

NOTTINGHAM CITY HOMES

REPORT OF THE ACTING COMPANY SECRETARY

BOARD
17 MAY 2007

COMPANY SECRETARY'S REPORT

1 SUMMARY

- 1.1 To advise the Board of the change in legal status of NCH's current external auditor's Baker Tilly and to seek Board approval to the appointment of the successor company.
- 1.2 To advise and seek the Board's approval to the proposed Board and Committee calendar post the July AGM.
- 1.3 To advise and seek the Board's approval to the proposed Terms of Reference for its Repairs Tender Task Group.
- 1.4 To advise and seek the Board's approval to the proposed arrangements for the AGM on 27th July.

2 RECOMMENDATIONS

2.1 *Baker Tilly*

That the Board note the cessation of the partnership known as Baker Tilly, and approve the appointment of Baker Tilly UK Audit LLP as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 19089, s26(5)

That the Board approve that Baker Tilly may and shall pass any and all information which it considers relevant to the audit of the company's financial statements to Baker Tilly UK Audit LLP.

2.2 *Board and Committee Calendar*

That the Board approve the proposed Board and Committee Diary as set out in appendix 2 to this report.

2.3 *Repairs Tender Working Group*

That the Board approve the proposed Terms of Reference of its Repairs Tender Task Group as set out in appendix 3 to this report.

2.4 *NCH AGM 2007*

That the Board determine their preferred arrangements for the AGM on the 27th July, taking into account the issues set out in this report, and note the draft agenda for the AGM.

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REPORT

3.1

Baker Tilly

The company recently received written notification from its external auditors Baker Tilly that it had restructured to operate as a group of limited liability partnerships (see letter attached – appendix 1).

The effective date is April 1st. If NCH wish to retain the existing external audit team until the 2007 AGM, with all the work now involved relating to year end and production of statutory accounts, then it needs to approve the LLP as successor auditor from 1st April 2007. This is considered the best option for NCH, avoiding risk implications of changing auditors mid year, and with no apparent financial consequences.

Baker Tilly has been the Company's auditors from its birth in April 2005. The Board may wish to note that, in accordance with best practise, and as agreed by the Audit Committee, the company is currently undertaking a tender exercise in order to appoint external auditors from August 2007. Baker Tilly UK Audit LLP is included on the tender list for this exercise.

3.2

Board and Committee Diary from July 2007

Appendix 2 sets out the proposed diary from July 2007 for the new Board and Committee structure. It has been subject to consultation with the Governance Task Group and with the Executive Management Team.

Points to bring to the Board's attention –

- The schedule represents the minimum number of meetings in accordance with the Board's agreement at its meeting on 1st March 2007 – i.e.
 - Minimum of 6 Board meetings
 - Minimum of 4 meetings for each of the 3 committeesThe Board and committees can add supplementary meetings during the year if that is deemed necessary
- It is expected that the Board will wish to supplement its cycle of Board meetings with some away-days. With the exception of the proposed first one on the 31st July, these have yet to be scheduled. The 31st July event will be used as a board development day and will include meeting with the Board Development Agency, who are now appointed as board development partners to work with the new Board through 07/08.
- Later on in the agenda, Board members will consider the draft Tenant Compact, wherein it is proposed that the NCH Board will meet with the City Wide Customer Panel on 3 occasions each year. These dates have yet to be scheduled.

- We have tried to take account of key events requiring approval at a particular point in the year e.g. annual accounts, plus at the same trying to avoid meetings during peak holiday periods. Inevitably, there are some compromises in the proposals.

3.3 ***Repairs Tender Task Group***

At its meeting on 1st March the Board resolved to set up a Task Group in order to prepare the Company for the Repairs Tender, its implications and possible consequences. On the 29th March the Board agreed the Group's membership, and the Task Group has subsequently considered more detailed Terms of Reference for themselves. These are now set out in appendix 3 and require the Board's consideration and approval.

3.4 ***Company AGM 2007 26th July***

The AGM of a company conducts formal business only. Its purpose is primarily for the directors to present the audited accounts to the shareholders or members of the company, and for Board members (non executive directors) to be appointed/re-appointed as required by the company rules. In the case of NCH, the only company member is the Council, and the only people that must be invited to the AGM are the company member, company directors, and the external auditors. An AGM can, therefore, be done and over in as little as 15 minutes.

Increasingly, companies (and particularly those that are in the 'public eye') are using the event of the AGM as a vehicle for company promotion towards its stakeholders, demonstrating the company's commitments to its objects and values and progress in delivering its vision and plans. The formal business is still often (but not always) conducted 'in camera', but the rest of the day or half day is devoted to winning over the hearts and minds of invited stakeholders.

The possibility of hosting this latter type of event at this company's 2007 AGM has been alluded to in previous Board meetings, and the Executive Management Team have been keen to explore its feasibility. The obvious 'coat hanger' for such an event would be the launch of the company's Strategic Plan. Unfortunately, the Strategic Plan will only be at first draft stage at this point in time, and it would seem unwise to launch something as important as the company's Strategic Plan in advance of extensive consultation both within and without the company.

Accordingly, we are now proposing to the Board that the company restricts itself this year to a brief formal type of AGM. There is a need to hold an EGM as well (see Agenda Item 11 Governance Review) and a subsequent first meeting of the new Board could also be held to make best use of time, and because there is still some Board level business to be conducted around that time.

A draft agenda for the AGM is set out in appendix 4, and a timetable for the 27th July could look something like this –

4.30 EGM

4.40 AGM

5.00 Informal – Tea and cakes / light buffet

5.45 1st meeting of new Board

The Board is asked to consider these proposed arrangements, and also whether any invitations to the EGM/AGM be extended beyond those required by the rules – i.e. Company (Council) member representative, Board members, external auditors

CONTACT OFFICERS: Simon Sweetinburgh
14 Hounds Gate, Nottingham
Tel: 0115 91 57318
email: simon.sweetinburgh@nottinghamcityhomes.org.uk

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