

ULSTER SUPPORTED EMPLOYMENT LTD

(Company Limited by Guarantee and not having a Share Capital)

Minutes of a Board of Directors Meeting held on Wednesday 29 August 2018 at 10.30 at Usel, Cambrai Street, Belfast

Present

Mr J Perry	Chairman
Mr T Hinds	Director
Dr G Adams	Director
Mr A Bennett	Director
Ms C Magill	Director
Mr D Mackay	Director
Mr W Atkinson	Chief Executive
Mrs SJ Mowbray	Company Secretary/Head of Corporate Services

Apologies

None

1. Conflict of Interest

1.1. The Chair noted a potential conflict of interest, as a Trustee with Gallahers Trust.

2. Minutes of the meeting held on 27 June 2018

2.1. Minutes from meeting on 27 June 2018 were approved.

2.2. Actions from previous meetings were noted as cleared:

- A detailed briefing paper was provided to the August Board, in relation to the opportunities with Dr B's and CarphoneDixon
- An application for the CO3 Governance Awards will be considered by the senior team

AP: Benefits and risks in relation to various business models should be considered in advance of the Strategy Day.

3. Chairman's Business

3.1. The Chair updated members in relation to:

- Michele Thomson has been recognised by Shaws Trust as one of the UK's Top 100 Most Influential People Living with a Disability in Employment.
- Aidan Bennett, Gavin Adams and Jim Perry's term of office have been extended to the end of January 2019.
- A number of changes have been made in Department for Communities Senior Team:

- Leo O'Reilly is due to retire in December 2018 and will be replaced with Tracey Meharg as Department for Communities, Permanent Secretary;
- Colm Boyle took up his post as Deputy Secretary in August 2018 and David Malcolm returned to his substantive post; and
- Deirdre Ward will take up the post of Grade 5 and Sharron Russell will return to her substantive post.
- A change is due to take place in October 2018 in Usel's sponsor team – Gavin McBride will replace Patricia Fox at Grade 7.
- Following the Triennial Governance Review, the Department will commence the second stage of the review which considers what the best operating model is for Usel.
- The Board considered the Department's letter dated 22 May 2018, legal advice and advice from NIAO/KPMG and agreed no further action was necessary in relation to the correspondence. The Department confirmed (20 July 2018) to the Chair that the content of the letter dated 22 May was to be regarded as advice, as opposed to direction, and that the final decision was for Usel to determine.
- Mr Atkinson has been shortlisted for the UK, IoD Director of the Year.

4. Pension Scheme Update

4.1. The Chair updated members in relation to:

- The Department now fully accept and recognise the role of the Board and Trustees.
- The Department have obtained the necessary approvals to seek external professional support to review Usel's business case in relation to the pension benefit re-design.
- The Department have requested that Usel obtains appropriate professional support to complete the business case to NIGEAE standards.
- Contrary to Usel's understanding, DfC have now confirmed that it does not hold any potential residual Usel pension deficit as a risk on the Department's risk register. This situation is different to DEL's risk register.
- The Board discussed a number of issues in relation to the pension deficit, including the impact of Trustees changing the cash commutation factor.
- The Board formally recognised the work input by the senior team in relation to this issue.

5. Chief Executive's Report

5.1. The Directors reviewed the Chief Executive's Report which had been circulated with Board papers. The following was noted:

New Business development

5.2. As outlined in the June update, we have had formal discussions with a new potential strategic partner, regarding developing a circular economy hub in NI

for the recycling of white goods. The overall project could result in a need to recycle approx. 12,000 units pa with a target to reuse/resell approx. 10%. Following further discussions with key stakeholders including, our insurers, it has become clear that the proposed approach to reselling refurbished white goods may be problematic. Therefore, we have revised our proposal for a pilot project focused on Usel being a “WEEE transfer station”.

5.3. This revised proposal will focus on the collection and transfer of used white goods back to Mainland UK for further recycling. This model will facilitate three new full/part time jobs and operate via a service level agreement during the pilot, with a term of six months.

5.4. The CEO had also previously advised of discussions with a voluntary sector organisation regarding the re-opening of a cafe in central Belfast. Discussions are still ongoing, as a new strategic partner has been identified for this project.

AP: Governance arrangements to be clarified as a number of partners may be involved. The Board will be kept updated on all progress.

Stakeholder Engagement

ISO 14001

5.5. Usel have now completed the Stage 2 audit, to attain ISO 14001:2015 accreditation. Transitioning from our previous environmental management system, BS8555 part 3, to ISO 14001 takes us from a recognised British standard to a recognised worldwide standard.

5.6. The ISO accreditation is the more recognised standard, and this supports the business in bidding for new contracts and tenders as environmental management and performance is a key area of focus for some potential customers.

5.7. It should also help strengthen our relationships with the various councils and key partners such as the environment agency. The new level of accreditation will also result in the need to drive a continuous improvement plan within our environment performance in areas such water, electricity and gas usage.

Waste Licence Upgrade

5.8. Usel are now in the process of upgrading of our current waste licence, a formal application was submitted in May 2018. The application is now in progress and the application will move forward to consultation stage.

5.9. The consultation period is typically 28 days and we expect to have this completed by end of September providing no issues or requests for further information are lodged. The upgrade of this licence will allow Usel to start to recycle various other waste streams, therefore broadening our range of potential employment opportunities.

Charitable Status

5.10. Following a recent meeting with our sponsor team we have been unable to gain a clear understanding of the current position. As this has been an open action for a considerable period of time, I have written to the department and requested an update on:

- Any further action required to close this matter out
- A proposed target date for the action to be completed

5.11. Usel had an undertaking at the September 2017 Audit Committee meeting that this matter would be concluded by March 2018. However, to date no further update has been provided, nor is it clear when this issue will be closed out.

Budget Challenge

5.12. We have experienced a significant challenge in relation to several income budget lines. With both Workable NI and Stride (ESF) delivering a lower than forecast out-turn.

5.13. We were informed by the Department that due to a budget issue re: Workable NI in Year 1 and 2, Year's 3, 4 and 5 requires a significant reduction in programme spend. Following a range of detailed discussions with other service providers we proposed a revised approach that has been accepted by the department. The revised approach resulted a significant reduction in income in 2018-19. Measures have been taken to address this shortfall, by reducing associated expenditure.

5.14. Secondly, there has been a delay in the anticipated start date of our ESF project, due mainly to the late notification of various match funding support. This late start will have an impact on the forecast income for 2018-19 and could impact on our target of 200 clients recruited on to the programme. However, the reduction of income is mitigated in part by the build of the project budget, with the budget allocation being driven by staff in post. The late recruitment of staff has resulted in a reduction in the forecast income, however, we have also not incurred the forecast salary cost. Therefore, the net impact has been reduced to a large degree within the overall budget position.

5.15. A full budget revision will be presented at the half year point as despite the outlined reduction we have been able to maintain our forecast year end position.

6. Head of Corporate Services' Report

Finance

6.1. The Directors reviewed the summary financial position against budget, for **June**, and noted an operating surplus of £16k. Budget forecast for June was £25k surplus, therefore we were £9k less than forecast. This variance was

due to overtime to meet manufacturing demands, resulting from long term sickness.

6.2. The Directors reviewed the summary financial position against budget, for **July**, and noted an operating deficit of £8k. Budget forecast for July was £7k deficit, therefore we are in line with budget.

6.3. YTD we have delivered a surplus of £4k. Budget forecast for YTD position, as at 31 July was a surplus of £1k. We are therefore in line with budget.

6.4. Any additional clarification requested by Board members was provided.

HR

6.5. No significant issues to note.

6.6. Usel are continuing to engage with its out-sourced HR business partner as required and monitor the contract spend each month.

ICT & Compliance

6.7. In addition to delivering the ICT Strategy, July and August activity included:

- Renovation work project in new area of business (Woodvale/Shankill);
- ICT procurements, setup and configuration for new equipment;
- Renewal of software licences for the year;
- Privacy Notice development under GDPR;
- Draft the Invest NI training requirements specification;
- STRIDE development to UselConnect;
- HR activities for new ESF staff joining Usel, such as drafting contracts, inductions etc.

6.8. There were no incidences of ICT Breaches to report.

Business Development and Marketing

6.9. In addition to delivering the Communication Plan, July and August activity included:

- Completion of various applications, including Social Enterprise and a personal nomination for Michele Thompson with Shaws Trust;
- Develop and deliver factory shop offers;
- Management of customer evaluation and feedback surveys;
- Market research, in relation to customer buying trends in the factory shop;

- Prototyping new leather bag design for an Irish designer.
- 6.10. Communications to staff continues to operate in line with plan. No issues or concerns have been raised.

Environment, Quality & Health and Safety

6.11. July and August activity included:

- Preparation and management of the ISO 14001 stage 2 audit;
- Installed new notice boards to improve communications of environmental information including energy targets for the year;
- Held a series of tool box talks in the factory and recycling about ISO 14001;
- Developed and introduced a new health and safety information leaflet for visitors;
- Attended site visits to Belfast City Council amenity sites to undertake the annual update of our H&S risk assessments.

7. Annual Report and Accounts 2017-18

7.1. The Annual Report and Accounts 2017-18 have been formally signed by the Chair of the Board, Chair of Audit Committee and Chief Executive Officer.

7.2. The Annual Report and Accounts 2017-18 are due to be signed by C&AG within following week, due to annual leave commitments with external auditors.

8. Action Plan – Triennial Governance Review

8.1. Mrs Mowbray updated the Board:

- 11 out of the 15 recommendations have been implemented
- The outstanding recommendations relate to:
 - Procurement – the Department is currently in the process of agreeing an appropriate derogation for procurement of production items. This will be noted in our Procurement Policy, for approval by Board;
 - Clarification is outstanding from the Department in relation to Usel's Grant-in-Aid;
 - Finance Manual is in draft form and will be submitted to September Board for approval.

8.2. The Board reviewed and noted the VES 2016-17 Evaluation.

9. GDPR update

9.1. Mrs Mowbray updated the Board in relation to GDPR. The GDPR continues to operate on a monthly basis.

9.2. Board agreed to remove Agenda Item as the risk is managed appropriately through the risk management process.

10. Adult Safe Guarding Issues

10.1. No new issues to report.

11. Health & Safety

11.1. Health & Safety forum continues to operate on monthly basis.

12. Balanced Scorecard 2018-19 Q1

13. The 2018-19 Balanced Scorecard was presented to the Board and has been noted by members.

14. Draft Business Plan 2018-19

14.1. The Draft Business Plan 2018-19 was presented to the Board and has been approved by members.

15. Policies for Approval

15.1. The following policies were noted, for approval in September Board:

- Draft Fraud Policy;
- Draft Fraud Response Plan;
- Draft – Whistleblowing Referral Form;
- Draft Smoking Policy;
- Draft Procurement Policy.

16. Risk Management

16.1. The following risks were discussed:

New/Emerging Risks

Description of Risk Detail	P	I	P x I	Management Action
Confirmation in reduction of Workable NI budget, for remainder of contract	5	4	20	1. Business development costs reduced, from 31 July 2018
				2. Careful monitoring of participants recruited on to the programme and those leaving the programme
Delay in starting the STRIDE (ESF) project - there is a risk to the target of 200	2	2	4	1. Strong pipeline from 2017-18 programme of approx 60 participants

participants not being achieved in 2018-19				2. Full team now in post which are all suitably qualified and experienced to recruit participants onto the programme
				3. Active marketing campaign on various social media channels

Changes to Existing Risks

Description of Risk Detail	P	I	P x I	Management Action
Risk of not gaining approval for Ballymena site resulting in stifled growth and reduced employment opportunities for people with disabilities or health conditions	4	4	16	Business case in place for approval evidencing value for money; queries resolved promptly; seeking external professional support

Risks Realised

None

16.2. The Board will undertake a review of the full risk register in September Board.

17. Board/Management Team Strategic Planning Day

17.1. The Board agreed Wednesday 28 November: 09.30-16.30.

17.2. The venue is to be agreed as the Board and full management team are to be accommodated.

AP: Venue for Strategic Planning Day to be arranged.

18. Any Other Business

18.1. Mr Atkinson updated the Board in relation to the Ballymena business case.

18.2. Mr Atkinson advised the Board that Woodvale and Shankill no longer occupy the office space within the Usel site. The freeing up of this space will allow some essential additional on-site facilities to be provided such as

canteen for all staff, required recreational space for staff, a quiet room as well as additional training space. Such requirements have been identified as result of staff consultation exercises and will address several important needs which have been identified.

19. Date of Next Meeting

19.1. The following dates were agreed:

- Friday 5 October: 12.00 - 14.30
- Wednesday 31 October: 09.30-12.30
- Wednesday 28 November: 09.30-16.30
- Wednesday 19 December: 10.30-13.00