

NOTTINGHAM CITY HOMES

REPORT OF THE COMPANY
SECRETARY/SOLICITOR

THE BOARD
29 JULY 2010

COMPANY SECRETARY'S REPORT

1 SUMMARY

- 1.1 This report sets out an update on the current administrative and governance issues requiring consideration by the Board.

2 RECOMMENDATIONS

- 2.1 To note the progress of preparations for Board member appointments for 2010; and
- 2.2 To approve the amendments to the Company Standing Orders.

3 REPORT

3.1 BOARD MEMBER APPOINTMENTS 2010 UPDATE

3.2 Tenant Board Member Vacancies

- 3.2.1 There has been a good response to this year's campaign with seventeen (17) expressions of interest overall which at the date of this Report resulted in nine (9) applications.

- 3.2.2 The closing date for applications was 16 July 2010 and interviews are scheduled for 27 July 2010. The short-listed candidates will then go forward to an election process which will be administered by the Electoral Reform Service.

3.3 Independent Board Member Vacancies

- 3.3.1 The vacancies are currently being advertised through the Business Champions programme of the East Midlands Development Agency ("EMDA"), on the Company's website, the "Inside Housing" (Web site and Publication) and the Professional Career Review (Website and Publication).

- 3.3.2 As at the date of this Report, the Company had received seven (7) expressions of interest and the closing date for applications is 31 July 2010. Interviews are scheduled for 18 August 2010.

4 REVIEW OF THE COMPANY STANDING ORDERS

- 4.1 The Governance Standing Order and the Tender and Contract Procedure Rules (“TCP Rules”) were presented to the Board in advance of the meeting of 10 June 2010. Accordingly the Board will recall that the amendments to the Governance Standing Order largely reflected the changes to the committee structure and to the TCP Rules were scrutinised and recommended to the Board for approval by the Finance and Audit Committee. The amendments to the TCP Rules reflect additional measures put in place to safeguard the Company and to comply with current legislation in respect of the procurement process.
- 4.2 Additional questions raised regarding the Standing Orders have been addressed and circulated to Board members.
- 4.3 In approving the Standing Orders, the Board is also requested to consider the recommendation of the Housing Management Services Committee of 21 June 2010 (the report of the Housing Registration and Allocations Manager) in respect of proposed amendments to the Specific Board Delegations on Matters of Probity (Grant of Offer of tenancy to an employee of Nottingham City Council) as follows:-,
- 4.4 a) The officers delegated to approve offers to NCH and NCC staff members (and their relatives) be amended to Director and Assistant Director of Housing Services.
- b) Amend the definition of “staff” included in the related party process to include only Nottingham City Council staff who work in housing – i.e. housing strategy, regeneration, and Housing Aid.

5 RECOMMENDATIONS OF THE HOUSING MANAGEMENT SERVICES COMMITTEE

- 5.1 The Committee recommended changes to the Company Standing Orders Part 1 in view of the following points.
- 5.2 From March 2009 to Feb 2010 inclusive there have been 216 cases of related parties sent for approval. 143 (66%) of those were for NCC non housing staff and their relatives.
- 5.3 The high numbers of requests for approval from NCC non housing related staff has proved to have a negative impact on service delivery as follows:-
- Increased void times and subsequent increases in rent loss – Many of the related parties who are NCC staff or relatives thereof, are not identified until sign up/offer stage which means that the offer has to be put on hold or the sign up deferred until approval has been given. It takes a minimum of 3 days to prepare a request for approval, relevant centralised checks to be made, and to gain the relevant approval from both of the delegated approval officers.

Potentially if a property is ready to let, at least one week can be added to the void time in addition to a week's rent being lost.

- The demand on resources needed to process these applications – the process involves Lettings Officer, Lettings Manager, Central Allocations Officers, Assistant Director and Director. Instant availability of officers to complete the process is not always possible, particularly at Director and Assistant Director level, due to many other pressing demands. The process is time consuming as thorough checks have to be made. Subsequently there is a negative impact on other high priority tasks which may be delayed or deferred due to the high numbers of cases being processed.

- 5.4 The risk of members of NCC non- housing staff being in a position to influence their application or an offer is minimal, due to the security in place for registering and amending applications and making offers.
- 5.5 Conversely the risk to NCH and our customers in relation to reduced performance and decreased service delivery, whilst applying extra scrutiny to these applications, is high. NCC is one of Nottingham's biggest employers and therefore the number of applications could be very high. Staff includes gardeners, dinner ladies, school staff etc.
- 5.6 Over the past two years (since the procedure was amended to include all NCC staff members) NCH has developed robust scrutiny and monitoring arrangements which means that any potential abuse of the systems is minimal.
- 5.7 Furthermore security within the IT system has been improved which means only allocations staff can amend applications and let properties. All lettings are reconciled with shortlists or the relevant approval i.e. manual offer approval, mutual exchange approval or tenancy amendment approval.
- 5.8 Whilst it is still important to scrutinise applications from related parties who may potentially have the advantage of access to staff or systems within the allocations service, it would appear that the risks of continuing to include all NCC staff, and their relatives, within the related party procedure greatly outweigh the risk of abuse or unfair advantage to, or by these particular applicants. Conversely there are potentially serious consequences for the business if these applicants continue to be scrutinised at such a high level as NCH staff and NCC Housing staff.

6 OTHER OPTIONS

- 6.1 Not applicable

7 FINANCIAL & RISK IMPLICATIONS

- 7.1 Board Recruitment: There is an annual budget provision for Board recruitment and this year's expenditure is within the current budget provision.

Company Standing Orders: These are included in the Report

8 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 8.1 Ensuring that the Board is working towards appropriate levels of diversity in its own composition to match the community it serves, is considered crucial for the achievement of NCH objectives.

Robust corporate governance arrangements are necessary for good practice and for the effective operation of the Company.

9 VALUE FOR MONEY & EFFICIENCY ISSUES

- 9.1 A high performing Board will be more efficient and effective.

10 EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 Effective governance arrangements will ensure that equality and diversity matters remain a continued focus for the Company.

11 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 11.1 Company Standing Orders Parts 1 and 3

CONTACT OFFICER: Company Secretary/Solicitor
14 Hounds Gate
Nottingham
NG1 7BA
Tel: 0115 915 7362
E-mail: Alison.Mapp@nottinghamcityhomes.org.uk

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