



NOTTINGHAM CITY HOMES

## APPRAISAL REVIEW OF THE TENANT PARTICIPATION ARRANGEMENTS

<b>Report issued:</b>	<b>July 2008</b>
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<b>Audit Plan:</b>	<b>2008/09</b>
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The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Business Assurance

# Appraisal Review of the Tenant Participation Arrangements

## - EXECUTIVE SUMMARY -

### INTRODUCTION

1. TIAA has reviewed the Tenant Participation arrangements at Nottingham City Homes. The review was carried out in April 2008 as part of the planned internal audit work for 2008/09.

### SUMMARY

2. One Key Risk Mitigation Objective was tested and based on the findings from this work an overall evaluation of the overall adequacy of the corporate governance and risk management was established (figure 1 below).

*Figure 1 - Evaluation of the Effectiveness of the Risk Mitigation Arrangements*

Evaluation
<b>Reasonable Assurance</b>

### KEY FINDINGS

3. The following significant matters were identified which need to be addressed in order to strengthen further the control environment.
  - Regular reporting on tenant participation activity be presented to the Board or the Performance and Regulatory Committee.

### MANAGEMENT RESPONSES

4. Recommendations for control improvements should be assessed by the Company for their full impact before they are implemented. The principal purpose of the review was to appraise the effectiveness of the arrangements in mitigating against the risk of delivering an inefficient service. The Operational Efficiency action points should not be considered to be exhaustive and these suggested improvements should be assessed by the Company for their full impact before they are implemented.
5. The table below sets out the history of this report.

Date draft report issued:	12 <sup>th</sup> May 2008
Date management responses recd:	7 <sup>th</sup> July 2008
Date final report issued:	7 <sup>th</sup> July 2008

**MANAGEMENT ACTION PLAN**

Para. Ref.	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
14.1	Regular reporting on tenant participation activity be presented to the Board or the Performance and Regulatory Committee.	2	<i>This has been discussed with the Governance Team and it has been agreed that the reporting mechanism for tenant participation will be through the meetings of the TLC and Board which take place three times a year.</i>	<i>Next meeting September 2008</i>	<i>Kim McMullen</i>
14.2	Information on tenants' associations and Company budgets and actual spend with regard to Tenant Participation be provided to tenants via the monthly newsletter.	3	<i>This information will be published in the newsletter and on the website.</i>	<i>July 2008</i>	<i>Kim McMullen</i>
14.3	Consideration be given to the rotation of the officers of tenants groups to facilitate the introduction of new members.	3	<i>The similar membership restrictions as adopted by the Board of NCH to be discussed by the Tenants and Leaseholders Congress. Chairs and vice chairs are elected annually at TLC, Forums, Area Panels and TRAs and AGMs are held. We will include this within the Independent Compact review so that we follow best practice in the sector.</i>	<i>End of July 2008</i>	<i>Kim McMullen</i>
14.4	Reference be made within the Tenant and Leaseholder Congress Constitution to whether attendance of Company staff is by invitation only.	3	<i>Amendments to the Constitution to address this will be raised at the next meeting of the Tenants and Leaseholders Congress.</i>	<i>End of July 2008</i>	<i>Kim McMullen</i>

PRIORITY GRADINGS

1	URGENT	fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	control issue on which action should be taken.
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**OPERATIONAL EFFECTIVENESS MATTERS**

Para ref	Item	Management Comments	Audit Commission KLOE Reference
	No issues identified.		

**- DETAILED REPORT -**

**SCOPE AND LIMITATIONS OF THE REVIEW**

6. The objectives of the review were to:
  - appraise the arrangements within the Company for tenant participation;
  - identify good practice within the sector which may be appropriate.
7. The scope of the review did not include:
  - any detailed check on specific elements of tenant participation;
  - verification of any information provided as part of the process.
8. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
9. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents

**KEY RISK MITIGATION OBJECTIVE**

10. Details of the Key Risk Mitigation Objective that was reviewed and the individual assessment of the effectiveness of the arrangements are shown below (figure 2 below).

*Figure 2 - Summary of the Key Risk Mitigation Objective*

Risk	Mitigation	Assurance Assessment
<b>Failure to operate the process in an efficient and effective manner.</b>	Arrangements in place provide for the efficient operational delivery of the required service.	<b>Reasonable</b>

11. This review identified the practices that are being operated by the Company and an assessment of the effectiveness of the arrangements in meeting the Key Risk Mitigation Objective is provided. The assessments, which are based solely on the review work carried out, are:

- Substantial Assurance** The arrangements are designed to meet the organisation's objectives and they accord with expected practice.
- Reasonable Assurance** There are generally sound arrangements designed to meet the organisation's objectives. However, some expected practices were not present which may result in the continuous and effective achievement of the organisation's objective not being achieved all the time.
- Limited Assurance** There is considerable risk that the arrangements will fail to meet the organisation's objectives as the practices in place are not sufficient to ensure the continuous and effective achievement of the organisation's objective.

**No Assurance**

The arrangements are insufficient to ensure that activities and procedures are operating to achieve the organisation's objective.

**BACKGROUND**

12. An Audit Commission report from March 2006 raised concerns around the number of tenants being involved and involvement at a strategic level needing to be stronger.

<b>Risk</b>	<b>Failure to operate the process in an efficient and effective manner.</b>		
<b>Risk Control Objective</b>	Arrangements in place provide for the efficient operational delivery of the required service.	<b>Evaluation</b>	From the review of the documentation and tests carried out the Control Evaluation is:  <u><b>Reasonable Assurance</b></u>

13. The following matters were identified in reviewing the Key Risk Control Objective:
- 13.1 The Company followed the Office of the Deputy Prime Minister's National Framework for Tenant Participation Compacts in June 2007. It is to be reviewed annually.
  - 13.2 There is a Tenant and Leaseholder Participation Compact in place from June 2007 and has been signed by the Chair of the Compact, the Chair of NCH and the Portfolio Holder of Nottm City Council.
  - 13.3 There are five places reserved on the Company's Board for Tenants Board Members. The Governance Standing orders make reference to this and state that no more than six Board members may be tenants. Tenants register an expression of interest and a panel consisting of staff from Governance and the Board then reviews these. Details of the recruitment process and core competencies for Tenant Board Members are included in the Standing Orders dated July 2007. Tenant Board Members shall retire from office at the Company's AGM in accordance with the following 3 year cycle commencing at the 2008 AGM
    - Year 1 – 2 members to retire
    - Year 2 – 0 members to retire
    - Year 3 – 3 members to retire

Those due to retire are the longest serving Tenant Board members at that time. Retiring members may put themselves forward for re-election by tenants to the Board.
  - 13.4 There are "Getting Involved" pages on the Company's website that have information about each Area Panel including minutes and agendas. Each Forum has the same including contact details on how to join. There is a "Getting Involved" questionnaire on the website with a quarterly prize draw. The Tenants' Handbook sets out the aims of the Compact.
  - 13.5 Documented procedures are in place for staff to follow in relation to the application of the tenant participation policy/framework. This is going to be reviewed to ensure that it is up to date and contains current information. The criteria and process for the recruitment and selection of Tenant Board members are detailed within the Governance Standing Orders dated July 2007.
  - 13.6 The main Board of the Company has delegated formal responsibility for monitoring the Company's tenant participation arrangements to the Performance and Regulatory Committee as stated in the Standing Orders dated July 2007. The NCH Tenants and Leaseholders Congress and Board terms of reference state: -

- The Board of NCH will meet with representatives of the Nottingham Tenant and Leaseholders Congress no less than three times per year to provide information and feedback, answer questions and review the development of tenant and leaseholder involvement including meeting the requirement to consult and involve all sections of the community including those described as 'hard to reach'.
  - The Tenants and Leaseholders Congress acts as the strategic consultation body of NCH, linking into the Board and referring matters as necessary to NCH and to NCC for consideration and action.
- 13.7 The Director of Housing has overall responsibility for tenant participation. There is also an Assistant Director of Housing Services, a Manager of Tenant and Leaseholder Involvement, four Tenant and Leaseholder Involvement Officers three Tenant and Resident Officers and one Admin Assistant. The job description of the Tenant and Leaseholder Involvement Manager states "To be responsible for the implementation and review of the Tenant and Leaseholder Involvement Strategy, Tenant and Leaseholder Participation Compact, Service Improvement Plan and Action Plan." Tenant and Resident Officers are "To support the delivery of the Tenant and Leaseholder Involvement Strategy, Tenant and Leaseholder Participation Compact, Service Improvement Plan and Action Plan."
- 13.8 Almost all of the Tenant Participation staff have completed a CIH Level three Diploma in Housing with Tenant Participation Pathways.
- 13.9 All service areas have an input and provide assistant to the various groups that fall within their remit.
- 13.10 Two reports on the progress of tenant and leaseholder participation were produced for the Board in November 2007. There isn't currently an established timetable for reporting on tenant participation to the Board or Management Team. (Recommendation 14.1 refers)
- 13.11 The Chairs and Vice Chairs of the Forums and Area Panels meet quarterly to review best practices within their groups.
- 13.12 A section on Tenant Participation activity and to advertise any future planned events is included in the local section of the monthly Newsletter. No financial reports are provided direct to tenants other than through the participation groups. (Recommendation 14.2 refers).
- 13.13 The Tenants' Handbook explain various ways that tenants can be involved and states that support will be provided to tenants and leaseholders who go to meetings, including travel and childcare costs. The expenses policy for tenant and leaseholder involvement is also on the Company's website.
- 13.14 A register, "Getting Involved Interest" is maintained by the Tenant and Leaseholder Involvement department and updated on a monthly basis.
- 13.15 Special interest Tenants Participation groups in place include a BME Forum, Sheltered Housing and Telecare Users Forum and Homes 4 Us (for disabled tenants and leaseholders and their carers). A Young Person's Forum and Supported Housing Forum are in development. There are also nine Area Panels who meet bi monthly.
- 13.16 There is an ASB Reference Group, a Tenancy & Estate Management Forum and a Repairs & Maintenance Forum. The Repairs & Maintenance Forum was involved in the maintenance contract selection process.
- 13.17 Quarterly walkabouts are conducted involving tenants and Company staff. Council representatives and local neighbourhood Police and regularly invited to tenants' meetings.

- 13.18 An equality and diversity survey was undertaken in September 2007 with analysis completed of gender, age and ethnic background. Around 100 responses were received out of 400 sent out.
- 13.19 There is a generic e-mail address for the Tenants and Leaseholders Participation team for all tenants to use. The production of a large Tenants and Leaseholders Congress Code of Conduct is in development. These are to be displayed at all tenants' meetings. Training has been provided to Tenants' group Chairs to help with the facilitation of meetings.
- 13.20 The opportunity to deal with remoteness has been addressed by the Home Panel scheme. Meeting times for groups within the structure of involvement are varied and a survey of tenants is completed to ascertain their preferences.
- 13.21 No financial incentives, in addition to expenses, have been offered to encourage attendance although the Best Value team are investigating a voucher incentive scheme for tenants who complete mystery shopper visits.
- 13.22 All tenants' group officers must stand down annually from their positions and can then apply for re-election. There is no requirement for the rotation of the officers of tenants groups to facilitate the introduction of new blood. (Recommendation 14.3 refers)
- 13.23 A Tenants and Leaseholders Training Programme was developed in February 2008 and offered over 20 different courses, three of which were run by the Tenant Participation Advisory Service. Training needs surveys can be completed by the Tenant groups and individual training request forms are completed by the tenants.
- 13.24 Some staff Tenant and Leaseholder Involvement department and tenants spent time with Ashfield Homes in 2007. A Peer Mentoring Scheme is planned for 2008 involving Bolton At Home.
- 13.25 "One stop" surgeries at regional offices are starting to be held where several service providers are on hand to deal with tenants' issues. A Home Panel scheme is being introduced whereby tenants can get involved by filling in questionnaires from home rather than attending meetings. Crèche facilities have been used.
- 13.26 A formal constitution is completed for each association. The Company provides a standard constitution but the association can amend this if necessary and are encouraged to submit the final version to the Company to ensure that it is fit for purpose.
- 13.27 Each association must consist of a chair, secretary and a treasurer and must contain at least five members.
- 13.28 Meetings must be held at least six times per year including the AGM and one public meeting. A pre-meet takes place two weeks before the meetings. The agenda is set by the Chairs and placed on the website at least one week prior to the meeting. Minutes are recorded and sent to the Tenant and Resident Officers. These are also sent out along with an action sheet within ten days of the meeting taking place and placed on the Company's website.
- 13.29 A "new group pack" is currently being developed to support newly formed tenants' associations and it is anticipated that it will be completed by October 2008. Committee management and secretarial skills training is available and assistance is offered by the Housing Patch Managers.
- 13.30 A member of staff from NCH attends at least every other meeting but has the option to attend any meeting where necessary. There is no reference within the Tenant and Leaseholder Congress Constitution to whether attendance is by invitation only. (Recommendation 14.4 refers).

- 13.31 The budget for 2007/08 was £409,470 (inc £243,000 staff costs) and the actual spend was £367,918 (inc £244,256 staff costs). The budget for 2008/09 is £383,300 (inc £285,310 staff costs).
- 13.32 Funding provided by the Company includes start up grants, running costs, one-off grants, training costs, expenses, conference and consultation fees. NCH Tenant and Leaseholder Involvement department staff are able to provide office support and photocopying services.
- 13.33 Funds to tenants' associations are issued by Nottm City Council as cheques or BACS transfers. The Tenant and Resident Officers provide administration advice and treasury training to the tenants groups.
- 13.34 Tenant and Resident Officers monitor the associations' books quarterly and check that the funds have been spent on the areas that they were applied for. Tenants and Leaseholder Associations' accounts are submitted to the Finance section to be audited on an annual basis. This is a check undertaken by the Finance Team following the accounts being audited independently by an external Accountant. Recognised Tenants and Residents Associations will pay for this service using the grant provided to them by NCH.
- 13.35 A National Housing Federation STATUS survey was completed in 2007. The report showed that around half of tenants (47%) have heard of Tenant Participation Compacts, an increase from 15% in 2005. Of those who are aware of Tenant Participation Compacts, two-thirds (68%) express satisfaction with them, whilst just 4% are dissatisfied. Three in ten are neither satisfied nor dissatisfied. The next STATUS survey is planned for the summer of 2008.
- 13.36 A large amount of work has taken place in the last year to increase awareness of Tenant Participation with NCH and management representation was that this might have a positive effect on tenant satisfaction surveys. This includes compiling a Tenant Involvement Marketing and Communications Plan to ensure that every marketing opportunity is embraced to promote tenant and leaseholder participation.
- 13.37 The Company is a member of the East Midlands Tenants Participation Forum and also it's benchmarking club. Performance information has been submitted to the club but no results have been published to date about performance of the member organisations.

14.	<b>Recommendations:</b>	<b>Priority</b>
14.1	<b>Regular reporting on tenant participation activity be presented to the Board or the Performance and Regulatory Committee.</b>	<b>2</b>
14.2	<b>Information on tenants' associations and Company budgets and actual spend with regard to Tenant Participation be provided to tenants via the monthly newsletter.</b>	<b>3</b>
14.3	<b>Consideration be given to the rotation of the officers of tenants groups to facilitate the introduction of new members.</b>	<b>3</b>
14.4	<b>Reference be made within the Tenant and Leaseholder Congress Constitution to whether attendance of Company staff is by invitation only.</b>	<b>3</b>

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