

Charnwood Neighbourhood Housing Limited

Meeting of the Board of Directors
22 September 2009, 6:00pm, CNH Boardroom



Board Members Present: William Cavender, Patrick Cole, Peter Gardner, Diane Horn, Kenneth Jones, Ron Jukes, Ian Montgomery (Vice Chair), Neville Stork, Ann Watkinson, Marie Hannabuss (Vice Chair), Roger Merchant, Cynthia Popley (arrived late)

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

Observers Present: Councillor Steven Hodgson

Apologies: Paul Day, Helen Isaac, Zoe Wortley (Chair)

Minutes: Louise Gough

Minutes

The meeting started at 6.00pm

ITEM	Action
<p>1.0 Apologies for Absence</p> <p>Apologies were received and recorded from Paul Day, Helen Isaac and Zoe Wortley.</p> <p>In Zoe Wortley's (Chair) absence Ian Montgomery chaired the meeting.</p>	
<p>2.0 Declarations of Interest</p> <p>There were no declarations of interest.</p>	
<p>3.0 Minutes of Meeting held on 25 August 2009</p> <p>Accuracy</p> <p>The following points of accuracy were identified:</p> <p>Page 2- Matters Arising First paragraph - RS to be corrected to RJ.</p> <p>Page 3 – Quarter 1 Management Accounts ninth paragraph- “accurateness” to be corrected to “accuracy”.</p> <p>With these amendments, the minutes were agreed as a true and accurate record of the meeting.</p> <p>Matters Arising</p> <p>Page 2 – Management Accounts 2008/09 - RP stated a copy of the accounts had been sent to all Board members. He advised that the auditors, Beever and Struthers had subsequently stated there were some minor inaccuracies where amendments were needed. RP apologised to the Board for the inconvenience and advised that once a revised version was received from the auditors an amended version would be circulated.</p> <p>AGM Date – RP advised that the AGM date had not yet been set due to the letter of comfort still being outstanding. It was advised that the letter would need to be approved by Cabinet.</p>	<p>LG</p> <p>RP</p>

Page 3- Management Fee Figure – RP informed that the figure showed in the last report was in fact incorrect and should have been read at £9.05m. The right figure is now being used in the accounts?

NS stated that transparency with staff was needed regarding planned action to recover the financial situation. SW advised that since action was taken to reduce planned maintenance due to budgetary constraints the DLO was not operating as productively as it could. He stated that a report regarding DLO utilisation would be presented at the October Board meeting which would include redundancy proposal. He added that staff had been informed of the need to reduce staff within the directorate.

SW

RJ asked when the 3 year recovery plan would be available to Board. RP stated that the recovery plan would be presented to Board in December. This would follow completion of the exercise currently being undertaken to fully understand the financial position and year end position forecast. He added that this timetable was agreeable with the Council's Chief Executive.

RP

RP advised that the September financial actuals would be available to Board in October.

RP

Resolved:

- 1) A report to be presented to the October Board meeting regarding DLO utilisation
- 2) A report to be presented to the December Board meeting outlining the 3-year recovery plan.

Page 4 – Inspection Update - MM advised the Board that as part of the preparation of CNH's self assessment for inspection, eleven KLOE workshops had taken place. Staff, customers, key partners, Board members and external housing professionals in the role of critical friend had been involved in the workshops. She stated that the workshops had been successful, generating some useful challenge and ideas for further improvements. She added that a first draft of the self assessment had been put together by PF which would be considered at a round table meeting of managers.

MM advised that the self assessment would be presented to Board in October for first review. She added that she would be looking to form a Board member group to review and recommend changes to the document before final approval and submission in December.

MM

MM thanked all Board members who had contributed to the workshops. She thanked PF for his work on the first draft of the self assessment.

CP stated that taking part in the workshops had been very worthwhile and was very beneficial to see what progress had been made. RM added that the use of critical friends in the process had been excellent. MM advised that letters would be sent to the critical friends to thank them for their contributions.

Page 7- 66b - SW advised that following discussion with the Council's Director of Housing and Health, an agreement had been made to set a realistic and achievable target of 5.25% for performance indicator 66b. This would be formalised at the September performance meeting with the Council.

SW

Page 7 - Decent Homes Quarterly Targets - PF advised that quarterly targets for Decent Homes work had been set and would be reported from Quarter 2.

PF

Page 7 – Average Debt Per Property - PF tabled a graph that showed the average debt per property from eight other ALMOs compared to CNH as requested at the previous Board meeting. The graph showed that all were within a small range apart from one exception where the organisation was 90% supporting people funded.

5.0 August 2009 Performance Report

The Board received the August 2009 performance report. In summary, the performance for August was positive with 69% of indicators reported to the Council on or above target, 45% had shown improvement, 35% had remained the same. In CNH's suite of indicators, 60% of the indicators were on or above target.

Key highlights this month were customer service indicators showing excellent performance as a whole, rent collection showing on the 12 month rolling measure as 99.7%, repairs completed right first time at 99.89% and tenancy sign ups completed within target at 99.4%.

The Board was advised that void turnaround, overall had deteriorated to 144.57 days. SW tabled a breakdown of the voids let in August. The breakdown detailed the turnaround against target for each team, allocations, repairs and tenancy and showed the figures overall and separately for designated and non-designated properties.

SW explained the difference between designated and non-designated properties. Non-designated being general let and designated being subject to local letting policies, sensitive let, elderly plus and warden properties - traditional sheltered schemes with onsite warden and CAS (central alarm) which warden supported. SW stated that CBC were currently reviewing designation policies which would improve the number of properties available for general let.

SW stated that the performance indicator only reported figures for properties that had been let and if a property had been vacant for a long period of time the performance reported would be historical rather than current. He added that a property which had been vacant for over 7 years was included in the August figures.

SW advised that the Council had requested that repairs time be reduced further than the 27 day target due to this being the more controllable area of the void process. He added that to achieve this, an additional electrician would be needed in the voids team. He stated that there was not an electrician resource who could be reassigned to voids work. He added that to make recruitment of an additional electrician affordable, reductions in other trades would be needed.

RJ asked if CNH had considered using sub-contractors to help with turnaround. SW confirmed that sub-contractors had previously been utilised previously but due to the financial situation had ceased.

DH asked if the repairs turnaround target was realistic. SW confirmed it was and had been achieved for the previous four months.

The Board asked for the breakdown to be provided monthly with a breakdown for the turnaround of each area for each property. PF confirmed this could be provided.

PF

PG stated that the voids turnaround was seriously concerning and action needed to be taken to reduce the turnaround. He added that CNH should request to the Council that the number of transfers should be reduced to help with the voids situation. SW confirmed that the request had been made on a number of occasions, but transfers still remain around the 30% proportion. It was agreed that a letter should be sent by the Chair of CNH to the Council.

IM/ZW

Discussion took place on whether tenancies could start on a different day to Monday or if rent could be backdated. PG advised that organisations use many different methods, working on Saturdays being one, and research could be done to ascertain what others did. It was agreed that a briefing note on this would be prepared for Board.

IR

PF advised that the next performance report would be presented in November due to the timing of the Board meeting and time required to prepare the statistics.

BC requested a progress report on the HQN review of the voids process.

IR/SW

Resolved:

- 1) To accept the August 2009 performance report.**
- 2) Monthly voids breakdown report to be provided to Board members**
- 3) A briefing paper to be prepared regarding practice within other organisations on reducing time between sign up and tenancy start date.**
- 4) Briefing report to be prepared on progress against recommendations in the HQN Voids review.**

6.0 Finance Update

The Board received the Finance Update report. RP advised that the report was a new format attempting to make the financial information much easier to understand with contextual information. Comments and change requests were invited.

The Board was complimentary regarding the new format and welcomed the change to the report.

BC requested that the repairs costs be split between responsive, voids and planned on future reports.

RP

The Board agreed that additional columns showing full year budget, half year and quarterly year with the prior years data was required.

RP

RP explained that the situation was encouraging. He added that the year to date was showing £8k loss, £204k better than the stated budget. He added that there would be a number of additional costs such as recruitment for the CEO, etc.

RP stated that the reduction in posts/changes to structure had started to show an impact. He added that individual directorates had made cuts and all were performing better than budget but improvement was still required. RM questioned why the van leasing costs had increased. SW explained there had been a delay in taking delivery of some of the specialist vehicles therefore some vehicles were kept on for longer from the previous lease company (with no ability to negotiate cost down) and there were also some charges for uninsured damage once the vehicles were returned.

Balance Sheet- RP reported that a full review of the balance sheet had taken place and there were no major concerns. He added that the balance sheet had not been previously reviewed hence surprises at the end of the year. He added that the £31k identified as 'unidentified P&L expenditure' was actually rechargeable repairs which would be billed out.

Cash flow – The Board was advised that the cashflow did not reflect the sum of money still owing to the Council but agreed for delayed payment.

NS questioned why electricity charges were underspent. RP was unable to comment as there had been no historical commentary with the budget to consult but this would be looked into.

RP

NS queried the high cost on security and asked what this included. RP stated that this included sitex work used on void properties however he would provide more detail.

RP

Cash position- NS questioned why CNH was still receiving cash advanced from the Council. RP explained that CNH was a cash business that made a loss in the first 15 months of trading and that there was a direct correlation between the loss and the cash position. He added that CBC had agreed to work with CNH to turn the situation around including formalising the cash advance as a loan.

RJ questioned the costs for uniforms. SW advised that Executive Team had made a decision to withdraw provision of uniforms for all staff with the exception of the workforce who require protective clothing. Therefore this would not be a future cost.

RJ questioned the cost for the newsletter. MM confirmed that the £5k cost was for 2

editions of the newsletter. RJ added that printing costs were high. RP confirmed that this was due to a number of publications being developed and printed as a requirement from the mock inspection.

RJ questioned the 5 – 6 days to close down monthly accounts. RP stated that no month end work had been undertaken prior to his arrival and therefore there was no benchmark to work to. He added that 5 days was a realistic target but he would look to reduce this overtime.

Suppliers- RJ asked if reducing suppliers would limit the ability to shop around. RP stated that we would seek to negotiate the best price in the first place and renegotiate on a regular basis.

CP expressed concern regarding the number of variances against budget. RP agreed that this was a concern however in the majority of cases this was due to the budgets not being phased and this could be addressed for future once he had a years worth of data. PG suggested more commentary where variances were showing.

RP

Accommodation- AW asked if the Executive Team had considered moving premises. SW stated that this had been considered but was not a priority prior to inspection due to the capacity of the team. RP added that if CNH were to relocate, the Council's overheads would increase so it would be in the Council's interest to keep the lease costs competitive.

PG requested that a similar report should be provided to the Board for the Capital Budget. RP agreed that this was necessary however this would be required from the Council as CNH did not hold the capital budget.

RP

Central Heating Costs –Concern was expressed regarding the large variance on central heating costs. RP stated that there had been an increase in utility costs however the utility bills did need to be checked as CNH could be being overcharged.

RP

Resolved:

1) To accept the new format of financial reporting with changes requested implemented for future reporting.

7.0 Finance Restructure

The Board received a report outlining proposals for restructure of the finance service. The Board were asked to approve additional, temporary (3 months) resource of a Senior Management Accountant, to allow more capacity in the team to ensure the redesign of the function and efficiencies could be made to turn the business around.

CP suggested that it would be prudent to ensure the roles in the new structure were properly evaluated against business need and not designed around the existing people. RP confirmed that all roles were evaluated against the Hays Scheme and that no people choices or grades had been predetermined. This was also the reasoning for any redundancy costs not being factored into the costings.

RJ enquired how staff were being trained for the forthcoming changes from CIPFA accounting standards to IFRS. RP stated that the impact would not be great however the auditors were looking into how it would impact CNH.

Resolved:

1) Agreed the recruitment of an additional post to the finance team for 3 months at a cost of no more than £15k.

2) A further restructure report to be presented to Board following redesign of the function.

RP

8.0 Internal Audit Programme

This item was not on the scheduled agenda but was considered at this point of the meeting.

RM tabled a paper prepared by the newly appointed internal auditors, Mazars, outlining the proposed internal audit programme for CNH for 2009/10. He asked the Board to approve the programme for commencement on 28 September 2009.

Resolved:

1) To approve the internal audit schedule for 2009/10.

9.0 Grounds Maintenance and Cleansing SLA

The Board received a report outlining proposals for the withdrawal of the notice to terminate the Grounds Maintenance SLA with the Council and proposals for a new SLA for Cleansing with the Council.

Grounds Maintenance SLA

IR explained that since CNH gave notice to terminate the Grounds Maintenance SLA with the Council in December 2008, The Council had expressed interest in retaining the SLA and began a process of improving the service provided. IR added that it had been found that no records of housing land had existed which resulted in insufficient time to undertake a full tendering exercise. Extensive work had to be undertaken to produce maps outlining exact areas of housing land.

IR explained that the service provided will be notably improved and prices were extremely competitive. She added that cleansing services - removal of litter, detritus, fly-tipping, discarded needles and general rubbish would be included as part of the new cleansing element of the SLA. She advised CNH would be getting a much improved services with a small saving to be made. She advised that clear service standards had been set with joint plans for monitoring. PG requested that future reports provide much more detailed budgetary detail. RP to confirm the exact saving figure.

PG asked for confirmation that the HRA was not supplementing the General Fund. IR confirmed that the service would be equal for residents and tenants but the HRA would only fund housing land.

RJ stated that the Council's procurement process of the grounds maintenance contract had been subject to a full OJEU process and had been subject to strict scrutiny by members.

SW stated that the Executive Team had confidence that a better service would be provided at less cost and this was a good example of partnership working with the Council.

MH raised concern over the period of the SLA being 7 years. IR explained that this was due to the requirement of a fleet contract but the agreement could be broken with six months notice (subject to penalties).

Resolved:

1) To endorse the decision to withdraw the notice served on the grounds maintenance SLA and enter into the new grounds maintenance SLA at a cost of £193,000

2) To enter into a new SLA to provide cleaning services to prescribed areas for a sum of £53,000.

10.0 HR Workforce Strategy

The Board was advised that a Workforce Strategy had been developed for CNH. IR requested that input was required from Board prior to the strategy being submitted to Board for approval. PC agreed to assist IR with further development of the strategy.

Resolved:

1) IR/PC to review and finalise CNH's Workforce Strategy for future approval by Board.

IR/PC

11.0 Tenant Participation Strategy

The Board received a report presenting CNH's strategic aims for Tenant Participation. The strategy had been presented at Board previously and recommended changes from IM had been incorporated into the document. IR advised that the action plan was missing however had not changed since previously submitted to the Board. IR agreed to circulate the action plan following the meeting.

IR

IM enquired if CNH benchmark tenant participation with Housemark. MM confirmed that CNH did benchmark TP.

PG asked for the bid expenditure to be staggered. SW stated that a £50k budget had been reserved for capital bids and there was no impact to the revenue budget.

IM requested the Menu of Involvement to be circulate to the Board.

IR

Resolved:

1) To agree to adopt and the implementation of the Tenant Participation Strategy.

12.0 Any Other Business

a) Inside Housing Article

SW advised the Board that an article would be published in Inside Housing regarding CNH's loss and the removal of the former Finance Manager. The exact detail of the article was unknown at this stage but it was unlikely to be complimentary towards CNH. He added that residents groups had been contacted by Inside Housing for comment and responses from Loughborough Town Centre Collective had been sent to the Leicester Mercury and Loughborough Echo although no local enquiries had yet been made.

Board was advised to contact MM in the first instance should there be queries or are contacted directly by the press.

b) Housing Enabling Fund

SW advised the Board that the Council's Director of Housing and Health had advised CNH that, subject to Cabinet approval, a sum of £500k from the Housing Enabling Fund would be made available to CNH to utilise towards investing in major works void properties. He added that this would contribute to improved voids performance and increase revenue for CNH. SW stated that this was another good example of partnership working with the Council.

13.0 Date and Time of Next Meeting

Tuesday 20 October 2009, 6.00pm - Committee Room 2, Council Offices

The meeting ended at 8.45 pm.

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CHAIR

Signed as true and accurate record of the meeting held on 22 September 2009.