

## Minutes of the Eighty-Seventh Board Meeting

Held on 22 February 2016 at 5.30 pm  
At Room 1, CBH, Rowan House,  
33 Sheepen Road, Colchester CO3 3WG

### Present:

Anne Grahamslaw (Chair)  
Alan Blois (Vice Chair)  
Nigel Chapman (Vice Chair)  
Julie Parker  
Tina Graves  
Glenn Houchell  
Geoff Foster  
Michala Carey  
Dionne Philp  
Gerard Oxford  
Julia Havis

### In Attendance:

Greg Falvey  
Michael Hadjimichael  
Karen Loweman  
Mark Wright  
Gerardine Murphy  
Matt Armstrong  
Angelique Ryan  
Kirk Braker

Owen Howell (Minutes)

### Observing:

Lynn Thomas (CBC)  
Jan Sexton (TLCC)  
Bill Nairn (TLCC)  
Jimmy Watson (TLCC)

#### 1. Apologies and quorum

1.1 No apologies were recorded and the Chair declared the meeting as quorate.

#### 2. Declaration of interests by Board Members and Officers

2.1 There were no new declarations of interest.

#### 3. Minutes of the meeting held on 9 December 2015 and Matters Arising

3.1 The minutes of the previous meeting were agreed as an accurate record and signed by the Chair.

3.2 It was confirmed that all actions had been completed.

#### 4. Voice your view

4.1 None

#### 5. Independent Board Member Reappointment/Recruitment

5.1 As the subject of this item, Glenn Houchell left the room at this point of the meeting.

5.2 It was noted that G&R Committee had recommended reappointing Glenn for a third term on the Board of CBH. This recommendation drew Board's attention to the need for retaining financial expertise on the F&A Committee.

5.3 Board voted unanimously to reappoint Glenn Houchell for a third term as a Board Member.

## **6. CBH Budget 2016/17**

6.1 Michael Hadjimichael presented the Budget and confirmed that it had been examined at the most recent meeting of the F&A Committee.

6.2 It was noted that the Budget includes the £200k reduction in the Management Fee, which had been asked for by CBC.

6.3 **Decision:** Board unanimously voted to approve the 2016/17 Budget.

## **7. Housing Investment Programme 2016/17**

7.1 Mark Wright presented the Programme to Board for its approval. It was stated that the Programme had been accepted by CBC's Cabinet with no amendments requested.

7.2 Board was assured that the Programme took into account the likely impact of changes announced in the Budget and in the spending review.

7.3 Members enquired as to what CBH could do to mitigate the expected loss of 'Right To Buy' (RTB) receipts. Mark confirmed that these receipts were ring-fenced for new development (receipts may be kept if they are to be used for the provision of new properties). CBC wishes to continue to produce new housing, but faces difficulties as they are limited by Government to only being able to pay for 30% of the replacement homes by using these receipts. It was noted that if CBC intends to use such receipts in this way, the money must be spent within three years of the RTB transaction having been completed.

7.4 There is the potential for CBH to assist with buying existing housing, but this would have to be included in CBC's development strategy. This is currently still being drafted.

7.5 Regarding 8.10, it was clarified that, under the Management Agreement, a number of contracts are held between CBC and contractors, with CBH as the contract administrators. These contracts are awarded according to CBC's procurement regulations, with the contracts being awarded by Cabinet.

7.6 **Decision:** Board unanimously approved the Housing Investment Programme for 2016/17.

## **8. Strategic Risk Register**

8.1 Michael Hadjimichael explained that no new risks had been identified and that 'Data Security' had been removed and put on to the Resources Directorate Operational Risk Register. This owed to the completion of mitigating actions.

Board was given assurance that attention is being given to risks 7 and 8, and that Board will receive a briefing on the Housing and Planning Bill in early April by which time it is expected that the Bill's wording might have been finalized.

Until more is known about the final content of this legislation, CBH is limited in what mitigating action it can take.

The possible effect of this year's major elections at CBC on the Council's relationship with CBH was raised as a concern. A request was made for this (risk 4) to be re-examined and assessed as to whether it should be re-graded. Michael Hadjimichael confirmed that he would be happy to discuss this.

**Decision:** Board voted unanimously to accept the Strategic Risk Register.

## **9. Operational Scheme of Delegation**

Michael Hadjimichael presented the Scheme and confirmed that G&R Committee had already scrutinized this amended document and recommended its approval. He confirmed that there may be further minor changes needed in the near future as a result of the restructuring of the Resources Directorate.

**Decision:** Board approved the amended Operational Scheme of Delegation.

## **10. Business Opportunity Panel Terms of Reference**

10.1 Michael Hadjimichael reminded Board that this was not an official sub-committee of the Board and so could take a more flexible approach to its task of identifying new business opportunities.

10.2 In response to questions, it was confirmed that any additional members co-opted on to the Panel would not have voting rights. Only Board Members and members of the executive management team would have voting rights whilst they are on the Panel.

10.3 Board requested that it be explicitly stated in the Terms of Reference that the Chair and Vice Chair both be Members of the Board of CBH.

10.4 Board raised the possibility that any additional members appointed from outside of CBH may well wish to be covered under the Company's insurances.

10.5 **Decision:** Subject to point 10.3 being taken into account, Board accepted the revised Terms of Reference for the Business Opportunities Panel.

## **11. Medium Term Delivery Plan Supplement 2016/17**

11.1 Gerardine Murphy presented the Supplement. The main update focused on the KPIs and the targets CBH sets for itself.

11.2 The most significant proposed change was in the way we measure the time taken to re-let general needs properties and what we do to measure void costs. The details of this are at 4.3 of the report.

11.3 It was explained that work was ongoing with CBC to decide the targets for these, but that agreement was expected very soon. If Board approved the Medium

Term Delivery Plan Supplement, it would be taken to the next Principal Liaison Meeting for CBC's agreement.

- 11.4 In response to questioning, it was explained that CBH's performance to date on the proposed new voids targets would be calculated, and future performance compared to them so that we can monitor any potential rises or falls in performance in this area.
- 11.5 It was clarified that the change in voids KPI measurement owed to the fact that the current KPI was complicated, required manual adjustments and was no longer able to be benchmarked by HouseMark. The new measure is simpler and will be less prone to inaccuracies. The new target for average void times will be set in line with our past performance against this measurement. Mark Wright assured Committee that revenue lost and capital voids will continue to be monitored, with the results being available for the Operations Committee. It was confirmed that all Board Members will now receive Committee Papers from **all** Committees.
- 11.6 Board were informed that many of the targets which had been proposed were set with consideration given to upper quartile and median figures in the pool of housing providers against which CBH is benchmarked. This accounts for the use of decimal places in some of the targets proposed. Where CBH currently performs under the upper quartile, this is set as the target. Where CBH performs under the median, the median is set as the target.
- 11.7 In response to questions, Mark Wright and Matt Armstrong explained the current situation regarding required works being refused by tenants.
- 11.8 **Decision:** Board approved unanimously the Medium Term Delivery Plan Supplement 2016/17.

## **12. STAR Survey Introduction**

- 12.1 Jan Sexton presented the Tenants' and Leaseholders' Consultative Committee (TLCC) response to this item (a copy of the TLCC comments will be provided with these minutes for Board Members and is available on request). Karen Loweman thanked Jan and the TLCC for their scrutiny and feedback.
- 12.2 Karen explained that it was vital that the questions be phrased in such a way as to avoid ambiguity or confusion, so the TLCC feedback on this was especially important. Any suggestions from the TLCC as to how to improve the questions set for future STAR Surveys would be gratefully received. Karen offered to talk with the TLCC to clarify their concerns regarding the questions on IT usage.  
**Action:** Karen Loweman to liaise with Mell Robinson over the best way to approach this.
- 12.3 Julia Havis explained her experience of working in social surveying and offered her help in conducting the STAR Survey. Karen confirmed that she already had Julia recorded as being able to help in the question-setting process.
- 12.4 Karen expanded on her report to explain that the sample pool was random, but with demographics taken into consideration so that the sample is balanced

between different types of residency (e.g. by size of property). This is in order to give a more representative picture of the views of our residents. HouseMark is enforcing strict criteria in order to ensure that samples used are representative and will validate the pool we sample. A full survey of all tenants has been ruled out on cost grounds, and modern sampling and surveying techniques make it possible to give accurate results without a full survey.

### **13. TLCC Scrutiny Report on Pre-Tenancy Workshops.**

- 13.1 Jan Sexton presented the TLCC's statement on this item. This statement is included with these minutes for Board Members and can be made available on request. Jan informed Board that the TLCC would defer the choosing of their third scrutiny topic until the new KPIs are set, approved and put in place.
- 13.2 Karen Loweman offered to respond to the questions and points raised, providing replies to the TLCC and copying in Board Members. She highlighted the importance of officers providing evidence as to why processes are carried out in the way they are, and why decisions are made in the way they are.
- 13.3 Karen further offered to share anonymized data on evictions with the TLCC for their information. Alan Blois agreed that it would be possible to discuss this subject at a future Operations Committee, with TLCC Members invited to sit in on this. **Action:** Karen Loweman and Owen Howell to arrange inclusion on a future Ops Committee agenda and ensure a report is prepared on this subject.

### **14. Finance Assurance Report.**

- 14.1 Michael Hadjimichael presented this standing item.
- 14.2 Questions were raised regarding delegated budgets. Michael replied that a meeting had been held with CBC regarding SLAs, including Grounds Maintenance. CBC had given assurance that the projects that they had identified would be complete by year-end. Board would continue to monitor the situation.

### **15. Performance Assurance Report**

- 15.1 Karen Loweman presented the report and talked through the indicators highlighted in this report – most notably the numbers of households in B&B accommodation. The reasons for this were given in the report and explained further. The current numbers are still in the high 20s and mitigating actions are still being worked on and pursued.
- 15.2 Board noted that the figures for B&B use do not give an idea of the turnover. It was confirmed that this was the case as this KPI gave a snapshot of overall numbers, rather than turnover. Karen confirmed that figures relating to turnover of households in B&B were collected and were available to Members on request. Board Members requested to see figures showing lengths of stay/turnover of households in B&B accommodation. **Action:** Karen Loweman to arrange for this to be done.
- 15.3 The increase in the use of High Court orders to evict tenants by private landlords was highlighted as a serious contributing factor to the current high level of B&B

use. Unlike County Court orders, these give permission for immediate eviction of tenants and allow no time for CBH to be alerted to the need to find accommodation for the evicted household. High Court warrants allow bailiffs to seek possession without notice, compared to the usual two-month notice given by County Court orders.

- 15.4 The other KPIs listed in the Performance Assurance Report and the points explaining them were noted.

## **16. Committee Minutes**

- 16.1 The Committee Minutes included in the pack were noted. Committee Chairs endorsed them and there were no questions.

## **17. Forward Look**

- 17.1 Owen Howell confirmed that the Board Briefing sessions on the Housing & Planning Bill and Accountancy Standards/Finances were likely to take place on 6 April.
- 17.2 The Board Away Day had been put back from July to early September in order to allow more time for potential impacts from this year's CBC elections to be absorbed and considered.

## **18. Any other Business**

- 18.1 There was no other business.

**With no further business, the open meeting concluded at 6.27pm.**





## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 5

**SUBJECT:** Annual Committee Terms of Reference Review

**REPORT BY:** Owen Howell  
☎ 01206 502518  
✉ owen.howell@cbhomes.org.uk

### **FOR DECISION**

#### **1. Purpose**

- 1.1 To approve the revisions to Committee Terms of Reference as recommended by each Committee. These documents form part of our Code of Governance and therefore must be approved by the Board.
- 1.2 Please note: recommended amendments to the Terms of Reference for the Business Opportunities Panel would normally be considered as part of this Review. As this was done separately and approved by Board on 22 February 2016, this report will only detail the Terms of Reference for the Formal Board Committees (Operations, Governance & Remuneration and Finance & Audit).
- 1.3 In addition to the recommendations put forward by Committees, G&R Committee has recommended that the review process for Terms of Reference move from being annual to biennial. Board is asked to approve this change. Please note that Committees would still be entitled to consider and recommend amendments to their Terms of Reference at any point (as and when they identify a need for this).

#### **2. Background & Content**

- 2.1 Each of the three Board Committees have now reviewed their Terms of Reference and made recommendations as to amendments for Board to approve. These are detailed below, with draft copies of the amended Terms included as Appendices 1 – 3. Each Committee's set of recommendations must be approved by Board individually.

##### Governance & Remuneration Committee

- 2.2 No changes to the Terms of Reference for this Committee were recommended. Committee decided that their Terms of Reference adequately covered all elements of their functions and work.

## Finance & General Purposes Committee

- 2.3 F&A Committee agreed with the recommendation to specifically include trading activity within Section 3.1(b) in their Terms of Reference (under Statement of Purpose). This would now read:

*'Provide independent scrutiny of the Company's financial and non-financial performance, **including trading activity**, to the extent that it affects the Company's exposure to risk and weakens the control environment.'*

## Operations Committee

- 2.4 Operations Committee have recommended that their Terms of Reference be amended to include a new clause 3.1(c) (under Statement of Purpose) to codify this Committee's responsibility for monitoring whether any expansion in external trading produces a negative (or positive) effect on our core service performance. The new Section 3. would read:

### **3. Statement of Purpose**

*3.1 The purpose of the Committee is to provide assurance to the Board with regard to:*

*(a) the overall performance of the Company through monitoring key performance indicators*

*(b) progress in the delivery of outcomes expected in the Medium Term Delivery Plan*

***(c) The potential impact of trading activities on core services to be taken into account.***

## **3. Financial Implications**

- 3.1 Whilst the amendments contained in this report clarify the role of F&A Committee in scrutinizing the financial performance of our trading activity, the only direct financial implication of the recommendations in this report is that a move from an annual review to biennial review of Terms of Reference will (in effect) result in a saving through cutting officer and Committee time spent on the review and reporting processes.

## **4. Value for Money Implications**

- 4.1 By ensuring that our Committees are effectively monitoring our performance, we are obtaining best value for money from the cost of these important elements of our governance structure.

## **5. HR Implications**

- 5.1 There are no direct HR implications arising from this report.

## **6. Residents at the Heart Implications**

- 6.1 There are two implications in this category. The first is that the scrutinizing of our trading activity performance will assist our efforts to make activity a success, which will in turn help us to fund and provide core services for residents. The second is that Operations Committee will now be specifically tasked with a duty to identify if any increase in external trading is having a negative effect on these core services.

## **7. Legal, Health & Safety and Equality & Diversity Implications**

- 7.1 There are no direct Legal implications, or any direct implications for Health & Safety and Equality & Diversity.

## **8. Risk Management**

- 8.1 The amendments being recommended concern the mitigation of risk.
- 8.2 The amendment to the Terms of Reference of F&A Committee seeks to specify its duty to monitor the performance of any trading in which we engage (in addition to our core trading/service provision). This acts to help mitigate Strategic Risk 3 ('Inability to Raise Sufficient Income through new business initiatives').
- 8.3 The amendment to the Terms of Reference for Operations Committee seeks to mitigate Strategic Risk 2 ('New Trading Opportunities Detract from Core Business').

## **9. Decisions to be made**

- 9.1 To accept the changes recommended regarding the Terms of Reference for the Finance & Audit Committee.
- 9.2 To accept the changes recommended regarding the Terms of Reference for the Operations Committee.
- 9.3 To approve the Terms of Reference for the Governance & Remuneration Committee to remain unchanged.
- 9.4 To approve a move from an annual review process for Committee Terms of Reference to a biennial review process, with the next review commencing in 2017/18.

## **10. Appendices**

- 10.1
- Appendix 1 –G&R Committee Terms of Reference
  - Appendix 2 – Amended F&A Committee Terms of Reference
  - Appendix 3 – Amended Operations Committee Terms of Reference



## **1. Membership**

- 1.1 The Committee shall consist of at least four Board members, who will be appointed by the Board. Appointments will normally be made at the Annual General Meeting.
- 1.2 The Chair of the Board will be a member of this Committee but will not be eligible to stand as Chair of the Committee.
- 1.3 Committee members will abide by the Board Member Code of Conduct.

## **2. Chair**

- 2.1 The Chair of the Committee shall be appointed by Colchester Borough Homes Board, taking into account the relevant skills required. The appointment will normally be made at the Annual General Meeting.
- 2.2 A Vice Chair may be appointed by members of the Committee.

## **3. Statement of Purpose**

- 3.1 The purpose of the Committee is to provide assurance to the Board that:
  - (a) proper governance structures are in place and performing well.
  - (b) proper controls are in place in relation to remuneration and staffing practices.

## **4. Responsibilities of the Committee**

### **4.1 Governance**

- (a) Ensure the performance of individual Board members and the Board as a whole is reviewed on an annual basis and monitor outcomes.
- (b) Approve and monitor the delivery of the training programme for Board members.
- (c) Recommend to the Board the process for the recruitment of Independent and Tenant Board Members.
- (d) Agree the Code of Governance and ensure it is up to date.
- (e) Ensure there is an effective Code of Conduct in place for Board members and recommend any changes to the Board for formal approval.
- (f) Ensure there is an effective Expenses Scheme for Board members and recommend any changes to the Board for formal approval.
- (g) Monitor the implementation and effectiveness of the Company's equal opportunities policies in employment, such as monitoring recruitment, grades, disciplinaries, etc.

## 4.2 Staffing and Remuneration

- (a) Approve the Company's human resources policies, ensuring they meet legal requirements and comply with good and effective equal opportunities practice.
- (b) Monitor the staff sickness levels on a quarterly basis.
- (c) Consider any changes to the remuneration of the Chair and recommend any changes to the Board for formal approval, ensuring that the Chair is not improperly involved in any decisions related to his or her remuneration.
- (d) Determine the Pay Policy for the remuneration of the Company's employees, ensuring that no member of staff is improperly involved in any decisions related to his or her remuneration.
- (e) Consider any changes to the CBH Conditions and Terms of Employment, including those made because of new legislation.
- (f) Consider the human resource implications of any change affecting more than 5% of the Company's workforce.
- (g) Receive a report on any employment issues that may lead to a settlement or an employment tribunal.
- (h) Interview and make recommendations to the main Board on the appointment of the Chief Executive and the Directors Management Team of the Company.
- (i) Consider any changes to the Terms and Conditions or Job Description of the Chief Executive and the Directors Management Team of the Company.
- (j) Decide on the application of Pension Discretion to individual cases under the Company's agreed Scheme of Discretion within the Local Government Pensions Scheme.
- (k) Form the panel that hears appeals by employees against dismissal under the Company's Disciplinary Procedure or Grievance Procedure.

## 4.3 General Responsibilities

- (a) To maintain a work programme that is reviewed annually, which provides the outline for the Committee agenda for each meeting. It should demonstrate that the Committee is receiving sufficient and appropriate information to discharge its responsibilities.

## **5. Authority**

- 5.1 The Committee is established by the Board under Article 23(1) of the Colchester Borough Homes Articles of Association.
- 5.2 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of those with relevant experience and expertise if it considers this necessary.

5.4 The Committee is authorised by the Board to approve any policies brought to it excepting those reserved for the Board under the Scheme of Delegation. The Committee may decide that the policy should be brought to the full Board for approval. The policy approval process is outlined in the document 'Process Map for Policies', available on request from the Board Assurance Officer.

## **6. Meetings**

6.1 The Committee shall meet at least quarterly, or as deemed necessary by the Chair.

6.2 The Board Assurance Officer shall ensure that all meetings are minuted and the minutes circulated within ten working days of the meeting.

## **7. Quorum**

7.1 The quorum for meetings shall be three members, including the Chair or Vice Chair of the Committee.

## **8. Monitoring**

8.1 The minutes of each Committee meeting will be reported to the Board at the next available meeting.

8.2 The Chair of the Committee shall, at his or her discretion, report any other urgent and/or relevant matters to the Chair and/or Board.

8.3 The Chair of the Committee will present an annual report to the Finance & Audit Committee on the Committee's activity in relation to governance.





## Finance and Audit Committee

### Terms of Reference

#### 1. Membership

- 1.1 The Committee shall consist of at least four Board members, who will be appointed by the Board. Appointments will normally be made at the Annual General Meeting.
- 1.2 Committee members will abide by the Board Member Code of Conduct.

#### 2. Chair

- 2.1 The Chair of the Committee shall be appointed by Colchester Borough Homes Board, taking into account the relevant skills required. The appointment will normally be made at the Annual General Meeting.
- 2.2 A Vice Chair may be appointed by members of the Committee.

#### 3. Statement of Purpose

- 3.1 The purpose of the Committee is to:
  - (a) Provide independent assurance of the adequacy of the risk management framework and the associated control environment
  - (b) Provide independent scrutiny of the Company's financial and non-financial performance, *including trading activity*, to the extent that it affects the Company's exposure to risk and weakens the control environment
  - (c) Oversee the financial reporting process.

#### 4. Responsibilities of the Committee

##### 4.1 Accounting Arrangements

- (a) To consider, challenge the management on issues relating to, and advise the Board on all aspects of Colchester Borough Homes' finances and financial policies and strategies.
- (b) To consider and make recommendations to the Board on the annual estimates and budgets of income and expenditure and related balance sheets.
- (c) To agree the format of and review the management accounts.
- (d) To review, at least quarterly, a report for the Board that reviews Colchester Borough Homes' financial positions and projections to the end of the financial year.
- (e) To consider and make recommendations on any proposed capital projects, including the Asset Management Strategy and to advise the Board on their financial implications.

## 4.2 External Audit & Annual Financial Statements

- (a) To recommend to the Board the appointment of the External Auditor and their fees.
- (b) To agree with the External Auditors, before the audit commences, the nature and scope of the audit.
- (c) To review External Audit reports, including value for money reports and the annual audit letter.
- (d) To monitor the implementation of external audit recommendations.
- (e) To enhance the effectiveness of the relationship with External Audit.
- (f) To review the annual financial statements before submission to the Board, focusing particularly on:
  - Directors' report
  - Governance Assurance Statement including the Internal Audit Assurance Statement and assurance questionnaires.
  - Changes in and compliance with accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
- (g) To ensure the integrity of the financial statements of the Company.
- (h) To review independent external assurance arrangements provided by external audit.
- (i) To act as those charged with governance for the purposes of receiving the Annual External Auditor's Report (ISA 260).

## 4.3 Internal Audit

- (a) To appoint the Internal Auditor.
- (b) To consider and agree the Annual Audit Plan and Strategy.
- (c) To monitor performance against the Plan.
- (d) To monitor the implementation of Internal Audit Reports.
- (e) To receive and review the Annual Internal Audit Report and Assurance Statement.

## 4.4 Accounting Policies and Strategies

- (a) To review changes to the Standing Financial Instructions and Scheme of Delegation and make recommendations to the Board.
- (b) To review the policies and procedures relating to anti-fraud and corruption.
- (c) To review Colchester Borough Homes Risk Management Strategy and Disaster Recovery Plans and to monitor progress against any recommendations.

- (d) To consider and make recommendations to the Board on the safeguarding of its assets, including insurances.

#### 4.5 General Responsibilities

- (a) To maintain a work programme that is reviewed annually, which provides the outline for the Audit Committee agenda for each meeting. It should demonstrate that the Committee is receiving sufficient and appropriate information to discharge its responsibilities.
- (b) Review the internal assurance process relating to risks.
- (c) Agree and monitor the effectiveness of the Anti-Fraud and Corruption Policies including the Bribery Act.
- (d) Regularly review the risk management process controls.

### 5. **Authority**

- 5.1 The Committee is established by the Board under Article 23(1) of the Colchester Borough Homes Articles of Association.
- 5.2 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 5.4 The Committee is authorised by the Board to approve any policies brought to it excepting those reserved for the Board under the Scheme of Delegation. The Committee may decide that the policy should be brought to the full Board for approval. The policy approval process is outlined in the document 'Process Map for Policies', available on request from the Board Assurance Officer.

### 6. **Meetings**

- 6.1 The Committee shall meet at least four times a year.
- 6.2 The Board Assurance Officer shall ensure that minutes are kept of all meetings. Minutes will be circulated within ten working days of the meeting.

### 7. **Quorum**

- 7.1 The quorum for meetings shall be three members, including the Chair or Vice Chair.

### 8. **Monitoring**

- 8.1 The minutes of the Committee will be reported to the Board at the next available meeting.

- 8.2 The Chair of the Committee shall, at his or her discretion, report any other urgent and/or relevant matters to the Chair and/or Board.
- 8.3 The Chair of the Committee will present an annual report on the Committee's activity to the appropriate body within Colchester Borough Council and present the same report to the Board.

## Operations Committee Terms of Reference



### 1. Membership

- 1.1 The Committee shall consist of at least four Board members, who will be appointed by the Board. Appointments will normally be made at the Annual General Meeting.
- 1.2 Committee members will abide by the Board Member Code of Conduct.

### 2. Chair

- 2.1 The Chair of the Committee shall be appointed by Colchester Borough Homes Board, taking into account the relevant skills required. The appointment will normally be made at the Annual General Meeting.
- 2.2 A Vice Chair may be appointed by members of the Committee.

### 3. Statement of Purpose

- 3.1 The purpose of the Committee is to provide assurance to the Board with regard to:
  - (a) the overall performance of the Company through monitoring key performance indicators
  - (b) progress in the delivery of outcomes expected in the Medium Term Delivery Plan
  - ~~(b)(c)~~ The potential impact of trading activities on core services to be taken into account.

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### 4. Responsibilities of the Committee

#### 4.1 Performance

- (a) Ensure the Company fulfils its performance commitment to Colchester Borough Council and its residents, through monitoring of delivery plan objectives.
- (b) Monitor progress against medium term delivery plan targets.
- (c) Review key performance indicators and service area policies to ensure that there is a true reflection of the service delivery priorities.
- (d) Review, with the Directors Management Team, the working structure of the Company to ensure all departments are able to meet the Company's aims and objectives.
- (e) Receive reports on the how Company's performance is benchmarked against other housing providers and review the annual benchmarking outcomes from HouseMark.
- (f) Monitor Resident Involvement activity and the outcomes of focus groups.
- (g) Receive detailed performance reports from service areas within the Company.

- (h) Oversee the introduction of new services required by customers of Colchester Borough Homes.
- (i) Oversee the monitoring of customer satisfaction, including survey results, and the bi-annual tenant survey (STAR).
- (j) Consider any other matters referred to the Committee by the Board or another Committee of Colchester Borough Homes Ltd.

#### 4.2 Complaints

- (a) Monitor trends in complaints and compliments received by the Company and ensure that customer feedback leads to improved service delivery.
- (b) Monitor the efficiency and effectiveness of the Company's complaint handling procedures.
- (c) Ensure that appropriate escalation protocols are correctly applied to the complaint process.

#### 4.3 Members' Enquiries

- (a) Monitor trends in enquiries from MPs and Borough Councillors received by the Company.
- (b) Monitor the efficiency and effectiveness of the Company's Members' Enquiry policy and procedures.

#### 4.4 General Responsibilities

- (a) To maintain a work programme that is reviewed annually, which provides the outline for the Committee agenda for each meeting. It should demonstrate that the Committee is receiving sufficient and appropriate information to discharge its responsibilities.

### **5. Authority**

- 5.1 The Committee is established by the Board under Article 23(1) of the Colchester Borough Homes Articles of Association.
- 5.2 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of those with relevant experience and expertise if it considers this necessary.
- 5.4 The Committee is authorised by the Board to approve any policies brought to it excepting those reserved for the Board under the Scheme of Delegation. The Committee may decide that the policy should be brought to the full Board for approval. The policy approval process is outlined in the document 'Process Map for Policies', available on request from the Board Assurance Officer.

**6. Meetings**

- 6.1 The Committee shall meet at least quarterly, or as deemed necessary by the Chair.
- 6.2 The Board Assurance Officer shall ensure that all meetings are minuted and the minutes circulated within ten working days of the meeting.

**7. Quorum**

- 7.1 The quorum for meetings shall be three members, including the Chair or Vice-Chair.

**8. Monitoring**

- 8.1 The minutes of each Operations Committee meeting will be reported to the Board at the next available meeting.
- 8.2 The Chair of the Committee shall, at his or her discretion, report any other urgent and/or relevant matters to the Chair and/or Board.
- 8.3 The Chair of the Committee will present an annual report on the Committee's activity to the Finance & Audit Committee.



## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 6

**SUBJECT:** Revised Contract Procedures Rules

**REPORT BY:** Michael Hadjimichael, Director of Resources  
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### FOR DECISION

#### 1. Purpose

- 1.1 To approval the revised Contract Procedure Rules contained at Appendix 1 as recommended by the Finance and Audit Committee on 8 March 2016.

#### 2. Background & Content

- 2.1 Following the implementation of the Public Contracts Regulations 2015 which implements the latest EU Procurement Directive, CBH have followed Colchester Borough Council's (the Council) lead to update its Contract Procedure Rules to make them compliant.
- 2.2 Every year the European Commission publishes new EU procurement thresholds for different types of contracts and rules have been amended in Rule 3 paragraphs 2 & 3. The extract of the revised rules are (changes in bold):

The thresholds (net of VAT) applying from 1 January 2016 are:  
Contracts for supplies estimated to cost not less than **£164,176**;  
Contracts for Services estimated to cost not less than **£164,176**;  
Contracts for public works estimated to cost not less than **£4,104,394**.

NB. Financial limits set by EU Directives are regularly reviewed.

Prior to the commencement of each financial year, each Officer shall notify the Director of Resources of all contracts to be let in accordance with paragraph (2) of this Contract Procedure Rule and which in the course of the financial year for Services and Supply Contracts the estimate value of the contract exceeds **£589,148** and for all Works Contracts the estimate value of the contract exceeds **£4,104,394** a prior information notice will be sent by the Director of Resources to the Official Journal of the European Union (OJEU) on behalf of Colchester Borough Homes for these contracts.

- 2.3 The Public Contract Regulations 2015 which implement the latest EU Procurement Directive require CBH to facilitate electronic tendering. Contracting Authorities under the Regulations (such as local authorities) are required to have this in place by 2018. However, the Council has been trialling the use of an electronic tendering system (whilst still requiring paper tenders) which has proved reliable and has appropriate safeguards built in.
- 2.4 It is proposed that CBH switches now to electronic tendering which is in line with the Council's Digital Challenge programme. The changes are contained at Rule 24 which does retain the ability to use a paper process if required for specific reasons. The extract of the revised rules are (changes in bold):

*Where in pursuance of Contract Procedure Rules 6, 7 or 8 an invitation to tender is required, every notice of such invitation shall state **that no tender will be considered unless received electronically via the Delta Portal (or such comparable system). Alternatively, if the tender documents are too large the following procedure shall apply:** in a plain sealed envelope which shall bear the word "Tender" followed by the subject to which it relates and then the words "Closing date 12 noon on... ." followed by the closing date, but shall not bear any name or mark indicating the sender, provided that a postage stamp, postal franking mark or customs declaration(or similar) shall not be regarded as being such a name or mark and such envelopes shall be addressed to and remain in the custody of the Officer until the time appointed for their opening.*

### **3. Financial Implications**

- 3.1 There are no direct financial implications arising from this report.

### **4. Value for Money Implications**

- 4.1 There are no direct value for money implications arising from this report.

### **5. HR Implications**

- 5.1 There are no direct HR implications arising from this report.

### **6. Residents at the Heart Implications**

- 6.1 There are no direct Residents at the Heart implications arising from this report.

### **7. Legal, Health & Safety and Equality & Diversity Implications**

- 7.1 The legal implications are incorporated within the policy attached. There are no direct implications on Health and Safety and Equality and Diversity.

### **8. Risk Management**

- 8.1 To minimise the risk and impact of fraud are the key drivers of the attached policy.

### **9. Appendix**

- 9.1
  - Appendix 1 – Contract Procedures Rules



# Contract Procedure Rules

**Author:** Michael Hadjimichael, Director of Resources

|                |            |
|----------------|------------|
| <b>Version</b> | 2.0        |
| <b>Date</b>    | March 2016 |

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## **1. Introduction**

As one element of good governance, Colchester Borough Homes as the following procedure rules to govern the way it will let contracts. These rules are approved by the Board and can only be changed with the Board's agreement.

## **PART 1 – Requirements When Letting Contracts**

### **1 Definitions**

- (1) In these Contract Procedure Rules, "Officer" means the relevant member of the Directors Management Team (DMT) responsible for the letting of the contract or the duly authorised representative of the relevant member of the Directors Management Team.
- (2) In these Contract Procedure Rules reference to "the Board" means the full Board of Colchester Borough Homes Limited or any committee of the Board or individual Board Member that the full Board has duly authorised to act for it in the matter under consideration.

### **2 Application and compliance with Contract Procedure Rules**

- (1) Every contract made by Colchester Borough Homes on its own behalf shall comply with these Contract Procedure Rules, except as otherwise specified in this Rule.
- (2) Where a Colchester Borough Homes Officer is making a contract for Colchester Borough Council, the Officer will comply with Colchester Borough Council's own Financial Regulations and Contract Procedure Rules.
- (3) No exception from any of the following provisions of these Contract Procedure Rules shall be made otherwise than by direction of the Board or, where it is in Colchester Borough Homes' interests to take immediate action, by a member of the Directors Management Team, after appropriate consultation with:
  - The Director of Resources for contracts under £10,000 or
  - The Chair of the Board or the Chair of the Finance and Audit Committee.

This action will be reported to the next Board meeting.

- (4) Every exception to the provisions of these Contract Procedure Rules made by a member of the Directors Management Team and the circumstances whereby it is in Colchester Borough Homes' interests to take immediate action by which the exception shall have been justified, shall be reported to the next meeting of the Finance and Audit Sub Committee.
- (5) These Contract Procedure Rules shall have no application to contracts or agreements:
  - (a) entered into by Colchester Borough Homes for another Authority pursuant to instructions given by the Principal.
  - (b) comprising of internal contracts or agreements between Internal Service Units of Colchester Borough Homes concerning the provision of services which have not been exposed to external competition.
- (6)
  - (a) Officers should seek advice from Legal Services in relation to letting any contract for less than £50,000, unless they consider it impractical to do so and have significant procurement expertise themselves.
  - (b) For contracts of £50,000 and over, Officers must seek advice from Legal Services in relation to the formation of the contract unless a standard form of contract is used or the Board has agreed that external advisors be employed.
  - (c) In relation to any contract where the Officer or contractor wishes to terminate a contract early, the Officer must seek legal advice from Legal Services or from an external services provider where the Directors Management Team member has agreed that external advisers should be employed.

### **3 European Union requirements**

- (1) These Contract Procedure Rules shall be subject to any procedures which may apply by reason of the United Kingdom's membership of the European Union ("EU").
- (2) A contract or a series of similar contracts of the same type, the aggregation of which exceed the financial limits set in EU Directives shall be let in accordance with the requirements of EU Directives.

*The thresholds (net of VAT) applying from 1 January 2016 are:*

*Contracts for supplies estimated to cost not less than £164,176;  
Contracts for Services estimated to cost not less than £164,176;  
Contracts for public works estimated to cost not less than £4,104,394.*

***NB. Financial limits set by EU Directives are regularly reviewed.***

- (3) Prior to the commencement of each financial year, each Officer shall notify the Director of Resources of all contracts to be let in accordance with paragraph (2) of this Contract Procedure Rule and which in the course of the financial year for Services and Supply Contracts the estimate value of the contract exceeds **£589,148** and for all Works Contracts the estimate value of the contract exceeds **£4,104,394** a prior information notice will be sent by the Director of Resources to the Official Journal of the European Union (OJEU) on behalf of Colchester Borough Homes for these contracts.
- (4) Each contract falling within paragraph (2) of this Contract Procedure Rule shall be let by means of the restricted procedure or if appropriate the negotiated procedure providing that the negotiated procedure is used in accordance with the EU Procurement Rules. Any alternative procedure must be agreed by the Board or the Finance and Audit Committee (as appropriate).
- (5) Each contract falling within paragraph (2) of this Contract Procedure Rule shall be let on the basis of the most economically advantageous tender to Colchester Borough Homes having regard to price, quality, technical merit, aesthetic and functional characteristics, technical assistance, after sales service, delivery date, delivery period, period of completion and such other criteria as Colchester Borough Homes may have specified in the tender documents.
- (6) For each contract falling within paragraph (2) of this Contract Procedure Rule the criteria for the selection of tenderers shall be only those set out in the relevant EU Directive, although Officers will be entitled to use existing and new Framework Agreements that have been let by Colchester Borough Homes or other relevant bodies in accordance with EU Regulations.
- (7) The Officer shall ensure contract award notices are submitted to the Official Journal of the European Union in accordance with the relevant EU Directive and that written reports and returns are submitted as required by the Directives.
- (8) The Officer shall notify the Director of Resources of all contracts falling within paragraph (2) of this Contract Procedure Rule that are let during the course of the year.
- (9) For each Works, Supplies and Service Contract that falls with EU Procurement Regulations the relevant Directors Management Team Member must keep the following information for each contract let in accordance with the EU Procurement Regulations:
  - (a) the name and address of Colchester Borough Homes;

- (b) the work, service or supplies to be provided under the contract and the value of the consideration to be given under it;
- (c) the names of the persons whose offers were evaluated in accordance with regulations and where Colchester Borough Homes has used the restricted or negotiated procedure, the reasons why those persons were selected;
- (d) the names of the persons who were unsuccessful pursuant to regulations and the reasons why they were unsuccessful;
- (e) the name of the person to whom the contract was awarded and the reasons for having awarded the contract to him;
- (f) if known to Colchester Borough Homes the work, service or supplies under the contract which the person to whom the contract has been award intends to sub- contract to another person;
- (g) in the case of Colchester Borough Homes using the negotiated procedure which of the circumstances specified in regulations constituted grounds for using that procedure.

The relevant Directors Management Team Member shall supply a copy of the information specified in paragraphs (a) - (g) above to the Director of Resources at the end of each financial year or upon request by HM Treasury or the European Commission.

#### **4 Appointment of consultants**

- (1) Where practical, the appointment of consultants shall be in accordance with these Contract Procedure Rules.
- (2) It is recognised that for some types of consultancy the established practice of the particular trade or profession does not accord with these Contract Procedure Rules.
- (3) In the event that the Officer considers that the established practice of the trade or profession makes it impractical to follow Contract Procedure Rules and the estimated value of the proposed services does not exceed the relevant EU threshold, the Officer must set out in writing the reasons why Contract Procedure Rules should not apply, which Contract Rule(s) should be set aside and gain the prior written agreement of the Director of Resources for contacts under £10,000 or the Chair of the Finance and Audit Committee for contracts above £10,000.
- (4) For contracts with an expected value in excess of £10,000 the Officer must agree via Legal Services terms of any contract prior to the award of a contract unless using a standard form of contract.

- (5) Officers shall notify the Director of Resources of the appointment of a consultant to ensure insurance requirements are met.

## **5 Contracts – delegation to officers**

- (1) Unless otherwise directed by the Board, the Officer shall have authority on behalf of Colchester Borough Homes to enter into any contract which does not exceed the value of £100,000 or does not form part of a series of contracts the total value or amount of which exceed £100,000, provided that such contract or contracts is/are in accordance with the existing practice of Colchester Borough Homes and the expenditure involved is authorised within Colchester Borough Homes' Financial Procedure Rules and provided also that where the contract or contracts is/are in respect of work, services and supplies for which a list is maintained under Contract Procedure Rule 8, the contract shall, where practicable, be entered into with a person on that list.

## **6 Invitation to tender**

- (1) The provisions of this Contract Procedure Rule apply to all contracts except those covered by the provisions of Contract Procedure Rules 3(1), 6(1)-6(3), 8(1) - 8(7) and 9(1) - 9(6).
- (2) No contract which exceeds an estimated value or amount of £250,000 for works services or supplies, shall be made unless at least ten days' public notice has been given in one or more local newspapers circulating in the Borough of Colchester and if considered desirable by the Officer, in one or more newspapers or journals circulating among such persons as undertake such contracts, expressing the nature and purpose thereof, inviting tenders for its execution and stating the last date when tenders will be received.
- (3) For contracts of an estimated value or amount between £50,000 and £250,000, either public notice may be given as set out in paragraph (2) of this Contract Procedure Rule or the Officer may invite not less than three contractors to tender.

[NB. For contracts of an estimated value of up to £50,000 refer to Contract Procedure Rule 9(7).]

- (4) The Officer may send out electronic documents and receive electronic responses to pre-tender information only. The receipt of tenders must be in accordance with Contract Procedure Rule 24 which precludes the receipt of electronic documents.

## **7 Tender shortlist**

- (1) Where by virtue of a decision of the Board, invitation to tender for a contract is to include persons or bodies who reply to a Public Notice, then the Officer will not be required to have any shortlist approved by the Board, providing the Officer is complying with all other obligations under these Contract Procedure Rules, best value and the EU Procurement Regulations and any other criteria which apply to the selection criteria.
- (2) Public notice shall be given as set out in Contract Procedure Rule 6(2) inviting applications from persons or bodies who undertake such contracts to be placed on a list from which contractors selected by Colchester Borough Homes will be invited to submit tenders for such work.
- (3) After the expiration of the period specified in the public notice, invitations to tender for the contract shall be sent to not less than three of the persons or bodies who applied for inclusion in the list, or if fewer than three persons or bodies have applied and are considered suitable, to all such persons.
- (4) Where the contract is within the works or services areas approved by Colchester Borough Homes as being suitable for execution by In-house Providers, such Providers shall in all cases be invited to tender for contracts for the provision of such works or services, unless the contract is let in accordance with the EU Procurement Regulations in which case the relevant Directors Management Team Member must follow the selection criteria set out in accordance with the EU Procurement regulations.

## **8 Standing approved lists**

- (1) This Contract Procedure Rule shall have effect where Contract Procedure Rule 3 does not apply and where the Board have determined that a list (the List) shall be kept of persons to be invited to tender for contracts for work, services or supplies of specified categories, values or amounts, or for the execution of specified categories of works.
- (2) The List shall be prepared by the relevant Officer and submitted for approval by Finance and Audit Committee annually. In preparing the List the Officer shall:
  - (a) ensure that notices inviting applications for inclusion in the List shall be published in one or more local newspapers circulating in the Borough of Colchester and in one or more newspapers or journals circulating among such persons or bodies as undertake such contracts at least four weeks prior to the List being compiled;
  - (b) for each person or body applying, take due consideration of their

competence, financial position, integrity and organisational quality prior to their inclusion on the List;

- (c) indicate in respect of each person or body whose name is so included, the categories of contract and the estimated values or amounts in respect of those categories that they could safely be contracted for.
- (3) Where the Board have approved the use of an external organisation to maintain a list of suitable persons who can be invited to tender on behalf of Colchester Borough Homes, the list maintained by the external organisation pursuant to this Contract Procedure Rule shall be considered to form part of the List.
- (4) Where by virtue of a decision of the Board or Officer (as appropriate) the invitation to tender for a contract shall be limited to persons or bodies whose names appear on the List, an invitation to tender for that contract shall be sent to at least three of those persons or bodies whose names appear on the List as being approved for a contract of that value, amount or category or if there are fewer than three such persons or bodies, to all such persons or bodies.
- (5) If there are more than three such persons or bodies, the persons or bodies to whom invitations are sent shall be selected in the manner determined by the Board or Officer (as appropriate) either generally or in relation to a particular contract or category of contracts.
- (6) When Colchester Borough Homes, acting for another authority, is to invite selective tenders for the supply of work, services or supplies, the persons or bodies to be invited to tender shall be selected from the Standing Approved List maintained by the other authority.

## **9 Exceptions to requirement to invite tenders**

- (1) Unless Contract Procedure Rule 3 applies nothing in these Contract Procedure Rules shall require tenders to be invited in respect of contracts falling within the following categories.
- (2) In the case of contracts for the work, services or supplies:-
  - (a) the work, services or supplies are proprietary articles or are sold only at a fixed price and no reasonably satisfactory alternative is available; or
  - (b) the prices of the work, services or supplies are wholly controlled by trade organisations or Government Order and no reasonably satisfactory alternative is available.
- (3) The work, services and supplies provided consist of repairs to or the

supply of parts of existing proprietary machinery or plant.

- (4) In the case of specialised work, services or supplies or where effective competition is for any reason prevented and, with the consent of the appropriate officer or where appropriate (depending on the relevant financial threshold) the Board, the Officer may obtain estimates from one or more persons or bodies and upon satisfaction therewith and, with the consent of the appropriate officer or where appropriate (depending on the relevant financial threshold) the Board, may make the contract with such person or body.
- (5) With the prior consent of the Board or Officer (as appropriate) any existing contract entered in accordance with these Contract Procedure Rules can be extended (here meaning where there is not an existing contractual right to extend the term) provided that it is established that the contract needs to be extended for justifiable operational reasons and that this does not cause the relevant EU Procurement threshold to be exceeded having due regard to the aggregation rules referred to in Contract Procedure Rule 3.
- (6) Tenders shall have been invited on behalf of any consortium, collaboration or similar body and/or procurement arrangement of which Colchester Borough Homes is a member, in accordance with a method of letting contracts adopted by such body. Provided that where tenders are so invited as aforesaid by an Officer of Colchester Borough Homes, the delivery, opening and acceptance of tenders shall comply with the provisions of these Contract Procedure Rules, save where those provisions are inconsistent with any method by which tenders so obtained on its behalf are dealt with unless the Board has agreed that their tender procedures shall prevail.
- (7) For a contract with an estimated expenditure of up to £50,000 and it is not considered by the Officer to be reasonably practicable or in Colchester Borough Homes' interests to invite tenders, the Officer must seek the following quotations for the contract unless it is impracticable to do so:

|                  |  |
|------------------|--|
| £0 - £1,000      | Where practical two quotations that must be recorded |
| £1,001 - £5,000  | two written quotations                               |
| £5,001 - £50,000 | a minimum of three written quotations or tenders     |

In all of the above instances the Officer should use the List of approved contractors and suppliers where practical.

## **10 Framework agreements**

- (1) Where Colchester Borough Homes has either entered into a Framework Agreement itself or is procuring via an external Framework Agreement the Officer may place orders or seek tenders under a Framework Agreement by reference to a price list or other document in order to obtain best value in terms of quality and price and must ensure that there is reasonable competition under the Framework Agreement in order to ensure that Colchester Borough Homes obtains best value.
- (2) Any order or tender placed or sought under a Framework Agreement must comply with the requirements contained in Contract Procedure Rules 15, 16, 24, 26 and 30.
- (3) Any call off arrangement made under the terms of any Framework Agreement which exceeds the sum of £50,000 shall be opened in accordance with Contract Procedure Rule 26 and reference to tenders shall be construed accordingly.

## **11 Rights of third parties**

- (1) There shall be inserted in every written contract a clause that excludes the rights of third parties under the Contracts (Rights of Third Parties) Act 1999, unless the Officer considers it inappropriate to do so.

## **12 Assignment**

- (1) There shall be inserted in every written contract for work, services or supplies a clause which prohibits the contractor from assigning the contract without the written consent of Colchester Borough Homes.

## **13 Liquidated damages**

- (1) Every contract that is estimated to exceed £250,000 in value or amount for work, services or supplies by a particular date or series of dates, may provide for liquidated damages to be paid by the contractor in case the terms of the contract are not duly performed. The amount, if any, to be specified in each such contract shall be determined by the Officer in consultation with the Director of Resources.

## **14 Security for performance**

- (1) Where a contract is estimated to exceed £1m in value or amount and is for work, services or supplies by a particular date or series of dates, the Officer shall consult with the Director of Resources on whether

Colchester Borough Homes should require security for its due performance and, if so, the nature and amount of the security to be given which must specified in the conditions of tender.

- (2) In the event of security being required, Colchester Borough Homes shall require and take a Bond or other sufficient security for the due performance of the contract and in such cases, no works shall be started until a satisfactory Bond or other security has been provided, provided that the Officer, after consultation with the Director of Resources, may agree that in exceptional circumstances, such works may be commenced prior to the Bond or sufficient security being provided, subject to the contractor first agreeing in writing that no payments under the contract will be made by Colchester Borough Homes until such Bond or security has been provided by the contractor.
- (3) Where a tender specification requires the provision of a Bond or other sufficient security for due performance of the contract and the successful tenderer is another local authority or public body, following acceptance of the tender, the Officer after consultation with the Director of Resources, may decide that no such security is necessary.
- (4) In any other case, the Officer may require security for due performance of the contract if the Officer so considers it necessary.

## **15 Cancellation for corruption**

- (1) There shall be inserted in every written contract of a value in excess of £50,000, a clause empowering Colchester Borough Homes to rescind the contract and to recover from the contractor the amount of any loss resulting from such cancellation:
  - (a) if the contractor shall have offered or given or agreed to give to any person, any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with Colchester Borough Homes or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with Colchester Borough Homes; or
  - (b) if the like acts shall have been done by any person employed by the contractor or acting on the contractor's behalf (whether with or without the knowledge of the contractor); or
  - (c) if in relation to any contract with Colchester Borough Homes, the contractor or any person employed by the contractor or acting on the contractor's behalf shall have committed any offence under the Bribery Act 2010, or shall have given any fee or reward, the receipt of which is an offence under Section 117(2) of the Local

Government Act 1972.

## **16 Collusive tendering certificate**

- (1) In every tender submitted to Colchester Borough Homes the tenderer shall certify that the tender sum has not been fixed or the amount adjusted by or under or in accordance with any agreement or arrangement with any other person.
- (2) In every tender submitted to Colchester Borough Homes, the tenderer shall certify that none of the following acts have been done and undertakes not to do any of the following acts at any time prior to the formal acceptance of the tender:
  - (a) communicating to a person other than the person calling for the tender the amount or approximate amount of the proposed tender, except where the disclosure, in confidence, of the approximate amount of the tender was necessary to obtain insurance premium quotations required for the preparation of the tender;
  - (b) entering into any agreement or arrangement with any other person that the tenderer shall refrain from tendering or as to the amount of any tender to be submitted;
  - (c) offering or paying or giving or agreeing to pay or give any sum of money or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender for the said work any act or thing of the sort described above.

## **17 Indemnities**

- (1) The Officer must ensure that any external party who procures works services and supplies on behalf of Colchester Borough Homes indemnifies Colchester Borough Homes against any liability arising directly or indirectly from the procurement process.

## **18 Nominated sub-contractors and suppliers**

- (1) The Officer may nominate a sub-contractor to a main contractor provided that it complies with the EU Procurement Regulations and these Contract Procedure Rules and does not cause the amount of the main contract to increase unless it is approved by the Officer in accordance with paragraph (3) of this Contract Procedure Rule.
- (2) The Officer must consider whether any sub-contractor should provide direct warranties to Colchester Borough Homes for the due performance

of the works supplies services as appropriate.

- (3) Where the tender exceeds the prime cost sum in a main contract previously approved by the Board, the Officer shall submit a report to the Cabinet or relevant Portfolio Holder who shall determine whether or not to instruct the Officer to nominate the tenderer to the main contractor.

## **19 European Standards**

- (1) Where the Officer gives reference to a British Standard or a specific named product he/she must state the British Standard or specific named product and then the words 'or equivalent' unless the Officer can demonstrate that there is no equivalent.

## **20 Certification of contracts**

- (1) No Officer shall enter into a contract that is required to be certified in accordance with the Local Government (Contracts) Act 1997. Any request for certification shall be referred to Colchester Borough Council's Monitoring Officer who will decide if such certification is appropriate and if appropriate, will arrange for the certification to be given in accordance with the Act.

## **21 In-house providers**

- (1) For the purposes of these Contract Procedure Rules, an In-house Provider seeking to obtain a contract from Colchester Borough Homes in competition with external tenderers shall be treated in similar manner to any other potential contractor and references herein to "tenderers" and "contractors" shall be construed accordingly.

## **22 Statutory obligations**

- (1) The Officer shall ensure that every contract awarded complies with all Colchester Borough Homes' and Colchester Borough Council's statutory obligations and in doubt the Officer must seek advice from Legal Services or an external adviser. The Officer must also ensure that all contracts let by Colchester Borough Homes contain suitable provisions in relation to compliance with statutory obligations.

## **PART 2 – Procedural requirements which apply to every tender**

### **23 Consultants – when acting as contract supervisor**

- (1) It shall be a condition of the engagement of any consultant (not being an officer of Colchester Borough Homes) who is to be responsible to Colchester Borough Homes for the supervision of a contract on its behalf, that in relation to that contract that person shall:
  - (a) comply with the requirements of these Contract Procedure Rules in the same way as the Officer, subject to the modification that the procedure to be followed in inviting and opening tenders shall be approved in advance by the Officer; and
  - (b) at any time during the performance of the contract, produce to the Officer on request, the records maintained in accordance with these requirements; and
  - (c) on completion of the contract, transmit such records to the Officer.

### **24 Form and custody of tenders**

- (1) Where in pursuance of Contract Procedure Rules 6, 7 or 8 an invitation to tender is required, every notice of such invitation shall state that no tender will be considered unless received electronically via the Delta Portal (or such comparable system). Alternatively, if the tender documents are too large the following procedure shall apply: in a plain sealed envelope which shall bear the word "Tender" followed by the subject to which it relates and then the words "Closing date 12 noon on... ." followed by the closing date, but shall not bear any name or mark indicating the sender, provided that a postage stamp, postal franking mark or customs declaration (or similar) shall not be regarded as being such a name or mark and such envelopes shall be addressed to and remain in the custody of the Officer until the time appointed for their opening.
- (2) Every tender received by the Officer shall be numbered and marked with the date and time of receipt and a copy provided to the Director of Resources.

### **25 Late arrival of tenders**

- (1) No competitive tender received after the specified time shall be considered.
- (2) It shall be the responsibility of the tenderer to ensure that the tender is

received by Colchester Borough Homes by the specified time and the marking of the tender envelope with the date and time of receipt by an officer of Colchester Borough Homes in the presence of the tenderer shall be conclusive proof. The Officer shall ensure that every tenderer is aware of this requirement.

- (3) All tenders received after the specified time shall be so marked in the register of tenders maintained by the Director of Resources and shall be promptly returned to the tenderer unopened (except to the extent necessary to ascertain the tenderer's name) by the Officer and no details of such tender shall be disclosed. Provided that this Procedure Rule will not relate to any external arrangement entered into by Colchester Borough Homes in accordance with Contract Procedure Rule 8(6).

## **26 Opening of tenders**

- (1) All tenders received for any contract following an invitation to tender pursuant to these Contract Procedure Rules shall be opened at the same time.
- (2) Tenders for contracts of an estimated value not exceeding £250,000 shall be opened in the presence of at least two officers including a minimum of one member of the Directors Management Team.
- (3) Tenders for contracts of an estimated value in excess of £250,000 but not exceeding £500,000 shall be opened in the presence of the a member of the Directors Management Team and the Chief Executive of Colchester Borough Homes.
- (4) Tenders for contracts of an estimated value in excess of £500,000 shall be opened as under paragraph (3) of this Contract Procedure Rule though in addition the Chairman of the Board shall be given not less than 48 hours' notice by the Company Secretary of the time and place appointed for the opening of tenders and may attend or appoint another Board Member to be in attendance.

## **27 Alterations to tenders**

- (1) Persons or bodies tendering shall not be allowed to alter their tender after the specified time for the receipt of tenders, except as provided in paragraphs (2) and (3) of this Contract Procedure Rule.
- (2) If errors are found in tenders, a tenderer shall be given details of such errors and afforded an opportunity of confirming or withdrawing the offer.
- (3) In cases where a priced Bill of Quantities or other priced document is submitted with the tender and arithmetical errors are found in such document, a tenderer shall be given details of such errors and afforded

an opportunity of adjusting the rates and prices inserted therein in accordance with the provisions of the form of contract.

## **28 Acceptance of tenders**

- (1) If a decision to accept a tender by the Board or the Officer requires the agreement of Colchester Borough Council, then the tender shall not be formally accepted until that agreement has been received.
- (2) Subject to the following paragraphs of this Contract Procedure Rule, tenders shall be accepted by the Officer in respect of those matters for which authority to enter in a contract has been delegated to the Officer.
- (3) For contracts having an estimated value in excess of £50,000 formal notification of the acceptance of a tender shall be given in writing by the Chief Executive or by an Officer duly authorised by the Chief Executive.
- (4) Except where Contract Procedure Rule 3 applies the Board shall not accept or recommend the acceptance of a tender other than the lowest tender, if payment is to be made by Colchester Borough Homes, or the highest tender if payment is to be received by Colchester Borough Homes, unless it has considered a written report from the Officer.
- (5) Where the Officer acting under the Contract Procedure Rules accepts a tender in the circumstances described in paragraph (4) of this Contract Procedure Rule, the Officer shall advise the Director of Resources of the proposed course of action and forthwith record in writing the reasons for so doing and such record shall be available for inspection.

## **29 Standstill period on EU procurement award decisions**

- (1) There is a requirement for a "standstill" period between the notification of an award decision in a public procurement covered by EU Directives and the conclusion of a contract with a supplier or suppliers.
- (2) For any procurements that are covered by the full regime of EU directives, a minimum of ten (10) calendar days mandatory standstill period is required between communication of the notification of award decision and contract conclusion, with day one (1) being the day after the award decision is issued, by fax or e-mail, and in writing to all tenderers. This rule does not apply to procurements where there is only one regular tender received.
- (3) The notification by Colchester Borough Homes of the award decision, based on the most economically advantageous tender, should contain:
  - (a) the award criteria;

- (b) the score the tenderer obtained against those award criteria;
  - (c) the score the winning tenderer obtained;
  - (d) the name of the winning tenderer.
- (4) The requirement to debrief in this manner highlights the need for a robust and fair evaluation matrix as well as a transparent and auditable evaluation process. Consequently officers will need to have all the elements of the debriefing process in place prior to the notification, as a rapid response is likely to be required to any request by an unsuccessful bidder. Officers should seek appropriate advice regarding any potential Freedom of Information Act implications prior to disclosing any details.
- (5) If an unsuccessful bidder requests further information by the end of the second working day of the standstill period, Colchester Borough Homes must provide additional information as part of the debriefing process. The additional debriefing will include:
- (a) the reasons why the tenderer was unsuccessful and;
  - (b) if the tenderer submitted an admissible tender, the characteristics and relative advantages of the successful tender.
- (6) Colchester Borough Homes is required to provide such additional information at least 3 working days before the end of the standstill period. This will require Colchester Borough Homes to take into account the effect of UK public holidays. If a supplier misses the two working day deadline, the normal debriefing requirements which the directive indicates would apply (purchaser must debrief promptly and in any case 15 days from a written request).
- (7) If Colchester Borough Homes enters into any arrangement with a third party in accordance with Contract Procedure Rule 9 (6) the Officer must ensure that the external party complies with this Contract Procedure Rule 29.

### **30 Contracts in writing**

- (1) With the exception of contracts entered into by Colchester Borough Homes for another Authority pursuant to instructions given by the Principal, every contract which exceeds £50,000 in value shall be in writing and shall specify:
- (a) the work, services and supplies, matters or things to be executed, furnished, had or done; and
  - (b) the price to be paid with a statement of discounts and other deductions; and

- (c) the time or times within which the contract is to be performed.

Where the Officer is not required to enter a formal contract in writing the Officer shall be required to keep a written record of all the agreed terms and conditions relating to the work, services and supplies procured.

- (2) Every contract in writing shall be signed as a deed on behalf of Colchester Borough Homes or sealed as a deed by Colchester Borough Homes as follows:
  - (a) contracts up to a value of £100,000 shall be signed by the Officer;
  - (b) contracts of a value in excess of £100,000 but not exceeding £500,000 shall at the discretion of the Director of Resources either be signed by the Officer and the Chief Executive or be sealed by Colchester Borough Homes;
  - (c) contracts of a value in excess of £500,000 shall be sealed by Colchester Borough Homes;
  - (d) contracts for the purchase and/or disposal of land and/or buildings where approval has been obtained by the Officer in accordance with Colchester Borough Homes' Constitution will be signed by the Chief Executive or Board Member as directed by the Board notwithstanding any other provisions contained in these Contract Procedure Rules.
- (3) The Officer shall ensure that a copy of the completed contract documentation is provided to the Director of Resources for secure storage.

### **31 Register of contracts**

- (1) The Director of Resources shall ensure that a register of all contracts entered into by Colchester Borough Homes (including consultants) is maintained and shall specify from time to time exactly what details need to be provided.
- (2) Each member of the Directors Management Team shall ensure that details of every contract entered into by them or their service area (as appropriate) shall be provided to the Director of Resources for inclusion in the register

## **2. Consultation**

Finance & Audit Committee –March 2016

### **3. References**

Official Journal of the European Union (OJEU)

### **4. Related Documents**

- Standing Financial Instructions
- Colchester Borough Council Financial Regulations
- Colchester Borough Council Contract Procedure Rules
- Memorandum & Articles of Association
- Management Agreement
- Strategic Scheme of Delegation
- Operational Scheme of Delegation
- Code of Governance
- Board Terms of Reference
- Finance & Audit Committee Terms of Reference
- Governance & Remuneration Committee Terms of Reference
- Operations Committee Terms of Reference
- Business Opportunities Panel Terms of Reference
- Colchester Borough Council Scheme of Delegation
- Board Code of Conduct
- Register of Members' interests
- Register of contracts

### Document Control Sheet

|   |  |                             |           |
|---|--|-----------------------------|-----------|
| <b>Title:</b>                               | Scheme of delegation   |                             |           |
| <b>Electronic File Name &amp; location:</b> | T:\Common Files\Policies, Strategies And Corporate Documents\Word Versions Of Current Corporate Documents\CBH Contract Procedure Rules - June 2016.Doc |                             |           |
| <b>Consultation with stakeholders:</b>      | Finance & Audit Committee –March 2016  |                             |           |
| <b>Approved:</b>                            | CBH Board, June 2016   |                             |           |
| <b>Circulation Date:</b>                    | March 2016   | <b>Implementation Date:</b> | June 2016 |
| <b>Circulation method:</b>                  | CBH website  |                             |           |
| <b>Next Review date:</b>                    | June 2019  |                             |           |
| <b>Equality Impact Assessment:</b>          | N/A  |                             |           |

### Document Amendment History

| <b>Version</b> | <b>Type (new/major revisions/minor revisions)</b> | <b>Date</b> | <b>Brief Description of changes</b>   |
|----------------|---|-------------|---|
| 1.0            | New   | July 2014   | To reflect changes to CBC documents as well as the requirements of the Management Agreement and Memorandum & Articles of Association. |
| 2.0            | Minor Revisions                                   | March 2016  | To reflect changes to CBC Document in relation to EU Legislation  |



## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 7

**SUBJECT:** Strategic Risk Register

**REPORT BY:** Michael Hadjimichael, Director of Resources  
☎ 01206 507815  
✉ Michael.hadjimichael@cbhomes.org.uk

### **FOR DECISION**

#### **1. Purpose**

- 1.1 To review the Strategic Risk Register and progress on mitigating actions.
- 1.2 To note the further actions identified.

#### **2. Background & Content**

- 2.1 The Board approved a new Risk Management Strategy at its meeting on 29 April 2015. Under this strategy the Finance and Audit Committee (F&A) has a remit to scrutinise the Risk Register and to report to the Board on high-level and difficult-to-manage risks. This will be a standing item on the agenda for all future meetings.
- 2.2 The strategic risk register attached has been updated since the last Board Meeting on 22 February 2016.

##### New Risks

- 2.3 Owing to the resignation of the Chief Executive in March 2016, it is appropriate to reflect the risks in the recruitment process to fulfil the position. The Council have given agreement for the recruitment to take place. Until the new incumbent is in post it is important that this remains on the Strategic Risk Register.

##### Removed Risks

- 2.4 No risks have been identified as needing to be removed from the Strategic Risk Register at this time

##### Progress on Further Actions:

- 2.5 Three further actions have been identified to further mitigate known risks, and have been highlighted in green in Appendix 1.

### **3. Financial Implications**

- 3.1 The financial implications to CBH, and the Housing Revenue Account (HRA) business plan as a whole, continue to be a major focus for both CBH and CBC. Further work, including the review of Rent Setting will take place in 2016.

### **4. Value for Money Implications**

- 4.1 Strong financial control will identify and drive efficiencies, enabling resources (both financial and people) to service provisions that may require it.

### **5. HR Implications**

- 5.1 A tightening of the management fee and additional requirements on Welfare reform may result in resources being re-deployed to meet requirements. Core services will always be protected if possible. There is likely to be short period where there is no Chief Executive in post, and therefore duties will need to be absorbed amongst the remaining Directors Management Team.

### **6. Residents at the Heart Implications**

- 6.1 There is likely to be an adverse effect on residents with a reduction of the benefit cap to £20,000 and review of rent on homes with income greater than £30,000.

### **7. Legal, Health & Safety and Equality & Diversity Implications**

- 7.1 None.

### **8. Risk Management**

- 8.1 If the Company does not have a robust Risk Management Strategy and Action Plan, then its progress to achieving its key goals will be impaired or unachievable.

### **9. Appendix**

- 9.1
- Appendix 1 – Strategic Risk Register
  - Appendix 2 – Risk Heat Map

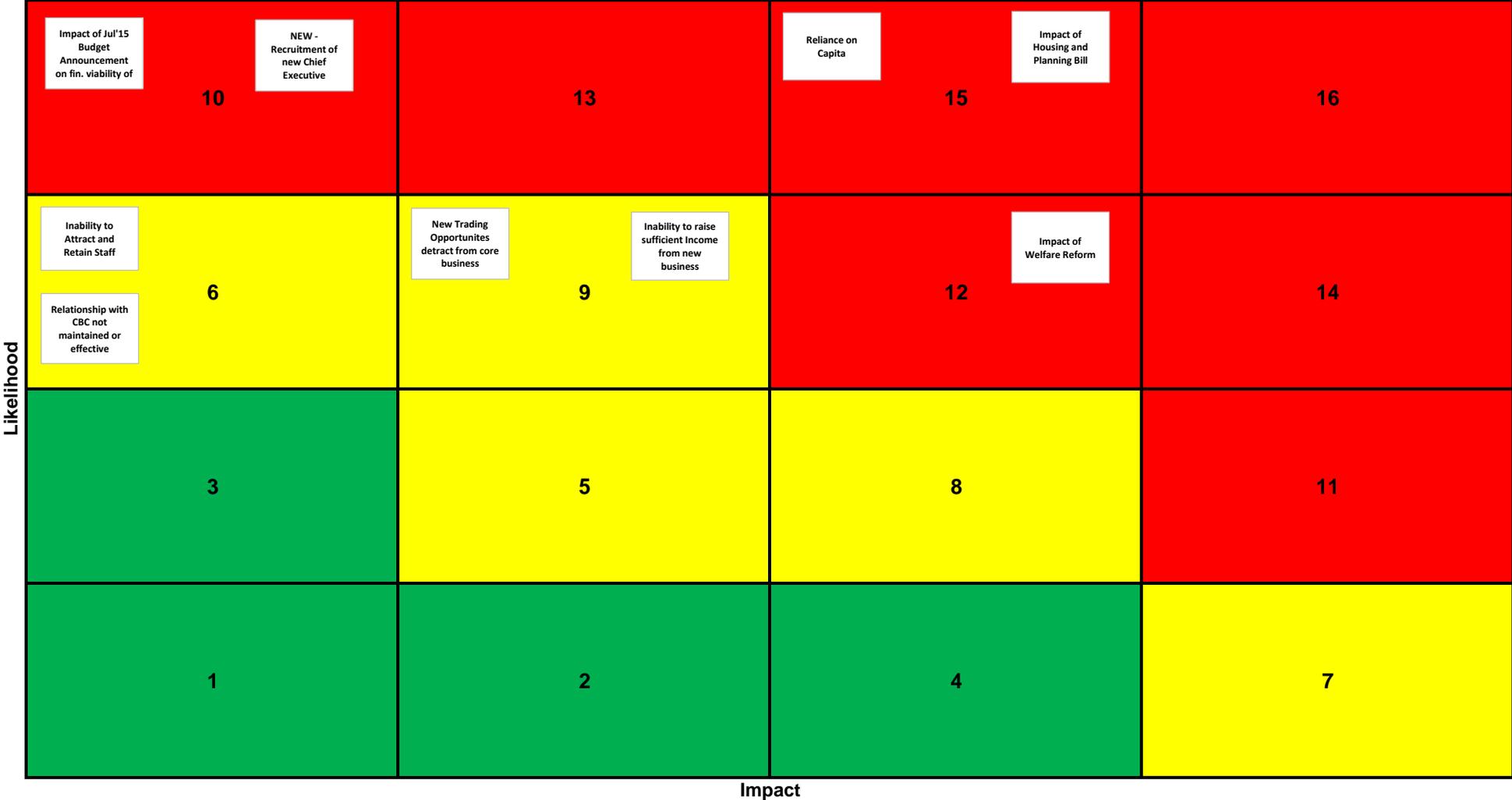
## CBH Risk Register - 2015/16

| Risk No | Risk Name  | Possible Consequences   | Risk Type   | Unmitigated Score | Assurances  | Current Score | Risk Owner                             | Further Actions  | Status   | Target Score | Comments  |
|---------|--|---|---|-------------------|---|---------------|--|--|--|--------------|---|
| 1       | Reliance on CBC's Contractual Relationship with CAPITA to Deliver CBH's IT Requirements - leads to computer failure to meet business needs | Service delivery impeded, restricted or compromised by IT systems breaking down or not meeting new business requirements, resulting in poor service and additional cost | Technological / Economic and Financial / Reputational | 15                | New relationship manager arrangement in place from late 2014 with CBC. Agreed list of prioritised works now in place and programme considered at Principal Liaison meetings   | 15            | Director of Resources                  | 1) Fundamental review of the CAPITA relationship with CBH (through CBC) with a view to getting closer to the provider and reducing bureaucracy. (Rethink the whole approach).<br>2) SMARTen up user specifications from CBH to CBC and improve process of implementation controls.<br>3) Re-design of management reports following Performance Management Review<br>4) Resolve the licensing issue relating to adding new properties to the system.<br>5) Look at alternatives to CAPITA for new business.   | Ongoing<br>Ongoing<br>Jun-16<br>Ongoing                        | 9            | CBC's Corporate ICT Strategy presented to DMT in March 2016 to move the overall infrastructure to the 'cloud'. Additionally, a performance management review is taking place which will result in a more streamlined approach to our KPI reporting  |
| 2       | New Trading Opportunities<br>Deduct from Core Business   | Reduced Performance - Increase in complaints and loss of reputation   | Reputational/ Professional                            | 12                | Ring fence new business wherever possible. Trading protocol created. Business Opportunities Panel in place. Financial Risk Management for new business agreed.  | 9             | Chief Executive/Director of Resources  | 1) Properly resourced initiatives.<br>2) Carry out a core business risk assessment before agreeing new projects.<br>3) Separate functions as far as possible through the subsidiary (look at why we should trade paper)<br>4) Assessment for each project<br>5) Accounting Controls  | Ongoing<br>Ongoing<br>Ongoing<br>Ongoing<br>Complete           | 6            | The trading subsidiary has been rejected by CBC for the time being. Trading activities to be increased within CBH. Appropriate accounting controls and transparency of activity are already in place.   |
| 3       | Inability to Raise Sufficient Income through new business initiatives  | Reduction in Council's confidence in CBH through failing to meet key expectation  | Reputational/ Economic and Financial                  | 12                | Trading Protocol in place<br>Business Opportunities Panel in Place  | 9             | Chief Executive/ Director of Resources | 1) Establish a trading subsidiary - produce a plan of action.<br>2) Use COLBEA or other organisation to do some work to:-carry out a critique of our strategic approach, identify opportunities and gaps etc., identify what are our products, the market, pricing etc.<br>3) Review whether there should be a reward/recognition for employees - individually or as a whole.<br>4) Produce a business plan from the outcome of this for the subsidiary, including identifying a need and quantifying income requirements short/medium and long term, developing an appropriate business plan with sensitivities.<br>5) Accounting controls in place to mitigate risk. | On-Hold<br>Complete<br>Complete<br>Complete<br>Complete        | 5            | The trading subsidiary has been rejected by CBC for the time being. Trading activities to be increased within CBH. Opportunities for works in education are being proposed. Appropriate accounting controls and transparency of activity are already in place.                                    |
| 4       | Relationship with CBC not maintained or effective  | Deduct focus of Board and senior management leading to damaging service delivery and new initiatives, ultimately closure of ALMO.                                       | Reputational  | 12                | Maintaining the regular liaison meetings at all levels. Chief Executive keeping a watching brief that these are maintained and effective.   | 6             | Chief Executive                        | 1) No surprises, no blame culture:- Celebrate what is good. One organisation - where there is a joint accountability across teams and resolve any issues as they arise<br>2) Review complaints and enquiries.<br>• Members - ensure SMART response and introduce feedback system at least quarterly.<br>• Speak with one voice for CBH. • Process & analyse complaints, learn lessons & put right.<br>CBC.CBH Strategic Away Day Planned for April   | On-Going<br>Complete<br>Apr-16                                 | 4            | Increasing Confidence has been identified as a key component of the 'future proofing' project as presented at the July 2015 Board Away Day. A joint CBH/CBH Strategic Away Day has been set aside for April 2016 (Revised Date). CBH has met CBC's request to identify future savings for 2016/17 |
| 5       | Inability to Attract and Retain Appropriate Staff  | Damage to services, performance and reputation.   | Professional / Economic and Financial                 | 8                 | Good working environment and reasonable working conditions, pension, holidays, flexitime  | 6             | Director of Resources                  | Introduction of Total Reward Statements<br>4) Succession Planning/ Talent Management; Introduce a Talent Management programme  | Sep-16<br>a) Apr-16  | 4            | The Salary Sacrifice Scheme was launched in Dec'15 with significant interest from staff. Total Reward Statements are to be developed in 2016. The first Market Supplements request has been approved and will be used for the difficult to recruit to the CDM Compliance Officer                  |
| 6       | Impact of Welfare Reform adversely affecting the ability to collect rents from tenants   | Increasing financial pressure on tenants leading to possibility of increasing rent arrears, possible transfers and increase in homelessness, increase in court actions  | Economic/ Reputational                                | 15                | Increased resources to support tenants to maintain payment and claim Discretionary Housing payments; Close work with CBC Housing Benefits. Revision to financial inclusion strategy. Creation of digital inclusion strategy. Worklessness strategy. Increased payment methods available. Increased financial support and assistance. Increased opportunity for DD. Staff trained. Tenants affected by spare room subsidy reduced to 314 of which 266 have a reduction of 14%. Impact on non payment of rent is minimal. | 12            | Director of Housing                    | Review impact of further cap on benefits to £20,000 per household<br>Review impact on tenants/rents for homes with income greater than £30,000<br>Review approach/methodology for collated information and monitoring and consider resourcing requirements where necessary<br>Develop partnership with the DWP to make most effective use of resources<br>Review and ensure a more effective use of Temporary Accommodation<br>Welfare Reform Strategic Action Group set up with key partners within CBC and CBH   | Apr-16<br>Apr-16<br>On-Going<br>On-Going<br>Mar-17<br>On-Going | 9            | Financial inclusion team supporting those in financial difficulty. Positive outcomes achieved from this and Grant agreement with CAB for debt advice. On going partnership for delivery of change with the local JCP  |
| 7       | Impact of budget announcement on financial viability of organisation   | Management Fee reduced or cut and not being able to maintain contracted level of services. CBH service delivery adversely affected due to financial constraints         | Economic/ Reputational                                | 15                | Established regular liaison between CE and CBC Head of Service. Established regular formal meetings CE CBH and CE CBC. Established regular CBC/CBH Delivery Plan meetings. Annual management fee budget setting process. Annually agreed Delivery Plan. Regular liaison with Portfolio Holder.  | 10            | Director of Resources                  | Continual Review and reforecasting of the financial position to enable efficient deployment of resources   | On-Going   | 10           | 2016/17 Budget approved by Board. £200k savings on the management fee were requested by CBC and have been identified.   |
| 8       | Impact of the Housing and Planning Bill  | Reduction in social housing due to RTB extension, selling vacant high value properties, 'pay to stay' and changes in planning requirements                              | Economic/ Reputational                                | 15                | Maintaining the regular liaison meetings at all levels and work closely with CBC colleagues to ensure impact is minimalised to continue to provide a social housing solution that fits the requirements of the Borough.   | 15            | DMT                                    | Engage CBC for early discussions as to possible consequences for the social housing provision in the borough<br>Develop Action Plan to manage the impact of the new regulations  | On-Going<br>Apr-16   | 10           | The Bill is continuing its journey through Parliament, with the legislation reaching report stage in the House of Lords on 11 April 2016.   |



# CBH Risk Register 2015.16 - Heat Map

## Current Score





## REPORT TO COLCHESTER BOROUGH HOMES FINANCE & AUDIT COMMITTEE

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 8

**SUBJECT:** Anti-Fraud and Corruption Policy

**REPORT BY:** Michael Hadjimichael, Director of Resources  
☎ 01206 507815  
✉ Michael.hadjimichael@cbhomes.org.uk

### **FOR DECISION**

#### **1. Purpose**

- 1.1 To approve the revised Anti-Fraud and Corruption Policy as recommended by the Finance and Audit Committee on 8 March 2016.

#### **2. Background & Content**

- 2.1 As part of the Company's overall governance arrangements, it needs to review and update its Anti-Fraud and Corruption Policy on a regular basis to demonstrate it is aiming to strive meet the highest standards of governance.
- 2.2 The appointment of the new Director of Resources has seen the Policy and procedure reviewed, to reflect best practice and consistency with Colchester Borough Council's Anti-Fraud and Corruption Policy where possible.
- 2.3 After an initial major re-draft was presented to Committee in October 2015, and policy was not recommended for approval, discussions with CBC's Corporate Governance Manager concluded that it was appropriate for CBH to follow CBC's Policy where possible, as has been the case in previous versions.
- 2.4 The changes to the Policy, therefore, are largely cosmetic and minor, and are in line with CBC's policy which was last approved in October 2015 and those identified by Committee.

### **3. Financial Implications**

3.1 There are no direct financial implications arising from this report.

### **4. Value for Money Implications**

4.1 There are no direct value for money implications arising from this report.

### **5. HR Implications**

5.1 There are no direct HR implications arising from this report.

### **6. Residents at the Heart Implications**

6.1 There are no direct Residents at the Heart implications arising from this report.

### **7. Legal, Health & Safety and Equality & Diversity Implications**

7.1 The Legal implications are incorporated within the Policy attached. There are no direct implications on Health and Safety and Equality and Diversity.

### **8. Risk Management**

8.1 To minimise the risk and impact of fraud are the key drivers of the attached policy.

### **9. Appendix**

9.1 

- Appendix 1 – Anti Fraud and Corruption Policy (Clean)



# **Anti-Fraud and Corruption Policy**

**Author:** Michael Hadjimichael, Director of Resources

|                    |
|--------------------|
| <b>Version 1.2</b> |
| <b>March 2016</b>  |

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## 1. Introduction & purpose

Colchester Borough Homes, like every public organisation, has a duty to ensure that it safeguards the public money that it is responsible for.

The Company expects the highest standards of conduct and integrity from all that have dealings with it including staff, Board Members, contractors, volunteers and the public.

It is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability so as to protect public safety and public money.

## 2. Anti-Fraud and Corruption overview

Fraud and corruption are defined by the Audit Commission as:-

*Fraud – “the intentional distortion of financial statements or other records by persons internal or external to the Company, which is carried out to conceal the misappropriation of assets or otherwise for gain”.*

In addition, fraud can also be defined as *“the intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to mislead or misrepresent”.*

*Corruption – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.*

The Company also abides by the Bribery Act 2010 which covers, amongst other things, the offences of bribing another person, of allowing to be bribed and organisational responsibility. Such offences include:

- The offer, promise or giving of financial or other advantage to another person in return for the person improperly performing a relevant function or activity

- Requesting, agreeing to receive or accepting a financial or other advantage intending that, in consequence a relevant function or activity should be performed improperly.
- Commercial organisation responsibility for a person, associated with the organisation, bribing another person for the purpose of obtaining or retaining business for the organisation

In addition, this policy also covers “*the failure to disclose an interest in order to gain financial or other pecuniary benefit.*”

All suspicions or concerns of fraudulent or corrupt practice will be investigated. There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. Investigations will not compromise the Company’s commitment to Equal Opportunities or the requirements of the Human Rights Act or any other relevant statutory provision.

### **3. Measures to combat fraud and corruption**

This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act. For ease of reference it is separated into four areas:

- Culture
- Responsibilities & Prevention
- Detection and Investigation
- Awareness & Monitoring

#### **3.1 Culture**

The prevention/detection of fraud/corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Company’s Board Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence. The public also has a role to play in this process and should inform the Company if they feel that fraud/corruption may have occurred.

Concerns must be raised when Board Members, employees or the public reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- A criminal offence
- A failure to comply with a statutory or legal obligation
- Improper or unauthorised use of public or other official funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering an individual's health and/or safety
- Damage to the environment
- Deliberate concealment of any of the above

The Company will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner. The Company has a whistle blowing policy that sets out the approach to these types of allegation in more detail.

The Company will deal firmly with those who defraud the Company or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Board Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through the relevant Company procedures (Board Members).

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When fraud or corruption has occurred due to a breakdown in the Company's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence

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## 3.2 Responsibilities and Prevention

### Board Members

All Board Members of the Company have a duty to protect the Company and public money from any acts of fraud and corruption. This is done through existing practice, compliance with the Code of Conduct for Board Members and the Company's Memorandum and Articles of Association including Financial Regulations and relevant legislation. Conduct and ethical matters are specifically brought to the attention of Board Members during induction and include the declaration and registration of interests. Officers advise Board Members of new legislative or procedural requirements.

### Chief Executive

The Chief Executive is responsible for ensuring that all decisions made by the Company are within the law. One of the Chief Executive's key roles is to promote and maintain high standards of conduct throughout the Company by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standards policies.

### Director of Resources

The Director of Resources has a duty to:

- Comply with the statutory requirements for accounting and internal audit;
- Manage the financial affairs of the Company
- Ensure the proper exercise of a wide range of delegated powers both formal and informal;
- Ensure the recognition of the fiduciary responsibility owed to Board Members and the shareholder (Colchester Borough Council).

In this way the Director of Resources contributes to the anti-fraud and corruption framework of the Company.

All suspected instances of fraud or corruption should be reported to the Director of Resources or, in their absence, the Chief Executive.

### **Senior Management Team**

Managers at all levels are responsible for the communication and implementation of this policy. They are also responsible for ensuring that employees are aware of the Company's policies and procedures, the Company's Financial Regulations and Memorandum and Articles of Association and that the requirements of each are being met.

Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Special arrangements may be applied from time to time, for example where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments or payroll transactions. These procedures will be supported by relevant training.

The Company recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Company's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other public bodies Disclosure and Barring Service checks (formerly Criminal Records Bureau or CRB checks) are undertaken for employees working with or who may have contact with children or vulnerable adults.

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### **Employees**

Each employee is governed in their work by the Company's Memorandum and Articles of Association and Financial Regulations, and other policies on conduct and on IT usage. Included in the Company policies are guidelines on Gifts and Hospitality, and codes of conduct associated with professional and

personal conduct and conflict of interest. These are issued to all employees when they join the Company. In addition, employees are responsible for ensuring that they follow any instructions given to them, particularly in relation to the safekeeping of the assets of the Company. Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management.

### **Internal Audit**

Internal Audit plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, in accordance with agreed procedures. Within the Financial Procedure Rules in the Constitution, representatives of Internal Audit are empowered to:

- enter at all reasonable times any Company premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee of the Company to account for cash, stores or any other Company property under his/her control or possession

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Company.

### **External Auditor**

Independent external audit is an essential safeguard of the stewardship of the Company's money.

This is currently carried out by the Scrutton Bland through specific reviews that are designed to test (amongst other things) the adequacy of the Company's financial systems and arrangements

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for preventing and detecting fraud and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The Company contributes to the bi-annual Audit Commission led National Fraud Initiative which is designed to cross match customers across public organisations to highlight areas where there are potential fraudulent claims.

### **Role of the Public**

This policy, although primarily aimed at those within or associated with the Company, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

### **Conflicts of Interest**

Both elected Board Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

### **Official Guidance**

In addition to Financial Regulations and Memorandum and Articles of Association, due regard will be had to external and inspectorate recommendations.

The Company is aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the external auditor and other Government Inspection bodies, the Local Government Ombudsman, Standards for England, HM Customs & Excise and the Inland Revenue. These bodies are important in highlighting any areas where improvements can be made.

### 3.3 Detection and Investigation

Internal Audit plays an important role in the detection of fraud and corruption. Included within the audit plans are reviews of system controls including financial controls and specific fraud and corruption tests, spot checks and unannounced visits.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and Members of the public that aids detection. In some cases frauds are discovered by chance or “tip-off” and the Company will ensure that such information is properly dealt with within its whistle blowing policies.

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Detailed guidance on the investigation process is available separately.

#### Disciplinary Action

The Company’s Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Theft, fraud and corruption are serious offences which may constitute gross misconduct against the Company and employees will face disciplinary action if there is evidence that they have been involved in these activities, including Benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

Board Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Company. Action will be taken in addition to or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Code of Conduct for Board Members then it will also be referred to Standards for England - the national standards organisation.

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## **Prosecution**

In terms of proceedings the Company will endeavour to take action in relevant cases to deter others from committing offences against the Company.

## **Publicity**

The Company will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Company. Wherever possible, where the Company has suffered a financial loss, action will be taken to pursue the recovery of the loss.

All anti-fraud and corruption activities, including the update of this policy, will be publicised.

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### **3.4 Awareness and monitoring**

The Company recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for Board Members and employees and will therefore take appropriate action to raise awareness levels.

The Director of Resources will provide an annual report to senior management and Board Members outlining investigations undertaken during the year.

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This policy and associated procedures will be reviewed at least annually and will be reported to senior management and the Finance and Audit committee.

#### 4. Consultation

Following approval of the draft policy, discussion meetings have been held in late 2013/early 2014 with senior managers from all departments

#### 5. References

- CIPFA (Chartered Institute Of Public Finance Accountants) better Governance Forum's Red Book 2 'Managing the Risk of Fraud'
- Audit Commission Publication 'Protecting the Public Purse'.
- Bribery Act 2010

#### 6. Related Documents

- CBH Whistleblowing Policy
- Code of Conduct for Board Members
- Company Memorandum of Articles
- CBH Financial Regulations
- CBH Recruitment Procedure
- CBH IT Usage Policy
- CBH Gifts & Hospitality [Policy](#)
- CBH Employee Code of Conduct
- CBH Disciplinary Procedures
- National Fraud Initiative
- Standards for England

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## Appendix 1- Bribery Act 2010

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### Provisions of the Act

- 1.1 The Bribery Act 2010 became effective on 1 July 2011. The aims of the Act are to reduce the levels of corruption across the UK without being burdensome to business.
- 1.2 The Act generally defines bribery as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.
- 1.3 Genuine hospitality or similar business expenditure that is reasonable and proportionate is allowable and not covered by the Act. However, facilitation payments are considered bribes (payments to induce officials to perform routine functions they are otherwise obligated to perform).
- 1.4 There are four key offences under the Act:  
  
General Offences:
  - bribery of another person (section 1)
  - accepting a bribe (section 2)  
Commercial Offences:
  - bribing a foreign public official (section 6)
  - failure of a commercial organisation to prevent bribery (section 7)
- 1.5 All of the offences (save for the section 7 offence) may be dealt with in either the Magistrates' Court or the Crown Court. An individual convicted of an offence in the Magistrates' Court may be liable to a prison sentence of up to 12 months or a fine of £5,000, or both. However, in the Crown Court the maximum sentence significantly increases to a sentence of imprisonment of up to 10 years or an unlimited fine, or both. In respect of any other person (e.g. organisations) the maximum fine in the Magistrates' Court is £5,000 but in the Crown Court the fine is unlimited.

- 1.6 The section 7 offence of failure of a commercial organisation to prevent bribery is indictable only and must therefore be dealt with in the Crown Court where the maximum penalty is an unlimited fine.
- 1.7 Senior officers may also be convicted of an offence if they are deemed to have given their consent/connivance to giving/receiving a bribe or bribing a foreign official.

### **Implications for the Company**

- 2.1 The Act supports the Company's principle of free and fair competition in contracting and procurement. However, section 7 of the Act introduces an offence by 'commercial organisations' if they fail to prevent bribery. Commercial organisations are defined as a body or partnership incorporated or formed which carries on a business, or part of a business in the UK. So long as the organisation in question is incorporated (by whatever means) or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions, it will be caught if it engages in commercial activities.
- 2.2 The Courts will be the final arbiter as to whether an organisation "carries on a business" taking into account the particular facts in individual cases. However, the Company is clearly capable of falling within the definition of commercial organisation and therefore it could be liable if:
  - a very senior person in the organisation commits a bribery offence. This person's activities could be attributed to the Company.
  - a person associated with it, e.g. an employee or someone acting on behalf of the Company bribes another person (under section 1 or section 6) to gain a business advantage for the Company.
- 2.3 Section 7 of the Act –provides a defence for commercial organisations against prosecution if there are adequate procedures in place to prevent bribery. The Secretary of State has published Statutory Guidance about procedures

that relevant commercial organisations can put into place to prevent persons associated with them from bribing.

- 2.4 Company officers and [Board](#) Members are clearly caught by the offences of bribery of another person and accepting a bribe contained in sections 1 and 2 of the Act respectively. This is because these offences are concerned with “performance of a relevant function or activity” which include any function of a public nature, any activity connected with a business, any activity performed in the course of employment and any activity performed by or on behalf of a body of persons (whether corporate or unincorporated).
- 2.5 The extent to which there is a need for such procedures depends on the level of risk of bribery being committed on behalf of the Company. The following paragraphs consider the bribery risks for the Company overall and concludes that the highest risk is that of our staff accepting bribes in exchange for preferential treatment for service users or contract awarding etc.

### **Initial Bribery Risk Assessment**

- 3.1 A full bribery risk assessment has yet to be completed and agreed by the Company. However, an initial assessment of the risks is outlined below to determine the extent to which procedures additional to those already in place may be required and make an early assessment of these.
- 3.2 The Company is a large organisation with many members of staff, contractors and service users. Some areas of business in which the Company works bring with them higher bribery risks than others (see below). However, the Company does not do a large amount of business outside of the UK and not with high risk countries in terms of bribery.
- 3.3 A relatively small amount of commercial work is undertaken by the Company and only a very limited amount is spent on providing hospitality to those outside of the Company.
- 3.4 The Company does work with others in sectors particularly susceptible to bribery – e.g. the building trade generally is

traditionally a high risk sector. Additionally, the Company does undertake some transactions in relation to which officers are more at risk of being offered inducements:

- procurement and awarding of contracts
- allocation of housing
- assessment of entitlement to grants, benefits and other entitlements
- partnership and commissioning of services

3.5 The Company if it receives allegations of possible bribery and corruption involving our staff will always investigate such cases via its Anti-fraud and Corruption Policy and report as necessary. It is probable that such cases would indicate that the section 2 risk of our staff being bribed is the highest risk of the bribery offences. Unfortunately, bribery cases are very difficult to prove to a level where a criminal prosecution can take place.

3.6 In summary, an initial risk assessment would suggest that there is limited bribery risk across the Company. The most likely offence is that of our staff being bribed. As such, the risk of the Company being prosecuted for failing to prevent our staff/agents bribing others on behalf of the organisation is low.

### **Arrangements to mitigate the risk of bribery**

4.1 The procedures in place to mitigate the risk of bribery should reflect the level of risk. The initial risk assessment suggests the main risk is that of our staff being bribed. This offence, if proven, would result in prosecution of the individual rather than the Company. The Company itself is unlikely to face prosecution for not preventing bribery and have a legal need to rely on a defence of 'adequate procedures'. However, the guidance to the Act relating to 'adequate procedures' is soundly based for all bribery risks and in many respects the Company already has such procedures in place. The guidance suggest six principles of good procedures:

- **Risk Assessment** - the initial risk assessment is set out above but further risk assessment will be completed and agreed with Performance Management Board to ensure

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the above assessment accurately reflect the bribery risks faced by the Company.

- **Top Level Commitment** - those at the top of the organisation are in the best position to foster a culture of integrity in which any type of bribery is unacceptable. This commitment needs to be reflected and communicated in appropriate policies. The Company already has an Anti-Fraud and Corruption Policy and a Whistleblowing Policy and these will continue to be kept under review to ensure they contain the correct messages regarding the Company's zero tolerance towards bribery and the consequences to staff, members and others associated with the Company. At this stage it is not felt a separate policy on Bribery is necessary.

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- **Proportionate Procedures** - the Company should have procedures proportionate to the bribery risks it faces.

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#### **Preventing bribery of others: (low risk)**

- Financial Regulations are in place to control spending and provide for only authorised expenditure. They include provision that individuals and organisations who deal with the Company, internally and externally, will act with integrity and without thoughts or actions of fraud or corruption.
- Recruitment procedures include reference checks of staff before they are offered positions with the Company.
- The Company publishes all transactions over £500 in value to promote transparency of its spending activities.

#### **Preventing Bribery of staff or partners: (higher risk)**

- The Company has a Code of Conduct for both Members and staff that prohibits acceptance of financial inducements and details the rules

regarding acceptance of Gifts and Hospitality. There is a specific Code for Members involved in planning, etc.

- Financial Regulations make it clear that accepting inducements is not acceptable.
- Contract Procedure Rules are in place to ensure fair competition in awarding of contracts. The regulations and standard documentation used for issuing tenders and awarding of contracts makes it clear that bribery of Company staff is not acceptable and that contracts will be terminated if there is evidence of this.
- The Company has well defined decision making arrangements which aim to ensure that decisions are made by those free of any conflict of interest including a requirement for Members to declare interests during meetings.
- The Company's Whistleblowing Policy provides for anyone who suspects bribery to report it.
- **Due Diligence** - in respect of the person(s) who will/do perform services for or on behalf of the Company. This area will be reviewed during 2012/13 to ensure it is sufficiently robust in light of the bribery risks faced by the Company.
- **Communication** - the Company already has procedures in place to ensure fraud and corruption policies and procedures are communicated and understood by all staff. These will include the provision of e-training in fraud risk. This will include offences under the Bribery Act. Additionally, messages on the Hub will be routinely posted to maintain an awareness of the policies and procedures. The need for targeted release of information to high risk staff (those in a position to be bribed) regarding the provisions of the Bribery Act and a clear message that such activity will not be tolerated is currently being considered. Contract documentation is

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clear that attempting to bribe Company officials will not be tolerated.

- **Monitoring and Review** - of the procedures in place to prevent bribery by persons associated with it and making improvements where necessary. It is intended to compare the above approach with that of other local authorities to ensure Colchester's risk assessment and approach is in line with other Companies' arrangements.

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## Review of Anti-Corruption, Whistleblowing and Money Laundering Policies

5.1 ~~In view of the above, the opportunity has been taken to review the Company's Anti-fraud and Corruption, Whistleblowing and Money Laundering policies. Revised policies are attached for the Committee's consideration. The current version of the Anti-fraud and Corruption Policy contains both the organisational anti-fraud and corruption policy together with the statutory housing benefit fraud sanctions policy. The opportunity has been taken to separate the two policies make the organisational one more clear and to include the Bribery Act provisions.~~

5.2 ~~In addition, both the Whistleblowing and Money Laundering Policies have been reviewed and the only change was to the reporting structure for the reasons detailed below. It was also apparent that whilst the policies are separate there are links and the opportunity has been taken to create an overarching statement of intent in relation to both Ethical and Corporate Governance which gives a high level organisational commitment to zero tolerance to fraud, corruption and bribery. Beneath this are the individual policies. Attached is a diagram which illustrates this.~~

5.3 ~~It became evident when reviewing the policies that whilst they were fit for purpose it was not always very clear to staff how the reporting structures and processes worked in practice. Accordingly the opportunity has been taken to review the whole suite of documents within both the Company Ethical and Corporate Governance arrangements to ensure that reporting lines are clear. Attached is a flowchart which~~

~~indicates how all allegations will be dealt with in the future. It is proposed that a filtering system be implemented with either the Director of Resources or the Business Finance Manager filtering the allegations to ensure that they are dealt with in the most appropriate manner and to ensure that there is also corporate awareness of potential situations which could affect the organisation.~~

~~5.3 These proposals were considered and agreed by the Company's Finance and Audit Committee on 24th January 2012. A review of the above policies takes place at regular intervals to ensure that they comply with Best Practice and Colchester Borough Homes' Corporate Governance Framework.~~

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## Appendix 2 - Anti-Money Laundering Policy

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### 1. Introduction

Although public bodies are not directly covered by the requirements of the Money Laundering Regulations 2007, guidance from CIPFA (Chartered Institute of Public Finance Accountants) indicates that they should comply with the underlying spirit of the legislation and regulations.

Colchester Borough Homes is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

### 2. Scope of the Policy

This policy applies to all employees, whether permanent or temporary, and Members of the Company.

Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Company. Individuals who have a concern relating to a matter outside work should contact the Police.

### 3. Definition of Money Laundering

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Such offences are defined under the Proceeds of Crime Act 2002 as the following 'prohibited acts':

- Concealing, disguising, converting, transferring or removing criminal property from the UK
- Becoming involved in an arrangement which an individual knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property

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- Doing something that might prejudice an investigation e.g. falsifying a document
- Failure to disclose one of the offences listed in a) to c) above, where there are reasonable grounds for knowledge or suspicion
- Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation

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Provided the Company does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of failure to disclose and tipping off do not apply. However, the Company and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences above.

#### **4. Requirements of Money Laundering Legislation**

The main requirements of the legislation are:

- To appoint a money laundering reporting officer
- Maintain client identification procedures in certain circumstances
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain record keeping procedures

## 5. The Money Laundering Reporting Officer (MLRO)

The Company has designated the Director of Resources as the Money Laundering Reporting Officer (MLRO). He can be contacted on 01206 ~~282354-507815~~ or ~~07735-562-04807867~~ [503537](tel:01206503537) (mobile) and [david.lincoln](mailto:david.lincoln@cbhomes.org.uk) [Michael.hadjimichael](mailto:Michael.hadjimichael@cbhomes.org.uk)@cbhomes.org.uk.

In the absence of the MLRO or in instances where it is suspected that the MLRO themselves are involved in suspicious transactions, concerns should be raised with the Chief Executive.

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## 6. Reporting Procedure for Suspicions of Money Laundering

Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to your attention, not weeks or months later.

Your disclosure should be made to the MLRO and must include as much detail as possible including:

- Full details of the people involved
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent;
- Where they took place;
- How they were undertaken;
- The (likely) amount of money/assets involved;
- Why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to the Serious Organised Crime

Agency (SOCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the Act, then your report must include all relevant details, as you will need consent from SOCA, via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;

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Once you have reported the matter to the MLRO you must follow any directions he may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the SOCA. Simply report your suspicions to the MLRO who will refer the matter on to the SOCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the SOCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise you may commit a criminal offence of “tipping off”.

Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

## **8. Consideration of the disclosure by the Money Laundering Reporting Officer**

Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of

it. He should also advise you of the timescale within which he expects to respond to you.

The MLRO will consider the report and any other available internal information he thinks relevant e.g.:

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held;

And undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the SOCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether he needs to seek consent from the SOCA for a particular transaction to proceed.

Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to the SOCA on their standard report form and in the prescribed manner, unless he has a reasonable excuse for non-disclosure to the SOCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must liaise with the Section 151 Officer to decide whether there is a reasonable excuse for not reporting the matter to the SOCA.

Where consent is required from the SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the SOCA.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to proceed.

All disclosure reports referred to the MLRO and reports made by him to the SOCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the SOCA.

## **9. Training**

Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training.

Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Company and themselves.

Notwithstanding the paragraphs above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

## **10. Conclusion**

Given a public authority's legal position with regard to the legislative requirements governing money laundering, the Company believes that this Policy represents a proportionate response to the level of risk it faces of money laundering offences.

## **11. Review**

This policy will be reviewed annually.

### Document Control Sheet

|   |   |                             |  |
|---|---|-----------------------------|--|
| <b>Title:</b>                               | Anti-Fraud and Corruption Policy  |                             |  |
| <b>Electronic File Name &amp; location:</b> | T:\Common Files\Policies, strategies and corporate documents\Word versions of current corporate documents\CBH Anti-fraud and Corruption Policy - April 2014.doc |                             |  |
| <b>Consultation with stakeholders:</b>      | Senior Managers late <del>2013/early 2014</del> <u>2015</u>   |                             |  |
| <b>Approved:</b>                            | Finance & Audit Committee February 2012, CBH Board April 2014, <u>CBH Finance &amp; Audit Committee 2016</u>  |                             |  |
| <b>Circulation Date:</b>                    | <u>April 2014</u><br><u>March 2016</u>  | <b>Implementation Date:</b> | <u>April 2014</u><br><u>March 2016</u> |
| <b>Circulation method:</b>                  | CBH website, staff newsletter   |                             |  |
| <b>Next Review date:</b>                    | <u>April 2015</u><br><u>March 2017</u>  |                             |  |
| <b>Equality Impact Assessment:</b>          | N/A   |                             |  |

### Document Amendment History

| Version | Type           | Date     | Brief Description of changes |
|---------|----------------|----------|------------------------------|
| 1.0     | New            | Feb 2012 | New policy approved by F&A   |
| 1.1     | Minor revision | April    | Minor amendments             |

|     |                       |                 |                                  |
|-----|-----------------------|-----------------|----------------------------------|
|     |                       | <b>2014</b>     | approved by Board                |
| 1.2 | <b>Minor revision</b> | <b>Mar 2016</b> | Minor amendments approved by F&A |

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## REPORT TO COLCHESTER BOROUGH HOMES BOARD BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 9

**SUBJECT:** Value for Money Action Plan - Update

**REPORT BY:** Michael Hadjimichael, Director of Resources

☎ 01206 507815

✉ Michael.hadjimichael@cbhomes.org.uk

### **FOR INFORMATION**

#### **1. Introduction & Purpose**

1.1 To present an update of the Value for Money (VfM) Action Plan for 2015-18.

#### **2. Background & Content**

2.1 VfM is a core value at CBH and is one of the key priorities in our Medium Term Delivery Plan 2014-17 and is to 'Make the most of resources and opportunities' to achieve:

1. Increased Customer Satisfaction
2. Improved range, scope and quality of services
3. Better value for money
4. An organisation fit for the future.

2.2 To help achieve this objective, CBH developed a VfM Strategy to cover the period 2015-18, which was approved by Board in September 2015.

2.3 In the current climate, with increased pressure on the HRA, this strategy will be constantly reviewed to ensure that it still provides the framework to enable CBH to adapt to growing budgetary pressures.

2.4 Underpinning the Strategy is a three-year action plan to ensure focus is maintained on VfM. Progress on the Plan can be seen in **Appendix 1**. The Action Plan was reviewed by Finance and Audit Committee in March 2016, and subsequently by the Directors Management Team to ensure the actions and target dates are fit for purpose.

One of the key actions on the plan is the updated VfM annual targets. These have been identified in **Appendix 2**.

#### **3. Financial Implications**

The majority of CBH's focused actions; savings, increasing income, and procurement will strengthen CBH's financial position over this time period.

#### **4. VfM Implications**

VfM is the underlying theme of the strategy.

#### **5. Health & Safety Implications**

5.1 None.

#### **6. Equality & Diversity Implications**

6.1 None.

#### **7. Residents at the Heart**

7.1 Key objectives of the strategy include improving customer satisfaction and offering an improved range, scope and quality of services to our residents.

#### **8. Risk Management**

8.1 The implications of the budget announcement in July 2015 has highlighted the need to deliver more for less and CBH has to ensure that it is delivering on all its VfM promises in this time period.

#### **9. Appendices**

9.1 Appendix 1 - VfM Action Plan 2015-18  
Appendix 2 - VfM Annual Targets 2016-17

## CBH Value For Money Action Plan 2015-18

### 1. Savings

|          | Action  | Lead                      | Complete by | Complete/in progress/overdue |
|----------|---|---------------------------|-------------|------------------------------|
| 1        | Realise 2015/16 savings identified in VfM strategy                                | Directors Management Team | Mar-16      | In progress                  |
| 1.1<br>1 | Identify savings for 2016/17 and 2017/18 as part of the 'future proofing' project | Chief Executive           | Jun-16      | In progress                  |

1.2

### 2. Service improvement

|     | Action  | Lead   | Complete by | Complete/in progress/overdue  |
|-----|---|--|-------------|---|
| 2.1 | Enhance customer satisfaction by implementing the STAR action plan                                    | Director of Housing                                | Oct – 16    | Date Change. Survey in Q1 2016/17, results to Board Q3                |
| 2.2 | Improve void performance through review of process  | Director of Housing, Director of Property Services | Dec-15      | Complete  |
| 2.3 | Develop web based services to improve Customer access and information                                 | Director of Resources                              | Continuous  | In progress   |
| 2.4 | Allocate £200k of balances to set aside for specific projects to increase performance & satisfaction. | Director of Resources                              | Oct-16      | Monies to be used for potential outcomes of the Agile Working Project |
| 2.5 | Specific plans/actions relating to VfM KPI list   | Director of Resources                              | Mar-16      | Appendix 2 with updated position/targets                              |

### 3. Increasing income

| 3.1 | Action  | Lead            | Complete by | Complete/in progress/overdue |
|-----|---|-----------------|-------------|------------------------------|
|     | Continue to implement & review trading strategy action plan                       | Chief Executive | TBC         | In Progress                  |
| 3.2 | Implement findings of Colbea review   | Chief Executive | Mar-16      | Complete                     |
| 3.3 | Consider organisational readiness to trade as part of 'future proofing' programme | Chief Executive | Continuous  | Complete                     |

## 4. Procurement

|     | Action   | Lead                          | Complete by | Complete/in progress/overdue                                 |
|-----|--|-------------------------------|-------------|--|
| 4.1 | Review procurement, ensuring practices are aligned with Public Contracts Regulations 2015. | Director of Property Services |             | Complete   |
| 4.2 | Making best use of Procurement frameworks where appropriate                                | Director of Property Services | Continuous  |  |
| 4.3 | Implementing E-procurement to improve efficiencies   | Director of Resources         | Dec-16      | Delegated budgets initially, CBH to be rolled out in 2016/17 |

## 5. Asset management

|     | Action   | Lead                          | Complete by   | Complete/in progress/overdue                              |
|-----|--|-------------------------------|---|---|
| 5.1 | Complete whole stock viability model   | Director of Property Services | Oct 2015  | In progress   |
| 5.2 | Completing current rolling programme of stock condition surveys  | Director of Property Services | Ongoing 20% per annum Housing due March 2016 - Corporate Buildings 100% June 2015 | All Corporate Buildings completed. Housing due March 2016 |
| 5.3 | Commission a review of listed buildings and non-traditional property structures                        | Director of Property Services |   | Completed   |
| 5.4 | Conclude review of garage sites & potential revenue  | Director of Property Services | TBA   | TBA   |
| 5.5 | Assist the Council to draw up a development strategy   | Director of Property Services |   | Completed in draft  |
| 5.6 | Develop a new five-year programme of works based on our agreed business plan profile.                  | Director of Property Services | Annual  | TBA due to HRA review                                     |
| 5.7 | Ensure the asset management strategy shows clearly the Net Present Value (NPVs) for all homes          | Director of Property Services |   | Completed   |
| 5.8 | Carry out full options appraisal to improve the Return on Assets (ROA) of our lower performing assets. | Director of Property Services | Continuous  | Completed 2015  |

## 6. Performance management

|     | Action  | Lead                  | Complete by | Complete/in progress/overdue                              |
|-----|---|-----------------------|-------------|---|
| 6.1 | Incorporate stress testing into review of risk management | Director of Resources | Mar-17      | HQN 'Iron-Grip' exercise proposed for 2016 Board Away Day |

|     | Action   | Lead                      | Complete by | Complete/in progress/overdue   |
|-----|--|---------------------------|-------------|--|
| 6.2 | Review performance management skillset   | Director of Resources     | Jul-16      | External Review commenced Feb'16   |
| 6.3 | Improve use of ICT to support performance management   | Director of Resources     | 2016/17     | Use of ICT covered as part of the review above. General use of ICT reviewed as part of Agile Working Project |
| 6.4 | Quarterly VfM reviews with managers  | Directors Management Team | Mar-17      |  |
| 6.5 | VfM included in performance reports routinely  | Directors Management Team | Apr-17      |  |
| 6.6 | Implement a log of cashable and non-cashable savings to feed into the annual VfM self-assessment | Director of Resources     | Jul-16      | To launch post year end  |

## 7. Cultural change

|     | Action  | Lead                      | Complete by | Complete/in progress/overdue  |
|-----|---|---------------------------|-------------|---|
| 7.1 | Promote the new VfM strategy to staff and train them on the importance of VfM to the sector and their role in maximising VfM for Colchester Borough Homes | Directors Management Team | Jul-16      | Approach to promote VfM currently being considered and to also form part of Corporate Induction |
| 7.2 | Publicise VfM gains to our residents & other stakeholders   | Directors Management Team | Sep-16      | As part of the Annual Report  |
| 7.3 | At staff events identify what initiatives have been taken by staff to enhance VfM across the business.  | Directors Management Team | Continuous  |   |
| 7.4 | Ensure Organisational Development plan (ODP) adequately reflects VfM focus  | Director of Resources     | Sep-16      | A review of the ODP to take place in 2016/17  |

## 8. Social return on investment

|     | Action  | Lead                          | Complete by | Complete/in progress/overdue |
|-----|---|-------------------------------|-------------|------------------------------|
| 8.1 | Clarify/formalise approach to Corporate Social Responsibility                             | Chief Executive               | Mar-17      | Complete                     |
| 8.2 | Incorporate provisions of Public Services (Social Value) Act 2012 into procurement review | Director of Property Services |             | Complete                     |

|     | Action   | Lead                          | Complete by | Complete/in progress/overdue |
|-----|--|-------------------------------|-------------|------------------------------|
| 8.3 | Channel efficiency savings into socially beneficial projects   | Directors Management Team     | Continuous  |                              |
| 8.4 | Maximise environmental benefits through grant funding  | Director of Property Services | Continuous  |                              |
| 8.5 | Work with partners to maximise opportunities for added social value, e.g. sponsorship, apprenticeships, volunteering | Directors Management Team     | Continuous  |                              |

## CBH Vfm Key Performance Indicators - April 2016

| Department                | Measures (KPIs)                                  | 2013/14<br>Outturn | 2014/15<br>Outturn | 2015/16<br>Target | 2015/16<br>Outturn (Q3<br>figs here) | 2016/17<br>Target | Financial or Quality** |
|---------------------------|--|--------------------|--------------------|-------------------|--------------------------------------|-------------------|------------------------|
| <b>HR</b>                 | Number of sick days (average per employee)       | 8                  | 8.5                | 8                 | 11.17                                | 8                 | F & Q                  |
| <b>Finance</b>            | Satisfaction with VfM of rent (%)*               | 80                 | N/A                | N/A               | N/A                                  | TBC               | F & Q                  |
|                           | VfM efficiency savings (£000)                    |                    |                    | 401               | TBC                                  | TBC               | F & Q                  |
| <b>Property services</b>  | Average repair cost per property (£)             | 502                | 512                | 527               | 519                                  | 529               | F                      |
|                           | Satisfaction with repairs service (%)            | 98.9               | 98.2               | 96.5              | 99.22                                | 97                | Q                      |
|                           | Satisfaction with outcome of last query (%)*     | 72                 | N/A                | N/A               | N/A                                  | TBC               | Q                      |
| <b>Housing management</b> | Overall satisfaction with landlord services (%)* | 83                 | N/A                | N/A               | N/A                                  | TBC               | Q                      |
|                           | Void loss %                                      | N/A                | 0.42               | N/A               | 0.53                                 | 0.69              | F                      |
|                           | Average re-let time (days)**                     | 15.3               | 17.3               | 17                | 17.46                                | 28.50             | F & Q                  |
|                           | Satisfaction with communal cleaning (%)*         | 75                 | N/A                | N/A               | N/A                                  | TBC               | F & Q                  |
|                           | Satisfaction with grounds maintenance (%)*       | 75                 | N/A                | N/A               | N/A                                  | TBC               | F & Q                  |
| <b>Income collection</b>  | Rent collection rate %                           | 98.9               | 98.6               | 98                | 99.78                                | 98                | F                      |

\*as measured by Survey of Tenants and Residents (STAR). The next STAR is due to take place in April 2016 and every 2 years, so no targets have been set for 2015/16 or 2017/18

\*\* KPI measures financial (F), service quality (Q) or both

\*\* KPI has been re-based for 2016/17 and prior year comparatives changed to reflect this



## **REPORT TO COLCHESTER BOROUGH HOMES BOARD**

**DATE:** 26 April 2016

**TIME:** 5.30 p.m.

**VENUE:** Room 1

**AGENDA ITEM:** 10

**SUBJECT:** Future Proofing Project-end Report

**REPORT BY:** Greg Falvey, Chief Executive  
☎ (01206) 282919  
✉ greg.falvey@cbhomes.org.uk

### **FOR DECISION**

#### **1. Introduction and Purpose**

- 1.1 Board Members are asked to approve the Future Proofing project-end project report. This report appears as Appendix 1.

#### **2. Appendices**

- 2.1 Appendix 1 – Future Proofing Project-end Report.



# Future Proofing PRINCE2™- End Project Report

|                         |                               |                 |       |
|-------------------------|-------------------------------|-----------------|-------|
| <b>Project Name:</b>    | Future Proofing               |                 |       |
| <b>Date:</b>            | 12.4.16                       | <b>Release:</b> | Final |
| <b>Author:</b>          | Greg Falvey                   |                 |       |
| <b>Owner:</b>           | Future Proofing Project Board |                 |       |
| <b>Client:</b>          | CBH Board                     |                 |       |
| <b>Document Number:</b> | 7                             |                 |       |

## Revision History

Date of next revision:

| Revision Date | Previous Revision Date | Summary of Changes | Changes Marked |
|---------------|------------------------|--------------------|----------------|
| N/A           |                        |                    |                |
|               |                        |                    |                |

## Approvals

This document requires the following approvals. A signed copy should be placed in the project files.

| Name      | Signature | Title | Date of Issue | Version |
|-----------|-----------|-------|---------------|---------|
| CBH Board |           |       |               |         |
|           |           |       |               |         |
|           |           |       |               |         |

## Distribution

This document has been distributed to:

| Name                          | Title | Date of Issue | Version |
|-------------------------------|-------|---------------|---------|
| CBH Board                     |       |               |         |
| CBH Directors Management Team |       |               |         |

## Overview

### Purpose

An End Project Report is used during project closure to review how the project performed against the version of the Project Initiation Documentation used to authorize it. It also allows the:

- Passing on of any lessons that can be usefully applied to other projects
- Passing on of details of unfinished work, ongoing risks or potential product modifications to the group charged with future support of the project's products in their operational life.

### Advice

*The End Project Report is derived from the: Project Initiation Documentation; Business Case; Project Plan; Benefits Review Plan; Issue Register, Quality Register and Risk Register; Lessons Report and End Stage Reports (and Exceptions Reports, if applicable).*

*An End Project Report can take a number of formats, including presentation to the Project Board (physical meeting or conference call), as a document or email issued to the Project Board or as an entry in a project management tool.*

*The following quality criteria should be observed:*

- Any abnormal situations are described, together with their impact
  - At the end of the project, all issues should either be closed or become the subject of a follow-on action recommendation
  - Any available useful documentation or evidence should accompany the follow-on action recommendation(s)
  - Any appointed Project Assurance roles should agree with the report.
- 

## Project Manager's report

The Project has progressed as planned and in accordance with the agreed timetable. There have been regular meetings of the Project team and, separately, the Project Board. All meetings have been noted and update reports provided to the CBH Board.

A number of key decisions have been made and a number of changes have been actioned; these are detailed below in the section 'benefits achieved to date'.

Exceptions:

- Staff talent programme. This initiative is in hand and will be presented to G&R Committee.
- The recommendation that a CBH executive joins the CBH Board. This recommendation was presented to CBC and is rejected at this time. The recommendation still stands and will be re-presented to CBC if and when it is considered that the recommendation will receive support.
- Resident scrutiny external assistance. In hand. A report will be presented to Board in September 2016.
- CBC trading guarantee. In hand.

## Review of the Business Case

The intention of this project was to conduct a cross-organisational review to explore how, following the renewal of the CBC and CBH management agreement, CBH could ensure resilience in structures and working practices for the medium term. The project has, following a comprehensive SWOT analysis, examined all key areas highlighted and has made recommendations to address all key findings.

### Benefits achieved to date

|   |  | Board, Committee, DMT or CBC decision | Agreed at Board, Committee, DMT or CBC |
|---|--|---------------------------------------|--|
| <b>ORGANISATIONAL DEVELOPMENT</b>                             | Personal Leadership Journey  | DMT                                   | ✓                                      |
|   | Staff Talent Programme   | G&R                                   | In hand                                |
|   | Executives on Board - hold for post May '16  | Both                                  | On hold                                |
|   | Governance Officer Reporting Line  | DMT                                   | ✓                                      |
|   | Management of Risk with Resources  | DMT                                   | ✓                                      |
|   | Resources Directorate Restructure  | G&R                                   | ✓                                      |
|   | Market Supplement policy   | G&R                                   | ✓                                      |
|   | Salary Sacrifice   | G&R                                   | ✓                                      |
|   | DMT Visibility   | DMT                                   | ✓                                      |
|   | Investors in People - Gold   | DMT                                   | ✓                                      |
|   | Working SMARTER Project:<br>1. Accommodation Strategy<br>2. Working Practices<br>3. IT & Strategy Review | DMT                                   | ✓                                      |
|   | CBC/CBH – Increasing Confidence  | Board                                 | ✓                                      |
|   | Restating CBH Vision & Mission   | Board                                 | ✓                                      |
|   | Amend Terms of Reference (to include trading)  | Board                                 | ✓                                      |
| Further amend Business Opportunities Panel Terms of Reference | Board  | ✓                                     |  |
| <b>SERVICE DEVELOPMENT</b>                                    | Managing performance data team   | DMT                                   | ✓                                      |
|   | Resident Scrutiny - external assistance  | Board                                 | Sep-16                                 |
| <b>COMMERCIAL</b>   | Identifying b/f Reserves Funding   | F&A                                   | ✓                                      |
|   | Construction Services Business Plan  | Board                                 | ✓                                      |
|   | Trading & Education Proposal   | Board                                 | ✓                                      |
|   | Raising the Profile of CBH Project   | Board                                 | ✓                                      |
|   | CBC Trading Guarantee  | CBC                                   | In hand                                |
| <b>COMMUNITY DEVELOPMENT</b>                                  | CBH Pathways   | Board                                 | ✓                                      |
| <b>FINANCE &amp; RISK MANAGEMENT</b>                          | National budget - remodelling HRA  | Both                                  | ✓                                      |
|   | New Critical Success Factors   | Board                                 | ✓                                      |

## **Residual benefits expected**

*(post-project)*

There are a number of projects that have been instigated by the Future Proofing Project that will realise residual benefit. These are on-going namely:

- The 'Working Smarter Project' (previous working title 'Agile Working') - an operational project. Reports will be submitted to Board on specific items where appropriate.

This project has commenced and will consider three work streams. The information technology requirements of CBH going forward; a review of working practices; a review of office accommodation. Matt Armstrong is the project director and Greg Falvey is the project sponsor. Michael Hadjimichael will take over as project sponsor from June 2016.

- The CBH Pathways Project (presented to Board September 2015)

This project is being soft launched in the summer 2016. The project has been boosted by the agreement of Colne Housing to join with CBH and Axis to launch an apprenticeship programme.

- The external trading business case (presented to Board September 2015)

The external trading business case supported by Colbea and agreed at Board is progressing well with a number of external trading opportunities secured.

- The work in education business case (presented to Board February 2016)

This project is progressing well. Opportunities will be presented to the CBH Business Opportunities Panel and Board as appropriate.

## **Deviations from the approved Business Case**

None

## **Review of Project Objectives**

*(Review of how the project performed against its planned targets and tolerances for time, cost, quality, scope, benefits and risk. Review the effectiveness of the project's strategies and controls)*

There are no deviations from the project objectives. A budget was set aside of £20,000 to support the project but this was not required. The budget has now been set aside to support the on-going work of the 'Working Smarter Project'.

## **Review of Team Performance**

*(In particular, providing recognition for good performance)*

The Project team and Project Board have performed well. The Directors Management Team and Senior Management Team have fully embraced the project.

Of particular note: Gerardine Murphy has led on the CBH Pathways project in addition to her normal work commitments. Matt Armstrong is leading the 'Working Smarter Project' in addition to his normal work commitments.

## **Lessons Report**

*(A review of what went well, what went badly, and any recommendations for corporate or programme management consideration (and if the project was prematurely closed, then the reasons should be explained). This may be a separate document and referenced from this location)*

It is considered that there are two important lessons learnt:

1. That the use of Prince 2 methodology for project management is a thorough and appropriate tool for significant projects at CBH. All of the senior team at CBH are trained as Prince 2 practitioners.
2. The recommendation for a CBH executive to join the CBH Board was rejected by CBC. In retrospect it would have been advantageous to better parade the advantages and disadvantages of this recommendation before a CBC decision was made. This might not have led to a different decision, as CBC's rationale is in its own right sound – but it is not considered that the CBH rationale was presented as well as it could have been.

## **Project Product Handover**

*(Confirmation (in the form of acceptance records) by the customer that operations and maintenance functions are ready to receive the project's product)*

Subject to CBH Board approval of this project end report.

## **Summary of Follow-on Action Recommendations**

*(Request for Project Board advice about who should receive each recommended action. The recommended actions are related to unfinished work, ongoing issues and risks, and any other activities needed to take the products to the next phase of their life)*

All project recommendations are being implemented following appropriate approvals. For on-going subsidiary projects separate reports will be presented to the CBH Board as appropriate.



## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 11

**SUBJECT:** Corporate Facilities Management Progress Report '15/16

**REPORT BY:** Mark Wright, Director of Property Services  
☎ (01206) 282760  
✉ mark.wright@cbhomes.org.uk

### **FOR INFORMATION**

#### **1. Recommendation**

1.1 That the Board note the content of the report.

#### **2. Purpose of Report**

2.1 The purpose of this report is to provide an annual summary to the Board of the work carried by the Corporate Facilities Management Team, in the year 2015/16.

#### **3. Background & Content**

3.1 The Building Services & Facilities Management team transferred to CBH in April 2014, along with a small engineering team. In setting the budget for 2014/15, the Council established a savings target of £50k for the service. The budget was transferred to CBH minus the £50k and therefore CBH is working to generate income and savings in-year to maintain service levels. The same principles applied for 2015/16 and 2016/17 and it is anticipated that this saving will continue in principle in future years.

3.2 As part of the Property Services Directorate, the Corporate Facilities Management team can now benefit from the services of the existing direct labour organisation, creating additional resilience and efficiencies.

3.3 The team can also take advantage of CBH professional expertise such as construction design & management, mechanical & electrical services, quantity surveying, and structural & building surveying. A newly created asbestos team (3 FTE) has been created under Corporate Facilities Management, and a new design team made up of existing asset management and finance staff (4 FTE) transferred into the Facilities Management Team management structure during 2015/16. This has been a key step on the way to maximising the benefits of full integration of the service, whilst maintaining the benefits to be derived from its unique identity.

- 3.4 The transfer has facilitated savings to the General Fund by reducing reliance on external consultants and contractors in delivering maintenance and capital works for the Council's corporate building assets. It has also created a base for commercial business opportunities, via the delivery of building services and facilities management for other organisations.
- 3.5 Incorporation of the team has already generated savings, for example through joint procurement for planned preventative maintenance, as well as adding sheltered housing into an existing Corporate Facilities Management contract. In 2014 the joint tender for cleaning services of housing & corporate properties generated an 18% reduction in annual cleaning costs for corporate properties & and a 24% reduction for CBH sites, compared to the previous year, equivalent to a saving of around £60k a year overall.
- 3.6 Highlights for the service since transfer have included:
- Work underway to complete a survey of the whole property portfolio, as well as a longer-term corporate asset investment plan
  - Establishment of new service level agreement with services defined for the first time and performance targets agreed
  - Delivering on time and on budget the Corporate Buildings Maintenance and Engineering programme(s)
  - Establishing a professional and insurance-compliant non-adopted HRA footpaths and highways inspection and repair programme.
  - Provide an excellent repairs and maintenance service to the Corporate Buildings Portfolio resulting in 100% availability of facilities to staff and customers (public) throughout the year.
  - New business opportunities, including:-
    - St John's car park refurbishment
    - Structural repairs to Town Hall bell tower and the clock
    - Designing a new bench (approved by Heritage England) in the Town Hall for the future Mayor.
    - Balkerne Gate lighting project
- 3.7
- New business opportunities, which are fee paying:
    - Creative Business Centre project
    - Leisure World – dry side changing room refurbishment
    - Old Heath café
    - Cemetery extension
    - Priory Street car park redevelopment - at the design stage
    - St John's car park refurbishment
    - Roman Wall – at tender stage, should generate a fee for this (£30k)
    - Structural repairs to Town Hall bell tower and the clock
    - Abbeygate 2 (old factory) – start in spring, we've assisted with change of use and planning applications
    - Designing a new bench (approved by Heritage England) in the Town Hall for the future Mayor.
    - Balkerne Gate lighting project
    - Customer Contact Centre – library
    - Mercury Theatre Project - detail to be confirmed as reported to Board previously.

- Commission to take forward gym extension for Leisure World (£45k commission)
    - Delivering the Council's next phase of carbon management programme projects (an initial £17k commission).
  - The value of projects undertaken throughout the year has exceeded £3 million in addition to the established ongoing maintenance programme.
- 3.8 As a result of the above mix of work a fee has been generated in excess of £80k above the management fee for 16/17. This has been offset against the inbuilt underfunding and generating a £10k contribution towards the corporate overheads of CBH (pending actual outturn figures), and in addition, a small surplus for re-investment by CBC/CBH, as reported in the trading account to the Finance & Audit Committee.
- 3.9 It is currently forecast that the commissions already received for 2016/17 should generate a sufficient fee to recover costs and the underfunding without inclusion of any anticipated income from the Mercury Theatre project.
- 3.10 Issues:
- Following the transfer of the service some communications and capacity issues were encountered on one particular legacy project and lessons were learnt. Other projects are progressing well.
  - As budgets have remained with CBC, no efficiencies have been made in this respect. Current arrangements mean orders being raised on both CBH and CBC systems, thus creating duplication. A solution is being explored as part of CBH's ICT priorities.

#### **4. Risk Management**

- 4.1 The introduction of the non-adopted highways and footpaths inspection and repair programme has had a positive effect on claims made against the Council for trips and falls. This has in turn formed an important element in the Council's negotiations for its Public Liability insurance(s) renewals.

#### **5. HR Implications**

- 5.1 None

#### **6. Legal Implications**

- 6.1 None

#### **7. Financial Implications**

- 7.1 Whilst this report is for noting rather than decision, Board members' attention is drawn to the positive contribution made to the CBH accounts by the utilisation of capacity created by the reorganisation at Property Services undertaken in this year. This has effectively enabled Property Services to seek additional projects, whose fees are paid in addition to the Management Fee and have dealt with the inbuilt year-on-year savings target and all costs associated with the additional projects.

## **8. Value for Money**

- 8.1 The approach taken by incorporating the Facilities Management Team and the Engineering Team into the Property Services Directorate has delivered the anticipated £50k per annum saving to the General Fund and has contributed to the CBH central overheads and surpluses year-on-year. In addition integration of contracts has resulted in year on year savings to the General Fund and the Housing Revenue Account (HRA).
- 8.2 In summary, the net position after costs (underfunding) is that savings to the General Fund for the period 2014-2016 have been in the order of £150k – made up from £50k per annum staff savings already taken by the Council and £25k per annum contract savings; whilst savings to the HRA have been in the order of £110k for the same period - this last being made up of a contribution to overheads of £10k per annum , contract savings of £35k per annum and £10k per annum surplus.
- 8.3 One exclusion from the savings is the saving accruing to CBC from the reduction in fee charged by CBH to CBC under the terms of the SLA in place for all of the additional projects. This fee remains below market rate and has led to the transfer of much work from the Private Consultancy Sector to CBH. So much so that we have been fortunate enough to fill vacancies created in year with a number of individuals from the private sector who may have been less interested in employment with CBH without the diversity of work and future opportunities.

## **9. Health & Safety Implications**

- 9.1 None

## **10. Equality & Diversity Implications**

- 10.1 None

## **11. Residents at the Heart**

- 11.1 Whilst the majority of the works of the Corporate Facilities Team are focussed on public buildings and other assets, the work of the Engineering Team has had a positive effect on the quality of the built environment on estates.

## **12. Decision Required?**

- 12.1 No

## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Rowan House

**AGENDA ITEM:** 12

**SUBJECT:** Finance Assurance Report

**REPORT BY:** Michael Hadjimichael, Director of Resources  
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### **FOR INFORMATION**

#### **1. Purpose of Report**

- 1.1 To provide the Board with a high-level statement of the financial position at 29 February 2016.

#### **2. Recommendations**

- 2.1 That the Board:
- Note the financial position as at 29 February 2016.

#### **3. Background**

- 3.1 The Management Fee Budgets are managed on a risk-based approach with a high level of monitoring on the key risk budgets. These include salaries, premises, SLAs and new services taken on from the Council. The salaries budget represents over 70% of the controllable budgets and a detailed model is used to monitor this.
- 3.2 The Finance & Audit (F&A) Committee monitors the progress against the budgets in detail at their meetings during the year to ensure these are effectively monitored.

#### **4. Review of Financial Position as at 29 February 2016**

- 4.1 Set out below is the actual expenditure on the operating budget and a forecast of the 31 March 2016 outturn.

|                        | <b>Budget<br/>2015-16<br/>(£000)</b> | <b>Expenditure<br/>to 29<br/>February '16<br/>(£000)</b> | <b>Forecast to<br/>31 Mar '16<br/>(£000)</b> | <b>Projected<br/>variance<br/>at 31 Mar<br/>'16<br/>(£000)</b> |
|------------------------|--------------------------------------|--|--|--|
| Management Fee - HRA   | 8,158                                | 6,999  | 8,008  | -150   |
| Management Fee - GF    | 1,196                                | 1,128  | 1,276  | 80   |
| <b>Other Budgets</b>   |                                      |  |  |  |
| Delegated Budgets      | 2,737                                | 1,790  | 2,557  | -180   |
| Corp Facilities Budget | 678                                  | 601  | 728  | 50   |
| Capital (CBC and CBH)  | 11,624                               | 11,750   | 11,750                                       | 126  |
| Revenue/other          | 1,672                                | 1,624  | 1,652  | -20  |

The key reasons for variances are as follows:

#### Management Fee

- 4.2 There have been a number of vacant posts that have been hard to fill, which have led to an underspend to date on the salaries budget. In addition, some top of grade staff have left to be replaced by new staff on the lower end of the grade. By the year end this is estimated to be in the region of approximately £150,000. Property Services is also anticipating an underspend through vacant posts and lower than budgeted expenditure on professional fees. It is anticipated that this will be ring fenced to support Market Supplement payments in 2016-17 and any future liabilities which will come to fruition in 2016-17 as well as to support any future shortfalls in the funding of the Corporate Facilities Management Team.

The general fund management fee is forecasting an overspend of £80k which is as a result of the Corp Facilities Management Team where the budget given by CBC is £50k less than actual cost. This overspend will be supported by trading activity reported under the confidential section of today's meeting.

#### Delegated Budgets

- 4.3 Expenditure to the end of February is £800,000 below the profiled budget expected for year to date. This is still an area of concern. An under-spend of £180,000 - £250,000 is expected at year end depending on final costs for recharges which are yet to be received from CBC. CBH have been in discussion with CBC regarding a number of issues on these budgets and will put in place appropriate controls to ensure recharges are timely and the budgets are managed effectively.

We anticipate requesting carry forwards for approx. £150,000 into 2016-17

which will be detailed in the final outturn position report for Finance & Audit Committee (F&A).

#### Corp Facilities Budget

- 4.4 Expenditure to the end of February is £601,000, in line with the profiled budget. The forecast outturn is circa £50k over budget which CBC are aware of. The Head of Corporate Facilities has a meeting with their CBC Finance Partner on 4 April to discuss outstanding commitments and accruals and following this meeting a final overspend figure will be confirmed. CBC is comfortable with this overspend as the organisation is reportedly underspent overall.

#### Capital – all capital works

- 4.5 Committed expenditure to the end of February is £11,750,000, in line with the profiled budget. This is also the forecast outturn figure giving an overspend position of £126k. This has been discussed at CMG and CBC are aware of this position and the contingency budget of £150k could be utilised to support this if it all works are completed by year end.

#### Revenue CBC Contracts

- 4.6 Expenditure to the end of February is £1,624,000, in line with the profiled budget. The forecast outturn is £20k underspent as a result of the PV project which has now been completed. The remaining budget will be utilised to support the legal aspects of this project which has been paid for directly by CBC.

### **5. Carry Forwards into 2015-16**

- 5.1 A number of projects intended to be funded in 2014-15 were carried forward into 2015-16 following approval by F&A Committee.

In total they amount to:-

CBH budgets – £244,000

Delegated CBC budgets - £384,000

These projects have now been completed or superseded.

### **6. Financial Implications**

- 6.1 These are incorporated in the body of the report.

### **7. HR, Health & Safety and Equality & Diversity Implications**

- 7.1 None.

### **8. Residents at the Heart**

- 8.1 Residents are indirectly involved in budgetary control as they review our performance on a regular basis. Our performance on standards is underpinned by our expenditure.



## REPORT TO COLCHESTER BOROUGH HOMES BOARD

**DATE:** 26 April 2016

**TIME:** 5.30 pm

**VENUE:** Room 1, Rowan House

**AGENDA ITEM:** 13

**SUBJECT:** Performance Assurance Report

**REPORT BY:** Karen Loweman, Director of Housing  
☎ (01206) 282805  
✉ karen.loweman@cbhomes.org.uk

### FOR INFORMATION

#### 1. Purpose of Report

- 1.1 To provide the Board with a high-level statement of the Company's performance against the agreed Key Performance Indicators (KPIs).

#### 2. Recommendations

- 2.1 That the Board notes the KPIs that are red or amber and considers the adequacy of measures in place to improve performance or mitigate impact.

#### 3. Background

- 3.1 The Medium Term Delivery Plan contains a selection of KPIs that reflects the Company's vision & objectives for the coming year as well as the targets by which these are to be measured. These are discussed and agreed by the Operations Committee and approved by the Board at the start of each year.
- 3.2 The Operations Committee reviews the suite of KPIs at each meeting, and requests more detail where performance is below target. KPIs are shown as 'green', 'amber' or 'red' against the performance target:
- 'Green' means the project is on target to succeed.
  - 'Amber' means the project has a problem but action is being taken to resolve this OR a potential problem has been identified and no action is being taken at this time but it is being carefully monitored.
  - 'Red' means the project requires remedial action to achieve objectives.
- 3.3 This report gives assurance to the Board that any areas of concern are being monitored and addressed.

- 3.4 The Operations Committee reviewed the KPIs for Quarter 3 at its meeting on Thursday 11 February.
- 3.5 At the Operations Committee held on Thursday 24 March 2016 reports were considered regarding items where performance was on a 'Red' or 'Amber' status: Empty property management and Former tenant arrears.
- 3.6 The Committee also considered a report on the achievements of the Community Budget group and a presentation from Equality Ambassadors, task and finish group.

#### **4. Performance Monitoring – 2015/16 Quarter 3 (to end of December 2016)**

- 4.1 Information relating to Quarter 3 performance was reviewed at the Board meeting held on 22 February.
- 4.2 2015/16 year end performance will be reviewed at the Operations committee on Tuesday 10 May. An updated performance dashboard of Key performance indicators is appended to this report.

#### **5. Financial Implications**

- 5.1 Performance for the year has been within budget expectation.

#### **6 HR Implications**

- 6.1 Staff resources are sufficient to deliver the required level of service.

#### **7 Equality and Diversity Implications**

- 7.1 Performance monitoring supports CBH to ensure that services are delivered in a fair and accessible way.

#### **8 Residents at the Heart**

- 8.1 The Tenant and Leaseholder Consultative Committee and focus groups review standards and KPIs.

#### **9. Appendix**

- 9.1 Appendix 1 – KPI Dashboard as of 29 February 2016.

**PERFORMANCE SUMMARY**  
2015/16

| PI no.  | Description   | 14/15           | QTR 1  | QTR 2  | QTR 3  | January 2016 | February 2016 | Cumulative to February 2016 | YTD             | 2015/16 Target       | Perf rating-Local | Perf rating - National   | Perf rating - East of England |
|---|---|-----------------|--------|--------|--------|--------------|---------------|-----------------------------|-----------------|----------------------|-------------------|--------------------------|-------------------------------|
| <b>Work with Partners and residents to create mixed and sustainable communities</b> |   |                 |        |        |        |              |               |                             |                 |                      |                   |                          |                               |
| 1   | ASB -- % of cases closed and not re-opened within 90 days.              | 95%             | ⇒      | ⇒      | ⇒      | 100%         | 100%          | 97%                         | 97%             | 95%                  |                   | H'Mark 14/15 UQ 98.7%    | H'Mark 14/15 UQ 98.7%         |
| <b>Prevent homelessness and rough sleeping</b>                                      |   |                 |        |        |        |              |               |                             |                 |                      |                   |                          |                               |
| 2   | % of housing options cases where homelessness was prevented             | 607             | ⇒      | 52%    | 47%    | 38%          | 31%           | ⇒                           | 50%             | 45%                  |                   | n/a                      | n/a                           |
| <b>Work with customers to enable them to make informed housing choices</b>          |   |                 |        |        |        |              |               |                             |                 |                      |                   |                          |                               |
| 3   | Number of households in bed and breakfast accommodation                 | 146             | ⇒      | ⇒      | ⇒      | 38           | 37            | ⇒                           | 37              | 0                    |                   | n/a                      | n/a                           |
| <b>Make the best use of homes in Colchester</b>                                     |   |                 |        |        |        |              |               |                             |                 |                      |                   |                          |                               |
| 4   | Average time (days) to relet empty General Needs properties             | 17.33           | ⇒      | ⇒      | ⇒      | 15.62        | 13.79         | 17.15                       | 17.15           | 17.00                |                   | n/a                      | n/a                           |
| 5   | Percentage of underoccupied Council homes                               | 24.6%           | ⇒      | ⇒      | ⇒      | 23.2%        | 23.1%         | ⇒                           | 23.1%           | 24%                  |                   | n/a                      | n/a                           |
| 6   | Tenancy Audits completed  | 1795            | 596    | 601    | 573    | 201          | 236           | 2207                        | 2207            | 2000                 |                   | n/a                      | n/a                           |
| <b>Provide healthy, safe and energy efficient homes</b>                             |   |                 |        |        |        |              |               |                             |                 |                      |                   |                          |                               |
| 7   | Repairs satisfaction (%)(inc Gas) KPI R010                              | 98.22%          | 99.03% | 98.96% | 99.68% | 100%         | 99.23%        | 99.31%                      | 99.31%          | 96.5%                |                   | H'mark UQ 14/15 97.1%    | H'Mark 14/15 UQ 98.9%         |
| 8   | Average end to end time for all reactive repairs HMPI 90                | 6.40            | 6.74   | 5.92   | 6.15   | 5.84         | 6.37          | 6.24                        | 6.24            | 6.60                 |                   | H'mark UQ 14/15 6.5 days | H'Mark 14/15 UQ 7.5 days      |
| 9   | Percentage of tenanted properties with valid CP12 certificates KIP R120 | 100%            | ⇒      | ⇒      | ⇒      | 100%         | 100%          | ⇒                           | 100%            | 100%                 |                   | H'mark U Q 14/15 100%    | H'Mark 14/15 UQ 100%          |
| 10  | Percentage of Non Decent homes KPI C310                                 | 0%              | ⇒      | 8.16%  | 6.05%  | 3.73%        | 2.33%         | ⇒                           | 2.33%           | 0% (5 yr target)     |                   | H'mark U Q 14/15 0%      | H'Mark 14/15 UQ 0%            |
| 11  | Repairs and voids cost per property (£)                                 | £512            | £469   | £505   | £519   | ⇒            | ⇒             | ⇒                           | £519            | £543                 |                   | H'mark U Q 14/15 £698    | H'mark UQ 14/15 £624          |
| 12  | First Call Resolution (%) -- monthly result only                        | 87%             | ⇒      | ⇒      | ⇒      | 89%          | 88%           | ⇒                           | 89%             | 87%                  |                   | H'mark U Q 14/15 96%     | H'mark UQ 14/15 96%           |
| 13  | Average waiting time for calls (seconds)                                | 26 secs         | ⇒      | ⇒      | ⇒      | 32 secs      | 21 secs       | ⇒                           | 21.1 secs       | 25 secs              |                   | H'Mark 14/15 UQ 12 secs  | H'Mark 14/15 UQ 7.4 secs      |
| 14  | Percentage of stage 1 complaints upheld                                 | 34%             | 25%    | 26%    | 15%    | 44%          | 27%           | 26%                         | 26%             | 46%                  |                   | H'Mark 14/15 UQ 42.9%    | H'Mark 14/15 UQ 36.5%         |
| 15  | Former tenant arrears, as % of rent debit, at end of period             | 1.19% (336,506) | ⇒      | ⇒      | ⇒      | ⇒            | ⇒             | 1.17% (339,381)             | 1.17% (339,381) | 1.20%                |                   | H'mark U Q 14/15 0.74%   | H'Mark 14/15 UQ 0.53%         |
| 16  | Rent collection %, incl b/fwd arrears (% of rent collectable)           | 98.61%          | 96.03% | 97.87% | 99.78% | 97.81%       | 98.17%        | 97.95%                      | 97.95%          | 98%                  |                   | n/a                      | n/a                           |
| 17  | Leasehold --Service charge collection                                   | 98.50%          | ⇒      | ⇒      | ⇒      | 97.21%       | 98%           | 98%                         | 98%             | Target Full yr = 98% |                   | n/a                      | n/a                           |
| 18  | % of Corporate Buildings assets with condition surveys.                 | 75%             | ⇒      | 100%   | 100%   | 100%         | 100%          | ⇒                           | 100%            | 100%                 |                   | n/a                      | n/a                           |



## Minutes of the Operations Committee Meeting

Held at 4.00 pm on Thursday 11 Feb 2016  
In Room 1, Rowan House

### Present:

Alan Blois (Chair)  
Mike Lilley  
Julia Havis  
Michala Carey

### In Attendance:

Karen Loweman (KL)  
Mell Robinson (MR)  
Ria Eustace (RE)  
Gerardine Murphy (GM)  
Michael Hadjimichael (MH) (minutes)  
Owen Howell (OH)  
Lynn Thomas (LT) (CBC)

## 1. Apologies for absence

- 1.1 Apologies received from Geoff Foster
- 1.2 Chair confirmed that the meeting was quorate.
- 1.3 Chair welcomed Michael Hadjimichael who was in attendance to observe.

## 2. Minutes of the meeting held 18 November 2015 and Matters Arising

- 2.1 The minutes were accepted as being a true record and signed by the Chair.

## 3. Performance Report (Q3).

- 3.1 KL presented this item, HouseMark report and quarterly KPI slides.
- 3.2 Homelessness prevented (pg9): KL confirmed that CBH was working with the Youth Enquiry Service and the Night Shelter on this area.
- 3.3 Regarding voids (pg11), Committee enquired as to what happened to furniture/items left in our properties by former tenants. KL explained that we do encourage tenants/tenants' families to clear properties at the end of the tenancy. CBH provide information as to organizations such as Emmaus who would welcome donations. CBH will generally charge for clearing any belongings left, with any useful items/furniture donated to charities such as Emmaus and BHF. CBH did not store furniture or appliances as we would have to safety test them. Each sheltered scheme does keep a small stock of bedding in case they are needed by new residents.
- 3.4 Under-occupied Council homes (pg12): KL clarified that the tiny increase seen in December was caused by seven tenancies. This is not a sign of an upward trend and this value will fluctuate, as some tenants do make the choice to under-occupy. It is expected that the overall percentage will drop and then hold steady at around 20%. KL clarified that this KPI is based on monitoring the financial effect of the Under-occupancy Penalty on CBH and our tenants.

- 3.5 KL detailed the positive reactions being given to the Tenancy Audit process (pg13). She confirmed that Members would be welcome to accompany the auditors on audits in order to see the process (n.b. It would be best practice to obtain permission from tenants for Members to shadow the process of conducting their audits). This auditing process was set up as a pilot three-year process. Once this ends, there is no further funding from CBC to continue it, so this would have to be sought if audits are to continue.
- 3.6 KL explained that we aim to keep our average repair time at around 6.5 days (pg14) as speedier repairs tend to mean that they aren't completed to as high a standard and result in higher overall costs as further remedial work is then more often needed on the repairs.
- 3.7 Regarding valid Gas Certificate levels (pg15), this shows the result of close working with Morrisons and efficiencies in the process, including where forced entries are required (thankfully these are uncommon).
- 3.8 The percentage of non-decent Council homes continues to fall (pg16) and it was noted that, owing to a decrease in funding, this would no longer be reduced to 0 by year end. A new target had been set and this would be brought down to 0 over a longer time-scale. Of a stock of 5,984, CBH has 362 properties not currently meeting Decent Homes standard, with most stock in good condition.
- 3.9 Regarding first call resolution (pg19) it was noted that the mild winter had meant a lower-than-expected volume of calls.
- 3.10 KL talked through the Former Tenant Arrears KPI, reminding Committee that CBH has an SLA with CBC's debt recovery team to collect outstanding debts. This KPI generally keeps to target. In order to lower the percentage outstanding or amount written off, a rise in our budget for debt recovery would be required. KL clarified that write-offs were full write-offs, combined with any debts outstanding by former tenants to CBC as well as to CBH.
- 3.11 Rent collection rates were above target (pg23) and KL noted that 1,567 tenants were in arrears in December. 149 were in serious arrears (owing more than seven weeks rent) with 187 tenants having County Court orders against them. By the end of December 2015, 22 households had been evicted owing to high arrears. It was stressed that this is always a last resort. CBC handles evictions, with CBH preparing the paperwork for Court. Evictees are generally young males. As much help and support is given as possible by CBH to prevent eviction being necessary. KL discussed the help given to those with introductory tenancies to avoid the need for eviction.
- 3.12 KL noted that KPIs rated 'red' or 'amber' will be taken to Board. Use of B&Bs is a KPI to note, and that CBH is working to ensure spaces are available for locals.
- 3.13 GM presented the report on the Medium Term Delivery Plan, running through the highlights. GF explained that CBH had limited scope for bringing empty private sector homes into use (pg30, Section 6). This would have to be led by CBC. KL explained that we are working with private property owners to help bring homes back into use, potentially as temporary accommodation.

3.14 KL answered a question raised on Homechoice, explaining that Homechoice policies applied to all participants, but local authorities could produce their own exceptions/emergencies policies.

#### **4. Medium Term Delivery Plan Draft KPIs 2016-17**

4.1 GM presented the report and draft KPIs and targets for Committee to consider and then decide whether to recommend to Board (scheduled for 22 Feb Board).

4.2 GM explained that the current void KPI was being recommended for replacement as the current KPI is no longer able to be benchmarked. The new KPI includes capital days and is therefore easier to record and compare. KL added that rent loss from voids will also now be monitored. This is at a low level, so improvements in this will not save a large amount.

4.3 The target for B&B use has been revised from 0 to 12, owing to an increasingly challenging situation and rise in demand. This is still an aspirational target.

4.4 GM confirmed that CBC has accepted the draft targets (except for the void rent loss target, which is yet to be signed-off on) and asked for Committee to recommend they be accepted by the Board of CBH.

4.5 **Decision:** Committee unanimously backed the recommendation to Board of the MTDP supplement for 2016/17.

#### **5. Complaints and Compliments performance (Q3)**

5.1 RE presented the performance figures for Q3.

5.2 RE noted that we were 1% under our target for responding within 10 working days and efforts were being made to hit this target by year end. She further noted that the number of Elected Member enquiries responded to within five working days was relatively low, but explained that this was a challenging internal target and was not mandatory.

5.3 It was noted that there were no Stage III complaints and no cases currently going to the Housing Ombudsman.

#### **6. Resident involvement report (Q3)**

6.1 MR presented her report on resident involvement and drew Committee's attention to the highlights and most important points.

6.2 MR confirmed that completion of the 'Mythbusting' film (4.4) was expected to be completed on 12 Feb. The involved residents were very proud of this project.

6.3 MR explained that it had been four years since the Resident Involvement structure had been set out as it currently operates. A celebratory event is being held on 30 March at the St Anne's Centre to remember some of the successes, and to look at the launch of the updated RI structure. Invitees will include people who have had significant input into the work done within the Resident Involvement programme.

- 6.4 A CBH-branded pop-up gazebo had been purchased and will be used at the first MAD Day of 2016 (31 March at Rectory Close). It will be used to help get feedback from residents and improve recruitment rates of involved residents.
- 6.5 Responding to Committee's questions, MR confirmed there would be a Task & Finish Group set up to work on the new RI Strategy. MR has drafted the update review for the Board to consider. Karen Williams is leading on this. The strategy will come to Ops Committee in March, before going for Board approval in April.
- 6.6 Committee was informed that the Equality Ambassadors have now met and that the Equality & Diversity Task & Finish Group will meet on 25 February.
- 6.7 MR described some of the work planned with VINCI for 2016. CBH has a small contract with VINCI. A 'So MAD' Day is being planned for Monkwick (at end of October. VINCI have also offered support for the Monkwick Funday in June. A road safety presentation has been put together by VINCI and MR has given them contact details for the two infant schools in the Monkwick area.
- 6.8 There is also the possibility of doing community work (involving VINCI) at the Monkwick Scout Hut. GM confirmed that she had already talked with some contacts in the Colchester Scouting Movement. This could include providing DIY courses for tenants. Tenants had shown interest in such courses and it was important to find a community venue. The Abbots Centre was a possible venue.
- 6.9 MR informed Committee that VINCI have been compiling a leaseholder's guide with TPAS, with CBH working in partnership with them.

**7. Work plan**

- 7.1 OH presented the draft work plan to Committee. Committee approved this.
- 7.2 OH requested permission to move the date of the Q1 Ops Meeting from September to late July in order to avoid a clash and distance it from September Board. This was approved. **Action:** OH to schedule the change of meeting date.

**With no further business, the meeting finished at 5.21 pm.**

**List of Actions from Operations Committee**

| Item                    | Action                             | Who | By When  | Done |
|-------------------------|------------------------------------|-----|----------|------|
| <b>11 February 2016</b> |                                    |     |          |      |
| 7.2                     | Reschedule Q1 Meeting to late July | BAO | 24 March |      |

## **Minutes of the Finance & Audit Committee Meeting**

Held at 4.30 pm on Tuesday 8 March 2016  
In Room 1, Rowan House

### **Present:**

Nigel Chapman            (*Chair*)  
Mike Lilley  
Julie Parker  
Glenn Houchell

### **In Attendance:**

Michael Hadjimichael (MH)  
Mark Wright (MW)  
  
Alan Woodhead (AW)            (*Mazars*)  
Tim O'Connor (TOC)            (*Scrutton Bland*)  
Owen Howell (OH)                (*Minutes*)

### **1. Apologies for absence**

1.1 Apologies were received from Geoff Foster

### **2. Minutes of the meeting held 15 December 2015 and Matters Arising**

2.1 Regarding the action concerning 8.5 (involving the Anti-Corruption and Money Laundering Policy and the Mazars e-learning module), MH confirmed that staff fraud awareness sessions would commence in the following week and would be interactive.

2.2 The minutes were approved as an accurate record and signed by the Chair.

### **3. Internal Audit Progress and Follow-up report**

3.1 AW presented his progress report. Good progress was being made, and the plan for 2015-16 is expected to be completed by year-end. All audit KPIs are on target.

3.2 In response to questions, AW informed Committee that the Mazars team included around 150 members, with five or six regular auditors handling audits for CBH.

3.3 There are two outstanding recommendations left on the follow-up report which have not yet reached their due dates, with three further recommendations which have had their due dates revised.

3.4 AW and Chair both confirmed that there are now far fewer outstanding recommendations than there have been in the past.

### **4. Internal Audit Plan 2016/17**

4.1 AW presented the Plan. This is a one-year plan. Should Mazars be reappointed as internal auditors, AW would meet with officers to produce an audit plan for a further three- to five-year period.

4.2 Questions were asked regarding the current ongoing process of Tenancy Audits and whether this had identified any issues that the internal audit process should

consider. AW explained that this had happened, giving an example of the audit work done on the sign-up process for new tenants and mitigating actions to prevent fraud or inappropriate tenancies from being granted. MH confirmed that any potential financial or risk issues identified by the Operations Committee would then be brought to F&A Committee when appropriate. MW assured Committee that no major or widespread problems or weaknesses had been identified.

## **5. External Audit Plan 2016**

- 5.1 TOC introduced the 2016 Audit Plan and informed Committee that the deadline for reporting to CBC has been brought forward to May. Scrutton Bland have re-ordered their schedule and expect to be in a position to report to CBC by early May. The audited accounts would not be approved by CBH until they have come to F&A Committee and then Board.
- 5.2 A 'soft close' had been carried out in December/January, treating each subsequent month effectively as a separate year end. CBH is aiming to be able to report to CBC a week before their deadline. Future Committee meetings would be scheduled to fit the change in reporting deadlines. **Action:** OH to look at schedule of F&A Meetings to see if the CBH Accounts/Financial Statements can be signed off by Board earlier than currently planned. TOC confirmed that Scrutton Bland aimed to complete the accounts on time (subject to the FRS 17 disclosure numbers which depend upon information to be supplied from the Essex County Council Actuary).
- 5.3 TOC informed Committee that the 2016 accounts will be processed subject to FRS 102, including the expanded accounting policies. CBH's accounts will be compliant with FRS 102. Changes to accounting policies would require approval [by F&A Committee].
- 5.4 The level of holiday accrual was given:
- As at end of March 2015 this was £65,400
- This will impact on the level of CBH's reserves.
- 5.5 TOC informed Committee that, as there had been no changes to the systems of control during the year, the audit protocol will remain similar to that of previous years.

## **6. Anti-Fraud & Corruption Policy**

- 6.1 MH presented the item and explained that, following Members' comments on this, he had had discussions with the Corporate Governance Manager at CBC and internal audit colleagues. It was recommended that CBH continue to follow CBC's approach to this policy area.
- 6.2 MH confirmed that he would remove references to 'Standards for England' and the Audit Commission as these bodies had been abolished. Reference will be made to the Housing Ombudsman. **Action:** MH to amend Policy accordingly.
- 6.3 Committee recommended a 3-year review cycle **Action:** MH to amend the

review cycle and set this to occur once every three years.

- 6.4 **Decision:** Committee recommends the Anti-Fraud and Corruption Policy for Board approval, subject to the amendments listed at 6.2 and 6.3.

## 7. Strategic Risk Register Review & Risk Management Action Plan

- 7.1 MH introduced this report and informed Committee that no further strategic risks had been identified since the Strategic Risk Register was presented to the Board Meeting held on 22 February 2016. In response to questions submitted on operational risks affecting subcontractors, MH confirmed that he would investigate with MW whether there was a need to detail such risks.
- 7.2 The Housing & Planning Bill was discussed, with Royal Assent expected by the briefing session for Board Members on the issue (on April 6). The ongoing uncertainty about its final provisions was highlighted. Strategic Risk 8 would be updated accordingly once the Bill receives Royal Assent.
- 7.3 The way in which CBH records risks stemming from central government actions was discussed.
- 7.4 Risks relating to our partners (e.g. IT provision) were discussed. MH assured Committee that such risks were under close consideration and these would be worked upon to identify mitigating actions.

## 8. Value for Money Strategy Action Plan

- 8.1 MH gave a presentation on this item and notified Committee that some of the imminent deadlines for actions would be subject to change as there was a heavy concentration of actions scheduled before the end of the financial year and the most important would be prioritised.
- 8.2 MH will be reviewing the Action Plan in the following two weeks in order to ensure it is fit for purpose to guide us through the next two years.
- 8.3 MH explained that, regarding point 6.1 in Appendix 1, a stress testing exercise was being planned for Board later this year, using HQN's 'Iron Grip' board training exercise. The new CEO should be in place by then (early September) and able to take part.
- 8.4 MH explained that there were several models available to help quantify social returns on investment (Appendix 1, Section 8). Julie Parker mentioned the arrival of a new CIPFA Code of Corporate Governance due for implementation in 2016/17 which will include a reference to this subject. **Action:** Julie Parker to send details of recent housing case studies to MH. MH picked out examples of social returns on investment, such as the potential for providing vocational training for pupils at schools which potentially sign contracts for CBH to provide services, and apprenticeships. Committee raised concerns that cuts to non-core services could have a negative effect on social returns on investment.

## 9. Contract Procedure

- 9.1 MH explained that CBC had updated their Contract Procedure rules and so CBH were following suit. The main changes were highlighted to Committee. These included e-tendering and new EU requirements on procurement.
- 9.2 Committee asked for the Procedure title or title page to be amended to include a reference to procurement. **Action:** MH to amend title to include reference to procurement.
- 9.3 An amendment was requested by Committee regarding exceptions to the Procedure's provisions (detailed at 2.3 and 2.4). **Action:** MH to revise the final sentence of 2.3 to read:

*'The act shall be reported to the Chair of the Board at the first opportunity, if not already consulted, and at the next Board Meeting,'*

- 9.4 MH and MW detailed the Company's contracts register and procurement strategy. Reports would be made to Committee on the progress of the Essex Procurement Hub Project. MW confirmed that the contracts register was available for Members to examine and note any updates. **Action:** OH to include a link to the contracts register at the end of the summary of policies.
- 9.5 **Decision:** Committee agreed to recommend the Contracts Procedure Rules to Board.

## 10. Operational Risk Registers

- 10.1 These were noted and OH gave an update on Point 15 of the Resources Directorate Register (Breach of Data Security). This included an update on potential legislative changes concerning the level of fines which can be levied as a penalty for breaches (potentially 4% of Gross Annual Turnover). The size of the fine for not notifying the Information Commissioner's Office (ICO) of our status as a data controller is now unlimited (replacing the £5,000 limit), owing to legislation affecting magistrates' courts.
- 10.2 Committee discussed the operational risks, focussing on those of Property Services. MW assured Committee that mitigations were in place and significantly reducing the level of risks in his directorate.
- 10.3 Committee pointed out that risks 9 and 23 on the Property Services Register were identical. **Action:** MW to delete the current risk 23.

## 11. 2015/16 Financial Update

- 11.1 MH presented the Update and explained that the outturn position was the focus at year end. CBH is likely to record a surplus of between £200k and £300k.
- 11.2 Concerns regarding delegated budgets were raised by MH who highlighted the issues regarding Grounds Maintenance Budget and Section 20 Invoicing.

- 11.3 Assurances had been given by CBC over the Grounds Maintenance SLA that all work would be complete by year end. This has been flagged at a high level with CBC that these assurances would not now be met, through no fault of CBH. CBC has accepted this and have informed us that they will be examining the situation after year end to identify ways to improve how this SLA operates. CBC is willing to discuss this with us.
- 11.4 Section 20 works are typically costly repair works we carry out which must be billed within 18 months. The process of scrutinizing the data on these jobs and then producing invoices is labour intensive. This affects all directorates so all three Directors will review the process and identify ways to speed up the process of issuing Section 20 invoices.
- 11.5 MH notified Committee that the debt owed to CBC by Climate Energy had now been formally written off by CBH on CBC's behalf.

## 12. Governance Actions

- 12.1 OH presented the report and confirmed that there had been no instances or allegations of fraud reported since the last meeting of the Committee.
- 12.2 It was confirmed that the Code of Governance was to be reviewed in April, with G&R Committee deciding whether to recommend the revised Code for approval by Board later that month. The two substantive changes identified for the Code are:
- Removal of the Health & Safety Policy Statement
  - Removal of the Environmental Policy
- 12.3 The Health & Safety Policy Statement is signed by the Chief Executive. The CEO holds the liability for this, rather than the Board.
- 12.4 OH explained the introduction of secure printing and PaperCut. MH explained the extra information on staff use of printers that this had allowed us to collect.
- 12.5 Committee discussed the security implications of using Cloud storage. OH confirmed that he had obtained ICO guidance on this and would be examining it further in coming weeks. OH explained that, in some respects, Cloud storage gave us greater security than using our current data/document storage systems. MH added that more and more work was being moved on to the Cloud and that we were working in conjunction with CBC on utilising this technology. Thorough testing would be carried out before we 'go live' with Office 365. **Action:** OH to obtain the CBC IT Strategy and provide it to Committee Members.
- 12.6 OH confirmed that the Meeting set for 28 July was in the process of being brought forward. The Meeting on 12 December was also to be rescheduled.

## 13. Any Other Business

A start time of 5pm for future Committee Meetings was suggested and approved.

**There being no further business, the open session ended at 17:49**



## Minutes of the Operations Committee Meeting

Held at 4.00 pm on Thursday 24 March 2016  
In Room 1, Rowan House

### Present:

Alan Blois (Chair)  
Mike Lilley  
Julia Havis  
Michala Carey  
Geoff Foster

### In Attendance:

Mark Wright (MW)  
Karen Loweman (KL)  
Karen Williams (KW)  
Mell Robinson (MR)  
Polly Hardy (PH)  
  
Geoff Beales (GB) (CBC)  
  
Owen Howell (OH) (Minutes)

## 1. Apologies for absence

- 1.1 None received – full attendance.
- 1.2 Chair confirmed that the meeting was quorate.

## 2. Minutes of the meeting held 11 February 2016 and Matters Arising

- 2.1 The minutes were examined and MR clarified points relating to her report from the 11 February meeting. At 6.9, VINCI were working on a procurement toolkit, rather a leaseholders' guide. At 6.7, VINCI are looking to run a 'So Mad' Day in Monkwick especially if they cannot participate in the Monkwick MAD Day.  
**Action:** OH confirmed that he would make these changes and then present the amended minutes to the Chair for him to sign.

## 3. Operations Committee Assurance Report

- 3.1 AB introduced the Chair's annual Assurance Report to F&A Committee and picked out the highlights.
- 3.2 MW asked if the report could include a list of the reports received by Committee from residents' groups, panels and teams. **Action:** OH to list these under 3.10.
- 3.3 AB explained that the work plan (Appendix 1) was being provided to F&A Committee to allow an overview of the work flow of the Operations Committee.

## 4. Empty Property (voids) Management Performance

- 4.1 MW presented Kirk Braker's report to Committee. MW stressed that this was before year-end, so the figures given were the figures as they stood as of

February 2016. MW noted that there was an error to be found at 2.6, where it should be noted that the **repairs target** is 15 days, but the overall target is 17 days. CBH's overall performance (as of the end of February) is 17.15 days.

- 4.2 MW took Committee through the figures and trends shown in Appendix 3. This included the breakdown of repair times between different categories of housing (general needs/sheltered and standard/non-standard). MW noted that there had been an effect seen resulting from tenants taking longer to hand back keys to CBH within their notice periods, and an effect resulting from tenants on Housing Benefit having to remain in their property until the end of the notice period, before moving to an alternative. There has, however, been a shortening in the average notice period, from six days down to two.
- 4.3 MW reiterated the change in the KPIs used to monitor voids (e.g. measuring total days lost, from termination of tenancy to the start of the next tenancy, and measuring the loss in rent between the termination of tenancy and start of the next). N.b. the termination occurs at the point at which the keys are returned to CBH.
- 4.4 MW updated the figures given at 3.1 As of 21.3.16, these figures were:
- Voids: 494
  - Average cost: £1,383
  - Total budget: £683,202
- 4.5 MW reminded Committee that accruals were counted towards projected costs and that the final actual costs would be closer to the predicted level at year end.
- 4.6 MW covered the answers to Committee Members' questions (as circulated to Members prior to the Meeting). Answers were expanded on, including:
- Merits of having replaced postal surveys with 'phone surveys
  - The Recharge Policy is currently under review by officers and will then come to the relevant Committee for approval.
  - Some of the main sources of work (abandonment, returning gardens to acceptable state/removing unsuitable DIY or features/ponds etc, house clearances)
  - An explanation as to why the average cost per void figure looks high as they are currently reported.

## **5. Former Tenant Arrears (FTA)**

- 5.1 KW presented in place of Fiona Cass.
- 5.2 Committee were informed that KW had been meeting the new CBC manager for the SLA covering this area, and that this SLA had another year to run but that amendments were being made to it before then. Targets are being included for a reduction in debt owed. These have been accepted by CBC.

- 5.3 Automated letters are now being used, which should provide a small benefit and has brought about a higher response rate. Committee was assured that, where tenancies had ended owing to death of a tenant, this could be noted and no automated letters generated in these instances.
- 5.4 Work to examine Eastbourne Homes' approach to FTA was detailed, as was planned attendance at the next Former Tenant Arrears Conference.
- 5.5 It was planned to do more work with tenants before tenancy-end to bring down the levels of any arrears. Pre-termination inspections were being carried out and stress placed on the importance of clearing arrears.
- 5.6 MW informed Committee that the FTA write-off is 1.57% of the total rent roll, with 5% being an expected level for this within the social housing sector. KL added that the budget provision for write-offs was being increased for 2016/17.

## **6. Community Budget Group Report**

- 6.1 PH presented the annual report from the CBG, highlighting the work of the CBG and some of the more challenging and exciting projects/applications for funding.
- 6.2 This report is available on request and is included within the papers for this meeting.
- 6.3 Committee expressed their thanks and appreciation for the work of the CBG and for the support given by the officers from the Resident Involvement Team.
- 6.4 Chair and officers confirmed that a detailed financial report of the CBG's work would go to F&A Committee.

## **7. Equality Ambassadors/Task & Finish Group Report**

- 7.1 MR presented this item in place of Claire Holland. This included a background to the original Equality Group, its formation and purpose and the work it had carried out.
- 7.2 The original Focus Group had started to experience difficulties in maintaining attendance. This led to a restructuring and a decision to train up a number of Equality Ambassadors who could then take a place on each Focus/Resident Group (rather than a distinct Equality Group in its own right).
- 7.3 A task and finish group was formed amidst great interest from involved residents. The involved residents put together the elements which they wished to have included in the role of Ambassador. These have been brought together by Claire Holland into a comprehensive specification for the role.
- 7.4 Six Ambassadors have already carried out Equality & Diversity training. The Ambassadors have held one meeting and are due to meet again in April/May, which is when they will map out their work plan for the year, following the confirmation of the new Resident Involvement structure.
- 7.5 MR emphasized the importance that CBH and the involved residents placed on

the work done on Equality & Diversity within the Company.

7.6 Chair led the Committee in their thanks to Claire Holland for the hard work that she had carried out on the work to set up the Equality Ambassadors system.

## 8. Work plan

8.1 OH presented the current work plan to Committee. Committee approved this.

## 9. Any other business

9.1 Committee discussed the proposal to set future Committee Meetings to start at 5pm (with pre-Meeting at 4:30pm).

9.2 It was agreed that parking would be easier with a start time for Meetings set as above at 9.1. Committee Members requiring spaces should notify OH of their requirements.

9.3 The 10 May Committee Meeting would go ahead. Existing Committee Members would be asked to attend regardless of the results of the CBC elections on 5 May, as any potential new Board Members would not have been appointed by that point. Any changes to Membership are not expected to occur until June.

**With no further business, the meeting finished at 5.14 pm.**

## List of Actions from Operations Committee

| Item                 | Action   | Who | By When | Done |
|----------------------|--|-----|---------|------|
| <b>24 March 2016</b> |  |     |         |      |
| 2.1                  | OH to amend Minutes from 11 Feb Meeting to reflect the comments given. Chair will then be asked to sign the minutes.                           | OH  | 10 May  | Done |
| 3.2                  | OH to amend Assurance report at 3.10 to list the reports and presentations received by Operations Committee from Residents' Groups and Panels. | OH  | 20 May  | Done |
|                      |  |     |         |      |

## Minutes of the Governance and Remuneration Committee

Held at 4.15 pm on 7<sup>th</sup> April 2016  
Room 1, Rowan House  
Sheepen Road, Colchester

### Present:

Tina Graves (Chair)  
Michala Carey (Vice Chair)  
Dionne Philp  
Anne Grahamslaw

### In Attendance:

Michael Hadjimichael MH  
Owen Howell OH  
Claire Holland *Item 9 only* CH  
Nikki Bedford (Minutes) NB  
Sara Turner (Minutes) ST

## 1. Apologies for absence

1.1 Apologies were received from Gerard Oxford and Angelique Ryan (AR).

## 2. Minutes of previous meeting and matters arising

2.1 The minutes of the meeting held on 28<sup>th</sup> January 2016 were confirmed as an accurate record of the meeting and signed by the Chair

## 3. Board Member Expenses Scheme

3.1 OH presented the report to the Committee for decision. OH advised that, further to his report, the following suggestions had been brought to his attention.

3.2 Childcare/Support worker expenses. 4.2 of the report refers to the maximum amount claimable as £7.20 per hour for the first dependent etc. It has been suggested that the amount claimable be in line with the National Living Wage and reworded as such "*The upper rate of the National Living Wage to be used for the first dependent, 75% for the second dependent, 50% for the third dependent and 25% for subsequent dependents.*" The Committee approved the new wording.

3.3 Payments Procedure. Point 11.3 of the report refers to single claims not exceeding £50 at one time. Committee felt that this is unrealistic. It was agreed that the Scheme and Claim Form 1 should be amended to remove "Single claims must not exceed £50"

3.4 Travel Expenses. Regarding 2.1 of the report it was agreed that OH was to amend the wording to "*Board Members are encouraged to use public transport wherever possible. Wherever possible train tickets should be booked in advance, this may be done through the Board Assurance Officer or by Members themselves who may then claim their ticket price back.*"

3.5 Committee raised concern over Subsistence Expenses 3.2 as the amounts are not realistic. MH and OH agreed that the allowances are too low and not consistent with expenses claimable by staff. **Committee agreed to recommend changes to Board for expenses to be consistent with those available for staff members.**

**Recommendation:** Board Member Expenses Scheme to go to the Board for formal approval, subject to the above amendments (and those detailed in the report) being made.

#### **4. Code of Governance Update and Review**

4.1 OH presented the report for decision.

4.2 OH was strongly advised by Mark Wright that the Health and Safety Policy Statement was removed as it confused the issue of liability. Committee was in disagreement as the Board of Directors has a responsibility. **Action:** It was agreed that OH is to consult with the Institute of Directors with regards to the legality and obtain best advice. OH will also ask Mark Wright to clarify his view that liability lay with the CEO as signatory of the Policy Statement. No agreement to amend at this stage and OH to bring back to next meeting as a whole.

#### **5. Board Member Training Plan**

5.1 OH presented the report for decision.

5.2 Committee wanted to express their thanks to OH for his work on compiling the training plan. They felt the format was clear and concise.

5.3 OH advised that the training plan was progressing well. He highlighted the need to outsource specialist training and is looking to obtain quotes to enable this. **Decision:** Committee approved the plan.

#### **6. Governance & Remuneration Committee Assurance Report**

6.1 The Assurance Report to F&A Committee was noted and discussed. Note: certain elements of these discussions were considered to be confidential. **Decision:** The Assurance Report was approved.

#### **7. General HR Update Report**

7.1 MH presented this report for information to the committee in AR absence.

7.2 It was noted that the Salary Sacrifice Scheme has so far been a great success.

7.3 The new occupational health provider, Heales Medical, commenced on 1 April 2016.

7.4 Absence levels were of serious concern to the Committee. MH has explained that short-term absence management policy is working well. Long-term absences are being proactively managed and should result in a lowering of rates in the coming months.

7.5 MH confirmed that the CDM position had been approved for a market supplement as recruitment efforts had been unsuccessful to date.

7.6 Investors in People (IiP) Gold Assessment is due to take place in mid-June.

7.7

## **8. HQN Iron Grip Board Training**

8.1 MH presented the report for information.

8.2 The report was received well by Committee. It was suggested that the HQN Iron Grip exercise would ideally be completed during the morning of the Board Away Day if availability allows.

## **9. Equality Objectives 2016-2020**

9.1 CH presented the update for information.

9.2 CH confirmed that 3.1 of the report shows the progress toward the current objectives. The Equality and Diversity Task & Finish group met last month to discuss these and new objectives going forward. It was therefore suggested in 5.9 that CBH continues with these current objectives. Claire confirmed that the Star Survey is currently being undertaken and the results will be reflected in the new objectives. Committee agreed with this approach.

9.3 Committee raised concern that there wouldn't be a lot of participation in the training at the Colchester Institute. However it was confirmed that the feedback on the session was very good. A Myth-buster video was made about social housing tenants. This has been approved by the DMT to go on the CBH Youtube channel.

## **10. Governance Action Plan**

10.1 OH presented the report.

10.2 OH confirmed that there was nothing to add to the report. Previously-completed actions had been removed after being added back in at the last review.

10.3 It was discussed that point 23 wasn't required to be reviewed on an annual cycle. It was suggested that it be reviewed on a biennial cycle instead. **Decision:** Committee Agreed to recommend this approach to Board. OH to include in Report on the Annual Committee Terms of Reference Review.

10.4 It was suggested that the outcomes were renumbered so that they ran numerically. This was declined as the removed points would be returned to the table at a later date. OH to add note for completions. MH & OH meet once or twice a month so the document has become a live document and is much more reactive.

## **11. Work Plan**

11.1 The Chair opened the work plan to suggestions and questions.

11.2 AG advised that her first term in office is coming to an end on 01.12.16 and needs to be considered for the work plan. OH confirmed that this has been addressed and he has amended the G&R work plan and the Board Forward plan. This will now be discussed at the G&R Meeting on 7 July '16 to come out with recommendations to the Board. The recommendations will then go to the Board at

the October Board Meeting as this is the closest Meeting date to the end of the Directorship.

## **12. Any Other Business**

- 12.1 **Standing Financial Instruments:** MH confirmed that Greg Falvey will be out of the office from the end of May and Chief Executive duties will be need to be delegated down to the rest of the DMT. Therefore it was proposed that in the event that the Chief Executive is unavailable for any reason, the following duties will be delegated as follows -

Financial HR and Governance matters will be delegated to the Director of Resources.

Operational matters will be delegated to the Directors of Housing and Property Services as deemed appropriate.

**Decision:** Committee agreed that this is a good process going forward in any event and should be put in place. This recommendation would be put forward for Board consideration and approval on 26 April. **Action:** MH to bring to Board for approval.

- 12.2 **Change of Committee Meeting Start Time:** OH proposed a standardised start time for all committee meetings owing to the change in parking arrangements at Rowan House. It was agreed by the Committee that a 4.30pm start time was most appropriate for G&R and that this shall be reviewed after three months. **Action:** OH is to email all board members about parking requirements and obtain registration numbers of vehicles.

- 12.3 **Timeframe of Recruitment for CEO:** MH discussed the timeframe with the Committee members and the timetable will be distributed in due course.

**There being no further business, the open session of this meeting was concluded.**

## 2016 Board Forward Plan

| Date          | Item   | Committee    | DMT Member  |
|---------------|--|--------------|-------------|
| 14 Jun '16    | MTDP Delivery Plan 2016-17 Progress  | Ops May '16  | DoH         |
|               | Political Scene Changes (post-election)  |              | Board Chair |
|               | Contracts Procedure Rules  | F&A Mar '16  | DoR         |
|               | Code of Governance Update and Review   | G&R Apr '16  | DoR (BAO)   |
|               | Annual Health & Safety Report  | n/a          | DoPS        |
|               | Board Member Expenses Scheme   | G&R Apr '16  | DoR         |
|               | Disabled Facilities Grant Update   |              | DoPS        |
|               | <b>Subject to offer and acceptance by candidate:</b> Board approval and appointment of new CEO |              | Board Chair |
|               | Board Away Day 2016 Planning   | G&R Apr '16  | DoR         |
|               | <b>AOB: Chair to request Board views on content of 2016 Away Day.</b>                          |              | Board Chair |
| Early Sep '16 | Board Away Day   |              |             |
| 12 Sep '16    | Approval of Company Accounts   | F&A Jul '16  | DoR         |
|               | Approval of Company Annual Report  | Ops Jun '16  | Board Chair |
|               | Annual Equality & Diversity Report   |              | DoR         |
|               | Equality Strategy & Objectives   | G&R Jul '16  | DoR         |
|               | Annual Report from F&A   | F&A Jul '16  | DoR         |
|               | Board Member Code of Conduct   | G&R July '16 | DoR         |
|               | Safeguarding Policy  | Ops June '16 | DoH         |
|               | STAR Survey Outcomes   |              | DoH         |
|               | Investors in People (Gold)   |              | DoR         |

| Date       | Item  | Committee    | DMT Member           |
|------------|---|--------------|----------------------|
|            | HR Strategy Review  | G&R July '16 | DoR                  |
|            | Annual HR Report  | n/a          | DoR                  |
|            | Information & Confidentiality Policy  | G&R July '16 | DoR                  |
|            | Resident Involvement Strategy   | Ops May '16  | DoH                  |
|            |   |              |                      |
| 27 Oct '16 | AGM   |              |                      |
|            | Annual Resident Involvement Report  |              | DoH                  |
|            | Appointment of Ind. Board Member  |              | DoR                  |
|            | Re/Appointment of Board Chair   |              | DoR (BAO to present) |
|            | Appointment of Vice Chairs of Board and Committee Chairs                          |              | n/a                  |
|            | 'Social Housing Market Analysis' Presentation - Head of Commercial Services (CBC) |              | n/a                  |
|            |   |              |                      |
| 7 Dec '16  | Medium Term Delivery Plan   | Ops Nov '16  | DoH                  |

- 21 Feb '17 Medium Term Delivery Plan approval

Reports to be scheduled:

Trading Strategy: Six-month Review  
Trading Opportunities: Year One Review  
Agile Working Project

Chief Executive  
BOP Chair  
DoR