



# **Board Meeting 11 April 2011**

# **Minutes and Associated Reports**

*Developing Homes and Creating Opportunities for People within West Norfolk*

## **FREEBRIDGE COMMUNITY HOUSING (FCH) BOARD**

### **Minutes of a Meeting of the Board held on Monday 11 April 2011 at 6.30pm in the Conference Room, Juniper House, Austin Street, King's Lynn**

#### **PRESENT:**

Ray Johnson (Chairman)  
Matthew Brown  
Sylvia Calver  
Nigel Donohue  
Irene Gammon  
Bill Guyan  
Michael Jervis  
Paul Leader  
Colin Sampson

#### **IN ATTENDANCE:**

Tony Hall - Chief Executive  
Sean Kent - Executive Director (Resources)  
Abigail Ellis - Executive Director (Operations)  
Angus MacQueen - Company Secretary

#### **53/11 APOLOGIES**

Apologies for absence were received from Lesley Bambridge and Geoffrey Hipperson.

#### **54/11 MINUTES**

The minutes of the ordinary meeting held on 7 March 2011 and of the special joint meeting with the Resources and Risk Committee held on 28 March 2011 were confirmed as correct records and signed by the Chairman.

#### **55/11 MATTERS ARISING**

##### **(a) Review of The Size of The Board (Minute Number 29/11)**

The Chief Executive reminded the Board that it had requested that consultation with the Council on the proposal to reduce the size of the Board to 12 members be delayed until after the local elections on 5 May 2011. However, the Council had asked to receive the consultation as soon as possible, so that they could start considering it, although they would not make a formal response until after the new administration was in place. The consultation was, therefore, about to be sent.

##### **(b) Cabinet Office (Minute Number 30/11)**

In answer to a question, the Chief Executive advised that contact with the Cabinet Office was ongoing. The Cabinet Office would be putting a proposal

relating to an energy efficiency project on Freebridge's behalf to a national funding panel. The Cabinet Office had suggested that the total number of properties required for the trial may need to be increased to 1,600. In view of the type of properties required, it might be necessary for Freebridge to make a joint bid with other local providers.

## **56/11            DECLARATIONS OF INTEREST**

Paul Leader declared an interest in the item at minute number 62/11 – Board Recruitment – as he was recommended for reappointment to the Board. The Board was content that he should remain in the room during the item, but he did not vote.

Colin Sampson declared an interest in the item at minute number 62/11 – Board Recruitment – as a friend of his was recommended for appointment to the Board. The Board was content that he should remain in the room during the item, but he did not vote.

Nigel Donohue and Colin Sampson declared interests in the item at minute number 63/11 – Issues Arising from Board Member Declarations of Interest 2010 – as the item related to declarations that they had made. The Board was content that they should remain in the room during the item, but they did not vote.

Tony Hall declared an interest in the item at minute number 65/11 – Support Services to King's Lynn Arts Centre – as he was about to become a trustee of the Arts Centre. The Board was content that he should remain in the room during the item.

## **57/11            CHAIRMAN'S UPDATE**

The Chairman tabled and presented a list of his activities as Chairman since the last meeting.

The Chairman highlighted a meeting of a National Housing Federation planning discussion group that he had attended in March 2011 which had considered a number of current issues. Freebridge had been among only about four or five providers to be represented at the meeting.

## **58/11            CHIEF EXECUTIVE'S UPDATE**

### **(a)    Potential Development Partners**

The Chief Executive said that Freebridge was continuing discussions regarding the management of new-build properties on behalf of potential development partners.

### **(b)    Tenant Awards**

The Chief Executive stated that the Tenant Awards event, held on 1 April 2011, had been very successful. It had been attended by around 120 people.

A customer care award for staff had been introduced this year, and had been a very positive development.

**(c) Australian Housing Association**

The Chief Executive reported that Freebridge would be receiving a visit, in June 2011, from representatives of an Australian housing association who were particularly interested in hearing about experiences of stock transfer and regulation.

**(d) RoSPA Gold Award**

The Chief Executive advised that Freebridge had received a Gold Award from the Royal Society for the Prevention of Accidents. The Board acknowledged the progress that Freebridge had made in relation to health and safety.

**59/11 BUSINESS PLAN 2011-2014 (click here to go to report)**

The Chief Executive presented a report which sought the Board's approval for the Business Plan 2011-2014.

The Chief Executive highlighted that performance measures had not yet been inserted under the objectives. This would be done shortly, and could be informed by the tenant survey that had recently been undertaken.

The Chief Executive advised that a glossy version of the Business Plan, with some narrative, would be produced for stakeholders.

It was noted that the Business Plan would be cascaded to staff through the setting of targets.

**RESOLVED:**

- 1) That the Business Plan 2011-2014 be approved, as presented.
- 2) That the performance measures to be inserted under each objective be approved at the special Board meeting to be held on 26 April 2011 (see minute number 64/11 below).

**60/11 FREEBRIDGE APPROACH TO SECTION 122 OF THE HOUSING AND REGENERATION ACT 2008 (click here to go to report)**

The Company Secretary presented a report which suggested a policy to establish Freebridge's approach to Section 122 of the Housing and Regeneration Act 2008.

The Board acknowledged that there was a slight risk that the regulator could require Freebridge to recover gifts/payments made in breach of Section 122. However, the Board was of the view that operating to the letter of the Section would seriously compromise Freebridge's tenant involvement principles and

unfairly penalise Freebridge shareholders. The suggested policy took a pragmatic approach to the issue, allowing for gifts/payments to be made in certain circumstances, but not permitting improper benefit through shareholding with Freebridge.

It was highlighted that the suggested policy went further than National Housing Federation (NHF) guidance, in that it permitted the giving of retirement gifts to former Board members. The NHF had advised that such gifts should be paid for through a collection among Board members, but officers had felt that this would be inappropriate given that Freebridge Board members were volunteers.

**RESOLVED:**

- 1) That the Freebridge Approach to Section 122 of the Housing and Regeneration Act 2008 Policy be approved, as presented.
- 2) That a minor rewording of the Board Member Agreement, to reflect the existence of the Policy, be approved.

**61/11            COMMITTEE RECOMMENDATIONS (click here to go to report)**

The Board considered the recommendations of the Operations Committee meeting held on 2 February 2011.

(There were no recommendations from the special meeting of the Resources and Risk Committee scheduled for 11 April 2011, as this meeting had been cancelled.)

**RESOLVED:**

- 1) That the Leasehold Management Policy be approved, as presented to the Operations Committee.
- 2) That the Asset Management Policy be approved, as presented to the Operations Committee.
- 3) That the Home Ownership Through Right to Buy/Right to Acquire Policy be approved, as presented to the Operations Committee but with an amendment to include a statement that all requests for waiver of repayment of discount under the Right to Buy would be referred to the Borough Council.
- 4) That the Leasehold Management Policy and the Home Ownership Through Right to Buy/Right to Acquire Policy be reviewed after three years (rather than the usual two years) unless there is an earlier requirement to review owing to a change in legislation or the outcome of a service review.

The Company Secretary presented a report which advised of the outcomes of the recent processes for the recruitment of tenant board members and independent board members.

The Company Secretary highlighted that there remained a vacancy for a tenant board member. He and the Chief Executive would be making personal approaches to some tenants who had been recommended by Housing Management as having the potential to become board members. The Recruitment Panel had recommended that Paul Leader be reappointed to the Board as a tenant board member. This should be until the AGM in September 2014, in view of the Freebridge policy that Board members should serve no longer than nine years. Paul Leader's nine years would come to an end in May 2014, but it was felt expedient to conclude his membership at the AGM that year.

Matthew Brown, who had chaired the Recruitment Panel, gave a summary of the process undertaken to recruit independent board members. He commented on the strength of applications, and was confident that the two individuals selected would make a very positive impact on the Board. The Recruitment Panel had been of the view that all three of the candidates who had been unsuccessful following interview would have made good board members, and he would be encouraging each of them to apply for future opportunities.

The Board noted that, although equality and diversity implications had been taken into consideration by the Recruitment Panel, the overriding importance of appointing the candidates with the best skills and experience had resulted in there being no improvement in the diversity of the Board. One of the candidates who had been unsuccessful following interview had not been chosen because of her lack of experience, but would have improved the Board's diversity in terms of age and gender. The Board, therefore, asked that opportunities be explored with this candidate to help her develop her experience, possibly through co-option onto a committee and/or invitations to Board training events. In this way, she would be in a stronger position should she wish to apply for board membership, either with Freebridge or other similar organisations, in the future.

The Chairman thanked Matthew Brown for his hard work as Chairman of the Recruitment Panel.

**RESOLVED:**

- 1) That Paul Leader be reappointed as a tenant board member until the 2014 AGM.
- 2) That Ian Pinches be appointed to the Board with immediate effect, and the 2011 AGM be recommended that he be reappointed to the Board until the 2014 AGM.

- 3) That the 2011 AGM be recommended that Steve Clark be appointed to the Board until the 2014 AGM.

**63/11            ISSUES ARISING FROM BOARD MEMBER DECLARATIONS OF INTEREST 2010 (report not available – confidential)**

The Company Secretary presented a report which sought to establish the Board's position in relation to current suppliers in which board member declarations of interest had been made.

**RESOLVED:**

- 1) That permission be given for Freebridge to continue using UK Power Networks as a supplier.
- 2) That permission be given for Freebridge to continue using Travis Perkins as a supplier.
- 3) That permission be given for Freebridge to continue using Jewson's as a supplier, subject to restrictions imposed as a result of a staff declaration under the old Schedule 1 regime.

**64/11            "FAIRER FUTURES"**

The Chief Executive explained that it would be necessary to hold a special meeting of the Board in order to consider the policy implications to Freebridge of the Government's "Fairer Futures" proposals. The meeting would also need to consider updates to the Financial Plan, largely resulting from the proposals. It had been hoped that these items could have been considered at this meeting, but this had not been possible, as the necessary information had not been available in time.

**RESOLVED:** That a special meeting of the Board be held on Tuesday 26 April 2011, to consider the items set out above.

**65/11            SUPPORT SERVICES TO KING'S LYNN ARTS CENTRE (click here to go to report)**

The Executive Director (Resources) presented a report which described a proposal for Freebridge to provide King's Lynn Arts Centre with support services, in return for tenant and staff engagement activities to the same value.

The Executive Director (Resources) highlighted that the Chief Executive had a potential conflict of interest, in that he was about to become a trustee of the Arts Centre. However, this should not cause a problem, provided that the situation was carefully managed. He, rather than the Chief Executive, would take the lead on the negotiations with the Arts Centre. The Chief Executive confirmed that he would not be involved with the negotiations from the Arts Centre side.

The Board expressed its support for the Chief Executive taking on the role of trustee of the Arts Centre. This would be good for the Chief Executive's personal development, and would therefore benefit Freebridge; it would also be an ideal networking opportunity. The Board was also pleased that Freebridge could support such an important organisation in the community; however, it was stressed that there must be resulting benefits for Freebridge's tenants. The Executive Director (Resources) said that ongoing discussions were being held with the Arts Centre as to potential outcomes for Freebridge tenants.

The Board felt it important that the operation of the agreement was monitored by the Resources and Risk Committee.

**RESOLVED:**

- 1) That the proposal for Freebridge to enter into a Service Level Agreement with the Arts Centre Trust, to provide support services in return for tenant and staff engagement activities to the same value, be approved.
- 2) That authority be delegated to the Executive Director (Resources) in consultation with the Chairman to sign the Service Level Agreement with the Arts Centre Trust.
- 3) That regular monitoring reports on the operation of the Service Level Agreement be presented to the Resources and Risk Committee.

**66/11**            **APPOINTMENT OF SHAREHOLDERS** (report not available – confidential)

The Company Secretary presented a report which requested the Board to consider applications for tenant shareholding.

**RESOLVED:** That the eight applications for tenant shareholding contained in the list at Appendix 1 to the report be approved.

**67/11**            **REGULATORY JUDGEMENT (click here to go to report)**

The Company Secretary presented a report which set out the Tenant Services Authority's Revised Regulatory Judgement on Freebridge.

The Board was pleased with the Judgement, which was generally very positive. There had been some negative press in "Inside Housing", but this had been very unfair. A positive article had, on the other hand, appeared in the "Lynn News".

The Board asked that its thanks be passed on to all staff involved in pulling together the pack of information that had been given to the Tenant Services Authority to assist it in its assessment of Freebridge. The Board also asked that its thanks be recorded to the Chairman, Nigel Donohue and the Chief

Executive, who were all interviewed by the Tenant Services Authority as part of the assessment.

The Board noted the report.

**68/11**            **2 CHAPEL LANE, KING'S LYNN** (report not available – confidential)

The Chief Executive presented a report which set out proposals for the site at 2 Chapel Lane, King's Lynn, which had been recently acquired by Freebridge.

The Board had received a briefing on the proposals at an event in the previous week.

**RESOLVED:**

- 1) That, subject to the granting of planning permission, the proposal to convert the barn at 2 Chapel Lane, King's Lynn into a shared resource centre be approved.
- 2) That the capital cost be covered from the development fund for the purposes of land banking.
- 3) That the Tenants of West Norfolk Group be approached to fund £16,000 for audio-visual equipment, furniture, carpeting and storage.
- 4) That the planning application for four town houses on the site and conversion of the barn to provide the shared resource centre be progressed, in parallel with Freebridge's preparations for the new Homes and Communities Agency grant framework.

**69/11**            **WORK UPDATE** (report not available – confidential)

The Company Secretary presented the work update, which included the following:

- Action Sheet
- Future Work Programme of the Board.

The Board noted the update.

**70/11**            **COMMITTEE MINUTES** (committee minutes not available – confidential)

Paul Leader, Chairman of the Audit Committee, presented the minutes of the Committee's special meeting held on 14 March 2011. The meeting had been held to award the Internal Audit contract, which had been due for renewal. The appointment process had been robust and challenging. It had been decided to award the contract to the existing Internal Auditors, PricewaterhouseCoopers (PwC). During the interview with PwC, it had become clear that they undertook work in the community for some of their

other clients; possible Freebridge community projects that PwC could be involved with were now being investigated. Furthermore, the Executive Director (Resources) had managed to negotiate a cost reduction on PwC's initial fees proposal.

The Executive Director (Resources) said that he had spoken with PwC since the award of the contract and had explored areas of possible enhancement to their service to Freebridge. He had received very positive comments from PwC, both about the appointment process and, more generally, about Freebridge as an organisation to work with.

## **71/11            ANY OTHER BUSINESS**

### **(a)    Voids**

A member expressed concern at the length of time that some long-term voids had been empty. In response, officers explained that voids were monitored very closely, and Freebridge's performance on voids had improved significantly over the past couple of years. It was now one of the best performers on voids when compared to similar organisations. There were reasons behind why certain voids had been empty for a considerable length of time; the situations in these cases were carefully managed and were accounted for within the budget. Proposals regarding these properties would be included in the Asset Management Strategy, which was being prepared for consideration later this year.

The Board requested that information on current long-term voids be provided to the Operations Committee. It also congratulated the officers on the significant improvement that had been made in voids performance.

### **(b)    "KL" Magazine**

The Chairman advised that he had been approached by "KL" magazine, with a view to them publishing a feature on him. The Board was pleased that this approach had been made and was content for the Chairman to proceed with the feature. Members felt that this was a good opportunity to further improve the profile of Freebridge within the local area.

## **72/11            NEXT MEETING**

The Board noted that its next ordinary meeting was scheduled for Monday 23 May 2011 at 6.30pm, and that a special meeting was scheduled for Tuesday 26 April 2011 at 6.30pm.

**The meeting closed at 7.50pm.**

**CHAIRMAN**

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Tony Hall	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>	√	<b>High</b>	<b>Medium</b>	<b>Low</b>
Financial Plan		<b>For Information</b>		√		
<b>Consultation</b>	Management Team, Chairs' Group					

**Meeting Date:** 11<sup>th</sup> April 2011

**Report Title:** Business Plan 2011 - 2014

**Purpose:** To seek the Board's approval of the 2011 - 2014 Business Plan, including a revised set of corporate objectives and supporting vision statements.

**Policy/Strategy Implications:**

No new policies as a result of this report, however; some new policies will emerge from the activities within the plan.

**Finance and VFM Implications:**

The Financial Plan and budget have been developed alongside the Business Plan. Value for money and cost reduction form components of the plan.

**Customer Care/Equality and Diversity Implications:**

Increasing satisfaction is a key objective within the revised plan.

**Risk Assessment (cross-reference with FCH Risk Map):**

1.2 Governance Framework. Board direction not implemented.

Impact Critical, Likelihood Low

Extensive Board member involvement in developing and monitoring the Plan reduces risk.

**Recommendations:** It is recommended that the Board

- (i) Approve the 2011 - 2014 Business Plan

## 1 **Background**

- 1.1 To-date the Board have been working to a six year plan that commenced at the point of transfer and was developed in order to deliver the tenant promises by 2012.
- 1.2 One of the outcomes of the Board Away Day in October was that the Board should spend some more time considering the development of a new five year plan. Work commenced on the business planning process and it became clear that as a result of significant changes to national housing policy a three-year transitional plan would be more appropriate.
- 1.3 Key Board member input into the plan has been: the joint Board member training days, the Stakeholder business planning day, and the interactive voting exercise.

## **2 The 2011 - 2014 Plan (Appendix 1)**

- 2.1 The plan has been re-focussed around four corporate objectives
- **Improving Satisfaction** - Our people, staff and tenants
  - **Community Focussed** - Place shaping, neighbourhoods, community development and partnerships
  - **Appreciating Assets** – Our properties, “making the best use of what we have got”
  - **Increasing Capacity** - “Knowing our business”
- 2.2 The Executive Team has subsequently developed a series of vision statements that would run through the three year plan, supporting each objective.
- 2.3 Each vision statement is delivered through a series of activities, which develop over the three years.
- 2.4 There are a number of target measures relating to each of the four objectives. These are set out in the first year one page plan at appendix 2
- 2.5 The plan will be delivered through a series of operational plans lead by each Assistant Director

## **3. Consultation with the Chairs Group**

- 3.1 The chairs group met on the 5<sup>th</sup> April. They received a presentation which set out the key objectives of the plan and how they had been developed. Following questions a number of amendments were incorporated into the plan. In particular the group were asked to complete the activities for improving governance.
- 3.2 One significant observation was that while the planning framework was fit for purpose it lacked a longer term, possibly 10 or 15 year vision. This is true, however the approach that the executive team have adopted is one or a more evolutionary approach that will take the organisation through a period of rapid economic and political change.
- 3.4 In a separate meeting the chair of TOWN was briefed on the plan and made some suggests which were added to the activities, principally recognising the role of tenant focus groups in feedback, and specific reference to making further improvements to the repairs and maintenance service.

## **4 Monitor and Review**

- 4.1 The implementation of the Plan will be monitored by the Board on a quarterly basis. There will be an annual review of the Plan in order to achieve a rolling three year programme. This will enable the business Plan to inform the Financial Plan

	2011 - 2012	2012 - 2013	2013 - 2014	VISION
<b>1. INCREASING SATISFACTION</b>				
<b>1.1.1 Remuneration Strategy</b>	Implement strategy	Review and identify improvements		<b>1.1 Increasing employee satisfaction in order to develop a corporate culture that supports Customer Excellence</b>
<b>1.1.2 Mary Gober Training/Coaching</b>	Embed Mary Gober coaching Commence in-house induction	Review usage and develop Freebridge methodology	Review and refresh approach	
<b>1.1.3 External Validation</b>	Identify scheme Self-assessment	Obtain accreditation		
<b>1.2.1 Tenant Panel</b>	Establish Tenant Panel	Develop Tenant Panel	Review Tenant Panel	<b>1.2 Embed customer engagement in continuous improvement</b>
<b>1.2.2 Develop Local Offer</b>	Establish initial Local Offer to include Customer Satisfaction and Improving Repairs and Maintenance	Consider any additions to Local Offer	Review Local Offer	
<b>1.2.3 Service Reviews</b>	Asset Management Tenant Engagement	Responsive Repairs Income Collection	Community Development Grounds Maintenance	
<b>1.3.1 Improve Complaints Process</b>	Establish clear procedures to improve response times	Revise in light of changing regulation		<b>1.3 Increase feedback in order to demonstrate learning (Ask, Listen, Act, Learn)</b>
<b>1.3.2 Feedback mechanisms</b>	Re-launch Mystery Shopping Focus Groups	Introduce Peer Shopping Focus Groups	Focus Groups	
<b>1.3.3 Satisfaction Surveys</b>	Annual survey	Annual survey	Annual survey	
<b>1.4.1 Develop Customer Contact Centre</b>	Strategic development plan Implement first phase of plan	Implement phase two of plan Identify further improvements	Implement further improvements	<b>1.4 Improve communication and access to services, ensuring that FCH is 'Easy to do business with' whilst providing VfM</b>
<b>1.4.2 Behavioural Influencers Pilot</b>	Assess opportunities Establish pilots	Evaluate and embed pilots Identify further opportunities	Implement further opportunities	
<b>1.5.1 Customer Profiling</b>	Revise survey Collect additional data	Integrate new data into service delivery	Revalidate data	<b>1.5 Improve choice in order that individual needs are met</b>
<b>1.5.2 Diversity Impact Assessments</b>	Continue rolling review Integrate into service reviews	Continue rolling review Integrate into service reviews	Continue rolling review Integrate into service reviews	

	2011 - 2012	2012 - 2013	2013 - 2014	VISION
<b>2. COMMUNITY FOCUSED</b>				
<b>2.1.1 Community Development Strategy</b>	Complete strategy to include employment, training and capacity building opportunities Commence implementation	Finalise implementation of strategy	Assess impact and review	<b>2.1 Support our communities through working with people in ways which will help them to have a greater influence over decisions which affect their lives</b>
<b>2.1.2 Tenancy Visits</b>	Agree and implement programme of pilots	Review pilots Agree strategy	Monitor satisfaction and feedback	
<b>2.2.1 Local Partnerships</b>	Influencing partnerships' objectives to meet tenants' needs.	Influencing partnerships' objectives to meet tenants' needs.	Influencing partnerships' objectives to meet tenants' needs.	<b>2.2 Working in partnership to improve our residents economic and social well being</b>
<b>2.2.2 Local Procurement</b>	Establish baseline data Set target for future activity	Review		
<b>2.2.3 Financial and Digital Inclusion</b>	Revise Financial Inclusion Strategy and Develop Digital Inclusion Strategy	Implement strategies	Review strategies	
<b>2.3.1 Hillington Square</b>	Consult and complete design Pilot start on site.	Identify funding Evaluate pilot and roll out		<b>2.3 Demonstrate a commitment to improving neighbourhoods</b>
<b>2.3.2 Local Charters</b>	Grow Neighbourhood Charters as appropriate	Support additional charters	Test for integration into Local Offer.	
<b>2.3.3 Estate Walkabouts</b>	Agree approach and set targets Publish programme for residents	Monitor outcomes and performance Summer Road Show		
<b>2.4.1 Media &amp; Stakeholder Influencing</b>	Influencer audit completed Action plan delivered	Review approach and identify improvements		<b>2.4 Influence local and national policy makers to help meet the needs of our communities</b>
<b>2.4.2 Providing Support for Smaller Charities</b>	Agree extent and approach Agree scope with Purfleet Trust, Arts Centre & Thornage	Review scope with Purfleet Trust, Arts Centre & Thornage	Review scope with Purfleet Trust, Arts Centre & Thornage	

	2011 - 2012	2012 - 2013	2013 - 2014	VISION
<b>3. APPRECIATING ASSETS</b>				
<b>3.1.1 Asset Management Strategy</b>	Agree corporate objectives Revised strategy	Implement first phase	Implement final phase	<b>3.1 Develop an effective Asset Management Strategy that delivers a range of approaches, products and priorities reflecting our assessment of local markets</b>
<b>3.2.1 Asset Management Database and Analysis</b>	Analysis of requirements for stock condition information Validate and collect information	Develop strategic use of system		<b>3.2 Improve effective Asset Management in order to understand the long term performance of our asset portfolio and the investment performance of each individual property [Making best use of what we have got]</b>
<b>3.2.2 Under Occupation Strategy</b>	Devise strategy and action plan Implement pilots	Implement and review	Implement and review	
<b>3.3.1 Stock Rationalisation Plan</b>		Options appraisals	Potential sales	<b>3.3 Improve analysis of our asset portfolio to maximise new affordable housing in order to meet local need</b>
<b>3.3.2 New Affordable Homes</b>	Build 24 homes (to be finalised)	Build 24 homes (to be finalised)	Build 25 homes (to be finalised)	
<b>3.4.1 Decent Homes and Development of Investment Plan</b>	Program Stock Condition Survey work plan Procurement of partners	Complete Decent Homes Contract mobilisation and monitoring	Monitor plan in line with 3.2.1 and review satisfaction	<b>3.4 Improve overall satisfaction in the quality of tenant homes including optimising energy efficiency measures</b>
<b>3.4.2 EEDA Bid for retrofitting pilot</b>	Successful bid Prepare and commence	Programme progression	Monitor & report	
<b>3.4.3 Wider Energy Efficiency Measures</b>	Complete approach analysis Identify funding including "Green Deal" Consider pilots	Implement and review	Implement & review	

	2011 - 2012	2012 - 2013	2013 - 2014	VISION
<b>4. INCREASING CAPACITY</b>				
<b>4.1.1 Benchmarking and Reducing costs</b>	Target reductions from agreed areas	Target reductions from further areas Deliver agreed reductions	Target reductions from further areas Deliver agreed reductions	<b>4.1 Clear understanding of our operating costs in order to achieve cost reductions</b>
<b>4.1.2 Procurement Strategy</b>	Revised strategy produced		Strategy reviewed	
<b>4.2.1 Developing Skills</b>	Review training approaches Improve identification of outcomes			<b>4.2 Improve internal capacity</b>
<b>4.2.2 ICT Strategy</b>	Map and review existing information storage, improve access to reporting tools, improve usage of existing systems	National Fraud Initiative	Annual and quarterly updates	
<b>4.2.3 Succession Planning</b>	Agree and implement approach		Review approach	
<b>4.3.1 Fairer Futures Investment Plan</b>	Identify funding opportunities			<b>4.3 Income maximisation and impact on affordability</b>
<b>4.3.2 Service Charging</b>	Implement phase 2 of sheltered Identify general needs charges	Implement general needs charges	Review approach	
<b>4.3.3 Supporting People Strategy</b>	Restructure sheltered services	Review structure Align with asset management		
<b>4.4.1 Stock Management opportunities</b>	Agree approach and develop draft systems and procedures Review current opportunities	Actively seek opportunities	Review operations	<b>4.4 Selling services</b>
<b>4.4.2 PSD Business Plan</b>	Agree and implement Business Plan		Review Business Plan	
<b>4.5.1 Board Development</b>	Revise Development Plan	Succession planning	Structure Review	<b>4.5 Improving governance</b>

# Freebridge Community Housing Business Plan 2011 - 2012

## DEVELOPING HOMES AND CREATING OPPORTUNITIES FOR PEOPLE WITHIN WEST NORFOLK

Increasing Satisfaction	Community Focussed	Appreciating Assets	Increasing Capacity
<b>% Customer Satisfaction Cost Sickness</b>	<b>Conclude tenancy visits pilots (xx tenants) % Satisfaction with views taken into account</b>	<b>% Decent Homes 24 New Homes</b>	<b>200 New Skills £ Cost Reduction Target</b>
<ul style="list-style-type: none"> <li>○ Implement the Local Offer to tenants</li> <li>○ Reduce complaints response time</li> <li>○ Re-launch Mystery Shopping</li> <li>○ Establish Tenant Panel</li> <li>○ Develop Mary Gober training</li> <li>○ Development plan for Customer Contact Centre</li> <li>○ 'Behavioural Influencers' pilots</li> <li>○ Revise customer profiling survey</li> </ul>	<ul style="list-style-type: none"> <li>○ Community Development Strategy in place</li> <li>○ Programme for tenancy visits pilot</li> <li>○ Revised Financial and Digital Inclusion Strategy</li> <li>○ Hillington Square pilot starts on site</li> <li>○ Existing Local Charters are working well and new ones supported</li> <li>○ Agreed approach to estate walkabouts</li> <li>○ Tenants benefit from relationship with local organisations</li> </ul>	<ul style="list-style-type: none"> <li>○ New Asset Management Strategy approved</li> <li>○ Under-occupancy Strategy agreed</li> <li>○ 24 new affordable homes built and let</li> <li>○ Decent Homes Programme on target</li> <li>○ European Union bid for retrofit project is successful and work has commenced</li> <li>○ Plan wider energy efficiency pilots</li> </ul>	<ul style="list-style-type: none"> <li>○ Identify cost reductions</li> <li>○ Agree and implement succession planning and skills development programmes</li> <li>○ Re-shape Sheltered Housing service</li> <li>○ Build capacity to deliver stock management opportunities</li> <li>○ Implement PSD Business Plan</li> <li>○ Develop excellence in governance</li> </ul>

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Angus MacQueen	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>	√	<b>High</b>	<b>Medium</b>	<b>Low</b>
		<b>For Information</b>			√	
<b>Consultation</b>	Executive Team					

**Meeting Date:** 11 April 2011

**Report Title:** FCH Approach to Section 122 of the Housing and Regeneration Act 2008

**Purpose:** To agree FCH's approach to Section 122 of the Housing and Regeneration Act 2008.

**Policy/Strategy Implications:** The report suggests the adoption of a new policy. Should the new policy be adopted, there would also need to be a minor change to the Board Member Agreement to refer to the policy.

**Finance and VFM Implications:** None directly arising from this report.

**Customer Care/Equality and Diversity Implications:** The attached policy has been subject to an Equality Impact Assessment, with no issues identified.

**Risk Assessment (cross-reference with FCH Risk Map):**

Risk 1.1 – Failure to comply with regulatory and legislation requirements – Critical Impact, High Likelihood. It is intended that the contents of this report will help FCH to meet the regulatory requirement for good governance arrangements. The risk of action by the regulator is discussed within the report.

**Recommendations:** It is recommended that the Board:

- (i) Approve the policy attached at Appendix 1.
- (ii) Approve a minor rewording of the Board Member Agreement to reflect the existence of the policy.

## 1.0 Background

1.1 Despite the demise of Schedule 1, allowing us greater freedoms in the management of our own probity arrangements, a relatively new law has created some similar difficulties in terms of lack of flexibility, namely Section 122 of the Housing and Regeneration Act 2008.

1.2 Section 122 prohibits the giving of gifts, dividends and bonuses by a Registered Provider to:

- (a) its shareholders and former shareholders
- (b) close relatives of (a)
- (c) companies with directors falling in (a) or (b).

### 1.3 The Section causes us a number of problems, namely:

- There is no definition of “gifts, dividends or bonuses”.
- There is no “de minimis” level.
- There is no guidance on using the Section, nor is any expected.
- There is no distinction made for shareholders who may receive a gift in another capacity, for example as tenants
- “Former” shareholders applies to anyone who has ever been a shareholder, making the Section very difficult to police.
- Unlike Schedule 1, there is no provision for the regulator to issue determinations or exemptions.

Whilst these problems are common to all Registered Providers, they cause particular concern for organisations such as ourselves who have a number of tenant shareholders and are keen to encourage tenant shareholding. For instance, if we adhere to the letter of the Section, our tenant shareholders should not benefit from any incentives that we provide, such as entry into a prize draw when a questionnaire is completed. There would, therefore, be a disincentive to tenants to become shareholders: a direct contradiction to our Shareholding Policy and to the principles on which Freebridge was founded.

## 2.0 A Way Forward

### 2.1 Section 122 sets out the following courses of action in the case of a breach:

- (a) The Registered Provider may recover the wrongful gift/payments as a debt from the recipient.
- (b) The regulator may require the Registered Provider to take action to recover.

2.2 The Tenant Services Authority, as regulator, has indicated that it will only be concerned with breaches that could suggest that there is a systematic or systemic non-compliance with the regulatory framework. This being the case, advice within the sector, is that the Board should produce a policy to show that it has considered the issues, and that it has determined that there are some situations where a technical breach of the Section is necessary or desirable. Should there ever be an enquiry from the regulator, the policy could be used as evidence to show that the Board is managing the situation.

### 2.3 The regulatory framework, with regard to Governance, reads as follows:

“Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure they:

- Adhere to all relevant legislation.
- Comply with their governing documents and all regulatory requirements
- Are accountable to tenants, the TSA and relevant stakeholders.
- Safeguard taxpayers’ interests and the reputation of the sector.
- Have an effective risk management framework.”

2.4 When considering this policy, the Board should bear in mind that, potentially, any breach of Section 122 could be pursued by the regulator.

2.5 A suggested policy is attached at Appendix 1 for the Board's approval. The policy has been developed around the following principles, as set out in the Policy Statement:

- FCH is committed to meeting the spirit of Section 122 of the Housing and Regeneration Act 2008.
- However, FCH does not wish its shareholders to be unreasonably penalised, particularly as it is keen to encourage its tenants to become shareholders.

## Objective 2 Empowering Tenants



## Policy 2d Freebridge Approach to Section 122 of the Housing and Regeneration Act 2008

<b>Last Reviewed</b>	<b>April 2011</b>	<b>Next Review</b>	<b>April 2013</b>
<b>Responsible Officer</b>	<b>Company Secretary</b>		

### 1. Policy statement

Freebridge Community Housing (Freebridge) is committed to meeting the spirit of Section 122 of the Housing and Regeneration Act 2008.

However, Freebridge does not wish its shareholders to be unreasonably penalised, particularly as it is keen to encourage its tenants to become shareholders.

### 2. Definitions

- Section 122 of the Housing and Regeneration Act 2008 prohibits the giving of gifts, dividends and bonuses by a Registered Provider to:
  - (a) its shareholders and former shareholders
  - (b) close relatives of (a)
  - (c) companies with directors falling in (a) or (b).
- Section 122 sets out the following courses of action in the case of a breach:
  - (a) The Registered Provider may recover the wrongful gift/payments as a debt from the recipient.
  - (b) The regulator may require the Registered Provider to take action to recover.
- Section 122 does not give a definition of “gifts, dividends or bonuses”. They are referred to collectively within this Policy as “gifts”.
- Any payment made in accordance with a service agreement will not be deemed as a gift.

### 3. Responsibilities

**Board and Executive:** The Board and Executive, advised by the Company Secretary, have responsibility to ensure that the regulatory framework is not breached in Freebridge's dealings with shareholders, whilst seeking to ensure that tenants are not discouraged from becoming shareholders.

**Staff:** Staff have a responsibility to consult the Company Secretary before the provision of any gift under this Policy.

### 4. Strategy

#### 4.1 Situations where the provision of gifts to shareholders will not be permitted

- 4.1.1 Freebridge will not provide any gift where a condition of receipt is shareholding with Freebridge.
- 4.1.2 Freebridge will not provide any shareholder with a gift which is lavish or excessive.
- 4.1.3 Freebridge will not provide any shareholder with regular gifts or a series of gifts which together could be considered as lavish or excessive.

#### 4.2 Situations where the provision of gifts to shareholders will be permitted

4.2.1 Subject to 4.1.2 and 4.1.3 above, Freebridge will not withhold from a shareholder any gift which is available to them in another capacity. Examples of such gifts could be:

- Participation in a tenant incentive scheme
- Access to tenant discount schemes
- Entry into a prize draw, for instance at a tenant event or as a "thank you" for taking part in a survey or a mystery shopping exercise.
- A bouquet of flowers as a "thank you" for help at a community event

4.2.2 Freebridge will permit the provision of gifts where this facilitates its business. Examples of such gifts could be:

- Refreshments provided at a Board meeting or an Annual General Meeting
- A meal or other hospitality organised to improve team bonding, for instance for the Board, the Tenant Panel or tenant groups
- The payment of compensation, provided that this is done in accordance with Freebridge's usual policy and procedures.
- The writing off of rent arrears, provided that this is done in accordance with Freebridge's usual policy and procedures.

### **4.3 Board Members**

- 4.3.1 The large majority of Freebridge's Board members are shareholders. This Policy will be applied to all Freebridge Board members.
- 4.3.2 Board membership in itself will not entitle an individual to a gift from Freebridge (other than where this facilitates the business of the association and as detailed in 4.3.3 below). For instance, a tenant Board member may, in their capacity as a tenant, benefit from a discount scheme arranged for all tenants; the same scheme would not be available to an independent Board member.
- 4.3.3 Freebridge will permit the provision of a retirement gift when Board members leave the Board. Freebridge believes that this appropriate in view of the considerable amount of time and effort that Board members voluntarily give to the organisation.

### **4.4 Monitoring**

All gifts made under this Policy will be recorded and reported to the Audit Committee on an annual basis.

## **5. Equality and Diversity**

This Policy has been subject to an Equality Impact Assessment.

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Angus MacQueen	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>	√	<b>High</b>	<b>Medium</b>	<b>Low</b>
Minutes of the meetings listed in the report		<b>For Information</b>			√	
<b>Consultation</b>						

**Meeting Date: 11 April 2011**

**Report Title: Committee Recommendations**

<p><b>Purpose:</b> To present the recommendations from the following committee meetings:</p> <ul style="list-style-type: none"> <li>• Operations Committee – 2 February 2011</li> <li>• Resources and Risk Committee (Special Meeting) – 11 April 2011</li> </ul>
<p><b>Policy/Strategy Implications:</b> None directly arising from this report.</p>
<p><b>Finance and VFM Implications:</b> None directly arising from this report.</p>
<p><b>Customer Care/Equality and Diversity Implications:</b> None directly arising from this report.</p>
<p><b>Risk Assessment (cross-reference with FCH Risk Map):</b> Risk assessment will have been considered at the committee stage for each recommendation.</p>
<p><b>Recommendations:</b> It is recommended that the Board:</p> <p>(i) Consider the recommendations set out in the body of the report.</p>

### 1. Operations Committee – 2 February 2011

Presentation of recommendations by: Nigel Donohue (Chairman of the Operations Committee)

#### Recommendations –

1. That, subject to tenant consultation, the Board approve the Leasehold Management Policy, as presented to the Operations Committee.
2. That, subject to tenant consultation, the Board approve the Asset Management Policy, as presented to the Operations Committee.
3. That, subject to tenant consultation, the Board approve the Home Ownership Through Right to Buy/Right to Acquire Policy, as presented to the Operations Committee but with an amendment to

include a statement that all requests for waiver of repayment of discount under the Right to Buy would be referred to the Borough Council.

4. That the Leasehold Management Policy and the Home Ownership Through Right to Buy/Right to Acquire Policy be reviewed after three years (rather than the usual two years) unless there is an earlier requirement to review owing to a change in legislation or the outcome of a service review.

Note: Referral to the Board of the above recommendations was delayed until this meeting, to allow time for tenant consultation on the Policies named in the recommendations to be undertaken. The tenant consultation has now been completed, with no concerns or suggested amendments raised. The Policies are, therefore, recommended for adoption in the form that they were presented to the Operations Committee.

The Board may also wish to note that the Policies have been subject to Equality Impact Assessments and that no issues were identified.

**The draft Policies can be seen on the Board member area of FCH's website, within the agenda for the Operations Committee meeting held on 2 February 2011. If you would like hard copies, please contact Angus MacQueen (tel: 01553 667754).**

## **2. Resources and Risk Committee (Special Meeting) – 11 April 2011**

Michael Jervis (Chairman of the Resources and Risk Committee) will present recommendations from the special Resources and Risk Committee meeting being held immediately before this Board meeting.

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Angus MacQueen	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>	√	<b>High</b>	<b>Medium</b>	<b>Low</b>
		<b>For Information</b>		√		
<b>Consultation</b>	Recruitment Panel, Assistant Director of Human Resources and Governance					

**Meeting Date: 11 April 2011**

**Report Title: Board Recruitment**

**Purpose:** To advise of the outcome of the recent processes for the recruitment of tenant Board members and independent Board members.

**Policy/Strategy Implications:** The processes set out in this report are in line with the Board Membership, Recruitment and Succession Policy.

**Finance and VFM Implications:** None directly arising from this report.

**Customer Care/Equality and Diversity Implications:** None directly arising from this report, although equality and diversity considerations were taken into account during the recruitment processes.

**Risk Assessment (cross-reference with FCH Risk Map):**

1.4 – Skill Deficiency in Board or Management Team – Critical Impact, High Likelihood. The Recruitment Panel's recommendations are intended to increase the skills on the Board.

**Recommendations:** It is recommended that the Board:

- (i) Appoint Ian Pinches to the Board with immediate effect and recommend to the 2011 AGM that he be reappointed to the Board until the 2014 AGM.
- (ii) Recommend to the 2011 AGM that Steve Clark be appointed to the Board until the 2014 AGM.

## 1.0 Background

1.1 At its last meeting, the Board appointed a Panel to pursue the recruitment of tenant and independent Board members (minute number 32/11 refers).

1.2 The Panel consisted of Ray Johnson, Matthew Brown, Sylvia Calver and Irene Gammon; it appointed Matthew as its Chairman. It was advised by the Assistant Director of Human Resources and Governance.

## **2.0 Recruitment of Tenant Board Members**

- 2.1 There are two vacancies for tenant Board members, one with immediate effect and one with effect from the AGM in September 2011. The latter vacancy has been created by the requirement for Paul Leader to stand down in accordance with the cycle set out in the Rules.
- 2.2 Two applications were received from tenants. One of these was from Paul Leader, who applied for reappointment to the Board. The Panel interviewed Paul and, based on the strength of his application, his considerable experience as a Board member over a number of years, and the significant contribution he has made during that time, the Panel decided to recommend that Paul is reappointed to the Board, with effect from the AGM in September.
- 2.3 The Panel decided that the other tenant application that was received was not sufficiently strong enough to be shortlisted, however it was agreed that the candidate should be offered some support from the Governance team to assist them with a future application, should they wish to accept the offer and to re-apply in the future.
- 2.4 FCH's Rules and Policy stipulate that tenant appointments to the Board should be subject to a ballot which is open to all tenants. However, this depends on there being sufficient suitable candidates, in order to initiate an election. Clearly, this has not been the case during this round of recruitment.
- 2.5 Efforts are continuing to identify suitable tenants who might be interested in Board membership.

## **3.0 Recruitment of Independent Board Members**

- 3.1 There are two vacancies for independent Board members, one with immediate effect and one with effect from the AGM in September 2011. The latter vacancy has been created by the requirement for Nigel Donohue to stand down in accordance with the cycle set out in the Rules. Nigel has decided not to reapply for Board membership.
- 3.2 Twelve applications were received for the independent positions. The Panel was extremely impressed with the standard of applications; shortlisting was a very difficult process, and some high calibre applicants did not make the shortlist.
- 3.3 During the shortlisting and recruitment, the Panel took into account that the Board appraisal and review process held at the end of 2010 had identified that the Board would benefit in particular from housing management skills and further finance/audit skills. The Panel also took into account a further recommendation arising from that process, relating to diversity of representation on the Board, regarding age, gender and ethnicity.
- 3.4 Shortlisting was undertaken against the following criteria: finance/risk, community awareness, housing management, audit/legal, corporate strategy, board membership skills.
- 3.5 Six candidates were shortlisted, although one withdrew from the process, with the result that five candidates were interviewed.

- 3.6 The Panel is recommending Ian Pinches, a semi-retired qualified accountant , with approximately 10 years' senior level experience in the Housing Association sector (Sanctuary Housing Association and Central and Cecil Housing Trust), including five years as Deputy Chief Executive and Finance Director, for the immediate vacancy and for the vacancy from September, Steve Clark, a recently retired Chartered Surveyor and Local Authority Director (North Warwickshire and Nuneaton and Bedworth) with additional experience of working for the Chartered Institute of Housing as Head of Professional Practice and as a Board member at Swaythling Housing, whilst he was Head of Professional Housing Studies at Southampton University.

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Tony Hall	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>	√	<b>High</b>	<b>Medium</b>	<b>Low</b>
		<b>For Information</b>			√	
<b>Consultation</b>	Chairman, Executive Team					

**Meeting Date:** 11<sup>th</sup> April 2011

**Report Title:** Support Services to King's Lynn Arts Centre

**Purpose:**

To seek the Board's approval of a proposal to provide King's Lynn Arts Centre with support services. In return the Arts Centre will provide Freebridge with tenant and staff engagement activities to the same value.

**Policy/Strategy Implications:**

Freebridge to provide support to other charitable organisations, for example The Purfleet Trust, where there are outcomes for tenants/prospective tenants.

**Finance and VFM Implications:**

The Service Level Agreement will be drawn up on the basis that the relationship is cost neutral.

**Customer Care/Equality and Diversity Implications:**

The aim of developing this relationship is to enhance the variety of methods Freebridge uses to engage with its tenants and to create opportunities for tenants and their families to access visual arts, through community development and tenant involvement.

**Risk Assessment (cross-reference with FCH Risk Map):**

There are two risks set out in the Corporate Risk Map.

- 3.1 New Business and Development - missed opportunities and
- 3.2 Risks of new ventures not properly evaluated.

On balance the Executive Team feel there are significant opportunities for Freebridge's tenants as a result of our relationship with the Arts Centre. There is the risk that the need for support services is not properly specified and that demand could impact on core business. The risk will be mitigated by clearly setting out joint expectations within a Service Level Agreement. The Agreement will be monitored on a monthly basis with an annual review.

**Recommendations:** It is recommended that the Board

- (i) Approve in principle the proposal for Freebridge to enter into a Service Level Agreement with the Arts Centre Trust to provide support services in return for tenant and staff engagement activities, to the same value.
- (ii) Delegate authority to the Executive Director (Resources) in consultation with the Chairman to sign the Service Level Agreement with the Arts Centre Trust.

## **1 Background**

1.1 Board members may be aware that the Council plan to transfer the management of the Arts Centre to an independent Trust. Although negotiations are still underway the Trust aims to go live from the 1<sup>st</sup> April. The objectives of the Trust are:

- To reinvigorate the historic heart of culture in King's Lynn as a beacon for social regeneration to build a sustainable future.
- Create a lively and accessible arts hub that engages communities, raises aspirations, develops employability skills and embeds opportunities for social enterprise.

1.2 Freebridge work closely with the Arts Centre, we are 'hosting' the employment of the Creative Apprentices and the Centre has provided engagement support at the 2010 AGM, Hillington Square 'Square Meal' and the Hillington Square 'Charter and Chips' event.

1.3 The Chief Executive has agreed to be a Trustee for the Arts Centre. The Board should note, therefore, that the Chief Executive has a potential conflict of interest in the proposal. However, the Chief Executive would not stand to gain financially from any arrangement with the Arts Centre, and there would be benefits from the proposed arrangement to FCH and its tenants.

## **2 Proposal**

2.1 The Arts Centre management structure totals three people including one administration role. They do not have any support services. It is proposed that Freebridge provide the Arts Centre with a range of support services. Although these activities would be priced at cost, they would not be charged. In return the Arts Centre would be commissioned to provide a range of engagement activities for both tenant and staff events.

## Freebridge Community Housing

## Report to the Board

<b>Author</b>	Angus MacQueen	<b>Report Type</b>		<b>Impact</b>		
<b>Related Work Ref.</b>		<b>For Decision</b>		<b>High</b>	<b>Medium</b>	<b>Low</b>
		<b>For Information</b>	√			√
<b>Consultation</b>	Chief Executive					

**Meeting Date:** 11 April 2011

**Report Title:** Regulatory Judgement

<b>Purpose:</b> To present the Tenant Services Authority's Revised Regulatory Judgement on FCH.
<b>Policy/Strategy Implications:</b> None directly arising from this report.
<b>Finance and VFM Implications:</b> None directly arising from this report.
<b>Customer Care/Equality and Diversity Implications:</b> None directly arising from this report.
<b>Risk Assessment (cross-reference with FCH Risk Map):</b> Risk 1.1 – Failure to comply with regulatory and legislation requirements – Critical Impact, High Likelihood. The contents of this report provide assurance that FCH is meeting its regulatory requirements in terms of financial viability and governance.
<b>Recommendations:</b> It is recommended that the Board: <ul style="list-style-type: none"> <li>(i) Note the report.</li> </ul>

## 1.0 Background

- 1.1 The Tenant Services Authority (TSA) has issued its Revised Regulatory Judgement on FCH, dated March 2011. This is attached at Appendix 1 for Board members' information.
- 1.2 The Regulatory Judgement has been made following the submission by FCH of a large number of documents to the TSA and in depth interviews by the TSA, in November 2010, with the Chairman, Board member Nigel Donohue and the Chief Executive.

## 2.0 Key Points

- 2.1 Overall, the Judgement is pleasing. It states that the Association meets the requirements of the regulatory framework in relation to financial viability, and that the Board has satisfactory control of the organisation. This is unchanged from the previous Judgement.
- 2.2 The Judgement also includes the following comments:
  - There is a good foundation for the organisation to go forward.

- The promises made by FCH to its tenants at transfer in 2006 have been successfully delivered.
- FCH has a good level of tenant satisfaction with its services, with all three satisfaction indicators above the national average.
- Board members have an appropriate range of skills and experience and there is an experienced management team in place who work openly and co-operatively with the TSA.

# **Tenant Services Authority Revised Regulatory Judgement**

**Freebridge Community Housing Limited –  
L4463**

**Date of publication: March 2011**



# Tenant Services Authority

## Revised Regulatory Judgement

The Tenant Services Authority (TSA) has prepared this report to set out its overall assessment of the provider's compliance with the Governance and Financial Viability standard for registered providers (RPs). These requirements are set out in the Regulatory Framework established by the TSA.

### Overall Conclusion

In relation to Freebridge Community Housing Limited (FCH), we consider that:

- **Viable:**

The association meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration.

- **Properly Governed:**

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

This regulatory judgement confirms that the TSA remains satisfied with the provider's governance and viability and our assessments for both are unchanged from those previously published.

Freebridge Community Housing has appropriate governance and staffing arrangements in place, which together with a viable business plan provides a good foundation for the organisation to go forward.

The promises made by FCH to its tenants at transfer in 2006, have been successfully delivered. It has a robust business plan in place and continues to work towards delivery of the objectives in its 2009/14 corporate strategy. The board is strengthening its governance arrangements and these will be further enhanced with the introduction of a new tenant panel by April 2011, to review performance and service delivery.

FCH demonstrates a positive approach to engaging with its customers and has a good level of tenant satisfaction with its services, with all three key satisfaction indicators above the national average. FCH offers a wide range of methods of tenant involvement by providing a 'menu of choice' of ways to get involved, either formally or informally.

## Description of the provider

FCH is an Industrial and Provident Society with charitable rules, formed in April 2006 to take the transfer of 6,800 homes from the King's Lynn and West Norfolk Borough Council. Around half the homes are in King's Lynn, with the remainder in the surrounding urban, rural and coastal locations, covering an area of 550 square miles.

It owns and manages approximately 6,700 units. This is predominantly general needs accommodation with about 600 homes for older people and a small number of shared ownership properties.

The properties are mainly traditionally built but there are around 900 non-traditional units, being concrete, timber or steel framed. Just over 400 of the properties are medium rise, located mainly on one estate and there are over 100 bedsits, the majority of which are in sheltered housing schemes for older people. FCH have retained around 1,400 garages and eight shops transferred in 2006.

## Viable

**The association meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration.**

## TSA Revised Regulatory Judgement

This judgement is unchanged from the previous published assessment.

FCH is funded by a £110m loan facility. Forecast peak debt is £103m, occurring in 2016, and 2035 is the year of forecast debt repayment. Its loan covenants are asset cover and a cumulative deficit covenant which are set in relation to the business plan, annually approved by the lender, with 10% tolerance. The cumulative deficit covenant will change to an annual covenant measuring the ratio of net operating cashflow to total funding costs in 2012. No loan covenant breaches are forecast.

The financial performance of FCH for 2009/10 was satisfactory and within business plan expectations. Turnover for the year ended March 2010 increased and the deficit generated also increased to £5.5m, overall FCH forecasts net deficits until 2022. This is due to high stock expenditure costs and high levels of debt funding, which are common to early stage stock transfer organisations.

EBITDA MRI interest cover, which the TSA uses to assess a provider's ability to meet interest payments whilst eliminating the impact of different accounting treatments for works to existing properties, and operating margins are both negative for years 1 to 3, whilst a high amount of stock expenditure is incurred. FCH's EBITDA MRI interest cover is expected to increase to above 100% by year 8.

The association has a VAT sharing agreement with the council and has excluded those proceeds from its business plan. It also has an identified business plan contingency, spread over a number of years. Both of these are available to mitigate risk exposures, to some extent, if required.

FCH faces a number of risk exposures, including the risk that costs increase at a

greater rate than forecast and the exposure to interest rate increases. Some mitigation would be provided by FCH utilising VAT sharing receipts and the contingency available in its business plan, described above.

The business plan sensitivity analysis reported to the board measures the impact of changes in variables on projected loan balance, peak debt and year of repayment. The TSA suggests that the report should also measure the impact of changes in variables on projected loan covenant compliance so that the impact of key exposures can be fully assessed.

The association is exposed to interest rate risk, given its rising levels of debt over the next five years, which will be used to fund the stock improvement programme and meet interest payments themselves.

FCH anticipates its recent stock condition survey is likely to reveal further costs than currently within the plan. If further costs are identified and interest rates increase at the same time, the business plan contingencies will be utilised. Against this background, FCH is aware it needs to be proactive in instigating efficiency measures, as acknowledged in the business plan, and in monitoring the impact of additional costs to its business plan to identify if the contingencies available will be sufficient to fully address the impact.

FCH is a member of the e2 development partnership which is led by Orwell Housing, which is a Homes & Communities Agency investment partner for the delivery of grant-funded affordable housing. It has assumed a modest development programme over 5 years so it can maintain its asset base to compensate for the small number of properties lost under the Right to Buy scheme.

The cash flow projections shows that FCH will be in receipt of social housing grant in years 1 to 5, but reduced public funding for housing may have implications for the amount and type of development that FCH can undertake in future years. FCH is heavily reliant on grants and private finance to fund any development programme, given that internally generated cashflow is negative and surpluses on asset sales are low.

The provider is compliant with the rent influencing regime and it has applied a small amount of the permitted tolerance to its rents. It is on target to meet the Decent Homes Standard by 2012, as per the agreed transfer promises.

### **Properly governed**

**The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.**

### **TSA Revised Regulatory Judgement**

The judgement represents no change since our previous assessment. We consider that FCH has appropriate governance and executive arrangements in place.

Board members have an appropriate range of skills and experience and there is an experienced management team in place who work openly and co-operatively with the TSA. During 2009 and 2010 FCH arranged an independent board appraisal to help identify skill gaps and training needs, FCH followed this up by producing action plans to address the needs identified.

The board instigated a full review of its governance arrangements in 2010 and is implementing an action plan, which will provide improvements to its governance structure, the development of role profiles, wider tenant involvement in a scrutiny role and the way tenant board members are recruited.

FCH has formally adopted the National Housing Federation (NHF) Excellence in Governance Code, and is nearing completion of a full gap analysis assessment by the board; this has confirmed full compliance, with the exception of the current size of the board.

The board quota is 15 members, five independents, seven tenants and three Council nominated members. In line with the NHF Excellence in Governance Code and good practice FCH is working towards reducing the board to 12 members during 2011. We are satisfied with the proposed actions to achieve full compliance with the Code. Three committees support the board these are audit, resources and risk, and operations. Board remuneration was introduced in July 2010 through a loss of earnings scheme.

The TSA is satisfied that FCH has appropriate risk management framework and internal controls in place. The board receives assurance on the management of risks through a number of internal and external sources. The annual internal controls assurance report produced in July 2010 assesses controls as being adequate and reports that no significant failings or weaknesses have been identified during the financial year. There is a risk management policy and comprehensive risk register in place which is regularly updated; risks are monitored on a quarterly basis by the executive and the resources and risk committee. With the board reviewing the top risks quarterly.

FCH's vision is 'developing homes and creating opportunities for people in West Norfolk'. Its core values are: 'working together, empowerment, integrity, customer focus and enthusiasm'. Following the delivery of its initial transfer promises, FCH's five year strategic plan sets out the organisation's mission through seven strategic objectives for delivery in 2012. These are growth, empowering tenants, financially sound, fit for purpose, investing in people, regeneration through partnership and responsive landlord. Business planning is straightforward and effective, with service targets linked to both annual and strategic plans. The board monitors financial and non financial performance on a quarterly basis.

A full STATUS survey was conducted by FCH in March 2010. The outcome of the survey demonstrates good ongoing satisfaction levels above the national average: Satisfaction with overall services was 84.3%; satisfaction that tenants' views are taken into account was 73.5% and satisfaction with repairs and maintenance 82.4%.

The Audit Commission inspected FCH early in 2009 and the subsequent report was published in April 2009. It was assessed as having a fair service that had promising prospects for improvement. Since that time, FCH has completed its action plan to address the inspection recommendations.

FCH has taken a positive approach in engaging with the co-regulatory agenda, it has published its first annual report to tenants and is working with its tenants in developing its local offers. The board has approved the creation of a new tenant panel to provide an independent view of performance and service delivery.

The TSA is satisfied that FCH has been working to engage its customers with a strong approach to tenant involvement by providing a 'menu of choice' of ways to get involved, either formally or informally, ranging from taking part in ongoing surveys,

mystery shopping, or an area forum member. FCH has continued to expand its range of communication methods to include social network websites.

In addition FCH has a tenant board succession framework, which provides a development route to becoming a board member through the tenant's forum TOWN (Tenants Of West Norfolk). Area forums are held to consider local issues and these groups can nominate representatives on to the TOWN group, which is a borough wide group.

FCH meets our requirements in respect of equality and diversity. It is due to review its equality and diversity strategy in March 2011. Equality impact assessments are required for all new and updated policies. There is an equality and diversity group that includes representatives from the board and tenants group. It is building upon its resident profiling data in order to ensure that it is able to meet the diverse needs of its tenants and has information on 71% of its tenants.

<b>Profile Table</b>	
RP Code	L4463
RP Name	Freebridge Community Housing Limited
<b>Selected Indicators</b>	
Tenant satisfaction with landlord services	84.3%
National average tenant satisfaction with landlord services	82.3%
Tenant satisfaction that views are taken into account	73.5%
Tenant satisfaction with repairs & maintenance service	82.0%
% Homes that comply with Decent Home Standard	72.2%
<b>Average weekly rent levels</b>	
Weighted average weekly rent of all general needs homes	£64.90
<b>Number of homes by type</b>	
General Needs	6,116
Housing for older people	608
Supported housing	0
Shared ownership properties	14
<b>Total</b>	<b>6738</b>
<b>No. of LAs in which RP operates</b>	<b>1</b>

**Please note:** A reduced set of data requirements applies for those RPs with less than 1,000 units, hence some information is not available centrally (NA) for these providers. Latest PI data available is at March 2010

### Sources of information and regulatory activity

The following information is generally received from all providers and is reviewed by the TSA (and prior to 1 December 2008, the Housing Corporation) for each provider:

- Audited annual accounts, including the internal controls assurance statement
- External auditors' management letter
- Financial forecasts
- Performance indicators
- Regulatory and Statistical Return

In addition to the above, the following specific activities were carried out for Freebridge Community Housing:

- Meeting with executive team (November 2010);
- Meeting with Chair and board member (November 2010);
- Viability Review based on 30 year capacity model (February 2011);
- Quarterly credit and housing market survey.

Additional information about the provider can be accessed on the TSA website and other websites and may include:

- Performance indicator information ([www.housingcorp.gov.uk](http://www.housingcorp.gov.uk))
- Inspection reports ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk))
- Extracts from the Public Register ([www.tenantservicesauthority.org](http://www.tenantservicesauthority.org))
- Rent information and other key facts and figures ([www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk) and [www.dataspring.org.uk](http://www.dataspring.org.uk))

The TSA is the Regulator of Social Housing. This report has been compiled to assist the TSA in its statutory duty of regulation of Registered Providers. Our report makes clear to the provider's board the conclusions we have reached regarding the provider's governance and viability.

In preparing this report the TSA has placed reliance on the completeness and accuracy of information supplied to us, and prior to 1 December 2008, to the Housing Corporation, by the provider and other parties. The TSA accepts no liability for the information contained, and third parties must make their own investigations or enquiries.

This information was used to inform our risk-based approach to regulation and to identify areas of possible non-compliance with the governance and viability standards of the Regulatory Framework for further investigation. Our risk-based approach also results in low levels of regulatory engagement with some providers, for whom the information provided in this assessment could necessarily be in less detail.

## Key to TSA regulatory judgement straplines and equivalent summary

### Viability

The provider / group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability. meets expectations

The provider / group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration. meets expectations but with exposures

The provider's / group's financial viability is of concern. concern

The provider's / group's financial viability is of serious concern. serious concern

### Governance

The governing body gives effective leadership and control, has a wide range of skills and experience and, supported by appropriate governance and executive arrangements, is improving its own performance and that of the organisation. effective leadership

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation. satisfactory control

The governing body needs to take further action to ensure capable leadership and control of the organisation. further action needed

The governing body does not demonstrate effective control of the organisation. Accordingly the provider / group is in breach of the Governance and Financial Viability standard of the Regulatory Framework. lacks effective control