

Housing Transfer Programme Board

4th December 2007

Attendance:

Councillors - Graham Butland (Chairman), John Gyford, Eric Lynch, Simon Walsh, Michael Lager

Officers - Allan Reid, (Chief Executive), Chris Fleetham (Finance Director), Lesley Day (Audit Manager)

1. Apologies

None.

2. Minutes

Councillor Lynch suggested that item 4 of the minute of the Board meeting held on 31st October 2007 was incomplete. It was agreed that additional wording of "that Richard Tincknell and Rob Atkins be interviewed as part of the investigation" be added to this item. The minutes, subject to the additional wording being added, were approved as a correct record and signed by the Chairman.

3. Valuation update

The Finance Director advised the Board that two changes had been made to the valuation between full Council and the transfer date:

1. GCH is unable to reclaim VAT on services provided by the Council and these costs are allowed for in GCH's business plan. The increase in the value of the Grounds Maintenance SLA created £600,000 additional VAT which allowing for this, reduced the valuation by £600,000.
2. To deal with the backlog of disabled facilities grants, £600,000 increase agreed to GCH budget which therefore reduces the valuation by the same amount.

The gross capital receipt is now £35.7m (was £36.9m) the net capital receipt is £22.1m (was £23.1m) and the Community Fund is £11.0m (was £11.5m)

4. Budget update

The Finance Director advised the Board that set-up costs were not expected to exceed £5.2m previously identified and that the levy payable to the Government would be approximately £1.2m. The transfer would be subject to an external audit review, which has to be completed by December 2008. It was also noted that the pension fund details are still awaited from Essex County Council and these may affect the final figures. In addition, due to the VAT shelter arrangements, a sum of £27m is shortly due to the Council from HMRC, which will then need to be invested for 2 months before being paid to

GCH. This sum is in excess of our financial limits both with our bankers and our agreed Treasury limits.

DECISION: The Board noted the report and it was agreed that Group Leaders would be notified of the likely breach of treasury limits.

5. **Outstanding issues**

The Finance Director detailed various issues that need to be finalised over the weeks and months following transfer. In summary, these were:

- Actuarial Review of the Pension Fund
- Calculation of the Government Levy
- Sheltered Housing/Carecall
- BDC Hostels
- Members Protocol
- Novation of Licence to Serco
- Conveyancing
- GCH new posts
- Financial Arrangements
- Future structure of Strategic Housing
- Community Fund

Councillor Lynch enquired as to the make up of the nominees to sit on the panel in respect of the Community Fund. The Chairman advised that this had not yet been decided.

6. **Review of the Housing Stock Valuation**

The Audit Manager presented her review of the stock valuation to the Board, which set out the process for establishing the valuation, the reasons for the series of changes, together with proposed future actions and improvement to processes.

The report highlighted that the changes were due to a combination of normal adjustments, double counting of costs, simple errors and changes to the rates used for Kitchens, Bathrooms and Boilers.

The Audit Manager concluded from her investigation that she felt Housing staff had acted in good faith in attempting to ensure that there would be sufficient funds to deliver the promises made in the offer document and the Council had relied on the Lead Consultant, Penningtons, to ensure the valuation was correct. However, there was a lack of an audit trail in communications and decisions made between consultants and BDC officers.

Members questioned the Audit Manager with regard to the detail in the report, during which it was made clear that there was no evidence to support that there had been any attempt to defraud the Council.

Eric Lynch was concerned that Rob Atkins and Richard Tincknell had not been interviewed to ascertain their understanding of the position and felt that had the correct valuation been known earlier the tenants would have been able to have new showers as well as baths.

The Chief Executive expressed his opinion that staff were inexperienced in stock transfer and had acted with the best of intentions and Penningtons were the only ones able to do

the calculations at that time. Unfortunately conversations and decisions had not been recorded which we will take forward as lessons learned.

The Chairman of the Board summed up the position and thanked the Audit Manager for her good, thorough report.

It was agreed that the report would be sent to Rob Atkins and Richard Tincknell for their comments before it is circulated to Members.

7. Review of the Housing Transfer Project and Lessons Learned

The Finance Director informed the Board that following the transfer on 12th November, a review has been carried out to establish what went well, what didn't go so well and lessons learned. The Finance Director advised the Board of the findings. Councillor Lynch questioned as to whether communications with staff had been adequate as feedback that he had received would suggest otherwise. The Finance Director explained that staff meetings both with Housing and other staff were held at appropriate times.

The Board expressed their gratitude to all staff involved for the huge commitment on achieving a successful outcome.

Members enquired as to how compliance with the offer document and SLA's would be monitored and whether any joint meetings would be held between the two organisations involving Members.

The Chief Executive advised the Board that although the SLA's were of substantial value to the Council, the possible continuance of these past the expected termination date would be reviewed in conjunction with forward business planning.

The Finance Director envisaged a report to Cabinet early in the new year which will outline the monitoring and reporting processes that will be in place.

The Board agreed that one further meeting is to be held in January 2008 to sign off the Review of the Housing Stock Valuation once the actions have been completed.

The meeting commenced at 7.15pm and closed at 9.08pm

G Butland
(Chairman)