

## ISLAND HOMES BOARD MEETING For Web Site

*Held on Tuesday 8<sup>th</sup> September 2009 at 16:00pm at  
The Marriot Hotel, 22 Hertsmere Road, London, E14 4ED*

<b>Present:</b>	Terry Stacy <i>Chair</i>	(TS)
	Pam Cole	(PC)
	Nigel Duerdoth	(ND)
	Mary Goyder	(MG)
	Hugh Lake	(HL)
	Mohammed Miam	(MM)
	Jan Bros	(JB)
	Leila Musa	(LM)
	Rumana Khair	(RK)
<b>In Attendance:</b>	Catherine Kyne	(CK)
	Michelle Mulcare	(MM)
	Mike Brookes	(MB)
	Matthew Saye	(MS)
	Fiona Markey	(FM)
	Barry Aspland	(BA)
	Charlin McIntosh <i>Minutes</i>	(CM)

<b>1.0</b>	<p><b><u>Apologies for Absence:</u></b></p> <ul style="list-style-type: none"> <li>• Carol Yarde</li> <li>• Rumana Khair (late)</li> <li>• Leila Musa (late)</li> </ul>	<b><u>Action</u></b>
<b>2.0</b>	<p><b><u>Consideration of the Annual Accounts &amp; Auditors Report</u></b></p> <p>BA introduced the accounts and apologised to board members for their late circulation. The accounts had been scrutinised by the Group Audit and Controls Committee.</p> <p>The following was brought to the attention of the Board:</p> <ul style="list-style-type: none"> <li>• Island Homes has generated an increased turnover and surplus for the year</li> <li>• Voids and turn around times have decreased which means that IH is now operating more efficiently</li> <li>• The turnover increase is mostly due to rent and service charge increases</li> <li>• The surplus on the sale of properties has fallen</li> </ul> <p>IH is generating a positive surplus and this can be used to repay debt.</p> <p>HL questioned if IH now pays the correct operating costs to the Group?</p> <p>BA confirmed that in order for the business plan to work IH cannot yet afford to pay the full amount and are still subsidised by the group, but by a smaller margin than previously. The board asked for details of the full costs.</p>	<b><u>Action</u></b>

	<p>BA confirmed that the annual accounts can be signed as a true representation.</p> <p><b>The Board approved the accounts.</b></p>	
3.0	<p><b><u>Resolution to re-elect tenant members of the Board</u></b></p> <p>FM introduced paper.</p> <p>MG questioned whether standing down meant Board members duties ceased immediately or at the AGM.</p> <p>FM confirmed that all Board members still perform as normal until the AGM takes place next week.</p> <p><b>The Board noted the paper.</b></p>	<b><u>Action</u></b>
4.0	<p><b><u>Minutes of Island Homes Board Meeting held on the 13<sup>th</sup> June 2009:</u></b></p> <p><b><u>Action:</u></b> Under 5.6, CM to add action for RK, speak to Officers re: asbestos process  <b><u>Action:</u></b> CM to send copy to TS  <b><u>Action:</u></b> TS to return copy to CM</p> <p><b>The Board agreed the minutes.</b></p>	<p><b><u>Action</u></b></p> <p><b>CM</b></p> <p><b>CM</b></p> <p><b>TS</b></p>
5.0	<p><b><u>Matters Arising</u></b></p> <p><b><u>4.1 E&amp;D Action Plan</u></b>  FM informed the Board that the Groups intention following the short notice inspection was for the E&amp;D Action Plan to be re-written to incorporate the audit Commissions Recommendations. Therefore previous comments are now null and void.</p> <p><b><u>4.2 Progression against the Action Plan</u></b>  CK updated the board on the progression against the Action Plan. She explained that the ABCD risk map had not been provided. HL to set up a meeting with CK to discuss risk map production.</p> <p><b><u>Action:</u></b> HL agreed to meet with CK, CM to arrange.</p> <p><b><u>4.3 Finance Report</u></b></p> <p>It was noted that JR has yet to respond to a query raised against the Finance Report provided at the Board meeting in June.</p> <p><b><u>Action:</u></b> JR to send explanation to Chair &amp; MG.</p>	<p><b><u>Action</u></b></p> <p><b>CM</b></p> <p><b>JR</b></p>
6.0	<p><b><u>Items for Decision</u></b></p> <p><b><u>6.1 Major Works Repayment Process</u></b>  <b><u>6.2 Leaseholder Recharging Policy</u></b></p> <p>The Chair suggested Board discuss both papers and financial appendix together as they have implications on each other and introduced Matthew Saye (MS).</p>	<b><u>Action</u></b>

The Chair advised the board that a meeting had taken place with the St John Leaseholder Association prior to this meeting.

Declarations of interest were made.

MS introduced the reports and explained that IH is now entering into the 2<sup>nd</sup> phase of the major works programme and progressing with the external and structural works which leaseholders will be recharged for their proportion of the cost of works.

MS informed the Board that the statutory consultation notices had gone out on time and that the 30 day observation period has now passed. IH received a large response, approximately 250 written replies were sent.

MS stressed that affordability is a key issue when considering how to approach both reports as IH will be paying for the Major Works and seeking to recharge leaseholders for the cost of works in line with the lease.

### **6.1 Leasehold Payment Options**

The 1<sup>st</sup> paper is in two parts, firstly it looks at the options that are already provided for in the lease to assist leaseholders paying for works and secondly it makes recommendations about future repayment options that could be offered to support leaseholders.

The board noted that some leaseholders may be eligible for benefits and some will be able to make private arrangements.

To assist leaseholders further, the recommendation sets out 3 additional options for repayment.

(1) **Five / ten year repayment plan** - Leaseholders would enter into an agreement with Island Homes and the amount owed would be paid off monthly. The debt will be secured against the property. Basic administrative costs will apply and interest would be charged at to cover ongoing costs. The scheme would be subject to there being sufficient equity in the property. The length of the repayment scheme offered would be dependant on whether the leaseholders were in financial hardship with the ten year term being available to those who qualified.

(2) **Voluntary Charges Scheme** – This plan allows leaseholders to defer the repayment of costs until the property is assigned. It is seen as an option of last resort and aimed at elderly residents who are asset rich but cash poor. The leaseholder would enter into an agreement with Island Homes to place a charge on their property for the value of the works. When the property is sold the amount secured against the property would be recovered in full. Administrative costs and interest charges would be the same as the repayment plan. The scheme would be means tested and would be subject to there being sufficient equity in the property.

(3) **Short term flexibility** – We would allow for short periods of time for leaseholders to make practical arrangements such as allowing people to get extra lending, such processes in practice have led in times, etc. This flexibility will be offered on a goodwill basis and at the discretion of Island Homes staff and will be dependant on leaseholder's individual circumstances. For those who can afford to do so as the bills are likely to be raised quarterly this would also mean allowing

each quarterly bill to be paid interest free over 3 months.

- The point was made that whilst interest free payment options were included in the paper, the length of these interest-free periods should be considered.

MS explained that the intention of the recommendation was that these 3 schemes would not be available to commercial landlords who were subletting the properties.

- MS advised the Board that the re-payment schemes are not aimed at making a profit but must cover the associations costs
- MS stated that all cases would need to be considered on an individual basis.
- The options are presented to combat affordability issues, further assisting by extending repayment periods to resident leaseholders
- The Board noted that no provisions exist in the lease for charging interest and that leaseholders were expected to pay on receipt of the invoice. To offer an extended payment period, leaseholders will need to enter into a separate credit agreement, with specific conditions and the debt would be secured against property.

CHAIR opened the floor for questions:

JB urged the Board to keep the main issue in mind, that being the issue of making the works affordable for the average leaseholder. JB then went on to question how much help can be given to those where the cost is higher due to considerable works.

MS answered that the payment measures proposed in the reports are a reflection of what Island Homes are doing to make the cost of the works as affordable as possible.

Firstly, by legally using the discretionary reduction regulations for those who meet the criteria in terms of reducing the cost of the works where they are more than £10,000 and secondly, by financially offering repayment plans to resident leaseholders to assist them in paying their share of the works.

CHAIR suggested that the option for extended repayments is not given to absent landlords.

**The Board agreed the paper.**

## **6.2 Leaseholder Recharging Policy**

MS presented the paper, focussing on bringing together all the various relevant documentation in one place so that an informed decision on the issues could be made. He explained that there was the perception among some leaseholders that there was a 10k cap 'across the board'.

MS referred to 1997 Regulations that give landlords the opportunity to reduce service charges against certain criteria.

MS summarised that due to the need for the reduction of service charges to have a legal basis, options 4 & 5 were not ones that could be recommended.

Realistically, therefore options 1, 2, 3 are available from a legislative perspective.

	<p>However, with option 1, in turn this would not comply with the terms of the transfer and therefore could also not be recommended.</p> <p>In conclusion MS said that the Transfer Document, the Formal Proposal to Tenants and the Leasehold Consultation document were all consistent on this issue and this in turn was consistent with the legislation and the approach previously taken by LBTH.</p> <p>The Chair explained that he had seen numerous promotional type leaflets that make a range of comments about the £10k limitation of works. The Chair then went on to enquire if this publicity literature had been reviewed when writing the report.</p> <p>MS said it was important to be aware that the way these leaflets summarised points had contributed to the lack of clarity around this issue amongst residents. MS did however inform the Board that those that he had seen, pre-dated the documentation referred to in this report and this did not have the same legal standing as for example the transfer document. MS explained that the report brought together all the relevant official documents about the transfer and the legislative position needed to make a decision and that these were also the latest information produced so represented the final position before transfer on these issues.</p> <p>Chair asked about the non-chargeable works mentioned in the leasehold consultation document, for example, estate &amp; environmental work for which costs will need to be recovered, how will this be done in relation to leaseholders? MS explained that we would need to look at the estate works once what was being done had been finally decided. These works are currently included in the contract mainly as provisional sums.</p> <p>The Chair then stated that a comprehensive Communication Strategy should be developed for leaseholders and make clear what they are then liable for.</p> <p>HL cautioned that the Board need to consider that they are making decisions that involve spending other people's money and to remain aware of not creating a situation where tenants are contributing to leaseholders costs.</p> <p>MS invited the Board to discuss the Financial Appendix as this clearly shows the business plan position IH would be left in according to the different options on offer.</p> <p>MS guided the Board through the Finance appendix, which shows financial sensitivities, in terms of repayment options and 10k cap. BA reminded the Board that it is important to look at what is affordable.</p> <p>MS pointed out that across all options in year 3 that there is limited headroom in the business plan, looking at the base line position only. This shows that we will be close to the maximum debt of £40m without considering the 10k cap or extra payment options.</p> <p>The Board agreed that because of the qualification criteria, only a small number of leaseholders would be eligible for consideration for the 10kcap.</p> <p>Chair asked MS to summarise what had been agreed in the course of the discussions.</p>	
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	<p>MS confirmed that IH will provide a range of options to assist leaseholders in repayment of the major works charges but will not subsidise their costs. MS reiterated that IH is offering leaseholders up to 5 years to pay, in some cases 10 years, BA seconded the opinion that this is an attractive offer on the part of IH.</p> <p>The board's decision was for option 2 in relation to the £10k cap (to follow the cap as outlined in the transfer) and to adopt the recommended payment options for leaseholders.</p> <p>Chair stressed that communication must be prepared to ensure we explained these decisions to leaseholders.</p> <p>The Board wholly complimented both papers presented by MS.</p> <p>An outstanding issue with Tower Hamlets was raised re: previous Major Work, works guarantees and planned life cycle. It was noted that there are still risks present, but that this risk could not be assessed without seeing the documents pertaining to these issues.</p> <p><b>The Board approved Option 2 in line with the Finance recommendation.</b></p>	
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7.0	<b><u>ITEMS FOR REPORT &amp; DISCUSSION</u></b>	<b><u>Action</u></b>
	<p data-bbox="325 300 611 333"><b><u>7.1 Directors Report</u></b></p> <p data-bbox="325 367 520 396">Not discussed.</p> <p data-bbox="325 439 686 472"><b><u>7.2 IH Action Plan Update</u></b></p> <p data-bbox="325 506 1378 607">CK confirmed that she had received an oral update from the TSA on progression towards sign off of the plan. The Regulator had highlighted weakness' in the following 5 areas.</p> <ul data-bbox="432 647 1013 819" style="list-style-type: none"> <li>▪ Resident Involvement Service Standards</li> <li>▪ Leaflets &amp; Websites</li> <li>▪ E&amp;D</li> <li>▪ Leasehold Management</li> <li>▪ Monitoring of Community Buildings</li> </ul> <p data-bbox="325 857 1374 958">CK advised that the remaining aspects of the Action Plan is now signed off and due to the progress made on Leasehold Management that this area is very likely to be approved and signed off.</p> <p data-bbox="325 994 976 1028">Other issues which are likely to be closed include:</p> <p data-bbox="325 1066 1362 1131">Leaflets – leaflets complete but to be reviewed by OHG following the SNI report Website – updated with more leaseholder information</p> <p data-bbox="325 1169 1382 1202">CK advised the Board that the TSA has complemented IH on the progress made.</p> <p data-bbox="325 1238 727 1272"><b>The Board noted the update.</b></p> <p data-bbox="325 1308 743 1341"><b><u>7.3 KPI's Performance Report</u></b></p> <p data-bbox="325 1377 1195 1411">The Board stated their happiness with new format of KPI reporting.</p> <p data-bbox="325 1447 1166 1480">CK guided the Board through the key areas of previous concern.</p> <ul data-bbox="325 1516 1362 2033" style="list-style-type: none"> <li>- gas servicing &amp; rent arrears <ul style="list-style-type: none"> <li>o marked improvement</li> </ul> </li> <li>- rent arrears <ul style="list-style-type: none"> <li>o downward trend is forming</li> </ul> </li> <li>- contractors making appointment <ul style="list-style-type: none"> <li>o up to 92%, improvement noted</li> </ul> </li> <li>- estate inspections <ul style="list-style-type: none"> <li>o incorrect figure in report, correct figure is actually 100%</li> <li>o this is because if an appointment is rearranged, then it is still a valid appointment</li> <li>o TRA are being encouraged to motivate residents to attend estate inspections</li> </ul> </li> </ul>	

- CCC
  - o Explanation was provided with regards to statistics on calls answered figure, this related to delays in recruitment and temporary staff being in place at the time of assessment.
  
- Complaints
  - o Issue at stage 1, responses going out on time, but concerns around the quality of response.
  - o CK working with contract manager to ensure all complaints answered are of a high quality and respond fully to all issues raised.
  
- Income collection
  - o Board agreed to appoint a temp officer to reduce debt for leaseholder arrears.
  - o KPIs do not reflect that we have collected a large amount of outstanding leasehold debt, further investigation is required.
  - o The team are serving default notices on leaseholders who are in arrears .

#### **7.4 Finance Report**

**The Board noted the paper.**

#### **7.5 Community Investment Report**

MM introduced the paper and explained to the Board that they will be updated on Community Investment for Island homes and across the group on all aspects of the service.

MM confirmed that the Consumer Panel for IH has met 3 times.

Chair reminded MM that the Board has not yet seen the Issues Report.

**Action:** MM to provide under separate cover.

**MM**

HL stated that the purpose of the board is to ensure that processes are working. Community Investment reports should be able to show the benefits of the Resident Involvement activities and also the mechanisms for getting residents involved and how their views feed into service improvement.

HL explained that the report needs to show status on various projects, costs and their effects on the business?

MM answered the suggestions raised by HL by stating that the report details the resident involvement framework and shows how we engage residents.

MM added that benchmarking against other organisations is done regularly.

CK suggested that in future the report is split into

- An update on Activity Engagement focusing on community activities
- An update on Governance and Service Improvement linking in with the Consumer Panel and TRAs

<p>The Board requested to see results on the effects of resident involvement.</p> <p>MG added that Board want to know if residents feel that changes have been made following their involvement.</p> <p>MM informed the Board that the IH Funday has been postponed to Saturday 3<sup>rd</sup> Oct 2009, presenting an opportunity to talk to residents.</p> <p>CK advised Board that IH is examining the lessons learnt following the postponement of the Funday in August.</p> <p>CK acknowledged that not all Board members were notified that the Funday was cancelled and apologised for this.</p> <p>MM encouraged the Board to focus on programs that are flourishing, such as, Money Matters which hosted a full workshop with great attendance and feedback.</p> <p>MM stated that the process of the Community Chest means that it has taken too long for projects to physically received funding. CK advised new process will be smoother, and that the delays should not recur.</p> <p>5.1.1 – Senior Community Investment officer – an update on the position is that it is being currently advertised and measures have been put in place to ensure that a board member is on the panel.</p> <p>CK advised that we are on target with regards to the Resident Roadmap &amp; Action Plan in relation to resident involvement.</p> <p>MM &amp; CK are also working together to appoint an Independent Resident Friend as soon as possible.</p> <p>Chair requested that all Board members involved in interviews show that they have completed recruitment &amp; selection training.</p> <p><b><u>7.6 Decent Homes (Major Works Update)</u></b></p> <p>MB informed the Board that Mullaleys had been selected as the contractor for the Decent Homes (Major Works Project).</p> <p>Consultative meetings with residents have been held, ensuring residents met with contractor.</p> <p>Mullaleys will be on site in a few weeks and at that stage, the communication to resident gets handed over to contractor.</p> <p>In terms of the programs originally put in place, the contractor has come in under budget and the contract will be completed by 2010, ensuring both major targets are achieved.</p> <p>The Board were informed that following the fire in Southwark, IH conducted FRA's and there are currently 4 blocks with works outstanding.</p> <p>MB stated that there had been some confusion about which contractors should undertake the emergency works to ensure fire safety on the 4 blocks identified.</p>	<p><b>CM</b></p>
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	<p><b><u>Action:</u></b> Chair requested that MB update the Board and give assurance that the works needed would be completed by Dec 2009.</p> <p>RK enquired as to whether the Fire Brigade has audited the FRA's?</p> <p>CK confirmed that this has happened.</p> <p>Board to be kept updated through Chair.</p> <p>RK encouraged the thought that residents are fully aware of what to expect from Mullaleys, and questioned whether any communication methods are in place to ensure this.</p> <p>MB assured the Board that plans are in place as previous issues involved IH getting between the contractor &amp; resident. IH now has set quality requirements for the contractor to adhere to, which monitors how they communicate to residents.</p> <p>MB informed the Board that it is the role of Developing Projects to manage Mullaleys and that OHG have confidence in them in respect of the work done with Bailey Garner.</p> <p>Chair suggested that RK &amp; MB discuss any issues further, outside of the meeting and report back if necessary.</p> <p><b>The Board noted the report.</b></p>	<b>MB</b>
<b>8.0</b>	<p><b><u>ITEMS FOR INFORMATION</u></b></p> <p><b><u>8.1 CHA Minutes (draft)</u></b></p> <p>Not discussed.</p> <p><b><u>8.2 Toynbee Minutes</u></b></p> <p>Not discussed.</p> <p><b><u>8.3 Latest Resident Newsletter</u></b></p> <p>Not discussed.</p>	<b><u>Action</u></b>
<b>9.0</b>	<p><b><u>ANY OTHER BUSINESS</u></b></p> <p><b>Next meeting: Wed 9<sup>th</sup> December 2009 at 18:00pm, location: Conference Room, 3<sup>rd</sup> Floor, Chalk Farm Road Office</b></p>	<b><u>Action</u></b>