

HACKNEY HOMES Ltd Board Meeting

Monday 12th November 2007 at 6.30pm to 8.30pm

The Chief Executive's Conference Room, 1st Floor,
Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ

Part A Meeting (Open to the Public)

Distributed to:

Hackney Homes Board Members:

Rupert Tyson (Chair)
Samantha Lloyd
Asim Bhattacharyya
Audrey Villas (Vice Chair)
Linda Kelly
Sharon Patrick
Alice Burke (Vice Chair)
Brian Marsh
Marie Photiou
Afolasade Bright
David Larkin
Danny Sutcliffe
Jonathan McShane

Hackney Homes Executive Directors:

Susmita Noonan (Interim Chief Executive)
Neil Isaac (Director of Finance and Resources)
Gary Penticost (Director of Property Services)
John Broomfield (Interim Director of Housing Services)
Robin Smith (Programme Director – Woodberry Down Regeneration)

Hackney Homes Officers:

Nilavra Mukerji (Interim Head of Policy and Planning)

Sue Poulter

Sunil Desai

John Newton

Trish Hail

Daniel O'Connell

HACKNEY HOMES Ltd Board Meeting 31

Monday 12th November 2007 at 6.30pm to 8.30pm.

Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ

A AGENDA Part A (Open to the public)

Item	Presenter	Subject	Status	Page Number	Duration
		Open Items			
1.	Chair	Welcome/Apologies/Introductions	Information		2 mins
2.	Chair	Declarations of Interests	Information		1 min
3.	Chair	Questions received from the public	Information (Verbal)		2 mins
4.	Chair	Hackney Homes Annual General Meeting – 8 th October 2007 and matters arising	Decision		3 mins
5.	Chair	Minutes of 22 nd October 2007 (Part A) and matters arising	Decision		5 mins
6.	S Noonan	Chief Executive's Report	Information (Report)		10 mins
7.	S Noonan / G Penticost / N Isaac	Hackney Homes Performance September 2007	Presentation		10 mins
8.	N Isaac	Board Member Issues: (a) Code of Conduct - Review (Code of Conduct document contained within the Governance Resource Pack);	For Approval (Report)		10 mins

		(b) Board Member Attendance Procedure;	For Approval (Report)		
		(c) Investigations Procedure.	For Approval (Report)		
9.	Pat Ronayne	Leaseholder Charges (including variants between estimated and actual charges)	Information (Report)		15 mins
10.	Chair	Date of Next Board Meeting: 3 rd December 2007 at 6.30pm (Christopher Addison House)	Information		1 min

AGENDA B – Part B (Not Open to the Public)

The following items form part of the Hackney Homes Ltd Board Agenda B and are not open to the Public:

Hackney Homes Board Meeting Agenda B – Part B on Monday 12th November 2007:

1. The Minutes of 22nd October 2007 – Part B and matters arising (this Minutes Document cannot be disclosed as it contains confidential and commercially sensitive information);
2. Hackney Homes Ltd – Reports from Committees in October 2007 (these Minutes Documents cannot be disclosed as they contain confidential and commercially sensitive information. Attendees of the above meetings have received copies of the minutes documents).
3. Chief Executive’s Report (this item is a verbal report);
4. Hackney Homes Draft Delivery Plan (this item is a verbal update);
5. Hackney Homes Service Improvement Plan (this document contains confidential and commercially sensitive information).



Hackney Homes Ltd

Part A Minutes of the Hackney Homes Annual General Meeting (AGM) held at Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ.

On 8th October 2007 at 6.30pm to 8.00pm

Item 4

Present	Board Members Rupert Tyson (Chair) Afolasade Bright Alice Burke Karen Alcock Sharon Patrick David Larkin Brian Marsh Linda Kelly	Officers Susmita Noonan Neil Isaac Gary Penticost Sunil Desai Kweku Quagraine – Governance Team Cheryl Ramsay – Governance Team (Minutes)	Stakeholder Representatives Fiona Fletcher – Smith (LBH Corporate Director) Stephen Tate (LBH Assistant Director of Performance) Nimisha Patel (LBH Service Development Manager) Cllr Alan Laing (LBH) Cllr Jonathan McShane (LBH) Observers Walter Hare Brian Clubb Joyce Brown
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	Part A – Open to the Public	Action	Date
1. Welcome / Apologies / Introductions	Apologies from Samantha Lloyd, Audrey Villas, Asim Bhattacharyya and Marie Photiou.		
2. Declarations of Interests	None.		
3. Resolutions (i) To receive and adopt the Accounts for the year ending 31st March 2007.	The Board and Cllr Laing received and adopted the Hackney Homes Accounts (year ending 31 st March 2007).		



Hackney Homes Ltd

Part A Minutes of the Hackney Homes Annual General Meeting (AGM) held at Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ.

On 8th October 2007 at 6.30pm to 8.00pm

Item 4

<p>(ii) To re-appoint Baker Tilly as Auditors and agree that their remuneration be set by the Board.</p> <p>(iii) To confirm details of which Resident Board Member will retire and their replacement.</p> <p>(iv) To confirm details of which Independent Board Member will retire and their replacement.</p>	<p>The Board and Cllr Laing re-appointed Baker Tilly as Hackney Homes' Auditors and agreed that the Board would set their remuneration.</p> <p>Neil Isaac announced that there was now a Resident Board Member vacancy as the Board had selected Mrs Sandra Hall (Homerton) for retirement.</p> <p>The Board and Cllr Laing accepted the retirement of Mrs Sandra Hall and the proposed Homerton Resident Board Member ballot process.</p> <p>Neil Isaac recommended that Chloe Fletcher's (resigned 2006) Independent Board Member post should be retired and so that Danny Sutcliffe (new Hackney Homes Independent Board Member) could be granted a full Hackney Homes Board Member tenure.</p> <p>The Board and Cllr Laing approved Neil Isaac's recommendation concerning the retirement and appointment of a new Independent Board Member.</p>		
<p>4. Any Other Business</p>	<p>Cllr Laing thanked the following individuals:</p> <ul style="list-style-type: none"> • Steve Tucker for all his hard work during his tenure as Chief Executive to Hackney Homes; • Karen Alcock during her tenure as a Hackney Homes Board Member (as of 1st November 2007 Jonathan McShane is to replace Karen Alcock). 		



Hackney Homes Ltd

Part A Minutes of the Hackney Homes Annual General Meeting (AGM) held at Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ.

On 8th October 2007 at 6.30pm to 8.00pm

Item 4

Cllr Laing congratulated the following individuals:

- Susmita Noonan upon her appointment as Interim Chief Executive of Hackney Homes;
- Rupert Tyson upon his appointment as Chair to the Hackney Homes Board.

Rupert Tyson confirmed the resignations of:

- David Curley (former Chair to Hackney Homes Board);
- Andrew Potter (former Independent Hackney Homes Board Member).

Joyce Brown asked for an explanation as to why items appeared on the “exempt” Part B Agenda Board Meeting list. Susmita Noonan requested Joyce Brown to write to her with her queries.

Signed as a true record of this meeting _____ Chair Dated



Hackney Homes Ltd

ITEM: 5

PART A Minutes of Board of Directors, held at Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ

On 22nd October 2007 at 6.30PM

Present	<p>Board Members</p> <p>Rupert Tyson (Chair) Afolasade Bright Alice Burke Samantha Lloyd Audrey Villas Marie Photiou David Larkin Brian Marsh Linda Kelly Asim Bhattacharyya Danny Sutcliffe</p>	<p style="text-align: center;"><input type="checkbox"/></p> <p>Officers</p> <p>Susmita Noonan Gary Penticost Neil Isaac Nilavra Mukerji Kweku Quagraine (Governance Team) Cheryl Ramsay (Governance Team – minutes)</p> <p>Stakeholder Representatives</p> <p>Nimisha Patel Valerie Corrigan</p>	<p>Observers</p> <p>Joyce Brown Brian Clubb Terry Edwards Lara Ashley</p>
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Item	Part A – Open to the Public	Action	Date
1. Welcome / Apologies / Information Introductions	Apologies were received from Sharon Patrick. The Board welcomed Danny Sutcliffe as a new Independent Hackney Homes Board Member.		
2. Declarations of Interest	None.		
3. Questions received from the public	None.		
4. Minutes of 17th September 2007 (Part A) and matters arising	Agreed.		

<p>5. Chief Executive's Report</p>	<p>The Board noted Susmita Noonan's report and asked for the following:</p> <ul style="list-style-type: none"> • <u>2.0 Tenant Participation Review</u> - More support to the enhanced TRAs; - Detailed outline of funding associated with this project (by 19th Nov 07 – Audit & Finance Committee Meeting); - The invitation to TRA meetings to be extended to Hackney Borough Council Councillors and residents; <p>The Board requested that Pat Ronayne be present at the next Hackney Homes Board Meeting to explain issues associated with Leaseholder Final / Estimated Invoices 2006/07.</p> <p>The Board requested "profiling" data concerning service charge collections from Leaseholders</p> <p>The Board approved the Hackney Homes Board Member Work Plan.</p>	<p>SN</p> <p>SN</p> <p>PR</p> <p>PR</p>	<p>By 19th Nov 07</p> <p>12th Nov 07</p> <p>3rd Dec 07</p>
<p>6. Hackney Homes Performance At A Glance – August 2007</p>	<p>The Board noted the report.</p> <p>Susmita Noonan advised the Board that a Hackney Homes Service Improvement Group had been established and that staff were addressing all recommendations contained in the Audit Commission's Final Report and the Audit Commission KLOES.</p> <p>Susmita Noonan highlighted the following items as areas which require close scrutiny:</p> <ul style="list-style-type: none"> • Rent Collection (SN / JB); • Tenancy Checks (SN / JB); • Empty Property Management (GP); • Repairs (GP); • Failed Appointments (GP); • Complainants (SN / JB). 		



Hackney Homes Ltd

ITEM: 5

PART A Minutes of Board of Directors, held at Christopher Addison House, 72 Wilton Way, Hackney E8 1BJ

On 22nd October 2007 at 6.30PM

	<p>The Board requested that an additional column which indicates how many complaints have been “closed” and “resolved” be added to the Performance Report.</p> <p>The Board requested Gary Penticost to make enquiries into Community Pay Back Schemes and Age Concern Handyman Schemes to assist with garden fencing remedial works.</p>	<p>AJ / VP</p> <p>GP</p>	<p>By 3rd Dec 07</p> <p>Ongoing</p>
<p>7. – Hackney Homes Delivery Plan</p> <p>- Hackney Homes Business Plan</p>	<p>Nilavra Mukerji, Interim Head of Policy & Planning, advised the Board that the draft Hackney Homes Delivery Plan would be completed by 31st October 2007.</p> <p>Nilavra Mukerji invited the Board to discuss the Hackney Homes Business Plan at a Board Members Away Day (to be arranged).</p> <p>Nilavra Mukerji advised that both the Hackney Homes Delivery Plan and Business Plan would be signed off by Hackney Council (31st October 2007).</p> <p>The Board requested the following from Nilavra Mukerji:</p> <ul style="list-style-type: none"> • a monthly progress report concerning the Service Improvement Project; • void visits invitations; • mystery shopping invitations. 	<p>NM</p> <p>NM</p>	<p>Nov / Dec 07</p> <p>To begin 12th Nov 07</p>
<p>8. Any Other Business</p>	<p>Rupert Tyson advised that he and the Vice Chairs had attended a Hackney Homes Partners Monitoring Meeting.</p> <p>Audrey Villas reminded Board Members of Health & Safety Training that had been arranged on various dates in January 2008 – February 2008.</p>		
<p>9. Date of Next Board Meeting</p>	<p>12th November 2007 at 6.30pm Christopher Addison House. Agreed.</p>		

Signed as a true record of this meeting _____ Chair Dated _____

Title of Report: CHIEF EXECUTIVE'S REPORT	
Decision Making Body: Hackney Homes Board	Date: Monday 12th November 2007
Classification: FOR INFORMATION	Report of: Chief Executive (Interim) Susmita Noonan
Item Previously considered at:	On Which Date: N/A
Report Author: - Chief Executive (Interim) 020 8356 3671	Appendices: N/A

Paragraph 1.0	- Summary of Report
Paragraph 2.0	- Delivery Plan Update
Paragraph 3.0	- Contingency Plan
Paragraph 4.0	- Resident Participation
Paragraph 5.0	- Update on Woodberry Down Regeneration Scheme
Paragraph 6.0	- London and Southern ALMO Group Feedback
Paragraph 7.0	- Performance

If you have any questions about this report, please contact Pauline Fontaine on 020 8356 3671 or email Pauline.Fontaine@hackneyhomes.org.uk

1.0	<u>SUMMARY</u>
1.1	This report updates the Board on activities since the meeting of 22 nd October 2007.
2.0	<u>DELIVERY PLAN UPDATE</u>
2.1	A draft Delivery Plan has been circulated to Board Members at the end of October. Officers have since met with the Council to agree Delivery Plan targets for the coming year. The Delivery Plan for 2007/9 was submitted to the Council on time, and the next stage in the process is for the plan to go out for consultation. The plan will go out to the Resident Liaison Group and also be circulated to Lead members during November and comments taken on board. The final plan will be agreed with the Council in line with the 30 day deadline of 12 December 2007.
3.0	<u>CONTINGENCY PLAN</u>
3.1	Considerable work has been undertaken to date on the capital programme in the light of our failure to achieve Two Stars and some part of our contingency planning. This shows that we, Hackney Homes, can carry out a reduced Decent Homes programme in 2008/09, alongside a reduced Planned Maintenance programme. Residents will be contacted during November and December 2007 about their local programme. This is sufficiently flexible to allow an Inspection in either the summer or the autumn, with ALMO credits being made available in Quarter 2 or Quarter 3. Officers of Hackney Homes and the London Borough of Hackney are in discussion with the Audit Commission on the most suitable time for re-inspection in the light of our readiness and the Audit Commission's own inspection timetable for 2008/09.
4.0	<u>RESIDENT PARTICIPATION</u>
4.1	Resident Participation Officers have been engaged in an intensive period of contact with TRAs as a number are new to the patches. An ongoing programme of meetings with TRA representatives is in place. This has included working with TRAs that have ceased being active to rejuvenate these TRAs, a programme of ensuring AGMs are current and ensuring TRAs understand the new arrangements. In addition RPOs are working on a number of estates to set up new TRAs. A number of projects including tidying up a linear park, Christmas lights, creating garden spaces and a 'bonfire and barbecue' social event to create community cohesion.
4.2	RPOs are undertaking 3 focus groups in November. Two will be on reactive repairs and Resident Involvement/Tenant Compact. The third will be scrutinising Hackney Homes policies that are currently under review to ascertain residents' input into these policies. This will be a standing group over some time, given the number of policies to be reviewed. Residents have been drawn from lists of residents who have

4.3	<p>indicated they are willing to attend focus groups. This enables us to reach a wider audience than the existing active residents that we engage with. In addition work is in progress in setting up a disability forum to enable us to engage with disabled residents and to tailor services to meet their needs.</p> <p>Work is in progress on revising the Tenant Participation Compact to reflect changes that have occurred since the last one, and current good practice including addressing the issues raised by the Audit Commission. A draft is being produced at the time of writing this report and is due for completion by the end of the month. We have set up a group of residents representing Panel representatives to comment and advise us on the draft. It is planned to hold two meetings with this group, one to obtain views and amend the draft Compact, the other to produce the final draft. In the meantime the draft will be sent to Panels, BME Forums, the Leaseholders Forum and other relevant groups and any comments will be taken account of. We aim to be in a position to seek sign-off by residents' representatives, the Council and Hackney Homes by January 2008.</p>
5.0	<p><u>UPDATE ON WOODBERRY DOWN REGENERATION SCHEME</u></p> <p>5.1 The third Roadshow concluded on 6 October and over the series of seven events there was a high level of interest on range of issues raised and information provided.</p> <p>5.2 The detailed planning application for the first 450 homes on the former school site is due to go to the Council's Planning Sub-committee on 21st November 2007. A start on site is still programmed for Spring 2008.</p> <p>5.3 A report to the Council's Cabinet on 26 November will seek authorisation for the Council to agree to be bound by the s106 conditions on the Outline Planning Application. This is a necessary step to allow the Outline Planning Consent to be issued in due course, subject to the formal response of the Mayor of London.</p> <p>5.4 Decant and re-housing activities remain well on programme and other planned activities include a satisfaction survey of residents who have been decanted in past months, and an estate-wide door-to-door leaseholder survey to provide further information on the range of re-housing options planned for leaseholders.</p> <p>5.5 We are still awaiting the Government's decision on the potential listing of Ashdale, Burtonwood, Nicholl and Needwood Houses. We are co-ordinating opposition to this proposal with CLG.</p>
6.0	<p><u>LONDON & SOUTHERN ALMO CHIEF OFFICER GROUP FEEDBACK</u></p>
6.1	<p>At the September meeting, we asked the Board to nominate members</p>

6.2	<p>to the National Federation of ALMOs Board. In the London & Southern Region there are three places on the Board and the following ALMOs were appointed to the Board:</p> <p>Colchester Borough Homes Kensington & Chelsea TMO Newham Homes</p> <p>The Leasehold (L&S) ALMO Sub-Group has been meeting regularly and an interest has been expressed in producing some joint work between a number of ALMOs which could result in some useful benchmarking. Barnet Homes and Homes for Islington would be interested in working with Hackney Homes. It was agreed that the Leasehold Group could develop a set of core questions and a tender for the survey but that it would be for individual ALMOs to buy into this and then be able to add some additional local questions if required. Officers will report back any development relevant to Hackney Homes.</p>
7.0	<u>PERFORMANCE</u>
7.1	See Agenda Item 7. A presentation will be available at the meeting.

Susmita Noonan
Chief Executive (Interim)

HACKNEY HOMES PERFORMANCE SUMMARY - Business Critical PI's

KEY	PERFORMANCE AGAINST LAST MONTH	PERFORMANCE AGAINST ANNUAL TARGET 2007/08													Perf Against Last Month (PALM)	TARGET	FORECAST		EOY 06/07		
			APR	MAY	QTR 1		QTR 2		QTR 3		QTR 4		YTD	Perf Against Annual Target (PAAT)			Method & Period used for forecast				
▲	BETTER THAN LAST PERIOD	ON COURSE TO ACHIEVE OR EXCEED TARGET																			
◀▶	SAME AS LAST PERIOD	BELOW TARGET BUT LIKELY TO RECOVER																			
▼	WORSE THAN LAST PERIOD	BELOW TARGET AND UNLIKELY TO RECOVER TO ACHIEVE TARGET																			
RENT COLLECTION & ARREARS	LKPI 48 Total Value of Rent Arrears (YTD - £M)		£8.85 M	£8.64 M	£8.67 M	£8.50 M	£8.36 M	£8.17 M							£8.17 M	▲	£5.27 M	◀▶	Linear Financial Year	£8.80 M	
	LKPI 47c YTD Total Collection as % of Rent Debt		96.50%	100.03%	99.54%	99.94%	99.98%	99.81%								99.81%	▼	101.21%	▲	Linear Financial Year	100.06%
TENANCY MANAGEMENT & AUDITS	LKPI 34 YTD Relettable Voids as % of Stock		0.68%	0.50%	0.49%	0.70%	0.58%	0.58%								0.58%	◀▶	0.78%	▲	Linear Financial Year	0.70%
EMPTY PROPERTY MANAGEMENT	BVPI 212 Average re-let time		22	24	19	19	21	23								21	▼	25	▲	Average Financial Year	26.00
REPAIRS	APPOINTMENTS	LKPI 06 % of Responsive Repairs Appointments Kept	98.16%	98.63%	97.63%	98.32%	98.56%	99.1%								98.34%	▲	98.00%	▲	Average Financial Year	98.18%
	URGENT REPAIRS	LKPI 03 % Completed within government time limits	99.74%	99.22%	99.59%	99.39%	99.28%	98.80%								99.35%	▼	98.00%	▲	Average Financial Year	98.45%
	SATISFACTION	LKPI 12 Resident Satisfaction with Repairs Call Centre	97.30%	97.78%	99.27%	98.39%	99.62%	99.08%								98.98%	▼	97.50%	▲	Average Financial Year	97.00%
LKPI 11 Resident Satisfaction with quality of work		98.00%	98.52%	98.54%	97.96%	98.08%	98.91%								98.39%	▲	98.50%	◀▶	Average Financial Year	98.00%	
CLEANING	LKPI 7 A Total % of Inspections (% Pass)		92.30%	89.80%	88.40%	92.20%	93.80%	92.20%								91.12%	▼	90.00%	▲	Average Financial Year	-
GROUNDS MAINTENANCE	LKPI 8 A Total % of Inspections (% Pass)		98.60%	95.00%	94.10%	93.30%	93.60%	92.00%								94.49%	▼	90.00%	▲	Average Financial Year	-
LEASEHOLD & RTB SERVICES	LKPI 14 Service Charge Collection Cumulative YTD (£)		£0.63 M	£1.37 M	£2.08 M	£2.69 M	£3.42 M	£4.11 M								£4.11 M	▼	8.50 M	▼	Linear Financial Year	£7.30 M
REPAIRS CALL CENTRE	LKPI 9 % Calls answered		95.62%	96.63%	97.75%	96.11%	96.13%	95.4%								96.44%	▼	94.00%	▲	Average Financial Year	92.30%
TELEPHONE ANSWERING & CORRESPONDENCE	LKPI 18 Monthly % of Calls Answered		72.63%	73.77%	75.19%	76.02%	77.04%	76.7%								74.94%	▼	67.00%	▲	Average Financial Year	76.32%
	LKPI 25a Stage One Complaints		92.60%	94.62%	98.81%	99.02%	96.24%	96.1%								95.97%	▲	95.00%	▲	Average Financial Year	81.50%
	LKPI 23 Members Enquiries		84.10%	100.00%	100.00%	100.00%	94.56%	72.73%								92.90%	▼	92.00%	▲	Average Financial Year	75.11%
	LKPI 25b Stage Two Complaints		88.40%	88.24%	84.62%	95.24%	78.57%	40.0%								79.17%	▼	85.00%	◀▶	Average Financial Year	55.34%
	LKPI 22 Board Members Enquiries		100.00%	100.00%	50.00%	N/A	N/A	N/A								66.67%	◀▶	98.00%	◀▶	Average Financial Year	51.00%
	LKPI 27: Ombudsman Complaints		N/A	N/A	N/A	N/A	N/A	N/A								N/A	◀▶	-	◀▶	-	N/A
	LKPI 58: TRA Enquiries		N/A	N/A	N/A	N/A	N/A	N/A								N/A	◀▶	-	◀▶	-	N/A
HUMAN RESOURCES	BVPI 12 Annualised YTD Avg No. of days lost to sickness		9.28	9.66	9.74	9.90	9.94	9.65								9.68	▲	8.00	▼	Linear Last 12 Months	9.54
INVOICE PAYMENTS	BVPI 8 Monthly % of undisputed Invoices paid on time (30 days)		N/A	80.80%	80.48%	88.74%	91.38%	84.74%								86.50%	▼	86.25%	▲	Linear Last 12 Months	80.74%

Title of Report: Code of Conduct Review	
Decision Making Body: Hackney Homes Board	Date: Monday 12th November 2007
Classification: FOR APPROVAL	Report of Director of Finance & Resources – Neil Isaac
Item Previously considered at: (1) Standards and Ethics	On Which Date: 2nd October 2007
Report Author: Neil Isaac ext 5730	Appendices: Appendix 1 - Revised Code of Conduct (contained within the Hackney Homes Governance Resource Pack); Appendix 2 - Board Member Attendance Procedure; Appendix 3 – Board Member Investigation Procedure.

Report Outline:

- Paragraph: 1.0 - Summary of Report;
- Paragraph: 2.0 - Recommendation(s) to the Board / Committee;
- Paragraph: 3.0 – Background;
- Paragraph: 4.0 – Code of Conduct
- Paragraph: 5.0 – Board Member attendance procedure
- Paragraph: 6.0 - Impact Upon The Hackney Homes Business Plan;
- Paragraph: 5.0 - Impact Upon The Hackney Homes Risk Register;
- Paragraph: 6.0 - Consideration of the Hackney Homes Equality & Diversity;
- Paragraph: 7.0 - Consultation Process & Findings;
- Paragraph: 8.0 - ICT Implications;
- Paragraph: 9.0 - Human Resources Implications;
- Paragraph: 10 – Financial Implications;
- Paragraph: 11 - Legal Implications / Advice;
- Paragraph: 12 - Other Related Decisions / Guidance.

If you have any questions about this report, please contact Neil Isaac) on 020 8356 5730 or email neil.isaac@hackneyhomes.org.uk

1.0 SUMMARY

1.1 This report proposes the introduction of a formal mechanism to allow the Chair to be notified of potential absences from Board meetings and updates the code of conduct to reflect the necessary changes arising from the Companies Act 2006.

2.0 RECOMMENDATION(S)

2.1 That the Board agree:

- the revised code of conduct (Appendix 1);
- the Board Member Attendance Procedure (Appendix 2);
- the minor change to the procedure for investigations under the Code of Conduct (Appendix 3).

3.0 BACKGROUND

3.1 A Board Member attendance procedure was considered at an Extraordinary Standards & Ethics Committee Meeting on 2nd October 2007 but was considered to be too restrictive, and revisions requested.

3.2 The Hackney Homes Board Members Code of Conduct was agreed at Hackney Homes' inception. Good Governance practice dictates that a Board Member Code of Conduct document be reviewed and signed annually.

4.0 CODE OF CONDUCT

4.1 In their audit of governance PriceWaterhouseCoopers noted that all Board Members should sign the code of conduct annually. We have taken the opportunity to get the code of conduct updated by Trowers and Hamlins to reflect changes introduced by the Companies Act 2006 which came into effect on 1st October 2007. These are set out in section 8 of the code of conduct.

4.2 As part of this review we have looked at the investigation procedure (Appendix 3) arising from alleged breaches of the code of conduct. There is a minor change in section 6 to say that it is probable that the Director of Finance and Resources will appoint an external person to undertake any investigation instead of saying that the DF&R may appoint an external person.

5.0 BOARD MEMBER ATTENDANCE PROTOCOL

5.1 The last Standards and Ethics Committee considered the attendance record of a Board Member. At the same time an attendance procedure was drafted to change the emphasis of Board attendance from a "sending apologies" approach to a "permissions" system.

5.2 However this was felt to have gone slightly too far, a revised policy is attached to this report (Appendix 2). The revised Board Member "permissions" system

retains the idea that a Board Member seeks “permission” for non attendance from the Board Meeting from the Chair but streamlines the proposed process.

6.0 IMPACT UPON THE HACKNEY HOMES BUSINESS PLAN

6.1 Good Governance underpins all the decisions taken by Hackney Homes these two policies will ensure that good governance is maintained.

7.0 IMPACT UPON THE HACKNEY HOMES RISK REGISTER

7.1 Risk HH/12 is Board Membership issues - skills gaps, retention and recruitment. Clear process for ensuring attendance and investigating alleged breaches of the code of conduct will mitigate this risk.

8.0 THE HACKNEY HOMES EQUALITY & DIVERSITY STRATEGY 2006 / ACTION PLAN 2007 – 2010

8.1 A clear process for investigating complaints is necessary to ensure transparency and equal treatment.

9.0 CONSULTATION PROCESS & FINDINGS

9.1 Investigations under the code of conduct have been discussed at Standards and Ethics Committee.

10.0 ICT IMPLICATIONS

N/A

9.0: HUMAN RESOURCES IMPLICATIONS

N/A

10.0 FINANCIAL IMPLICATIONS

N/A

11.0 LEGAL IMPLICATIONS / ADVICE

11.1 Trowers and Hamblins have revised the Code of Conduct to reflect the changes necessary from the Companies Act 2006.

12.0 OTHER RELATED DECISIONS / GUIDANCE

N/A

SECTION 2

Propriety, Openness and Equality of the Board

OPENNESS

Hackney Homes strives to be open and accountable. Transparency in decision making is recognised as an important element in demonstrating that individuals are treated fairly.

An openness and confidentiality policy will be developed and will include:

- The information *Hackney Homes* will make available concerning its work, its Board and its employees.
- *Hackney Homes*' legal duties under the Freedom of Information and Data Protection Acts.
- The details of what information of the organisation will be accessible for example personnel files, tenancy files, policies etc.
- Providing appropriate and informed information to major stakeholders.
- In what circumstances personal information will be provided both internally and externally including:
 - What information will be kept confidential?
 - Rights of access for the individual
 - In what circumstances information will be disclosed
 - Informed consent of the person concerned
- Identification of which minutes and Board papers are confidential and the authorisation and penalties for release of those papers to third parties.
- A section detailing whistle blowing for staff and Board members

This will be reported to Board for adoption.

CODE OF CONDUCT

CODE OF CONDUCT FOR BOARD MEMBERS

The Code of Conduct for Board Members draws on the key principles in the Code of Conduct for Councillors of the London Borough of Hackney, reproduced in Appendix 3.

Board Members will be required to sign a Code of Conduct within 28 Days of being elected or appointed as a Board Member, and will be required to sign Hackney Homes' Code of Conduct each year to reconfirm their obligations to Hackney Homes.

Part 1

GENERAL PROVISIONS

Scope

1. A Board Member must observe the organisation's Code of Conduct whenever they:

Conduct the business of the organisation;
Conduct the business of the office to which he or she has been nominated elected or appointed; or
Act as a representative of the organisation.

General Obligations

2. A Board Member must:
 - (a) promote equality by not discriminating unlawfully against any person;
 - (b) treat others with respect; and
 - (c) not do anything which compromises or which is likely to compromise the impartiality of those who work for, or on behalf of, the organisation.
3. A Board Member must not:-
 - (a) disclose information given to him or her in confidence by anyone, or information acquired which he or she believes is of a confidential nature, without the consent of a person authorised to give it, or unless he is required by law to do so; nor
 - (b) prevent another person from gaining access to information to which that person is entitled by law.
4. A Board Member must not in their official capacity, or any other circumstance, conduct himself/herself in a manner which could reasonably be regarded as bringing his/her office or the organisation into disrepute.

5. A Board Member:-
- (a) must not in their official capacity, or any other circumstance, use their position as a Board Member improperly to confer on or secure for himself/herself or any other person, an advantage or disadvantage; and
 - (c) must, when using or authorising the use by others of the resources of the organisation: act in accordance with the organisation's requirements; and ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the organisation or of the office to which the Board Member has been elected or appointed.
6. A Board Member must when reaching decisions have regard to any relevant advice provided to him by:- the organisation's Chief Executive Officer, Company Secretary, Finance Officer and Legal Adviser acting in pursuance of their duties.
7. A Board Member must, if they become aware of any conduct by another Board Member which they reasonably believe involves a failure to comply with the organisation's Code of Conduct, make a written allegation to that effect to the Chief Executive Officer of *Hackney Homes* as soon as it is practicable for them to do so.

8. **Statutory obligations**

The Companies Act 2006 sets out certain statutory duties for Board Members as directors of a company. Board Members must comply with these statutory duties which are as follows:

- The duty to act within powers,
- The duty to promote the success of the company,
- The duty to exercise independent judgement,
- The duty to exercise reasonable skill and care,
- The duty to avoid conflicts of interest,
- The duty not to accept benefits from third parties (save as permitted under Part 3 paragraph 17 of this Code of Conduct),
- The duty to declare an interest in a proposed transaction or arrangement with Hackney Homes.

Part 2

INTERESTS

Personal Interests

8. (1) A Board Member must regard themselves as having a personal interest in any matter if the matter relates to an interest in respect of which notification must be given under paragraphs 13 and 14 below, or if a decision upon it might reasonably be regarded as affecting to a greater than other tenants or inhabitants of the organisation's area, the well-being or financial position of themselves, a relative or a friend or
- (a) any employment or business carried on by such persons;
 - (b) any person who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
 - (c) any corporate body in which such persons have a beneficial interest in a class of securities exceeding the nominal value of more than 2% of the issued share capital in a company
 - (d) any body listed in sub-paragraphs (a) to (e) of paragraph 14 below in which such persons hold a position of general control or management.
- (2) In this paragraph:-
- (a) "relative" means a spouse, partner, parent, parent-in-law, son, daughter, step-son, step-daughter, child of a partner, brother, sister, grandparent, grandchild, uncle, aunt, nephew, niece, or the spouse or partner of any of the preceding persons; and
 - (b) "partner" in sub-paragraph (2)(a) above means a Board Member of a couple who live together.

Disclosure of Personal Interests

9. A Board Member with a personal interest in a matter who attends a meeting of the organisation at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

Prejudicial Interests

- 10 (1) Subject to sub-paragraph (2) below, a Board Member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a tenant of Hackney Council as covered by the Management Agreement or a

Item 8 – Appendix 1

member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Board Member's judgement of the public interest.

- (2) A Board Member may regard themselves as not having a prejudicial interest in a matter if that matter relates to -
 - (a) another relevant organisation of which they are a member;
 - (b) another public organisation in which they hold a position of general control or management;
 - (c) a body to which they have been appointed or nominated *by Hackney Homes* as its representative;
 - (d) where a Board Member holds a tenancy or lease with a relevant organisation, provided that they do not have arrears of rent with that relevant organisation of more than two months, and provided that those functions do not relate particularly to the Board Member's tenancy or lease.

Participation in Relation to Disclosed Interests

- 11. A Board Member with a prejudicial interest in any matter must -
 - (a) withdraw from the room where a meeting is being held whenever it becomes apparent that the matter is being considered at that meeting, unless he has obtained a dispensation from the organisation's Chairman or Company Secretary; and
 - (b) not seek improperly to influence a decision about that matter.
- 12. For the purposes of this Part, "meeting" means any meeting of -
 - (a) the organisation; or
 - (b) any of the organisation's committees, area committee, sub-committees, joint committees, joint sub-committees, or advisory committees.

PART 3

THE REGISTER OF BOARD MEMBERS' INTERESTS

Registration of Financial and Other Interests

13. Within 28 days of the provisions of *Hackney Homes'* Code of Conduct being adopted or within 28 days of his election, nomination or appointment to office (if that is later), a Board Member must register their financial interests (see clauses 25 -27 of the Articles of Association) in *Hackney Homes'* register maintained by the Company Secretary by providing written notification to Company Secretary of *Hackney Homes'* of -
- (a) any employment or business carried on by him/her;
 - (b) the name of the person who employs or has appointed him/her, the name of any firm in which he/she is a partner, and the name of any company for which he/she is a remunerated director;
 - (c) the name of any person, other than a relevant organisation, who has made a payment to him/her in respect of election or any expenses incurred by him/her in carrying out his duties;
 - (d) the name of any corporate body which has a place of business or land in the organisation's area, and in which the Board Member has a beneficial interest in a class of securities of that body that exceeds the nominal value of not more than 2% of the issued share capital in the company
 - (e) a description of any contract for goods, services or works made between the organisation and himself or a firm in which he/she is a partner, a company of which he/she is a remunerated director, or a body of the description specified in sub-paragraph (d) above;
 - (f) the address or other description (sufficient to identify the location) of any land in which he/she has a beneficial interest and which is in the area of the organisation;
 - (g) the address or other description (sufficient to identify the location) of any land where the landlord is the organisation and the tenant is a firm in which he is a partner, a company of which he is a remunerated director, or a body of the description specified in sub-paragraph (d) above; and
 - (h) the address or other description (sufficient to identify the location) of any land in the organisation's area in which he has a licence (alone or jointly with others) to occupy for 28 days or longer.
14. Within 28 days of the provisions of *Hackney Homes'* Code of Conduct being adopted or within 28 days of his/her election, nomination or appointment to office (if that is later), a Board Member must register his/her other interests in *Hackney Homes'* register maintained

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by the Company Secretary by providing written notification to *Hackney Homes'* Company Secretary his/her membership of or position of general control or management in any -

- (a) body to which he/she has been appointed or nominated by the organisation as its representative;
 - (b) public organisation or body exercising functions of a public nature;
 - (c) company, industrial and provident society, charity, or body directed to charitable purposes;
 - (d) body whose principal purposes include the influence of public opinion or policy;
 - (e) private club, and
 - (f) trade union or professional association.
15. A Board Member must within 28 days of becoming aware of any changes to the interests specified under paragraphs 13 and 14 above, provide written notification to the Company Secretary of that change.
16. A Board Member must not knowingly employ, in a private capacity, any contractor engaged by *Hackney Homes* without first seeking the advice of the Company Secretary and registering the nature and value of such contract with the Company Secretary.

Registration of Gifts and Hospitality

17. Any gifts or hospitality received or given must be appropriate and reasonable. A Board Member must not accept any gift or hospitality over the value of £25 without the prior approval of the Chairman or Company Secretary, recorded on the form at Appendix 5.

AUDIT

Hackney Homes will appoint an external auditor with the agreement of the Audit Commission. *Hackney Homes* will have audited accounts and as part of the Management Agreement the Council will expect to see a copy of the accounts and the management letter from the external auditor. The annual accounts of *Hackney Homes* will be made as public as possible.

The Board shall grant a right of access to the organisation's accounts and records by the Council's Internal and External Auditors. *Hackney Homes* has internal audit systems in place to ensure the organisation has sound financial controls, accounting policies; complies with legislation, the management agreement and other standards and policies as follows:-

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- The responsibility for audit remains with the Board discharged to the Audit Sub-Committee
- The Audit Sub-Committee has an overview of
 - internal control
 - financial control
 - Internal audit
 - external audit including appointment which is by competitive quotation
- The Audit Sub-Committee is a small focused Sub-Committee, and includes Board members with expertise other than finance.
- Internal audit is a formal process that reviews, checks and reports on all aspects of *Hackney Homes* business and as such would have direct access to the Board.
- The Board will consider adoption of the appropriate parts of the CIPFA Code of Audit Practice.

EQUALITY

Hackney Homes has a responsibility to serve the whole community equally. Equality of opportunity is a core objective of the organisation and therefore the Board.

- Their own membership should broadly reflect the communities the organisation serves
- Recruitment to the Board, committee or advisory structures is fair and transparent and positive action principles are followed where there is under representation
- That training for Board members on equality issues is provided and taken up
- That employment and recruitment policies and procedures for staff are fair and open and positive action principles are followed where there is under representation
- That training for all staff members on equality is provided and attendance is monitored
- That regular reports are received on the effectiveness of the equality policies including monitoring and analysis of information on employment, services the use of contractors and recruitment to the governance structure.

Hackney Homes Board Member Committee / Board Meeting
Non Attendance Permissions Procedure

1. Hackney Homes Committee / Board Meeting Agenda Papers to Board Members at least 10 days in advance of any meeting.
2. Board Members **have 3 days prior to any meeting** to submit a written request to the Hackney Homes Chair setting out why they are unable to attend. This should be copied to the governance team.
3. The Chair of Hackney Homes shall, within 2 days of receipt of a Board Member's request to be excused from a meeting, submit to the Board Member in question and the Governance Team his response.
4. If the Chair agrees the non attendance this will be recorded on the governance teams attendance statistics.
5. If the Chair considers does not agree the non attendance, he will explain the reasons to the Board Member and this shall be recorded.
6. Should a Board Member fail to attend 3 consecutive Committee and/or Board Meetings or have an attendance rate below 60% and the Chair has concerns about a relevant Board Member's non attendance, the Chair has the discretion to:
 - Hold an informal meeting with the Board Member in question about his / her non attendance at the Committee / Board Meetings;And/or
 - Submit a formal written referral of non attendance to the Hackney Homes Standards & Ethics Committee & the Governance Team for the matter to be considered.

DRAFT PROCEDURE FOR DEALING WITH INVESTIGATIONS OF BOARD MEMBERS UNDER THE CODE OF CONDUCT

Stage 1 – Pre-investigation

1. When a complaint is received, the first step will be for the Company Secretary ('DF&R') to decide whether the complaint appears to relate to a potential breach of the Code of Conduct for Directors ('the Code').
2. DF&R will ask for background information via the Governance Team.
3. DF&R will initially explore the options (if appropriate) for resolving the complaint informally either by direct discussion with the Director and complainant (if applicable) or through another Officer carrying out these discussions on his behalf.
4. In the case of complaints which are not submitted in writing, these will not generally be accepted, though where the allegation relates to possible financial impropriety or breach of the guidelines regarding Board Members' interests, the DF & R may resolve to refer matters for a full investigation. In any event, the Board Chair and Director shall be advised of receipt of the Complaint or allegation.

Stage 2 – Investigation

5. The subject of the complaint, the complainant, the Chief Executive and the members of the Standards and Ethics Committee will be informed on a confidential basis that an investigation is to be conducted and will be told: -
 - the name of the person against whom the complaint is made;
 - the identify of the person making the allegation (unless identification of the complainant might prejudice the investigation or put the complainant at risk); and,
 - a brief description of the conduct which is the subject of the allegation.
6. DF&R is adviser to the Standards and Ethics Committee and the primary contact for Board members who have enquiries on conduct issues. That role may be incompatible with personally undertaking the investigator role, which may involve presenting an investigation report at a hearing, so DF&R will probably need to appoint another person to undertake the investigation.
7. The investigator will be required to produce a report setting out the facts and recommendations as to whether or not the member in question failed to comply with the Code.

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8. As DF&R acts as the principal adviser to individual members on conduct issues, this could give rise to conflicts of interests which prevent the DF&R from acting as adviser to the Committee. Alternative arrangements will be made by the Head of HR if necessary.
9. The investigator will contact the subject of the complaint and the complainant for their comments and to identify any persons who (s)he should interview and any evidence which (s)he should examine.
10. The investigator will conduct such interviews as appear to him/her to be necessary for the proper investigation of the issues concerned.
11. The investigator will forward the full draft report to the Director who is the subject of the complaint and the complainant together with relevant extracts to any person who has provided evidence and allow all parties 10 days for comments or suggested corrections on matters of fact.
12. The investigator will produce a final report, taking account of suggested amendments and corrections and send it to DF&R.
13. Where the investigator concludes that there has not been a breach of the Code, (s)he will report to the Standards and Ethics Committee. The Standards and Ethics Committee will consider the report and any representations from the subject of the complaint and will either accept the investigator's conclusions and take no further action, or refer the matter to a formal hearing without pre-judging the issue.
14. Where the investigator concludes that there has been a breach of the Code of Conduct the matter must be referred to a formal hearing without any preliminary consideration by the Standards Committee.
15. In order to prevent any prejudice to the Standards Committee's role in eventually determining the complaint, members of the Standards Committee will not be advised of the progress of the investigation, until they receive the agenda and papers, including the investigator's report, for the meeting which is to consider that report.

Stage 3 - Hearing

16. The hearing should be completed within two months of the date on which the investigator presents his/her report to DF&R. If this is not possible, the Board Chair should be advised of reasons and a new timetable agreed.

Procedure for Hearing

17. Papers will be dispatched to Members of the Ethics Committee 7 days in advance of the meeting. The Board Member concerned will also be advised of the date of the meeting and time at which he or she should attend.

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18. The Officer carrying out the Investigation shall present his or her Report with the Board Member present. Members of the Ethics Committee as well as the Board Member will be able to ask questions of the Investigator on matters of fact.
19. After the Report has been presented as outlined in (18), the Board Member will leave the Hearing for the Members of the Ethics Committee to consider the Report.

Sanctions Available

20. The sanctions available to the Standards Committee can be any one, or combination of the following: -
 - censure
 - restriction of access to company premises or use of company resources for up to three months
 - a requirement to give a written apology
 - a requirement to undergo training
 - a requirement to undertake conciliation
 - suspension for up to three months
 - suspension until the member undertakes training or conciliation or provides a written apology;
 - any other reasonable sanction(s) as appear necessary in the circumstances of the case.
21. If the committee feel a breach is so serious as to justify permanent exclusion, it would recommend to the Board that the Council, as the company's sole member, be requested to use its power under the Articles of Association, to remove the director in question.
22. If, in the course of a hearing, the Standards Committee feels that it needs additional evidence, it can adjourn and request DF&R to provide further information or undertake further investigation, but the committee can only do so once on any one matter.

Title of Report: Leaseholder issues. Variances on service charge estimates and actuals	
Decision Making Body: Hackney Homes Board	Date: Monday 12th November 2007
Classification: FOR INFORMATION	Report of: Director of Housing Services – John Broomfield
Item Previously considered at: Hackney Homes Housing Management Team	On Which Date: 24th October 2007
Report Author: Pat Ronayne, Head of Leasehold & RTB Services. Ext 2146	Appendices: Appendix 1 - Copy of a service charge final actuals invoice

Report Outline:

- **Paragraph: 1.0 - Summary**
- **Paragraph: 2.0 - Recommendation**
- **Paragraph: 3.0 - Background information on billing methodology**
- **Paragraph: 4.0 - Explanation of the creation of service charge estimates**
- **Paragraph: 5.0 - Cause of variations between estimates and actuals**
- **Paragraph: 6.0 - Communications to leaseholders**
- **Paragraph: 7.0 - Financial Implications**
- **Paragraph: 8.0 - The impact on the Hackney Homes Business Plan**
- **Paragraph: 9.0 - The Hackney Homes Equality & Diversity Strategy 2006 action plan 2007 – 2010**
- **Paragraph: 10.0 - Legal Implications / Advice**
- **Paragraph: 11.0 - Conclusions**

1.0 SUMMARY

The Board has requested information regarding:

The variances that may occur between leaseholder annual service charge estimates and actuals and to provide comparative information from other ALMO's, and explain how information is communicated to leaseholders.

2.0 RECOMMENDATION

To note the contents of this Report.

3.0 BACKGROUND INFORMATION ON BILLING METHODOLOGY

3.1 The method used by Hackney to bill leaseholders and freeholders is to issue an estimate bill, each April, for the cost of services to their block and estate. The leaseholder/freeholder is then required to pay over the coming financial year, in twelve equal monthly instalments.

3.2 In September, after the Council has closed its accounts and all actual expenditure is known, a bill for the actual cost of services in the previous financial year is sent to all leaseholders/freeholders. The actual cost is compared to the original estimated cost and an adjustment is made. If the estimate was higher than the final actual cost a credit is applied to the service charge account. If the estimate was lower than the actual final cost the leaseholder/freeholder will be required to pay the difference. We have used this method since 1994.

3.3 Other Local Authorities/ALMO's also use this method but not all, for example, others will charge on a quarterly basis, others on a half yearly basis, others do not raise estimates but only charge actuals.

3.4 The Hackney method is contained within our standard lease and this is the method that we must use.

4.0 EXPLANATION OF THE CREATION OF THE SERVICE CHARGE ESTIMATE

4.1 In previous years estimates have been calculated using different methods in order to reduce the variance between estimates and actuals. These included:-

using only the last set of actuals. This was not effective as the information was almost two years old;

using an average recharge from actuals for the previous two years. This method created low estimates because, at that time, the actuals did not include all possible recharges;

using the latest actuals figures, plus actual expenditure for the first 6/9 months of the current year in which the estimate was raised.

4.2 The current method, that has been used for the 2007/08 estimates, is to take budgeted costs that have been agreed for the coming financial year. It is hoped that this method will create a lower variance.

4.3 These budgeted costs are loaded into the system and apportioned across all properties. This will provide the estimated recharge for the coming financial year.

4.4 There are a possible 22 individual items within an annual service charge bill (see appendix A for a complete list) and calculations for the estimated recharges must be done for each of those items that apply to each property. For some of the individual items the estimation is straight forward, for example, annual insurance premiums can be reasonably accurate as they are based on the insurance Cover which generally do not have a big variance.

4.5 It is a difficult balancing act when calculating estimates. If we estimate too high, in order to keep a possible variance low, leaseholders will query why they are being overcharged when we calculated the estimate, even though it may mean a perceived lower actual bill. If we estimate too low then the actuals will be much higher and leaseholders will query this and have difficulty in paying the difference.

5.0 CAUSES OF VARIATIONS BETWEEN ESTIMATES & ACTUALS

5.1 One of the biggest factors in recent years occurred with the introduction of the Commonhold & Leasehold Reform Act. This legislation increased the threshold for major works bills to £250 per property. This meant that all items below £250 were no longer considered to be major works and were included within the annual service charge bill. Therefore, any charge up to £250 became a service charge recharge. Prior to this all repair recharges over the prescribed limit, were billed for separately by the Major Works Team.

5.2 The result was an increase in service charge bills, and variances, because original estimates in the transitional period did not take this increase into account.

5.3 However, calculating estimated bills is not an exact science and whatever method is used there will always be variations. Many factors can cause a variation and these include:-

- Unplanned additional spending, above the original budget that the estimate was based on, may take place during the financial year so was not included in the estimates;
- Reactive repairs and maintenance work, that cannot be planned for may increase during the year. This is a big factor;
- General cost of living increase can have an impact, e.g. the recent increase in oil prices lead to increase in electricity charges. This meant that the recharges to leaseholders for landlord electricity were much higher than the estimates;
- Budgets not being finalised. We must start preparing estimates in January and it may be that some budgets are not approved at that time;

- In some cases budgets are not allocated to specific estates, e.g. repairs;
- New budgets created during the year, e.g. Eyesore budget was introduced after the estimates for 2005/06 were issued.

5.4 The variances for the last three years for Hackney Homes are as follows. The large increase in 2005/06 was due to greater spending, than was originally planned, and the increase in the repairs element due to major works limit being increased to £250.

Year	Estimates	Actuals	Variance	Percentage
2004/05	£4.24M	£4.65M	+ £405K	+ 29%
2005/06	£4.70M	£6.20M	+ £.500K	+ 32%
2006/07	£6.60M	£7.60M	+ £1M	+ 15.15%

I have discussed variances with ALMO's and Local Authorities and they have confirmed that they experience similar issues as Hackney Homes. Unfortunately none have been able to provide me with example of their variances as yet. These have been requested and I am assured that this will be provided in the near future.

6.0 COMMUNICATIONS TO LEASEHOLDERS

6.1 Leaseholders are kept informed of all issues on annual service charges and major works by a number of methods. These include the Leaseholder/Freeholder Handbook, a further booklet is issued with the estimated bills every year, another booklet is issued with the actuals bills every year, a dedicated Leaseholder/Freeholder page in the monthly Hackney Homes Newsletter and a half yearly Leaseholder/Freeholder Newsletter issued by Leasehold Services. All of these documents are on the website and are downloadable if required.

6.2 As a tenant purchases through the RTB process we are required by law to provide them with an estimate of their service charges so that they are aware that service charges are payable and an estimate of what these might be.

6.3 When a tenant purchases under the RTB and becomes a leaseholder they are given a Welcome Pack which contains all the information they might need to know on service charges and major works.

6.4 We have a good working relationship with the Boroughwide Leasehold & Freehold Forum and the North East Leaseholders Association and meet these groups on a regular basis to discuss any current issues.

7.0 FINANCIAL IMPLICATIONS

Comments of the Director of Finance and Resources

7.1 The Council, and Hackney Homes as its managing agent, have a fiduciary duty to collect monies that are due to the council. It is therefore essential that relevant costs are correctly identified and accounts raised, once raised any arrears recovery action must be taken as necessary. The key principle in identifying the costs to be charged to leaseholders

is that of equity between tenants and leaseholders, any costs not recovered from leaseholders fall on the HRA and have to be met from tenants' rents. When a service is provided to leaseholders they are obliged to meet their share of those costs.

7.2 The report highlights variances between estimated and actual service charge accounts, there will be variations arising from the changes to the section 20 consultation regime, the unpredictable nature of responsive repairs and in recent times the volatility of energy prices. That is why there is a requirement to produce actual accounts. Having said that some individual variances are significant. We will include the ability to identify ways that leaseholders can be alerted to such variances during the year in the competitive dialogue process with IT supplies as part of Project Excellence.

8.0 IMPACT UPON THE HACKNEY HOMES BUSINESS PLAN

8.1 The impact of the contents of this Report is with regards to the potential non-collection of annual service charges bills to leaseholders.

9.0 THE HACKNEY HOMES EQUALITY & DIVERSITY STRATEGY 2006 / ACTION PLAN 2007 – 2010

N/A

10.0 LEGAL IMPLICATIONS AND ADVICE

N/A

11.0 CONCLUSIONS

11.1 The Councils has a fiduciary duty to bill and collect leaseholder service charges and failure to maximise income from this area would lead to a burden on the HRA with tenants subsidising leaseholders.

11.2 The preparation of estimate charges is a difficult and complex process and whilst every effort is made to keep variances to a minimum there will always be differences, for the reasons given above. Our current method is beginning to reduce these variances and we continue to work with colleagues to ensure that information, that is as accurate as possible, is used to create the estimates.

11.3 For example, we are introducing a procedure for auditing and validating reactive communal repairs that will involve leaseholders. This procedure will ensure that communal repairs are reviewed by leaseholders and removed from the recharge system, before they are raised as actual repair recharges. The first report of these communal repairs will be produced and audited for the July – September quarter.

11.4 Our aim is to make any variance as small as possible and, where possible, to notify and prepare leaseholders.

NEIGHBOURHOOD: S01

~~XXXXXXXXXX~~
~~XXXXXXXXXX~~
~~XXXXXXXXXX~~
London
N16 5AJ

ACNO: ~~XXXXXXXXXX~~

PROPERTY FORMULA SIZE: 4.0

DATE OF PURCHASE: ~~XXXXXXXXXX~~

RE-INSTATEMENT VALUE: 73800

PROPERTY: ~~XXXXXXXXXX~~, ~~XXXXXXXXXX~~, London, N16 5AJ

I certify that the charges shown below have been calculated from actual costs incurred by the Borough and are in accordance with the provisions of the Landlord and Tenants Act 1985 (Paul Mendez Da Costa, IPFA, Head of Housing Finance).

GENERAL SERVICES

1. ESTATE REPAIRS	151.10
2. ESTATE CLEANING	73.51
3. ESTATE LIGHTING	0.00
4. GROUNDS MAINTENANCE	44.42
5. ESTATE ROADS FOOTPATHS AND DRAINAGE	0.00
6. ESTATE CCTV MAINTENANCE COSTS	0.00
7. TOTAL ESTATE BASED SERVICES	269.03

BLOCK SERVICES

8. BLOCK REPAIRS	149.30
9. BLOCK CLEANING	394.27
10. BLOCK LIGHTING	38.90
11. COMMUNAL HEATING/HOT WATER FUEL	318.15
12. COMMUNAL HTG/HTW MAINTENANCE	0.00
13. LIFT MAINTENANCE COSTS	80.73
14. LIFT ELECTRICITY	196.55
15. BLOCK CCTV MAINTENANCE COSTS	0.00
16. COMMUNAL DOOR ENTRY MAINTENANCE	5.01
17. REFUSE STORAGE/GARCHEY SYSTEMS	0.00
18. COMMUNAL TV AERIAL MAINTENANCE	0.00
19. TOTAL BLOCK BASED SERVICES	1182.91
20. TOTAL FOR BLOCK AND ESTATE	1451.94

21. ADMINISTRATION CHARGES	129.03
22. BUILDING INSURANCE PREMIUM	73.96
23. SUB TOTAL	1654.93

OTHER CHARGES

24. CONCIERGE CHARGE	0.00
25. GROUND RENT	9.00
26. NEIGHBOURHOOD MANAGEMENT CHARGE	87.00

27. TOTAL ACTUAL CHARGES	1750.93	FINAL ESTIMATE 06/07 1715.86
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28. DIFFERENCE NOW DUE 35.07

The amount on line 28 is the difference between the estimated and actual costs for the financial year 2006/07. Debit balances are due by return. Notices should be served on the Mayor and Burgesses of the London Borough of Hackney, c/o Hackney Homes, Leasehold Services, 298 Mare Street, London, E8 1HE.