting out the steps taken by Homes England to assess and mitigate the risk of modern slavery, and ensuring the organisation's compliance with the Act.

55/05/19 The Board NOTED the requirements of the Act and APPROVED the 2019/2020 Policy and Statement.

Item 17 Counter Fraud Policy

56/05/19 The General Manager – Financial Crime Compliance and MLRO presented the Counter Fraud Strategic Plan, Counter Fraud Policy (Internal) and Counter Fraud Policy (External), which had been endorsed at Director's Group, and together outlined the most effective use of existing resource to support investigation of fraud, and the best use of control systems to effectively manage the risk of fraud within Homes England.

57/05/19 The Board NOTED the proposals in the paper and APPROVED the 2019-2020 Homes England Counter Fraud Strategic Plan; the 2019-2020 Homes England Counter Fraud Policy (internal); and

the 2019-2020 Homes England Counter Fraud Policy (External).

Item 15 Any Other Business

58/05/19 Duncan Sutherland invited members to join him on a trip to Warrington on 19 June to visit the Countryside Factory and various local sites. He had visited Staffordshire the previous week, and would arrange a follow-up meeting with the Markets, Places and People Team to discuss a possible strategic partnership.

MW

Date of next meeting: 4 July 2019.

Chairman's signature:

Date:

WITHHOLD DRAFT