

NOTTINGHAM CITY HOMES LIMITED
GOVERNING BOARD MEETING



Date: THURSDAY 30 JUNE 2016

Time: 5:30 PM

**Place: THE MARY POTTER CENTRE, 76 GREGORY BOULEVARD, NOTTINGHAM
NG7 5HY**

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		-	5.30
1.2	APOLOGIES FOR ABSENCE		-	
1.3	DECLARATION OF INTERESTS		-	
1.4	ITEMS FROM THE CHAIR		-	
1.5	MINUTES OF THE MEETING HELD ON 26 MAY 2016	Attached	3 - 9	5.30
1.6	MATTERS ARISING		-	5.35
2.	GOVERNANCE			
2.1	COMPANY SECRETARY'S REPORT Report of the Company Secretary	Attached	11 - 14	5.40
	<ul style="list-style-type: none">• Nottingham Business Charter Update• Chair Appointment Process Update• Application for Registered Provider Update• Use of the Company Seal			
3.	STRATEGY AND LEADERSHIP			
3.1	NEW GOVERNMENT PROPOSALS AND EXTERNAL POLICY DEVELOPMENTS WITH AN IMPACT ON NOTTINGHAM CITY HOMES Report of the Director of Investment and Business Services	Attached	15 - 38	5.50

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|-----------|--|----------|---------|------|
| 4. | FINANCIAL AND PERFORMANCE MONITORING | | | |
| 4.1 | FINANCIAL OUTTURN REPORT 2015-2016
Report of the Assistant Director of Finance | Attached | 39 - 45 | 6.05 |
| 5. | ITEMS FOR NOTING | | - | |
| 5.1 | PARTNERSHIP FORUM MINUTES | Attached | 46 - 52 | 6.20 |
| 6. | CLOSING ITEMS | | | |
| 6.1 | ANY OTHER BUSINESS | | | |
| 6.2 | DATE OF NEXT MEETING
28 July 2016 at the Clifton Cornerstone, Southchurch Drive,
Clifton, NG11 8EW | | | |

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 23 June 2016

NOTTINGHAM CITY HOMES LIMITED

THE BOARD

MINUTES of the **PUBLIC MEETING** held on **26 MAY 2016** at The Greenway Centre, Trent Lane. Sneinton, Nottingham NG2 4DF

Board Members

Alex Ball
Dave Bennett-Bull
Bill Blincoe
Scott Campbell
Anne Dean
Glenn Harris MBE
Victor Haven
Patience Ifediora
Mike Khouri-Bent
Julian Owen
Trish Nixon
Sarita-Marie Rehman-Wall
Janet Storar MBE (Chair)
Steve Young

Also in Attendance:

Chris Culleton	Director of Repairs and Maintenance
Cathy Dobb	Head of Governance
Catherine Elliott (for item 3.2)	Head of Customer Experience
Mick Graham	Future Leaders Programme Delegate
Anita Hodson	Equality and Diversity Manager
Richard Holland (for item 3.1)	Assistant Director of Housing Operations
Gill Moy	Head of Housing and Customer Services
Nick Murphy	Chief Executive
George Pashley	Company Secretary
Jonathan Shaw	Director of Investment and Business Services
Sue Stevenson (for item 4.1)	Chair of Customer Excellence Panel
Debbie Taylor	Future Leaders Programme Delegate
Jonathan Weller (for item 4.1)	Performance Manager

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

None.

5. CONFIRMATION OF MINUTES OF THE MEETING HELD ON 28 APRIL 2016

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

6. MATTERS ARISING

- 6.1 The Chief Executive explained to the Board that the meeting was being held at the Greenway Centre so that the Board Members could see what Nottingham City Homes (NCH) apprentices and volunteers had achieved in redecorating the Centre. The Centre was let down by a business who promised to redecorate it, and NCH apprentices, volunteers and Women in Construction team all stepped in and helped out. Our efforts were much appreciated by the Greenway Centre.
- 6.2 The Director of Repairs and Maintenance gave the Board an update on the Craft Operatives Terms and Conditions project. He confirmed that weekly meetings were taking place with the workforce, and informal negotiations were underway with Trade Unions. There will be a clearer timetable on the formal processes at the next Board Meeting. Craft Operatives Terms and Conditions to be a Standing Item at each Board Meeting and the Director of Repairs and Maintenance will also issue, in the interim, an update to Board Members.

7. COMPANY SECRETARY'S REPORT

7.1 FUTURE LEADERS PROGRAMME

- 7.1.1 The Company Secretary introduced the report by explaining that NCH has been a lead partner in developing the Future Leaders programme which aims to increase diversity at Board and senior management level in Nottingham organisations. One element of the programme is to provide delegates with shadowing experience of Board Meetings. Two of NCH's employees on the program, Debbie Taylor and Mick Graham, attended today's Board meeting.

7.2 NOTTINGHAM BUSINESS CHARTER

- 7.2.1 The Company Secretary explained that the new Charter aims to promote local jobs, a living wage for workers and the end of zero hour contracts. The Charter has been agreed by Nottingham City Council (NCC) and companies in the city are being encouraged to adopt the Business Charter.

This Charter aims to promote the creation of employment and training opportunities for local residents, including those with disabilities. It is looking to

link businesses with schools to support learning and career opportunities for local children.

The Charter supports the idea of companies buying and employing locally first in order to get more local people into jobs and more money spent in Nottingham – which should increase economic growth and prosperity, and continue to boost the city’s international reputation.

- 7.2.2 NCH is already doing a lot of the work that the Charter promotes, and NCC is promoting it heavily so it is expected that a number of businesses will sign up to the Charter. Board asked that the Company Secretary provides an update at the next Board Meeting of businesses that have signed up. The Company Secretary will also check that when the Charter refers to the living wage, that it is the National Living Wage and not a locally agreed living wage.

RESOLUTION:

The Board agreed:

1. **To sign up to the Business Charter.**

7.3 **CHAIR APPOINTMENT PROCESS UPDATE**

- 7.3.1 The Company Secretary stated that two Board Members applied for the position of Chair of the Board. Interviews took place today and the panel is deliberating and the outcome is expected in the next few days.
- 7.3.2 The process for selecting Tenant and Independent Board Members will commence shortly, and continue over the summer period.

RESOLUTION:

The Board agreed:

1. **To note the current position on the Chair appointment process.**

8. GROUP TENANCY SUSTAINMENT STRATEGY 2016-2019

- 8.1 The Assistant Director of Housing Operations introduced the report by stating that the new Group Tenancy Sustainment Strategy will run from April 2016 to March 2019, and sets out NCH’s group-wide approach to tenancy sustainment.
- 8.2 He explained that the new strategy was drafted alongside feedback from our customers and sector partners, including St Ann’s Advice Service, Department for Works and Pensions Regional Manager, and Sound as a Pound. The strategy will build on the positive foundations already in place at NCH within the Tenancy Sustainment Team and across the rest of the Group, and will help us to continue to sustain tenancies and mitigate negative impacts of Welfare Reform on our customers and on our income stream.
- 8.3 The strategy provides for upfront and proactive support to be given for those who are affected by the benefit changes. Three additional Rent Support Officers have been employed, with one based in the Job Centre at Loxley House. The

support provided by the Tenancy Sustainability Team has been cited as good practice nationally.

- 8.4 Board Members were aware that Universal Credit may have an impact on the Key Performance Indicators (KPI's) and that evictions will need to be monitored as the plan evolves. Board asked for key metrics to be added to the strategy. The Assistant Director of Housing Operations stated that they will be looking at what is happening in other parts of the country that had Universal Credit rolled out to gauge where NCH is in relation to them. With regard to failed tenancy assessments, the team will be signposting applicants to appropriate accommodation in order to maximise their benefits. The Board recognised that there is a national question regarding applicants that cannot afford social housing.
- 8.5 Further reports to Board will be submitted as the impact of Universal Credit is known. The Assistant Director of Housing Operations expects 5 or 6 Universal Credit applications per week for the first 12 months with a sharp increase thereafter as the welfare reform changes are implemented further. There will be an impact on rent collection, but by being proactive, those impacts could be mitigated.
- 8.6 The Board discussed the feasibility of creating accommodation for those sectors of society that will be impacted the most, and whether NCH needs a strategy to cover such accommodation needs. The Director of Housing and Customer Services stated that it would be difficult to alter existing properties to accommodate such groups, such as high rise flats and accommodation for single people. Properties that can be converted create their own problems as it might involve vulnerable tenants sharing facilities.
- 8.7 From April 2018, tenants under the age of 35 will be impacted by the benefit changes, so work is being undertaken now with tenants that will be affected, advising them of the impact the benefit changes will have. Staff have also been trained on how to challenge sanctions, so they are better able to advise applicants. Any impact will be recorded and evaluated and this will be included as an action in the Action Plan. The strategy can be changed and adapted as the impacts are known as it is an evolving strategy.
- 8.8 Board discussed whether letters to tenants in arrears could be reviewed to take into account the wording regarding potential eviction, and Board were informed that all letters are approved by the Tenants Rent Panel before they are put into circulation and the Panel felt that the wording was suitable. The Board were also informed that there was a drive to get tenants paying their rent by Direct Debit, and currently one third currently pay by this method.

RESOLUTION:

The Board agreed:

- 1. To approve the Group Tenancy Sustainment Strategy 2016-2019, with the Board Members' suggestions included, and signed off by the Chair.**

9. GROUP CUSTOMER SERVICES STRATEGY 2016-2019

- 9.1 The Head of Customer Experience introduced the report by stating that the new Customer Services Strategy will run from April 2016 to March 2019, and sets out NCH's approach to, and objectives for, delivery of exceptional customer service.
- 9.2 She explained that the strategy builds on our previous Customer Services Strategy and takes an all-encompassing view that exceptional customer service delivery is the responsibility of every employee, contractor and representative of NCH. It highlights that excellent customer experience will support first rate delivery wherever we provide a service to customers.
- 9.3 It was explained that this was a challenging and ambitious strategy, and it puts the customer at the heart of everything we do and it drives our services. The strategy looks to put digital and self-service at the heart to make efficiencies and to provide an excellent service to our customers. It also empowers staff and makes them accountable for the delivery of the service.
- 9.4 Board commented that it was a well written strategy, but they also looked for reassurance that the IT interface of Customer Relationship Management (CRM) would work and that it would be improved as the system progresses. The Head of Customer Experience explained that the CRM project is a never ending project as it will continue to grow, and the CRM Project Board will continue to meet to keep on top of any changes needed. Phase One has been completed and Phase Two will be around IT and Business Transformation, hardware, infrastructure and support.

RESOLUTION:

The Board agreed:

- 1. To approve the draft Group Customer Services Strategy 2016 – 2019, and to delegate sign off of final version to the Head of Customer Experience in consultation with the Chair.**

10. SOCIAL HOUSING EQUALITY FRAMEWORK (SHEF) INSPECTION OUTCOME

- 10.1 The Company Secretary informed the Board that NCH has been awarded "Excellent" under the SHEF following the recent inspection by the Local Government Association (LGA).
- 10.2 The Board set out the attainment of "Excellent" in the SHEF as a key priority of its Corporate Plan and its Equality and Diversity Strategy. The Group was inspected by the LGA and awarded "Excellent" in February 2016. Inspectors included a Leicester City Councillor, a Fire Service Director and a senior representative from the LGA.
- 10.3 The Board thanked Anita Hodson for the work done over the last six months. The Board recognised that there was still work to be done on recruitment and front line services. Work has recently started with the Equality and Diversity

Steering Group, who will take up the recommendations from SHEF. The framework will be reviewed every three years.

RESOLUTION:

The Board agreed:

- 1. To note the “Excellent” outcome of the SHEF assessment and agreed that the newly formed Equality and Diversity Steering Group implement the report’s recommendations.**

11. HOUSING AND PLANNING ACT 2016 REPORT

- 11.1 The Chief Executive introduced the report updating the Board on the Housing and Planning Act 2016, which recently passed into law, and seeks to indicate the implications of the Act for NCH and our tenants and residents.
- 11.2 He explained that we were hopeful of some amendments to the Bill before it was passed, but they were mainly rejected by the Government. There were some very minor amendments, such as the Pay to Stay threshold of £30k does not include any benefits, and that fixed term tenancies are now for 10 years.
- 11.3 A further change involved the sale of ‘high value council houses’ becoming ‘higher value council houses’. Every council will now be caught in this as it is now a relative term as we all have ‘higher’ value council houses. It is hoped that the Regulations, when issued, will include more details. As the Regulations are due in six to eight weeks, there is time to lobby to ensure that the Regulations are as good as they can be.
- 11.4 There was a last minute amendment which stated that Councils cannot have influence over Registered Providers; however some Arm’s Length Management Organisations (ALMOs) are Registered Providers. The Government will make it clear in the Regulations that this aspect does not apply to ALMOs.
- 11.5 Board Members were issued with a draft letter from the Chair of the Board to the Prime Minister, outlining the impact the Act will have on Nottingham’s households. Board Members were in agreement to issue the letter.

RESOLUTION:

The Board agreed:

- 1. To note the contents of the report and that it wishes to register its disappointment with HM Government that the views and concerns of NCH tenants were not listened to and addressed.**

12. ANNUAL PERFORMANCE REPORT 2015-2016

- 12.1 The Performance Manager for Business Improvement and Development introduced the report by stating that the purpose of the report is to provide the Board with an annual update of NCH’s progress in the key performance areas as identified in the Corporate Plan.

- 12.2 He stated that we have 22 KPIs, with 14 on target with overall customer satisfaction at a record 88.4%. We continue to do well on rent collection and relet time. Staff sickness is moving in the right direction. Satisfaction with repairs and maintenance has shown a dip which we need to address.
- 12.3 The Chair of the Customer Excellence Panel stated that the Panel enjoyed their training from the Tenant Participation and Advisory Service (TPAS) and has additional questions to best interrogate the performance data presented to them.
- 12.4 We still need to improve satisfaction with the Anti-Social Behaviour team as it currently stands at 73.45%. The Director of Housing and Customer Services explained to the Board that the method of collecting ASB information has recently changed. Previously surveys were undertaken sometime after the case was closed, whilst best practice dictates that they should be done within 48 hours after the case is closed. Implementing this best practice has led to an increased number of surveys being completed and therefore there has been a trend for improvement, which is likely to be seen next quarter.

RESOLUTION:

The Board discussed the main findings and implications for NCH and agreed:

- 1. To note the contents of the report.**

13. FEEDBACK FROM THE AUDIT COMMITTEE

- 13.1 The Chair of the Audit Committee reported that the Audit Committee had reviewed the Corporate Risk Register which is due to be signed off by Board in July. He confirmed that Audit will undertake a deeper analysis of sub risks. The Audit Committee also agreed the internal audit plan for 2016-2017.

14. ANY OTHER BUSINESS

- 14.1 The Chair of the Board and the Chief Executive had a meeting with the Chief Constable. They requested a copy of the new structure, but this was not received. They also posed the question of whether there would be a need for three Police and Crime Commissioners (PCCs) if three counties police were being combined. The recruitment for the new Chief Constable will take place in March 2017 and the Deputy Chief Constable will be standing in until this time.
- 14.2 The Chair and the Chief Executive also expressed their concerns at the meeting that the changes could damage partnership working. Whilst the PCC had previously stated that there would be no changes until after June, changes have already been made and staff recruited.

15. DATE OF THE NEXT MEETING

The Board agreed that date of the next scheduled meeting will be on the 30 June 2016 at The Mary Potter Centre, 76 Gregory Boulevard, Nottingham NG7 5HY

The meeting closed at 18:55

SIGNED..... DATE

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NOTTINGHAM CITY HOMES

REPORT OF THE COMPANY SECRETARY

THE BOARD
30 JUNE 2016

COMPANY SECRETARY'S REPORT

1 SUMMARY

- 1.1 This report sets out the administrative and governance matters requiring consideration and approval by the Board since the last meeting.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 Notes the update of the Nottingham Business Charter.
- 2.2 Notes the current position on the Chair appointment process.
- 2.3 Notes the current position of the Registered Provider application.
- 2.4 Notes the use of the Company Seal.

3 REPORT

3.1 NOTTINGHAM BUSINESS CHARTER UPDATE

- 3.1.1 At the Board Meeting on 26 May 2016, the Board agreed to sign up to the Nottingham Business Charter. Board will remember that this Charter aims to promote local jobs, a living wage for workers and the end of zero hour contracts and that the Charter had been agreed by Nottingham City Council (NCC).
- 3.1.2 We are very pleased to report that Nottingham City Homes (NCH) is the first business to endorse this Charter. NCC is currently promoting the Charter and is now able to utilise NCH's endorsement to further the aims of the Charter. NCC has confirmed that they are inviting the top 100 businesses to a breakfast launch in October 2016 and that it will be exciting to announce NCH as one of the first to express an interest in signing up to the Charter and NCC look forward to working alongside us.
- 3.1.3 NCC has confirmed that the reference to 'living wage' refers to the Nottingham living wage and not the National Living Wage. However, the Nottingham living wage is now £7.85, which is higher than the National Living Wage of £7.20 at aged 25 and over.
- 3.1.4 It is recommended that the Board **notes** the update of the Nottingham Business Charter.

3.2 CHAIR APPOINTMENT PROCESS UPDATE

- 3.2.1 Board Members were informed of the outcome of the internal applicant interviews for the Chair of the Board position on 31 May 2016 and that we are now advertising the position externally, as previously agreed by the Board.
- 3.2.2 The closing date for applications was 28 June 2016 and shortlisting will be taking place shortly. It is anticipated that interviews will be held the week commencing 11 July 2016. Board Members will be updated at the meeting with regard to the number of applicants.
- 3.2.3 With regard to the Tenant Board Member recruitment, there are three tenant Board Members whose term of office ends this year; Janet Storar, Dave Bennett-Bull and Anne Dean.
- 3.2.4 The application process for 2016 Tenant Board Members started on 10 June 2016, with a closing date of 29 June 2016. Two Information Sessions for interested tenants and leaseholders were held on 20 June 2016 at Trent Vineyard Conference Centre and interviews are expected to be held the week commencing 18 July 2016.
- 3.2.5 The advert for Independent Board Members will be published shortly and the number of vacancies will be dependent on the outcome of the Chair of the Board interviews and whether that role is filled by an Independent member. We will also be reviewing the skills matrix to ensure that we target Independent members with the skills that are required. There are two Independent Board Members whose term of office ends this year: Glenn Harris and Trish Nixon.
- 3.2.6 It is recommended that the Board **notes** the current position on the Chair appointment process.
- 3.3 APPLICATION FOR REGISTERED PROVIDER UPDATE
- 3.3.1 The Initial feedback received from the Homes and Communities Agency (HCA) has raised concerns over two main issues:
- 1) the co-terminus board of the Registered Provider (RP) with NCH Ltd, according to the HCA, does not provide the degree of independence that they wish to see for the RP subsidiary; and
 - 2) the proposed regulation to limit the involvement of local councillors on the Boards of RPs.
- 3.3.2 Advice has been sought from Anthony Collins Solicitors on the validity of HCAs concerns and if so, what adjustment is needed to our Memorandum and Articles of Association or whether it is the RP Board members that need changing.
- 3.3.3 Following Anthony Collins advice, we will be responding to the HCA explaining that due to the low number of houses owned by the RP in the initial stages, a co-terminus RP Board is a proportionate way to approach the governance arrangements at this time. As the RP's portfolio grows it is acknowledged that the Board will need additional resource and expertise, and that the potential for conflicts to arise may increase as the RP's decisions grow in significance. At that stage the RP would move either to partial co-terminous arrangements or

- an independent Board structure if necessary to ensure that the RP Board had the required expertise and independence.
- 3.3.4 Part of our response to the HCA is to detail the amount of protection that has been put in place for the RP to ensure that its independence is protected and that these protections were specifically covered in the Board and executive training session and the Board has also considered the governance documentation in detail at its formal meetings.
- 3.3.5 We will also explain that the concern regarding having Councillors on the Board stems from Section 93 Housing and Planning Act 2016, and whilst our application was submitted prior the Act coming into force, the wording of Section 93 says ‘the Secretary of State *may* by regulations make provision for limiting or removing the ability of local authorities to exert influence....’ and that those regulations have yet to be issued.
- 3.3.6 If the HCA is still not satisfied that the arrangements are capable of meeting the Standard despite the measures outlined above, then we have asked for information on how the arrangements should be adapted to satisfy the Standard.
- 3.3.7 It is recommended that Board **notes** the current position of the application for Registered Provider.
- 3.4 USE OF COMPANY SEAL
- 3.4.1 The Board is asked to **note** the following uses of the Company Seal.
- 3.4.2 The Seal was affixed on 20 May 2016 to the contract with Eekkosense Limited for supply of new Solar Photo Voltaic modems and SIMs and monitoring of Feed In Tariff income.
- 3.4.3 The Seal was affixed on 20 May 2016 to the contract with Second Element Limited for Water Service Management (including Legionnaires Bacteria Control).
- 3.4.4 The Seal was affixed on 20 May 2016 to the contract with Keepmoat Regeneration (FHM) Limited for Design and Build of the Lenton Phase 2 scheme for 62 Family homes.
- 3.4.5 TR1 Transfer of Title - The Seal was affixed on 20 May 2016 for the purchase of 27 Landmere Gardens, Mapperley, NG3 3BG for £84,000.
- 3.4.6 TR1 Transfer of Registered Title – The Seal was affixed on 26 May 2016 for the purchase of 3 Russell Court, 562 Woodborough Road, Mapperley, NG3 5FH for £100,000.
- 3.4.7 TR1 Transfer of Registered Title - The Seal was affixed on 7 June 2016 for the purchase of 1A Castle Gardens, Nottingham NG7 1HH for £107,000.
- 3.4.8 TR1 Transfer of Registered Title – The Seal was affixed on 7 June 2016 for the purchase of 23 Marham Close, Sneinton NG2 4GR for £110,000.
- 3.4.9 TR1 Transfer of Registered Title – The Seal was affixed on 14 June 2016 for

the purchase of 10 Lamcote Street, The Meadows, NG2 2GU for £112,000.

3.4.10 TR1 Transfer of Registered Title – The Seal was affixed on 17 June 2016 for purchase of 26 Fremount Drive, Nottingham NG8 3GL for £110,000.

3.4.11 TR1 Transfer of Registered Title – the Seal was affixed on 22 June 2016 for the purchase of 13 Roker Close, Aspley, NG8 5RA for £90,000.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

4.1.2 There are no significant financial implications; costs will be contained within previously agreed existing budgets.

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 attached to this report.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

5.1 The Nottingham Business Charter would assist in NCH's objective of being a major player in transforming the quality of life in our neighbourhoods.

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 The Companies Act 2006
The Small Business, Enterprise and Employment Act 2015

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DATE: 22 June 2016

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NOTTINGHAM CITY HOMES

THE BOARD
30 JUNE 2016

REPORT OF THE DIRECTOR OF INVESTMENT AND
BUSINESS SERVICES

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

1 SUMMARY

- 1.1 This report provides an update on key housing policy announcements made since the report to Board in March 2016.

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 Housing and Planning Act 2016

- 3.1.1.1 The Housing and Planning Act received Royal Assent on 11 May 2016. The Act was the subject of a report to Board in May 2016.

Detailed implementation regulations are yet to be issued on various topics by the Government. However, NCH and Nottingham City Council (NCC) officers have met to discuss the relevant activity needed to plan for implementation of the Act.

- 3.1.1.2 In addition, the National Federation of ALMOs (NFA) has been in dialogue with civil servants on matters relating to those regulations. A briefing document with further detail is attached at Appendix 1.

3.1.2 Queen's Speech 2016

- 3.1.2.1 The Queen's Speech was presented to Parliament on 18 May and sets out the legislation the Government intends to introduce over the next year. With the Housing and Planning Act having just passed into law it is not surprising that there was no significant housing legislation announced. However, a number of other Bills have aspects that are of interest to NCH. These include:

- Neighbourhood Planning and Infrastructure Bill
- Lifetime Savings Bill

- Children and Social Work Bill
- Digital Economy Bill

There will also be a British Bill of Rights consultation, to reform the UK human rights framework, and a Local Growth and Jobs Bill to devolve business rate receipts to local authorities as well as set out some of the new powers being devolved to local authorities.

- 3.1.2.2 **Neighbourhood Planning and Infrastructure Bill.** This is intended to support Government's pledge to see 1 million new homes developed. It aims to improve neighbourhood planning to 'give communities more of a say', as well as strengthen the responsibility of the local authority to provide support. It increases the role of the National Infrastructure Commission and seeks to speed up pre-commencement planning conditions to streamline the planning process. It will also change the Compulsory Purchase Order process.
- 3.1.2.3 **Lifetime Savings Bill.** This is intended to help those on low incomes save money. It will introduce the 'Help to Save' scheme, and will see people in work in receipt of certain benefits (Universal Credit and Working Tax Credit), and saving up to £50 per month, have their savings match funded by Government, up to a maximum of £600.
- 3.1.2.4 **Children and Social Work Bill.** A part of this Bill, applying to care leavers, will be of interest. It will place a duty on local councils to publish an offer to care leavers setting out what services they are entitled to, and create a responsibility to offer a personal advisor to children leaving care until they are aged 25.
- 3.1.2.5 **Digital Economy Bill.** This will give every UK property a legal right to a fast broadband communications connection.
- 3.1.2.6 **Implications for NCH:** NCH will work to ensure relevant areas of these pieces of legislation are brought to the attention of tenants, leaseholders and staff, and appropriate responses taken by the organisation as necessary, depending on the outcome of the proposed legislation.
- 3.1.3 Government Guidance on the Disposal of local authority Assets
- 3.1.3.1 The Government issued guidance on disposal of property assets by councils, to help facilitate the disposal of sites that can be used for housing delivery. The guidance notes the role of a council in determining the most appropriate sales route for an asset, and the guidance notes that councils can deliver homes outside of the Housing Revenue Account (HRA) via other delivery models.
- 3.1.3.2 This guidance supports other initiatives to help deliver Starter Homes for sale, and using brownfield land for housing development.
- 3.1.4 EU Referendum
- 3.1.4.1 By the time of the next meeting, but after the creation of this report, the

outcome of the referendum on continued membership of the EU will be known. The implications of this vote will be considered in the future. The housing sector as a whole has only published limited comment on the referendum to date, and most media coverage relating to housing concerns the private sector. However, the National Housing Federation (NHF) published a useful briefing document earlier in the spring, and this is attached at [Appendix 2](#).

3.1.5 Homes and Communities Agency (HCA): Shared Ownership And Affordable Homes Programme 2016 to 2021 Bidding Prospectus

3.1.5.1 The HCA has published the Prospectus for the above funding round, with a focus on shared ownership, which is in line with Government priority to boost home ownership opportunities. This is intended to deliver 135,000 shared ownership homes over the period of the programme, supported by £4.7bn in capital grants. It is not intended that the funding will all be allocated at the initial stages. Bids can be submitted by Registered Providers of social housing, and unregistered organisations such as commercial sector developers, as well as local authorities. The bidding round is open until 2 September.

3.1.5.2 NCH will work with NCC to consider the opportunity to bid, to deliver property types that might meet local need and be in line with the HCA's objectives to deliver appropriate housing as set out in the Prospectus.

3.2 RECENTLY PUBLISHED REPORTS OF INTEREST

3.2.1 House of Lords Select Committee on National Policy for the Built Environment. Report: 'Building Better Places' (HL Paper 100)

3.2.1.1 The House of Lords Select Committee has published a detailed report on the benefits of a good quality built environment for people, communities and the economy. The report notes the focus that the Government seeks on housing delivery, but importantly makes the point that "Restrictions on financial freedoms and flexibilities, however, pose a threat to the ability of local authorities to build houses of their own. The private sector, throughout the post-war period, has very rarely achieved the delivery of 200,000 homes a year. We do not believe the Government can deliver the step change required for housing supply without taking measures to allow local authorities and housing associations each to play their full part in delivering new homes."

3.2.1.2 In addition, the report recommends measures intended to create better places, promote design quality and enhance the resilience and sustainability of new developments. The report further recommends the appointment of a Chief Built Environment Adviser, who can help "integrate policy across Government departments, to act as a champion for higher standards and to promote good practice."

3.2.1.3 In due course the Government will have to respond to this report and the recommendations made by the House of Lords.

The report can be read

here: <http://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf>

3.2.2 Centre for Regional Economic and Social Research, Sheffield Hallam University: The Uneven Impact of Welfare Reform

3.2.2.1 This report looks at the impact of welfare reform in terms of the financial losses to “places and people”. The NHF pointed out that the report shows that recent welfare reforms will reduce the average income of a social rented household by around £1,300 a year– almost double what a private rented household will lose (£710), and more than five times the average loss of an owner occupied household (£230). This loss is even higher if only social rented households of working age are considered, who will lose almost £1,700 per year.

It further illustrates that as incomes in the social rented sector are significantly lower compared to that in private tenures, welfare reforms are disproportionately impacting on social housing residents. On average, the welfare changes will mean a 7% reduction in income for a social rented household, compared to a 2% reduction for private tenants and 1% for owner-occupiers. “As such, the reforms are likely to increase the socio-economic gap between the tenures in the future”.

3.2.2.2 The report notes that other changes in tax, the minimum wage, social sector rents and childcare entitlement go some way to compensate “but the winners and the losers are only sometimes the same people and it is unlikely that the full financial loss will be offset.”

The report can be read

here: <http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016.pdf>

3.2.3 NFA and Association of Retained Council Housing: Universal Credit – One Year On

3.2.3.1 This is a report of a survey of member organisations. It has a specific focus on the impact of Universal Credit (UC) on rent takings and arrears. The report notes that “households in receipt of UC remain much more likely to be in arrears and also have, on average, larger levels of arrears than tenants in general. In total a very high proportion (79%) of those receiving UC are in arrears, compared to less than one third (31%) of tenants overall. On average they each owe £321.05, which is also slightly higher than the average of £294.57 among all households in arrears”.

3.2.3.2 NCH will continue to maximise preparedness for the impact of UC on both our customers and NCH itself, in order to reduce instances of arrears and hardship amongst the households we serve.

The report can be read here:

<http://www.almos.org.uk/include/getDoc.php?did=7534&fid=8807>

3.2.4 Housemark and DTP: Weather Forecast Group – How the social housing sector is responding to change

3.2.4.1 Housemark, in Partnership with the David Tolson Partnership (DTP) has commenced production of a series of regular research reports based on interviews with 24 senior housing decision makers including local authorities, ALMOs and housing associations. These are the respondents for the 'Weather Forecast Group'. The reports seek to examine how the sector is responding to issues affecting the sector, including Government policy.

3.2.4.2 The report is wide ranging and topical, covering key themes like finance, governance, service delivery changes, new housing supply, responses to welfare reform and relationships with partner organisations. The report illustrates sector direction of travel as housing organisations respond to the challenges and issues they face.

The first report can be read here:

<http://link.housemark.co.uk/l/03e98ffdb5aa42278ad733ffe6477f10/F17B05A1/062016>

3.3 OTHER POINTS OF INTEREST

3.3.1 Reserved Lettings Policy Ruled Unlawful

3.3.1.1 In a case that challenged a London Borough's policy to hold 20% of available lettings and reserve them for working households and 'model tenants', it was ruled in the high court that the operation of the policy was discriminatory and unlawful. The case was: R (H & Others) v Ealing London Borough Council [2016] EWHC 841 (Admin)

3.3.2 NHF: Funding Supported and Sheltered Housing and the 'Starts at Home' Campaign

3.3.2.1 The NHF, the Housing Association trade body, has sought the views of its members to inform responses to the Government's investigation and review into how supported housing is funded ahead of the switch to Universal Credit. This funding review is particularly important as a consequence of the proposed extension of the Local Housing Allowance cap in the social rented sector and the impact it could have on supported housing. The Government's review is expected to be published before the end of July.

3.3.2.2 The NHF is "working with members to explore what a sustainable funding model for supported and sheltered housing might look like".

3.3.2.3 The NHF believes the principles that should underpin any new funding model should cover and address four key themes:

- A secure future for services for vulnerable people
- Control over the scale and growth of the benefit bill
- Localism and the role of local authorities

- Ensuring services provide quality, value for money and meet local need.

3.3.2.4 In connection with this, the NHF has launched a campaign called ‘Starts at Home,’ which “aims to ensure that people who need extra support will always have a home that meets their needs”. The intention is to build a coalition of housing associations, partner organisations and service users to “raise awareness of the value of the supported housing sector in communities across the country”.

3.3.2.5 NCH intends to sign up and support this campaign to highlight the vital work of supported housing.

3.4 UPDATES ON MATTERS PREVIOUSLY CONSIDERED

3.4.1 Welfare Reform and Work Act 2016

3.4.2 The Welfare Reform and Work Act 2016 passed into law in March. The Act has previously been drawn to the attention of the Board, as have the changes in social security benefits that will have an impact on tenants and residents. The NFA has produced a briefing on the points that are most pertinent and this is attached at Appendix 3.

3.5 CONSULTATIONS

3.5.1 Nottingham City Joint Health and Wellbeing Strategy, Consultation Draft

3.5.1.1 Happier Healthier Lives is the Nottingham Health and Wellbeing Board’s new strategy for 2016 to 2020. The strategy has been drafted and shaped with input from citizens and partners at a range of events held across the city, with the intention of finding out what is important to people in terms of their health and happiness.

3.5.1.2 The aim of the strategy is to:

- Increase healthy life expectancy in Nottingham to amongst the best big cities by 2020
- Reduce inequalities in health by targeting the neighbourhoods with the lowest levels of healthy life expectancy.

Outcomes are focused on:

- Healthy lifestyles
- Mental wellbeing
- Healthy culture
- An environment that supports good health and wellbeing.

3.5.1.3 NCH contributes to a number of these themes in different ways and may wish to respond to this consultation draft which is open until the end of June. Board members are invited to comment on the document with views that can be included in any response submitted.

The draft strategy, and associated consultation survey, can be found here:

<http://www.nottinghamcity.gov.uk/hwb>

- 3.5.1.4 Of related interest, Nottingham has produced a local Memorandum of Understanding (MoU) between health, housing and social care to support joint action on improving health through the home. The MoU is based on a national model developed by Public Health England and is recognised as the first localised version. NCH have had a leading role in the development of the MoU and in ensuring that governance and delivery is directly linked to the Health and Wellbeing Strategy. At the July Health and Wellbeing Board, partners will be asked to sign off and adopt the MoU. A re-formed health and housing delivery partnership will oversee the implementation of the recommendations.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 None.

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 the organisation is fully abreast of developments that effect 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: National Federation of ALMOs: Housing and Planning Act 2016 – The Regulations So Far, June 2016
Appendix 2: National Housing Federation, Briefing Paper: The EU Referendum and Housing Associations, April 2016

Appendix 3: National Federation of ALMOs: Welfare Reform and Work Act
2016

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Date: 22 June 2016

Housing and Planning Act 2016 The Regulations so far June 2016

1. Introduction

- 1.1. Now that the Housing and Planning Bill has received Royal Assent work has begun in earnest by DCLG on drafting the necessary regulations to enact parts of the legislation.
- 1.2. The regulations will provide the detail that has been missing up to now and some parts of regulation will be subject to further parliamentary scrutiny before it can be passed.
- 1.3. This briefing intends to update members on where the government are, some of the issues being considered and the NFA's views on key issues for ALMOs and their councils so far. We have also been working with our colleagues in ARCH on these issues and this reflects common issues across the council sector.
- 1.4. Much is still to be decided by Ministers and the timetable is dependent on parliamentary time being available to pass some of the regulations so nothing in this briefing can be taken as a sure sign of decisions being taken in a certain direction but is intended to help members as much as possible in considering what they need to be prepared for over the coming year.

2. Pay to Stay

- 2.1. DCLG officials have now set out the intended timetable for the introduction of the 'pay to stay' scheme for council tenants with household incomes of over £31,000 (£40,000 in London) and are working on the detailed regulations to implement that policy.
- 2.2. The NFA is part of a technical group looking at issues such as how market rents will be assessed, what the process will be for tenants to declare income, how reasonable administration costs will be worked out and how reviews and appeals will be dealt with.
- 2.3. The aim is to introduce the scheme from April 2017 which is an incredibly short and challenging timescale. This will place enormous pressure on ALMOs and councils to have systems in place to collect and assess household income information from their tenants by November/December 2016 in order to set their rents for April 2017.
- 2.4. Household with incomes above the governments' income thresholds of £31,000pa (£40,000 in London) will be required to pay higher rents from April 2017. These thresholds will be up-rated annually by inflation (Consumer Price Index) and tenants in receipt of Housing Benefit or Universal Credit will be exempt from the policy. However, all other tenants will be required to declare their total household income to their local council to enable the council to calculate how much additional rent they will be expected to pay.
- 2.5. The "taxable income" of the two highest household member incomes will be counted and for this purpose household means tenants, joint tenants, their spouses, partners and civil partners.
- 2.6. Any household with an income above the thresholds will be charged an additional rent. The additional rent they will be expected to pay will be 15% of any income over the threshold or the full market rent for the property whichever is lower.

- 2.7. As an example a couple living in a council house outside London with a current rent of £73.09, both working full time, one earning £25,000pa and the other £15,000pa, will be expected to pay an additional rent of £25.96pw on top of the normal rent for the property. The total amount they will pay is expected to increase to £99.05pw from April 2017 - unless the market rent for their home is lower.
- 2.8. Councils will be required to charge a full market rent to any tenant who fails to provide details of their household income.
- 2.9. Any additional monies collected by stock retained councils under 'pay to stay', over and above the normal rent for the property, will be required to be paid over to Central Government to reduce their overall budget deficit. Councils will be able to retain reasonable costs for administering the scheme on behalf of the government (details of how this is to be calculated are being worked on at the moment).
- 2.10. The DCLG has also confirmed that properties occupied by High Income Tenants with earnings above the income thresholds will be exempt from the mandatory 1% rent reductions. So tenants with incomes above the thresholds can also expect to see their current basic rent increased over the three years from April 2017 while rents of their neighbours decrease annually by 1%pa.
- 2.11. The outline of government's timetable for introduction of 'pay to stay' subject to parliamentary time is:

July 2016	DCLG publish draft regulations.
July - Sep 2016	Councils begin to consider and put processes in place to calculate market rents, collect income data, apply tapers, manage reviews of market rents, changes in tenant circumstances and set up appeals processes. DCLG would like Councils to write out to all tenants likely to be affected to let them know about the policy and that the request for income data will be coming later in the year.
Oct- Dec 2016	Councils write to tenants to request income data once regulations are passed by parliament (likely to be for the previous 12 months from Sept 2016). Tenants declare income and provide supporting evidence.
November 2016	Regulations in force.
Dec 2016 - Mar 2017	Councils determine which tenants should pay higher rents. Calculate amounts and issue bills.
April 2017	Councils begin to collect additional higher rental payments, calculate admin costs & set up arrangements to pay over monies to central government on quarterly basis. (NB money transferred in first year will be based on actual receipts less reasonable admin costs.

- 2.12. DCLG are looking at setting out a process for appeals that relies on an initial appeal to the council within 30 days of the new rent being set and sent to the tenant with the rent staying at that level until the conclusion of the appeal. DCLG would like to align the 1st stage of the appeal process as closely to councils' own complaints procedures with a possible role for the first-tier tribunal property chamber to make the final judgement as they do for Assured Shorthold Tenancies at the moment.

Issues

- 2.13. **Exemptions:** We have welcomed the Government's commitment to exclude anyone on Housing Benefit or Universal Credit from this policy and that will help simplify procedures on the ground. However in some cases (mainly in areas of the Midlands and the North of England) social rents are likely to be the same as or only a little more than market rents. In these cases we believe (along with ARCH and the LGA) that the administrative burden and the resources required to adopt this policy would be disproportionate to the revenue gained and could in fact lead to a cost to the HRA rather than a surplus for the Treasury.
- 2.14. We are therefore pushing for some national assessment of the areas that could be automatically exempt with a review built in to allow that where market rents have increased the policy could be extended. DCLG are looking at the best way for local authorities to calculate market rents at the moment. They are trying to balance the desire for a simple and cost effective system with the requirements of the law and have been looking at various options. It is looking likely that the method to assess market rents will not be prescribed by government in the regulations but guidelines will be produced to help councils make the best decision locally.
- 2.15. **Costs:** We are also trying to ensure that all the costs of implementing this policy and then continuing to run it year on year are fully re-imbursed by central government. Members of the technical working group which include ALMOs and council officers are providing DCLG with some data on their estimates at the moment but until we have a clearer idea on how the process will be managed it will be difficult to get accurate figures.
- 2.16. **Timescales:** We have also raised the issue of the tight, if not impossible timescales, involved for councils and ALMOs and have asked that the implementation date is delayed to allow Councils sufficient time to put the systems in place to administer the scheme properly and officials will consider discussing a possible mid-year implementation with Ministers for 2017.
- 2.17. As HMRC is not yet ready to be able to share income information with social landlords and given the complexities involved in verifying tenants' household incomes and the problems of zero hours contracts and tenants going in and out of work frequently we believe it would be sensible to delay the implementation of this policy until such time as the IT and data sharing is set up from the HMRC but this is unlikely to happen in our opinion and the scheme will start without that access to verification data.

3. High Value Voids

- 3.1. DCLG officials are also working on the detailed regulations to implement the High Value Asset policy. Councils will have to consider selling their "higher value" properties as and when they become empty and they will have to pay the Treasury a set amount per year on the basis of those presumed sales. The amount of the payment each year will be set out in a determination which councils will be consulted on before its implementation.
- 3.2. The formula is likely to be an estimate of the market value of that local housing authority's higher value housing that will become vacant in that year minus the attributable debt of those properties as at April 2011, minus the costs of valuing and conveyancing of those properties. DCLG has already gathered information in relation to this formula from all local authorities.

- 3.3. The key issue in determining what amount any authority will have to pay the Treasury will be the definition of “higher value” and that will be set out in regulations expected later this summer.
- 3.4. The change from “high value” to “higher value” has given Ministers more flexibility to spread the payments across the country should they so wish. There has been discussion about “higher value” relating just to the local authorities stock in their area rather than the wider housing market which would inevitably include more properties that would not necessarily be regarded as typically “high value”. Councils and ALMOs should not automatically assume they will not be affected as they operate in low value areas.
- 3.5. The NFA is also part of a technical group looking at these and the earliest DCLG will begin to consult on the determination will be July 2016.
- 3.6. There is scope within the legislation for Government to make a determination for the current financial year but for 2017/18 the determination must be made by the 31st March 2017. However the determinations cannot be made until the regulations have been debated by both houses of parliament which again will make the timescale very tight for all concerned. The NFA advice is to be prepared for an invoice this year, as Ministers clearly want to introduce this policy as quickly as possible.
- 3.7. Guidance will be issued on the duty to consider to selling higher value voids and DCLG are looking at what support smaller councils might need to be able to dispose of stock in the most efficient way. There seems to be an acceptance at DCLG that it would not make sense to make councils sell off properties that would cost the same or more to replace and so we are working with them to look at how that could feed into the formula as well as asking for all new build property since 2008 to be exempted.
- 3.8. Agreements will be offered to councils for the replacements and it is looking likely that they will be aligned to the existing RtB replacement agreements. However in order to help deliverability DCLG are looking at what they can do to improve deliverability and value for money through those agreements and it is likely that they will be looking for councils to consider more use of Housing Association partners or joint vehicles to deliver replacement homes.

Issues

- 3.9. **Replacement homes:** Although we have got a commitment from the Government to provide 2 for 1 replacement affordable homes in London and 1 for 1 outside of London we have no guarantee that they would be for social rent or even for rent at all given that under the new definitions of affordable homes they could be instead starter homes. The amount of financing the government allows in the agreements will be critical for most authorities in determining the tenure they will be able to re-provide.
- 3.10. The NFA would like to see the regulations stipulate that the replacement home can be a social rent home if that is what the local authority thinks is appropriate and that the resources are made available to local authorities to allow for that.
- 3.11. **The definition of “higher value”:** This will be critical in how the policy actually plays out in different areas of the country and we believe it should be defined as to only apply to truly “high value” properties in any one local authority area (not just high value within the local authority owned stock) in order that it doesn’t have perverse effects in different housing markets.
- 3.12. We also believe that this policy should be a limited policy so that when all of the “higher value” properties have been assumed to have been sold it stops otherwise there is a danger the threshold is continually rebased.

- 3.13. **Exclusions:** The Secretary of State may exclude some housing from that duty in the regulations. The government is considering excluding properties in rural areas as well new build properties, properties already served a demolition notice and sheltered and housing purpose built for the elderly from this policy.
- 3.14. The NFA considers that exemptions should also be made for specially adapted properties for use by disabled residents or in some housing markets for other niche housing needs – e.g. it is the only 6 bed in the stock and there are 3 families waiting for it as well as for cases where the receipt would not cover, or is very close to, the cost of a replacement home in the local authority area.

4. Reducing social housing regulation

- 4.1. The Act outlines government intention to reduce regulation within the housing sector with the detail to be set out in regulations. In light of the possible implications in terms of nomination agreements between Local Authorities and Housing Associations and the availability of social lettings from new build, we are asking for be proper consultation of Local Strategic Housing Authorities before any regulation is reduced or changed. There are obligations within the current regulatory framework and standards for housing associations to co-operate with strategic housing authorities that we would not want to see in any way diminished by deregulation.
- 4.2. We believe that measures need to be put in place that ensure that we have adequate re-provision and provision of social rented homes to be able to house the most vulnerable members of our communities.
- 4.3. We are also very concerned about the potential impact of clauses in the Act targeted at LSVTs, to ensure they are not caught by the ONS review of the classification of Housing Associations could have unintended consequences for some ALMOs who are also Registered Providers by permitting the government to write out local authority controls over RPs.
- 4.4. We understand that these clauses were introduced to ensure that when ONS review the status of Housing Associations that LSVT organisations are not inadvertently classified differently from other Housing Associations because of the role of local authorities in their constitutions. We do not believe that an exception for ALMOs in the Regulations would cause any difficulty, as it has (presumably) never been disputed that ALMOs are and will remain public sector bodies for accounting purposes.
- 4.5. There are currently 8 ALMOs who are also registered as RPs and 1 which is going through the registration process. We want to ensure that ALMO RPs and their subsidiaries are explicitly excluded from the scope of the Regulations pertaining to this issue and have started discussions with DLG and the HCA with regards to this issue.

5. Phasing out of lifetime tenancies

- 5.1. The NFA welcomes the extension of the options for fixed term tenancies to 10 years and for families, up to the 19th birthday of the youngest child.
- 5.2. The Secretary of State can set out other exclusions in regulations and there is a further working group looking at these issues with councils represented on the group but not the NFA.

- 5.3. The NFA is arguing for tenants going into sheltered accommodation to be exempt as well as other residents whose housing needs will not change such as those in some types of supported housing schemes and disabled tenants in adapted properties.
- 5.4. In order to effectively administer this policy we will argue for councils to be given local flexibility to be able to assess new tenants and decide on a case by case basis who is still suitable for a secure tenancy.
- 5.5. For existing secure tenants wishing to move the actual Act only gives explicit protection to those forced to move by their landlord and that other tenants may have protection at the discretion of their local authority depending on the regulations still to be laid.
- 5.6. We are expecting that the need to downsize due to the impact of the bedroom tax will be included in the regulations as well as the need to move for work (and will argue for that to be the case) but will also be arguing for wider discretion for councils to judge each case on its merits and the best use of the stock but also to specify common issues such as the need to move to be nearer family or support networks/or to be cared for or to be able to take on caring responsibilities.

6. Next Steps

- 6.1. The NFA will continue to discuss these issues with DCLG officials through the technical working groups and in other forums.
- 6.2. The NFA will also prepare a briefing for MPs ahead of the parliamentary debate on the affirmative parts of the regulations.
- 6.3. As draft regulations are published we will provide updates to members to try to ensure you are as prepared as possible for the changes to come.
- 6.4. In the meantime if you have any questions on the issues in this briefing or any comments you would like to feed into the discussions we are having with DCLG please contact Chloe Fletcher at chloe.fletcher@almos.org.uk

8 April 2016

Briefing:

The EU referendum and housing associations

Framing the debate, and posing the questions

Summary of key points:

This briefing seeks to enable housing associations to assess the significance of the EU referendum for their businesses. In summary:

- there are five possible outcomes of the EU referendum, and each brings with it change for housing associations
- the referendum raises questions about building new homes, attracting investment, business freedoms and housing demand
- boards should be informed and equipped to determine the significance of the referendum for their organisations.

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1. Introduction

On 20 February David Cameron announced that a referendum on UK membership of the European Union (EU) will be held on 23 June, giving rise to a furore of public debate. This briefing is designed to frame the debate and pose questions so that boards can assess the significance of the referendum for your businesses.

From the starting point that the UK is currently a Member State of the EU, a Brexit would bring with it both losses and gains for housing associations. In writing this briefing, the National Housing Federation assumes that if the UK leaves, the Government will look to negotiate a new relationship with the EU to restore trade. This is based on the consensus expressed in political commentary since the announcement of the referendum. We also assume that Parliament will not, in the event of a Brexit, seek to individually repeal every legal instrument which relates to EU rules. We consider this a reasonable assumption given the considerable body of legislation adopted since we joined the EU in 1973, the resource cost of individually repealing each instrument, and the understanding that a proportion of EU law is positive and desirable.

Framing the referendum debate is not straightforward. There are five key scenarios that might arise, which have differing implications for housing associations. The most likely Brexit outcome is that leaders negotiate a new relationship with Europe, limiting the internal market and returning the discretion to regulate or deregulate to Parliament.

Whatever a new arrangement looks like, there are challenges for housing associations and the impact will depend on your business models. For developers it might be more difficult to source the materials and labour to build homes. If organisations currently benefit from EU energy efficiency funding, or other EU investment, it might be more difficult to finance those elements of the business.

Brexit would put decisions about retaining, revising or repealing regulation in the hands of Parliament – it might trigger a deregulatory process but would not itself be a deregulatory act. The EU procurement procedure (OJEU) will not be affected (see section 3.3 below).

The EU treaties provide a withdrawal procedure with a two-year timeframe. There is scepticism amongst experts about the feasibility of finalising withdrawal, and new agreements, within this narrow window. Some (including [Gus O'Donnell](#)) have suggested that it could take up to a decade for a Brexit process to be completed.

2. Framing the debate

The EU is a large and complex international organisation. Unpicking what its relationship with businesses looks and feels like is a challenge. In this section, we hope to equip members with information to support your boards to frame the debate appropriately, in the context of your business. The public debate frames the referendum as a clear-cut decision between 'leave' and 'stay', but the reality is more complex. If the UK votes to leave the EU, there are five potential outcomes, including outright withdrawal:

1. The UK remains in the EU
2. The UK joins the European Economic Area (EEA)
3. The Government negotiates a new ad hoc agreement with the EU
4. The UK leaves the internal market, but retains the majority of EU regulation
5. The UK repeals all Statutes and Statutory Instruments which transpose EU law.

At one end of this scale nothing substantive will change, and at the other there will be significant impact. The most likely outcome, in the event of a Brexit, sits between scenarios three and four. For associations this will mean that there are fewer EU migrants (tenants and workers), new trade arrangements, changes to funding, and the potential for deregulation.

In the event of a Brexit, all UK law which currently 'transposes' EU rules and gives them legal effect will, initially at least, remain. The majority of regulation can, and likely will, continue to apply whether or not we are a Member State. Examples include energy, employment, tax, and competition law, of which the OJEU procurement procedure is part. On the other hand, there are some key pillars of EU law which cannot exist without formal membership and/or the cooperation of other Member States. This category includes trade and migration arrangements.

There are therefore two key questions:

- what will be the definite, immediate effects of leaving the EU?
- what are the potential effects of leaving the EU, subject to Parliamentary discretion?

3. Posing the questions

Whichever scenario is realised, the impact of a Brexit will differ for each housing association. In this section, we highlight themes for the sector which might pose risks or opportunities for your business: building homes, attracting investment, business freedoms, and housing demand.

3.1 Will boards have more freedoms over our businesses?

The OJEU public procurement procedure presents challenges for many housing associations. Instinctively, OJEU should no longer apply. But because of the way that EU law operates in the

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UK, and the relationship between procurement law and trade, even if the UK is no longer a formal Member State of the EU, OJEU is still likely to apply. Public procurement is an integral part of EU competition law, and tends to be the *quid pro quo* for trading with Europe. Both the EEA and Switzerland have to comply with OJEU. If the Government negotiates a new deal excluding OJEU, the UK will have to establish its own public procurement regime. Given that policy design is often based on previous models, or similar policy which exists in different countries, it is quite likely that this would be modelled on or similar to the OJEU procedure.

Across energy, employment, tax, and health and safety, there are plenty of EU regulations which impact on housing associations. These rules are individually recreated in UK national law. If the UK votes to leave the EU it will be down to Parliamentary discretion to determine which will be retained, revised, or repealed.

3.2 Will we be able to build new homes?

There is a construction skills shortage in the UK. Housing associations have an ambition to significantly increase their output of new homes over the coming years. To achieve this we need a functioning construction sector. Over the longer term there is a need for a significant skills drive to address the shortage. However a skills drive will take time to have an effect on the market, and in the short term EU workers provide a vital contribution to the delivery of new homes. Between 2007 and 2014, the proportion of EU migrants in the construction sector rose from 3.65% to 7.03%. Union membership gives EU nationals an automatic right to live and work in the UK. If the UK leaves, this will be revoked. Although the Government would likely design a new immigration system which privileged people with particular skills, such as construction skills, the added burden of evidencing this in an immigration process may serve as a disincentive for some migrants.

Both the EEA and Swiss deals incorporate the free movement of people. But, the relationship between the referendum and immigration debates means that it could be politically difficult for the Government to justify a post-leave deal which reinstated free movement. Members can expect the new arrangement between the UK and the EU to limit EU migration. This may impact the construction industry and, in turn, the supply agenda. To understand what this means for your organisations, it is important to know whether and how your business relies upon EU labour.

Many of the materials used in construction are imported from Europe. According to [ONS figures](#), the total value of net imports of building materials and components from the EU was £4.9 billion in 2015. The free movement of goods is protected under the EU treaties. Member States are prohibited from charging 'customs duties on imports and exports and all charges having equivalent effect'. This keeps import costs down.

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If the UK leaves the EU, the Government will seek to negotiate a new free trade deal with Europe. They will face obstacles, including the reputational and relational cost of a Brexit. In the long term, the cost of goods is likely to stabilise.

Questions for consideration:

- what would be the scale of the impact on your workforce and your supply chain of tight controls on EU migration?
- what would be the impact on your business of increased trade tariffs on bricks, building materials, and other resources?

3.3 Will we be able to attract investment?

Many housing associations have asked what effect a Brexit might have on the capital markets and, therefore, on the cost of money. The [Bank of England has said](#) “Looking ahead, heightened and prolonged uncertainty has the potential to increase the risk premia investors require on a wider range of UK assets, which could lead to a further depreciation of sterling and affect the cost and availability of financing for a broad range of UK borrowers.” There is widespread disagreement and speculation in the financial sector about what the long-term impact might be. But it is clear that in the short term uncertainty surrounding new relationships has the potential to increase the cost of borrowing for associations.

There are a number of sources of EU funding available to housing associations in England. These include the European Regional Development Fund, the European Social Fund, and other finance through the European Investment Bank (EIB). Most EU funding is focused on energy efficiency and social inclusion. The sums of money available are substantial, with individual (regional) programmes frequently allocated tens of millions of Euros, and a central pot of €50 billion for energy efficiency alone. This finance is generally routed through national institutions, so members may be in receipt of EU funding unwittingly. We would encourage members to ensure that the funding you currently receive from the Government which might have been originally provided by the EU is included in any assessment of Brexit risks.

Switzerland and EEA countries cannot access EU funds, and may access finance from the EIB only for energy and transport. For those members who currently or hope to receive EU funding, this will present a challenge. For those who do not, there will be no impact.

If the UK leaves the EU, the ‘State aid rules’ which prohibit government grants and subsidies will no longer be binding. Social housing grants are protected under EU rules. But, in some cases, the EU Commission has taken action to prohibit grants made to housing associations. Outside the EU, the Government will be free to provide whichever grants it chooses.

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There is the potential, therefore, for members to benefit from new grant funding if the State aid rules no longer apply. But the realisation of this benefit is dependent on the Government choosing to make such funding available. More importantly, outside the EU, the Government will seek to negotiate new international trade deals. And it is standard practice in World Trade Organisation agreements, and emerging multilateral deals, to prohibit State grants and subsidies *without exception*. EU State aid rules provide explicit protection for social housing grant. In the event of a Brexit, any government grant or subsidy may be prohibited by new trade deals entered into by the UK. This poses a considerable future risk for the funding of housing associations.

Questions for consideration:

- what would be the impact on your business of UK access to EU (including EIB) funding being restricted or terminated?
- what would be the impact on your business of new trade deals prohibiting the Government from making grants?

3.4 What will happen to housing demand?

The final question of concern to both members and the public is what impact would leaving the EU have on housing demand. There is a relationship between migration, population and housing demand. The impact of EU migration on affordable housing demand however is minimal. If a post-Brexit deal restricts EU migration into the UK, this might reduce pressure on the housing market. But, Member States might equally restrict migration of UK nationals or UK nationals living in the EU may return to the UK.

The impact on housing demand will be determined by the way that the tension between EU-UK and UK-EU migration is reconciled. The demographic profile of EU and UK migrants who might be returned could also have an impact on the types of accommodation affected, such as homes for older people, for example. It would not be appropriate to speculate about the specifics of what this impact might be, but it is important that members are alive to the uncertainty.

4. Conclusion

With the right operating environment to enable them to do so, housing associations in England have an ambition to deliver 120,000 new homes every year by 2033. They have the aspiration to own or manage nearly six million homes, housing over 12 million people in good-quality homes across different types and tenures. Housing associations will need the right investment, skills, resources and freedoms to realise this potential.

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The challenges that the EU referendum and a possible subsequent Brexit pose to this ambition will be different in substance and scale for each housing association. Determining the impact of these challenges, and the appropriate response, is a matter for individual housing association boards. We hope that this briefing will support your teams to ask questions that enable you to reach a decision about the significance of the referendum for your businesses.

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Welfare Reform & Work Act 2016

Introduction

The Welfare Reform and Work Bill received Royal Assent on Wednesday 16th March following agreement of both Houses on the text of the Bill.

The Act contains 30 clauses divided into 7 chapters as follows:

- Reports (clauses 1 - 3)
- Children Living in Low-Income Households (clause 4)
- Life Chances (clauses 5 - 7)
- Welfare Benefits (clauses 8-14)
- Loans for Mortgage Interest etc. (clauses 15 - 18)
- Social Security Administration (clause 19)
- Social Housing Rents (clause 20 - 30)

This briefing will provide detail on the legislation introduced by the [Welfare Reform and Work Act 2016](#) which is of relevance to ALMOs and council housing in particular.

The main measures of relevance are: the 1% social rent reduction a year for four years from April 2016; the reduced household benefit cap to £20,000 (£23,000 in London) from £26,000 per year and other welfare reform-related legislation.

Key Issues for council housing and ALMOs

Benefit cap reduction

The current household benefit cap is £26,000 per year for a family which is £500 per week and £350 per week, £18,200 per year, for a single person with no children. Any household which receives more than the limit has their Housing Benefit reduced by the amount which exceeds the cap.

From Autumn 2016 the threshold will be reduced to £20,000 per year with a higher threshold for London of £23,000. The benefit caps will be set at:

- £442.31 a week if you are a couple or have children and live in London (£23,000)
- £296.35 a week if you are a single person and live in London (£15,410)
- £384.62 a week if you are a couple or have children and live outside London (£20,000)
- £257.69 a week if you are a single person and live outside London (£13,400)

The dates for roll-out are yet to be confirmed and the exact dates from when claimants will be affected will vary depending on where they live.

Freeze of certain social security benefits for four tax years

Social security benefits and tax credits have been frozen in cash terms for four tax years since April 2016. This applies to the main rates of income support, jobseeker's allowance, employment and support allowance, housing benefit and universal credit; the work-related activity group component of employment and support allowance, the work-related activity component of housing benefit and the limited capability for work element of universal credit; the individual element of child tax credit payable to a child or qualifying young person who is not disabled or severely disabled; the basic, 30 hour, second adult and lone parent elements of working tax credit; and both elements of child benefit, that is, the 'enhanced rate' for the eldest child and 'any other case' for any other child.¹

Disability benefits, the disability-related elements of tax credits and statutory payments including Personal Independence Payment, Attendance Allowance, Disability Living Allowance, Employment and Support Allowance (Support Group only), Maternity Allowance, Statutory Maternity/Paternity Pay and Statutory Sick Pay, will be updated in line with the Consumer Prices Index (CPI).

The CPI fell by 0.1% in the year to September 2015 therefore the above-mentioned benefits will not be increased from April 2016.

Changes to child element of Universal Credit

The child element of Universal Credit will be limited to two children or qualifying young persons for those born after April 2017.

Universal credit: work-related requirements

This requires Universal Credit claimants aged 18-21 years old to apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement six months after the start of their claim.

Those with a child aged 2 are now subject to work-focused interview and work preparation requirements. Previously their UC claim was conditional on work-focused interview requirements only. In addition, those with children aged 3 and 4 are now subject to all work-requirements instead of just work-focused interview and work preparation requirements.

Social housing rents

From April 2016 social housing rents will be reduced by 1%, or in some exceptions frozen, for four years. The rent baseline is the rent which was payable on 8 July 2015, although the Secretary of State is able to consent to an alternative 'permitted date.'

Exemptions can be made for private registered providers by the Regulator of Social Housing if the rent reduction will jeopardise the provider's financial viability. Similarly, the Secretary of State will have power to exempt a local authority if he considers that compliance would result in the authority being unable to avoid serious financial difficulties.

In addition, tenants in low cost home ownership accommodation, shared ownership, specialist supported housing, temporary social housing, PFI accommodation, student accommodation, Intermediate Rent accommodation, care homes and nursing homes will also be exempt from the 1% social rent reduction.²

¹ Local Government Association (2016) [Get in on the Act: Welfare Reform and Work Act 2016](#). London: Local Government Association (p.5)

² Department for Communities & Local Government (2016) [Guidance on the Welfare Reform and Work Act 2016 social rent reduction](#). London: Department for Communities & Local Government.

High Income Social Housing Tenants (as defined by the Housing and Planning Act) have also been exempted from the 1% rent reduction.

Other Welfare Benefit changes

As announced in the Autumn Statement 2015, the amount of rent that Housing Benefit will cover in the social sector will be capped to the relevant Local Housing Allowance. This will include the Shared Accommodation Rate for single claimants under 35 who do not have dependent children.

This will apply to tenancies signed after 1 April 2016, with Housing Benefit entitlement changing from 1 April 2018 onwards.

Additional Discretionary Housing Payment funding will be made available to local authorities to protect the most vulnerable including those in supported accommodation.

In March this year the Government confirmed that people living in supported and sheltered housing will be exempted from the LHA cap for an additional year in order to allow the Government to carry out a proper strategic review of how supported housing is funded.

The date to which new tenants and renewed tenancies in supported and sheltered housing will be in scope of the cap has been moved from April 2016 to April 2017. The cap will still apply from April 2018, but the review will give Government an opportunity to have a new funding mechanism in place before then.

The Department for Work and Pensions has confirmed that the definition of supported and sheltered housing for the LHA cap exception will be the same as that used for the one year exception from the rent reduction, that is the widest possible definition.

Although the deferment is welcome the uncertainty is still a significant challenge and it raises big issues for supported housing. NHF are leading work in this area and CWAG and CIH involved.

The NFA are also planning to look at housing options for young single people with partners such as Crisis to help members prepare for the future.

NFA next steps

In an existing climate of austerity, this Act introduces even deeper welfare cuts through further reform to the welfare system.

As the Welfare Reform & Work Act 2016 has been enacted with parts of legislation already implemented, the NFA's main focus is now to support its members and subsequently their tenants as these changes are implemented. We will be looking to share good practice amongst members in preparing for these changes and continuing to monitor the impact of welfare reform on both ALMOs and their tenants through the course of the next year.

Please do not hesitate to contact Chloe Fletcher if you have any further enquiries or comments at chloe.fletcher@almos.org.uk or on 07515 050207.

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NOTTINGHAM CITY HOMES**THE BOARD
30 JUNE 2016****REPORT OF THE ASSISTANT DIRECTOR
OF FINANCE AND PROCUREMENT****FINANCIAL OUTTURN REPORT 2015-2016****1 SUMMARY**

- 1.1 This report presents the final outturn position for the 2015/16 financial year to the Board. The figures shall form the basis of Nottingham City Homes' (NCH) 2015/16 Financial Statements.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board note the contents of the report.

3 REPORT

- 3.1 The Company's outturn position was a surplus of £0.215 million for the financial year ended 31 March 2016, which is shown in more detail in Appendix 1. This outturn position was in line with the original budgeted surplus of £0.219 million and a slight improvement on that forecast and reported to Board in February of £0.196 million.

The £4k variance between the actual outturn position and that originally budgeted is negligible when taken in context with the overall expenditure managed within the year, of £58 million. The surplus has been allocated within the Company's reserves which are set out in more detail in section 4.1 below. The surplus delivered includes a refund to the City Council of £1.5 million (which is planned to increase to £2.5 million in 2016/17) and a contribution to NCH new build activities of £1.5 million.

- 3.2 It should be noted that during the financial year managed savings and underspends in excess of £1 million were delivered without significantly impacting on services or performance. In 2015/16 these underspends were utilised or set aside to invest back into the following priorities and objectives:

- Accommodation Strategy – Refurbishment of Harvey Road £500k;
- Repairs & Maintenance – Reduction in the backlog of major repairs work £300k;
- Management Review – Reorganisation £250k.

- 3.3 An analysis of the variances between budget and final outturn for both the Company and as per Directorate is provided in Appendices 1 and 2 respectively. Explanations for the underspends within each Directorate are

set out in the paragraphs below. Budgets remain within the Directorates originally assigned and reflect the structure pre-establish of the new Repairs & Maintenance and Investment and Business Directorates.

3.3.1 Property Services – £76k overspend on an expenditure budget of £35 million

Appendix 1 shows variances of over £1.3million for both income and expenditure which have arisen due to successfully securing additional funding, and respective expenditure, in the following areas:

- Repairs & Maintenance New Build – £601k (3 garage sites for NCC);
- Insourcing – £344k
- Additional Capital works – £319k.

The relatively small overspend that remains (£76k) represents the cost of additional major works to clear backlog (see 3.2 above) and cost pressure on sub-contractors (due to a lack of additional operative staffing resources available for recruitment), net of underspends in other service areas. The largest area of underspending was within asset management Employee cost and due to vacancies across a number of service areas (£245k).

3.3.2 Housing Services – £697k underspend on an expenditure budget of £14 million

Employee Costs have underspent during the year (£523k) due to vacancies across service areas, most notably within the Customer Service Center (£151k) and Allocations & Lettings (£113k). Where actual income was lower than budgeted, in most cases this has been matched by a reduction in expenditure. The remaining variance within non-pay budgets has arisen mainly due to a reduction in void property costs (£119k), deferred IT developments & support costs (£88k) and an underspend within Tenant and Leaseholder Involvement (£54k).

3.3.3 Business Services – £2k underspend on an expenditure budget of £2.5 million

Additional income received has been matched by respective expenditure, and budgets have been managed to produce small net Directorate underspend for the year.

3.3.4 Company Secretary – £198k underspend on an expenditure budget of £2 million

The Directorate budget was underspent in 2015/16 due to Employee costs being below budget due to various service area vacancies (£121k). A number of vacancies arose due to staff leaving the Company following the Management Review. The other largest variance is also within Employee costs and has been caused by under spending on non-salary employee costs within HR, most notably recruitment and tribunal costs (£45k).

3.3.5 Central Services – £289k overspend on an expenditure budget of £4 million and an increase in contributions to reserves of £500k

These variances have arisen following the decision to set aside in-year underspend during the year to fund the accommodation strategy and reorganisation (see 3.2 above).

- 3.4 Under the partnership agreement NCH's surpluses are, subject to proposals on their use, being submitted to the Partnership Forum, retained within the Company's reserves. At the beginning of the year reserves totalled £7 million with £2.715 million added in 2015/16 and £6 million spent leaving a balance of £3.674 million remaining at the year-end. Current reserves set aside to fund one-off initiatives, schemes and material events impacting on the Company are set out in the table below:

DESCRIPTION	£000	£000	£000	£000
	Allocated Reserves	2015/16 Capital	2015/16 Revenue	C'fwd @ Y/E
Contingency for one-off impact on salary costs of Single Status	1,400		(846)	554
ICT Investment aligned to the ICT strategy	1,114		(496)	618
NCH New Build, Acquisitions & Market Rented Developments	4,178	* (4,178)		-
Accommodation Strategy	1,046		(88)	958
ILS Grand Designs and Decent Neighbourhoods	168		(46)	122
Further costs arising from Company Reorganisation	370			370
Staffing resource provision to tackle impact of Welfare Reform	200			200
Carry forwards and other investment in services & initiatives	638		(306)	332
10 Year Anniversary Grants	100		(80)	20
NCC Loan facility	500		-	500
TOTAL	9,714	*(4,178)	(1,862)	3,674

* - The value of the reserves invested in capital are now held in the Company's new build assets. This figure includes the in-year contribution of £1.5million.

- 3.5 The final outturn and spend on reserves shall form the basis of NCH'S

2015/16 Financial Statements which have been audited by the Company's external auditors RSM UK Audit LLP. The final audited accounts will be presented to Audit Committee on 11 July and then the Board on 28 July 2016 and, as required by the relevant accounting reporting standards, will include adjustments to account for the pension fund.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

As set out in this report.

4.2 Legal Implications

None.

4.3 Risk Implications

4.3.1 The financial outturn is subject to audit by the Company's external auditors RSM UK Audit LLP. This work has been substantially complete and it is not anticipated that any significant audit adjustments will be raised in the final RSM report.

4.3.2 The Company's achievement of its planned surplus in 2015/16 as well as management of its reserves are key factors in both evidencing the mitigation of, and serving to control, the following financial risks from the Company's Corporate Risk Register:

- Not securing all the funding streams assumed, such as Decent Homes grant, or the full management fee; and
- Mismanagement of funding allocated to NCH, including poor financial management or failure to follow financial regulations.

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 the Company's objectives.

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 2015/16 Financial Outturn Position – Appendices 1 to 2

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Date: 23 June 2016

2015/16 FINANCIAL OUTTURN - COMPANY WIDE SUMMARY

	FULL YEAR BUDGET	FULL YEAR SPEND	VARIANCE
	£'000	£'000	£'000
Income			
HRA Fees	50,265	50,265	0
Capital Works	5,694	6,614	921
Capitals Fees	2,644	2,632	(12)
Other Income	2,209	2,565	356
Total	60,812	62,076	1,265
Less :			
Expenditure			
Employee Costs	33,843	33,503	340
Non-Pay Costs	23,250	24,487	(1,236)
Total	57,093	57,989	(896)
Earmarked for Reserves	1,500	2,000	500
NCC Refund	1,500	1,500	0
Spend on Reorganisation	500	372	128
Surplus / (Deficit) Position	219	215	(4)

PLEASE NOTE: Our convention for presenting financial information is as follows:

- Income will be shown without brackets
- Under achieved income variances will be shown with brackets
- Surpluses will be shown without brackets
- Expenditure will be shown without brackets
- Overspent expenditure variances will be shown with brackets
- Deficits will be shown with brackets

2015/16 FINANCIAL OUTTURN - DIRECTORATE SUMMARY

	FULL YEAR BUDGET	FULL YEAR SPEND	VARIANCE
	£'000	£'000	£'000
HOUSING			
Income	1,856	1,795	(61)
Expenditure	14,293	13,535	758
	12,437	11,740	697
PROPERTY SERVICES			
Income	8,359	9,668	1,310
Expenditure	34,758	36,144	(1,386)
	26,400	26,476	(76)
BUSINESS SERVICES			
Income	15	66	51
Expenditure	2,544	2,593	(49)
	2,529	2,527	2
COMPANY SECRETARY			
Income	0	0	0
Expenditure	2,049	1,851	198
	2,049	1,851	198
CENTRAL CHARGES			
Income	50,583	50,546	(36)
Expenditure	3,949	4,238	(289)
Earmarked for Reserves	1,500	2,000	(500)
NCC Refund	1,500	1,500	0
Surplus / (Deficit) Position	219	215	(4)

PLEASE NOTE: Our convention for presenting financial information is as follows:

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- Expenditure will be shown without brackets
- Overspent expenditure variances will be shown with brackets
- Deficits will be shown with brackets

good news for NCH and presents an opportunity to incentivise productive working, provide enhanced job security and the possibility of taking on more staff.

NCC raised some concerns surrounding the proposed new Terms and Conditions in relation to inconsistency between NCC and NCH, bonus proposals and equal pay liability claims. DB agreed to convene a meeting between NCC and NCH colleagues, to include DB, NM, Bridget Donoghue and Andy Vaughan.

DB

NCC opted to delay their bi-annual review of the Repairs Agreement to the Autumn to allow for implementation of the new Terms and Conditions and Service Standards by NCH once these had been agreed.

1.2.2 Item 5.1 – 2016/17 Budget and Rent Setting - Estate caretaking – NM provided clarification and advised that NCH had not deleted a caretaking post but rather had delivered efficiencies through the taking on of additional work with no additional resource.

1.2.3 Item 5.1 – 2016/17 Budget and Rent Setting - Commercialism – NM advised that a recent presentation to NCH Board had quoted the figures for the total return to NCC from Property Maintenance Insourcing for the next three years as: 2016/17 = £280K; 2017/18 = £460K; 2018/19 = £540K.

1.2.4 Item 6.1 - Rent in Advance – JU advised that there had been no opportunity as yet for the initiative to be discussed at Executive Panel. JU remained keen for this discussion to take place at a future meeting of the Executive Panel.

It was noted that information on the routes that people come into NCH housing had been circulated to attendees.

JU advised that she had forwarded the leaflet on benefit changes previously circulated to Councillors for information.

1.2.5 Item 7.1 – Feedback from Shareholder Report - JU felt that the Shareholder Report was required in the next couple of months for discussion at NCC Leadership Group.

GdM

1.2.6 Item 11.1 - Pensions issues – NM advised that despite meetings taking place with NCH colleagues this remained a live issue.

1.2.7 Item 11.2 – Director of Repairs & Maintenance Recruitment - NM advised that we had been unable at present to recruit to the permanent Repairs & Maintenance Director role. We are currently sounding out the market. In the meantime, Chris Culleton has been appointed as interim Repairs & Maintenance Director for the period of at least 6 months. Chris has considerable experience of large DLOs.

2. Update on NCH Articles and establishment of subsidiaries

2.1 As previously reported two NCH subsidiaries have been created – NCH Registered Provider Ltd and NCH Enterprises Ltd – requiring amendments to the NCH Ltd Memorandum and Articles of Association.

The proposed Memorandum and Articles of Association were submitted with NCH's completed RP application form to the HCA in April. HCA have advised that they are happy with the paperwork submitted in principle, but have raised concerns with regard to the proposed co-terminus board with the same members on both. The HCA will submit their thoughts in writing for NCH's response. NM will keep the Partnership Forum updated on the situation.

NM

Subsequent to the submission of the application form, a proposed amendment had been received from NCC which in effect inserted a requirement for 28 days' notice of NCH using its power to make a loan/grant to NCH RP Ltd. Legal advice has been sought. NCH will wait for HCA's feedback on the application submission to be received before making any recommendations for further changes.

3.1 Housing & Planning Act 2016

NM stated that the Housing and Planning Act 2016 has recently passed into law despite the Lords' intervention and Nottingham tenants' attempts to influence the Government's proposals.

NCH are asking NCH Board to register their disappointment with Government that they have chosen to ignore the views of tenants and others in the City. JU will send a similar letter registering her own disappointment.

JU

A meeting between NCC and NCH officers was planned to look at options for the future. GdM agreed to forward a copy of the Agenda/plan for the meeting on 6 June to NM.

GdM

NM advised that he had been invited to speak at an East Midlands Councils housing summit on 15 June. NM will take the opportunity to stress that Councils did not have a strong voice in lobbying against the Housing Bill compared to Housing Associations.

NM advised that he had recently attended a meeting with Isabel Stephen, DCLG who had suggested that there may be some flexibility (negotiation through devolution deals), e.g. RTB 1:1 Receipts, Starter Homes etc.

3.2 NFA concerns about the Regulations

NM advised that a detailed set of Regulations pertaining to the Housing & Planning Act 2016 is expected to be issued by the Government in 6-8 weeks' time. The NFA are seeking to influence these Regulations as they have significant concerns as outlined in the paper circulated. NCH have fed into these concerns.

4. Repairs & Maintenance Agreement Targets 2016/17

The Repairs & Maintenance Agreement Targets for 2016/17 previously circulated were agreed. The comparative data is a clear indicator of improving performance. It was noted that NCH have been completing more repairs right first time, and whilst the cost of the visit has gone up NCH have only needed to attend once. Concern was expressed with regard to the low proposed target for the KPI 'Tenant satisfaction with the quality/condition of their new home'. Further investigation of data is required.

NM advised that a revised Service Standards is being compiled and will be shared with the group when finalised. Work undertaken out of hours which does not constitute an emergency is an area of focus. The group were happy to proceed with these targets bearing in mind that the new Service Standards once finalised may need to form the basis of revised in-year targets.

NM advised that NCH are recalibrating the standard of what a 4* estate looks like as ACE inspectors going out to our estates are scoring them too highly. JU would like to see the new criteria for a 4* estate when available. Feedback from ACE inspectors' visits to be provided to Ward Councillors. NM to provide briefing to JU on NCH's current work to allow JU to brief Councillors.

NM

.1 NCH Annual Performance Report 2015/16

The Report circulated covers year 1 of our Corporate Plan and shows a high level of customer satisfaction in several areas, faster re-letting of empty properties and 100% gas safety compliance.

Two areas requiring improvement are repairs and maintenance satisfaction which has dipped, and satisfaction with the ASB service. The drop in repairs and maintenance satisfaction coincides with an increase in the number of complaints received. It is expected that agreement of the new T&Cs and revised Service Standards will address this issue. The change in ASB methodology to telephone survey after a case has been closed showed an improvement in the satisfaction rate of 97% for the last quarter.

Staff sickness, whilst showing a significant improvement, remains above average at 11 days. Absence management work continues to achieve the next target of 9 days.

'Tenant satisfaction with the quality/condition of their new home' would benefit from further understanding. Although this indicator should relate to the re-lettable standard of a property there is the possibility that the decorative state is affecting this score. NCH to undertake an analysis of the reasons behind this result and the value of NCH undertaking any decorating work in-house rather than offering vouchers. Query as to whether redecorating vouchers are offered to the tenant before or after NCH ask this question.

NM

5.2 STAR Survey 2015/16 Update

JU advised that she had asked Ken Lyon to take a look at 'tenant satisfaction as a place to live' in comparison with citizen data, and any other comparables with STAR data.

JU advised that she would be forwarding the STAR survey results to other Councillors for information. NM to check that JU had had sight of the final SHEF Report.

NM

JU stated that the City Council are moving to a new cycle of reporting at Executive Panel with a Performance slot once a month. The Leader has requested that a small number of performance measures are discussed. These must be for information that is already collated. JU anticipated that Ken Lyon would be in contact with NCH to discuss the opportunity for some of NCH's performance data to be reported through this route. There may be a requirement for occasional NCH attendance at Executive Panel.

NM expressed concern about the number of different reporting mechanisms in operation. DB felt that attendance by NCH at Commercialism Board was necessary. It was not however necessary for NCH to attend the new Capital Programme meetings.

6. Feedback from subgroups

6.1 NCC/NCH Partnership Health Check

GdM reported concerns raised regarding inconsistency of the flow of orders issued from NCC Adaptations Agency; very little visibility for Housing on the new Council website; the outstanding need for NCC Pensions to advise on the implications of the 2011 review of Craft Operatives' Terms and Conditions.

6.2 NCC/NCH Strategic Finance and Capital Monitoring Group

It was noted that GW had given his apologies for the meeting and that a report had not been circulated. It was agreed that for future meetings a deputy from NCC Finance should be requested to attend in the event that GW is unable to do so.

GW

It was agreed that an update on the 30 year plan is to be brought to the next meeting of the Housing Strategy Group.

NM

DB advised that budgets were currently on target. However it was necessary to flag that more savings of a significant nature would be required next year.

7. New Business Update

7.1 Furnished Tenancies

NM advised of NCH's proposal to continue to offer Furnished Tenancies following the success of the pilot programme. JU supported the scheme and requested a briefing note for Councillors.

NM

JU felt that an NCH bi-monthly briefing note for Councillors on current matters would be helpful. Comms to provide support. NM advised that he had previously requested Sam Whitworth to give consideration to a regular bespoke briefing email to be sent to Ward Councillors.

NM

7.2 Telecare

NM advised that agreement had been reached in principle with NCC, CCG and NCH Board to transfer this service to NCH. NCH/NCC colleagues had been delegated to formalise the process.

7.3 CONFIDENTIAL: Adaptations & Renewal

The Partnership Forum supported the proposal to transfer the Adaptations & Renewal Agency to NCH. NCH aim to improve the service further, reducing health and social care costs for the future and increasing NCH income. JU was supportive of Antony Dixon managing the service for NCH.

DB agreed to investigate whether Portfolio Holder or Exec Decision is required to effect the transfer. It was noted that there is no cost implication to the Council.

DB

8. Any Other Business

8.1 DB advised that at a recent meeting between NCC and NCH colleagues, NCC had reiterated their desire for a dramatic upscaling in the amount of maintenance work outsourced to NCC. NCH are considering the scale of ambition that can be achieved

and how NCC and NCH can work together to realise this. Details and options to be discussed as an agenda item at the next meeting of the Partnership Forum.

NM

9. Date of next meeting:

Thursday, 1 September 2016, 3.30pm, LH 1.30, Loxley House

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