**Sixty Bricks Limited Board Minutes**

Meeting Date and Time: **26th September 2022**

Meeting Location: **May Suite and Via MS Teams**

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| **Attendees - 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 |
| Rob Manning | RM | Director, Sixty Bricks |
| Sarah Wall | SW | Director, Sixty Bricks |
| Jonathan Martin | JMrt | Director, Sixty Bricks |
| **Other Attendees** |
| Jahangir Mannan | JMann | Company Secretary & DoF, Sixty Bricks |
| James Briggs | JB | Managing Director, Sixty Bricks |
| Jennifer Currier | JC | Development Director, Sixty Bricks |
| Stewart Murray | SM | Strategic Director, Regeneration and Growth, LBWF |
| Natasha Sigauke | NS | Graduate Trainee Accountant, Sixty Bricks |
| Meera Kumar | MK | Programme Manager, LBWF |
| Darren Welsh | DW | Strategic Client, LBWF |

| **No.** | **Content**  |
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| **Training**  | **Presentation on Modern Methods of construction** by Richard Leech (Arcadis) |
| **1**  | **Welcome, Introductions and Apologies** * JMrt was welcomed as new Director and he gave brief introduction of himself at the start of the meeting.
* SW also provided a brief introduction of her professional experience.
* No apologies to note

**Minutes, Matters Arising and Action Log** * The Minutes from previous meeting were approved as an accurate account
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| **2** |  **Action Log and Forward Plan*** Item 2: will be removed from the action log as item no longer relevant.
* Item 10: framework for staffing budget will be provided for the November meeting
* The dates for Items 13,14 and 15 will be reviewed by JB as they were due to be completed by September 2022
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| **3** | **Shareholder Feedback** * Next Shareholder committee will be held on the 3rd of November
* Cllr Williams is new chair of Shareholders Committee, with Cllr Khan and Cllr Loakesalso on the Committee
* Overview of Sixty Bricks will be given at the shareholder committee
* Important for the client to provide reassurance on the pipeline for phase 2
* Case for grant funding for affordable housing should be created jointly by the client and Sixty Bricks. This is to ensure that phase 2 schemes get the optimal level of grant
* SM will be holding a series of financial meetings over next few weeks to help unlock funding for Phase 2.

**Chair Feedback*** JC and PL had a successful presentation at the Tenants Star Panel. It has been agreed they will be one of the key stakeholders going forward.
* The response to zero carbon and social value was also positive.
* Chair met with Cllr Khan who was committed to Sixty Bricks being the ‘provider of choice’ for the council.
* The updated manifesto is also committed to delivering up to 1000 homes within the 4-year cycle.
* Chair undertook site visit at Samson Rd.
* Key concern is the delays due to highways works having to be done so late.
* Chair carried out induction meeting with JMrt, who presented lots of new ideas and contacts that will be beneficial for the Company going forward.
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| Documented Actions Item 3. | **Date Due** | **Lead** |
|  none. | **n/a** | **n/a** |

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| **4** | **Organisational Update*** New Operations Director will be starting on the 3rd of November
* Two new assistant directors will be joining the Sixty Bricks Team in next few weeks.
* JC will be going on maternity leave from around December.
* Interim for JC will initially be employed for 6 months but this can be extended
* Board agreed the chairs’ action revising the Chief Executive base salary
* Interest is being shown in the Chief Executive role
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| Documented Actions Item 4. | **Date Due** | **Lead** |
| Change to the CE base salary to be put in structure and budget | **Oct** | **JB & JMann** |

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| **5** | **Borrowing/HRA terms and BP update** **General Fund*** Council has commissioned report to advise on interest and equity position for Phase 2 funding.
* Current proposed rate of 8% without equity is not allowing schemes to be viable.
* It is hoped borrowing rate can be agreed in the coming weeks as meetings have been booked in with consultants to review the outcome of the review.
* SW feels there is too much complacency concerning the borrowing terms ad how long the situation has drifted
* PL has directed that it is not suitable to create models based on assumed or interim rates and the company requires more certainty.
* PL indicated that if viable terms are agreed within next 2 weeks an emergency board meeting would be convened.

**HRA*** Provision is in place for phase 2 schemes within the HRA programme subject to individual schemes being viable.
* Rent cap consultation will be published at the latest around December. It should not hold up progressing phase 2 schemes, although will inform HRA capacity for future pipeline programme.
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| Documented Actions Item 5. | **Date Due** | **Lead** |
| * Arrange emergency Board meeting if viable funding terms not agreed by 10th
 | **12/10** | **JB** |

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| **6** | **Finance dashboard*** Phase 1 programmes are nearing completion so there are no major changes in the dashboard
* Target to achieve over 10% for the phase 1 programmes still on course.
* Priory court has been moved from Phase 1, costs have risen so viability is in question unless abortive costs are removed.
* Cashflow modelled on the basis of no further schemes being agreed. The company remains solvent until May 2024
* Updated letter of support from the council stating they will support the company for the next 12 months is required by the auditors
* Forecasting to Overachieve on Centenary House, Essex Close and Sansom Road sales, although latter part of South Grove will be impacted by Help to buy deadline and increased mortgages costs.

**6.1 R+AC Minutes + R+AC Chair Report/Feedback*** SW has written to Chair regarding her concerns regarding the funding terms and business Plan not being agreed and the impact of not being able to sign off audited accounts yet.
* SW re-iterated the matters raised remain unresolved at present and has requested official advice on companies act obligations.
* Stress testing and scenario testing a should be carried on the cashflow to understand the solvency.
* PL needs report from Chief Exec regarding funding terms with the client. If no breakthrough, then an emergency Board meeting should be held to discuss next steps.
* If matters are resolved accounts should be signed off before the November meeting
* Virtual meeting should be scheduled to discuss signing the legal papers (JM)
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| Documented Actions Item 6. | **Date Due** | **Lead** |
| * SW requested official advice on companies act obligations
* Stress testing and scenario testing a should be done on the cashflow to understand break points
* Chief Exec to report by the 10th if funding for pipeline has been agreed.
* If matters are resolved accounts may be signed off before or at the November Board meeting
* A Virtual meeting will be scheduled to agree the legal papers for Essex Close and South Grove
 | **ASAP** | **JB/JM** |

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| **7** | **Risk Register*** Register has been reformatted so higher risks are at the top
* New risks have been added around ‘not having approved programmes and agreed funding terms’
* Amended risk rating on organisational structure as the company is in the process of recruiting a CE and will soon need an interim for the Director of Development
* Risk of missing out on eligible grants has also been added
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| Documented Actions Item 7. | **Date Due** | **Lead** |
| * No risk around the price of land being requested by the client making schemes unviable. Will be added to register by JM
* Borrowing risk should be higher on the risk register
 | **November** | **JM** |

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| **8** | **Affordable Homes Benchmarking** * Material and labour costs have increase by 25% and 8% across the sector.
* Benchmarking has been done against other local authority providers to ensure like for like comparison.
* Mean average of build prices has gone down in the last quarter, potentially benefitting from economies of scale
* Outer London costs have gone up while inner London costs have gone down
* Two stage procurement route has been found to be more expensive by some organisations so we will be reviewing our approach to tendering phase 2 schemes
* There is a difference of 23% between the average price of Phase 1 schemes and Phase 2 scheme current estimates
* Reasoning around why costs may be higher than average in benchmark report include inflation provisions allowed in phase 2 estimates, small size of the schemes in comparison to average size in the comparators, and high design standards including net zero carbon
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| Documented Actions Item 8. | **Date Due** | **Lead** |
|  none. | **n/a** | **n/a** |

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| **9**  | **Annual Audit Closing Accounts**Section 2.1 should be noted which states that “*The Directors have reviewed cashflow forecasts for the next 18 months from the approval of these financial statements and based on these are confident that the company is able to meet its obligations and commitments for at least the next 12 months from that approval within the current funding and financing agreed with LBWF and based on the existing business plan. On that basis these financial statements have been prepared on a going concern basis*.”* Board are not asked to approve the accounts yet until Legal documents for Essex and South Gove have been concluded and a Business Plan is agreed for future schemes.
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| Documented Actions Item 9. | **Date Due** | **Lead** |
| * Board to consider the signing of accounts virtually if matters resolved before November meeting otherwise this will be addressed at the November Board
* JM to provide timeline of key milestones and statutory deadlines to submit approved accounts.
 | **Before November** | **JM** |

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| **10** | **10a. Development Programme Dashboard** **Phase 1*** Delay to Hylands scheme mean it will now be handed over in October
* Client has been involved and aware of the handover delays
* South Grove expected to be handed over in November
* Sansom and Essex are having further boiler inspections and could be handed over next week
* 22/46 private homes at South Grove have been sold
* Significant EoT claim at Sansom Road. Sixty Bricks have budgeted for a scenario where the company pays £400k from contingency.

**Phase2*** The company will be going to Cabinet in December
* Planning for Vicarage is ready to submit but is awaiting specialist legal advice on Land Issue.
* Planning for Priory Court will be ready in the coming weeks
* Abortive costs are being worked out for Priory Court
* Programs will be amended; starts on site for phase 2 may be pushed back to September 2023
* Good progress on Church Lane scheme with planning permission submission targeted for January.
* Potential value adding options are being explored for all the phase 2 schemes
* Osbourne and Chingford are on hold due to viability concerns with discussions continuing with the Council

**Emerging Sites*** Can potentially get 110-120 homes at Hylands Phase 3
* Land value of £3.7m makes Cedar Wood House unviable as 87 homes would need to be built
* Options are being considered for Rowan House
* Discussions are continuing with private land owner for package scheme (High Road Leyton). Discussions also with Council on the governance arrangements to authorise a private deal such as this.

**10b. Sales Update** * 25 private sale homes still need to be sold at South Grove
* 11 shared ownership homes also need to be sold at South Grove
* All the sale properties are reserved or sold at Essex Close
* Sensitivity analysis will be done on private sale and shared ownership homes at South Grove
* Development Agreement is holding up the leases being exchanged with buyers
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| Documented Actions Item 10. | **Date Due** | **Lead** |
| * Sensitivity analysis to be carried on private sale and shared ownership homes at South Grove
* Conclude Legal Documents for Essex Close and South Grove
* Agree governance arrangements for getting Council authorisation for private sites such as current scheme being considered at High Road Leyton
 | **October 2022** | **JM/JC** |

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| **11** | **Gateway Approval Process / Investment C TOR*** Slight change of reference for the investment committee TORs
* Client is content with the approval process
* Subject to insurance being added at gateway 3 report can be approved by Board
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| Documented Actions Item 11. | **Date Due** | **Lead** |
| Board agreed the Gateway Approval process (with the addition of the insurance provision at gateway 3) and change to the terms of reference of the Investment Committee. Company secretary to ensure documents form part of overall Sixty Bricks governance | **October** | **JMann** |

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| **12** | **Marketing and Comms Update*** Board commended the new approach outlined for getting appropriate exposure for the Sixty Bricks outcomes using a range of channels.
* CE to notify board of official opening events at Samson Road and Essex Close
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| Documented Actions Item 12. | **Date Due** | **Lead** |
|  CE to notify Board of official opening events | **Oct**  | **JB**  |

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| **13** | **AOB*** Ensure adequate refreshments provided at Board/Strategy sessions.
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