

DERBY HOMES LIMITED

MINUTES OF THE BOARD MEETING

Held on Thursday 27 January 2022

The meeting started at 6.00 pm

Board Members Present:

Mike Ainsley, Charlene Bhurton, Alan Graves, Shiraz Khan, Iain MacDonald, Bob MacDonald, Lucy Care and Jsan Shepherd.

Officers Present:

Maria Murphy, Managing Director
Michael Kirk, Interim Finance Director
Taranjit Lalria, Company Solicitor
Shaun Bennett, Director of Property
Clare Mehrbani, Director of Housing Services
Louise Paget, Governance Officer
Paul Cole, Customer Communications Manager

Others Present:

Councillor Roy Webb, Cabinet Member for Adults, Health & Housing.

22/01 Apologies

Apologies for absence were received from Jenn Layton Annable and Rachel North, Strategic Director for Communities & Place.

22/02 Admission of Late Items

There were no late items.

22/03 Declarations of Interests

The Council Board Members were noted as declaring their interest in matters relating to Derby City Council.

The Tenant Board Members declared their interests as tenants (as defined in the Memorandum and Articles of Association) of Derby City Council.

22/04 Announcements from the Chair

There will be an NFA conference held in April, 5 places will be booked for Derby Homes. Board members to contact to the Governance Officer if they wish to attend.

22/05 Statements from Members of the Board

There were no statements from members of the board.

22/06 Questions from members of the public

There were no questions from members of the public.

22/07 Items from Part C for discussion

Agreed

There were no items from Part C raised for discussion.

22/08 Committee Chairs' Feedback

The Committee Chairs provided feedback from recent meetings:

- Operational Board – 9 December 2022

Elected chair and vice chair Bob McDonald and Jsan Shepherd.

Agreed

The Board noted the feedback from recent Committee meetings.

22/09 Minutes of Previous Meeting

The minutes of the meeting held on the 25 November were accepted as a correct record. It was noted that the confidential watermark needs to be removed.

22/10 Matters Arising

MyCMIS app

Jsan Shepherd feedback that the MyCMIS app is easy to navigate and use. It was agreed for the MyCMIS app to be rolled out to all board members. Governance Officer to give Board Members access to the MyCMIS app.

Minute 21/179 Equalities Forum

No meetings have been held. The board agreed to have Equalities forum as a standing item on the agenda.

Minute 21/180 HRA Business Plan & Rents 2022/23

The Council agreed the proposed rent recommendations made by Derby Homes, it was acknowledged that consultations were completed with tenants and the role of Board making these recommendations.

22/11 Outstanding Actions

The Board considered outstanding actions arising from previous meetings.

Agreed

The Board noted the outstanding actions.

Item 1 Social Values Strategy

The Board agreed for this item to be discussed at a future meeting.

Item 2 Property Update – Energy Efficiency Rating

This item is on the agenda (A6)

Item 3 Health and Safety Update

The Board discussed this in matters arising.

Item 4 Board Members Appraisals

This is due to be discussed by the Board at the meeting scheduled for 19 May 2022.

Item 5 Purchase of Properties

This is due to be discussed by the Board at the meeting scheduled for 31 March 2022.

22/12 Urgent Action taken since the last meeting

There was no urgent action taken since the last meeting for the Board to note.

22/13 Finance Update

The Board considered a report from the interim Finance Director on a number of finance related issues, including:

- An update on the management accounts for 2021/22, with a surplus forecast of £0.5m.
- Derby Homes position as a qualified Investment Partner on the Homes England - Affordable Homes Programme 2021-2026
- Approval requested for Derby Homes to pay in advance, the anticipated full 2022/23 year cost (circa £2.5m) of employer pension contributions in April 2022.
- To note a future amendment to the company's Employer Pension Discretions policy in respect of a new salary sacrifice shared cost Additional Voluntary Contribution (AVC) scheme, which the company is planning to go live with in April 2022.

The Interim Finance Director explained that the Day-to-Day repair service has a backlog of repairs to be completed as a result of the pandemic. The figure for the estimated overspend for repairs initially stated in the report was £364,000 however, this is now closer to £400,000.

Derby Homes are constantly reviewing the health and safety requirements for staff and service users at Milestone House. Derby Homes have increased security measures as a result with an estimated cost of £300,000. The level of security is reviewed regularly, and it is hoped that this will reduce over time.

Neighbourhood Ward Funding

Councillor Graves raised the question of if Derby Homes are taking over the neighbourhood ward funding. The Managing Director is in discussions with Democratic Services with regards to how the funds are administered in terms of the mechanism around evidencing of decisions and authorization of payments. Maria will report back to the Board once discussions have concluded. The Managing Director explained that if any additional work comes over to Derby Homes, this will not incur any additional costs to Derby Homes. Councillor Graves expressed that he would be very upset if the neighbourhood ward funding disappears into Derby Homes. The Managing Director assured Councillor Graves that this is not the intention of discussions, any changes would need to be considered by the Council as this is currently within the Council's constitution. All councillors will have the opportunity to debate any proposed changes.

Remedial Works

Councillor Care queried (4.2) path inspections and less remedial works. It was unclear if less work was being carried out or if the cost was less than expected. The Interim Finance Director explained following inspections the costs of

remedial works are relatively low and that this has been identified as a saving. It is not the case of work being postponed.

Pension Contributions

Councillor Care queried who would take liability if the pensions contributions have negative interest at the end of the year. The Interim Finance Director explained if the pension Investment returns on the pension fund increase or decrease, this would balance as the residual defecate on the pension scheme. This would increase liability on Derby homes balance sheet. Ultimately, profit or loss on investments will benefit or be the detriment of HRA.

Agreed

The Board approved:

1. The principal of paying in advance the 2022/23 employers pension contributions in April 2022 – planned at £2.484m.
2. To delegate to the Managing Director in consultation with the Interim Finance Director the actual payment of the 2022/23 employers pension contributions in April 2022.

The Board noted that Derby Homes will be adopting a salary sacrifice shared cost AVC scheme (planned for April 2022) and to agree that this should be included in a future revision to the company's Employer Pension Discretions policy when this is next reviewed.

22/14 Property Update

The Board a report from the Director of Property on current issues within the Property Directorate.

New Builds

Councillor Care raised a question regarding the orientation and analysis PV value for roofs. The Director of Property confirmed Derby Homes have evaluated each property for the orientation and still achieved the net zero target.

Update on Services

Derby Homes are looking intuitive solutions to provide the service and in particular to save costs and provide a safer service, for example Derby Homes have purchased a Drone to reduce scaffolding costs for inspections of such as roofing. (Page 24 3.34)

Minute 21/77 – EPC Ratings

EPC ratings was raised at the previous board meeting and there were many more properties identified with a lower band of D,E, F and G EPC rating. The reason for this is that many of the EPC recorded rating were carried out prior to the energy efficiency improvement work which has been carried out over the last 10 years. Derby Homes were compelled to complete EPC ratings prior to obtaining a grant funding but were not required to complete an EPC once energy efficiency improvement work has concluded. Derby Homes did however update internal records for each property which has a more in-depth energy rating. EPC certificates have a 10-year life span and new EPC certificates with the updated energy efficiency information will be produced when properties are let. Derby Homes carry out an evaluation on properties every quarter.

SAP banding

The Director of Property's report outlined the SAP bandings for all 12,000 properties Derby Homes manage in the city. There are under 600 properties in total with a SAP rating of D,E, or F. Derby Homes have plans in place over the course of the next 3 or 4 years to get the SAP ratings for the properties up at least a C rating. Out of the 600 properties identified, 250 will be the cast iron homes around Bingham Street and Spider Island which will be improved using the social Housing decarbonation fund over a 3-year period. Derby Homes are awaiting the outcome of this bid and has been delayed until February 2022. Improvements are being carried out on flats in the Mackworth area as part of the 600 identified properties. 150 properties have been improved over the last 4 months using the Green Homes grant funding. The Director of Property felt that Derby Homes are in a strong position to achieve the 2030 target for properties to have a rating of band C.

Councillor Care raised the questions if there have been any approaches for grants to improve business buildings. The Director of Property is working closely with the Council and is part of a working group to address this. The Council has funding available for investment in energy efficient working.

Appendix 2 - Compliance

Appendix 2 report shows full compliance across all 6 areas. The Director of property reported that the legislation to extend requirements for all social landlords to fit carbon monoxide detectors to properties is expected to be in place within the next 6 to 7 months. Derby Homes have engaged a supplier for up to 20,000 carbon monoxide detectors and are considering fitting 10-year battery devices. The detectors are required to be fitted in each room that have appliances such as gas fires and boilers, but this does not include kitchens

where there are cookers. The detectors will be installed as part of the Derby Homes gas servicing regime. The Derby Homes Gas Team will be trained to install the detectors and will test these annually.

Jsan Shepherd raised a question around what the process is for properties that Derby Homes have not been able to gain access to carry out gas and electric checks. The Director of Property confirmed that legal action will be taken if access is refused but Derby Homes will try to avoid this by using different tactics to gain entry. The Managing Director confirmed that Derby Homes will report regularly on any compliant cases with no current certificate for a period of over 3 months. The Managing Director confirmed this will be a management report presented to the Board as it is a safety risk despite being minimal.

Councillor Khan raised a question around plans for smoke alarms. The Director or Property confirmed that the smoke alarms are all hard wired and are tested on regular basis. The Carbon monoxide detectors are required in a different location therefore will require batteries.

Agreed

The Board noted the content of the report.

The Board agreed for a report to be presented for properties with no current certificate for a period of over 3 months.

22/15 Housing Services Update

The Board a report from the Director of Housing Services on strategic and key issues in relation to Housing Services.

Update on Homeless prevention Grant Award 2022/23

The award has been allocated at same level as last year (2021). This is the main grant allocation for homelessness and homelessness prevention. This grant enables Derby Home to carry on facilitating the programmes that Derby Homes are running in the city.

Update on Protect and Vaccinate Grant award 2021/2022

This is a grant award from central government aimed primarily for those who are living in temporary accommodation or rough sleeping in terms of third vaccine booster programme. Derby was awarded £58,000 to be able to target this group. Activities such as travel costs, vouchers and funding to run outreach sessions and clinics have all been put in place. Derby Homes have been working directly with Wilson Street Surgery and also with the Rough Sleeping

Paramedic. The Director of Housing confirmed that 2 clinics have taken place on Saturdays proactively targeting rough sleepers.

Alternative Giving Scheme

This scheme forms part of the Derby Homes Homelessness and Rough Sleeping Strategy to encourage citizens of Derby not to give directly to those who are begging in city and to instead look at other ways of supporting homeless charities to be able to work directly with those who are suffering from homelessness or rough sleeping. A project will be launched in partnership with Community Action Derby. Derby Homes will initially fund the set up for 2 years using a grant from central Government. QR codes will be installed around city in the next month or two, particularly in areas where people have historically known to beg as for alternate way to support homeless community. 100% of the donations will go directly to homeless charities and people will be able to decide which charity they would like to directly donate to through the QR codes. All charities will be those who are working as part of the homeless reduction forum and rough sleeping strategy in the city.

Jsan raised a question around the publicity about reporting back to the general public about the difference that their donations make. The Director of Housing confirmed that there will be a Communications Strategy which will sit alongside the Alternate Giving Scheme. Derby Homes have also been working with Derby Telegraph where several articles were published in newspapers and online. One article specifically focused on how citizens of Derby can help support rough sleeps and support them in different ways rather than giving directly to beggars in the city.

Councillor Care raised the community groups that are involved in the Alternative Giving Scheme could also be involved with the Vaccination Programme. Councillor Care also suggested for the QR codes to be installed into District Centres and Retail Parks. For those members of the public who do not have smart phones, Councillor Care requested leaflet in local shops and possibly the option at local banks if they do not have access to the internet.

Councillor Webb reported that the digital deficit is an issue which that the Council are looking at very carefully across the city. With regards to the Alternate Giving Scheme there is going to be a proactive response from the Safer Neighbourhood Teams with regards to enforcement of some of the legislation.

Agreed

The Board noted:

- Update on the 2022/23 Homeless Prevention Grant Award.

- Information regarding the Protect and Vaccinate 2021/22 Grant Award.
- The development of an Alternative Giving Scheme.

22/16 Health & Safety Update

The Board considered an update on recent health and safety performance and current issues. The update included Accident & Incident and Violence & Aggression reports and working arrangements in relation to Covid-19.

Health and Safety Forum

The Health and Safety forum met prior to this meeting. There were discussions regarding the issues Milestone House. The newly installed doors are preventing damage and as a result staff feel much safer in the building. The officer who deals with Violence and Aggression reports has had positive conversations with police inspector Keene around working in partnership.

Councillor Care raised if Derby Homes could learn from other Local Authority hostels or explore options to reduce the levels of aggression at Milestone House. The Director of Housing confirmed that Derby Homes keep in contact with neighbouring hostels in Nottingham and Leicester to keep a health check in terms with what is happening regionally. Derby does not appear to be out of kilter with the other regions. Periodically, Derby appears to have a larger concentration of complex individuals in the city. In terms of managing the environment at Milestone House, this is constantly under review for example, additional security has been put in place. Derby Homes are working closely with partners such as the police to ensure strategies are correct and there is adequate engagement and enforcement opportunities around those people who are wanting to engage and for those who are not. Derby Homes is ensuring there is the right balance of continuing to offer support at all opportunities, at the same time, making sure there is a system for those who will not cooperate and are in the space of criminality will be dealt with through enforcement.

The Managing Director and Director of Housing Services recently attended a Senior Leadership Meeting at the Council to share concerns around health and safety at Milestone House and to also presented proposals of how to move to the next stage of working. Derby Homes are having wider conversations with partners as this is not primarily a housing issue.

Office working

Following changes to covid government guidelines, staff at Derby Homes are transitioning back to Hybrid working. Local Housing Offices are planned to be reopened from 31 January 2022.

Agreed

The Board noted the Health & Safety Update.

22/17 Draft Operational Budget 2022/23

The Board considered the report which presents the operational budget for Derby Homes for 2022/23 and outline forecasts for 2023/24, 2024/25, and 2025/26.

The Interim Finance Director discussed the five key areas of the report.

Annual Budgets

Derby Homes have identified proposals for the Annual Budget for 2023/24 and also provisional budgets for 2024/25. The interim Finance Director reiterated that the Derby Homes budget at the moment, is in at a break-even basis. There are deficit plans for the next few years, but these are on investments which are planned to be funded from reserves. There are significant amounts of pressures for next year and a reduced amount of savings. Any pressures which are put forward in the future will be required to be met by corresponding savings. The saving proposals for next year will not have an impact on service standards.

Asbestos Surveys

Councillor Care suggested removing asbestos so there is no need for surveys. The Director of Properties explained this would be at a huge cost and felt Derby Homes are adequately managing asbestos safely in its current location.

Reserves

(Reference page 44, 4.7)

The Interim finance Director explained Derby Homes has £14 million of useable reserves with planned investment areas. Derby Homes also has reserves set aside for contingency such as if the Homelessness Grants end.

Electric Vehicles

Councillor Care raised a question around extra cost of electric vans and if the cost of the charging facilities is included and where these will be fitted, on site or staff homes. The Interim Finance Director explained that the costs of the charging facilities have not been included in the budget, the figure is the capital cost of the vans however, Derby Homes will be looking at all options around van charging as part of the evaluation of the transfer to electric vans.

Capital Budgets

(Reference Appendix 2, page 52)

This document summarises the notional budgets for new builds. The Interim Finance Director explained these are notional budgets as it is difficult to be aware of opportunities that may arise. The balance Derby Homes has at the moment is appropriate as any larger types of schemes above £250,000 are required to be approved by the Board. The costs of repairs have reduced, and a saving has been identified in this budget. Derby Homes are using boilers in the install programme which are less likely to break down.

Councillor Graves queried the Gas Breakdowns budget figures as he felt that was a high figure. The Interim Finance Director clarified that the figures also includes gas servicing which will be the majority of the costs.

Councillor Care raised there could be a significant saving of £1.6 million which could be done by moving forward quickly with insulations and replacements of gas to electric boilers. The Director of Property explained that Derby Homes have taken this into consideration however, he felt that Derby Homes should wait for energy costs to level off following the anticipated price increase over the next year. Derby Homes are adopting low carbon heating on new build properties as they are purposely designed for these systems. The Director of Property is cautious from a fuel poverty point of view to start work on installing electrical heating until the comparison of costs for electricity compared to gas is fully understood. Councillor Care felt that this should be on the forward plan for Board agenda items.

Councillor Webb raised that there is the option of replacing gas boilers with hydrogen. The gas industry are currently giving customers option of transferring to hydrogen of a cost of around £100.

Tenant Garden Scheme

Councillor Graves raised he is concerned that the budget is reducing for the Tenant Garden Scheme as tenants have complained about the lack of garden attendance. Councillor Graves suggested a decision may need to be made by the board to remove the garden scheme and tendered to an external contractor who may be able to provide this service at a reduced cost for Derby Homes. The interim Finance Director explained the reason the net budget is reducing next year is due to service charges coming across from the Council to Derby Homes. The Home Decoration and Tenant Garden are the largest schemes. This service is still being provided as a cost to Derby Homes.

Bob raised as a resident that he is happy with the current garden service and

felt it would not be in the best interest of tenants to tender the garden scheme out to an external contractor.

Apprentice Budget

Councillor Graves queried the difference between the S310250 Apprentice and A100800 Repair team Apprentice. The Interim Finance Director explained the S310250 Apprentice budget is predominately for Housing Management related apprenticeships and A100800 is for trade apprenticeships.

IT Budget

Councillor Graves questioned the £2million spent on computers/IT. The Interim Finance Director explained the investment in IT enables Derby Homes to operate efficiently and achieve the current levels of customer satisfaction. This figure also included investment in the new financial management system which is a one-off cost.

Brexit and Covid Contingency Budget

Councillor Graves questioned the Covid and Brexit contingency spends. The Interim Finance Director explained this budget was set aside to anticipate extra costs such as a rise in material costs for trades as a result of either Covid or Brexit.

Support for aligned for Council Services

The Interim Finance Director explained there are pressures in the budgets relating in areas where Derby Homes continue to support the council such as Homelessness and a new initiative around Bed and breakfast related costs. There is a requirement for recruitment to deliver the Bed and Breakfast Initiative.

Stress Test

The stress test is a requirement which is set out by Derby Homes' regulator.

The Table in 4.14 lists the key financial risks to Derby Homes. The Interim Finance Director has risk assessed the areas and deemed these all to be low risk. If something did financially adversely affect Derby Homes there are adequate cash reserves available in the short term to accommodate which will enable Derby Homes time to put alternate plans in place.

Agreed

The Board noted the content of the report and the review of a £3m over 3 years

“stress test” on the budgets and the reserve funding available.

The Board approved:

- The budget for 2022/23 as detailed in Appendix 1, along with the pressures and savings listed in sections 4.2 and 4.3.
- In principle the budgets for 2023/23, 2024/25 and 2025/26 as listed in Appendix 1.
- The updated capital programme as detailed in Appendix 2.
- In principle the planned use of cash reserves as detailed in section 4.7.

22/18 Forward Plan of Agenda Items

The Board noted the Forward Plan of Agenda Items for the period of March to September 2022.

Agreed

The Board noted a request for plans for Installation of Electrical Heating to be added as a future agenda item.

22/19 Insurance Act 2015

Under the Act Derby Homes is obliged to disclose to insurers “relevant information” at both the insurance tender / renewal time and within the year if relevant issues occur.

The Board considered whether there was any new relevant information that should be disclosed to the insurer under the Insurance Act 2015.

Agreed

The Board agreed the following information should be disclosed to insurers, as required under the Insurance Act 2015

The Board, having considered whether there is any new relevant information that should be disclosed to insurers, as required under the Insurance Act 2015, agreed it was not aware of any such information.

22/30 Draft Minutes of Committees of the Board

The Board received the draft minutes of:

- Operational Board – 9 December 2021

Agreed

The Board noted the draft minutes.

22/31 Performance Management Information Q2

The Board received the Performance Management Information Q2.

Agreed

The Board noted Performance Management report.

22/32 Board Members Attendance at Meetings

The Board received details of Board Members attendance at meetings for the period

Agreed

The Board noted Board Members attendance.

Date of next meeting

The next meeting will be held on Thursday 31 March 2022 at 6.00 pm

The meeting ended at 8:22 pm.

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CHAIR

Signed as true and accurate record of the meeting held on 27 January 2022.