

# Northwards Housing – Resource & Audit Sub-Committee Meeting

Hexagon Tower  
Tuesday 25<sup>th</sup> November 2008 at 5:30pm

Chair: Michelle Carmichael

**Present:** Michelle Carmichael (MC) Board Member  
Rachel Christie (RC) Board Member  
Mark Hackett (MH) Board Member  
David Leah (DL) Board Member  
Martin McKeivitt (MM) Board Member  
Paul Seymour (PS) Board Member

**In Attendance:** Steve Wood (SW) Director of Business Services  
Alison Foster (AF) Head of Finance  
Elaine Upton Audit Commission (part)

ITEM	SUBJECT	ACTION
1	<b>Welcome and Introductions</b>  It was confirmed that the meeting was quorate.	
2	<b>Apologies for Absence</b>  There were no apologies to receive.	
3	<b>Declaration of Interests / Confidential Matters / Equality &amp; Diversity Matters Arising</b>  MC declared an interest in respect of item 5e – Manchester Tenants Insurance Scheme.  Equality and Diversity implications were noted on particular reports.	
4	<b>Minutes of Last Meeting</b>  The minutes and confidential minutes from the last meeting held on 28 <sup>th</sup> October were approved and signed by the Chair.	
5	<b>Matters Arising</b>  <b>a) Manchester Working meeting</b>  SW updated Sub-Committee on discussions with Manchester Working around the latest Work in Progress reports. It was obvious that the detailed reviews were now improving the invoicing position and old jobs were being cleared out or cancelled. AF would be continuing to meet and discuss the position with Manchester Working on a regular basis.	

	<p>Sub-Committee noted the report.</p> <p><b>b) Manchester Tenants Insurance Scheme</b></p> <p>SW reported that whilst some information had been obtained about the National Housing Federation tenants' insurance scheme, no costing information had been available as this was not publicly available. Further investigations would be carried out.</p> <p>Sub-Committee noted the report.</p> <p><b>c) Rent Collection Performance</b></p> <p>SW reported that performance on rent collection for October had been 98.2%, a small reduction on previous months but the cumulative trend remained upwards and the year-on-year comparison was now an increase of 2.7%.</p> <p>Work had now started on the review of coming out of Operation Col and making the initiatives and changes permanent and SW confirmed that a report was planned for Sub-Committee in the New Year around these areas.</p> <p>Sub-Committee noted the report.</p>	SW
6	<p><b>Internal Audit Tender</b></p> <p>SW explained the further work that had been undertaken since the discussion at the previous meeting around retendering the Internal Audit service and proposed a list of potential service providers to whom expressions of interest might be sent.</p> <p>Sub-Committee reviewed the list and felt this was the appropriate way to proceed given the potential size of the contract (around £30,000 per annum currently) and the previous tender exercise.</p> <p>SW confirmed that he thought that all the possible providers had offices in the Greater Manchester area but he would check whether or not they all had an office in Manchester.</p> <p>RC commented that she saw no value in placing an advert for services in respect of this particular procurement and Sub-Committee agreed with this approach.</p> <p>SW reported that he was still discussing the possibilities of some joint procurement with other ALMOs and this might change the nature of the process if the size of the contract increased. He would, however, keep Sub-Committee updated.</p> <p><b>Sub-Committee authorised the officers to proceed with an Internal Audit tender to commence in 2009-10.</b></p>	SW

7	<p><b>Business and Delivery Plan 2009-2014</b></p> <p><b>a) Business and Delivery Plan</b></p> <p>SW presented the previous year's sections from the Business and Delivery Plan for Sub-Committee to comment on as part of the process for updating the plan for 2009-2014.</p> <p>RC commented that for the performance indicators set out in 5.8 she would like to see some commentary on how the indicators were produced and used by the Board. In discussion it was agreed that adding an indicator on Resident Involvement, around customer profiling and some measure around how people feel about Anti Social Behaviour would be useful additions. PS asked whether consideration could be given to producing an environmental target around Northwards' carbon footprint.</p> <p>MH asked that the 2009 plan properly reflects the current pressures and climate for rehousing and the housing market in general.</p> <p>It was noted that the timetables for Investors in People (IIP) and the Equality Standard needed to be updated.</p> <p>Sub-Committee noted that the risk register would need updating and this would then reflect the most recent additions to the risk matrix around rehousing pressures, the credit crunch and the new regulator (Tenant Services Authority).</p> <p>In answer to a question SW explained the positive and negative effects of falling or increasing Right-to-Buy sales and both the capital and revenue effects.</p> <p>The inclusion of the system of Team Improvement Plans was welcomed by Sub-Committee. There was no wish for Sub-Committee to see the detail but it was felt appropriate that an annual report come to Sub-Committee giving a flavour of initiatives and work to be undertaken.</p> <p>SW thanked the Sub-Committee for their useful contributions which would be fed into the update process.</p> <p><b>b) Review of Council Housing Finance</b></p> <p>SW had provided Sub-Committee with an update report on the current review of Council Housing Finance and shared with Sub-Committee some reflections on the challenges this presented Northwards with and the opportunities that might be available.</p> <p>In a wide ranging discussion Sub-Committee reflected on the effects of the review on Manchester tenants, the failure of the rent convergence formula to deliver a harmonisation of rents and what</p>	SW
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case there might be to ensure that some money would be available to back the plans and fix the historic formulas.

MH raised the issue of the Decent Homes Standard and asked for an assurance that due to financial pressures, work was not being put off from the agreed standard over and above the minimum. SW gave this assurance for the current programme but commented that the pressure was on maintaining the decency standard in the future as well as meeting other agendas from Government including energy efficiency.

It was agreed by Sub-Committee that certainty in funding and financial planning allowed for proper strategies to be developed and Value for Money to be delivered. MH wondered whether there was any merit in considering some sub-regional lobbying and working together.

PS asked about the Council's views on rents and service charges and SW explained the current position within Manchester.

DL reflected on the historic lack of funding within the subsidy system and how the under investment dated back a number of years. SW confirmed that there was currently a window of opportunity to fix the system for the next 30 years but that the economic climate had changed since the review started and it remained uncertain what could be achieved.

Sub-Committee noted the report.

### **c) Budget 2009-10 Parameters**

SW set out a paper for Sub-Committee with some proposed parameters for the organisation as the Budget process for 2009-10 commenced.

Sub-Committee discussed the implications of falling Right-to-Buy sales on the financial plan and agreed that this needed to be reviewed carefully over the next few years.

The proposed target for achieving back office costs as a percentage of total costs of 30% (current performance 38%) was felt to be a good idea and this would be reviewed once the budget and financial plan figures were known.

Sub-Committee also reflected on the difficulties in predicting inflation and MH asked that some consideration be given to looking at the effect of deflation also.

DL asked about the proposals looking at collapsing the size of the Home Improvement Teams and commented that he would have some views to share if the proposed outcome was a Joint Venture company given some of his previous experiences. SW

	<p>agreed to feed the comments into the review but confirmed that no decisions had been taken to date on the right course to follow.</p> <p>It was agreed that efficiency targets would be not set across the board but would be made specific, as in the past two years.</p> <p>With the comments made in the discussion built in, <b>Sub-Committee approved the parameters for the Budget in 2009-10.</b></p>	
<b>8</b>	<p><b>Sub-Committee Review</b></p> <p>Following discussion at the Board, Sub-Committee looked in detail at the proposals for the Sub-Committee review with a particular look at the nature of a new Resources Sub-Committee and the creation of a separate Audit Sub-Committee.</p> <p>DL asked where reviews of OJEU compliance and procurement processes sat within the structures and it was agreed to add this remit to the Resources Sub-Committee so this could be monitored and reported upon.</p> <p>MM asked about the composition of the Audit Sub-Committee and SW explained that the thinking was that the membership would be representative of the other three Sub-Committees to ensure that appropriate questions were asked from different perspectives.</p> <p>Whilst the embedding of Equality and Diversity across the Sub-Committees was welcomed it was felt important for this to be reviewed after a period to ensure it was happening and SW agreed to timetable in a report to the Board in the summer.</p> <p><b>Sub-Committee agreed with the proposals to change the Sub-Committee structure and approved the revised terms of reference.</b></p>	
<b>9</b>	<p><b>Monthly Accounts – October 2008</b></p> <p>AF presented the Monthly Accounts for period seven of the year which showed a continued picture of costs slightly ahead of budget. She commented on employee agency costs, multi storey security and some of the repairs lines and explained the work that was going on to understand the current overspends and bring budgets back in line.</p> <p>In answer to a question SW explained some discussions that were taking place with the Council over incentive payments for over performance on rents and voids.</p> <p>DL asked about the weekly cost figure and whether any benchmarking on this had been carried out. SW explained that</p>	

	<p>cost benchmarking tended to take place on the cost per unit through Housemark and reminded Sub-Committee how he had demonstrated the difference between the two metrics at the previous meeting.</p> <p>SW confirmed the further review work that was being done to firm up the outturn position and confirmed that he expected the outturn result to be close to budget at the year-end.</p> <p>Sub-Committee noted the Accounts.</p>	
<b>10</b>	<p><b>Plans</b></p> <p><b>a) Internal Audit Action Plan</b></p> <p>In reviewing the plan for Internal Audit outstanding actions, Sub-Committee noted the number of items that had passed their original due dates and asked that these be updated.</p> <p>In looking at the detail Sub-Committee did wonder whether some of the progress was being under reported and SW said he would follow this up with the relevant Managers.</p> <p>Sub-Committee noted the Action Plan.</p> <p><b>b) Risk Management Update</b></p> <p>Sub-Committee reviewed the current risk management matrix and recent updates.</p> <p>DL asked about the management column on risks and SW explained the reference to controlled and uncontrolled. He agreed to update the report next time to make this clearer.</p> <p>RC asked about the risk for no value in SLAs and MH asked whether increasing fuel costs remained a high risk item. SW agreed to review these in light of the comments made.</p> <p>Sub-Committee noted the update.</p> <p><b>c) Value for Money Action Plan</b></p> <p>Sub-Committee noted the progress against the Value for Money action plan and the completion of a number of items.</p>	<b>SW</b>
<b>11</b>	<p><b>Fraud Register</b></p> <p>SW presented the Fraud Register to Sub-Committee. There was nothing added in the previous period.</p> <p>Sub-Committee noted the report.</p>	

<b>12</b>	<b>Any Other Business</b>  There were no further items for Sub-Committee to consider.	
<b>13</b>	<b>Date of next meeting</b>  The next meeting would be on Tuesday 27 <sup>th</sup> January at 5:30pm at Hexagon Tower.  With thanks to everyone, the Chair closed the meeting at 7.10pm.	