



**GGHT Panel of
Excellence and Scrutiny
Monday 16th December
Orford Room, Orford
Jubilee Hub**

Minutes

Attendance:	Lynda Johnson, Graham Hanson, Fiona Roberts, Jean Bullock, Dot Thacker, Alan Rankin, Debbie Ergen, Ayo Akinrele, Charlie Martin, Rebecca Hallam, James Doran (part), Peter Mercer (part), Allen Barber (part), Christopher Downing (part).
Apologies:	

		Action
1.	<p>Apologies/Declarations of Interest</p> <p>No declarations of interests.</p>	
2.	<p>Minutes of Meeting Held on 13 November 2013</p> <p>The gas servicing team will photograph each property that they are unable to access to try and improve access rates.</p> <p>The minutes were approved as a true and accurate record.</p>	
3.	<p>Feedback on Presentation of In-House Repairs Review to the Board</p> <p>Chair and another Panel member presented the In-House Repairs review to the Board on 25/11/13 . The Chair explained that the Board felt that the review was done to a professional standard and recognised the work that had gone into the review. The Board would like Panel representatives to attend Board meetings to present future reviews.</p> <p>CM confirmed that the review was well received by the Board. The Board provided the following feedback::</p> <ul style="list-style-type: none"> ❖ The review covered a wide area and it might help the Panel if future reviews focused on a single issue or theme ❖ Reports could take into account changes in performance over the course of the review. <p>It would be useful if future reports provided the evidence behind key</p>	

	findings/trends.	
4.	<p>Feedback on Universal Credit and Voids Visit</p> <p>Three Panel members attending Universal Credit (UC) training run by Carmel Morris, Senior Financial Inclusion Officer. The training covered how new UC claims are made and included details of the organisations that can assist claimants with their claims. The Panel asked for this list to be circulated to them.</p> <p>There are approximately 380 UC claimants in Warrington but only 18 are known to GGHT. The Panel expressed concern at the low number of UC claimants known to GGHT but understood that restrictions are placed on GGHT accessing this information by the Data Protection Act 1998.</p> <p>The Panel are concerned that claimants do not know what help is available to them and this will lead to an increase in rent arrears.</p> <p>The welfare reforms have had an impact upon the number of void properties and the Panel are aware that the cost of this is a concern to the business.</p> <p>JD and CM reassured the Panel that GGHT identified, and contacted, people likely to be affected by the welfare reforms to try and mitigate the impact upon them and the business.</p>	RH
5.	<p>Update on Anti-Fungal Paint in Bathrooms</p> <p>The Panel had previously expressed concern that the paint used in the bathroom programme was not mould resistant.</p> <p>JD reassured the Panel that the paint is anti-fungal and is mould resistant. The paint used in bathrooms is produced by Gliddens, the trade name of Dulux.</p> <p>Damp and mould may still occur as a result of customer behaviour or underlying issues with the property. Moisture on the wall surfaces can lead to condensation and damp even if anti-fungal paint has been used. Where the air temperature is lower, the air can hold less moisture. To prevent mould and damp occurring the room needs to be both well ventilated and heated.</p> <p>The Panel are concerned that the anti-fungal paint is not being applied in properties. JD is confident that anti-fungal paint is being used and has confirmed this with the subcontractor, Keepmoat, as well as at other stages in the supply chain.</p> <p>The Panel queried the stage at which GGHT will consider that the damp or mould may be attributed to underlying issues with the property rather than tenant behaviour.</p> <p>JD advised that when an inspector visits the property to inspect the damp he</p>	

	<p>will always check for underlying issues which could have caused the problem. The recent improvement works and increased insulation in properties have resulted in an increase in reports of damp and mould as the properties are not as well ventilated. PM agreed with this and said that rising energy prices has caused reluctance amongst some customers to ventilate their properties.</p> <p>The Panel would like JD attend a meeting in spring 2014 to provide an update. JD agreed.</p>	JD
6.	<p>Update on Group Structure</p> <p>PM gave a presentation on the potential group structure with Helena Partnerships. The group structure would not be a merger and both organisations would retain their identities and remain separate legal entities. Both GGHT and Helena Partnerships would retain their Boards and a new group Board would be created. The group would also have a commercial arm which would take responsibility for property services, house building and energy efficiency works and would be able to complete work in the private sector with the profits being reinvested into the group.</p> <p>The group structure would allow both organisations to deliver more services. Warrington Borough Council (WBC) has to reduce its budget significantly over the next three years and GGHT would like to provide some of the services which will no longer be supported by WBC.</p> <p>Welfare reform is also creating a challenging environment for all social landlords. Entering into a group structure would help GGHT to mitigate the impact of the changes.</p> <p>Helena Partnerships became a Registered Social Landlord (RSL) in 2002 and as a result are more established and have a greater financial capacity than GGHT. The organisation is already one of six approved to build in Warrington and they have plans to build more properties in Bewsey and Dallam. By comparison, GGHT has limited building opportunities and has the capacity to build a maximum of 250 new properties by 2021.</p> <p>By entering into a group structure, GGHT would immediately gain 400 new homes by taking over management of properties built by Helena and would aim to build more new properties in the group area over the next 10 years subject to efficiency savings. GGHT would also be able to take advantage of the opportunities created by the Omega Development in Warrington as 300 new affordable homes need to be built on the site.</p> <p>The group structure would create efficiency savings for both organisations as the group would be able to tender for larger amounts of goods and materials.</p> <p>The GGHT Board considered an outline business case on 08/11/2013 and are in the process of developing a business case. The Board expect to make a decision in summer 2014. Tenant consultation started a week ago with tenant shareholders being notified, a notice being put up on the GGHT</p>	

website and all tenants who have an email address registered have also received a letter about the group structure, CCP members were also consulted at their December meeting.

The Board, WBC and tenant shareholders will have the opportunity to vote in favour of the group structure with each party having one third of the vote. 75% need to vote in favour of the group structure for it to proceed. Should this happen the group structure will move forward from April 2015.

Comments/Queries

- ❖ Would GGHT have to pay Helena to build new properties? *No, building expenses will be costed to GGHT but would come out of the group budget.*
- ❖ Will tenants sit on the group Board? *The group Board will be skills based and will not automatically include tenant representatives. There will be one Chief Executive and one EMT.*
- ❖ Will there be two AGM's? *Both GGHT and Helena Partnerships will continue to hold their own AGM.*
- ❖ Who will manage the properties? *GGHT will continue to manage all properties in Warrington and Helena Partnerships will manage all properties in St Helens. Any new properties built in Warrington will be managed by GGHT.*
- ❖ Will there continue to be two scrutiny panels? *Yes, each organisation will continue to have its own scrutiny panel which will scrutinise their respective organisations. There will be opportunities for each panel to share tips and best practice with one another.*
- ❖ Will there be any redundancies? *It is too early to say if there will be any redundancies. Any redundancies that are made are likely to be voluntary. The commercial services arm is likely to grow, creating job opportunities.*
- ❖ What obligation will GGHT have to the other companies in the group? *All companies in the group will be interlinked and will have obligations to one another.*
- ❖ Will GGHT build properties in St Helens? *The group will build properties in St Helens and Warrington which will be managed by Helena Partnerships and GGHT respectively. There are plans to build new properties over the next 10 years in the group area.*
- ❖ Will all new build properties be social housing? *No, some of the properties will be rented to tenants as social housing, others will be shared ownership and some will be sold privately with the profits being reinvested in the group.*
- ❖ Will there be difficulties in administering areas where GGHT owns a smaller number of properties as opposed to areas where they are the majority owner? *There will always be difficulties in administering some areas but GGHT and Helena Partnerships will work together and will learn from one another.*
- ❖ Can the Panel meet the Helena Partnerships scrutiny panel and Chief Executive to discuss the group structure? *Yes, this can be arranged a point in the future.*
- ❖ Will the group structure include improvements to the community such as libraries and community centres? *Yes this will be included. Helena Partnerships run a number of shops and community centres in St.*

RH

	<p><i>Helens.</i></p> <p>❖ Are there any examples of other housing associations who have entered into a group structure who GGHT can learn from? Yes, two organisations in Manchester recently entered into a group structure to create Wythenshawe Community Housing Trust. A number of organisations have entered into a group structure but most have not merged their finances.</p> <p>PM agreed to keep the Panel informed of updates to the group structure. The Panel agreed quarterly updates would be useful.</p>	PM
7.	<p>Value for Money</p> <p>AB provided an update on progress against the VFM Strategy and the initiatives in place to improve VFM.</p> <p>AB explained that VFM is promoted within GGHT and staff are kept updated at team briefings and via 'In The Know'. RH to arrange for the scrutiny panel to be sent future copies of 'In The Know' to improve VFM knowledge.</p> <p>A budget overspend is forecast for 2013/14. This is as a result of the increased cost of voids, the high cost of repairs and increased demand on the investment programme. The Housemark benchmarking report shows that GGHT has higher operating costs than competitors, however the quality of service compares favourable to others.</p> <p>The Panel queried whether GGHT has a contingency fund. GGHT does not have a contingency. A balance must be struck between investing in services or potentially overspending, making savings and not meeting service standards. Finances must still be budgeted in the long term.</p> <p>AB discussed current initiatives to improve services: the operating working hours have been extended, GGHT are involved in the Delivering Wellbeing project in Bewsey and Dallam which aims to tackle deprivation in this area. GGHT has been particularly involved in initiatives to increase employment. A free wifi network is being installed in the Longford area to increase digital inclusion. Approximately 1100 properties have taken part in an energy advice pilot. The energy advice project is expected to generate significant annual savings where households maximise energy efficiency measures. AB confirmed that GGHT are investigating whether the pilot can be extended and agreed to speak to Andrew Smith to find out if the key findings from the study can be published on the website.</p> <p>The restructure will be fully operational by spring 2014 which will mean that more officers will be based on estates. The Panel expressed concern that the cost of local housing officers will be high for areas where GGHT owns a lower number of properties, AB agreed that it is more cost effective to manager large estates, however it is important that all customers have a local housing office. As a result the patch size for each officer will be adjusted to reflect the level of demand in their area. Recruitment for neighbourhood staff is ongoing.</p>	RH AB

There is also scope to reduce the number of staff in GGD in the future as new technology will be introduced. The Panel queried the benefits of this given the level of pressure currently placed on GGD. AB reassured the Panel that the level of staffing in GGD will not reduce in the short term as the estate staff are not currently operating at full capacity, and the new online services have not been launched yet.

CD and AB are pleased with the internal audit report on the VFM strategy as only one recommendation has been made by PWC.

A stock condition survey is also due to be completed by Savills. This will help improve the management of the housing stock in the future.

Comments/Queries

- ❖ 88% of the promises in the offer document have been completed in three years rather than the proposed five years. How has this affected the budget? *This has come at an additional cost in the short term. The overall level of investment is still the same. Investment programme expenditure will reduce going forward as less is required. There are some additional costs relating to extra interest charges.*
- ❖ Has removing property adverts from the Warrington Guardian had an effect on the number of offers made? *We do not think that this has been the case. There was an initial decreased in demand but the waiting list has since increased.*
- ❖ Could the decrease in demand be as a result of the welfare reforms? *Yes, the welfare reforms and concerns about affordability have affected demand. Each week there are approximately 15 properties which receive no offers with one bedroom flats and three bedroom houses being impacted the most.*
- ❖ Has the budget for staff increased recently? *No, the budget will reduce as a result of the restructure. The main savings are in GGD and the number of staff required is expected to fall in 2014-18.*
- ❖ Would bringing the out of hours service in house generate savings? *The out of hours service is a low cost to the business and we do not believe that there are savings to be made by bringing it in house.*
- ❖ What are the future plans for Peninsula House? *The Board agree that investment in Peninsula House is needed. Improvement works to exterior and communal areas are planned for 2014. A suggestion of demolishing the property and rebuilding was turned down because of the high costs associated with this. This may be reviewed in the future. In the long term, the Cabul and Quebec estates may be considered for investment together with Peninsula House. The Board are due to debate this further in February 2014.*
- ❖ Would GGHT benefit from selling Peninsula House? *The level of interest is likely to be low due to the amount of investment required. A change of use to sheltered accommodation has also been considered; this would resolve any problems with ASB.*
- ❖ Will the 2014/15 budget be affected by the restructure? *Yes, the staffing savings and closure of offices will be reflected in the 2014/15 budget.*
- ❖ Has the group structure been considered in the budget? *Yes, the cost*

of developing the case for the group structure has been taken into consideration.

Some members of the Panel recently visited one of two, one bedroom flats in Longford which were part of a void pilot. The pilot refurbished two properties to see if this had a positive effect on demand. The property is currently being advertised through Choose A Home. The Panel agreed that investment is needed but questioned whether the return has justified the high cost of refurbishment for the pilot properties. The Panel also asked whether AB and CD approve all investment decisions.

Both CD and AB have input into each department's budgets but some individual decisions are delegated to SMT. Some investment decisions carry a higher risk but these are necessary for the business to develop.

The Panel acknowledged that it can take a long time to change the reputation of challenging areas but agreed that investment in these areas is needed. There were differing opinions about the effect of the investment in Longford; some Panel members were apprehensive about the effect of the investment on ASB whilst others felt that there had been a significant improvement in ASB in the area.

Rent Increase

A new rent policy will come into effect from 2015 which will end convergence to target rent. This will reduce GGHT's borrowing capacity by £4 million.

The Finance Committee have two proposals to present to the Board:

- ❖ Continue with the existing policy and gradually increase the rent to target over a 3 year period.
- ❖ Increase the rent in 2014/15 from the current rent to the target rent subject to a maximum increase of RPI + £2 per week.

Option 2 would provide £1.5 million additional resources in the Business Plan.

AB explained that the Finance Committee considered the potential impact on customers when deciding their proposals. The rent increase for each property will be calculated individually.

Inflationary rent increases are currently calculated based on RPI plus 0.5%. In 2015 this will change to CPI plus 1%. The Panel asked what effect this will have on rent increases. AB explained that the change has been made as part of a wider Government review so that increases for all benefits are based on CPI. The Government believes that CPI is a more accurate measure of inflation and traditionally it has been lower than RPI. In the short term the change will not have an affect on rent increases as RPI is approximately 0.5% higher than CPI.

AB invited the Panel's views on the proposed rent increase options:

- ❖ The second option would allow GGHT to continue to provide the services and improvements customers want.

RH

	<ul style="list-style-type: none"> ❖ People on fixed or low income would struggle with any increase above inflation. However working people on a low income would also have an entitlement to housing benefit. ❖ If rent is increased too quickly it may lead to an increase in rent arrears. <p>The Panel agreed that scrutiny panel meeting focussed solely on VFM would be useful. This will be arranged in 2014.</p>	
9.	<p>A.O.B and Agenda for January Meeting</p> <p>CM suggested that an Action Monitor be introduced to help keep the Panel update on agreed actions. The Action Monitor will be brought to the next meeting.</p> <p>A detailed breakdown of the scrutiny panel costs for the financial year to date was presented to the Panel. It was agreed that the Panel would have a budget of £6,000 for 2014/15.. CM will discuss this with Fiona Graham, Head of Central Services.</p> <p>The Panel agreed that the January meeting should be dedicated to discussing the next area for review.</p>	<p>RH</p> <p>CM</p>
10.	<p>Meeting Costs</p> <p>Postage: £7</p> <p>Out of Pocket Expenses: £35.20</p> <p>Room Hire: £50.00</p> <p>Catering Expenses: £29.80</p> <p>Total: £122</p>	
	Date of next meeting: 15th January 2014, Venue TBC	