

Charnwood Neighbourhood Housing Limited

Meeting of the Board of Directors
25 August 2009, 6:00pm, CNH Boardroom



Board Members Present: William Cavender, Patrick Cole, Paul Day, Peter Gardner, Elizabeth Holland, Diane Horn, Helen Isaac, Kenneth Jones, Ron Jukes, Ian Montgomery (Vice Chair), Neville Stork, Zoe Wortley (Chair), Ann Watkinson

Officers Present: Isobel Rickard, Steve Wilson, Maria Maltby, Richard Paterson, Peter Field

Apologies: Marie Hannabuss (Vice Chair), Roger Merchant, Cynthia Popley

Minutes: Katie Moore

Minutes

The meeting started at 6.05pm

ITEM	Action
1.0 Apologies for Absence	
Apologies were received and recorded from Marie Hannabuss, Roger Merchant and Cynthia Popley.	
2.0 Declarations of Interest	
There were no declarations of interest.	
3.0 Minutes of Meeting held on 30th June 2009	
Accuracy	
The following points of accuracy were identified:	
Page 1 – <i>Accuracy</i> : to be reworded to state: ‘HI stated that she <i>did</i> abstain from agreement, due to the document being handed out at the meeting and she did not have enough time to read the minutes’.	
Page 4 – <i>Inspection</i> : “ilf” needs to be changed to “if” on line 3.	
With these amendments, the minutes were agreed as a true and accurate record of the meeting.	
Matters Arising	
Page 6 – <i>Report in support of mobile working</i> : SW stated that due to the current financial situation the mobile working report would be deferred. This had been agreed with the Chair.	
4.0 Minutes of the Meeting held on 22 July 2009	
Accuracy	
The following points of accuracy were identified:	

Page 1 – *Apologies for Absence*: Apologies from Elizabeth Holland had been recorded in error due to her no longer being a Board member.

With these amendments, the minutes were agreed as a true and accurate record of the meeting.

Matters Arising

Page 2 – *Feedback from Meeting with the council on 9 July*: Geoff Parker has stated that he would be reluctant to be co-opted to the Board, due to potential conflicts of interest, though he would be happy to be invited to attend. RS stated that the Board has no right to prevent any member of the public from attending Board meetings. ZW advised that there would be protocols to check regarding advance notice, etc but the Board should be aware that it is always a possibility that the media may want to attend.

Page 3 – *Investigation into Reasons for Financial Account Overspend 2008/09*: SW advised the Board that the 2008/09 year end overspend figure was actually £640,000. This was due to an additional £50,000 of pension costs identified by Beever and Struthers and £30,000 deferred payment to the gas contractor. SW advised that RP would send a revised and final copy of the management accounts for 2008/09 to Board members.

RP

Capitalisation: SW stated that £100,000 was set aside for capitalisation and the Council had now agreed to this. ZW explained that CNH would soon have a comprehensive set of guidelines, agreed with the local authority, on what could be capitalised.

5.0 Quarter 1 Management Accounts

SW introduced Richard Paterson, CNH's new Finance Manager.

The Board received a presentation by SW on the Quarter 1 Management Accounts.

SW advised that the format being presented to the Board was very detailed and RP would be re-designing and simplifying the format of accounts for future Board meetings. ZW added that the financial situation would now be presented to the Board on a monthly, rather than quarterly, basis.

The Board were advised that:

- the management fee had been profiled over the year therefore the first quarter figure of £2,118,357 was not 25% but more than 25% of the total management fee.
- predicted expenditure was £2,557,774 and actual expenditure was £2,577,557.
- spend was £20,000 more than predicted, however an additional £4,000 of external income was received therefore the actual overspend was only £16,000.
- There were a number of 'one off' payments that had been made that were not due to continue throughout the year.

RJ asked for clarification of what "Direct Employee Expenses" meant. SW confirmed that this was a group of employee costs that included salaries. It was agreed that as part of RP's overhaul of financial reporting, consideration to naming conventions would be given to ensure the accounts were easier to understand.

RP

SW pointed out that there has been expenditure where no relevant budget has been set up.

NS asked for clarification on the percentage profile that is being used to devise the budgets. RP explained that this was unknown at this stage until he had undertaken further analysis.

BC asked why there was no opening balance on the accounts. RP confirmed that this was "(Profit)/Losses carried forward" and this was a matter of terminology which could easily be resolved.

KJ requested that non-recurring items be identified. SW confirmed this could be done in future.

RP

SW explained that:

- The Stock Investment and Regeneration Service (SIRS) budget was the client side, ie management and the Housing Repairs Service (HRS) budget was the contractor side of the overall Repairs service budget.
- The HRS budget was operating at a £116k loss:
 - external income (largely work for the Council) budgeted for the year for HRS was £74k, however the actual external income was £20k.
 - Planned maintenance had been halved during budget setting and the voids standard reduced. This had effectively reduced the turnover of the HRS.
- In summary:
 - the repairs service had made £227k savings for Quarter 1. These savings could be maintained through the year which would result in £911k for the year.
 - Further savings were required to prevent an overspend (worst case scenario being £400k).

RP advised the Board that going forward we needed to be in a position of having a forecast for the end of year outturn figure. He advised that we would be in this position in September.

RP

PG said that the accounts suggest that at the end of the financial year, there would be an estimated under-spend of £300,000. If this was correct, CNH would be moving from an overspend position towards an under-spend position. ZW added that further analysis was required by RP to give assurance that these estimations are accurate.

NS asked what plans were in place to make further reductions. SW advised that previously there had been a reluctance to make redundancies, however in light of the Government's announcement to delay Decent Homes funding to 2011 we could not continue without considering redundancies. It was agreed that a paper outlining options would be presented to board.

SW

NS suggested that before redundancies are made, staff be invited to work part-time or on reduced hours. He asserted that the Board needs to be honest and advise staff that redundancies were being considered.

SW advised that CNH's repairs performance indicators are extremely good and during the desktop inspection it was stated that they were some of the best figures the inspector had seen. This was partly due to increased staff capacity. SW advised that if staffing was reduced, performance would suffer as a consequence. It was acknowledged that redundancies may result in a dip in performance, however, CNH's financial situation was an immediate priority and the Council needed reassurance that CNH were prepared to take serious measures to resolve the financial situation..

BC remarked that the management fee figure on the accounts was different to the figure in the budget. RP advised that all of the figures needed to be checked for accurateness.

RP

RP assured the Board that the main priority was to validate the quarter 1 accounts.

A copy of the Beever and Struthers review report was tabled.

SW referred the Board to the conclusion in the Beever and Struthers report:

'Conclusion – On the basis of our review we re not aware of any material modifications that should be made to the financial information as presented for the quarter ended 30 June.

We remain concerned however that the format of the management accounts is overly complex, and does not provide the Board with a satisfactory standard of information. We reiterate the recommendation made in our letter dated 13 July 2009 that the format of the management accounts and the underlying nominal ledger structure is fundamentally reviewed by management.'

SW advised the Board that this audit was an overall and brief exercise and was not a full audit of the financial detail.

RJ suggested that this was a reflection of the Board's weakness over the last 12 months and that financial controls were inept

PG disagreed and stated that the Board had been given reassurances that have not materialised and that a Board could only work with the information they were given.

SW added that the executive team had not been given accurate financial information and therefore this could not have been provided to the Board. ZW stated that the Board had not been provided with the right level of information to instigate the necessary steps at an earlier stage. She pointed out that CNH officers were paid to monitor the situation and pass relevant information to the Board. RJ pointed out that the Board members were legally constituted and had responsibilities. ZW agreed but stated that a voluntary Board can only rely on the information they are given, and it is this information that has fallen short.

RP explained that his priorities as:

- Validation of the quarter 1 accounts
- Modernisation the format of the accounts, and ensuring that both the CNH management team and CBC were happy with the format
- Address CNH's cash flow situation
- Ensuring data flow between the various IT systems
- Review and overhaul of financial procedures, including rationalising the number of contractors used and the number of transactions made
- Co-location of the finance team and review of roles and abilities.

The Board expressed support to bring in additional resource if required. RP advised that there were development needs within the team however in house training and change of mentality and working practices were needed.

RP confirmed that he had met with the Council who had been extremely supportive.

6.0 Inspection 2010

SW thanked MM for producing an excellent and comprehensive report regarding the inspection.

The Board received the report which outlined details of the Government's announcement to delay Decent Homes funding to 2011, feedback from the recent HQN desktop review, feedback from a liaison meeting between the Council and CNH and options for the timing of the inspection.

ZW stressed that any decision regarding the timing of the inspection needed to be a joint decision between the Council and CNH.

Government's Announcement regarding Decent Homes funding delay

SW informed the Board that he and Tal Mehta had also recently attended a meeting of the National Federation of ALMO's, and despite campaigning it was felt that it was unlikely that the Government would reverse the decision regarding delay of the funding. Many ALMO's were concerned about their future due to potential changes to the Housing Subsidy system.

SW explained that if the £36,000,000 Decent Homes funding was not received until 2011, CNH may not be able to achieve full decency.

HQN Desktop Review

SW advised the Board that feedback from the recent HQN desktop review was positive. We had been advised that the services identified as 'strongest' were probably 2 stars, those identified as 'making progress' were probably between 1 and 2 stars and those identified as 'weakest' were probably below 1 star.

In summary, the services were assessed within the following categories:

Strongest areas:

- Resident involvement
- Income management
- Repairs and gas (but hardest to judge without full inspection and need to demonstrate Value for Money of DLO)

Making progress:

- Diversity (need to complete and use profiling)
- Supported housing (need to have taken action on feasibility study)
- Asset management
- Tenancy management and ASB (but not estate management)
- Value for Money

Weakest areas:

- Access and customer care
- Allocations/lettings and voids (**Note: assessment against CNH only, CBC to have separate review of allocations in early September 2009**)
- Leasehold management

SW advised the Board that the executive team were confident that the areas identified as weak were fixable prior to inspection.

Key priorities for improvement had been identified as:

- Building confidence with the Council
- Demonstrating value for money of the repairs service

Liaison Meeting, CNH and the Council

ZW explained that CBC were uncertain about whether inspection should be delayed and were looking at a possible delay of up to 3 months. Any longer would be unacceptable as this would not leave enough time for re-inspection and in the case of failure would result in a further risk of not being able to bid for Decent Homes Funding.

ZW stated that after discussion with the audit commission, she was confident that the 2-star achievement was possible. Officially, CNH was a zero star organisation. By

undertaking the inspection in February 2010, CNH would be able to demonstrate the progress that had been made, even if 2 stars were not achieved. After many discussions with Geoff Parker, ZW thought Geoff was also now considering February 2010 as the preferred option.

ZW advised that if 2 stars were not achieved, CNH would need to go through the inspection process twice. She added that if this were the case 1 star should not be seen as failure.

IM stated that lots of improvements had been made and the HQN report was encouraging. He added that a February 2010 inspection was his preference in order, at least, to gain recognition for progress that had been made and to enable a prioritised plan to be devised for 2 stars.

NS also supported a February 2010 inspection. Adding that delaying inspection would potentially have a negative effect of staff confidence and morale.

PC asked what could be gained from a 3 month delay. SW, IR and MM all felt that there was nothing to be gained and that there was no good reason to delay inspection.

AW added that tenants were keen for inspection to go ahead as soon as possible.

ZW advised the Board that monthly meetings of the liaison group of CNH and Council were to take place. SW added that relationships with Geoff Parker and Eileen Mallon were very good at the moment and were continuing to improve.

HI asked whether estate management will be costly to improve. IR explained that a new SLA contract had been agreed with CBC for grounds maintenance and cleansing. The contract had been negotiated to ensure the level of service CNH required would be provided within existing budgets. Detail would be outlined in a future Board Report.

The Board unanimously voted in favour of going ahead with the inspection in February 2010.

Resolved:

- 1. CNH Board preferred option for inspection was to proceed as planned with inspection in February 2010**
- 2. Authority be delegated to the Chair of the Board to agree with the Council's Chief Executive the option to be confirmed to Audit Commission by the end of August 2009.**

7.0 Quarter 1 Performance Report

The Board received the June 2009 and Quarter 1 2009/10 Performance Report. In summary, the performance for Quarter 1 was very positive with few indicators not achieving target. Of the 56 CNH indicators, 20 were above or achieving target, 6 were slightly below target and issues with 13 indicators.

RJ asked for clarification as to the meaning of the quartiles and why some of the quartile data was not available. PF explained that the quartile figures represent CNH's performance in comparison to other authorities registered on Housemark, top quartile being within the to 25%, 2nd quartile the next 25% and so on. PF added that the forecast figures were based on targets set at the beginning of the year and on performance to date.

PG requested that Decent Homes figures be reported on a quarterly basis against quarterly targets so that progress could be monitored for the quarter rather than the year.

PF

PG expressed concern regarding the poor performance of void turnaround and how this would be a risk to the two stars at inspection. SW advised that CNH was achieving targets for repairs turnaround and sign up.

ZW explained that voids was priority for both the Council and CNH and a joint project group had been set up to carry out an end to end review of the whole process.

ZW explained that in September 2009, a mock inspection of allocations was taking place, the results of which would contribute to any action plan.

SW explained that the issue of designation of properties impacted on the voids figure, and the CBC designation policy would be reviewed by Cabinet. SW added that one property that had recently been relet had been void for 7 years. Obviously a major success, but it has had a significant impact on average void turnaround figures.

RJ asked whether the allocations service should be brought into CNH. ZW stated this could be a consideration in the long-term, but would not be beneficial to CNH so close to inspection. IR pointed out that some radical changes have been made in the last few weeks to address some of the problems with voids turnaround.

PG stated that a 95% outturn prediction for gas servicing was not acceptable. SW agreed that this should be revised to 99%.

PF

IM stated that performance of the contact centre would need to be added into the suite of indicators. MM stated that SW was currently in the process of agreeing an SLA with CBC which will enable the production of performance statistics on the contact centre.

8.0 July 2009 Performance Report

The Board received the July 2009 performance report. It was noted that performance on CBC's indicators had very slightly deteriorated in July 2009. However, performance on CNH's indicators had mostly improved.

PF advised the Board that for 2008/09, CNH had been ranked on HouseMark benchmarking, 7th out of all ALMO's for rent collection and for this year CNH was ranked 1st out of all ALMO's for rent collection in quarter 1.

9.0 Escalation of 66b Performance Target

The Board received a report outlining CNH's failure to agree a target with the Council for 2009/10 for the rents indicator 66b, Number of tenants with more than 7 weeks of gross rent arrears as a % of the total number of tenants.

The Council had requested that the target be set at 4.16% and CNH had requested that the target be set at a realistic level of 6%. Performance outturn for 2008/09 was 6.59%.

IM was surprised that such a high level of scrutiny is being placed on an indicator that does not provide very much information and is not of a particularly high significance. PF stated that some other authorities no longer collected data for this indicator.

MM asked for the Board's perspective on whether CNH should accept the Council's target which would mean continual remedial action or if further negotiation should be attempted. CBC has not previously been willing to negotiate on this figure as it is considered to be an important indicator.

RJ stated that Charnwood's average debt on a tenancy was £72 and asked if a comparison could be undertaken of other authorities. PF agreed that this should be possible.

PF

SW suggested that further negotiation take place with the Council.

ZW explained that if CNH agrees to CBC's proposed 4.16% target, we will not be able to deliver and will have to go into remedial plan. However, if we argue for a more achievable target, CNH will be expected to reach that target and the implication of failure may be more significant.

Resolved: SW to further discuss the 66b target with CBC.

SW

10.0 Board Briefing : Domestic Violence

The briefing paper on domestic Violence was accepted by the Board.

11.0 Date and Time of Next Meeting

Tuesday 22 September 2009, 6.00pm - Committee Room 1, Council Offices

ZW advised the Board that the date of the AGM was still to be agreed with the Council.

The meeting ended at 8.45 pm.

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CHAIR

Signed as true and accurate record of the meeting held on 25 August 2009.