



Board

27 January 2009

(5.00 – 7.00 pm)

Present: S Murphy (Chair), G Allison, W Bowman, J Common, J Cuthbertson, W Drury, R Harral, R Higgins, G Keating, G Knox, A Mirza, M O'Callaghan, J J Reid, N Shukla, D Slesenger, L Stephenson.

In Attendance:

J P Lee	- Chief Executive
R Atkinson	- Director of Finance & Resources & Company Secretary
S Breslin	- Assistant Chief Executive and Director of Business
N Scott	- Director of Tenancy Services
M Burn	- Head of Support and Care
J Mitford	- Manager, Business Strategy
D Langhorne	- Manager, Assets & Programming
K Embleton	- Finance Manager (Revenue)
A Lister	- Finance Manager (Financial Business Support)
M Dickson	- Company Administrator and Board Support Officer
I Doolittle	- Trowers & Hamlin, Solicitors
G Smith	- Trowers & Hamlin, Solicitors

Observers:

J Hussain	- Newcastle City Council
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56 WELCOME

The Chair welcomed Ian Doolittle and Gemma Smith of Trowers & Hamlin, Solicitors, who would be presenting the Memorandum and Articles of Association for the YHN Charitable Subsidiary.

The Chair informed Board that Joe Rowell, a representative of the Newcastle Tenants Federation, had sadly died during the Christmas/New Year period. Joe had been a regular attendee at Board meetings since 2004. A silence was observed in memory of Joe.

57 APLOGIES

Apologies for absence were received from J McLaughlin, P J Morrissey, and R Renton.

58 DECLARATIONS OF INTEREST

L Stephenson declared an interested in Agenda Item 16.

59 ITEMS NOT ON AGENDA

R Higgins commented that Pat McMaster would be retiring soon and asked that thanks be passed to Pat for her services to residents of Tynedale House. He also asked whether it was planned to phase out resident concierges.

R Higgins asked, in view of the credit crunch, whether there was potential for taking on surplus housing from developers for social housing purposes.

N Scott undertook to pass on thanks to Pat McMaster. He confirmed that an interim report on the review of the concierge service would be submitted to the Board in March. There would be a range of options for Board to consider for the service overall. At this stage, withdrawal of the resident concierge service was not anticipated.

In response to the question about new build, J P Lee commented that while YHN would be happy to consider any developer offers, the dilemma was linked to affordability and funding. To date it had been difficult to get developers to build to HCA space and standard requirements to meet grant requirements.

60 MINUTES

The Minutes of the meeting held on 16 December 2008 were approved as a correct record and signed by the Chair.

Matters Arising

(a) Council House Rent Increase (Minute No 53 refers)

The Chair confirmed that Newcastle City Council had agreed the recommendations by YHN. He reported that he had written to the Department for Housing and that J Cousins, MP had raised a question in the House of Commons with Margaret Beckett, Minister for Housing. There had been some local press coverage about the rent increases. The Chair would also be meeting J Cousins in the near future, when the point about rent increases would be re-stated.

The Chair also commented that one ALMO had chosen to impose a rent increase above the government's requirements on the basis of providing enhanced services to tenants. That increase was 6.85%.

61 YHN CHARITABLE SUBSIDIARY

Submitted: Report by Chief Executive (previously circulated, copy attached to Official Minutes), outlining the proposed Memorandum and Articles of Association for the charitable subsidiary.

I Doolittle explained that the Memorandum and Articles of Association was the proposed governing document of the subsidiary. The Memorandum and Articles had been drawn up in collaboration with Newcastle City Council. The Memorandum was the document that set out the Objects (purpose) of the subsidiary and to make clear the extent of its powers; the Articles set out the rules for the internal governance and management of the subsidiary.

Memorandum

I Doolittle explained that the Objects of a Charity must support one of the thirteen charitable purposes and would need the approval of the Charity Commission. The Objects included in the Memorandum were those conventionally used for housing-related charities.

Questions/comments

- A Board Member questioned whether it was acceptable to use the word "handicapped" in Object 3 b. It was noted that Object 3 c did not include the word.
- I Doolittle explained that the words used were not meant to convey messages but were words that provided certainty for the Charity Commission. Objects 3 b and 3 c were meant to do different jobs. He undertook to talk to the Charity Commission about alternative wording, but asked for flexibility if this was not forthcoming.

Articles

I Doolittle confirmed that YHN would be the single owner (Member) of the subsidiary. The subsidiary would have no more than seven trustees made up of one ALMO Trustee; two Council Trustees and four Ordinary Trustees.

The Council would appoint the Council Trustees (one an existing YHN Board Member and one a Council officer or elected member); YHN as Member would appoint the ALMO Trustee and the Ordinary Trustees.

Questions/Comments

- A Board Member asked whether a Trustee's Term of Office would be determined by the ALMO and whether the Charity Commission had views on the length of term that Trustees should serve.

I Doolittle confirmed that the Articles provided for rotational retirement at each Annual General Meeting and that Trustees would be eligible for re-appointment.

- A Board Member raised a question about rent setting and whether the subsidiary could insist on a fair level of rent.

I Doolittle confirmed that the subsidiary could insist on a fair level of rent, unless there was an exemption in the Articles. He further commented that if the trustees charged too high a rent this would be a concern.

On invitation from the Chair, J Hussain confirmed that Newcastle City Council had been fully consulted about setting up the charitable subsidiary and that drawing up of the constitutional document had been carried out in collaboration with the Council's legal team. The proposal had received the agreement of the Council's Executive.

J P Lee commented on the relationship between the work to create the charitable subsidiary and the procurement of construction partners and potential sites. The charitable subsidiary was the vehicle to respond to the pressures of supply and demand and it was important for the creation of the subsidiary to move forward quickly.

Referring to the earlier request that the word handicapped be removed from Object 3b, he asked that this request be taken forward. I Doolittle advised that if it was possible to secure removal of the word handicapped, the Memorandum would be amended. However, if it was not possible the word would have to remain.

I Doolittle clarified that a quorum at a meeting of the Trustees was 4, one of which must be the ALMO appointed trustee.

The Chair was keen to move forward with the nomination and appointment of Trustees so that there was no slippage in the creation of the subsidiary. I Doolittle confirmed that the names of Trustees would have to be included in the application to the Charity Commission. He also said that it would take three to six months for the Charity Commission to assess the application and grant charitable status.

In view of the need to move ahead with the establishment of the subsidiary, the Chair suggested a research and approach process to appointing Trustees instead of open competition. He suggested that he, the Vice chairs and a representative of the City Council (potentially Councillor Bill Shepherd) consider and approve a list of potential Trustees for interview. The Chair would then report back to Board on the appointments.

Questions/comments

- A Board Member asked whether the Tenants Federation would be

involved in the process. The Chair replied that the Federation would not be involved in the process, although they could be involved in the research activity.

The Chair asked Board to consider the appointment of the YHN Trustee. It was proposed, duly seconded, that S Murphy, Chair, be appointed.

I Doolittle asked Board to consider the possible conflict that might arise if the Chair was appointed to the subsidiary. This might occur if the aspirations of the subsidiary conflicted with those of YHN. It might therefore be difficult for the Chair, in his role as Chair of YHN, to deal with such matters.

Having considered this comment, Board supported the proposal that S Murphy, Chair be appointed to the subsidiary.

RESOLVED - That

- (i) the Memorandum and Articles of Association be approved subject to the removal of the word handicapped in Object 3b. If this was not possible the word be retained;
- (ii) the Chair, Vice Chairs and a representative of Newcastle City Council approve a list of potential Trustees for interview;
- (iii) the Chair report back to Board on the appointment of Trustees;
- (iv) S Murphy, Chair, be appointed as the ALMO Trustee on the Charitable Subsidiary.

62 STRATEGIC RISK MONITOR

Submitted: Report by Assistant Chief Executive and Director of Business (previously circulated, copy attached to Official Minutes), providing an update on the review of the Strategic Risk Register conducted by Board in December 2008.

As a result of the review by Board, a number of new risks had been added to the Strategic Risk Register to reflect key concerns, opportunities and uncertainties facing YHN. These were:

- failure to ensure adequate continuity planning if main YHN premises are not available;
- failure to ensure adequate continuity planning (and communication of these) for blocks of flats;
- viability of the HRA;
- district and group heating; and
- viability of construction partners.

In addition, Management Team had reviewed controls and actions for all strategic risks and had recommended that three green risks on the register

should become dead risks. These were:

- failure to implement adequate systems for YHN asset ownership and management;
- diversification from core business results in decline in key services; and
- changes in government policy (i.e. YHN slow to hear about changes or slow to respond to such changes)

The Chair reported that Audit Committee had reviewed the Strategic Risk Register and had recommended that of the three proposed dead risks, the risks relating to failure to implement adequate systems for YHN asset ownership and management and to diversification from core business results in decline in key services should remain as live risks.

RESOLVED – That

- (i) the addition of the five new strategic risks be approved;
- (ii) the green risk relating to changes in government policy – YHN slow to hear about changes or slow to respond to such changes – be removed from the register;
- (iii) the risks relating to failure to implement adequate systems for YHN asset ownership and management, and to diversification from core business results in decline in key services, remain on the register;
- (iv) the updated actions and timescales be approved.

63 YHN AND HRA REVENUE BUDGETS AND MEDIUM TERM PLAN UPDATE

Submitted: Report by Director of Finance and Resources (previously circulated, copy attached to Official Minutes).

R Atkinson presented the latest position on the projected Outturn for 2008/09, the Base budgets for 2009/10 and the Medium Term Plan to 2012-13 for Your Homes Newcastle and the Housing Revenue Account.

In presenting the report, R Atkinson drew attention to the revised estimate for the 2008/09 YHN Management Fee of £30,524,530. To put this in context, he explained that £10.7m of the £30m was either covered by external funding or by charges to the HRA. In future, it was intended to report on the gross and net figures.

R Atkinson reported on the HRA/YHN Medium Term Plan to 2012/13, asking board to note the following budget allocations:

- Single Status – protection/backdating/saving. It was noted that Newcastle City Council was at the stage of submitting proposals to the Trade Unions.
- The net projected HRA Surplus and Deficit and the closing balance at 31 March.

Questions/Comments

- A Board Member drew attention to paragraph 3.1.3 which alerted Board to an issue that had yet to be provided for in the Budget, relating to the provision to cover the value of leave that employees carry over to future years.
- R Atkinson explained that employees' terms and conditions provided for annual leave to be carried over. The requirement to make financial provision for this was a new International Accounting Standard. The methodology for calculating the provision had yet to be agreed with the Auditors. It would be necessary to carry out this exercise at the end of the financial year.

RESOLVED – that

- (i) the amended YHN 2008-09 Revised Budgets and 2009-10 Base Budgets as detailed in Appendix 1 be approved;
- (ii) the amended HRA 2008-09 Revised Budgets and 2009-10 Base Budgets as detailed in Appendix 2 be approved;
- (iii) the YHN / HRA Medium Term Plan position up to 2012-13 set out in Appendix 3 be approved;
- (iv) the latest summary of Procurement Efficiency Savings set out in Appendix 4 be received for information.

64 GUIDELINES FOR DEALING WITH THE NON ATTENDANCE OF BOARD MEMBERS

Submitted: Report by Chair, Governance & Personnel Committee (previously circulated, copy attached to Official Minutes).

W Drury, Chair of Governance and Personnel Committee, presented the report recommending that Board adopt the guidelines for dealing with board member non attendance.

The guidelines had been developed in response to Committee's request for clarity on how non attendance should be dealt with. He recommended that the fourth bullet point in the Introduction be amended to include committee meetings.

RESOLVED – That the Guidelines for dealing with non attendance of Board Members be approved subject to the amendment of the fourth bullet point in the Introduction to read: 60 per cent of Board and committee meetings in a 12 month period.

65 ITEMS FOR INFORMATION

RESOLVED – That the following items be received for information:

- (i) Health and Safety quarterly report
- (ii) Delegated Decisions 1 5 December 2008 to 19 January 2009
- (iii) Petitions
- (iv) Minutes :
 - Outer West & North Area Board held on 10 November 2008
 - Inner West Area Board held on 11 November 2008
 - Audit Committee held on 12 November 2008
 - East Area Board held on 13 November 2008.

66 EXCLUSION OF PRESS AND PUBLIC

RESOLVED – that in accordance with the organisation's Access to Information provisions, the press and public be excluded for the remainder of the meeting.