

**NOTTINGHAM CITY HOMES LIMITED
GOVERNING BOARD MEETING**



Date: THURSDAY 26 JANUARY 2017

Time: 5.40 PM

**Place: ST ANN'S VALLEY CENTRE, 2 LIVINGSTONE ROAD, ST ANN'S,
NOTTINGHAM, NG3 3GG**

Directors of the Board are requested to attend the above meeting on the date and at the time and place stated to transact the following business:

George Pashley
Company Secretary

AGENDA

			Page No.	Time
1	INTRODUCTORY ITEMS			
1.1	WELCOME			5.40
1.2	APOLOGIES FOR ABSENCE			
1.3	DECLARATION OF INTERESTS			
1.4	MINUTES OF THE MEETING HELD ON 24 NOVEMBER 2016	Attached	3 - 9	5.40
1.5	MATTERS ARISING			5.40
2	ITEMS FOR DISCUSSION AND DECISION			
2.1	2017/18 BUDGET SETTING Report of the Assistant Director of Finance and Procurement	Attached	10 - 18	5.45
3	ITEMS TO NOTE			
3.1	COMPANY SECRETARY'S REPORT Report of the Company Secretary	Attached	19 - 28	6.00
3.2	NEW GOVERNMENT PROPOSALS AND EXTERNAL POLICY DEVELOPMENTS WITH AN IMPACT ON NOTTINGHAM CITY HOMES Report of the Director of Investment and Business Services	Attached	29 - 40	6.10
3.3	FEEDBACK FROM AUDIT COMMITTEE ON 9 JANUARY 2017	Verbal		6.20

- | | | | |
|-----|--|--------|------|
| 3.4 | FEEDBACK FROM NCC/NCH PARTNERSHIP FORUM ON 12 JANUARY 2017 | Verbal | 6.25 |
| 3.5 | FEEDBACK FROM BUILD A BETTER NOTTINGHAM STEERING GROUP MEETING ON 22 DECEMBER 2016 | Verbal | 6.30 |

4 CLOSING ITEMS

- 4.1 ANY OTHER BUSINESS
- 4.2 DATE OF NEXT MEETING – 23 FEBRUARY 2017

Members wishing to raise matters under Any Other Business should note that items will only be accepted if referred to and agreed by the Chair of the Board prior to commencement of the Meeting. Members wishing to submit their apologies should do so by contacting the Company Secretariat on 0115 746 9485. This agenda was issued by email on 20 January 2017.

Distribution List:

All Board Members:

Dave Bennett-Bull, Bill Blincoe, Scott Campbell, Anne Dean, Glenn Harris, MBE, Patience Ifediora, Mike Khouri-Bent, Julian Owen, Sarita-Marie Rehman-Wall, Michael Savage Malcolm Sharp, MBE, Sam Webster and Steve Young.

All EMT Members

Report Authors:

Dan Lucas, Darren Phillips

NOTTINGHAM CITY HOMES LIMITED

THE BOARD

MINUTES of the **PUBLIC MEETING** held on **24 NOVEMBER 2016** at the Bulwell Riverside Library, Main Street, Bulwell, Nottingham, NG6 8QJ.

Board Members

Dave Bennett-Bull
Bill Blincoe
Scott Campbell (from item 6)
Anne Dean
Glenn Harris, MBE
Patience Ifediora
Mike Khouri-Bent (from item 6)
Julian Owen (from item 6)
Sarita-Marie Rehman-Wall
Michael Savage
Malcolm Sharp, MBE (Chair)
Steve Young (from item 8)

Also in Attendance:

Chris Culleton	Director of Repairs and Maintenance
Cathy Dobb (Minute taker)	Head of Governance
Judith Duncan (Item 10)	Customer Excellence Panel
Tom Mouldsdale (Observer)	Governance Officer
Gill Moy	Director of Housing and Customer Services
Nick Murphy	Chief Executive
George Pashley	Company Secretary
Darren Phillips (Item 10)	Assistant Director of Finance and Procurement
Jonathan Shaw	Director of Investment and Business Services
Sue Stevenson (Item 10)	Chair of Customer Excellence Panel

1 WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS

Chair opened the meeting and welcomed Board Members.

2 APOLOGIES FOR ABSENCE

None.

3 DECLARATIONS OF INTEREST

None declared.

4 ITEMS FROM THE CHAIR

- 4.1 The Board were informed by the Company Secretary of the resignation of Cllr Alex Ball as a Board Member of Nottingham City Homes (NCH). Employment outside of the city has led to Alex resigning as an Executive Assistant but he remains a Councillor for Nottingham City. The Council will inform NCH of his replacement shortly. The Board gave their thanks for all Alex's hard work over the years and he will be missed. The Board requested a letter of appreciation to be sent to Alex. CD to action.

5 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 27 OCTOBER 2016

These were agreed as a true record. The Chair signed the minutes.

6 MATTERS ARISING

- 6.1 None arising from the minutes of 27 October 2016.
- 6.2 The Chief Executive updated the Board on the Housing and Planning Act 2016 and the Chancellor's Autumn Statement. The compulsory element of Pay to Stay has been abolished. NCH and its tenants were very vocal about this aspect of the Act. Mark Lawson, Executive Assistant at NCH, analysed the costs of the Pay to Stay proposal and this analysis was sent to the Government prior to their decision to abolish the proposal. The Government is currently still committed to fixed term tenancies, Right to Buy (RTB) for Housing Associations and the sale of higher value council houses. However, there is no expectation for the 2017 receipts of higher value Council house sales going to Government.
- 6.2.1 Autumn statement: There will be more money available for affordable rented homes and different funding streams were announced. The requirement to pay upfront fees to Letting Agents is also being removed. Welfare reform changes to Universal Credit make it slightly more generous, but there will still be the loss of 63p per £1 earned for everyone affected.

7 2017/18 BUDGET STRATEGY

- 7.1 The Assistant Director of Finance and Procurement stated that the report provides Board with an update on NCH's strategy for the 2017/18 budget. There continues to be significant pressure on Nottingham City Council's (NCC) Housing Revenue Account (HRA) which funds the majority of NCH's activities. NCH's fees are therefore set to fall again next year in addition to significant cost pressures on expenditure budgets that have been identified in the report. He stated that our budget planning had assumed an increase in the NCC refund from £2.5m to £3.5m, and that NCC had advised that their budget planning assumed a further £125k.
- 7.2 The Company is currently undertaking its 2017/18 Team Planning process which requires each service area to establish 5% and 10% budget saving proposals. The next steps are for EMT to review the proposals and include recommendations

to set a balanced budget to Board.

- 7.3 NCH is planning to significantly grow its in-house property services, in-sourcing work and work delivered on behalf of NCC and others. Board were given clarification on the anticipated in-sourcing revenue. NCC is keen for NCH to grow capacity to take on more work. NCH is aiming for a 4% internal return on planned in-sourcing which will contribute to setting a balanced budget for 2017/18.
- 7.4 Board Members discussed whether the savings being put forward would have an impact on Key Performance Indicators (KPI) and whether this would result in a review of current KPIs. Board members expressed their concerns that budget cuts leading to service reductions would have a negative impact on tenant satisfaction. The Chief Executive informed the Board that next year is the final year of the three year Corporate Plan, and that managers are still expected to meet those targets even with a reduced budget. Over the course of the next year Board will lead on developing a new Corporate Plan, and set targets and objectives capable of being delivered within NCH's likely resources.
- 7.5 The Board were informed that RTB sales appear to have peaked in comparison to previous years. There were 360 last year compared to 180 so far this year, which is more in line with expectations. The estimate for next year is 190.
- 7.6 The Chief Executive informed the Board that both he and the Chair of the Board attend the Partnership Forum meetings with NCC, and they will report at the next meeting the Board's feelings on budget proposals for 2017/18.
- 7.7 The final 2017/18 Budget recommendations will be reported to Board in February 2017 for approval. Board requested that they be provided with suggested priorities and areas being cut before the budget is finalised.

RESOLUTION:

The Board agreed:

- 1. To approve the 2017/18 budget strategy.**
- 2. To support EMT having robust discussions with NCC on budget setting.**

8 QUARTER TWO PERFORMANCE SUMMARY 2016/17

- 8.1 The Director of Investment and Business Services stated that the purpose of the report is to provide the Board with an overview of NCH's progress against the KPIs identified in the Corporate Plan. He informed the Board that NCH is halfway through the three year Corporate Plan. A detailed report was previously issued with the Board papers.
- 8.2 Overall customer satisfaction has dropped, as has satisfaction in several other areas. The quarter three STAR survey format will be amended to allow for better analysis of the reasons for any drop and will allow NCH to collect from tenants the reasons for any low scores. It will also be amended to allow tenants to give feedback on areas they feel NCH need to improve on.

- 8.3 Performance is below target but showing long term improvement in relation to void property management, Anti-Social Behaviour (ASB) customer satisfaction and staff sickness levels.
- 8.4 Our average property energy efficiency rating is now 'C' for the first time and gas servicing performance continues to achieve 100% safety compliance.
- 8.5 The Customer Excellence Panel (CEP) also provides an additional level of scrutiny to the reports presented to Board. CEP raised concerns regarding the level of satisfaction tenants feel with their neighbourhoods and noted that private landlords can skew the overall perception in neighbourhood estates as their properties may not be as well maintained as NCH homes. CEP agreed NCH needs to improve on informing tenants about what they are delivering in their neighbourhoods. It was confirmed that NCH News will have more articles to cover this and will also look to improve the branding on projects NCH are undertaking on the estates. NCH is also proposing a newsletter to all Ward Councillors targeting specific news items to the relevant areas of the city.
- 8.6 The Chair of the Board recommended that as sickness absence remained a concern, a Task and Finish Group is created, comprising of two or three Board Members who will work with the Company Secretary to deal with and understand the key issues.

RESOLUTION:

The Board agreed:

- 1. To note the contents of the report.**
- 2. To consider the main findings and implications for NCH.**
- 3. To establish and Task and Finish Group for HR sickness absence.**

9 CORPORATE RISK REGISTER – RISK APPETITE

- 9.1 The Company Secretary stated that Board had asked for clarity regarding NCH's definition of risk appetite and for a revised recommendation on how it should be set.
- 9.2 Rather than setting the appetite for each individual risk it was recommended that the following paragraph is added to the Risk Management Framework:
- “The Board recognises that managing risk is different to being risk averse. The Board has agreed that its risk appetite is dependent on the nature of the risk. The Board has an extremely low risk appetite for matters which affect the health and safety of employees and residents and that most other strategic risks should be managed to as low a level as is reasonably practicable. The Board however recognises that a degree of flexibility is desirable to allow Nottingham City Homes to effectively pursue new business opportunities and to make plans within an uncertain financial environment – subject to being aware of the risks involved and the actions in place to mitigate them, the Board has a higher risk appetite for business development and financial planning.”
- 9.3 Board discussed whether there was a need to amend the Risk Register and the

benefits of adding the suggested paragraph. The Board were informed that it would be clearer to have the risk appetite statement should it be needed.

RESOLUTION:

The Board agreed:

- 1. To accept the insertion of the paragraph in 9.2 in to the Risk Management Framework.**

10 2016/17 FINANCE REPORT – PERIOD 6 (SEPTEMBER 2016)

- 10.1 The Assistant Director of Finance and Procurement stated that the report provides an update to the Board on the Company's current financial position at the end of period 6 (September 2016).
- 10.2 The Company is currently achieving a surplus and an improved position compared to both the budget and the position reported to Board in September. However, historically there are greater budget pressures in the latter half of the year and NCH still has savings to make over the next six months. The Company is currently anticipating that a full year budgeted surplus of £155k shall be achieved based on the continued delivery of savings targets.
- 10.3 The Assistant Director of Finance and Procurement stated that all Directorates were underspent with the exception of Housing and Customer Services; but this was due to additional work being undertaken on voids. Some central services also require investment upfront, and NCH has £3.9m in reserves to refurbish the Harvey Road site and IT development.

RESOLUTION:

The Board agreed:

- 1. To note the financial position at the end of September 2016 and the forecast outturn position for the 2016/17 financial year.**

11 COMPANY SECRETARY'S REPORT

11.1 TENANT BOARD MEMBER VACANCY UPDATE

- 11.1.1 The Company Secretary introduced the report by stating that an advert was published asking for interested Tenants to supply a CV and covering letter for the outstanding vacant Tenant Board Member post by 6 December. Three tenants have expressed an interest so far and have been invited to an information meeting.

RESOLUTION:

The Board agreed:

- 1. To note the update on the Tenant Board Member vacancy**

11.2 RP BOARD MEMBERS UPDATE

- 11.2.1 A request has been issued to local Registered Providers (RP) requesting their

assistance in identifying existing RP Board Members who may be interested in joining the NCH PR Board whilst we establish the new subsidiary. Nominations are also requested from existing Board Members to join NCH RP Board. Five expressions of interest have been received and we will request a CV from interested parties. The process should conclude mid-December.

RESOLUTION:

The Board agreed:

- 1. To note the update on the RP Independent Board Members and the request for nominations from the Board.**

11.3 STAR AWARDS UPDATE

- 11.3.1 Board Members were reminded that the staff STAR Awards will be taking place at the Crown Plaza Hotel on Friday 25 November 2016.

RESOLUTION:

The Board agreed:

- 1. To note the update on the Star Awards.**

11.4 TENANT AND LEASEHOLDER AWARDS UPDATE

- 11.4.1 The nominations for Tenant and Leaseholder Awards are now live. Board Members are invited to make their own nominations by the deadline of 6 January 2017.

RESOLUTION:

The Board agreed:

- 1. To note the update on the Tenant and Leaseholder Awards.**

11.5 USE OF THE COMPANY SEAL

- 11.5.1 The Seal was affixed on the following occasions:
- 11.5.2 TR1 Transfer of Registered Title - The Seal was affixed on 20 October 2016 for the purchase of 54 Anstey Rise, Sneinton, Nottingham, NG3 2BQ for £96,000.
- 11.5.3 Contract for sale of land at Newgate Court, Lenton, Nottingham from NCC.
- 11.5.4 TP1 Transfer of part of Registered Title – The Seal was affixed on 20 October 2016 for the purchase of freehold land at Newgate Court, Lenton for £745,162.
- 11.5.5 Novation Agreement to transfer current CRM contract currently with Optevia to its parent company IBM.

RESOLUTION:

The Board agreed:

1. To note the use of the Company Seal.

12 ANY OTHER BUSINESS

None.

13 DATE OF THE NEXT MEETING

The next scheduled meeting will be on the 26 January 2017.

The meeting closed at 18.47

SIGNED..... DATE

NOTTINGHAM CITY HOMES

THE BOARD
26 JANUARY 2017

REPORT OF THE ASSISTANT DIRECTOR OF FINANCE AND PROCUREMENT

2017/18 BUDGET SETTING

1 EXECUTIVE SUMMARY

- 1.1 This report presents the proposed Nottingham City Homes (NCH) budget for 2017/18. These proposals have been developed:
- In consultation with Nottingham City Council (NCC) and subject to NCC final budget setting decisions;
 - To accommodate pressures including staff costs and the financial refund to NCC; and
 - Following completion of a Priority Based Budgeting (PBB) process that focusses budgets on meeting Corporate Objectives.
- 1.2 The importance of new business activities, growth and insourcing have been recognised to ensure the Company is progressively expanding these activities to counteract the impact of having to reduce budgets in response to reducing Housing Revenue Account (HRA) income, have been recognised in the budget proposals. Growth included in the budget has helped offset savings required and provides opportunities for redeployment of staff affected by savings proposals.
- 1.3 Pending confirmation from the City Council of the final NCH refund required next year, either a balanced 2017/18 budget position shall be achieved or the budget shall be set with a small deficit of £80k.
- 1.4 The report also proposes confirmation of the rent setting policy in 2017/18 for social rented homes owned by NCH.

2 RECOMMENDATIONS

It is recommended that Board **approve**:

- 2.1 The 2017/18 NCH budget, subject to NCC budget setting; and
- 2.2 2017/18 NCH Social Housing Rent Policy as set out in the report at paragraph 3.5.2.

3 REPORT

3.1 2017/18 Budget Context

- 3.1.1 NCH currently operates with an annual turnover of over £63million. The City Council's HRA and Capital Programme funds the majority of NCH's annual income – as shown in the table below together with the related expenditure.

2016/17 NCH BUDGET	Current £'000
Income	
HRA Management Fee	22,516
HRA Repairs & Maintenance	27,260
HRA Capital - Fees	2,575
Capital Works & Insourcing	7,907
Other Income	2,899
TOTAL	63,157
Expenditure	
Pay	34,959
Non-Pay	28,043
Surplus	155
Total	63,157

3.1.2 The current financial year is the first in which Local Authority HRA rents have been reduced by 1% and the same annual reduction shall be applied in each of the next three years until 2020. Government welfare reforms and initiatives also continue, or are expected in the coming year, to put further pressure on the level of HRA income. The main impacts are:

- Reduction in HRA stock through annual Right to Buy sales;
- Continued roll-out of Universal Credit for new benefit applicants;
- Roll-out of Universal Credit for legacy tenants (may not commence in Nottingham until 2018/19); and
- Local Housing Allowance (LHA) changes and benefits cap (January 2017).

The sale of 'higher value' Council Homes will also impact on the HRA, but the commencement has been deferred (start date currently unknown) so asset payments will not be required from the HRA in 2017/18.

3.1.3 NCH has worked closely with NCC to identify the full effect of the above pressures and 1% rent reduction and ensures it is reflected in the Council's budget setting and HRA fees. In addition to the repairs and management fees, NCH receives income to manage improvement projects within the HRA capital programme on behalf of NCC. The 2017/18 HRA capital programme currently totals £58.8million and includes NCH capital fees, allocated across all schemes, of over £2.3million. This shall result in a reduction in capital fees charged by NCH in 2017/18 of £396k. The table below sets out net overall reduction in HRA Fees:

DESCRIPTION	Fee Changes £'000
Management Fee	2
Repairs & Maintenance Fee	69
Capital Fees	(396)
Reduction in HRA Fees	325

The City Council's 2017/18 HRA budget shall be recommended for approval by Executive Board in February and further details are included in [Appendix 1](#).

- 3.1.4 NCH's current budget includes a small surplus of £0.155million. The proposed budget for 2017/18 does not include any provision for surplus. It does however set aside an in-year allocation of £1.5million for new build/acquisition reserves (to increase our own stock). The proposed budget also increases our return to NCC by £1.125million, to a total of £3.625m.
- 3.1.5 Establishing a balanced and achievable 2017/18 budget has been challenging for the Company given the fact that employee and pension costs continue to rise. Next year will also see the introduction of the Apprentice Levy – a requirement from Government for organisations to pay an annual levy of 0.5% of their wage bill (if over £3million) to an apprenticeship fund. Employee, pension and apprentice levy costs total an additional £1.315million next year. The full cost pressures and growth items for 2017/18 are highlighted in [Appendix 2](#).
- 3.1.6 The budget challenge has being partially offset by NCH's ambitious commercial growth and insourcing agenda, more details of which are included in the report in section 3.3.

3.2 **2017/18 NCH Budget Setting Process**

- 3.2.1 The table in [Appendix 2](#) shows a summary of the cost pressures faced by NCH next year as well as growth items identified across Directorates. The table below brings together all elements impacting on NCH to show the budget gap for 2017/18:

DESCRIPTION	£'000
Cost Pressures and Growth Items	1,880
Increase in refund to NCC	1,125
Net Reduction in HRA Fees	325
Current Surplus in the base budget	(155)
Total Budget Gap	3,175

The overall budget gap of just under £3.2million falls on the midpoint reported to Board, in the 2017/18 Budget Strategy, and represent 6% of Team Plan budgets.

- 3.2.2 To address the budget gap the 2017/18 Team Planning & Budget setting process has been brought forward this year. The compilation of team plans and budgets is integrated so that plans setting out how service areas will deliver against the goals and objectives in the Corporate Plan are aligned with the resources required to do so. Our budget planning required all team plans to set out savings proposals on their recurrent expenditure budgets and explain both how these would be achieved and any impact on services. Team Plans also required service areas to identify cost pressures and/or additional growth items as required to achieve team and corporate objectives.
- 3.2.3 The actions proposed to achieve savings and efficiencies, growth and insourcing and service reductions within the proposed budgets for 2017/18 are set out in more detail in confidential [Appendix 3](#). We are consulting with our staff representatives on

the required savings that need to be made and how possible redundancies can be mitigated.

3.2.4 At the November meeting, NCH Board requested that NCC reconsider the additional £125k which had been added to the proposed refund from NCH. This is under active consideration by NCC but if NCH is unsuccessful in this request, further savings of £80k will need to be identified next year to breakeven. The achievement of savings shall be closely monitored in 2017/18 and reported back to EMT and the overall financial position regularly reported to Board.

3.3 **Projections for Business Growth and Insourcing in Construction Repairs and Maintenance**

3.3.1 New business activities are important to ensure the Company is progressively expanding and growing its activities to counteract the impact of having to reduce budgets in response to reducing HRA income. NCH still has great capacity to grow its in-house property services, undertake more in-sourcing of work (which is currently contracted out), deliver more work on behalf of the City Council and, potentially, work for other property owners. The growth of our commercial agenda shall increase the Company's turnover in 2017/18 and is factored into this proposed budget.

3.3.2 It is proposed to increase construction and property maintenance insourcing in 2017/18. This is comprised of increasing volumes of work we already doing, notably:

- i. Electrical work;
- ii. Heating works;
- iii. General support trades currently sub-contracted;
- iv. New builds;
- v. NCC corporate works;
- vi. Repair and Maintenance for Schools; and
- vii. Environmental works.

3.3.3 It is proposed to create an in-house Home Preparation Team. This will in-source more of the void processing work, giving us more control over the timing and quality of the service and reduce sub-contractor costs.

3.3.4 It is anticipated that the insourcing of construction and property maintenance shall represent turnover of just under £8million per annum next year, an increase of £5.3million and create over 40 craft operative jobs. A return of £260k within that turnover is included in this proposed budget and further details of turnover by work stream are included at the bottom of Appendix 2.

3.3.5 Income from NCC for construction and property maintenance is not fixed like the Management Fee and there is a risk that the level of works undertaken in 2017/18 fall below those anticipated and impact on NCH's ability to achieve the budgeted return and cover its fixed and overhead costs.

3.4 **Proposed Budget for 2017/18**

3.4.1 The table below sets out the proposed 2017/18 budget:

NCH BUDGET	2016/17 £'000	2017/18 £'000
Income		
HRA Management Fee	22,516	22,518
HRA Repairs & Maintenance	27,260	27,329
HRA Capital - Fees	2,575	2,179
Capital Works & Insourcing	7,907	13,212
Other Income	2,899	2,818
TOTAL	63,157	68,057
Expenditure		
Pay	34,959	37,598
Non-Pay	28,043	30,539
Surplus / (Deficit)	155	(80)
Total	63,157	68,057

3.5 **NCH Properties**

3.5.1 It is anticipated that NCH shall own 160 properties by the end of the financial year and that this will increase to 270 across 2017/18. Rental income from NCH's increasing asset base for social housing, market rent and housing for homeless families has largely been offset by depreciation, loan interest charges and the one-off costs of purchasing properties and bringing them into use e.g. void periods whilst refurbishment work is completed. The financial modelling for all property investments has previously highlighted the pay-back period for investments to be over a significant number of years.

3.5.2 The 2017/18 budget includes the assumption that rents for NCH social rent properties remain the same as 2016/17. As and when properties become void they will be let at target rent + 5% or LHA level, whichever is lower. Board approval is sought for 2017/18 rent setting.

3.6 **Company Subsidiaries**

3.6.1 Last year the Company set up two subsidiary Companies. The first shall be a Registered Provider (RP) to host NCH's Church Square affordable housing new build properties, and the other for Market Rented activities. Income and expenditure for these subsidiaries have been included in the overall 2017/18 NCH budget and shall be separated from the Company's overall budget when the Companies go live over the course of the next financial year.

3.6.2 Financial performance monitoring and reporting shall also be separated for these activities to ensure the appropriate support for the Governance structures. Financial arrangements between the Companies shall be maximised to ensure the most effective use of resources e.g. inter group lending from the main company to the subsidiaries from reserves.

4 FINANCIAL, LEGAL & HUMAN RESOURCE AND RISK IMPLICATIONS

4.1 Financial Implications

4.1.1 As set out in the report.

4.2 Legal & Human Resource Implications

4.2.1 There are no direct legal implications of this report, although it should be noted that HRA funds provided to NCH as part of the partnership and repairs & maintenance agreements are expended on services which fulfil the requirements of the terms of the agreements. The budget strategy assumes that NCH's other activities are funded through other non-HRA income streams.

4.2.2 The Company has already entered into informal consultation with unions on the initial proposed budget savings and their potential impact on service areas. We have received some feedback from union representatives on these but nothing yet that impacts on the proposals included in this paper.

4.2.3 Once Board has made its final recommendations a formal consultation document will be produced setting out in detail how the Company proposes to implement its budget savings including the impact on individual posts and staffing structures. Unless agreement can be reached earlier this statutory consultation period will last a minimum of 45 days after which time the proposals can be implemented.

4.3 Risk Implications

4.3.1 The risks and key assumptions underlying the 2017/18 budget are as follows:

- Employees will receive a pay award of 1% in 2017/18;
- Directorates and service areas shall achieve Team Plan savings in full;
- Delivery of projected Business Growth and achievement of surplus currently within the budget base;
- The City Council supports NCH Insourcing and awards works up to the turnover value assumed within Business Growth;
- Full impact of Government's budget announcement and Welfare Reform Bill on anticipated income levels and assumptions in the 30 year HRA Business Plan may give rise to HRA fee reductions;
- Further changes to HRA Capital schemes may result in a reduction to NCH's Capital Fees;
- The final 2017/18 HRA fee proposals are yet to be approved by the City Council;
- Agreement of Service Level Agreements (SLAs) and Insurance charges with the City Council; and
- Reserves set aside for future liabilities and charges are sufficient to provide for the impact of the related ongoing and future events.

4.3.2 NCH will seek to identify possible further savings and budget reductions during the 2017/18 financial year as required, to help mitigate any impact of the risks highlighted above. Where budget targets are exceeded it is proposed as part of NCH's budget strategy, that surpluses shall be used to build more new homes

and/or fund 'invest to save' initiatives where there is a sound and robust business case and return on investment.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 5.1 A robust financial budget and effective monitoring process to ensure the budget is tightly managed and controlled is essential to support the achievement of all the Company's objectives. The integration and completion of the budget process as part of Team Planning focuses budgets on the delivery of the Company's Corporate Objectives.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 Has the equality impact of these proposals been assessed?

Yes

No

7 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 7.1 2017/18 HRA Budget (City Council) – [Appendix 1](#)
- 7.2 2017/18 Cost pressures & R&M Business Growth – [Appendix 2](#)
- 7.3 Budget Changes by Directorate – Confidential [Appendix 3 a\), b\), c\), d\)](#).

Contact officers: Name: Darren Phillips – AD of Finance & Procurement
Address: Loxley House, Station Street, Nottingham NG2 3NJ
Tel: 0115 746 429
E-mail: darren.phillips@nottinghamcityhomes.org.uk

Date: 19 January 2017

HRA 2017/18 BUDGET SUMMARY

(Subject to NCC Budget Setting)

BUDGET FOR APPROVAL BY NCC AT FEBRUARY EXECUTIVE BOARD	Base Budget £m	2017/18 Budget £m
Rental Income	(97.602)	(96.748)
Provision for Bad Debts	2.519	2.042
Service charges	(4.712)	(5.212)
Other rents & income (inc garage s & interest)	(3.175)	(3.175)
Total income	(102.970)	(103.094)
Repairs to Dwellings	27.260	27.329
NCH Management Fee	22.516	22.518
Tenant incentive scheme	2.000	2.000
Shared Services (includes Public Realm/CCTV)	7.612	8.030
Provision for Depreciation	27.078	26.876
Debt Charges	13.284	13.092
Direct Revenue Financing	3.220	3.247
Total Expenditure	102.970	103.094
Net Movement	0.000	0.000

2017/18 NCH BUDGET

COST PRESSURES & GROWTH ITEMS

DESCRIPTION	£'000
Employee and Pension Costs	1,145
Increase in rent collection transaction costs–Universal Credit	7
Growth Items Identified during PBB	137
Accommodation Strategy Contingency	100
Apprenticeship Levy *	170
Reduction in non-HRA funding	81
Accommodation & Utility Costs	54
Vehicle Fleet Loan Interest (currently supported by reserves)	65
NCC SLA / Insurance charges	51
IT Hardware replacements	45
Other minor items	25
TOTAL	1,880

PROJECTIONS FOR BUSINESS GROWTH IN CONSTRUCTION, REPAIRS & MAINTENANCE

DESCRIPTION OF TURNOVER	2016/17 £'000	2017/18 £'000
NCC Corporate Works	1,060	1,650
DLO New Build	1,535	1,890
Aids & Adaptations	-	-
Programmed Works	-	-
- Heating works		1,500
- Environment		500
- Energy works		860
Electrical Installations (Certificate Reports)	-	563
General DLO support trades (currently sub-contracted)	-	900
Repairs & Maintenance for Schools	-	38
	2,595	7,901
Estimated Expenditure Budgets		(7,641)
Anticipated Return (included in 17/18 budget)		260

NOTES:

* - Budget savings shall be targeted where new training and investment can be supported by the scheme.

NOTTINGHAM CITY HOMES

REPORT OF THE COMPANY SECRETARY

THE BOARD
26 JANUARY 2017

COMPANY SECRETARY'S REPORT

1 EXECUTIVE SUMMARY

- 1.1 This report sets out the administrative and governance matters requiring consideration and approval by the Board since the last meeting.
- 1.2 Standing Orders have been amended to reflect changes to EMT delegated powers, update Directors titles, granting of a tenancy agreement to a relative of a Nottingham City Councillor to be reported to Board, the inclusion of the authority for all payments to be made within NCH Ltd powers and objects up to £150k by EMT and reported to Board and changes to group and committee structures.
- 1.3 The internal Governing Board Members who will be sitting on the Registered Provider (RP) Board will be Scott Campbell, Julian Owen and Malcolm Sharp. Paul Moat, Ann McCarthy and Audra Wynter, who have expressed an interest in being Independent RP Board Members, have been invited to meet with the remainder of the RP Board Members to explain more about the plans for NCH RP and what is required from new Board members. This meeting will take place immediately after the Governing Board Meeting on 26 January 2017.
- 1.4 An interview was held for the Tenant Board Member position on 21 December 2016. The post was not filled; however, the applicant has been offered a support plan, including sitting in on Board Meetings, in order to develop her potential.
- 1.5 We are currently reviewing the way we deliver Board Training and are proposing to split this into three distinct areas – Induction, Mandatory and Bespoke learning.
- 1.6 A Task and Finish Group for absence has been created and the first meeting was held on 19 January 2017.
- 1.7 The Board Away Day has been arranged for 27 February 2017.
- 1.8 The Company Seal has been used six times this period, three for purchase of properties and three times for contracts.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 **Notes** the amendment to Standing Orders.
- 2.2 **Notes** the membership of the RP Board.
- 2.3 **Notes** the update to the Tenant Board Member vacancy.

- 2.4 **Notes** the update to the Board Training Plan.
- 2.5 **Notes** the update to the Task and Finish Group.
- 2.6 **Notes** the update on the Board Member Away Day.
- 2.7 **Notes** the use of the Company Seal.

3 REPORT

3.1 AMENDMENTS TO STANDING ORDERS

3.1.1 The Board meeting on 24 November 2016 gave approval for Standing Orders Part 1: Governance to be amended to show agreement of service costs and price increase for services provided by the Company to external bodies to be delegated to EMT and reported to Board at their next meeting. Standing Orders have been amended to include this change.

3.1.2 Further changes to Part 1: Governance Standing Orders are:

- Revise the make-up of the RP Board to show three Independent Board Members with three current Governing Board Members.
- Update Directors titles.
- To include the requirement to report to the next Board Meeting the granting of a tenancy agreement to a relative of a Nottingham City Councillor. This requirement was omitted during the last revision.
- Additional changes to wording to reflect recent changes to committee structure.
- Inclusion of the authority for all payments to be made within NCH Ltd powers and objects up to £150k by EMT and reported to Board.

3.1.3 Changes to Part 2: Financial Regulations and Part 3: Tender and Contract Procedures and Rules are also required. They need to be reviewed and approved by the Audit Committee in the first instance. Such changes will include any legislative changes since the last review, together with updating Directors titles to reflect changes implemented in April 2016 and changes to wording to reflect recent changes to committee structure. These Standing Orders will be considered at the April Audit Committee meeting and submitted to Board shortly thereafter.

3.1.4 The Board is asked to **note** the amendments to the Standing Orders.

3.2 REGISTERED PROVIDER BOARD MEMBERSHIP UPDATE

3.2.1 The three current Governing Board Members who will sit on the RP Board are, Scott Campbell, Julian Owen and Malcolm Sharp.

3.2.2 The closing date for interested parties to submit their CV and covering letters for the Independent RP Board Membership was 14 December 2016. Following this, Paul Moat, Ann McCarthy and Audra Wynter have been invited to meet with the remainder of the RP Board Members to explain more about the plans for NCH RP and what is required from new Board members. This meeting will take place immediately after the Governing Board Meeting on 26 January 2017.

- Paul is the Company Secretary and Technical Services Director of Nottingham Community Housing Association Ltd (NCHA) and has been a Board Member of Tuntum Housing Association since September 2014.
- Ann has been a Board Member of NCHA since 1995 and is a Senior Lecturer at Nottingham Trent University.
- Audra was previously the Chair of Tuntum Housing Association, and was on the Board for 11 years. She is currently a Board Member of NCHA. She has experience in finance, and runs her own consultancy business.

3.2.3 The Board is asked to **note** the RB Board Membership.

3.3 TENANT BOARD MEMBER VACANCY UPDATE

3.3.1 The Board currently has a vacancy for a Tenant Board Member. In order to comply with the requirement of the Articles of Association with regard to casual Tenant Board Member vacancies, an advert was issued inviting interested parties to apply for the role.

3.3.2 Three tenants expressed an interest with one applicant, Elizabeth Ekaeteh, being interviewed on 21 December 2016. Whilst the panel felt Elizabeth showed strong potential, they also felt that, at that time, they were not able to appoint. The panel therefore agreed to implement a support plan for Elizabeth, and invited her to sit in on the Board Meetings as part of a development package. It is hoped that together with some additional support, Elizabeth will be able to apply for the Tenant Board Member role in the future. In the meantime, the current vacant Tenant Board Member post will remain unfilled.

3.3.3 The Board is asked to **note** the update to the Tenant Board Member vacancy.

3.4 BOARD TRAINING PLAN UPDATE

3.4.1 We are currently reviewing the way we deliver Board Training and are proposing to split this into three distinct areas – Induction, Mandatory and Bespoke learning.

3.4.2 A new Induction module will ensure that Board Members receive comprehensive training that enables them to hit the ground running on joining and will include learning on the new Board Portal, Code of Conduct, Standing Orders, early meetings with EMT members to learn about Company business and a tour of key sites. A skills audit will be undertaken at the same time as well as a full evaluation of ICT requirements.

3.4.3 The Mandatory Module will include a collection of key training courses such as Data Protection, Corporate Manslaughter, an introduction to Company Law and Practice. All new Board Members will complete the module on joining or on being re-appointed onto the Board.

3.4.4 The final module will offer bespoke learning to all Board Members based on their individual needs as identified in through the skills audit.

3.4.5 All of the above will be offered through NCH's Learning Portal. An example of the program is attached at Appendix 1.

3.4.6 The Board is asked to **note** the update on the Board Training Plan.

3.5 TASK AND FINISH GROUP UPDATE

- 3.5.1 Further to the Chair of the Board's recommendation, and as sickness absence remains a concern, a Task and Finish Group has been created. The Group is made up of three Board Members; Dave Bennett-Bull, Bill Blincoe and Glenn Harris, who will work with the Company Secretary and the Head of Organisational Development, to deal with and understand, the key issues surrounding sickness absence and the proposals to reduce absence.
- 3.5.2 The first Task and Finish Group meeting took place on 19 January 2017. A note detailing the first meeting will be circulated to Board Members after the meeting.
- 3.5.3 The Board is asked to **note** the update on the Task and Finish Group.

3.6 BOARD MEMBER AWAY DAY

- 3.6.1 An Away Day for Board Members has been arranged for 27 February 2017. One of the most important areas to discuss on the day is the planning and preparation for the next Corporate Plan from March 2018 onwards. The Planning Ahead - Next Corporate Plan document is attached as Appendix 2. The second half of the day will be spent touring some of the many active NCH building sites.
- 3.6.2 The Board is asked to **note** the update on the Board Away Day.

3.7 USE OF COMPANY SEAL

- 3.7.1 The Board is asked to **note** the following uses of the Company Seal – where the Seal has been affixed to a Transfer of Registered Title, these property purchases have been previously agreed by Board, unless stated otherwise that they were purchased under the Executive Management Team (EMT) delegated powers:
- 3.7.2 The Seal was affixed on the 24 November 2016 to the contract with Trentside Fixings Limited for the supply of small plant fastenings and fixings. This is a two year contact with the option to extend for a further year with a total contract value of £903,048.
- 3.7.3 The Seal was affixed on the 24 November 2016 to the contract with Kaefer C&D Ltd for asbestos surveys and removal works. This is a four year contract with the option to extend for a further year with a total contract value of £1,624,278.
- 3.7.4 The Seal was affixed on the 24 November 2016 to the contract with Dodd Group Ltd for the supply of electrical rewires and repairs. This is a four year contract with the option to extend for a further year with a total contract value of £1,769,512.
- 3.7.5 TR1 Transfer of Registered Title - The Seal was affixed on the 21 December 2016 for the purchase of 9 Wycliffe Grove, Mapperley, Nottingham, NG3 5FP for £132,000.
- 3.7.6 TR1 Transfer of Registered Title – The Seal was affixed on 9 January 2017 for

the purchase of 1 Russell Court, 562 Woodborough Road, Mapperley, Nottingham, NG2 3NJ for £94,000.

- 3.7.7 TR2 Transfer of Registered Title - The Seal was affixed on 19 January 2017 for the purchase of 10 Patterson Road, Hyson Green, Nottingham, NG7 6AF for £94,000.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.2 There are no financial implications arising from this report.

4.2 Legal Implications

- 4.2.1 All of the initiatives within this report are carried out within legislation including the Companies Act 2006 and NCH's Governance processes.

4.3 Risk Implications

- 4.3.1 There are no risks arising from this report.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 The contents of the report will have a significant impact for NCH achieving its corporate objectives, set out in the Corporate Plan and associated high level corporate commercial, financial and business plans.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 Has the equality impact of these proposals been assessed?
 Yes (EIA attached)
 No (this report does not contain proposals for significant changes to process at this stage).

7 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 7.1 Board Member Training Plan – Appendix 1.
Planning Ahead - Next Corporate Plan – Appendix 2.

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DATE: 19 January 2017

Sample Board Member Development Programme - Learning Zone Site Plan

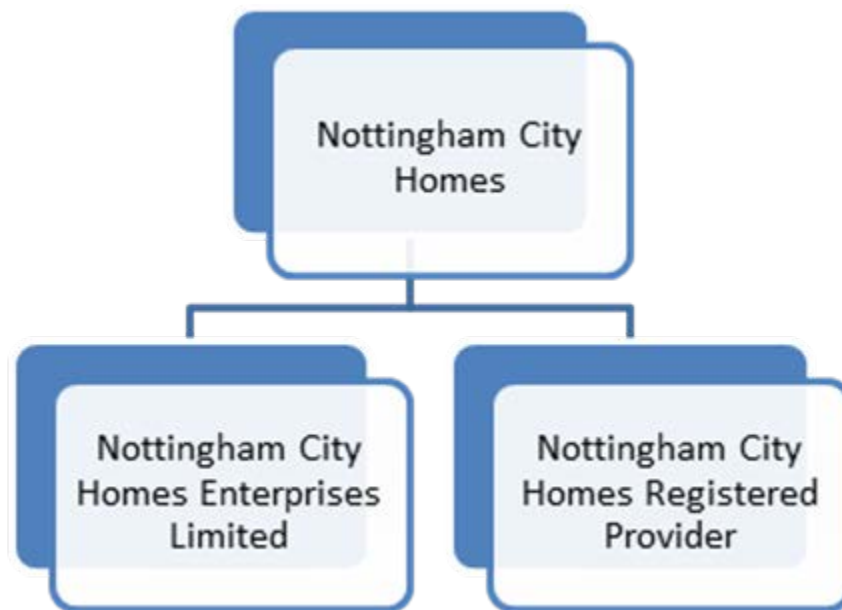
Induction		Compulsory Learning		Optional Learning	
<p style="text-align: center;">Welcome to NCH Learning Zone</p> <p>Welcome to Nottingham City Homes Package including:</p> <ul style="list-style-type: none"> • Our Culture, Mission, Vision and Values and Goals • Our Corporate Plan • NCH Intranet • The Learning Zone • Our Trade Unions • Coaching and Mentoring Programme 	E	<p style="text-align: center;">Data Protection</p> <p>The Data Protection E-Learning will cover:</p> <ul style="list-style-type: none"> • The Data Protection Act including the benefits and risks associated with protecting data. • Who and what is covered by the Data Protection Act • The eight Data Protection principles and what they mean in practice • The Main exemptions from the Data Protection Act. 	E	<p style="text-align: center;">Environmental Awareness</p> <p>Environmental Awareness E-Learning Module:</p> <p>Nottingham City Homes is committed to helping tackle the twin challenges of reducing fuel poverty amongst our tenants and reducing carbon emissions by being more sustainable, contributing to both local and national targets.</p>	E
<p>Board Member Company Induction</p> <ul style="list-style-type: none"> • Governance Matters • Meeting the Executive Directors • Risk Management Overview • NCH Code of Conduct • The Board Portal • IT Acceptable Use Policy • Site Visit 	C	<p style="text-align: center;">Equality & Diversity</p> <ul style="list-style-type: none"> • Explain the business case for equality • Explain the legal framework for equality • Look at the duties Nottingham City Homes has • Reflect on your approach to equality 	E	<p style="text-align: center;">Fuel Poverty</p> <p>This module provides information on fuel poverty and its causes and links with physical and mental well-being.</p>	E
<p>Useful Links including:</p> <ul style="list-style-type: none"> • National federation of ALMOs • Housing quality network • Housemark • National Housing Federation • Northern Housing Consortium 	D	<p style="text-align: center;">Health and Safety Risk Management/ Corporate Manslaughter (Ian Rabett)</p>	C	<p style="text-align: center;">Information Technology (NCC)</p> <ul style="list-style-type: none"> • Intermediate and advance word and excel course 	E C

		Anti-Fraud and Corruption Framework	E D	Coaching Information	D
		<p style="text-align: center;">ALMO Finance</p> <p>This session includes:</p> <ul style="list-style-type: none"> • Financial Management, accountancy and audit • Banking/ treasury management • Funding, Planning and Development for Housing (Jonathan Shaw) 	C	<p style="text-align: center;">Social Media Training (Sam Whitworth)</p> <p>Social Media module includes:</p> <ul style="list-style-type: none"> • What is meant by social media and what the most popular tools are • How to develop a strategy for best use of social media to support their work • How to create profiles, pages, sites or content using the tools to promote what they are doing 	C E
		<p style="text-align: center;">Company Law</p> <p>(George Pashley/Michael Hardiman of Shoosmith Solicitors)</p>	C	Getting the best from your appraisal	E
		<p style="text-align: center;">Housing Law</p> <p>(Gill Moy / Richard Parish – Housing Law Education)</p>	C	Audit Skills for Board Members (Karl George – Central Training and Consultancy)	C
		<p style="text-align: center;">Safeguarding</p> <p>The Safeguarding children, young people and vulnerable adults module will cover:</p> <ul style="list-style-type: none"> • Adults at risk of abuse • Child protection and safeguarding • Types of abuse • Is abuse taking place • Other types of abuse 	E C	Chairing Skills for Board Members (Central Training and Consultancy)	C
				Fire Awareness	E
				Mental Health Awareness	E

E = E-learning C = Classroom session D = Document Declaration/Information sheet

Planning Ahead – what will our next Corporate Plan look like, and how do we design it?

Our Corporate Plan expires at the end of March 2018. Over the course of the next year we need to consult on and draft our next Corporate Plan. This will be the medium term financial and business plan which covers a period of significant transition for Nottingham City Homes and our subsidiary companies.



The likely context and parameters we need to factor in include:

- Reducing traditional council housing stock
- Reducing HRA income (rent reduction and welfare reform)
- Increasing importance of new build both as a national priority and within Nottingham
- Diversification of housing offer (i.e. more homes owned by NCH / market rent / shared ownership / homes for sale)
- Commercial diversification and growth of housing and property services (e.g. insourcing)
- Continued modernisation of our workforce to meet future challenges

Overall, we will continue our transition from being an ALMO to being a Local Housing Company. The Group structure introduces additional complexity including governance, finance and managing inter-company activity (such as the provision of loans from NCH main board to subsidiaries). We need to ensure we are maximising the value and benefits of the subsidiaries.

The relationship with Nottingham City Council remains paramount throughout, not only are they the sole owner of the main Nottingham City Homes company, they are

currently the main funder (through the management fee, income from insourcing works, and loan finance provider.) In addition, Nottingham City Homes provides a financial return to the Council. The relationship is deeper than financial however as we serve as a delivery vehicle for many of the Council's housing ambitions, and play a key partnership role in wider Council agendas such as health, employment, crime and the environment.

Early engagement with NCC over the Corporate Plan development has led the Council to determine that they need to refresh their housing need analysis and Housing Strategy in line with the timetable we are proposing. This will be useful parallel activity, and will help ensure NCH is delivering against the Council's strategic housing objectives.

The NCH Board's role is to oversee the development and approval of the Corporate Plan. Key questions the Board will consider are:

- Have we adequately canvassed for and included the views of our key stakeholders (primarily NCC and our tenants)?
- And having regard to this
 - o Is Nottingham City Homes' vision of "creating homes and places where people want to live" still valid for 2018+?
 - o In order to deliver our vision, what should our corporate objectives and key targets be? And over what time frame?
 - o What is our likely financial position in future years, and what is affordable within this?
- Have we adequately considered the key risks in delivering the next Corporate Plan?

Corporate Planning – outline proposal

With this in mind, the following process is proposed for discussion and consideration:

January 2017 – advise Partnership Forum this process is commencing and request timely support and engagement from NCC

February 2017 – Board Away Day:

- agree Corporate planning process
- early thoughts on priorities and ambitions from the Board
- early Council input (Cllr Urquhart to be invited to Board Away Day for this part of the Agenda)

April 2017 – stakeholder engagement to include:

- NCC officers and councillors

- Tenants and leaseholders
- NCH employees
- Other stakeholders
 - o Agencies such as police, health, etc
 - o Partnership Forums such as Crime and Disorder Partnership, Health and Wellbeing Partnership

June 2017 – report back to Board on stakeholder engagement and emerging priorities for comment

July 2017 - first draft Corporate Plan to Board for comment

- Arrange Executive Panel discussion on the draft to ensure it meets the Council's aspirations

Oct 2017 – Board approve amendments to final draft

Oct 2017 – team planning and budget preparation

Jan 2018 – Board budget approval for Year 1 of new Corporate Plan

NOTTINGHAM CITY HOMES

THE BOARD
26 JANUARY 2017

REPORT OF THE DIRECTOR OF INVESTMENT AND
BUSINESS SERVICES

NEW GOVERNMENT PROPOSALS AND EXTERNAL POLICY DEVELOPMENTS
WITH AN IMPACT ON NOTTINGHAM CITY HOMES

1 EXECUTIVE SUMMARY

- 1.1 This report provides an update on key housing policy and information announcements made since the report to Board in September 2016. Further research reports that may be of interest to Board are contained in Appendix 1.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board **note** the update and consider relevant implications for Nottingham City Homes (NCH).

3 REPORT

3.1 KEY GOVERNMENT ANNOUNCEMENTS

3.1.1 Autumn Statement 2016

- 3.1.1.1 On 23 November 2016 the Chancellor of the Exchequer, Rt Hon Philip Hammond MP gave the Government's Autumn Statement. This was the first such statement since Theresa May became Prime Minister, and since the referendum result to leave the European Union. Following speeches at the Conservative Party Conference there was anticipation that there would be key announcements relating to housing in the Statement.

- 3.1.1.2 A National Productivity Investment Fund (NPIF) was announced totalling £23bn from 2017/18 to 2021/22. This included £2bn for housing construction, £3.5bn for affordable housing and £2.7bn for housing infrastructure. The objective of the NPIF housing funds is to build additional housing in high demand areas. NCH group will seek to work with partners locally to secure funding that may be available to provide new housing in the City with support from these funding streams.

- 3.1.1.3 A Housing White Paper was announced and publication was anticipated before the end of 2016. At the time of writing this has not yet been published, but the Board will be updated when it is available. This will be a major policy statement from the Government and is eagerly awaited by the sector.

- 3.1.1.4 £1.4bn will be allocated to deliver 40,000 additional affordable homes, with criteria amended to allow more investment in homes to rent instead of the previous focus which was more strongly aimed at ownership / shared ownership. The Help to Buy mortgage guarantee scheme would close at the end of 2016, however, support for Help to Buy Equity Loans and Help to Buy ISAs would continue.
- 3.1.1.5 The housing infrastructure fund aims to deliver 100,000 new homes in high demand areas. Nottingham City consider there may be potential for using the fund to help develop new housing areas such as the Clifton sustainable urban extension, or housing near the proposed High Speed 2 rail hub at Toton. Funds will also be allocated to speeding up delivery of housing on public sector land.
- 3.1.1.6 A further government funded pilot of Right to Buy 2 (Housing Association Right to Buy) will commence. It is likely that the findings from these pilots will have a bearing on the funds required from council Housing Revenue Accounts (HRAs) that must be generated from the sale of 'high value assets' to recompense housing associations for the costs of discounted sales. The findings will therefore be important to consider in due course.
- 3.1.1.7 The Homes and Communities Agency (HCA) Builders Fund will be extended to help support small and medium sized builders and developers, and help deliver build to rent schemes. This fund operates on a loan basis. Nottingham City noted that this may help generate take up of custom build and off site construction options.
- 3.1.1.8 It was announced that a ban on up-front fees by letting agents would be implemented in England "as soon as possible", which is likely to have a significant effect in Nottingham because of the city's large private rented sector.
- 3.1.1.9 In the area of welfare reform, it was announced that there were no plans for further welfare savings in this Parliament. It was also announced that the taper rate for Universal Credit (the amount by which benefit claims are reduced) will be eased from 65% to 63% from April 2017. This means workers will lose 63p instead of 65p for every £1 earned above their work allowance.
- 3.1.1.10 The National Federation of ALMOs (NFA) had made a submission to the Treasury in the run up to the statement to press the case for council and ALMOs being able to supply homes for sale and market rent (not just 'traditional' council housing); to review debt caps to permit more new building, and to make sure that sales of higher value council homes would be replaced at least one for one (and two for one in London).
- 3.1.1.11 Although there was some disappointment that the Chancellor had not taken the opportunity to alter local government borrowing arrangements to allow greater housing delivery, the announcements in the statement were broadly welcomed by the sector. The Chartered Institute of Housing stated that "extra investment to support the building of 40,000 new affordable homes,

and the greater flexibility in funding for housing providers to build homes of all tenures...are particularly welcome”.

3.1.2 Homelessness Reduction Bill 2016-17

- 3.1.2.1 This Private Member’s Bill was drawn to the attention of the Board in the last report. Since that report the Government announced that they would support the Bill. This considerably increases the Bill’s chances of passing into law. As will be recalled, the Bill widens the requirement for local authorities to provide assistance to those threatened with homelessness, as a way of seeking to increase homelessness prevention.

Government has not yet indicated if it will release extra funding to councils to help them meet any additional obligations, but has published a series of factsheets to help local housing authorities meet the expected requirements of the Bill.

3.1.3 Housing and Planning Act 2016

- 3.1.3.1 The Board will recall previous updates on the Act, and plans to implement its proposals. In a very significant announcement following the Autumn Statement the Minister of State for Housing and Planning, Gavin Barwell MP, stated that the ‘pay to stay’ proposals in the Act would no longer be a compulsory requirement for local authorities to implement, though local discretion remains.
- 3.1.3.2 The proposals would have required households with an income over £31,000 to pay higher rents, and this would involve a significant amount of work for NCH in terms of household income assessments and additional rent collection duties. This administrative burden is now lifted.
- 3.1.3.3 The Board will recall that tenants and leaseholders had run a significant campaign against these proposals, and the perceived injustice associated with them. The former Chair of the Board had lobbied Members of both Houses of Parliament on this issue, so the announcement is welcome.
- 3.1.3.4 However, other aspects of the Act, notably the creation of fixed term tenancies, the sale of ‘higher value’ council homes, and the extension of the Right to Buy to Housing Association tenants, remain. The Minister did confirm that ‘higher value’ asset payments will not be required to be paid in the 2017/18 financial year. Guidance on fixed term tenancies is expected in the autumn. The Board will continue to be updated on developments relating to these matters as well as the effect on the HRA anticipated.

3.1.4 Changes to Social Housing Regulation

- 3.1.4.1 The Government commissioned a review of the Homes and Communities Agency (HCA) and the findings (the Tailored Review of the Homes and Communities Agency) were published in November 2016. A key recommendation was that the regulatory functions carried out by the HCA should be carried out by a separate public body, in order to remove the

potential conflict of interest that currently exists within the HCA. Meanwhile the review recommends that the HCA continues its other functions as a Non Departmental Public Body “with a renewed and revitalised purpose”.

3.1.4.2 The Government intends to use a Legislative Reform Order to implement this separation, which it believes will “reflect the principles of better regulation, especially transparency and accountability”. The Government states that this will not change how the sector is regulated, and regulatory powers will not alter. The Government is consulting on the use of this Order (see 3.5 below).

3.1.4.3 NCH will continue to note the work of the regulator, and the important role that it plays in social housing. It will be necessary for NCH’s Registered Provider subsidiary to fully engage with the regulator in its new form, which is intended to be a new standalone Non Departmental Public Body (NDPB).

3.2 OTHER POINTS OF INTEREST

3.2.1 Joint work with Derby Homes

3.2.1.1 Following the emerging ‘Metro Strategy’ agreement between the two cities of Nottingham and Derby, the respective ALMO senior management teams of NCH and Derby Homes met to look at the potential for joint, mutually supportive work and activity across their respective organisations. Initial discussion topics will be explored further and the Board updated in due course.

3.2.1.2 More information about the Derby and Nottingham Metropolitan Strategy can be found here:
www.nottinghamcity.gov.uk/media/370487/derby-nottingham-metro-vision.pdf

3.2.2 Political party conferences

3.2.2.1 The main political parties held their conferences in the autumn. Housing was a significant theme and key points made are outlined in Appendix 2.

3.3 UPDATES ON MATTERS PREVIOUSLY CONSIDERED

3.3.1 Nottingham City Joint Health and Wellbeing Strategy

3.3.1.1 The Board has previously been advised of this Strategy. The Strategy sets out to achieve four main outcomes:

- Children and adults in Nottingham adopt and maintain healthy lifestyles.
- Children and adults in Nottingham will have positive mental wellbeing and those with long-term mental health problems will have good physical health.
- There will be a healthy culture in Nottingham in which children and adults are supported and empowered to live healthy lives and manage ill health

well.

- Nottingham's environment will be sustainable; supporting and enabling its citizens to have good health and wellbeing.

3.3.1.2 Housing is recognised as a key determinant of health in the strategy, and this sets Nottingham apart from a number of other areas where the role of housing has not been given such prominence, placing NCH in a leading position in this area.

3.3.1.3 To deliver on aspects of the strategy, an Environment Group has been established, Chaired by the Director of Public Health, Alison Challenger.

NHS and local authorities have come together to develop 'place based' Sustainability and Transformation Plans (STPs) for future health and care services. Housing is also recognised as a key determinant of health in the Nottingham STP. A Housing and Environment sub group has been set up as part of the STP, and NCH's Director of Housing and Customer Services is the housing lead for that theme.

3.3.1.4 One of the bids put in and accepted relates to the role of housing in the hospital discharge process. A sub group on hospital discharge is working to develop a common framework and NCH is leading on this. Impact evaluation work previously done on this by NCH has been invaluable in demonstrating the value of this activity.

3.4 CONSULTATIONS

3.4.1 Consultation on fees for social housing regulation

3.4.1.2 The HCA opened a short consultation on the introduction of charges for regulating social housing providers. Powers had been granted to charge in previous legislation (the activity is currently funded centrally), and this consultation asked about levels of initial and on-going charges and related matters. NCH expressed concern that if charges were set too high for initial registration it could deter small organisations from registering as social housing providers.

The consultation is outlined here:

<https://www.gov.uk/government/news/hca-launches-consultation-on-introducing-fees-for-social-housing-regulation>

3.4.2 Social housing regulation: using a Legislative Reform Order to establish the Regulator as a stand-alone body

3.4.2.1 This consultation relates to the proposed legislative changes to the Housing and Regeneration Act 2008 to implement the separation of the social housing regulator as described above (3.1.4).

The consultation is here:

<https://www.gov.uk/government/consultations/social-housing-regulation-using-a-legislative-reform-order-to-establish-the-regulator-as-a-stand-alone->

[body](#)

3.4.3 Health and Safety Executive (HSE) Consultation on amendments to the Gas Safety (Installation and Use) Regulations 1998

HSE is consulting on changes to the Gas Safety (Installation and Use) Regulations 1998. Specifically of note is the proposal to introduce flexibility in the timing of landlord's annual gas safety checks.

The consultation is here:

<http://www.hse.gov.uk/consult/condocs/cd280.htm>

3.4.4 Funding for Supported Housing

The government has opened a significant consultation on a new housing costs funding model for supported housing as well as views on how funding for emergency and short term placements should work. It covers devolved top-up funding to local authorities and funding for emergency and short term supported housing placements across Great Britain.

This follows the introduction of a cap on Housing Benefit for social tenants which present significant risks to the viability of supported housing. Following lobbying, the introduction of the cap to those homes was deferred until 2019/20 after which a new funding model will apply, with ring-fenced top up funding for local authorities to distribute to supported housing providers where necessary.

This consultation relates to this model, and can be viewed here:

<https://www.gov.uk/government/consultations/funding-for-supported-housing>

This is an issue of considerable significance to the social housing sector and NCH will be responding to the consultation.

3.4.5 Proposed licensing scheme for private rented houses

3.4.5.1 Nottingham City Council (NCC) has opened a consultation on proposals to introduce a 'Selective Licensing' scheme across the City's private rented sector requiring private landlords to obtain a license demonstrating that they and their properties meet required standards. The Council believes this will serve to improve standards in the private rented housing sector.

The Council believes the introduction of a licensing scheme will bring benefits for tenants, local communities and Council Tax payers by reducing the cost of enforcement action. They also believe that landlords will benefit by being able to clearly demonstrate to prospective tenants that they meet required standards.

The consultation runs until 31 March 2017 and is available to view here:

<http://www.nottinghamcity.gov.uk/housing/private-sector-housing/selective-licensing/>

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

4.1.1 As set out in the report, where applicable.

4.2 Legal Implications

4.2.1 None.

4.3 Risk Implications

4.3.1 None.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

5.1 Ensuring that NCH group is fully abreast of developments that affect the core business of the organisation.

5.2 Consideration has been given to the topics listed in the report and where appropriate key implications are noted in the report.

6 EQUALITY AND DIVERSITY IMPLICATIONS

6.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

No (this report does not contain proposals which require an EIA)

7 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

7.1 A wide range of housing policy information and digests have been consulted in the preparation of this report.

7.2 Appendix 1: Further Research Reports of Interest
Appendix 2: 2016 Political Party Conferences

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Further Research Reports of Interest

- 1 HouseMark – Welfare Reform Impact Report
- 1.1 HouseMark have produced a detailed report on the impact of welfare reform on social landlords' income, rent collection, arrears and costs. The report is the result of detailed analysis of information provided by social landlords that benchmark their data with HouseMark.
- 1.2 The report notes that the impact of welfare reform on social housing tenants has been considerable, yet landlords have succeeded in improving rent collection rates in the five years up to 2015/16. However, rent collection rates got worse before improving, suggesting that landlords had to get to grips with the impact the changes had on customers.

Housemark found that “more money is being spent on collecting rent each year, and this expenditure is rising faster than inflation.” This cost increase was put down to landlords needing increases staffing levels to help collect rent and help tenants manage arrears.

- 1.3 The report can be read here:
www.housemark.co.uk/media/1735/wrireport2016.pdf

2 Localis: Power Behind the Home – why devolving housing powers will build more homes

- 2.1 This report by think tank Localis argues that government must free up local authorities to have more flexibility on finance and land use if it is to see a successful outcome to its pledge to build a million new homes by 2020.

The report welcomes the emerging consensus on the urgent need for increased housing supply and recommends:

- Local authorities be given greater flexibility over local implementation of Starter Homes, with regulations more sensitive to local circumstance.
- To drive greater local authority house building, the Housing Revenue Account debt cap should be lifted.
- Combined authorities should set up Combined Authority Housing Companies.
- Right to Buy receipts should be fully retained locally.
- After a property is purchased through Right to Buy, local authorities should be able to place a moratorium on allowing it to be let out for a set number of years, dependent on the local housing market.
- To drive greater efficiency in the land market, local authorities should be allowed to levy council tax on plots allocated for housing which are not built in reasonable timescales.
- Where they do not already have them, combined authorities should be devolved powers to freeze land values as part of their Mayoral

- Development Corporation.
 - Government should also make it a legal obligation for all combined authorities (or similar) to establish a land commission.
- 2.2 The report can be read here:
http://www.localis.org.uk/wp-content/uploads/2016/11/001_Localis_Power-BehindTheHome_A5_AWK_WEB.pdf
- 3 ResPublica: Going to Scale: How a National Housing Fund Can Unlock Britain's House Building Capacity
- 3.1 This report argues that the way to solve the housing shortage is to use state support to ensure that building new homes is achieved on the scale necessary, which has not happened since the 1980s. The report proposes a government backed £100bn National Housing Fund to “overcome the fundamental problems of number, pace and scale.” The fund would act as a guaranteed buyer, to deliver between 40,000 and 75,000 new homes across England.
- This would boost the capacity of SME building firms to deliver new units, as well as other housing providers (including social sector providers), by ensuring long term demand at the scale necessary to ensure long term increased supply.
- 3.2 The report can be read here:
<http://www.respublica.org.uk/wp-content/uploads/2016/11/Going-to-Scale-1-1.pdf>
- 4 Building Societies Association: Laying the foundations for MMC - Expanding the role of Modern Methods of Construction. One potential solution to the UK housing crisis
- 4.1 This report reviews the potential for more widespread use of modern construction methods, such as off site and degrees of pre fabrication to help deliver a dramatic increase in housing supply. This is an important contribution to the discussions on this topic, and of note to organisations engaged in new house building.
- The report highlights specific issues about mortgage availability and building insurance for non-traditional build, which are critical issues in terms of homes built for market sale.
- 4.2 The report concludes that “the housing industry has a shared responsibility to support new techniques in house building moving into mainstream so that everyone can share in the benefits. Good quality design is essential in delivering sustainable homes that genuinely meet today’s challenging performance standards and the complex needs of communities – Modern Methods of Construction can contribute to this.”

However, the report does note that “it is not yet clear how MMC properties will

perform over the longer term, how desirable they will be, what maintenance costs they will have and if they will be as durable as traditionally built properties”

- 4.3 The report can be read here:
https://bsa.org.uk/document-library/press-and-public-affairs/press-releases/161117-final_1.aspx

5 Child Poverty Action Group (CPAG) – End Child Poverty Report

- 5.1 CPAG, working with the Centre for Research in Social Policy at Loughborough University has published a child poverty map of the UK. This shows levels of child poverty by local authority and by ward.

The report uses HMRC estimates of the number of children in low income families (living in households with income below 60% of median income).

- 5.2 Nottingham is the local authority with the 9th highest level of child poverty in the UK, with 37% of children in poverty (after housing costs are taken into account). All wards in Nottingham except one (Wollaton West) have levels over 23%, and the highest levels are found in Arboretum and St Ann’s wards (47%) and Dunkirk & Lenton ward (46%). By way of contrast, the local authority area of Rushcliffe, local to Nottingham City, is listed as one of the areas with the lowest levels of child poverty, at 13%, the 13th lowest local authority in the tables.

- 5.3 Commenting on the publication of the map, Chris Leslie, MP for Nottingham East expressed his concern about these “shocking levels of child poverty” and noted that forthcoming changes to Universal Credit would leave “some families still facing real pressures”.

- 5.4 The report can be read here:
<http://www.endchildpoverty.org.uk/poverty-in-your-area-2016/>

6 National Federation of ALMOs (NFA): Universal Credit – Progress Update

- 6.1 NFA have published the results of their latest survey on the impact of Universal Credit (UC) on ALMOs and council landlords. The report finds that UC is having significant adverse impacts and will put significant pressure on resources available/required to collect rent, and the level of rent collected, and thus the resources available to fund HRA expenditure for Councils and ALMOs.

- 6.2 Amongst other findings the report notes:

- A higher proportion of tenants (85%) claiming UC are in arrears compared to 39% of tenants overall.
- The proportion of households in rent arrears for the cohort being tracked has increased overall from 31% to 37% and particularly among those claiming UC, from 79% to 86%.

- Landlords witnessed a decrease in the average a tenant owes across all households (£294.57 to £250.15) whilst for those households on UC the average has nearly doubled from £321.05 to £615.89.

6.3 The report can be read here:
<http://www.almos.org.uk/include/getDoc.php?did=7759&fid=9086>

7 The LGA Housing Commission: Final Report - Building Our Homes, Communities And Future

7.1 The Board has previously been advised about the Local Government Association (LGA) Housing Commission's work. The final report has recently been published and makes 37 recommendations in the areas of:

- Building more homes.
- Creating prosperous places where people want to live.
- Putting housing at the heart of integrated health and care.
- Increasing the employment and earnings of households in need of affordable rented housing.

The LGA hopes that the Commission's findings will influence the forthcoming Housing White Paper.

7.2 Nottingham is cited in the report for its innovative approach to delivery, with both NCH, as the Council's ALMO, and Blueprint (public / private partnership vehicle) illustrated as important ways in which housing in challenging markets has been supplied.

7.3 The report can be read here:
www.local.gov.uk/documents/10180/7632544/LGA+Housing+Commission+Final+Report/a84df8b5-4631-4320-8b33-567c549aada

2016 Political Party Conferences

1 Conservative Party Conference

Housing featured prominently in speeches made by the Prime Minister, the Chancellor and the Communities Secretary. All pledged to increase the numbers of homes built and speed up the building process. The Prime Minister declared that it “is not right that the housing market does not work for people”.

Many of the conference pledges featured in more detail in the Autumn Statement (see report), but also included:

- A ‘home building fund’ of £3bn including £1.15bn of new money.
- More use of surplus public sector land for housing to deliver up to 15,000 homes.
- Changes to planning laws to create a presumption in favour of house building on brownfield land.
- The prospect of prison sentences for landlords knowingly renting property to illegal immigrants.

2 Labour Party Conference

Labour’s housing proposals included:

- Establishing a National Investment Bank with £500 billion of investment to bring broadband, railways, housing and energy infrastructure “up to scratch”.
- Remove the borrowing cap on local authorities and “allow councils to borrow against their housing stock”. Labour says this measure would allow the construction of an extra 12,000 council homes a year.
- Build over a million new homes, at least half of them council houses
- Introduce measures to control private sector rents.

3 Liberal Democrat Party Conference

The Liberal Democrats proposals included:

- Seek an end to homelessness, including a requirement for local authorities to provide emergency accommodation.
- Restore eligibility for Housing Benefit at 18.
- Reform Housing Benefit by linking it to average local rents, and ending so-called “bedroom tax”.