

Dear

## **Annual General Meeting – Friday 23<sup>rd</sup> September at The Elms, Norwich**

I am writing to invite you to participate in our Annual General Meeting on Friday 23<sup>rd</sup> September at 10am at The Elms, Unthank Road, Norwich.

Both Board Members and the Executive Team appreciate this annual opportunity to meet with you and to update you on how we are getting on.

Since our last AGM we have been subject to an In-Depth Assessment by the Regulator of Social Housing; developed and approved a new Corporate Strategy; co-opted three new board members for Broadland Housing Association and appointed one new Board Member for Broadland Meridian; and started to effectively transition from Covid working restrictions to resuming a full service for our tenants.

Additionally we commissioned an independent external review of all our governance arrangements, to ensure that they are fit for purpose and can provide you, as our members, with reassurance. We have also bid farewell to Catherine Little, our Executive Housing Director, and reorganised senior management as a result of her decision to move to consultancy.

There is therefore a great deal to update you on, as well as wanting to share some considerable operational challenges we are currently facing. This letter can only share some headlines, but we will provide more information at the AGM and give you an opportunity to question the Board and Executive Team on these matters and any other issues you may wish to raise.

### **The In-depth Assessment by the Regulator of Social Housing**

When we met last year, we were awaiting the outcome of the RSH's In-Depth Assessment of our compliance with their Financial Viability and Governance Standards. Our previous assessment in 2017 assessed the Association as being compliant with a rating of G1 V2. This assessment was confirmed in 2021.

The G1 is the strongest assessment of compliance with the Governance Standard, whilst the V2 is still compliant but assesses us as being financially more stretched and therefore requiring more careful management of material risks to ensure we remain compliant.

The Board and Executive Team agreed with the assessments, as we know that we have nearly always stretched ourselves to maximise our delivery of new affordable homes and, more recently, to invest in energy efficiency works in our tenants' homes to reduce the possibility of fuel poverty. That is obviously becoming more difficult to achieve with the huge increase in energy prices this year.

## **Our new Corporate Strategy**

As you may recollect, we adopted a four year strategy in 2019, which we suspended during the first lockdown. The board subsequently agreed two interim strategies to help us prioritise during the pandemic. Whilst the pandemic is not yet fully behind us, the board and executive team started a comprehensive exercise in June 2021 to develop and agree a new four year vision for the Association, recognising that many of the assumptions in 2019 are now outdated.

A new strategy was agreed in March 2022 and we are looking forward to sharing the headlines with you at the AGM. We have published the new Strategy on our website and are currently developing a short video explainer, as well as an abbreviated copy for wider sharing. Both will also be published on our website and on our social media channels. We hope to screen the video at the AGM.

## **Board Recruitment**

It is always important to ensure that our boards have the right collective skills and experience to undertake their responsibilities. We have recently undertaken a recruitment campaign, which attracted over 50 applicants, and co-opted three impressive individuals to the housing association board. All three are standing for election at the AGM. They are:

- **Moreen Pascal**, a Programmes Manager for the Housing Diversity Network, who has more than 25 years of experience in public, third and private sectors. Moreen brings her skills, expertise and lived experience to benefit the Board and particularly her ability to think and act differently about diversity, inclusion and services offered
- **Steve Dickinson**, a Quantity Surveyor, has 32 years of experience in the residential property development sector of which 20 years were spent as a Director of two subsidiaries of the Berkeley Group with an impressive track record of major developments. He also sits on the Boards of Wandle Housing Association and A2Dominion Group.
- **Joanna Ballman**, a Chartered Surveyor and Governance Consultant, has worked in the social housing sector for almost 30 years. Between 1993 and 2015 Jo had senior roles with Flagship and Circle (now part of Clarion), initially on the development side and latterly on the strategy and governance sides of the businesses. Since 2015 Jo has been primarily a governance consultant working with HQN and Altair.

We have also had some changes on the Broadland Meridian board:

**Jenny Manser**, a previous Chair of both the Association and Broadland Meridian, decided earlier this year to retire from active involvement in the Group. She was still sitting on the Meridian Board. Our many thanks go to Jenny for all her commitment and massive contribution to Broadland over the last 18 years. She will be missed.

**Samantha England**, a former Broadland Housing Board Member and tenant, was appointed as Jenny's successor on the Broadland Meridian Board. Sam brings her considerable knowledge and practice of mediation, as well as her career in health

and social care. It is good to welcome her back, after her automatic retirement from the BHA board in 2019 when she moved on from living in one of our properties.

### **External Governance Review**

The board regularly appoints external consultants to review our governance arrangements and to test their robustness. The last review was undertaken by Altair in 2018. This time the board appointed The Connectives, a specialist governance consultancy working in the not for profit, statutory and private sectors.

The review concluded that “the governance of Broadland Housing Group is strong. In comparison with other reviews, we see elements of excellent governance, in particular...Oversight of Financial and Investment Matters...Capability and capacity of your people... [and] Customer engagement.”

The review did make some relatively minor recommendations on improvements we could make to our governance arrangements, the majority of which the Boards have accepted. These will be implemented over the next year.

### **Reshaping senior management**

Sadly, Catherine Little decided that her immediate future lay in consultancy and left us in July to join Campbell Tickell. We wish her well.

We have used Catherine’s departure to reconsider the shape of senior management within Broadland and decided not to advertise for a new Housing Director.

Instead, we have created a new Operations Directorate, combining our housing, asset and local delivery teams under **Louise Archer**. Louise will be supported by four Assistant Directors. Three of these are already working within Broadland, namely **Stephani Davis**, Assistant Housing Director; **Justin O’Connor**, Assistant Asset Director; and **Sonia Wyatt**, Assistant Facilities Director. We are currently recruiting a new Assistant Maintenance Director.

Our overall aim is to be as close to our tenants as we can and as they want us to be. An effective local delivery frontline is where we must get to as quickly as is feasible and we believe that these changes will help us on that journey.

### **Transitioning from Covid working conditions**

As many organisations have found, it was easier to go into lockdown and to reduce services to those that are critical and/or could be undertaken safely, bearing in mind the risk of Covid transmission to both staff and customers, than it is to come out again, especially bearing in mind the current economic pressures on Broadland.

We are still affected by sickness levels. I do not believe that we have had one week in 2022 without at least one member of the team catching Covid and, unsurprisingly perhaps, those on the frontline seem to be more affected than those hybrid working from offices and their homes.

Over the past two years a backlog of responsive repairs has built up. This has been for a number of reasons. During lockdowns we reduced our service to emergency and urgent jobs only. We also found that many tenants were unwilling to report

repairs in 2022 and 2021 as, understandably, they did not want people in their homes unless it was a priority.

We now have a considerable backlog and are working hard to catch up. We must work in a different way from normal until we have caught up. So, our priority is to tackle as many jobs each day as possible, by clustering work geographically to reduce wasted travelling time between jobs. Regrettably, significant cost increases caused by the fuel crisis and more general inflation is making it very difficult for us to use external contractors to help us as they are increasingly unaffordable.

We know that delays in getting routine repairs done is extremely frustrating for our tenants and repairs are our number one priority right now. This will mean that we will need to delay some planned improvements in tenants' homes, whilst our team focus on the day to day.

### **Our current challenges**

I have already mentioned the impact of inflation on us this year. In April we reluctantly implemented a 4.1% rent increase and in hindsight, whilst we recognise that has been painful for many of our tenants, we are relieved that we did so. The reality is that our costs are currently significantly outstripping that rent increase.

Certain assumptions made at the start of the calendar year, substantiated by guidance from external groups and consultants, have proved wrong. They are wrong not because they were over optimistic, but because when we were preparing budgets we did not foresee the Ukraine War, the fuel crisis and the emerging recession that have resulted in relatively large increases in interest rates and therefore the cost of borrowing money, as well as significant increases in the costs of maintenance materials.

As I write, we are undertaking a mid-year budget review to ensure that we ringfence sufficient funds to meet all our regulatory and statutory responsibilities and remain within our covenants with our external funders.

Inflation does erode the real value of money and will negatively affect our 30 year business plan and our capacity to deliver our energy efficiency and environmental investments, as well as reducing our ability to build new affordable homes.

The next couple of years look very challenging for all housing associations and their tenants. We will continue to prioritise our services and deliver our enduring purpose, but regrettably progress might be a little slower than we expected a few years ago.

I look forward to seeing you on 23<sup>rd</sup> September.

Best wishes