

DERBY HOMES LIMITED

MINUTES OF THE RESOURCES, REMUNERATION & REGENERATION MEETING Held on Thursday 8 July 2010

The meeting started at 6.00 pm

Board Members Present:

Mick Barker, Paul Bayliss, John Bloxsom, Tony Holme, Iain MacDonald
(Chair), Bob Osler, Dennis Rees, Roy Webb

Officers Present:

Shaun Bennett, Christine Hill, Andrew McNeil, Jackie Mitchell, Tony
Muldoon

Others Present:

Jeremy Bowley, Procure4 (for Item B4 Derby Homes Draft Procurement
Strategy only)

10/24 Apologies

Apologies for absence were received from Lorraine Watson.

10/25 Admission of Late Items

Bob Osler requested a late item be considered regarding the content of
an email he had sent to the Chief Executive on cost cutting measures.

The Chair agreed to include the item in Confidential Item A3 DECATS –
Review of Executive, Senior Management Team and Principal Officers.

The Chair also agreed to bring forward Item B4 Derby Homes
Procurement Strategy to follow Item 7 on the agenda.

10/26 Declarations of Interests

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

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

10/27 Minutes of the meeting of the Development & Regeneration Committee held on 25 March 2010

The minutes of the meeting held on the 25 March 2010 were accepted as a true and accurate record.

10/28 Matters Arising

There were no matters arising.

10/29 Minutes of the meeting of the Resources & Remuneration Committee held on 29 April 2010

The minutes of the meeting held on the 29 April 2010 were accepted as a true and accurate record.

10/30 Matters Arising

Minute 10/19 Draft Value for Money Strategy

Tony Holme reported that the first meeting of the Steering Group is to be held on 12 August 2010.

Minute 10/20 Times Top 100 Companies 2010

The Committee was advised that an action plan is being produced by Heads of Service. They looked at areas where Derby Homes has performed well and not so well and reasons why and will be creating staff focus groups to take the action plan forward.

Agreed

The Committee agreed the action plan be brought to the next meeting.

10/31 Training for Resources, Remuneration & Regeneration Committee Members

The Committee did not raise any specific training requirements but requested that a report be brought to the next meeting to identify the current Committee members' skills mix and any training needs.

Agreed

The Committee agreed that a report be brought to the next meeting to identify the current Committee members' skills mix and any training needs.

10/32 Draft Derby Homes Procurement Strategy

The Committee considered a report containing drafts of the Strategy for Procurement, Procurement Policy and Standing Orders – Procurement and Contract Management. The draft documents were presented by Jeremy Bowley of Procure4.

The Chair referred to the draft Procurement Policy, paragraph 4.2 Strong Leadership (page 6) and queried how the policy would be policed and, as stated in the policy, Committee's accountability for risks and value for money. His view was that officers should be accountable to the Committee.

Tony Muldoon, Head of Finance, advised that he would be responsible for policing the system in conjunction with audit checks.

The Chair felt that this section lacked clarity and requested that officers look at this again.

Roy Webb referred to paragraph 4.5 Positive Outcomes: Sustainable Procurement (page 8 of 9) and asked how Derby Homes would ensure it stipulates that the local community and employment would benefit.

The Committee was informed the policy provides flexibility to explore options, for example, Derby Homes can decide to use local contractors/suppliers for smaller contracts.

The Committee was also advised there would be no cost implications for implementing the policy, other than training and support for staff.

Paul Bayliss suggested that staff are well trained in negotiation skills in order to obtain better value for money and improved target setting for achieving savings. He added that staff should also provide good feedback to unsuccessful contractors.

Shaun Bennett, Director of Investment & Regeneration assured Committee that staff give good feedback to contractors, including details of quality and price.

Agreed

The Committee approved in principle the Strategy, Policy and Standing Orders for Procurement, subject to the amendments identified above, and delegated final approval to the Chair of the Resources, Remuneration and Regeneration Committee.

10/33 Confidential Business

Agreed

The Committee agreed under Part IV of the Derby Homes Governance Arrangements, that members of the public be excluded from the meeting during discussion of the following items on grounds that it involves the likely disclosure of confidential information as defined in Standing Order 20.2 (f, g & j)".

10/34 Development & Regeneration Update

The Committee received an update on current development and regeneration issues.

Roy Webb declared at interest in items in this report, as Council Cabinet Member for Adult Social Care and Health and an employee of Rolls-Royce Limited.

Agreed

The Committee noted the update.

10/35 DECATS Review of Executive and Senior Management Team (SMT) and Principal Officers

The Director of Investment & Regeneration and Personnel Manager declared an interest in this item. The Head of Finance and Regeneration & New Business Manager left the room during discussion of this item.

The Committee considered a report outlining proposals to review the Executive, Senior Management Team (SMT) and Principal Officers. The proposed review is in response to recommendations arising from a DECATS review of Derby Homes which identified efficiency savings achieved as a result of a reduction of 21 posts over three years.

Agreed

The Committee agreed

1. a process for reviewing the Executive, Senior Management Team and Principal Officers.
2. a process for dealing with any requests for voluntary early retirement and voluntary redundancy.

3. a report is brought to a future Board after consultation with the Chair and Vice Chairs of Derby Homes and the Chair of Resources, Remuneration & Regeneration Committee

10/36 Payments & Expenses

The Committee received a report setting out proposals presented by John Bloxsom, at the last Governance Services Committee, and other options for publishing payments and expenses to Board Members and senior staff.

Agreed

The Committee voted and agreed to stand by its original decision not to publish Board Members payments and expenses at this time and that the matter would be reviewed within the review of the Board Members Loss of Earnings Scheme in 2011.

Paul Bayliss did not support the decision and requested this be minuted.

End of Confidential Business

10/37 Derby Homes Management Accounts 2010/11 – Period 2

The Committee considered the management accounts for the two months to May 2010. The accounts compared actual expenditure for April and May against budget and extracted a different. The accounts did not include a forecast for the full year.

Paul Bayliss asked if any modeling had been done on the proposed increase in VAT.

The Head of Finance advised that Derby Homes is registered for VAT so this won't affect the operating statement, but will be shown in the balance sheet.

The Head of Finance informed the Committee that work is in progress to report on accounts for the new Repairs Team, however due to the need to align new systems and modeling/formatting issues, this will not be available until later in the year.

Agreed

The Committee noted the report and appendices.

10/38 Draft Annual Report and Financial Statements 2009/10

The Committee received the Year End Accounts for 2009/10. Attached to the report were copies of a representation letter from Derby City Council, giving an audit opinion that the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2010, and a management representation letter from Derby Homes to PKF.

The accounts had been considered and approved for recommendation to the Board by the Audit Committee on the 5 July 2010, subject to a minor amendment to include reference to the transfer to Derby Homes of the Public Building Works along with the DLO.

It was noted that paragraph 3.12 of the covering report had been inserted in error and should be disregarded.

Dennis Rees queried why, in the Director's report, only his first appointment date had been inserted and not successive re-election dates, as was the case for other Board members.

It was explained this was because Dennis and all other tenant and leaseholder are elected to the Board. Councillor and Independent Board members are appointed and reappointed by the Council.

The Committee also agreed to amend the final sentence of the third paragraph – Employee Involvement (page 5) which will now commence "The Company has a policy of no compulsory redundancy programme...." in line with earlier comments made under Item A3 DECATS – Review of Executive, SMT and Principal Officers.

There was discussion on the pension scheme liability which had increased to £11.351m in 2010 from £5.657 in 2009. It was confirmed the figure relates specifically to Derby Homes' employees and was provided by the Pension Fund actuary. PKF has confirmed the figure has been applied correctly within the statements. It was noted the liability is underwritten by the City Council.

Agreed

1. recommended the Board accepts the draft annual report and financial statements at the meeting on 29 July 2010 as a true and fair view of the Company's financial affairs as at 31 March 2010 as a going concern.
2. noted the explanation of the changes made to the accounts since the forecast out-turn was sent to Resources & Remuneration Committee members on 26 March 2010.

3. recommended the Board authorises the Chair and Company Secretary sign the accounts.
4. recommended the Board authorises the Chair, Chief Executive and Director and Company Secretary to sign a letter of representation requested by PKF (UK) LLP.
5. recommended the Board authorises the Chair to sign the Statement on Control Self Certification and Internal Reporting.

10/39 Standing Order 12

The Committee agreed to waive Standing Order 12 to allow the meeting to continue after 8.00 pm.

10/40 Professional and Consultancy Appointment and Fees 2009/10

The Committee received a report summarising the expenditure on professional services during the financial year ending 31 March 2010 and explaining the process for the selection of consultants.

Agreed

The Committee noted the report and requested a report back on an annual basis.

10/41 Performance Monitoring

The Committee received a report submitted by the Performance Management Committee highlighting key performance issues arising from discussion of quarter 4 2009/10 performance.

Reference was made to the disparate current arrears figures across the City and an explanation was requested. Paul Bayliss believed this was a management problem due to good performing staff in some areas and not in others.

It was noted that no information had been provided in section 3.8 Turnover.

Agreed

The Committee noted the report and requested

1. a report back to the next meeting, explaining what Derby Homes is doing to improve poor performance on arrears
2. performance information on Turnover be emailed to Committee members.

Date of next meeting will be confirmed at the Annual General Meeting in October.

The meeting ended at 8.35 pm.

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CHAIR

Signed as true and accurate record of the meeting held on 8 July 2010.