

DERBY HOMES BOARD
26 MARCH 2009

ITEM C3

ESTATES PRIDE FUNDING OF CHADDESSEN PARK CAFE

Report of the Chief Executive

1. SUMMARY OF REPORT

To consider a matter referred by the Chair of the Local Housing Board North.

2. RECOMMENDATION

- 2.1 To approve the Estates Pride funding request.
- 2.2 To approve the conflict of interest matter is referred to Governance Services Committee.

3. MATTER FOR CONSIDERATION

- 3.1 This report was originally considered by the Local Housing Board North on 5 March 2009. Copies of the documents considered are attached at Appendix 1.
- 3.2 The report was a late item and there were a number of issues about the content which were unable to be resolved before the meeting took place.
- 3.3 The Local Housing Board approved the report subject to the resolution of the outstanding Governance issues which are covered in this report.
- 3.4 Email exchanges between Chief Executive, Director & Company Secretary and Chair of Local Housing Board North decided the best way to address the concerns was to refer the matter to the Board for discussion.
- 3.5 The matters arising are:
 - the absence of a business plan to support the project
 - lack of clarity on procurement processes on the refurbishment work
 - a potential conflict of interest between the Chair of the Board and his role as Treasurer of the DACP and in this case lease signatory.

3.6 Business Case

The Director of Housing & Customer Service has discussed this with the Business Development Manager of the DACP who is a Derby Homes employee.

3.7 A business case has not been prepared. The proposal attached does not include a budget for expenditure nor does it appear that thought has been given to the projected income required to support the venture.

3.8 In the discussion the following costs have been identified:

- Rent £1,000 per annum commencing April 2010
- Electricity £1,000 per annum based on previous usage
- Insurance £ 500 - £800 estimated
- Opening stock £1,000 to be funded by DACP.

3.9 This means between May - October the cafe will need to generate gross profit of £500 per month which equates to income of £1,000 per month based on 100% mark up on direct costs.

3.10 It is proposed to offer more advice and support to the DACP in the preparation of future business cases.

3.11 **Procurement processes**

The Estates Pride bid as submitted stated that the funding would be awarded to local tradesmen. This would not comply with either Derby Homes' procurement procedures or Derby City Council's.

3.12 Further discussion has now resulted in agreement that all works will be procured through Derby Homes using our approved contractors.

3.13 **Conflict of Interest**

The request for Estate Pride funding has come late within the project. Work has commenced on stripping out and first fix electrics. The majority of the work has been carried out by volunteers and funded by £5,500 from the Chaddesden Ward Neighbourhood Board. In addition, a 3 year lease has been signed by the Treasurer and Vice Chair of the DACP. This places a possible conflict of interest on the Treasurer of the DACP with his role as Chair of the Board and member of the Local Housing Board North. The Vice Chair of the Board / Chair of the Local Housing Board North has requested this issue be reported to the next meeting of the Governance Services Committee which is on 6 April 2009.

3.14 The matter under consideration is one that under normal circumstances would be a decision of the Local Housing Board North. It has been referred to the Board to ensure openness and transparency in the decision making process due to the conflict of interest.

4. **LEGAL AND CONFIDENTIALITY IMPLICATIONS**

This report contains confidential information as defined in Standing Order 20.2 (n) of Part IV of the Derby Homes Governance Arrangements.

The areas listed below have no implications directly arising from this report

- Consultation
- Financial and Business Plan
- Personnel
- Environmental
- Equalities Impact Assessment
- Health & Safety
- Risk

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

Author: Maria Murphy/Title/Telephone/Email

Background Information:

Supporting Information: