**Sixty Bricks Limited Board Minutes**

Meeting Date and Time: **24th January 2022**

Meeting Location: **Via MS Teams**

|  |
| --- |
| **Attendees – Voting Directors** |
| **Name** | **Initials** | **Agency/Job Title** |
| Paul Lowenberg | PL | Chair, Director, Sixty Bricks |
| Joe Garrod | JG | Director Sixty Bricks |
| John Anderson | JA | Director, Sixty Bricks |
| Sarah Wall | SW | Director, Sixty Bricks |
| Rob Manning | RM | Director, Sixty Bricks |
| Darren Welsh | DW | Director of Housing LBWF |
| **Executive Directors** |
| Jahangir Mannan | JM | Company Secretary & DoF, Sixty Bricks |
| Pacey Cheales | PC | Operational Director, Sixty Bricks |
| James Briggs | JB | Managing Director, Sixty Bricks |
| **Other Attendees** |
| Stewart Murray | SM | Strategic Director, Regeneration and Growth, LBWF Client |
| Natasha Sigauke | NS | Graduate Trainee Accountant, Sixty Bricks – Minute taker |

| **No.** | **Content**  |
| --- | --- |
| **1**  | **Welcome, Introductions and Apologies** No apologies to note.**Minutes, Matters Arising and Action Log** * Minor corrections were made to the previously circulated draft minutes, update minutes will be made available on Company website.
* With these corrections the Minutes of last meeting were approved by Board.
* Minute taking will be carried out in-house going forward.

  |
| **2** | **Forward Planning and Action Log** * Dates of completion are included for all items in the action log
* Action log agreed
 |
| **3** | **Chair and Shareholder Feedback** * JB has been appointed as new Chief Executive concluding the Exec recruitment process.
* JB looking to leave client role by end of February.
* SM congratulated JB and announced refresh of Housing Delivery team going to Cabinet in March.
* Chair had a meeting with director of TfL who identified a couple of potential sites down the line (e.g depot site in borough).
* TfL sustainability framework will also be shared with Sixty Bricks.
* Council Chief Executive keen for Sixty Bricks to be looking into exemplar schemes in the future which can be considered for awards and may be open to additional funding.
 |
| **4** | **Outcome of board appraisal process** * First lunch to discuss issues should take place as part of the strategy meeting in March
* RM suggest we should look at maximising social value in the most cost effective manner so the question of whether to establish a charity needs to be considered in that context.
* Revisions to the organisational structure a topic proposed for the strategy meeting in March and to be finalised at the May board meeting.
* Review of business plan including financial model and product development to be part of March strategy day.
* Sixty Bricks to agree with the Council a formal mechanism to resolve land value and other financial issues on schemes that are not producing viable schemes at feasibility stage
* An explicit VFM framework is to be developed to reflect competing stakeholder interests.
* Board agreed that an external governance review should be undertaken and budgeted for in 2023 prior to the completion of the 3 year terms of the external Board members
* Following training objectives were agreed to be prioritised:
1. Equality and Diversity
2. Innovation in procurement
3. Experience of other organisations in expanding product offering including PRS delivery
4. Council/Shareholder objectives following May elections
 |
| **Documented Actions Item 4.** | **Date Due** | **Lead** |
| * **CE to report back to Board a timed plan for delivery of the decisions set out above**
 | **March meeting** | **JB** |
| **5** | **Priory Court (presentation by architects prior to board discussion)*** DW declared interest as Director of Housing for council.
* The financial viability of this scheme will be looked at in March by the Investment Committee before it is approved for Planning submission.
* Spread over 4 sites. The 4th site (site D) is a muga/play area. The other sites (Sites A, B and C) are all flats
* Block A and C are largely affordable tenure with Block B mainly private.
* Planners in favour of site uplift with regards to design integration.
* Engagement under way with Housing Management colleagues who will manage the site, including the play area bookings.
* 5% allowance made for sales due to difficulty of selling within estate.
* Return currently forecast at 7.9% for this scheme, which is lower than other schemes.
* Board normal threshold for approval of schemes is 10% but this scheme is being progressed at a lower margin because of decision to include substantial social value contribution, its development history and given its scale it is forecast to produce nearly 30% of the total portfolio profit on Phase 1 schemes so it as a substantial benefit when considered on a portfolio basis.
* JG suggested there is fall back option of acting as delivery agent if Board considers less than 10% too risky.
* Board agreed that as part of Strategy Day, the Executive should produce Investment Criteria Heads of Terms as part of business plan development for strategy day discussion.
* Final documentation and board approval of the Priory Court scheme is scheduled to allow for planning submission in June.
 |
| **Documented Actions Item 5.** | **Date Due** | **Lead** |
| * **Investment criteria heads of terms and template to be produced for Strategy Day**
* **Final Priory Court scheme to target to achieve as close to 10% return as possible**
 | **March Strategy day****May** | **JB/ JM/ PC****JB** |
| **6** | **Vicarage Road (presentation by architects prior to board discussion)*** The scheme was approved by Investment Committee.
* The design has maximised PV on roofs. They will be generating around 79% of the block’s annual energy requirements.
* Looking at four options for how the PV electricity will be utilised. Transparent criteria are being developed to test options for bringing back final recommendations.
* This will be the first exemplar/ net zero carbon scheme for Sixty Bricks.
* It was noted that there will be a final consideration of the scheme at a March investment committee, prior to its submission for Planning. This needs to be added to the forward plan.
* It was noted that the Council housing investment committee has not received a report on this scheme so no HRA funding has as yet been agreed. (DW) Going forward this needs to be an explicit part of the overall project approval process.
* HRA funding approval is to be progressed urgently on Vicarage Court.
* Going forward program dashboard should show clear timing within schemes of when HRA approval process is sought and agreed (JB)
* Executive to produce a governance report which identifies the critical stages of the development process showing all key decision making stages by the Council (covering both HRA and general fund approvals) and the Board. This framework agreement should have clear process mapping. Stuart Murray noted that this will be a refresh not a route and branch change as there are clear lines of decision-making but integrating them into a clear timeline and set of processes will be of benefit. Target this for May if possible as business plan needs to be complete for June/July. Test report for robustness at the Audit Committee
 |
| **Documented Actions Item 6.** | **Date Due** | **Lead** |
| * **Board approved Vicarage Road scheme to go for planning approval subject to further assessment of final details at March Investment Committee**
* **Vicarage Road scheme to be submitted to Housing Investment Committee to secure HRA funding**
* **Governance report on scheme approval processes**
 | **March 2022****Feb 2022****May 2022** | **JB****JB/JM****JB/ PC** |
| * **Programme dashboard should show timing of HRA funding being approved**
 | **May 2022** | **JB/JC** |
| **7** | **Programme Dashboard*** 1100-1200 homes in Sixty Bricks programme that are either on site, in pre-construction or in the wider pipeline.
* Centenary House scheme complete There are only 2 remaining properties to sell
* Aiming for £39 million turnover this year and we are currently on target to achieve this
* Completions from April at Essex close and Sansom Road.
* JB noted that there is a constructor claim of £420k on Samson, however our professional advise is that only a small percentage of this is valid based on current evidence.
* Hylands and South Grove are due to be completed September and October respectively
* JA suggested we need to think about Advanced Modular Construction (AMC) as it reduces programme time and will assist us in achieving net zero.
* 2022 forward plan is being submitted this week.
* Currently liaising with council comms team regarding the site completions and official openings. Client to advise if there are any impacts from Purdah arrangements.
* Report accepted by board
 |
| **8** | **Centenary SO Brief*** JB updated Board on the issues related to Red Loft error in calculating rental component of the shared ownership properties.
* The financial impact estimated at a loss of £20,500 per annum or £617,000 after 30 years if error not rectified.
* Council started rectification process in November 2021.
* 7 of the leaseholders have signalled they are willing to rectify voluntarily. There are 3 leaseholders where conversations are ongoing. No leaseholders have said no to rectification
* £16,400 payments to Redloft on hold
* Initial legal opinion sought on Redloft and board will be updated
* Could take legal action to recover losses if leaseholders rejected rectification
* Executive should do a briefing note to the board addressing the extent of Sixty Bricks financial or contractual risk if any and our support to the Council. Exec team also requested to investigate if other external organisations have also been impacted by this Red Loft systems error and whether this may impact its ability to continue to trade.
* Board indicated that it accepted Redloft is its sales and marketing agent to continue to market and sell the remaining Phase 1 programme.
 |
| **Documented Actions Item 8.** | **Date Due** | **Lead** |
| * **Briefing note to the board addressing to what extent Sixty Bricks has a financial or contractual risk regarding the SO issue and what remedy to any potential loss and impact of Red Loft going in to administration**
* **If any urgent action is needed the CE to advise chair the appropriate way forward in conjunction with the council**
 | **March 2022** | **JB/ PC** |
| **9**  | **Debt Repayment Schedule*** Company borrowing covers Development Loan, Equity Loan and Working Capital
* Contract requires Development and Equity loans to be repaid within 12 weeks of final sale at each site.
* Will attempt to pay loans with the higher interest rates: Development Loan (8%), Working Capital (Libor + 4%)
* Variable amounts to be paid as opposed to fixed amounts.
* Cash flow shows Sixty Bricks should be in a position to repay loans for Centenary from April. In November for Essex and next year for South Grove
* Cash reserve lowest in November 2022, but we are flexible regarding the repayment schedule and confident we can manage.
* PL suggested we should confirm whether there is a contractual obligation to pay off equity loans within 12 weeks and whether the Council would accept flexibility in this
* Agreed that Sixty Bricks needs to produce a treasury management strategy. Audit Committee should look at strategy before it comes to Board. This also needs to be added to the forward plan
 |
| **Documented Actions for Item 9** | **Date Due** | **Lead** |
| * **Treasury management strategy to be presented for Finance and Risk Assurance Committee, including confirmation of contractual obligation to pay off equity loans within 12 weeks (i.e. same time as the Development Loan) and then onward submission to the Board**
 | **Next Audit Committee** | **JM** |
|  | **March 2022** | **JM** |
| **10** | **Risk Register*** Risks within Risk Register are still broadly the same as November report but with addition of Issues Log page.
 |
| **Documented Actions for agenda 10.** | **Date Due** | **Lead** |
| * **Add risk of not getting timely HRA approval to phase 2 schemes to the risk register as the impact would be significant**
 | **March 2022** | **JM/PC** |
| **11** | **Finance Dashboard** * JM raised Budget impact if phase 2 schemes do not commence as currently targeted in 2022/23 (currently £14m out of £30m)
* Phase 1 schemes broadly projected to budget. The projections haven’t changed but there have been corrections from the previous report. PL requested that there should be a report on why figures have moved since the last report, especially with regards to Essex court where profitability has significantly dropped.
* EoT for Sansom not included in projections as it has not been approved
* The risk of turnover not achieving £30 million next year needs to be added to risk register. Should be reported at next audit meeting
* JM also shared that commissioned work on a revised and more robust dashboard is nearly complete and checks are currently being done to check the integrity.
 |
| **Documented Actions for agenda 11.** | **Date Due** | **Lead** |
| * **Front page should state whether covenants have been met.**
 | **March 2022** | **JM** |
| * **HRA contribution needs an adjustment with any difference in the profiling with the Council’s budget made explicit. DW will discuss with JM and JB. Board to be updated on the outcome of the discussion**
 | **March 2022** | **DW/JM/JB** |
| * **Check will be done on corrections to previous projections and the Essex Close scheme outcome.**
 | **March 2022** | **JM** |
| **12** | **Meeting Feedback and AOB*** Future meetings should be in person (DW)
* Legal agreements and ready for signing. Development agreements for Hylands and Sansom are ready to be signed. Need 2 directors to sign. Virtual meeting will be arranged in the next week or so to agree the resolution.
* Next Engagement: Strategy Meeting on the 2nd of March; this will be a full day’s meeting.
* Will be face to face meeting. Will also have lunch on the day
* Meeting should begin at 9:30am
* Venue to be confirmed.
 |