

MINUTES: PLYMOUTH COMMUNITY HOMES SHADOW BOARD

Item

Action To Be Taken By

Present: Shadow Board Members: Louise Barnden , Peter Ebsworth (Chair), Zilpah Leahy, William Lean, Linda Macbeth, Elaine Pellow, Eddie Rennie, Jack Thompson (part meeting), Nigel Warn, Christine Watts

Staff/Advisors : Rob Beiley, Stella Cheetham, Andrew Cobb, Nick Jackson, Malcolm Lindo, John Orr, James Savage, Martin Snell, Clive Turner, Colin Walker

Tenant Services Authority: Steve Fox

Apologies: Ken Foster, Sue McDonald

1 Minutes of Meeting 10 February 2009

Agreed

2 Matters Arising from 10 February 2009

None

3 Committee Minutes

Customer Focus Committee

The Shadow Board resolved to **approve an amendment to the Standing Orders to increase the maximum membership to six and to approve Elaine Pellow joining the committee.**

Finance Committee

The Finance Committee had approved its Terms of Reference, but noted that they would need to be reviewed at a later date. The committee considered that a number of forthcoming items would require Board approval.

4 Project Update

In addition to the written report circulated with the Board papers, AC gave a verbal update on the latest developments.

Staffing:

- Communications Strategy agreed with staff side,
- Consultation Framework out for consultation,
- Draft TUPE Protocol agreed; it would now go to the staff side for consultation.

Business Plan:

- the Finance Committee would meet on 21 April 2009 to allow for the detailed examination of the Business Plan before it came to the Board in May,
- the Finance Committee scheduled for 23 March 2009 would be cancelled.

IT:

- an OJEU notice for the purchase of a new finance system had been issued on 5 March 2009.

Accommodation:

- James Savage to report under item 8.

Registration:

- draft registration report required at the end of May 2009,
- registration assessment visit 21-23 July 2009,
- registration assessment committee scheduled to consider PCH's application in September 2009.

Assets:

- discussions with PCC continue,
- PCC continuing to work through schedules derived from the asset transfer principles.

Allocations and Mobility:

- the Assistant Director Housing Operations had made a presentation on Choice Based Lettings (CBL) to the Customer Focus Committee,
- CBL was expected to become operational around the time of transfer.

Building Services

- actions from the previous 'health check' were ongoing or would be incorporated in other stock transfer related work.

Support Services

- the draft structure for support services was at an advanced stage,
- PCC had been asked for information about the number of support posts on the TUPE list. Preliminary work could then begin on merging the TUPE list and the preferred structure.

Governance:

- DWA were continuing to work on the development of the Continuous Improvement Groups,
- A tenants' conference would be held (24 March 2009) at which DWA would report back and seek comments on the work to date.

North Prospect:

- Levitt Bernstein and StuF had been appointed by a panel of residents and officers to undertake the North Prospect scoping exercise,
- the consultants would spend two days in Plymouth during March 2009 meeting with various stakeholders.

5 Section 25 Budget:

- the Recruitment line might need a virement from another budget line.

6 Registration Assessment Process:

- the registration assessment visit would last three days.
- the inspectors would interview a wide range of staff.

7 Procurement of Decent Homes Programme

- to allow the kitchens and bathrooms programme to begin swiftly after October 5, it was intended to procure the contract in the run up to transfer,
- to initiate this process a notice advertising this work must be placed in the Official Journal of the European Union (an OJEU notice),
- five procurement models had been identified and analysed,

- option 2 – contract framework and single source supply chain - was considered to offer the greatest opportunity to gain economies of scale in purchasing the work whilst at the same time increasing PCH's control over future maintenance costs and warranties as well as reducing the PCH management requirement,
- any risk inherent to a single source supply chain would be mitigated by ensuring that the success of the supply chain was the responsibility of the contractors employed within the framework agreement,
- in addition, the original tender arrangements for the supply chain from each contractor could be re-employed if there was a failure of the single supply chain,
- six to twelve constructors and six suppliers had been approached during soft market testing,
- the invitation to tender would include elements relating to the use of local labour and local suppliers,
- the DLO would be involved in the process, but mainly at the voids stage,
- the intention was to gradually increase the capacity of the DLO,
- the DLO was currently using handheld technology to match demand and capacity,
- the Business Plan would assume that the DLO was working to full capacity.

The Shadow Board resolved to:

- 1 authorise staff to continue with the procurement of these works using the methodology outlined in Option 2 of the report submitted by Savills and Trowers as attached in Appendix 1,**
- 2 approve the issue of the finalised OJEU Notice in March 2009 as set out in Appendix 1,**
- 3 authorise further use of PCH's appointed advisors in the procurement process.**

8 Accommodation Strategy:

- to improve services PCH needed to conduct a Customer Access Review (proposed for 2010), determine the future of Prince Rock Depot and locate a suitable head office,
- in the meantime there was a pressing need (the deadlines were very tight) to find accommodation for an augmented Stock Transfer Team, including the Chief Executive and Finance Director, between now and transfer,
- officers had identified a city centre location with a number of positive features,
- the space was available now and had been refurbished by the previous tenant

- there was a pre-existing link to the Civic Centre which would facilitate and reduce the cost of fibre optic cabling (PCH would use PCC for IT support for at least eighteen months),
- there was sufficient space for meetings such as the Project Group and Shadow Board,
- CT, officers and WL had viewed the accommodation and judged it to be of a good standard,
- Savills had also provided professional advice,
- It was proposed to take the ground floor on a licence and then on a lease after transfer.

The Shadow Board resolved:

- 1 to adopt the Draft Accommodation Strategy and begin the formal consultation process with residents and staff,**
- 2 that officers should negotiate the arrangements for a licence on the ground floor of Princess Court, subject to a ceiling of £13.00 per square foot and the approval of the negotiated rental per square foot by the Chairs of the Shadow Board and the Finance Committee.**

9 Appointment of Advisors:

- the European Investment Bank (EIB) had communicated that it was in principle willing to provide funding up to £120 million,
- the bank had been established as a not for profit organization by the member states of the EU,
- a UK bank would provide the 'top up',
- the EIB timescale would require the PCH Business Plan to be in place at the end of May 2009,
- the funders (EIB etc) would require independent validation of the Business Plan,
- a number of advisors would be required to meet the funders criteria,
- It was proposed to appoint PWC as VAT advisors to both PCC and PCH. There would be different PWC contacts for PCC and PCH in order to avoid any conflict of interest,
- It was not cost effective for a body the size of PCH to have an in house internal audit.

The Shadow Board resolved:

- 1 to approve the process to appoint these advisors,**
- 2 to approve the appointment of PWC as VAT advisors,**
- 3 to approve J C Rathbone as Treasury Advisors.**

10 Pensions:

- PE ruled (after advice from RB) that officers could remain for this item,
- as part of TUPE arrangements, it would be necessary for PCH to offer the Local Government Pension Scheme to transferring employees,
- the Board had a number of options over the type of pension that it would offer to newly recruited employees,
- ML gave a high level presentation (please see attached) on the options available,
- Board members would need to consider issues such as equality, cost and future flexibility,
- their decision might also take account of the overall employment package.

The Shadow Board resolved to:

- 1 note the options,**
- 2 appoint pensions advisors,**
- 3 request that the advisors provide costings of the available options.**

11 Adoption of Charitable Status:

- for an organization to be able to become a charity it was necessary to show that its activities were wholly and exclusively charitable in nature. In the case of Registered Social Landlords (RSLs) it was necessary to demonstrate that a substantial majority (in practice at least 75% or more) of its tenants were (or in the case of PCH, would be) charitable beneficiaries,
- when the tests used by Trowers were applied to PCH at least 80% of its tenants would be charitable beneficiaries,
- RB reminded shadow Board members that the directors of a charity were required to exercise an enhanced level of care.

The shadow Board: **reaffirmed its decision that Plymouth Communities Homes should be registered as a charity.**

12 Manufacturing

- after the acquisition of charitable status, PCH could only pursue objectives which fulfilled its charitable purpose. An activity that had the purpose of making money (even to subsidise a charitable venture) was not in itself charitable,
- therefore it would be unlawful for PCH to carry out trading activities,
- the Council's manufacturing division currently supplied

windows to Council staff and to other local authorities, while the blacksmiths and sign shop undertook significant volumes of work to non housing parts of the Council,

- these 'extra' services would not be charitable activities for PCH since they fell outside the future charitable objectives of PCH,
- for these reasons it was proposed that PCH establish a non-charitable subsidiary (a trading company) that would receive the manufacturing division from the Council,
- the intention was to set up the subsidiary in a way that would allow transfer in to the Devon Pension scheme,
- additional papers on HR and finance would come to the Shadow Board in due course,
- CT believed that the business plan for the trading company would be sustainable,
- The Action Plan for manufacturing would respond to TSA questions.

The Shadow Board resolved to: **proceed with the establishment of the subsidiary as a Company Limited by Guarantee.**

EP/NW indicated their willingness to serve on the board of management of the subsidiary.

(At the request of the Shadow Board, officers left the meeting prior to the discussion of items 13 and 14.)

13 SMT Posts and Assimilation Arrangements:

- the report proposed that the arrangements for the recruitment of the Corporate Resources Director, Housing and Neighbourhoods Director and Property Services Director should now commence,
- it also proposed that the recruitment of the post of Regeneration and Development Director should be deferred,
- it was noted that there was no one who was likely to be placed on the TUPE list for either the Corporate Resources or Housing and Neighbourhoods roles, so those posts should be advertised externally,
- as there was an Assistant Director within PCC who may have a claim to be considered for assimilation for the post, the recruitment of that post should be considered by the HR and Staffing Committee when they approve the full job description,
- the selection panel for those posts should be the HR and Staffing Committee, plus Clive Turner as CE designate.

The Shadow Board resolved to approve:

- 1 the outline role descriptions and job titles,**
- 2 the recruitment process for each post,**
- 3 the appointment of the selection panel.**

14 Terms and Conditions – PCH:

- the report proposed the arrangements for the salaries and other Terms and Conditions for the posts within the Senior Management Team,
- a benchmarking exercise with organisations of a similar size and posts with similar responsibilities had been undertaken with the result that it was recommended that the salary level for the posts of Corporate Resources Director, Housing and Neighbourhoods Director and Property Services Director posts should be £90,000 pa,
- following discussions with the CX and FD designate, it had been agreed that their salaries should be revised to 90% of the benchmark level with a mechanism over the next 3 years, that the differential should be decreased by 3% pa for 2 years and 4% in the third year,
- the revised initial SMT salaries should therefore be

Chief Executive - £126,000
Director of Finance - £ 99,000
Corporate Services Director - £ 81,000
Director of Housing and Neighbourhoods - £ 81,000
Property Services Director - £ 81,000

- the full benchmarked salary should be used to calculate pension contributions,
- until such time as the Board agree the pension arrangements, it had been agreed with the Director of Finance designate that PCH should make a 8% contribution into his private pension scheme,
- the terms and conditions for notice period, holiday entitlement and occupational sickness pay were considered.

The Shadow Board resolved to approve:

- 1 the salary levels for the posts of Corporate Services Director, Director of Housing and Neighbourhoods and Director of Property Services,**
- 2 the recommended changes to the salary arrangements,**
- 3 the non salary Terms and Conditions.**

15 Date of Next Meeting

5.00pm, Tuesday 7 April 2009, Large Conference Room, HQ Building, Union Street