

URH Board Minutes
Thursday 2nd August 2007 at 6.30pm
LG04, Lincoln House

Present:

Anton Manickim; Ann Hoad (Chair); Mary Simpson (part of meeting); Maya Schram; Cllr Clive Bennett; Edith Yembra; Dilia ('Lia') Conceição; Willem Buttinger

URH Staff:

Damian Roche (CEO); Tim Mathias (Minutes); Phil Morris; Kevin Creed; Phillip Mahon; Alexandra Asare

Observers:

Marvelle Dublin (Manager – Waltham); Lloyd Lewis (Manager – Loughborough); Mary Lynch (Divisional Director – Strategy & Partnerships) (First part of meeting)

Apologies:

Jason Wyatt; Carla Pall; Helen Charlesworth-May; Paul W Cooper; Cllr Alex McKenna; Selena Ellis

This meeting was called specifically to discuss the Management Fee proposed that has been made by Lambeth Housing. The meeting was set out as:-

- 1. Presentation to the Board by Mary Lynch**
- 2. Comments from the Board**
- 3. Finance Report – Phil Morris**
- 4. Conclusion**

1 Presentation by Mary Lynch

- 1.1 Damian Roche introduced Mary Lynch, who is the Divisional Director Strategy & Partnerships.
- 1.2 Mary Lynch thanked the URH Board for the invitation to speak. Mary Lynch stated that they wanted to discuss two connected narratives – setting up of URH; along with the budgetary pressures that Lambeth Housing Revenue Account (HRA) now has to face.
- 1.3 When URH was being set up Lambeth Council expected to be in better financial shape this year. Lambeth Council always expected URH to incorporate a larger number of TMOs. When the original plans were drawn up, eight TMOs had committed. For various reasons four dropped out of the scheme.
- 1.4 Lambeth initially committed to a 'growing budget', that is committed to further investment in subsequent years. In return for the management fee paid to URH, Lambeth were expecting greater efficiency savings from the member TMOs, in the longer term.
- 1.5 A report presented to Cabinet this week has highlighted serious concerns about the Housing Revenue Account. This highlights the fact that Lambeth Housing has been living beyond their means for several years now. The Housing Revenue Account must balance, a Local Authority must not carry forward a deficit, and should such a deficit arise, plans must be put in place to resolve the problem in the same financial year.
- 1.6 Please note that in the last financial year Lambeth Council had to put into place £1.8 million of cuts – this involved eighty redundancies. A further sixty redundancies are expected this year. Even with the cuts that were made, the HRA ended up with a deficit of £1.2 million. It would appear that Lambeth supports a larger structure than authorities with an equivalent

stock. A savings plan has already been put into practice – for instance, planned & cyclical maintenance has been drastically cut (a move that has affected URH).

- 1.7 Lambeth has had to look to make savings elsewhere, this includes URH. Mary Lynch has entered into discussions with Damian Roche & Phil Morris. It is expected that the Delivery Plan will be amended significantly to take account of budget reductions.
- 1.8 Issues around capitalisation are still being discussed with URH officers. Setting these aside Lambeth are proposing a £50,000 cut to the URH budget.
- 1.9 Mary Lynch admitted that in the past Lambeth Council has tried to capitalise items such as void works that they were effectively challenged on. URH officers have stated that certain items that Lambeth are preparing to capitalise are simply not applicable. Mary Lynch undertook to work closely with URH offices on this issue.
- 1.10 Mary Lynch stated that they had to express some degree of regret, but that they still believed that it was possible for URH to thrive under the proposed budget. It is not possible for Lambeth Housing to cut budgets and make staff redundant without expecting URH to share the burden.
- 1.11 Mary Lynch invited questions from the URH Board.

Willem Buttinger:

Given the size of the budgetary problems that Lambeth is experiencing, and your statement that more TMOs were expected to join, was a proper assessment of whether Lambeth could afford URH carried out?

Mary Lynch:

Lambeth has been challenged on this point on many occasions. Lambeth viewed URH as an effective part of the mixed market strategy that they have been pursuing – along with various stock transfers, Myatt's Field PFI and setting up a whole stock ALMO.

Lia Conceição:

Lambeth have just set-up this project and are already cutting the budget.

Mary Lynch:

Lambeth Housing is not penalising anybody, and is trying to be equitable with all budget cuts. All parts of Lambeth Housing are facing reductions. Lambeth is taking a long term view estimating that £600 million (at today's prices) will be needed to bring stock up to Decent Homes standard, only £400 million of this has been identified. This gap has to be closed. Lambeth are proposing to do this using the initiatives outlined during the last question. Lambeth now has a three year plan to bring the HRA back into line.

Cllr Clive Bennett:

Cabinet have been informed that Lambeth Council has been living beyond their means since 2003. If this is the case why did you give URH the green light?

Mary Lynch:

The URH concept was born out of Lambeth's investment strategy. At the time Lambeth Housing believed that the books would be balanced, but a number of other pressures came to light. This does not take away the fact that URH was needed to tap into Decent Homes funds.

Cllr Clive Bennett:

The relationship between Lambeth Housing and URH needs to improve.

Finally, Ann Hoad reminded Mary Lynch that a meeting to discuss Loughborough's finances needs to be called in the week beginning 13 August 07.

The Board thanked Mary Lynch for attending this meeting.

2 Comments from the Board

- 2.1 Damian Roche asked for comments from the Board.
- 2.2 Anton Manickim felt that Lambeth Housing were adopting a 'take it or leave it' approach.
- 2.3 Cllr Clive Bennett asked whether Ms Lynch's statement that the Delivery Plan can be significantly altered was true. Damian Roche replied that while this is true it does not change the fact change URH's number one priority, getting two stars at an Audit Commission inspection.

3 Conclusion

- 4.1 Ann Hoad asked whether Damian Roche could submit a bid for £410,000? Damian Roche replied that this was not possible. Obviously, the methodology that Lambeth have followed is flawed, but the figure of £380,000 is what URH are expected to work towards. Concerns were expressed by a number of members that this was a moving target and could be subject to further reductions. Damian Roche was instructed that should this figure be agreed, it must be made clear to Lambeth that URH are agreeing a final budget, no further cuts will be considered in this financial year.
- 4.2 When a final count was held two board members rejected Lambeth's proposal, this includes Cllr Bennett as recorded above.
- 4.3 The remaining five board members agreed to accept this proposal, although each expressed reservations about Lambeth's methodology.
- 4.4 Damian Roche will draft a letter, with the participation of the Chair, Ann Hoad, before sending to Lambeth. The concerns outlined above will be clearly expressed. A copy of this correspondence will be forwarded to all members of the board.