

# Charnwood Neighbourhood Housing Limited

Meeting of the Board of Directors  
30<sup>th</sup> March 2009 6:00pm – 9.00pm  
Committee Room 3



**Attendees:** Ann Watkinson  
Patrick Cole  
Peter Gardner  
Neville Stork  
Helen Isaac  
Paul Day  
Ian Montgomery (Vice Chair)  
Cynthia Popley  
Kenneth Jones  
Diane Horn  
Zoe Wortley (Chair)  
Ron Jukes  
Roger Merchant  
Bill Cavender (Co-optee)

**In Attendance:** Ian Saville, Isobel Rickard, Maria Maltby, Chris Hewis, Steve Wilson, Rebecca Davies,  
Rob Bealey

**Apologies** Elizabeth Holland, Marie Hannabuss

## Minutes

ITEM	Action
<p>1) <b>Welcome</b> The Chair welcomed Cllr Ron Jukes, new CNH Board Member and also Rob Bealey from Trowers and Hamlins who will be addressing the Board on insolvency issues. Introductions were given by Board Members. Thank you was given to former CNH Board Member Cllr Roy Brown who has stepped down due to his new role as Mayor. An informal thank you will be sent.</p>	
<p>2) <b>Apologies for Absence</b> Apologies for absence were received from Elizabeth Holland and Marie Hannabuss.</p>	
<p>3) <b>Declarations of Interest</b> No declarations of interest were received.</p>	
<p>4) <b>Minutes of the Meeting held on 23<sup>rd</sup> February 2009</b> The minutes were accepted as a true and accurate record.</p>	
<p>5) <b>Matters arising</b></p> <ul style="list-style-type: none"><li>● <b>Letter From CBC</b> Neville Stork stated his concerns regarding budget cut backs which has been raised with Brian Hayes and that the inevitable impact this will have on services to tenants. Ian Saville stated that Brian Hayes was sympathetic to the impact and has taken CNH concerns onboard.</li><li>● <b>Service Improvement Plan</b> The Service Improvement Plan has been reviewed to fit with the budget changes and budget cutting exercise. Legal advice has been sought from Trowers and Hamlins Solicitors and a meeting has been requested to discuss further legal issues. Monthly Project Board meetings have now been ceased. It is expected that “keep in touch” meetings will now take place instead.</li><li>● <b>Confidential items</b> Zoe Wortley explained that Confidential Items were those discussed by Board Members without</li></ul>	

CNH Officers present.

#### ● **Sub Committees**

An outline of the various CNH Sub Committees were explained for the benefit of our new Board Member Cllr Ron Jukes.

Ron asked if the Sub Committees run alongside or with CBC's meetings. Zoe pointed out that they are solely CNH run although there maybe a CBC representative present.

#### ● **Meeting with the Audit Commission**

Ian and Zoe reported to the Board that they have had a discussion with Ann Bennett from the Audit Commission about the budgetary restraints caused by the reduction of the Management Fee, and the impact this may have on services being delivered.

Peter Gardener asked for more information on the purpose of the discussion? Ian Saville said that the discussion was primarily a way of keeping the Audit commission informed, with context to the budget and to seek advice from them on a number of issues e.g. the generation of further income into CNH, the areas of focus leading up to Inspection etc, .

### 6) **CNH Vulnerable Persons Strategy**

Isobel presented to the Board a draft version of the CNH Vulnerable Persons Strategy. The Board were informed that this was not a finalised version and that further amendments were required, but that the Board were being asked to assess the general content of the Strategy and make comment.

The document runs alongside the equality and diversity strategy. The Family Intervention project mentioned in the strategy has now being ceased and this will be omitted from the final version of the Strategy.

Neville Stork asked if tenants/Board Members can be included in the consultation process of the strategy (focus group). Isobel stated anyone is welcome to contribute.

Zoe Wortley asked for any further comments and asked if the Board would be happy to accept the strategy once the change regarding the family intervention project, and formatting issues have been addressed.

Board Members were happy to agree and Isobel to make amendments mentioned. The final version of the Strategy would also be circulated to the Board once completed.

### 7) **Budget 2009/10**

Zoe Wortley made the Board Members aware that the budget needs to be agreed tonight. Two key areas that the Board need to be made aware of before a decision can be made are :-

1. Clarification around insolvency as per the minutes of last meeting.
2. Update on the conversation held with the Audit Commission regarding budget cut backs, the effect on service delivery, and their advice on what areas should be prioritised

The Chair then handed over to Rob Bealey to discuss in detail insolvency issue.

The Board Members are currently aware of the insolvency issue that has been raised by CBC and the potential direct liabilities. Rob gave an overview of insolvency so that the Board fully understood what the definition of insolvency is and whether or not CNH are, or could become insolvent.

#### ● **Insolvency Act**

Debts of the organisation are actually the assets when you look against the Management Fee. The fact that a loss is made is not necessarily too much of a bad thing. A good relationship with CBC is more important.

#### ● **What could go wrong**

The Board does not need to worry about stock exchange rules, (written advice – done by Rob Bealey).

You as a Board know that there was no prospect of going into insolvency and the Board are not responsible, however if a contract is sought and the Board know that it will not be financially viable then certain 'charges' will be brought to the Board Member. As per the budget meetings there will be a certain degree of monitoring by CBC because of the nature of the budget

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restrictions and the service requirements as well as the risk of CNH failing into trouble. Preventative measures will of course be implemented. If there are too many issues then CNH should seek good independent advice.

Neville Stork asked what if CBC loses confidence in CNH and pulls things. Roger Merchant stated that he has fair confidence that it would be difficult for CNH to do wrongful trading.

Cynthia Popley asked about the position of CNH in general with reference to the written advice submitted by Rob Bealey.

Ian Saville stated that CBC wants to see monthly cash flows / budget forecasts which will give a rolling month by month analysis. Some project work may need to be delayed, but others may be relevant to the Audit Commission so could start later, this would give greater flexibility with regards to the budget

Ian Saville will circulate Rob Bealey contact details and the written advice to the Board.

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#### ● **Personal Claims**

If CNH goes into insolvency Board Member will not be affected. Cynthia asked about insurance with regards to this issue. The Board were advised that there are packages on the market although a thorough investigation will need to be taken out to make sure the right one is taken (Board Members liability).

Ian Saville stated that CNH main insurers are Zurich and details can be sent to Board Members if requested.

Zoe Wortley stated any further queries can be sent to Rob Bealey. Ron Jukes stated that it is good that the Board have been updated and if Board Members act in the best interest of the company then there is little to worry about.

#### ● **Information discussion with Ann Bennett of the Audit Commission**

Ian Saville explained to Board Members that the budgetary issue had been discussed with Ann Bennett and the implications with regards to service provision. Ian Saville has asked which areas Ann thought need consideration in view of the situation and Audit Commission Inspection – budget cut back list was given (4.9) of Board Report 6.

Inspectors will be mindful of current situation bearing in mind the budget reduction, providing that CNH are upfront with everybody the Inspectors.

CNH have been advised that 2 stars has been given to ALMO who have made significant cut backs in certain areas such as maintenance as money will become available when the award is gained.

Providing that CNH can demonstrate that it has acted with tenants views in mind then cuts to front office services will not be held against the company. Emphasis will be on how well the services are managed not necessary the amount of resources available.

In respect to accessing more funds and extending services such as Lifeline, we have received the answer no from CBC.

Ann Bennett has said that she has come across similar organisations that have come up against similar barriers and the Audit Commission will be looking at the attempts with CBC.

Zoe Wortley explained that CBC wants CNH to concentrate on day job and getting 2 stars before anything else is added.

Steve Wilson, Ian Saville and Chris Hewis are to meet with CBC with requested information from FHM to get the permission for the extra work. Steve Wilson will need to submit a further report.

#### ● **Lifelines**

CNH are currently able to sell lifelines within CBC area but not outside of CBC area without CBC permission and no other additional external work can be done.

Second part of the reports show service pressures in relation to the budget and the last part of the report give the details and justification.

There has been a 2.7% reduction on last years Management Fee for this year's budget. This is due to HRA replenishment. Some elements of the service e.g. asset improvement for example can be charged to the HRA however it is limited. Management Fee has come out of the HRA and CNH have had the bulk of the money available.

HRA would normally have revenue such as rental income and housing subsidy, but the subsidy has been reduced over the years (positive to neutral) now in a negative situation where CBC repays money to the government treasury (7.7 million – current level) which results in the £900.000 "loss". CBC currently has very little in reserve and has forecasted that the revenue is running on nil. The HRA can't go into deficit, CBC are in a difficult situation.

Most of the budget expenditure is spent on salaries, as well as goods and materials. The budget for next year is based on what has been spent in previous years and the actual Management Fee is short by £869.000 so cuts have had to be made. Budget document shows the budget plan for each item on individual lines also shows income.

#### ● **Considerations**

Spending has not been kept within the current year's budget (voids expenditure), with the loss for this year has not been fully realised yet.

Service area wish list has been included and these items are to be considered if there is any additional room in the budget. None of the items on the growth list can be afforded however they can be considered at a later date.

Some of the items on the list are unavoidable i.e. lifeline equipment will need to be changed. Paragraph 4.9- items on the list indicate the savings made. Savings are also being made on things such as repair rather than replace, a reduction in training amounts, freezing of vacant posts, reduction in the voids standard (see list for overall items).

Steve Wilson stated that residents have been informed of our current budget situation via focus groups, CNH anticipate a high level of dissatisfaction with the reduced voids standard.

Executive Team has discussed the budgets with tenants/residents group and the result is shown in paragraph 4.12 And the majority of tenant representatives were in support of the budget proposal and recognised the financial circumstances facing CNH.

A letter was tabled from CBC confirming their financial position and that no further increase in the Management Fee was possible in 2009/10.

Paul Day asked about the high costs of voids and why other ALMOs can do the void standard for half the price. Steve stated that the voids standard is different as is the starting quality of the housing stock.

Peter Gardner enquired about the current level of decorating. Steve Wilson stated that the level of decorating in void properties has reduced. It averages at about £40 per room on a void. Gas servicing has increased due to two extra payments on the contract this year. This area is performance related and 100% gas access sought but inevitably there is a cost to bear with respect to that not being met right away.

Market research currently being carried out looking into recharges passed to Housing Income Team Leader and Isobel Rickard.

Roger Merchant stated that two months unpaid gas maintenance needs to be accrued, phasing of the budget is very important. Some costs are going to be greater early on i.e. SLA set up costs rather than split the budget into 12.

Bill Cavender if report on cash flow situation for last year was available Chris Hewis hopes he will have this report by 1st July 2009.

Steve Wilson raised the conversation about reduction in painting and reallocation of money to the sheltered schemes. Board Members need to consider if they want R&M to consider decorating sheltered schemes.

Patrick Cole asked how is the redecoration decided i.e. do you look at it and only paint if it is poor and if CNH is continuing to paint sheltered until the budget starts to get more and tighter then reassess.

Steve Wilson stated schemes are painted if they are in poor condition and clarified that some sort of financial projection with regards to decoration on discretion would help the Board to make a decision. Zoe Wortley happy to let Steve Wilson to take this idea away and come back to the board with projections of savings after a few months.

● **Items for information- Performance**

Zoe Wortley expects the Board Members to be challenging performance and service delivery and asked if Maria Maltby has anything to bring with regards to this. Maria stated that the voids performance is not good and needs to be improved considerably.

Ian Montgomery did read the voids and lettings report and feel like there are some bigger problems to be tackled. Zoe Wortley stated scrutiny can be called by CBC at any time with regards to any of the performance data.

Roger Merchant asked what has happened to almost double the voids times. Steve Wilson replied due to the effects of the budget, contractors are being reduced and we are stopping electrical sub contractors employed, this slows voids times as each void needs to have electrical checks.

CBC has also caused issues with delays in the allocations areas, slower allocations etc. Ian Saville explained to the Board the voids performance markers/indicators. The data unjustified the actual successes, i.e. all about repairs and not enough about allocations. Ian Montgomery stated this issue has more of an impact than many of the other issues mentioned as per the budget discussion.

Zoe Wortley asked for a show of hands on acceptance of option one of the budget plan. Neville Stork did not vote. The Board voted by clear majority in favour of the budget proposal.

**8) Any Other Business**

● **Elizabeth Holland**

A letter has been sent to Elizabeth asking to make contact with Ian Saville and Zoe to state if she wished to remain a member on the Board.

● **Performance Assessment Day**

The Performance Assessment Day will be taking place on Friday 17<sup>th</sup> April 2009 at 13:00- 18:00 at Loughborough Town Hall.

Helen Isaac asked why was it not feasible to be held on a Saturday. Zoe Wortley stated that we had to go with the majority.

**9 Date of Next Meeting**

19<sup>th</sup> May 2009, 6pm, Committee Room 1, Charnwood Borough Council