



The Gateshead Housing Company

Working with Gateshead Council

BOARD OF DIRECTORS

18 July 2019

PRESENT:

Directors

Tracy Harrison (Deputy Chair in the Chair)
Elizabeth Bird
Sheila Bouitieh
Robert Buckley
Joanne Carr
George Clark
Brenda Clelland
Mick Davison
Eileen Gill
Helen Hall
Michael Hood
Leigh Kirton
Ian McKenzie
Jim Turnbull

Advisers

Neil Bouch	Interim Managing Director
Ian Price	Director of Property and Assets
Marie Johns	Head of Business and Development
Kevin Johnson	Head of Customer Services
Mark Banks	Finance Manager
John Turvey	Finance Business Partner, Gateshead Council
Stuart Gibson	Governance and Risk Lead

Also Present

Sheena Ramsay	Chief Executive, Gateshead Council (Present for discussion of minute 2)
Alan Guest	

Apologies

Paul Foy

1 MINUTES

The minutes of the Board Meeting held on 23 May 2019 were approved as a correct record.

2 CABINET REPORT – 16 JULY 2019 – VARIATION TO MANAGEMENT AGREEMENT BETWEEN TGHC AND THE COUNCIL AND TO UNDERTAKE A REVIEW OF THE DELIVERY MODEL

The Board received a report on decision taken by Cabinet on 16 July 2019 to vary the Council's management agreement with TGHC.

Cabinet also approved the carrying out of a comprehensive review of the current management arrangements for the housing stock, including the delivery model and structures to ensure they meet the needs of the Council, and its tenants and leaseholders.

The Board welcomed the variation to the management agreement and the proposed improvements in reporting and monitoring between the Council and TGHC. The Board recognised that these measures will strengthen and clarify the oversight carried out by the Council of housing company activities and the companies service delivery and performance.

Given that the existing agreement had been in place since 2004 the Board agreed that that the timing was right to carry a review of the management agreement. The Board recognised the opportunities that the review presented to the company to support the strategic objectives of the Council including the development and delivery of the Asset Strategy.

The Board acknowledged the challenges faced by the Housing Revenue Account and recognised that this provided important context for the review.

The Board welcomed the opportunity to be involved in the review process

The Council's Chief Executive confirmed a joint approach to the scoping of the review would be important and that this would call on the expertise of both the company and the housing services team within the Council.

RESOLVED – That it be noted that Cabinet has approved the following: -

- (a) the updating of the Management Agreement by way of a variation letter recording newly agreed performance metrics, reporting and monitoring processes between the Council and TGHC based on Appendices 2 and 3 of the Cabinet report and authorising the Strategic Director, Communities & Environment, following consultation with the Leader of the Council and the Cabinet member for Housing, to approve any minor amendments to the proposed variations following further discussions with TGHC or such amendments as might be required by the Regulator for Social Housing;
- (b) to commence a comprehensive review of the delivery model for management of the Council's housing stock, including a full options appraisal of alternatives and all necessary consultation with stakeholders; and

- (c) to authorise of the Strategic Director, Communities & Environment, following consultation with the Leader of the Council and the Cabinet member for Housing, to agree to the renewal of the Management Agreement for a period of up to two years, to allow time for the review to be concluded and any revised arrangements implemented.

3 BOARD MEMBERSHIP

Joachim Mouanda Moussouanda resigned at the last Annual General Meeting on 20 September 2018 after serving maximum period of office.

In addition, Robert Buckley was appointed onto the Board on 10 July 2009 and would exceed the maximum period of office before the AGM in 2019.

Shortlisting of the 12 applications took place on 21 May 2019 and seven applicants were invited to interview. One of these subsequently withdrew.

Five interviews took place on 7 June 2019 and one interview on 11 July 2019. The Interview Panel recommended the appointment Ian McKenzie as a Tenant Director with immediate effect after appointment at this Board Meeting and that Alan Guest be appointed as a Tenant Director at the Annual General Meeting on 19 September 2019 after Robert Buckley steps down from office.

Ian and Alan were currently members of the Customer Scrutiny Panel.

- RESOLVED –
- (i) That Ian McKenzie be appointed as a Tenant Director with immediate effect.
 - (ii) That Alan Guest be appointed as a Tenant Director at the next Annual General Meeting on 19 September 2019.
 - (iii) That the Board place on record its thanks to Joachim Moussouanda for his work whilst serving on the Board.

4 REPORT ON STATEMENT OF INTERNAL CONTROL – 2018/19

It was a requirement under the UK Corporate Governance Code that companies undertake, at least annually, a review of the effectiveness of their systems of internal control. A Company's Board should undertake this review for the purposes of making its public Statement of Internal Control, which was published as part of the financial statements.

A statement of internal control for the year ended 31 March 2019 was considered by Audit Committee on 3 July 2019 who recommended that it be approved by the Board.

- RESOLVED –
- That the Statement of Internal Control contained within the Financial Statements for the year ended 31 March 2019 be approved.

5 KPMG MANAGEMENT REPORT AND REPRESENTATION LETTER – YEAR ENDED 31 MARCH 2019

The company's external auditors KPMG carried out an audit of the report and financial statements for 2018/19 during June 2018.

A report presenting their findings was approved by Audit Committee on 3 July 2019. Following comments made by the committee, an additional column had been added to the control observations showing management's response.

Audit Committee also recommended that the Board authorise the Chair and Company Secretary to sign the Management Representation Letter on its behalf.

The Board expressed its disappointment that no representative from KPMG was able to attend this meeting. It was agreed that a letter be sent to KPMG expressing the Board's disappointment. Board agreed to defer appointment of external auditors at the next Annual General Meeting pending an exercise to test the market for external auditors.

- RESOLVED –
- (i) That the KPMG management report for the year ended 31 March 2019 be noted.
 - (ii) That the Chair and Company Secretary be authorised to sign the Management Representation Letter on behalf of the Board.
 - (iii) That a letter be sent to KPMG expressing the Board's disappointment that no representative was able to attend this meeting and to inform them that the company would be proposing to defer appointment of external auditors at the next Annual General Meeting pending an exercise to test the market for external auditors.

6 DRAFT DIRECTORS REPORT AND FINANCIAL STATEMENTS – 2018/19

The report and financial statements for the year ended 31 March 2019 were considered by Audit Committee on 3 July 2019.

Audit Committee recommended that the accounts and associated management report be approved by the Board, subject to

- (a) removal of the going concern when the company receives confirmation of an amendment to its management agreement with the Council;
- (b) clarification from Aon what the life expectancy assumptions were based on;
- (c) an additional table explaining how the management accounts were reconciled to the statutory accounts.

An additional table had been added explaining how the management accounts were reconciled to the statutory accounts.

The Board received a copy of the Tyne and Wear Pension Fund Assumptions Advice paper, which Aon used to inform its key assumptions. The Board

remained concerned that the assumptions were based on the mortality rate for active members across the whole scheme rather than the general population of Gateshead or the north east.

In respect of the increase in the pension liability by £4,270,000 to £45,285,000 following McCloud and Sergeant judgements regarding age discrimination arising from public sector pension scheme transition arrangements, the Board stressed that that any additional pension liability was met by the Council.

The company had received a letter of support from the Council confirming the renewal of the management agreement for up to two years. This would be shared with KPMG to update the Directors' Report and Financial Statements. Once the updated report had been received, arrangements would be made for the report to be signed by the Chair and Company Secretary.

RESOLVED – That the Directors Report and Financial Statements for the year ended 31 March 2019 be approved, subject to the going concern being amended to reflect the letter of support from the Council confirming the renewal of the management agreement.

7 STRATEGIC AND OPERATIONAL RISK REGISTER

The Board received a new strategic risk round excessive levels of vacant properties that had been escalated from the operational risk register. Audit Committee recommended, at its meeting on 3 July 2019, that the new strategic risk be approved by the Board.

Audit Committee also approved a new Health and Safety Operational Risk Register within the Property and Assets Directorate but sought clarification of the title of the strategic risk. Board received clarification that the title of the strategic risk was: -

'Causing serious harm or neglect to a customer, supplier or third party'.

Audit Committee also approved the adding of an additional column for named officer to planned controls and that this be monitored by Senior Management Team.

- RESOLVED –
- (i) That the new strategic risk and detail around excessive levels of vacant properties be approved.
 - (ii) That the new Health and Safety Operational Risk Register within the Property and Assets Directorate be noted.
 - (iii) That the adding of an additional column for named officer to planned controls and monitoring of this by Senior Management Team be noted.

8 REVIEW OF CREDIT CARD ACCEPTABLE USE POLICY

Audit Committee received an updated Credit Card Acceptable Use Policy and Procedures, at its meeting on 3 July 2019, and recommended that the policy be approved by Board, subject to some amendments in relation to monitoring and the title of an officer being made clearer. The Policy had been amended following these comments.

RESOLVED – That the updated Credit Card Acceptable Use Policy and Procedure be approved.

9 REVIEW OF KEY PERFORMANCE INDICATOR TARGETS

Customers and Communities Committee, at its meeting on 1 July 2019, received the following revised customer satisfaction Key Performance Indicator targets set for 2019/20: -

- % of leaseholders satisfied with the service they receive
- % of tenants satisfied that their views are taken into account
- % of tenants satisfied that the rent and service charges paid are good value for the services received
- % of tenants satisfied with the neighbourhood they live in

The committee recommended that the revised targets be approved subject to new targets in respect of satisfaction with the targets for rent and service charges being clearer in the report to Board.

Board received the revised targets including an update that made it clear that this was the new baseline for both the new indicators that had been split.

RESOLVED – That the revised customer satisfaction Key Performance Indicator targets set for 2019/20 be approved.

10 SECTOR RISK PROFILE

The Board received an overview of the Regulatory requirements regarding the sector risks associated with council landlord services.

The Sector Risk profile was published by the Regulator in 2018. The sector risk profile covered strategic and operational risks for both housing associations and councils.

Landlords were responsible for ensuring that housing services were governed effectively, and an appropriate risk management framework was in place. This was essential, not only to meet the requirements of the regulatory framework, but also to ensure that the HRA could remain financially viable and continue to meet Council objectives.

The sector risk profile highlighted the following key strategic risks for the Council as landlord: -

- Health and safety

- Data management
- Existing stock and stock quality
- Consumer Regulation

The Government had published proposals for a radically new building and fire safety system (Building a safer future: an implementation plan). These proposals are set out in a comprehensive consultation document and are intended to overhaul the system for the design, construction and management of high-rise residential buildings by mandating clearer responsibilities for those building or managing these buildings; giving a stronger voice in the system and better information for residents; having greater oversight by regulators and tougher enforcement when things go wrong.

The Board received copies of a CIH briefing that set out detailed areas of the consultation, the views of Eamon McGoldrick, Managing Director of the National Federation of ALMOs on the briefing and a briefing from the National Housing Consortium for Board Members explaining the latest proposals and the implications.

The Board acknowledged the risks and challenges and sought that they be included as part of the management agreement review about to be undertaken with the Council.

- RESOLVED – (i) That the sector profile and highlighted risks be noted.
- (ii) That the proposals contained within the Building a safer future consultation document be noted.

11 HOMES (FITNESS FOR HUMAN HABITATION) ACT 2018

The Board received an overview of the Homes (Fitness for Human Habitation) Act that was introduced from March 2019.

Details of the new requirements had been included as part of the Housing Strategy Action Planning meetings which considered housing standards. It was noted that the company would continue to contribute to these discussion and the implications for the Asset Management Strategy and the operational risk register.

Employees in Property and Assets had completed training on the legal implications of the legislation to inform the operational approach to the management of hazards.

The Board were advised that there was an article in the Summer edition of TGHC News on customers' responsibilities when installing gas cookers and the requirement to use a Gas Safe Registered gas engineer.

- RESOLVED – That the overview the Homes (Fitness for Human Habitation) Act 2018 be noted.

12 DRAFT MINUTES OF CUSTOMERS AND COMMUNITIES COMMITTEE HELD ON 1 JULY 2019

The draft minutes of the meeting of Customers and Communities Committee held on 1 July 2019 were submitted.

RESOLVED – (i) That the draft minutes be noted.

(ii) That the Board place on record its thanks to members of staff dealing with universal credit cases.

13 DRAFT MINUTES OF AUDIT COMMITTEE HELD ON 3 JULY 2019

The draft minutes of the meeting of Audit Committee held on 3 July 2019 were submitted.

RESOLVED – That the draft minutes be noted.

14 DRAFT MINUTES OF RESOURCES COMMITTEE HELD ON 4 JULY 2019

The draft minutes of the meeting of Resources Committee held on 4 July 2019 were submitted.

RESOLVED – That the draft minutes be noted.

15 VACANT PROPERTY ENERGY SWITCHING – ROBIN HOOD ENERGY

In 2014/15, the company began to use the services of Energy Angels for vacant properties. Energy Angels would investigate and help resolve queries around previous energy suppliers and issues of debt on meters for individual properties. In return, new tenants were given the option of being referred to Energy Angels to use their energy comparison service.

This arrangement initially worked well, but Energy Angels gradually phased out price comparisons and instead started referring only to one energy provider who did not provide the most economical deals for tenants.

In 2017/18, officers from Gateshead Council's Energy Services Team advised that they would be preparing a tender for energy switching for council properties and asked the company for its input into a specification.

In September 2018 the council published a tender with two lots for an energy provider to provide:

- private wire network management services (linked to the council's HEIGHTS district heating scheme to tower blocks)
- energy vacant property management services

There was one bid received which met the requirements in the specification for both lots, from Robin Hood Energy.

Robin Hood Energy were the UK's first local authority-owned fully licensed gas and electricity supplier. They were wholly owned by Nottingham City Council, with a political manifesto commitment to tackle fuel poverty.

Vacant properties would be switched to Robin Hood Energy and SMART meters would be swapped out within the void period. Energy would be available for use by the repair teams, and Robin Hood Energy would provide a credit of £15 per property.

In an enhancement to their standard offer to social landlords, there would be no standing charge for energy across the whole void period (normally only waived for up to 30 days).

Tenants would be free to switch provider at any time if they preferred, but the default provider for new tenants would be Robin Hood Energy.

The Board sought assurance about the tenant's ability to switch providers and sought a further update on how Robin Hood sourced its energy and how green they were.

The Board was informed that that the Council had approved a Climate Change motion and was developing an energy switching offer for the residents of Gateshead.

- RESOLVED – (i) That the update provided on vacant property energy switching be noted.
- (ii) That the Board receive an update on where Robin Hood Energy sources its energy from and how green it is.

16 ITEMS FOR INFORMATION

The following item had been posted on the company's website: -

- Forward Plan

RESOLVED – That the information be noted.

17 FEEDBACK FROM OUTSIDE BODIES AND EVENTS

The following feedback was reported from outside bodies and events: -

- Following a recommendation by TPAS, Sheila Bouitieh sat on a panel at the CIH Conference in Manchester on complaints handling with representatives from the Housing Ombudsman and a housing association. It was noted that Sheila was very well received.
- Helen Hall attended all three days of the CIH Conference in Manchester and particularly welcomed a workshop she attended on homelessness and a presentation on the Addison Act.
- Robert Buckley attended a Northern Housing Consortium event on tenant involvement in York. There was a disappointing presentation on stigma

from the Chartered Institute of Housing. Overall though the event was well received.

- Helen Hall recently attended an event in Newcastle which provided a legal update on compliance and the Homes (Fitness for Human Habitation) Act 2018.
- Tracy Harrison reported that the Northern Housing Consortium had met with North East housing organisations who had expressed an interest in having a North East Tenants Voice. The Consortium had put together a proposal and a decision was being taken on 19 July 2019. The tenant directors on the board expressed an interest in being on this.
- Mick Davison attended Poverty Group and housing was highlighted as key by everyone in attendance.

RESOLVED – That the feedback from outside bodies and events be noted.

18 DATE AND TIME OF NEXT MEETING

The next Board Meeting would be held on Thursday, 19 September 2019 at 10am in the Whickham Room, Gateshead Civic Centre, Regent Street, Gateshead.

19 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with the indicated categories of the company' Access to Information Rules.