

**South Essex Homes Limited**

**Board Meeting**

**Date: Wednesday 21 October 2020**

**Time: 3.00pm Virtual MS Teams**

**Board Agenda**

	Item	Lead Person	Indicative Timing
1.	Welcome and Introductions		
2.	Apologies for Absence		
3.	Declarations of Interest		
<b><u>PUBLIC AGENDA</u></b>			
4.	Public Minutes & Matters Arising from meeting held on 21 July 2020	Roger Eastwood	10 mins
5.	Governance & Stewardship	Simon Putt	10 mins
6.	Chair's Remarks	Roger Eastwood	5 mins
7.	Residents' "Voice Your View"	Simon Putt	5 mins
8.	Health & Safety Compliance Report	Mario Ambrose	10 mins
9.	Fire Safety Update Report	Mario Ambrose	10 mins
10.	Final Draft Audited Accounts 2019/2020	Daniel Lyons	10 mins
11.	Company Assurance Report as at 31 August 2020	Daniel Lyons	15 mins

**South Essex Homes Limited**

**Minutes of Board Meeting**

**Date: 21 July 2020**

**Time: 3:00 pm Ended: 5.15pm**

**Via MS Teams**

**Present:** Roger Eastwood - Chair of the Board; Meg Davidson - Vice-Chair of the Board; Barbara Lambert; Phyllis Ward; Michael Oxley; Chris March; Sacha Jevans, David Joyce, Peter Wexham; Chris Silvey; Margaret Borton

**In Attendance:** Mike Gattrell - Chief Executive; Mario Ambrose – Executive Director; Simon Putt – Company Secretary; Sarah Lander – Assistant Director Operations; Beverley Gallacher – Assistant Director Commercial; Glyn Halksworth, Head of Housing and Social Inclusion, SBC; Daniel Lyons – Financial Services Manager; Paul Reader – Morgan Sindall; Glenn Monksfield – Morgan Sindall; George Sutherland – Chair SEPS' Board; Carol Cooper – Board Support

**Minutes of Board Meeting**

**Action**

	<b>PUBLIC AGENDA</b>	
<b>1.</b>	<b>Welcome and Introductions</b>	
1.1	RE welcomed everyone to the Board Meeting.	
<b>2.</b>	<b>Apologies for absence</b>	
2.1	There were no apologies for absence.	
<b>3.</b>	<b>Declaration of Interest</b>	
3.1	CM declared an interest in agenda item 16 in respect of waking watch quotes for Remus and Crabtree Property Services.	

3.2	CS declared that he is assisting the STRF in a private capacity to develop their website	
<b>4.</b>	<b>Morgan Sindall – The First Year, Presentation and Responsive Repairs Report</b>	
4.1	PR and GM introduced themselves to the Board.	
4.2	PR gave his presentation and welcomed questions from the Board.	
4.3	MO stated that he is pleased that MS had acknowledged the difficult start to the contract and PR reassured him that actions had been taken and plans put in place to ensure that going forward MS and SEH would work more closely together.	
4.4	CS requested clarity on the reasons for multiple visits to particular properties and sites. PR updated that the data has only recently been received and is still being analysed but reasons could be varied; ie age of properties, how the tenants looks after the property, and in some cases replacement of parts should be considered rather than repair.	
4.5	SL updated that SEH had recently undergone a reorganisation of the repairs team in order for the repairs team, tenancy team and Morgan Sindall to work more closely to evaluate the data and provide a more efficient, streamlined process for tenants.	
4.6	MD stated that it was good to see that analysis was being undertaken and that new ways of working established. She acknowledged the reasons why it had taken longer than it should have to get on an even keel and wanted to know whether SEH had different characteristics to other companies. PR confirmed this was not the case and that going forward MS had a process for engaging additional sub contractors more efficiently when this became necessary.	
4.7	MB requested clarification around the number of plumbing repairs undertaken, when results of data analysis will be available and will there be a project looking at electrical repairs? PR confirmed that the data is new and they are currently still analysing and will be targeting the priority jobs first. They will be drilling down into the data to discover the reasons for the jobs. MS are intending to put in place a system whereby the tenant receives a call regarding their repair to see if it something that can be done quickly, this can take place via video phone for non urgent and simple repairs.	

4.8	CM noted that MS had furloughed staff and asked how this had effected performance? GM updated that during furlough no routine repairs were being undertaken and that MS had sufficient staff still working to undertake any emergency repairs that were required so performance had not been effected in this respect. GM confirmed that 70% of MS's delivery team had returned. CM sought clarity as to whether the cost savings to MS whilst staff were furloughed would be passed on to SEH. SL updated that this was something that had been discussed.	
4.9	RE thanked PR & GM for their input and they left the meeting.	
4.10	It was noted that SEH will be pushing MS to make up lost ground over the next couple of years and if MS are successful they may be in a position to ask for the position to be reviewed.	
4.11	<b>Recommendations:</b>	
i)	<b>The Board noted the performance by Morgan Sindall in delivering a responsive repairs service to our tenants during 2019/2020.</b>	
ii)	<b>The Board agreed not to recommend to SBC to award an additional year extension to the original five year term of the contract at this time.</b>	
5.	<b>Minutes &amp; Matters Arising from the meeting held on 4 December 2019</b>	
5.1	Two typing errors were noted and amended.	
5.2	The minutes were agreed as a true and accurate record of the meeting.	
6.	<b>Coronavirus Organisational Update</b>	
6.1	SP gave an overview of the report	
6.2	GH added his thanks to SEH. GH took the lead in arranging the helpline activities and associated work with the voluntary sector and he stated that this would not have been possible without the help of SEH. He particularly thanked Stuart Long and the teams in their role in contacting vulnerable tenants and commented that the team's understanding of tenants' support needs has been impeccable. He stated that SEH's work on delivering food has been superb and unstinting. He stated the working relationship between SBC and SEH had never been stronger.	
6.3	MD had visited the Civic Centre for the first time this week and congratulated SEH and SEPS staff on all that they have done during this time via redeployment and working in different ways. She stated she was impressed with the cleanliness of the building which was immaculate and well cared for. She gave credit to SEPS staff for this.	

6.4	MO stated that he had been very impressed with the report and likewise gave his thanks to SEH and SEPS Staff. He noted that what is clear from the report is that the pandemic isn't over and how the report refers to a number of changes which have been made and changes that may be permanent. He requested an update in due course on the changes and SEH's experience of the pandemic.	<b>SP</b>
<b>7.</b>	<b>Chair's Remarks</b>	
7.1	RE noted that CV was no longer a full time director of SEH but continues to work on specific projects as a consultant. In CV's absence he thanked him on behalf of the Board for his work with SEPS.	
7.2	RE noted that this was BL's last meeting. RE thanked BL for her contribution to the Board. BL firstly thanked the Board for the wonderful flowers which were much appreciated. BL stated that she had enjoyed her 3 years on the Board and thanked everyone for being kind, she said she will miss the Board and the meetings.	
7.3	RE updated that the HUB had won the Queen's award for charities. SL updated on the work the HUB does in partnership with SECH. GH confirmed that it was a prestigious award which was difficult to be nominated for and was thought of as the MBE for charities.	
7.4	RE noted that the NFA's recent report had showed an uptake in Universal Credit claims. SP confirmed that SEH have seen an increase but it was currently below the national average. GH noted that the DwP in Southend and Rayleigh had experienced a 4-5 times increase in claims in the past few months. GH confirmed that SBC are commencing a project looking at digital inclusion, credit claims and how to reskill people if they lose their jobs. He hoped to work with SEH on this project.	
7.5	RE noted that he had attended a Chairs' meeting with George Sutherland to discuss SEPS' surplus and ways to use the fund. PWe asked if the surplus could be used to fund green projects. MG confirmed that SL and MA are working closely with SBC's Energy Efficiency Team and are looking to access additional funding which the government had indicated could be available.	
<b>8.</b>	<b>Residents' Voice Your View</b>	
8.1	SP reiterated the key points outlined on the report..	
<b>9.</b>	<b>Governance and Stewardship</b>	
9.1	No questions were received regarding this report.	

<p><b>9.2</b></p> <p>i)</p> <p>ii)</p> <p>iii)</p> <p>iv)</p>	<p><b>Recommendations:</b></p> <p><b>The Board agreed the re-appointment of Meg Davidson, Margaret Borton and Peter Wexham as the Council nominees for a period of one year in accordance with the Articles of Association</b></p> <p><b>The Board noted the position with regard to the forthcoming Tenant Board Member vacancy</b></p> <p><b>The Board agreed the Audit and Risk Committee's Annual Report 2019/2020 including the Annual Governance Statement 2019/2020 and Action plan for 2020/2021 as recommended by the Audit and Risk Committee (contained in Appendices 1, 2 and 3)</b></p> <p><b>The Board noted the Chair's Action agreed by the Chair and Vice Chair in accordance with the Code of Governance for approval of:</b></p> <ul style="list-style-type: none"> <li>• <b>New business opportunity South Essex Property Services (SEPS)</b></li> <li>• <b>Key performance indicators and targets for 2020/2021 SEH</b></li> <li>• <b>Budgets 2020/2021 South Essex Homes (SEH)</b></li> </ul>	
<p><b>10.</b></p> <p>10.1</p> <p>10.2</p> <p>10.3</p> <p>10.4</p>	<p><b>Company Assurance Report as at 30 June 2020</b></p> <p>DL gave an overview of his report. Repairs and capital expenditure are down due to the pandemic as only essential repairs were being carried out during that time.</p> <p>DL confirmed that the KPI for void turnaround times had also been effected by the pandemic.</p> <p>Gas testing had been reduced due lack of access caused by the pandemic which had led to access not being gained. An update of the figures will be reported to the Board at the next meeting.</p> <p>RE advised the Board that there had been discussion at a recent NFA Board meeting about whether Councils and ALMOs needed to advise the RSH (Regulator of Social Housing) if there were overdue gas safety inspections. Following discussion it was noted that, while there were a small number of overdue inspections, these were exclusively resulting from individual residents either shielding or experiencing Covid-19 issues and therefore unable to allow access at the current time. There were no failures of the gas safety inspection process.</p>	<p><b>DL</b></p>

10.5	PWe required clarity as to whether access had been an issue prior to the pandemic. SL confirmed that there were some issues but gas certification is achieved ahead of schedule so non access rarely leads to non compliance. If necessary this can be managed via the courts where this service will be available again soon via phone.	
10.6	PWe required clarity regarding carbon monoxide alarms. MA confirmed alarms are fitted to all properties and tested as part of gas safety checks.	
10.7	CM required assurance that a paper trail is being kept where access has not been attained. MA confirmed that a process is in place to ensure due diligence.	
10.8	MB sought clarity as to how long it would take to obtain access to the outstanding properties. SL confirmed a number are currently outstanding. SL confirmed that SEH are following procedures and doing all that they can to obtain access. Gas safety work is normally timetabled to take place during April to November and whilst there is still a form of lockdown the situation will be challenging.	
10.9	<b>Recommendations:</b>  i) <b>The Board noted the update provided on financial information as at June 2020.</b>  ii) <b>The Board noted the Key Performance Indicators position as at June 2020.</b>	
11.	<b>Health &amp; Safety Compliance Report</b>	<b>MA</b>
11.1	MS confirmed that all bar six properties have now undergone Fire Risk Assessments (FRA) and these will be completed by the end of this week. Once all properties have current FRAs a rolling programme will commence to ensure that all properties have valid FRAs.	
11.2	RE noted that there had been five near misses. He requested more detailed information regarding these in future reports.	
11.3	<b>Recommendations:</b>	
	i) <b>The Board noted the regular progress update provided by the Regulation Compliance Officer.</b>  ii) <b>The Board noted and approved the Annual Health and Safety Report for South Essex Homes 2019/2020.</b>	

<b>12.</b>	<b>Fire Safety Oral Update</b>	
12.1	MA provided an oral update on Fire Safety. He confirmed that during lockdown the Fire Safety Manager (FSM) had been following a regime of three routes visiting all sheltered schemes and high rise blocks. During the visit he immediately reported any minor faults to the repairs team who would report these to the contractor immediately.	
12.2	MA updated that the sprinkler system pilot scheme would be undertaken this year at Cecil Court and depending on the success works would be carried out at Beaver Tower the following year. These blocks were identified due to suitability of where the potential plant room could be located. Paul Longman has been liaising with the contractors working within a framework scheme and once all details are confirmed a report will be prepared for GH and Andy Lewis with regards fire safety and getting the funding approved.	
12.3	MA confirmed that Essex Fire Rescue Service had awarded SEH grant funding of £50k for each scheme.	
12.4	All communal fire doors are now being checked and comply with regulations and appointments are being made to carry out checks on residential doors.	
12.5	The Draft Building Safety Bill had been issued by the government and includes some of the recommendations from Grenfell. The Home Office published a fire safety consultation which closes in October and SEH are looking to contribute to this in conjunction with the NFA.	
12.6	MB requested an update on the annunciation system and the level 4 fire risk assessments. MA updated that the annunciation system project is currently in progress with a specification being put together with the specialist contractor. A meeting is due to take place next week with the contractor to take the project forward and mobilise the work. Work is expected to commence at Longbow towards the latter part of the calendar year.	
12.7	MB requested an update on the Type 4 FRAs. MA confirmed that the project is being managed by SBC with SEH's support. A meeting had been scheduled for May to meet with the fire risk consultants but due to furlough this had not been possible. He confirmed that once the methodology is agreed then a date will be agreed to start the work.	
12.8	PWe asked for clarification as to why the annunciation system works were not taking place at the Balmoral blocks at the same time. MA indicated that completing both sets of works at the same time would be too complicated and problematic as the works are two distinct projects.	



<b>13.</b>	<b>Draft Unaudited Accounts 2019/2020</b>	
13.1	DL updated that due to the pandemic it had not been possible for the accounts to be audited but confirmed a remote audit was now under way. He confirmed that a set of audited accounts will be available for the Audit & Risk Committee in September.	
13.2	DL confirmed that the figures in regard to the LGPS had not been available at the time of preparing the report but had recently been received. The pension adjustments figures have been provided to the auditors.	
13.3	CM requested clarity regarding pension contributions and wanted to know if SEH are comfortable that SBC will pay for the shortfall or should SEH be making extra provisions? DL confirmed that discussions with Essex Pension Scheme and SBC are ongoing and the deficit for this current year was £5m, compared to £7.3m the previous year.	
<b>13.4</b>	<b>Recommendation</b>	
<b>i)</b>	<b>The Board noted South Essex Homes' Unaudited Financial Statements as at 31 March 2020</b>	
<b>19.</b>	<b>Date of next meeting – 21 October 2020 at 3.00pm. The meeting closed at 5.15pm</b>	

**Public Matters Arising from Board Meeting 21 July 2020**

**6. Coronavirus Organisational Update**

- 6.4 MO stated that he had been very impressed with the report and likewise gave his thanks to SEH and SEPS Staff. He noted that what is clear from the report is that the pandemic isn't over and how the report refers to a number of changes which have been made and changes that may be permanent. He requested an update in due course on the changes and SEH's experience of the pandemic.

**SP**

**An update will be prepared for a future Board meeting.**

**10. Company Assurance Report as at 30 June 2020**

- 10.3 Gas testing had been reduced due lack of access caused by the pandemic which had led to access not being gained. An update of the figures will be reported to the Board at the next meeting.

**DL**

**Gas testing figures are contained in the performance monitoring section of the Board Assurance Report.**

**11. Health & Safety Compliance Report**

- 11.2 RE noted that there had been five near misses. He requested more detailed information regarding these in future reports.

**MA**

**This relates to the Annual Health & Safety Report not the regular Board Health & Safety Compliance Report.**

# South Essex Homes Limited

## Report of Head of Corporate Resources and Income Management (Company Secretary)

to

The Board

on

21st October 2020

Agenda  
Item No.

5

Report prepared by Simon Putt  
Tel: 01702 212624

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### Governance and Stewardship

#### *A Public Agenda Item*

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## 1 Purpose of Report

- 1.1 To obtain agreement from the Board on governance related issues.

## 2 Recommendations

- 2.1 The Board are recommended:

- 2.1.1 To note the position with regard to the Tenant Board Member vacancy.

- 2.1.2 To note the Chair's Action agreed by the Chair and Vice Chair in accordance with the Code of Governance for approval of:

- Recruitment for Resident Liaison Officer – Major projects

- 2.1.3 To approve the recommendation from the South Essex Property Services (SEPS) Board for the reappointment of George Sutherland as a non-executive Director of South Essex Property Services for a further term of office for a two year period in accordance with the Articles of Association.

## 3 Background

### 3.1 Board Appointments

- 3.1.1 Board members will be aware that Barbara Lambert's term as a Tenant Board member came to an end on 25 July 2020. An advert was placed in Insight magazine which was sent to all residents in May, with a closing date of 26 June 2020.

- 3.1.2 Unfortunately, there were no applications. Therefore, we re-advertised the role in the Summer edition of Insight, which was sent out in August 2020. While this generated a number of enquiries, only 2 applications were received. A shortlisting meeting was arranged for 5 October 2020 in accordance with the

Board Member Recruitment and Selection Policy. A verbal update will be provided at the Board meeting.

3.2 Chair's Action

3.2.1 The Chair of the Board and the Vice Chair of the Board have agreed one Chair's Action for the period 22 July 2020 to 27 September 2020.

3.2.2 The Executive Director, Mario Ambrose, circulated a Board Members' Information Briefing on 3 August 2020 to advise Board members of a major project that is being undertaken by South Essex Homes on behalf of Southend on Sea Borough Council. Under normal circumstances a formal Board report would have been taken to the Board meeting on 21 July 2020, however, as the Council's Cabinet did not approve the report until 28 July 2020 it was not possible to formally make the Board aware of this project and also to see support for the proposal with regards to the recruitment of a Resident Liaison Officer. Given the critical importance of this area of activity and the timescale to recruit to the position, the Company Secretary sought the Chair and Vice Chair's approval to agree to the recruitment for the Residential Liaison Officer – Major Projects.

3.2.3 The original Board Members Information Briefing Note is attached as **Appendix 1** for Board Member information.

3.3 South Essex Property Services Board Appointments

3.3.1 In accordance with the Articles of Association each Director shall be appointed for a fixed term of three years, save when a shorter term is set to ensure that the reappointment does not exceed nine consecutive years.

3.3.2 George Sutherland will have completed seven years' service as at 29<sup>th</sup> September 2020 and has indicated in writing that he would like to stand for the remainder of his final term of office. The new term will be for two years only, taking his term of office to 29 September 2022.

3.3.3 At the SEPS Board meeting on the 15<sup>th</sup> October the Board agreed the recommendation to the Board of South Essex Homes, the shareholder, the reappointment of George Sutherland as a non-executive Director of South Essex Property Services for a further term of office for a two year period in accordance with the Articles of Association.

## 4 **Equality and Diversity**

4.1 All equality and diversity issues identified from the proposals contained in this report have been considered and are in accordance with the South Essex Homes' Equality and Diversity Policy.

## 5 **Risk**

5.1 Any risks identified from the proposals contained in this report have been considered by the Executive Management Team. The Board have identified risks associated with the governance of the organisation within statutory regulations.

## **6 Financial Implications**

- 6.1 In relation to approving the creation of the temporary role of Resident Liaison Officer, the Chair and Vice Chair approved that the position would be funded from reserves for the initial period of 7 months at which stage the position will be reviewed.

## **7 Resident Consultation**

- 7.1 Not applicable for this report.

## **8 Background Papers**

- 8.1 South Essex Homes' Articles of Association  
8.2 South Essex Property Services Articles of Association

## **9 Appendices**

- 9.1 Appendix 1 – Board Members' Information Briefing

# Board Members Information Briefing



Prepared by Mario Ambrose

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3rd August 2020

## Major Project being Undertaken by South Essex Homes

This information update is to advise Board members of a major project that is being undertaken by South Essex Homes on behalf of Southend on Sea Borough Council. Under normal circumstances I would have advised the Board in a formal Board Report at their meeting on the 21<sup>st</sup> July 2020, however, until the Council's Cabinet had approved the report on the 28<sup>th</sup> July 2020, I was unable to formally advise the Board, therefore I hope this Board Members Information Briefing will be sufficient to make the Board aware of this Project and also to support the proposal with regards Resident Liaison Officer contained in briefing paper.

### Introduction

As part of South Essex Homes' responsibilities in managing the Council's housing stock, planned structural surveys are undertaken to various properties to ensure that they are structurally sound and safe for residents and also to identify future expenditure requirements in order to maintain the stock. As part of this programme, all the high-rise blocks were inspected, including the three tower blocks known as the Balmoral Estate. The structural surveys were undertaken by Structural Engineers (Michael Dyson and Associates Ltd) and included the structural condition of the blocks being assessed by a combination of visual and intrusive surveys. Concrete samples were taken at all three blocks for laboratory testing for chloride ion content.

On-site testing was also undertaken to assess the degree of concrete carbonation and record the condition of the steel reinforcement. The Structural Engineers concluded that:

*"All the blocks have evidently been well maintained, with only minor cracking to the ground floor (over the basement) observed where the steel stands sit in the concrete floor for the concrete balustrade in the outside communal entrance. The results of the concrete testing indicate that the structural integrity of the blocks can be maintained for an assured life of at least 30 years if repairs and maintenance measures are implemented to protect structural components from the risk of further deterioration arising from weathering, interstitial and internal condensation."*

However, they also advised that:

*"Although the above works would allow the blocks to be maintained for a further 30 years, it should also be noted that these blocks are constructed from a Large Panel System (LPS) and are "blighted" by association with the sequential collapse of Ronan Point in 1968 and, more recently, guidance from DCLG (September 2017). It is therefore usual for such blocks to be modified to improve panel fixity and floor/wall resilience against the effects of a local explosion."*

*We would therefore recommend further intrusive investigations are undertaken which would include core compressive strength testing and opening up a representative example of panel and floor connections internally throughout the block to assess their structural ability and robustness.”*

Based on the advice from the Structural Engineers (Michael Dyson and Associates Ltd). South Essex Homes, in accordance with the Council's procurement rules and procedures procured a contract for the investigative works to be undertaken by specialist contractors managed by a different structural engineering practice. The structural engineers selected through the procurement process were Curtins Consulting Ltd.

Curtins Consulting Ltd arranged for intrusive structural investigations to be undertaken by their specialist contractor in several void properties and common area drying rooms. The works involved exposing sections of the structure in order to analyse the construction methodology. Following these works Curtins Consulting Ltd produced a report, with calculations and photographs.

The Curtin Consulting Ltd. report concluded that:

*“From the information collected and our calculations we concluded that the buildings do not comply with the Building Regulations or the current Eurocode for concrete design.”*

However, they further added that:

*“We can show that the buildings can be made to comply with LPS Criterion 2 with strengthening measures on the top 3 storeys. With these works to strengthen connections to the base of the internal walls the spread of damage in the event of a gas explosion can be limited to meet the current recommendations.”*

Three important points need to be borne in mind with regards the structural integrity of the blocks. Firstly, the original structural survey was instigated not because of any concerns with the structures themselves. There were no major cracks, signs of movement or deterioration of the concrete such as concrete cancer. The structure is sound and as stated by the original Structural Engineers in their report:

*“The results of the concrete testing indicate that the structural integrity of the blocks can be maintained for an assured life of at least 30 years.”*

The second point to consider is that neither of the structural engineering consultants advised that the blocks were unsafe and required immediate decant of the residents.

Thirdly, unlike Ronan Point, none of the three blocks have a gas supply to or within the buildings, with heating and cooking facilities being all electric.

The strengthening works recommended by Curtins Consulting Ltd. involved fitting steel angle cleats to tie the base of certain walls to the floors throughout the flats and drying rooms.

The Curtins Consulting Ltd. report itself did not detail these works specifically and suggested that they would need further development. Therefore, a pilot project was undertaken to have the strengthening works carried out to an existing void property

and drying room in order that the timescales, level of disruption and costs could be better determined.

The pilot project proved that the strengthening works would meet the Government Guidelines, but indicated that the works would be noisy, dusty and intrusive and therefore it would still not be advisable for the works to be carried out with the residents in situ.

The works will directly affect fifty-four properties in total across all three buildings, with eighteen flats on the three floors of each block receiving the works. The residents living in the affected flats will need to be decanted to allow the works.

It is estimated that the project itself will take two years to complete with the first block taking approximately nine months and the subsequent blocks taking slightly less time as the contractor develops their working methods.

The project was approved by Southend Borough Council's Cabinet on the 28<sup>th</sup> July 2020 and will cost an estimated £2.325 million. Following the prescribed procurement process, it is envisaged that works on site will start in February 2021.

### **Resident Liaison Officer Proposal**

The critical factor to the success of the project will be good resident liaison and communication and this process has begun with the letters being sent to those residents affected and meetings are also being arranged.

The contract itself makes financial allowance for the Main Contractor to employ a full-time resident coordinator who will be based on site and work closely with our Head of Major Projects, Paul Longman. However, this resource will not be available until the Main Contractor is appointed and the works start on site in February 2021. But it is becoming clear that there is a need to have a dedicated resource between now and February, to liaise with residents and to assist with the decant process.

Therefore, I would ask the Board to approve the use of reserves for South Essex Homes to appoint a Resident Liaison Officer for seven months. I believe this reinforces South Essex Homes' commitment to support residents and strengthens our partnership with the Council. Should the Board approve this use of reserves for this "one off" enterprise, it is envisaged that this will be a secondment opportunity initially, with the resultant vacancy being backfilled, via an agency.

The cost for this post will be between £21K and £24K for the seven-month duration.

### **Further Updated**

Now that this project has been officially sanctioned by Southend on Sea Borough Council, I will be keeping Board members informed and updated through the formal Board meeting process and through these Board Members Information Briefings.

I include the Cabinet Report for information.

Mario Ambrose



# South Essex Homes Limited

Executive Director  
to

**The Board**

on

**21 October 2020**

Report prepared by Sarah Lander

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## Health and Safety Update

*A Public Agenda Item*

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### **1 Purpose of Report**

- 1.1 To provide the Board with an update of matters relating to Health and Safety within the Company.

### **2 Recommendation**

- 2.1 That the regular progress update provided by the Regulation Compliance Officer is noted.

### **3 Background**

- 3.1 Details of Health and Safety progress up to 30 September 2020 are provided in the Corporate Compliance Position Statement which can be found in **Appendix 1**. We have made specific note of the impact that the Covid-19 pandemic has had on all areas of compliance. Activity has continued wherever possible and following completion of robust risk assessments, adjustments have been made to ensure safe working practice to minimise risks for residents, contractors and staff.
- 3.2 Due to the Covid-19 pandemic access to properties where residents are shielding due to vulnerability or are self-isolating has proven to be extremely challenging, particularly with regard to delivering the annual gas servicing programme. Disappointingly, this means that we do not now have 100% properties with a current gas CP12 certificate, However, we are taking all steps to mitigate this risk and working proactively across our teams to communicate with tenants and complete all gas services in a timely way. Further details can be found in **Appendix 1**.

### **4 Diversity and Equal Opportunities**

- 4.1 Health and Safety legislation is equality impact assessed at source.

## **5 Risk**

- 5.1 This report sets out the regular work of the Company's Regulation Compliance Officer, Fire Safety Manager and colleagues across the organisation and serves to ensure our compliance with the Health and Safety at Work Act 1974 which mitigates the risk of prosecution of the Company, employees and Board.

## **6 Financial Implications**

- 6.1 The reporting and monitoring process will not attract any additional costs.

## **7 Background Papers**

- 7.1 None

## **8 Appendices**

- 8.1 Appendix 1 – Health and Safety Update until 30 September 2020

As of 30 September 2020

**Corporate Compliance Position Statement**

Key Regulations	List of Control measures South Essex Homes has in place in order to comply with Health and Safety Legislation.
<b>The Regulatory Reform (Fire Safety) Order 2005</b>	<p>All fire risk assessments for 2019 have been completed. The current year's annual FRAs are ongoing, with all high-risk properties assessed within the last 12 months. Officers are working to a timetable which programmes the FRAs to be completed within their twelve-month anniversary.</p> <p>Progress for 2020 visits and reports:</p> <ul style="list-style-type: none"> <li>• *Tower Blocks 13 out of 13 completed (100%)</li> <li>• *Sheltered Housing Scheme 20 out of 20 completed (100%)</li> <li>• *Medium Rise Blocks 4 out of 4 completed (100%)</li> <li>• *Hostels 10 out of 10 completed (100%) Action plan to remedy defects</li> <li>• *HMO (London Road) 1 out of 1 completed (100%) Action plan to remedy defects</li> <li>• *Extra Care Schemes 2 out of 2 completed (100%)</li> <li>• Medium &amp; Low-Rise Blocks 105 out of 144 completed (73%)</li> <li>• Others 102 out of 103 completed (99%)</li> </ul> <p>* Items being managed by Fire Safety Manager. (Note one hostel FRA carried out by Peabody)</p> <p>Tower Blocks are visited monthly to carrying out inspections of dry risers, drop down keys and PIBs. Currently all properties have an FRA within the previous twelve months.</p> <p><b>South Essex Homes complies</b></p>

**Corporate Compliance Position Statement****As of 30 September 2020**

	<p><b>COVID POSITION:</b> Some delays in undertaking medium &amp; low rise and other properties FRAs had accumulated due to lockdown and difficulty of remote access to IT. This situation has now been resolved and plans continue to progress and catch-up on the backlog with currently 87% of visits due this year completed.</p>
<b>Electricity at Work Reg. 1989</b>	<p><u>Annual Portable Appliance Testing</u> (PAT Testing): 2019 programme was completed by November 2019.</p> <p>This contract is being administered and delivered by the Caretaking Team.</p> <p>This year's programme commenced 4-Nov-19 and all premises were scheduled for between November 2019 and May 2020. So far, 16 Sheltered Schemes (including 2 community halls) were completed in target by the beginning of March.</p> <p>This year's programme is due to recommence with Covid-19 specific risk assessments in place on Monday 28th September. Estimated completion of the annual programme is anticipated w/c 9th November.</p> <p><b>South Essex Homes complies</b></p> <p><b>COVID POSITION:</b> Due to the lockdown the remaining programme of 8 sheltered schemes, 2 offices, 7 communal lounges and 10 hostels were put on hold. Risk assessments have been developed in line with a resumption of the programme as stated above now it is deemed safe for operatives and residents.</p>
	<p><u>Electrical Testing</u></p> <p>South Essex Homes complies with the Institute of Engineering and Technology recommendations and BS7671 guidance note 3. Our policy is to carry out an electric test every five years or on change of occupancy. We continue to take all measures to ensure that every property including those that have proved difficult to access has a valid test certificate. The current position regarding valid electric test certificates is:</p>

**Corporate Compliance Position Statement****As of 30 September 2020**

	<p>Completed Test Certificates within last five years – 5,467 (91%)</p> <ul style="list-style-type: none"> <li>• Open orders which are not compliant (allocated to contractor but not yet complete) – 407</li> <li>• No confirmed details – 79</li> <li>• No recorded details – 61</li> <li>• Total Number of properties - 6,014</li> </ul> <p>The Electrical Testing programme continues. Due to early concerns over performance, an additional separate resource was deployed to undertake some of the programme in recognition that this is a priority for the organisation. The current programme schedules all the properties without current checks during this financial year.</p> <p>Completed test figures will naturally fluctuate. The tests that are overdue have primarily been given to Aaron as the extra contractor, and strongly worded letters have been sent to the small number of difficult to enter properties which are proving to be successful in assisting our contractors to gain access. Additionally, we continue to sell properties which were compliant and have started to capture the SBC buyback properties which at present do not have any paperwork that we can record.</p> <p>While there will be some properties which remain genuinely difficult to access, the Property Services and the Tenancy Services Teams will liaise to identify those and take rigorous and appropriate legal action which may include seeking an injunction.</p> <p><b>South Essex Homes partially complies</b></p> <p><b>COVID POSITION:</b> The main EICR contractor (AJS) has not undertaken any test visits since the start of lockdown with staff on furlough. AJS have now sent out letters to recommence their programme of work. Due to this, a further allocation has been placed with Aaron and Apex order numbers have been issued accordingly.</p>
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**Corporate Compliance Position Statement****As of 30 September 2020**

<p><b>Legionnaires</b> Legionnaires Disease, The Control of Legionella Bacteria in water systems. Approved Code of Practice and Guidance (L8)</p>	<p>All mandatory Risk Assessments (RA) have been completed for Sheltered units. Monthly monitoring of sheltered schemes continues to programme. Automated remote monitoring in sheltered schemes is operational. This provides the ability to monitor and respond to water temperature fluctuations that could result in Legionella propagation thus providing a more robust preventative process.</p> <p><b>South Essex Homes complies</b></p> <p><b>COVID POSITION:</b> The process of six-monthly testing of high-rise blocks has been suspended during the lockdown period in order to limit risk to staff and tenants. This is currently being reviewed to determine an appropriate programme of appointment letters and appointments.</p>
<p><b>Control of Asbestos Regulations 2012 (CAR)</b></p>	<p>Regulations required to ensure asbestos is managed and that the condition is monitored. To mitigate the risk of non-compliance, we respond to repair issues when identified utilising licenced contractors and relevant staff undergo regular Asbestos Awareness training. Other methods of embedding a routine re-inspection regime continue to be considered such as visual inspections being carried out by all visiting officers and caretakers on an ongoing basis. It will need to be underpinned by information and appropriate technology being available to staff (potentially use of the Photobook app which is used by Caretaking Staff). In-house recording of void asbestos re-inspections is updated on Apex and this will represent typically &gt;10% of stock annually. Additional survey data undertaken as a result of ongoing capital works is recorded on Apex. Asbestos removal works are also recorded on Apex to ensure the Asbestos Register is maintained.</p> <p><b>South Essex Homes complies</b></p>

**Corporate Compliance Position Statement****As of 30 September 2020**

<b>The Lifting Operations Lifting Equipment Regulations 1998 (LOLER)</b>	<p>Independent Insurance Inspections (Allianz) are undertaken at six monthly intervals of high rise and sheltered passenger lifts.</p> <p>Monthly inspections of tower blocks and bi-monthly inspections in sheltered schemes are undertaken by the lift maintenance contractor. A new contractor, Amalgamated Lifts, has been appointed.</p> <p>The above meet the requirements of the current EN81 and LOLER lift Regulations and Standards.</p> <p><b>South Essex Homes complies</b></p> <p><b>COVID POSITION:</b> Allianz continue to review their inspection of passenger lifts in sheltered/care home schemes and where appropriate safe working measures can be put in place, insurance inspections will continue.</p> <p>Residential stair lifts are not currently being inspected by the insurance provider (Allianz). However, Stair lifts fall outside of the LOLER regulations. We are recording what addresses have not been inspected.</p>
<b>Gas Safety (Installation and Use) Regulations 1998 (GSIU)</b>	<p>All properties have had full access procedures applied to attempt the undertaking of an annual service and subsequent issue of a valid LGSR certificate. A new service year has commenced following the introduction of MOT style servicing during 2019/20. This now fixes the date of the annual service allowing most properties to be serviced between April and October. This frees up resources to meet heavier repair demand typically seen during the winter months. This also means we have moved from a ten month to a twelve-month cycle, whilst still maintaining a 10-month cycle to commence the access process.</p> <p><b>South Essex Homes complies</b></p> <p><b>COVID POSITION</b></p> <p>The Covid pandemic has made maintaining our previous excellent record of delivering annual gas service checks incredibly challenging, as it has across the sector. Unfortunately, we now have a number of properties that have exceeded their service anniversary date and this number. This number has begun to steadily decrease overall however more recent services becoming due during September have increased</p>

**Corporate Compliance Position Statement****As of 30 September 2020**

	<p>against the overall trend. The current number of properties that exceed their service anniversary date is 91, broken down by month due in the table below.</p> <table><tr><th>Date</th><th>Mar</th><th>Apr</th><th>May</th><th>Jun</th><th>Jul</th><th>Aug</th><th>Sep</th><th>Total</th><th>Compliance</th></tr><tr><td>04/08/2020</td><td>1</td><td>4</td><td>23</td><td>50</td><td>67</td><td>6</td><td>0</td><td>151</td><td>96.79%</td></tr><tr><td>01/09/2020</td><td>1</td><td>3</td><td>18</td><td>32</td><td>40</td><td>20</td><td>0</td><td>114</td><td>97.57%</td></tr><tr><td>17/09/2020</td><td>1</td><td>2</td><td>11</td><td>24</td><td>35</td><td>14</td><td>15</td><td>102</td><td>97.83%</td></tr><tr><td>30/09/2020</td><td>1</td><td>1</td><td>8</td><td>16</td><td>26</td><td>11</td><td>28</td><td>91</td><td>98.06%</td></tr></table> <p>In mitigation, records of attempts are being kept enabling compliance with Regulation 36A under the exemption afforded by Regulation 39 providing all reasonable steps to gain access have been made. Staff are phoning residents that were previously shielding to book in appointments, which is provided some success. We are looking at options of securing warrants with the courts by phone, where this would not present a health risk to the resident. In addition, our Mechanical and Electrical Engineer undertakes a review of the appliance fitted, its type and age, to identify those that may present a particular risk, should their service go out of date. This will help us direct our resources and approach more effectively. Currently there are no properties with appliances that are of particular cause for concern.</p>	Date	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	Compliance	04/08/2020	1	4	23	50	67	6	0	151	96.79%	01/09/2020	1	3	18	32	40	20	0	114	97.57%	17/09/2020	1	2	11	24	35	14	15	102	97.83%	30/09/2020	1	1	8	16	26	11	28	91	98.06%
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30/09/2020	1	1	8	16	26	11	28	91	98.06%																																										
<b>Construction (Design and Management) Regulations 2015</b>	<p>This function is provided both in-house and externally. In 2019, Property Services staff undertook an externally delivered CDM course and subsequently, a further CITB training course. A refresher course planned for this financial year is under review due to current social distancing restrictions. In addition, we will also be arranging a review of internal procedures, although this is currently on hold due to COVID-19 events taking priority. Therefore, South Essex Homes currently comply with the CDM regulations.</p> <p>All Contractors currently working in relation to Capital Programme have had a review of their individual “Safe Methods of Working”. These are continually being reviewed and amended in line with Government changes/restrictions coming into force.</p>																																																		



**Corporate Compliance Position Statement****As of 30 September 2020**

	<p><b>South Essex Homes complies</b></p> <p><b>COVID POSITION:</b> Additional RAMS have been supplied from each of our contractors to clearly identify how they work whilst Covid-19 restrictions are in place and to conform to Government guidance and recommendations. These are under constant review and are checked by Surveyors when on site.</p> <p>Future Tenders now incorporate 'Covid-19 conditions' clauses.</p>
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# South Essex Homes Limited

**Report of the Executive Director  
to  
The Board  
on  
21 October 2020**

Report prepared by Mario Ambrose  
Tel: 01702 212700

**Agenda  
Item No.**

**9**

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## **Fire Safety Update**

*A Public Agenda Item*

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### **1 Purpose of Report**

- 1.1 To provide Board Members with an update on the current position in relation to the fire safety works in the residential properties managed on behalf of the Council.
- 1.2 To provide Board Members with an update on the initiatives being undertaken by the Fire Safety Manager.
- 1.3 To provide Board Members with a brief overview on Phase Two of the Grenfell Inquiry since its resumption in July 2020.

### **2 Recommendations**

- 2.1 The Board are asked to note the content of the report and continue to support the Executive Management Team's endeavours to meet the challenges resulting from the Grenfell Tower fire.

### **3 Background**

- 3.1 Since the tragedy of the Grenfell Tower fire on 14 June 2017, fire safety has been the focus of many organisations that have high rise residential blocks of flats within its asset portfolio. Southend has thirteen high rise residential blocks managed by South Essex Homes. As the Board are aware South Essex Homes has been very pro-active in its approach to fire safety with an ongoing programme of improvements to the structure of the blocks as well as investigating other ways and means to improve fire safety within the high-rise blocks.

### **4 Fire Safety Works**

- 4.1 Following the fire safety works undertaken at the thirteen high rise blocks, which Board Members have been advised of in previous reports, similar measures are now being undertaken at the sheltered schemes. So far,

works to three schemes have been completed, including Nicholson House, Nestuda House and Bishop House. A further scheme is included in the 2020/2021 Capital Improvement Programme.

- 4.2 Fire Risk Assessments at the high-rise blocks identified the need for better fire stopping within the service risers to ensure that smoke and flames from one floor could not egress up the building through gaps around service pipes or cables. This project was undertaken earlier this year as part of the 2020/2021 Capital Improvement Programme.
- 4.3 At the time of drafting this report all buildings have compliant Fire Risk Assessments, with some requiring re-inspection later in October, which is scheduled to be done.
- 4.4 The pilot voice activated fire annunciation system has been procured and is scheduled to start on site in November 2020. The pilot scheme will be at Longbow flats.
- 4.5 South Essex Homes is undertaking the due diligence with regards the pilot sprinkler system which we were intending to procure via a framework agreement. Subject to the due diligence identifying no major issues this pilot scheme should start early next year.
- 4.6 As Board members will be aware South Essex Homes maintains and services the existing fire doors, using its own "In House" team. This team has been recently audited by the accreditation organisation and passed without any outstanding areas of concern.
- 4.7 We continue to look at ways to improve fire safety and work with residents to get their view and also to share information with them using all forms of communication including social media.
- 4.8 South Essex Homes continues to take an active role as a member of a tripartite Fire Safety Group which includes Essex Fire Rescue Service and all departments of Southend Council, including building control etc. and these meetings are chaired by the Deputy Chief Executive of SBC and are held quarterly. South Essex Homes convenes its own fire safety group chaired by the Chief Executive where all issues relating to fire safety are discussed and action plans monitored.
- 4.9 An external contractor has completed all the wet tests on our dry risers within the Borough and they continue fire extinguisher and fire action signs maintenance.
- 4.10 South Essex Homes contributed to the Council's response the Home Office's Fire Safety Consultation.

## **5 Fire Safety Manager Update**

- 5.1 The Board approved the appointment of a Fire Safety Manager in May 2019. Following a robust recruitment process, we were able to appoint Graham Hart as the Fire Safety Manager on the 1 October 2019. He had

previously been the Fire Safety Officer for Southend Council and has thirty years' experience with the London Fire Brigade.

- 5.2 One of the key objectives of the role was to engage with residents and to involve them with understanding keeping safe and vigilant with regards fire safety. Equally we wanted to build a strong rapport with Essex Fire Rescue Service.
- 5.3 During the lockdown period, the Fire Safety Manager has carried out regular visual fire safety inspections of the high-rise blocks and sheltered schemes while observing the Covid 19 recommendations made by the Government.
- 5.4 The Fire Safety Manager is arranging for premises information boxes (PIB) to be fitted in all our sheltered schemes in the coming months. These will contain a copy of the building's Fire Risk Assessment (FRA), and locations of key places within the buildings such as boiler rooms, electrical intake rooms, lift motor rooms, and the access keys for these areas. They will also hold a current up to date list of the residents who may require special assistance in an emergency.
- 5.5 Working with the Support Services Team and Sheltered Housing Officers, the Fire Safety Manager has been identifying vulnerable residents with regards fire safety and evacuation ability.
- 5.6 Following this exercise, the Fire Safety Manager is now in a position to start visiting residents to ensure they have all the help we can give them such as sensory equipment for hearing impairment, fire retardant bedding for smokers etc. Our visits will be recorded on their personal file as an audit trail.
- 5.7 The Fire Safety Manager is preparing the documentation required to procure the services of an accredited contractor to carry out sprinkler testing and maintenance if required in accordance with BS9251 whilst Russell Haynes, Property Services Manager and I put together a tender to employ a company to carry out all checks to all our firefighting media.
- 5.8 When government guidelines allow, the Fire Safety Manager will continue to deliver fire safety awareness sessions to as many residents who would like to attend. This initiative was started early this year but held in abeyance during the lock down.
- 5.9 As previously advised to the Board the Fire Safety Manager now undertakes the Fire Risk Assessments to the high-rise blocks, sheltered schemes and homeless accommodation.

## **6 Grenfell Inquiry**

The Rt. Hon. Sir Martin Moore-Bick, Chairman of the Grenfell Tower Inquiry resumed Phase Two in July 2020 following its suspension due to the Pandemic. Phase two will look at the following areas:

- The role of professionals involved in the refurbishment of the Tower from 2012 and its sign-off in 2016.
- An examination of the testing, certification and marketing of key products used in the external wall, specifically the ACM panels used in the rainscreen system.
- The complaints made by residents of the Tower before 14 June 2017, particularly relating to fire safety and concerns about fire doors and the quality of workmanship during the refurbishments. It will also look at the responses from the Tenant Management Organisation (TMO) and the Royal Borough of Kensington and Chelsea (RBKC) to those complaints.
- An examination of the performance of local and central government in the immediate aftermath of the disaster.
- The adequacy of the firefighting response on the night of the fire.
- Further expert advice.
- Any remaining evidence and all submissions relating to the circumstances in which people met their death not covered in earlier parts of the Inquiry. The bereaved, survivors and residents have been invited to provide written submissions as to further matters to be covered by the Inquiry.

6.2 As the Inquiry continues and fire safety guidance and legislation in the sector evolves South Essex Homes, in partnership with Southend Council and Essex Fire Rescue Service will take the appropriate steps to ensure compliance.

## **7 Resident Involvement**

7.1 One of the key areas that the Fire Safety Manager is developing (within the constraints of the Pandemic) is to not only communicate and consult with residents individually or in groups but also to encourage and support them to take an active role in the fire safety in their blocks. This will include educating residents to be able to regularly check their own front doors and report any defects.

7.2 Residents have continued to be updated and reassured about the position in terms of fire safety in the Council's residential blocks, through social media, letters and attendance at Resident meetings.

## **8 Finance**

8.1 All the major works as described in this report are funded as part of the Council's Housing Revenue Account (HRA) Capital programme.

8.2 The Council continue to be very supportive of any fire safety initiatives and provide funding for agreed projects.

## **9 Background Papers**

9.1 None

# South Essex Homes Limited

Report of Financial Services Manager  
to  
**The Board**  
On  
**21<sup>st</sup> October 2020**

Report prepared by Daniel Lyons  
Tel: 01702 21605

Agenda  
Item No.

**10**

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**Draft Audited Accounts as at 31st March 2020 including External Auditors Report**  
*A Public Agenda Item*

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## **1 Purpose of Report**

- 1.1 To present to the Board the Consolidated Financial Statements for 2019/2020.
- 1.3 To bring to the attention of the Board the Letter of Representation to Scrutton Bland and to recommend that the Board approves authorising signing on behalf of the Company as recommended by the Audit & Risk Committee.

## **2 Recommendations**

The Board is requested:

- 2.1 To approve the Financial Statements for 2019/2020 as recommended by the Audit and Risk Committee.
- 2.2 To agree that the unadjusted errors contained within the External Audit Report remain unadjusted due to the immateriality of the transactions as recommended by the Audit & Risk Committee.
- 2.3 To note the letter of representation from Southend Borough Council confirming group support.
- 2.4 To agree the Letter of Representation from the Company to Scrutton Bland and to agree to the Chair and the Company Secretary signing the letter on behalf of the Company.

## **3 Background**

### **3.1 Summary Year end Management Accounts**

Description	Budget for year £000	Actuals at 31 <sup>st</sup> March £000	Variance £000
Management Fee Income	5,888	<b>5,782</b>	(106)
Service Charge Income	3,759	<b>3,814</b>	55
Careline & Other Income	680	<b>795</b>	115
Commercial Income	339	<b>427</b>	88
Operating costs & Interest	(10,663)	<b>(10,482)</b>	181
<b>Profit / (Loss)</b>	<b>3</b>	<b>336</b>	<b>333</b>

- 3.2 The above is a headline summary of the management accounts presented at the last meeting of the Board which was on 21<sup>st</sup> July 2020.
- 3.3 The final position at year end showed a total surplus of £336k (**Appendix 1**).

3.4 Statutory Accounts

The Financial Statements (**Appendix 2**) have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and Recommended Statements of Standard Accounting Practice. They show a surplus of £1,329k after FRS102 adjustments and consolidation with the accounts of South Essex Property Services Limited.

3.5 Reconciliation between Management Accounts and Statutory Group Accounts

A reconciliation between the South Essex Homes' Management Accounts and the South Essex Homes' Group Income and Expenditure Statement is shown below;

	£'000s
Management Accounts	
Surplus as per Management Accounts	336
Reversal of impairment of SEPS' Investment	156
Rounding Differences	2
<b>Surplus as per SEH Company Accounts</b>	<b>494</b>
Profit as per SEPS' Company Accounts	156
Consolidation Adjustments	(156)
<b>Surplus as per SEH Group Accounts before Pension Adj</b>	<b>494</b>
FRS102 Staff costs adjustment	1,054
FRS102 Interest costs	(219)
<b>Surplus of SEH Group Accounts</b>	<b>1.329</b>

**Note:** FRS 102 is the Financial Reporting Standard No.102: "The Financial Reporting Standard applicable in the UK". This standard requires appropriate adjustments in a company's accounts to reflect potential liabilities arising from the impact of pension fund deficits.



## 4 Letter of Representation

4.1 The Letter of Representation (**Appendix 3**) from the Company to Scrutton Bland formally provides Scrutton Bland with assurance that key disclosures the Company made during the audit are correct, to the best of the Directors' knowledge and belief having made appropriate enquiries from staff members. A synopsis of disclosures identified in the letter cover:

- **The Financial Statements include all transactions relating to the year and reflect the Company's position**

*The Board has received assurance in the regular management accounts presented to them that reconcile with the management accounts on which the statements are based together with explanations of variances.*

- **That all accounting records were made available to the auditors,**  
*All information requested by the Auditors has been provided by the finance team.*
- **That there were no irregularities in accounting or control systems that could have a material effect on the financial statements.** *Annual Report of Internal Audit, which was reported to the Audit Committee at its last meeting on 18<sup>th</sup> June 2020, provides assurance of this.*
- **That there have been no events since 31<sup>st</sup> March that should be disclosed in the financial statements, or could materially affect the value of assets or liabilities in those financial statements.** *Officers are not aware of any such events.*
- **That all information that could affect the company in relation to fraud or suspected fraud has been disclosed.** *Officers are not aware of any such activity.*
- **That related party transactions have been properly disclosed.** *All related party transaction forms have been completed and returned to the finance department.*
- **That accounting policies are appropriate and all pension costs and contractual arrangements are properly accounted for,** *Assurance for this has been provided by presenting the Audit Committee with all changes to accounting policies for ratification.*
- **That there is no pending litigation or breach of laws or regulations, including corporation tax.** *Officers are not aware of any such pending litigation or breaches and it should be noted that in the event of such an instance occurring the financial regulations demand that the Board is informed immediately.*

4.2 The Board are asked to authorise that the Letter of Representation be signed on behalf of the Company by the Chair and the Company Secretary.

## 5 Diversity and Equal Opportunities

5.1 There are no direct Equal Opportunities or diversity issues which arise from this report.

## 6 Risk

6.1 If the Company's Annual Accounts are not signed by the Board and filed at Companies House within 9 months of the financial year end (i.e. by 31<sup>st</sup> December 2020) the Company will be liable for a penalty and the Directors (Board Members) would also become liable.

## **7 Financial Implications**

- 7.1 Financial implications have been considered throughout this report.

## **8 Resident Consultation**

- 8.1 The financial statements are scheduled to be signed off at the Company's next Board meeting. They will also be published on the internet.

## **9 Background Papers**

- 9.1 None

## **10 Appendices**

- 10.1 Appendix 1 – Budget summary as at 31<sup>st</sup> March 2020
- 10.2 Appendix 2 – Financial statements for the year ended 31<sup>st</sup> March 2020
- 10.3 Appendix 3 – Auditor's Report to the Board including South Essex Homes' Letter of Representation and Management Letter from Scrutton Bland
- 10.4 Appendix 4 – Letter of Representation from Southend Borough Council

**Income and Expenditure Account**  
**As at 31st March 2020**

	2019/20 Budget Annual £000's	2019/20 Budget To Date £000's	2019/20 Actual To Date £000's	Variance To Date £000's	Variance To Date %
<b>Revenue</b>					
Management Fee Income	5,888	5,888	5,782	(106)	-2%
Service Charge Fee Income	3,759	3,759	3,814	55	1%
Careline Income	597	597	568	(29)	-5%
Other Income	83	83	227	144	173%
Commercial Income	339	339	427	88	26%
<b>Total Revenue</b>	<b>10,666</b>	<b>10,666</b>	<b>10,818</b>	<b>152</b>	<b>1%</b>
<b>Operating costs</b>					
Employees	6,334	6,334	6,272	62	1%
Training & Staff Advertising	87	87	34	53	61%
Premises	883	883	958	(75)	-8%
Utilities	821	821	866	(45)	-5%
Telephone	176	176	211	(35)	-20%
Legal and Insurance	116	116	122	(6)	-5%
Transport	92	92	85	7	8%
ICT Costs	441	441	294	147	33%
Supplies and Services	514	514	505	9	2%
Contingency	121	121	0	121	100%
SLA's	941	941	924	17	2%
Other Expenses	0	0	65	(65)	0%
Commercial Costs	162	162	187	(25)	-15%
<b>Total operating costs</b>	<b>10,688</b>	<b>10,688</b>	<b>10,523</b>	<b>165</b>	<b>2%</b>
<b>Gross Profit / (Loss)</b>	<b>(22)</b>	<b>(22)</b>	<b>295</b>	<b>317</b>	
Interest Receivable	25	25	41	16	
<b>Net Profit / (Loss)</b>	<b>3</b>	<b>3</b>	<b>336</b>	<b>333</b>	

**Company Registration Number 05453601**

**SOUTH ESSEX HOMES LIMITED  
COMPANY LIMITED BY GUARANTEE**

**Consolidated Financial Statements**

**31st March 2020**

DRAFT

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Consolidated Financial Statements**

**Year ended 31st March 2020**

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# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Officers and Professional Advisers**

**Year ended 31st March 2020**

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### **The Board of Directors**

<b>Council Nominees</b>	Cllr Meg Davidson	
	Cllr David Mcglone	(Resigned 16.05.19)
	Cllr Ronald Woodley	(Resigned 02.06.19)
	Cllr Peter Wrexham	(Appointed 10.07.19)
	Cllr Margaret Borton	(Appointed 10.07.19)

<b>Resident Members</b>	Rosalind Lane	(Resigned 02.10.19)
	Barbara Lambert	
	Phyllis Ward	
	Christopher Silvey	(Appointed 02.10.19)

<b>Independent Members</b>	Roger Eastwood (Chair)
	David Joyce
	Sacha Jevans
	Christopher March
	Michael Oxley

<b>Executive Team</b>	Michael Gatrell	Chief Executive
	Mario Ambrose	Executive Director
	Chris Vaughan	Director of Business Development (until June 2020)
	Beverley Gallacher	Assistant Director – Commercial
	Sarah Lander	Assistant Director – Operations

<b>Company Secretary</b>	Simon Putt
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<b>Registered Office</b>	Civic Centre Victoria Avenue Southend on Sea Essex, SS2 6FY
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<b>Auditor</b>	Scrutton Bland LLP Chartered Accountants & Statutory Auditor 820 The Crescent Colchester Business Park Essex, CO4 9YQ
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<b>Bankers</b>	Barclays Bank 174 High Street Southend on Sea Essex, SS1 1JS
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<b>Solicitors</b>	Southend on Sea Borough Council Civic Centre Victoria Avenue Southend on Sea Essex, SS2 6ER
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# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Strategic Report**

**Year ended 31st March 2020**

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The directors are pleased to present their strategic report of South Essex Homes Limited (SEH) for the year ended 31st March 2020.

### **Principal Activity**

South Essex Homes Limited (the Company) is a local authority controlled company of Southend-on-Sea Borough Council (the Council) established with no share capital and limited by guarantee.

The Company manages Council properties on behalf of the Council with the primary goal of providing an excellent housing management service to all our service users.

The company has one wholly owned subsidiary, South Essex Property Services Limited, whose principal activity is housing related activities. Further details are included in note 10.

### **Results**

The initial surplus after tax, but before FRS102 defined benefit pension scheme adjustments for the year was £494k (2019 : £423k). This resulted in a surplus of £1,329k (2019 : £478k deficit) for the year, after adjustments for FRS 102 defined benefit pension scheme adjustments. A £156k surplus was attributable to South Essex Property Services Limited (2019 : £235k).

### **Financial risk management objectives and policies**

The Company maintains a risk register that is updated and reviewed regularly by both the Board and the senior management team. The main risks facing the company at the date of signing these accounts were:

- i. Risk that the Company will fail to meet agreed standards defined by the Management Agreement
- ii. Risk that the Company will fail to meet requirements of individual high profile contracts or initiatives
- iii. Risk that the Company will fail to adequately monitor South Essex Property Services

The company retains sufficient cash for its working capital needs and does not use other financial instruments for treasury management. The company therefore has very little exposure to cash flow risk.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Strategic Report**

**Year ended 31st March 2020**

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The company is assessed by various yardsticks applicable to similar housing organisations and is looking to be in the upper quartile in the various cost and quality benchmarks. The main key performance indicators include tenant satisfaction, the levels of overdue rents, the length of time taken to re-let empty properties, customer satisfaction with repairs.

Registered office:  
Civic Centre  
Victoria Avenue  
Southend on Sea  
Essex SS2 6FY

Signed on behalf of the directors

Roger Eastwood  
Chair of the Board

Approved by the directors on

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# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Director's Report**

**Year ended 31st March 2020**

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The directors present their report and the financial statements for the year ended 31st March 2020.

### **Directors**

The directors who served the company during the year were as follows:

Cllr Meg Davidson	
Cllr David Mcglone	(Resigned 16.05.19)
Cllr Ronald Woodley	(Resigned 02.06.19)
Rosalind Lane	(Resigned 02.10.19)
Barbara Lambert	
Phyllis Ward	
Roger Eastwood (Chair)	
David Joyce	
Sacha Jevans	
Christopher March	
Michael Oxley	
Cllr Margaret Borton	(Appointed 10.07.19)
Peter Wexham	(Appointed 10.07.19)
Christopher Silvey	(Appointed 02.10.19)

### **Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Director's Report**

**Year ended 31st March 2020**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Throughout the year the directors were covered by an indemnity insurance policy.

### **Engagement with employees**

The Board considers that effective employee engagement is key to the Company's ability to create value in our services as they recognise that our people are our greatest asset. The views and contributions of employees can help to inform Management and the Board on a variety of key operational issues, identify risk and develop strategy.

Employees are engaged in a number of ways which allow for views to be expressed and opinions obtained.

All staff are invited to attend a staff briefing three times per year, and these staff are updated on the pertinent factors influencing the company's direction. Staff are given an opportunity to discuss and question the effectiveness of the organisation and make suggestions for improvement.

A weekly staff bulletin is made available to all staff ensuring that staff are kept up to date with developments as well as providing a platform where staff can contribute stories or messages of their own. Staff are also occasionally surveyed for their views on a range of issues, during the recent COVID-19 pandemic staff were canvassed for their views on remote working and the support they received from their manager and wider organisation.

The EMT always have an open-door policy and can often be seen on 'back to floor' exercise to ensure they are kept up to date with front line services and the needs of those services.

A joint meeting with EMT and CMG was introduced in 2020 to better enhance the working relationships across both executive and middle management. This allows for better communication across functional boundaries to exist and enhances a culture of information sharing and collaboration.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Director's Report**

**Year ended 31st March 2020**

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The board considers the approach to employee engagement to be effective.

The Company is committed to promoting equality of opportunity for people with disabilities and aims to eliminate discrimination, pursuing equality of treatment as an employer. We seek to ensure that disabled people are not discriminated against during the recruitment and selection process as well as all aspects of employment including training and development. All reasonable adjustments are made to ensure that an individual's needs are met during the course of their employment. Employees are fully supported and where a disability occurs during the course of employment all reasonable steps will be taken to retain the services of that individual, including retraining and redeployment where needed.

Registered office:  
Civic Centre  
Victoria Avenue  
Southend on Sea  
Essex SS2 6FY

Signed on behalf of the directors

Roger Eastwood  
Chair of the Board

Approved by the directors on

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Statement of the Board**

### **Year ended 31st March 2020**

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During 2019/20 your Board reviewed and agreed the Code of Governance and the Code of conduct, to ensure that effective Governance arrangements are maintained.

The Board continues to monitor the Corporate Risk Register to ensure that strategic risks are properly managed with the added oversight of the Audit and Risk Committee.

The Board continued to ensure that Board Members are fully updated on health and safety issues and receive compliance reports with additional focus given by a direct Board Role for Health and Safety Scrutiny.

The Company continued to focus on fire safety, by overseeing the process related to the program of fire safety works and its effective delivery, as well as ensuring proper fire safety arrangements are in place. The importance of Fire Safety was further strengthened with the creation of a new role of Fire Safety Manager, who will be undertaking a key liaison role with both the Council and Residents to ensure that Residents safety remains of paramount importance.

During 2019/20, the Board maintained oversight of its subsidiary South Essex Property Services as it continues to successfully grow and deliver additional commercial activities, including the running of the very popular Courtyard Café in the Civic centre.

The Board also continued to ensure the delivery of an effective income management service to sustain tenancies and to meet its annual objectives in this key area.

The contract arrangements with Castle Point Borough Council were extended for a further five years last year for delivery of property services, asset management and client management of the repairs contract. We continue to develop our relationship with Castle Point Borough Council as one of our nearest public sector neighbours.

The new Partnership agreement between South Essex Homes and the Council was been agreed by Cabinet in February and the Executive Management Team continue to work closely with the Council and the Board to develop the Organisational Development plan to ensure that we deliver the services the Council require, and to further develop the positive relationship, to become their “partner of choice” for future relevant opportunities.

There have been some significant successes in 2019/20 and we will continue to focus on enhancing services to our residents and adding value in the future.

Finally, we have also responded to the Covid 19 pandemic, where social distancing has involved us in having to change our approach to repairs and increasing support for the more vulnerable people living in our homes.

Roger Eastwood  
Chair of the Board

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Statement of the Chief Executive**

**Year ended 31st March 2020**

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I am, once again, pleased to reflect on a successful year for South Essex Homes during 2019/2020.

Financially, we maintained our track record of prudent, and effective, budgetary control and management and we produced a surplus in our operating budget. It was equally pleasing to see our overall financial position being supported by the continuing success of our wholly owned commercial subsidiary.

Given that South Essex Homes is a publicly funded organisation, it is especially good to note our effective control of public resources and this is something we are always keenly aware of.

Similarly, we are entrusted with significant delegated budget responsibilities in respect of the revenue and improvement budgets for the Council's homes and residential estate. Again, I am pleased to reflect on a well managed programme of expenditure across responsive and planned maintenance activities.

From a performance perspective, we were able to produce strong performance across key measured areas including rental income, rent arrear management, empty property control and customer satisfaction.

2019/2020 saw the first year of a new repairs and maintenance contract and, as anticipated, some of the new ways of working with a new contractor have taken time to bed in. However, the operation of an intelligent relationship with the contractor continued to produce improvements during the year and by the end of the first year this key contract had moved forward significantly.

As anticipated in previous years' financial statements, the past year saw the finalisation of our new Partnership Agreement with Southend on Sea Borough Council. The new agreement sees a five year, renewable, term underpinning our ongoing role for the local authority and this was mirrored by a similar five year renewal contract for the work we carry out on behalf of Castle Point Borough Council. These new agreements signal clear satisfaction with South Essex Homes' performance by our key partners and therefore both the Board and the Executive Management Team look forward to planning for the medium to long term.

As we approached the very end of the financial year, the fundamental impact of the worldwide Coronavirus pandemic was rapidly becoming evident, with a national lockdown being introduced in the final days of the period.

At the time of writing, it is still far too early to be able to speculate on what the short, medium and longer term effects of this unprecedented situation will be. However, it is clear that changes to the ways in which organisations work and interact with their customers will be significant. For South Essex Homes, our demonstrable track record of being a responsive, flexible and 'can do' organisation means we can face that future with confidence in our ability to embrace whatever the 'new normal' looks like.

Michael Gatrell  
Chief Executive

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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### **1. Scope of responsibility**

#### **South Essex Homes**

South Essex Homes (SEH), formed in October 2005, is the Arm's Length Management Organisation of Southend-on-Sea Borough Council, responsible for the management and maintenance of the Council's homes. It was financed by a Management Fee in 2019/20, from the Council, of £5,782k, a Service Charge Fee of £3,814k together with other income of £1,222k.

There is a formally binding Management Agreement between the Council and SEH and this clearly sets out the governance arrangements that should apply between the two parties. This complies with national best practice.

SEH is managed by a Board comprising three Council nominees, three tenants and five independent members. The Board is ultimately responsible for ensuring that SEH establishes and maintains a sound system of internal control appropriate to the various business environments in which it operates. Committees reporting to the Board include Audit & Risk Committee, New Business Committee and Personnel and Remuneration Committee. In addition, the commercial subsidiary – South Essex Property Services Ltd reports directly to the SEH Board, being its parent company.

### **2. The purpose of the Governance Framework**

Good governance leads to good management, good performance, good stewardship, good public engagement, and ultimately good outcomes for citizens and service user. Good governance enables the company to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The governance framework comprises the systems, processes, culture and values, by which the company is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

### **3. The Governance Framework**

The key elements of the Governance Framework are:

- Consultation and Engagement
- Business Planning and Strategy
- Financial Reporting including Budgetary Management
- Asset Management
- Risk Management including Fraud, Corruption and Bribery, Confidential Reporting as well as Health and Safety

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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- Business Continuity
- Performance Managing, service delivery and people
- Information Management Security
- Procurement
- Project Management
- Complaints
- Ethical Governance including Codes of Conduct
- Data Quality
- Workforce Management

The company sets out its expectations with regard to:

- corporate governance, within the Articles of Association, Code of Governance and Financial Regulations and Scheme of Delegation

The company then:

- maintains a business planning process that cascades throughout the organisation, supporting service plans and key actions to enable SEH to achieve its ambitions and aspirations as set out in the Vision 2022 Business Plan
- prepares forecasts and budgets that allow the Committees and the executive officers to monitor the key business risks and financial objectives and identify variances arising during the monthly reporting cycle
- operates professionally compliant recruitment and appraisal processes to ensure that:
  - it employs suitably qualified and experienced staff to take responsibility for key areas of the business
  - its staff remain suitably skilled to deliver the services required
- produces regular performance reports for review by senior management and the Board that measure performance against objectives and targets as detailed in service plans
- operates three Committees which report to the Board, who have been delegated specific functions to discharge on its behalf as set out in their respective Terms of Reference
- operates a development and training programme for the Board Directors developed from appraisals, one to ones and Committee self-assessments which are carried out annually.

South Essex Homes ensures that the Board Directors are fulfilling their responsibility under Companies Act 2006 for adequate risk management, control and governance.

The company has a duty to ensure that it is fulfilling its responsibility for maintaining adequate and effective risk management, control and governance arrangements. This role has been delegated to the Audit and Risk Committee, who reports to the Board on the discharge of its duties on an exception basis.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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### **4. Review of Effectiveness**

South Essex Homes is responsible for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the:

- Chief Executive, Executive Director, the Director of Business Development and Group Managers within the Company who have responsibility for the development and maintenance of the governance environment;
- Head of Internal Audit's annual report;
- comments made by the External Auditors and other review agencies and inspectorates.

The Council's processes to review on-going effectiveness of SEH have been updated through the implementation of a new Partnership Agreement during the year and include Council officers meeting with SEH officers on a quarterly basis to review performance against a suite of performance indicators and its strategic aims which are as follows;

- **Provide** excellent services
- **Ensure** our sustainability

SEH's internal arrangements for ensuring the effectiveness of its governance arrangements consist of the:

- SEH Board receiving monthly performance reports across operational, human resources and value for money indicators;
- Audit & Risk Committee undertaking a review of the Risk Management Strategy and the Strategic Risk Register to ensure that risks are relevant and applicable and that the Board Members are responsible for ensuring that risks are monitored effectively by the Senior Management Team;
- Audit & Risk Committee undertakes a review of both its effectiveness as well as the operational arrangements annually;
- production and approval of annual Manager Assurance Statements by service managers and Group Managers to assess compliance with key governance processes throughout the year – this has been delayed for 2019/20 to enable managers to focus on the response to the covid-19 emergency;
- Group Manager for Corporate Resources and Income Management then independently checking that the evidence supports the service manager's assessment of how well each of the business management processes have operated in their area – this has been delayed for 2019/20 due the delay in production of the Manager Assurance Statements to enable managers to focus on the response to the Covid-19 emergency;
- Company continuing to review and adjust staffing structures aligning them with the services provision and the Business Plan Vision 2022.



# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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The last few weeks of 2019/20 were dominated by the company's preparations for managing the Covid19 crisis, which has had such a fundamental impact on day to day life, national public policy and the governance, services and finances of all organisations. The company's business continuity arrangements were put into effect in the run up to national lockdown from 23 March 2020, and has continued and adapted since, aligning to Government requirements. This has enabled emergency and essential services to be maintained as have essential business operations despite experiencing challenges along the way. However, some services requiring close contact between people have been set aside until the UK lockdown conditions are eased.

The company's experience of lockdown has resulted in practicing agile working where we have proven that SEH can operate remotely and that given improved support post lockdown we will be able to take advantage of this agility. We are also aware that staff operating on the frontline of delivery are exposed to new risks, so we have been focussed on the safety of staff and tenants, and the business overall will need to seek to improve resilience post this crisis.

Preparations have begun on considerations for the 'recovery phase' and moving to an 'improved normal' of operations, and a plan has been produced that remains both live and emergent whereby it is subject and responsive to national and local situations. This plan provides the guiding principles and will be supplemented by detailed management / functional plans, while it is recognised that a change in conditions will in all likelihood necessitate a change in our plans.

### **Internal Audit**

Internal Audit is delivered through a Service Level Agreement with the Council's Internal Audit Services. The Charter, Strategy and risk based Audit Plan is prepared in consultation with the Senior Management Team and approved (but not directed) by the Audit & Risk Committee.

Terms of reference and audit reports are discussed with relevant Directors and Group Managers before being finalised. The recommended actions required to mitigate risks and improve control arrangements as identified by audit work are summarised in an action plan.

Internal Audit revisits action plans where the original report's opinion was either Partial or Minimal. These actions are followed up and the results of this work are reported to the Senior Management Team and Audit & Risk Committee as part of the Quarterly Performance Report.

### **Head of Internal Audit Opinion for the year ended 31 March 2020**

The Head of Internal Audit Annual Report and opinion for 2019/20 was considered by the Executive Management Team in May 2020 and the Audit & Risk Committee in June 2020. It stated that:

*'Overall, the risk management, control and governance framework designed by the company to deliver its objectives and operated throughout the year, has remained satisfactory.*

*During the year the company agreed a new Partnership Agreement with Southend Council that reinforces the status of the company, will refocus the relationship and lead to a more collaborative approach between the organisations.*

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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*The company also began implementing a new management structure during the year that should assist with the work being undertaken to strengthen the arrangements for letting and managing contracts, although that structure and work still needs to be fully embedded into day to day operational practices.*

*There is also a need to embed the arrangements that have been put in place to ensure that the quality of data supporting performance information presented to senior management and the Board is consistently good and therefore reliable.*

*The company's response to the Covid-19 emergency situation has enabled essential and emergency services to continue to be delivered using different methods of working, and the company has developed a recovery plan that provides guiding principles to finding solutions to enable the company to begin to move forward from the initial crisis management situation towards a new normal status in the very different environment that it will be operating within in the future.'*

### **Compliance with Professional Standards, Head of Internal Audit Opinion**

The independent assessment of the internal audit service required to be undertaken every five years concluded that:

*'The Institute of Internal Auditors assessed the in-house team as fully meeting most of the Standards, as well as the Definition, Core Principles and the Code of Ethics in October 2017 (classified as "Generally Conforms", the highest rating).*

*Good assessments were achieved in relation to:*

- *reflection of the Standards*
- *focus on performance, risk and adding value*
- *quality assurance and improvement programme.*

*Needs improvement assessments were given in relation to:*

- *coordinating and maximising assurance*
- *the efficiency of its operations'.*

During 2019/2020 the team has continued to deliver work using the improved approach resulting from development and implementation of the Compliance with the UK Public Sector Internal Audit Standards Action Plan arising from the assessment by the Institute of Internal Auditors. As a result the service has substantially conformed to the relevant professional standards throughout the year.

Internal Audit continues to make available its work as required to support the external audit of the company's Statement of Accounts.

The company attends the Council's July Audit Committee each year to present the following evidence with regard to its governance arrangements:

- Head of Internal Audit Annual Report
- Audit Committee Annual Report
- Annual Governance Statement.

The Head of Internal Audit also confirmed that *'No issues have come to my attention this year, other than those already disclosed, that I believe need including in the company's Annual Governance Statement '.*

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Annual Governance Statement**

**Year ended 31st March 2020**

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### **External Audit**

The External Audit of the annual financial statements was undertaken by Scrutton Bland LLP with the view to expressing an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK).

In carrying out the audit work Scrutton Bland LLP considered whether the financial statements were free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

Scrutton Bland LLP issued a report to management at the conclusion of the audit work. This included a management letter containing comments and recommendations for improvements in operations and internal control in respect of the Company. This was discussed with management prior to the issue of the final report. The report also includes details of any significant adjusted or unadjusted items that arose as a result of the audit work.

The Audit & Risk Committee consider the external auditor's report and recommends adoption of the financial statements to the Board.

### **Key Governance Issues**

The main areas for further work identified through the Governance Assurance Process in 2019/20, and which should be disclosed in the Governance Statement Action Plan are the need to:

- embed and strengthen the procedures and processes, working with Southend Council to implement the audit recommendations, and ensure compliance with and changes to the General Data Protection Regulations
- develop a Performance Management Strategy to further embed the formal quality assurance processes
- embed the strengthened procedures and processes for letting contracts, and cascade contract management training throughout the Property Services Team
- ensure that governance remains effective as the company delivers the recovery plan from the Covid-19 crisis, and that the 'improved normal' is effective in delivering the objectives of the company, that it is recognised may need to be re-set.

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Roger Eastwood  
Chair of the Board

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Michael Gatrell  
Chief Executive

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Independent Auditor's Report to the Member of South Essex Homes Limited**

**Year ended 31st March 2020**

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### **Opinion**

We have audited the financial statements of South Essex Homes Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31st March 2020 which comprise the Group Income and Expenditure Account, Group Statement of Other Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2020 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Independent Auditor's Report to the Member of South Essex Homes Limited**

**Year ended 31st March 2020**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the consolidated financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Independent Auditor's Report to the Member of South Essex Homes Limited**

**Year ended 31st March 2020**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

TIMOTHY O'CONNOR (Senior Statutory Auditor)

For and on behalf of

SCRUTTON BLAND LLP

Chartered Accountants & Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

CO4 9YQ

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Group Income Statement (including Income and Expenditure Account)**

**Year ended 31st March 2020**

	Note	2020 £000's	2019 £000's
<b>Turnover</b>	<b>3</b>	<b>12,115</b>	11,330
Staff costs	<b>4</b>	<b>7,109</b>	6,617
FRS 102 pension scheme staff costs adjustment	<b>18f</b>	<b>(1,054)</b>	685
Other operating charges	<b>5</b>	<b>4,522</b>	4,355
<b>Operating surplus/(deficit)</b>		<b>1,538</b>	(327)
Interest receivable and similar income	<b>7</b>	<b>42</b>	30
FRS 102 pension scheme interest adjustment	<b>18f</b>	<b>(219)</b>	(216)
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>1,361</b>	(513)
Tax on ordinary activities	<b>8</b>	<b>(32)</b>	35
<b>Surplus/(deficit) for the financial year</b>		<b>1,329</b>	(478)

The surplus/(deficit) for the financial year before and after adjustments required under FRS 102 in respect of defined benefit pension schemes is as follows:

### **Operating surplus after tax:**

South Essex Homes Limited	<b>338</b>	188
South Essex Property Services Limited	<b>156</b>	235
	<b>494</b>	423
FRS 102 defined benefit pension scheme charges:		
Staff costs adjustment	<b>1,054</b>	(685)
Interest costs	<b>(219)</b>	(216)
<b>Surplus/(deficit) for the financial year</b>	<b>1,329</b>	(478)

All of the activities of the company are classed as continuing.

The notes on pages 25 to 41 form part of these financial statements.

**SOUTH ESSEX HOMES LIMITED  
COMPANY LIMITED BY GUARANTEE**

**Group Statement of Other Comprehensive Income**

**Year ended 31st March 2020**

	Note	2020 £000's	2019 £000's
<b>Surplus/(deficit) for the financial year</b>		<b>1,329</b>	<b>(478)</b>
Actuarial gains arising from pension liabilities	18b	4,427	489
Experience loss on defined benefit obligation	18b	(1,210)	-
Difference between expected and actual return on pension fund assets	18b	(2,881)	1,856
Other actuarial gains on pension fund assets	18b	293	-
<b>Total recognised gains for year</b>		<b>1,958</b>	<b>1,867</b>

The notes on pages 25 to 41 form part of these financial statements.



# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Group Statement of Financial Position (Balance Sheet)

31st March 2020

	Note	2020 £000's	2019 £000's
<b>Fixed assets</b>			
Tangible fixed assets	9	-	-
<b>Total fixed assets</b>		-	-
<b>Current assets</b>			
Debtors	11	951	529
Investments	12	4,041	3,517
Cash at bank and in hand	13	2,154	3,490
		<u>7,146</u>	<u>7,536</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(4,370)</u>	<u>(5,254)</u>
<b>Net current assets</b>		<u>2,776</u>	<u>2,282</u>
<b>Net assets excluding pension liabilities</b>		<u>2,776</u>	<u>2,282</u>
Pension liabilities	18a	<u>(5,866)</u>	<u>(7,330)</u>
<b>Net liabilities including pension liabilities</b>		<u><u>(3,090)</u></u>	<u><u>(5,048)</u></u>
<b>Reserves</b>			
Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve	15	2,776	2,282
FRS 102 defined benefit pension scheme reserve	15	<u>(5,866)</u>	<u>(7,330)</u>
<b>Member's funds (deficit)</b>		<u><u>(3,090)</u></u>	<u><u>(5,048)</u></u>

These financial statements were approved by the directors and authorised for issue on \_\_\_\_\_ and are signed on their behalf by:

Roger Eastwood  
Chair of the Board

Company Registration Number: 05453601

The notes on pages 25 to 41 form part of these financial statements.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Company Statement of Financial Position (Balance Sheet)**

**Year ended 31st March 2020**

	Note	2020 £000's	2019 £000's
<b>Fixed assets</b>			
Tangible fixed assets	9	-	-
Investments	10	410	254
<b>Total fixed assets</b>		<b>410</b>	<b>254</b>
<b>Current assets</b>			
Debtors	11	884	426
Investments	12	4,041	3,517
Cash at bank and in hand	13	1,397	3,207
		<b>6,322</b>	<b>7,150</b>
<b>Creditors: Amounts falling due within one year</b>	14	<b>(3,956)</b>	<b>(5,122)</b>
<b>Net current assets</b>		<b>2,366</b>	<b>2,028</b>
<b>Net assets excluding pension liabilities</b>		<b>2,776</b>	<b>2,282</b>
Pension liabilities	18a	<b>(5,866)</b>	<b>(7,330)</b>
<b>Net liabilities including pension liabilities</b>		<b>(3,090)</b>	<b>(5,048)</b>
<b>Reserves</b>			
Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve	15	2,776	2,282
FRS 102 defined benefit pension scheme reserve	15	<b>(5,866)</b>	<b>(7,330)</b>
<b>Member's funds (deficit)</b>		<b>(3,090)</b>	<b>(5,048)</b>

Under the Companies Act 2006, s408, the directors have elected not to present the company's Profit and Loss Account. The surplus for the year was £1,329,000

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by:

Roger Eastwood  
Chair of the Board

Company Registration Number: 05453601

The notes on pages 25 to 41 form part of these financial statements.

**SOUTH ESSEX HOMES LIMITED  
COMPANY LIMITED BY GUARANTEE**

**Group Statement of Changes in Equity**

**Year ended 31st March 2020**

	<b>Defined benefit pension scheme reserve £000's (8,774)</b>	<b>Income and expenditure account excluding pension reserve £000's 1,859</b>	<b>Total £000's (6,915)</b>
At 1st April 2018			
(Deficit)/surplus for the year	<b>(901)</b>	<b>423</b>	<b>(478)</b>
Other comprehensive income for the year	<b>2,345</b>	<b>-</b>	<b>2,345</b>
At 31st March 2019	<b>(7,330)</b>	<b>2,282</b>	<b>(5,048)</b>
Surplus for the year	<b>835</b>	<b>494</b>	<b>1,329</b>
Other comprehensive income for the year	<b>629</b>	<b>-</b>	<b>629</b>
At 31st March 2020	<b>(5,866)</b>	<b>2,776</b>	<b>(3,090)</b>

**SOUTH ESSEX HOMES LIMITED**  
**COMPANY LIMITED BY GUARANTEE**

**Company Statement of Changes in Equity**

**Year ended 31st March 2020**

	Defined benefit pension scheme reserve £000's	Income and expenditure account excluding pension reserve £000's	Total £000's
At 1st April 2018	(8,774)	1,840	(6,934)
(Deficit)/surplus for the year	(901)	442	(459)
Other comprehensive income for the year	2,345	-	2,345
At 31st March 2019	(7,330)	2,282	(5,048)
Surplus for the year	835	494	1,329
Other comprehensive income for the year	629	-	629
At 31st March 2020	(5,866)	2,776	(3,090)

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Group Statement of Cash Flows**

**Year ended 31st March 2020**

	<b>2020 £000's</b>	<b>2019 £000's</b>
<b>Cash Flows from operating activities</b>		
Surplus/(deficit) for the financial year	<b>1,329</b>	(513)
Interest received	<b>(42)</b>	(30)
Taxation	<b>32</b>	(35)
(Increase)/decrease in debtors	<b>(422)</b>	167
(Decrease) in creditors	<b>(884)</b>	(1,077)
FRS102 defined benefit pension scheme adjustment	<b>(835)</b>	901
Cash from operations	<b>(822)</b>	(587)
<b>Taxation</b>	<b>(32)</b>	35
<b>Net cash inflow from operating activities</b>	<b>(854)</b>	(552)
<b>Interest received</b>	<b>42</b>	30
<b>(Increase)/decrease in investments</b>	<b>(14)</b>	502
<b>(Decrease) in cash and cash equivalents</b>	<b>(826)</b>	(20)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,000</b>	5,020
<b>Cash and cash equivalents at end of year</b>	<b>4,174</b>	5,000
<b>Cash at bank at end of year</b>	<b>2,154</b>	3,490
<b>Cash equivalents at end of year (included within investments)</b>	<b>2,020</b>	1,510
<b>Cash and cash equivalents at end of year</b>	<b>4,174</b>	5,000

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **1. Accounting policies**

#### **Company information**

South Essex Homes Limited is a company limited by guarantee, incorporated in England and Wales. Its registered number is 05453601. The registered office is Civic Centre, Victoria Avenue, Southend on Sea, Essex, SS2 6ER.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland', with the Companies Act, and FRC Abstracts.

The financial statements are presented in Sterling (£) and are rounded to the nearest £1,000.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of South Essex Homes Limited and its subsidiary undertaking for the year ended 31st March 2020.

#### **Going concern**

The financial statements show net assets before pension liabilities of £2,776,000 but net liabilities of £3,090,000 once the provision for pension liabilities is included. The financial statements have been prepared on the basis of a going concern, on the assumption that the core funding from the Southend-on-Sea Borough Council in future years will enable the increased pension contributions to be met.

In accordance with government directives issued on 23 March 2020 the business activated its Business Continuity Plan as a result of restrictions imposed on business activities and social distancing relating to the spread of coronavirus and has moved to delivering critical services only. These critical services are sheltered management, emergency repairs, customer services and homelessness. The impact of the coronavirus will have a very significant effect on the economy and the business during 2020. The directors have prepared revised cashflow forecasts which anticipate that the company will be able to continue to meet its liabilities as they fall due and the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of approving these financial statements. For this reason the directors adopt the going concern basis in preparing the accounts. After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources and support to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **1. Accounting policies *(continued)***

#### **Turnover**

Turnover, excludes Value Added Tax (VAT) and represents in the main, the invoice value of services provided during the financial year covered by these financial statements. Turnover is recognised when the revenue is earned by South Essex Homes Limited. All turnover arises in the United Kingdom.

#### **Debtors**

Short term debtors are measured at the transaction price, less any impairment/provision for irrecoverable amounts.

#### **Creditors**

Short term creditors are measured at the transaction price.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Tangible fixed assets are capitalised if the item is not office equipment and costs £5,000 or more. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

Straight line annual rates of depreciation used are:

Motor vehicles - 4 years

#### **Impairment of fixed assets**

Tangible fixed assets are reviewed for impairment annually and if found to be impaired, the lower of book value and fair value is used. Any impairment is recognised in the group income statement in the year in which it arises.

#### **Investments**

Investments in subsidiary undertakings are included at the lower of cost and net realisable value in the individual company's financial statements.

#### **Provisions for liabilities and charges**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **1. Accounting policies *(continued)***

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the Income Statement over the lease term on a straight line basis.

#### **Pensions costs - local government pension scheme**

South Essex Homes Limited is an admitted body of the Local Government Pension Scheme administered by Essex County Council. The assets belonging to the pension scheme are held and administered independently by Essex County Council.

Pension scheme assets are measured at fair value at the balance sheet date. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position. There are no deferred tax implications.

Further disclosures relating to retirement benefits can be found in note 18.

#### **Pension costs – defined contribution pension plan**

The subsidiary company operates a defined contribution plan for its employees. The contributions are recognised as an expense when they fall due. Once the contributions have been paid the company has no further payment obligations. The assets of the plan are held separately in independently administered funds.

#### **Taxation**

Any operating surplus of the company, before FRS 102 defined benefit pension scheme adjustments, arising from savings of overhead costs compared to the core funding provided by Southend-on-Sea Borough Council, is non-taxable. Taxation is chargeable only on the surplus from its activities with other organisations.



# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **1. Accounting policies *(continued)***

#### **Taxation *(continued)***

The results of the trading subsidiary are subject to corporation tax. Deferred tax balances are recognised in respect of timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised when their recovery is considered to be sufficiently certain.

#### **Trading with third parties**

In the year ended 31st March 2010, South Essex Homes Limited began trading with other selected third parties to reduce its reliance on the management fee in the light of an uncertain future for the Housing Revenue Account (HRA). This trading is not expected to provide significant profits but to provide a contribution to the overall operating costs of the company.

#### **Repairs and maintenance**

South Essex Homes Limited is responsible for managing Southend-on-Sea Borough Council's housing repairs and maintenance contracts. The related expenditure is reflected within the Council's financial statements.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **2. Judgements in applying accounting estimates and key sources of estimation uncertainty**

The preparation of the financial statements requires the company's directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The key judgements and estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are those made in respect of the defined benefit pension scheme.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates and expected returns on pension fund assets. An independent firm of consulting actuaries has been engaged to provide expert advice regarding the assumptions to be applied in the calculation of the defined pension scheme liability, which at 31st March 2020 amounts to £5,866,000. Further details of the assumptions made are disclosed in note 18.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **3. Turnover**

Turnover is derived completely from the principal activities of the group. Principal activities comprise of providing housing management services to Southend-on-Sea Borough Council and providing housing related services to other third parties, also providing facilities management and employee hosting. Turnover arises solely within the United Kingdom.

	<b>2020</b>	2019
	<b>£000's</b>	£000's
Management fee paid by the Council in respect of housing management and support services	<b>5,782</b>	<b>5,617</b>
License fee income	<b>63</b>	<b>-</b>
Other services	<b>1,108</b>	<b>1,052</b>
Service charge income	<b>3,814</b>	<b>3,539</b>
Cleaning, security services, staff and other	<b>1,348</b>	<b>1,122</b>
	<u><b>12,115</b></u>	<u><b>11,330</b></u>

	<b>2020</b>	2019
	<b>£000's</b>	£000's
Other services revenue represents:		
Other charges to the Council	<b>665</b>	549
Income from trading with third parties	<b>367</b>	501
Recharges to third parties	<b>76</b>	2
	<u><b>1,108</b></u>	<u><b>1,052</b></u>

# **SOUTH ESSEX HOMES LIMITED**

## **COMPANY LIMITED BY GUARANTEE**

### **Notes to the Financial Statements**

**Year ended 31st March 2020**

#### **4. Particulars of employees**

The average monthly number of staff employed during the financial year amounted to:

	<b>2020</b>	2019
	<b>No.</b>	No.
Senior management group	<b>4</b>	7
Finance and resources	<b>6</b>	7
Income management	<b>11</b>	10
Housing management services	<b>105</b>	118
Property services	<b>14</b>	16
South Essex Property Services Limited – Facilities management	<b>78</b>	60
South Essex Property Services Limited – Hosting	<b>45</b>	21
Number of staff	<b>263</b>	239

The aggregate payroll costs of the above were:

	<b>2020</b>	2019
	<b>£000's</b>	£000's
Wages and salaries	<b>5,945</b>	5,450
Social security costs	<b>528</b>	492
Pension costs	<b>622</b>	660
Pension administration costs	<b>14</b>	15
	<b>7,109</b>	6,617
FRS 102 defined benefit pension costs adjustment	<b>(1,054)</b>	685
	<b>6,055</b>	7,302

The directors' aggregate remuneration in respect of qualifying services was:

	<b>2020</b>	2019
	<b>£000's</b>	£000's
Aggregate remuneration	<b>47</b>	45

The members of the company's board are the directors of the company. The board members are entitled to an allowance and reimbursement of incidental expenses incurred when attending board meetings or other formal events in their capacity as board members.

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

### **5. Operating surplus/deficit**

The operating surplus/deficit is stated after charging:

	<b>2020</b> <b>£000's</b>	2019 £000's
Auditor's remuneration - Scrutton Bland LLP	<b>30</b>	25
Training and recruitment costs	<b>34</b>	58
Agency and consultancy costs	<b>218</b>	366
Other expenses - note 6	<b>4,240</b>	3,906
	<b>4,522</b>	4,355

### **6. Other expenses**

	<b>2020</b> <b>£000's</b>	2019 £000's
Electricity and gas (landlord's supplies on estates and sheltered accommodation)	<b>842</b>	756
Rent and rates	<b>382</b>	314
Repairs, maintenance and modifications (on administrative buildings)	<b>5</b>	9
Cleaning and rubbish removal	<b>431</b>	397
Computers and other equipment	<b>459</b>	433
Transport	<b>111</b>	93
Communication	<b>317</b>	329
Insurance	<b>89</b>	69
Legal fees	<b>61</b>	49
Grants and subscriptions	<b>64</b>	75
Other Service Level Agreements and charges by the Council	<b>949</b>	950
Printing and stationery	<b>84</b>	56
Conference expenses	<b>14</b>	13
Bank charges	<b>46</b>	51
Grounds maintenance charge	<b>193</b>	202
Other general expenses	<b>193</b>	110
	<b>4,240</b>	3,906

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

### **7. Interest receivable and similar income**

	<b>2020</b> <b>£000's</b>	2019 £000's
Interest was received on:		
Bank deposits	<u><b>42</b></u>	<u>30</u>

### **8. Taxation on ordinary activities**

#### **Analysis of charge in the year**

	<b>2020</b> <b>£000's</b>	2019 £000's
Current tax:		
UK Corporation tax for the year at 19% (2019 : 19%)	<u>-</u>	<u>-</u>
Total current tax	<u><b>-</b></u>	<u>-</u>
Deferred tax:		
Arising on taxable losses	<u><b>32</b></u>	<u>(35)</u>
Total deferred tax	<u><b>32</b></u>	<u>(35)</u>
Taxation on profit on ordinary activities	<u><b>32</b></u>	<u>(35)</u>

### **9. Tangible fixed assets**

	<b>2020</b> <b>£000's</b>	2019 £000's
<b>Group and company</b>		
<b>Motor vehicles</b>		
<b>Cost</b>		
At 1st April and 31st March	<u><b>9</b></u>	<u>9</u>
<b>Depreciation</b>		
At 1st April and 31st March	<u><b>9</b></u>	<u>9</u>
<b>Net book value</b>		
At 31st March	<u><b>-</b></u>	<u>-</u>

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 10. Fixed asset investments

Company	2020 £000's	2019 £000's
<b>Cost</b>		
At 1 April	<b>425</b>	425
At 31 March	<b>425</b>	425
<b>Impairment</b>		
At 1 April	<b>(171)</b>	(425)
Impairment reversal	<b>156</b>	254
At 31 March	<b>(15)</b>	(171)
<b>Fixed asset investments at 31st March</b>	<b>410</b>	254

South Essex Homes Ltd owns 100% of the share capital of South Essex Property Services Limited, being 425,001 ordinary shares of £1.

South Essex Property Services Limited is incorporated in England and Wales and it's principal activity is facilities management and employee hosting.

South Essex Homes Ltd has the power to exercise, or actually exercises, influence or control over South Essex Property Services Limited.

### 11. Debtors

	Company		Group	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Falling due within one year:				
Amounts owed by SBC	<b>487</b>	192	<b>726</b>	344
Amounts owed by South Essex Property Services Limited	<b>176</b>	85	-	-
Other debtors	<b>198</b>	141	<b>202</b>	142
Prepayments and accrued income	<b>32</b>	16	<b>32</b>	16
Bad debt provision	<b>(9)</b>	(8)	<b>(9)</b>	(8)
Deferred taxation	-	-	-	35
	<b>884</b>	426	<b>951</b>	529

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

### **12. Investments**

	<b>Company</b>		<b>Group</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000's</b>	£000's	<b>£000's</b>	£000's
Lloyds TSB Plc	<b>1,500</b>	500	<b>1,500</b>	500
Santander UK Plc	<b>2,017</b>	1,004	<b>2,017</b>	1,004
NatWest	<b>4</b>	506	<b>4</b>	506
HSBC	<b>520</b>	1,507	<b>520</b>	1,507
	<b>4,041</b>	3,517	<b>4,041</b>	3,517

All investments are held on fixed term deposit.

### **13. Cash at bank and in hand**

	<b>Company</b>		<b>Group</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000's</b>	£000's	<b>£000's</b>	£000's
Cash at bank	<b>1,397</b>	3,207	<b>2,154</b>	3,490

### **14. Creditors: Amounts falling due within one year**

	<b>Company</b>		<b>Group</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000's</b>	£000's	<b>£000's</b>	£000's
Trade creditors	<b>326</b>	132	<b>334</b>	145
Amounts owed to SBC	<b>2,146</b>	2,047	<b>2,606</b>	2,225
Amounts owed to SEPS	<b>184</b>	163	-	-
Taxation and social security	<b>96</b>	60	<b>218</b>	155
Accruals	<b>187</b>	209	<b>195</b>	218
Receipts in advance	<b>1,017</b>	2,511	<b>1,017</b>	2,511
	<b>3,956</b>	5,122	<b>4,370</b>	5,254

# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

### **15. Reserves**

<b>Group</b>	<b>Total reserves 2020 £000's</b>	<b>Total reserves 2019 £000's</b>
Balance brought forward	<b>(5,048)</b>	(6,915)
Retained surplus/(deficit) for the financial year	<b>1,329</b>	(478)
Actuarial gain on the pension scheme	<b>629</b>	2,345
Balance carried forward	<b><u>(3,090)</u></b>	<u>(5,048)</u>
Income and expenditure reserve excluding pensions	<b>2,776</b>	2,282
Pensions reserve	<b>(5,866)</b>	(7,330)
Total reserves	<b><u>(3,090)</u></b>	<u>(5,048)</u>
<b>Company</b>	<b>Total reserves 2020 £000's</b>	<b>Total reserves 2019 £000's</b>
Balance brought forward	<b>(5,048)</b>	(6,934)
Retained surplus/(deficit) for the financial year	<b>1,329</b>	(459)
Actuarial gain on the pension scheme	<b>629</b>	2,345
Balance carried forward	<b><u>(3,090)</u></b>	<u>(5,048)</u>
Income and expenditure reserve excluding pensions	<b>2,776</b>	2,282
Pensions reserve	<b>(5,866)</b>	(7,330)
Total reserves	<b><u>(3,090)</u></b>	<u>(5,048)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.



# **SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE**

## **Notes to the Financial Statements**

**Year ended 31st March 2020**

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### **16. Related party transactions**

The company is wholly owned by Southend-on-Sea Borough Council. Turnover for the company for the year was £10,818k (2019 : £10,273k) including £5,782k (2019 : £5,617k) paid as management fees by the Council and £3,814k (2019 : £3,539k) paid as service charges by the Council. The management fee covers salaries and staff-related supplies and the service charges covers services costs. Balances due to and from related parties at the year end are included in debtors and creditors, as disclosed in notes 11 and 14. Also included in receipts in advance is a balance of £nil (2019 : £2,015,867) received in advance regarding the subsequent year's budget.

The company reimbursed the Council in respect of payroll administration costs.

The senior management personnel comprised:

Michael Gatrell  
Mario Ambrose  
Traci Dixon  
Sarah Lander  
Christopher Vaughan  
Beverley Gallacher

During the year the remuneration paid to the above senior management personnel totalled £601,540 (2019 : £768,461).

### **17. Company limited by guarantee**

The company is limited by guarantee and has no share capital. The liability of the member, Southend-on-Sea Borough Council, in the event of winding-up is limited to £1.

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 18. Pension commitments

(a) The assets and liabilities of the pension scheme at 31st March were:

	% of scheme assets	2020 Value £000's	% of scheme assets	2019 Value £000's
Equities	58.5%	21,899	62.3%	22,022
Bonds	10.4%	3,880	11.2%	3,944
Properties	9.0%	3,364	8.9%	3,145
Cash	4.2%	1,555	2.6%	931
Alternative assets	11.5%	4,309	9.7%	3,449
Other managed funds	6.4%	2,406	5.3%	1,879
Total market value of assets		<b>37,413</b>		<b>35,370</b>
Present value of scheme liabilities		<b>(43,279)</b>		<b>(42,700)</b>
Net estimated pension liability		<b>(5,866)</b>		<b>(7,330)</b>

(b) Asset and liability reconciliation:

	2020 £000's	2019 £000's
<b>Reconciliation of liabilities</b>		
Liabilities at start of period	<b>42,700</b>	41,781
Service cost	<b>1,176</b>	1,278
Interest cost	<b>1,065</b>	1,054
Employee contributions	<b>227</b>	245
Actuarial gain	<b>(4,157)</b>	1,863
Change in demographic assumptions	<b>(270)</b>	(2,352)
Loss on defined benefit obligation	<b>1,210</b>	-
Liabilities assumed on settlement	<b>2,098</b>	-
Benefits paid	<b>(1,086)</b>	(1,208)
Past service costs	<b>316</b>	39
Liabilities at end of period	<b>43,279</b>	<b>42,700</b>

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 18. Pension commitments *(continued)*

#### (b) Asset and liability reconciliation: *(continued)*

	2020 £000's	2019 £000's
<b>Reconciliation of assets</b>		
Assets at start of period	35,370	33,007
Interest on assets	846	838
Return on assets less interest	(2,881)	1,856
Other actuarial gains	293	-
Employer contributions	580	645
Employee contributions	227	245
Benefits received	(1,086)	(1,208)
Administrative expenses	(11)	(13)
Settlement received	4,075	-
Assets at end of period	<u>37,413</u>	<u>35,370</u>

#### (c) Return on scheme assets:

The overall return on scheme assets is estimated to be -5% in 2019/20. This figure will vary year on year depending on the assumptions made and the underlying distribution of the fund's assets which will vary during the year and as a result it is not appropriate to break down the return on assets across the different asset categories. Actual returns on scheme assets have been (£2,035,000) for the year to 31st March 2020.

#### (d) A full actuarial valuation was carried out for the defined benefit scheme at 31st March 2019 and updated to 31st March 2020 by Barnett Waddingham using the Projected unit method. The major assumptions used by the actuary were:

	2020 %	2019 %
Main assumptions:		
Rate of increase in salaries	2.90	3.90
Rate of increase in pensions in payment	1.90	2.40
Discount rate	2.35	2.40
Inflation assumption	1.90	2.40

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 18. Pension commitments *(continued)*

(e) Movement in deficit during the year:

	2020 £000's	2019 £000's
At 1st April	(7,330)	(8,774)
Current service cost	(1,176)	(1,278)
Net interest cost	(219)	(216)
Actuarial gains	629	2,345
Employer contributions	580	645
Past service costs	(316)	(39)
Administrative costs	(11)	(13)
Liabilities assumed on settlement	(2,098)	-
Settlement prices paid	4,075	-
At 31st March	<u>(5,866)</u>	<u>(7,330)</u>

The Council supports the annual pension contributions due from South Essex Homes including the back funding, through the management fee.

FRS 102 disclosures are not on the same basis as the triennial actuarial review of the pension fund valuation and the two are for different purposes. FRS 102 is a one off assessment at the year end for accounting disclosure purposes. The FRS 102 calculations are more prescriptive. At the current time they emphasise the liabilities and produce a balance sheet position worse than the triennial valuation position.

While the figure is substantial it should be remembered that:

- It is not an immediate deficit that has to be met now. The sum is the current assessment taking a long term view of the future liabilities both for existing pensioners and current employees who are accruing pension entitlement.
- It is not a problem unique to South Essex Homes or indeed ALMOs generally. There is a national problem for pension funds both private and public sector.
- The Essex pension fund is regularly reviewed and additional contributions have already been initiated to address the problem over a period of years.

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 18. Pension commitments *(continued)*

(f) Analysis of the amount charged to the income and expenditure account:

	2020 £000's	2019 £000's
Current service cost	1,176	1,278
Employer contributions	(580)	(645)
Past service costs	316	39
Administration costs	11	13
Settlement service costs	(1,977)	-
FRS 102 adjustment	<u>(1,054)</u>	<u>685</u>

Analysis of amounts charged to finance costs:

	2020 £000's	2019 £000's
Other finance costs: expected return on assets in the scheme	846	838
Other finance costs: interest costs	(1,065)	(1,054)
FRS 102 adjustment	<u>(219)</u>	<u>(216)</u>

During the year to 31st March 2020 the employer contribution rate was 22.2%. Essex Pension Fund have advised that the rate for the year to March 2021 will be 22.2%.

(g) Life assumptions:

	2020	2019
Life expectancy:		
Current pensioner aged 65		
male	21.8	21.3
female	23.7	23.6
Future pensioner aged 65 in 20 years' time		
male	23.2	22.9
female	25.2	25.4

# SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

## Notes to the Financial Statements

Year ended 31st March 2020

### 19. Operating lease commitments

At 31st March 2020 the company had the following total commitments under non-cancellable operating leases:

	2020 £000's	2019 £000's
Operating leases which expire:		
Less than one year	17	18
Two to five years	14	31
Total	<u>31</u>	<u>49</u>

The total charge taken to the income and expenditure account for the year amounted to £17,638 (2019 : £17,638).

### 20. Financial Instruments

	Company		Group	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Financial assets which are debt instruments measured at amortised cost	<u>884</u>	<u>426</u>	<u>951</u>	<u>529</u>
Financial liabilities measured at amortised cost	<u>3,839</u>	<u>5,044</u>	<u>4,248</u>	<u>5,171</u>

Financial assets measured at amortised cost comprise balances due from the Council and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

### 21. Ultimate parent and controlling company

The ultimate parent undertaking and controlling party is Southend-on-Sea Borough Council, which is a local government authority of the United Kingdom.

The consolidated financial statements as at 31st March 2020 of the Council are available to the public and may be obtained from Southend-on-Sea Borough Council, Civic Centre, Southend-on-Sea, SS6 2ER.

### 22. Post balance sheet events

Since the year end, the UK, and the whole world, has been struck by the Covid 19 pandemic. This does not have an effect on the financial position shown by these accounts, and they continue to be drawn up on a going concern basis as explained in the accounting policies. If required, the Company will be supported by the Council.



**SOUTH ESSEX HOMES**

**REPORT TO THE BOARD**

**AUDIT OF THE FINANCIAL STATEMENTS FOR**

**THE YEAR ENDED 31 MARCH 2020**



# **SOUTH ESSEX HOMES**

## **REPORT TO THE BOARD**

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# **SOUTH ESSEX HOMES**

## **REPORT TO THE BOARD**

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### **1 Introduction**

- 1.1 In accordance with International Standard on Auditing 260 (“Communication with those charged with governance”) we are setting out various matters relating to our audit of the financial statements of South Essex Homes (“the Company”) for the year ended 31 March 2020.
- 1.2 We can confirm that we have completed our audit work, subject only to the finalisation of our work in respect of the defined benefit pensions scheme, events since the balance sheet date and the receipt of a signed letter of representation. The Covid-19 situation has meant that the audit has been undertaken remotely and at a later date than had initially been anticipated when our audit plan was presented in February 2020. As a result of working remotely full access to all information that would normally be available on site has not been possible. Alternative procedures have been undertaken where necessary such that we are able to provide an audit opinion on the financial statements. We currently anticipate being able to give an unqualified opinion on these financial statements in accordance with the requirements of the Companies Act 2006.
- 1.3 Consolidated financial statements have been prepared again this year to include the results of South Essex Property Services Limited.

# SOUTH ESSEX HOMES

## REPORT TO THE BOARD

### 2 The Financial Statements

The consolidated financial statements can be summarised as follows:

#### 2.1 Income statement

	31 March 2020 £'000	31 March 2019 £'000
Turnover	12,115	11,330
Operating charges	(11,631)	(10,972)
	<u>484</u>	<u>358</u>
Interest income	42	30
<b>Operating surplus</b>	<u>526</u>	<u>388</u>
FRS 102 defined benefit pension scheme charges:		
Staff costs adjustment	1,054	(685)
Interest costs	(219)	(216)
	<u>          </u>	<u>          </u>
<b>Surplus/(deficit) before taxation per financial statements</b>	1,361	(513)
<b>Taxation</b>	(32)	35
	<u>          </u>	<u>          </u>
<b>Surplus/(deficit) for the financial year</b>	£ <u>1,329</u>	£ <u>(478)</u>

2.2 The group income statement has been presented in the above format in this report in order to show the results before and after adjustments required under FRS 102 in respect of the defined benefit pension scheme. The results before these adjustments are the results that management are able to influence and control. The FRS 102 defined benefit pension scheme adjustments are only known after the end of the financial year and are determined by the actuary of the Essex County Council Pension Scheme ("LGPS")

2.3 The group income statement can be considered to have four discrete components:

- There are the various overheads costs of the Company which are funded, in accordance with a budget, by a management fee from Southend-on-Sea Borough Council. To the extent that the actual costs are greater than or less than the management fee, the Company records either a deficit or a surplus.
- There are other company activities which fall outside of the management fee, but are performed for the council. These are invoiced separately.

## SOUTH ESSEX HOMES

### REPORT TO THE BOARD

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- There are commercial activities undertaken by the company such as the management of properties for other organisations.
- Finally, there are the commercial activities undertaken by the company's trading subsidiary, South Essex Property Services Limited.

2.4 We do not consider the surplus made by the Company in respect of the ALMO activity with Southend-on-Sea Borough Council to be taxable. Any other surpluses made will be subject to corporation tax. Our work in respect of taxation is set out in section 5.

#### 2.5 Group statement of financial position (balance sheet)

	31 March 2020 £'000	31 March 2019 £'000
<b>Net assets before FRS 102 defined benefit pension scheme adjustments</b>	2,776	2,282
FRS 102 net pension liability	(5,866)	(7,330)
<b>Net liabilities including FRS 102 defined benefit pension scheme</b>	<b>£ (3,090)</b>	<b>£ (5,048)</b>

2.6 The balance sheet of the Group shows net liabilities of £3,090,000 compared to £5,048,000 in the previous year.

2.7 We consider that the most meaningful figure in considering the ability of the Group to continue as a going concern is the net assets before the pension liability which amount to £2,776,000 (2019: £2,282,000). This is the surplus of the assets over the current liabilities and is therefore closer than other figures on the balance sheet to a cash flow measure. This, together with the knowledge that the Company generally forecasts a result close to breakeven, and that the management fee is received on a profiled basis from Southend-on-Sea Borough Council, is indicative of the robustness of the balance sheet.

2.8 The large liability of £5,866,000 (2019: £7,330,000) in respect of pension obligations is not an immediate liability to be met from cash flows: it represents the current best estimate of the pension deficit for those Company employees in the LGPS. The expectation is that future budgets presented to Southend-on-Sea Borough Council will include the appropriate amounts in respect of future employer contributions and that these contributions will be then be funded by the management fee.

## **SOUTH ESSEX HOMES**

### **REPORT TO THE BOARD**

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- 2.9 Under FRS 102 there is a requirement for the pension surplus or deficit to be shown on the face of the balance sheet. As noted above, there is also a requirement for the income statement to be amended in order to show pension costs based on the current costs accruing, rather than on the basis of the employer contributions payable to the scheme.
- 2.10 The net movements in the pension scheme liability are set out in the financial statements. The liability has fallen from £7,330,000 to £5,866,000, being a reduction of £1,464,000. Changes in a number of factors have resulted in this net reduction as set out in note 18 of the financial statements. One of the key factors that has impacted upon the deficit reduction is the capitalised gain on settlements which amounted to £1,977,000. The impact of the fall in the assumed rate of increase in salaries and pensions in payment which fell from 3.9% and 2.4% in 2019 to 2.9% and 1.9% respectively, which would have further reduced the estimated pension scheme liability, have been offset by the poor return achieved on the scheme assets.
- 2.11 Through the use of employee hosting via the company's subsidiary, South Essex Property Services Limited, the company should be able to limit its pension costs in respect of those particular employees as they will not be members of the LGPS. With the possibility that fewer members in general will be joining the LGPS in the future, there is the potential that there will be a need to increase the deficit funding plan for the scheme to cover those members currently in the scheme.

### **3 Main Areas of Audit Risk**

- 3.1 There is an audit risk that late costs may be incurred in relation to overheads of the Company. We therefore carry out a review of purchase invoices and payments after the end of the year in order to identify any such costs. We also seek to agree larger supplier balances on the bought ledger to statements from those suppliers.
- 3.2 There is a significant audit risk that the information in respect of the defined benefit pension scheme reporting requirements under FRS 102 may be presented incorrectly or may be based on inappropriate assumptions. We therefore review the detailed figures provided by the Actuary, including the assumptions, and carry out detailed reviews of the information provided in the financial statements with regard to the net pension liability and the pension costs. The impact of the Covid-19 pandemic could continue to impact upon asset values (including stock market valuations) and discount rates, both of which will have an ongoing impact upon the pension scheme.

## **SOUTH ESSEX HOMES**

### **REPORT TO THE BOARD**

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- 3.3 Covid-19 presents a significant risk for the economy, and the financial impact upon many businesses is likely to be severe and in some cases terminal. The Company has a management agreement in place to provide the ALMO services to Southend-on-Sea Borough Council which we understand is being replaced with a new Partnership Agreement. Given the nature of the company and its activities, we consider that the management team are taking the appropriate steps in order that the company can continue as a going concern for at least 12 months from the date of approving the financial statements.

#### **4 Controls**

- 4.1 During our audit we examined certain of the control procedures operated by the management team. We also reviewed the various reports issued by the internal audit service to the Company and do not consider that any of the matters raised have a material impact upon the financial statements or our report thereon.

#### **5 Taxation**

- 5.1 We are responsible for the corporation tax compliance work for the Company for the year ended 31 March 2020. This involves the preparation and filing of the statutory returns using the tax figures calculated by the Company's finance department.
- 5.2 It is our opinion that the nature of the surpluses made by the Company (comprising the making of savings on a management fee awarded by the sole member of the company) is such that they are not subject to corporation tax as they do not represent surpluses from a taxable undertaking.
- 5.3 During the year the Company has engaged in some trading activities, and as such any surplus in this area is subject to corporation tax.
- 5.4 A deferred tax asset was recognised within the group results last year which related to the tax effect of losses that had previously been accumulated within the trading subsidiary. This asset has largely been consumed this year as a result of the taxable profits made by South Essex Property Services Limited. Future profits could now result in corporation tax becoming payable by the subsidiary company, and we understand that the directors are reviewing the profit retention policy of the company as part of a tax planning exercise.

## **SOUTH ESSEX HOMES REPORT TO THE BOARD**

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### **6 Independence**

- 6.1 We can confirm that we consider the partners and employees of Scrutton Bland LLP and Scrutton Bland Limited to be independent of the Company, its subsidiary company South Essex Property Services Limited, and also Southend-on-Sea Borough Council.
- 6.2 In addition to the audit services, we provide tax compliance services to the company in respect of filing the statutory returns. The fee in respect of these services is very much less than our audit fee; we therefore do not consider that our undertaking this service impacts on our independence from the Company.

Scrutton Bland LLP

16 September 2020

DRAFT

**Letter of Representation**

**SOUTH ESSEX HOMES LIMITED**  
*Civic Centre*  
*Victoria Avenue*  
*Southend-on-Sea*  
*SS2 6FY*  
*Company Number: 05453601*  
*A company registered in England & Wales*

Scrutton Bland LLP  
Chartered Accountants  
and Statutory Auditor  
820 The Crescent  
Colchester Business Park  
Colchester  
CO4 9YQ

Dear Sirs

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and where appropriate, of inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the group's and parent company's financial statements for the year ended 31 March 2020.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

**Financial Statements:**

- 1 We acknowledge and have fulfilled, as directors, our collective responsibility under the Companies Act 2006 for presenting consolidated and parent financial statements (in accordance with the Companies Act 2006 and United Kingdom Accounting Standards), which give a true and fair view of the financial position of the group and company at the reporting date, and of the group's and company's results for the period then ended, and for making accurate representations to you. We confirm that we have approved the group's and parent company's financial statements for the year ended 31 March 2020.

## **SOUTH ESSEX HOMES**

### **REPORT TO THE BOARD**

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- 2 We confirm that the accounting policies and estimation techniques, including those measured at fair value and adjustments for consolidation purposes, adopted for the preparation of the consolidated and parent financial statements are the most appropriate to the circumstances in which the group and parent company operate.
- 3 We confirm that directors remuneration for the year totalled £45,495.
- 4 Other than as disclosed in the consolidated and parent financial statements, the company has not entered into any transactions involving directors, officers or other related parties, which require disclosure under the Companies Act or Financial Reporting Standards. Appropriate disclosure has been made of the control of the parent company.
- 5 We have disclosed all known or possible litigation and claims whose effects should be considered when preparing the consolidated and parent financial statements and these have been disclosed in accordance with the requirements of accounting standards.
- 6 The financial statements of the company have been prepared on the going concern basis as we believe that adequate cash resources will be available to cover the company's requirements for working capital and capital expenditure for at least the next twelve months. We are not aware of any other factors which could put into jeopardy the company's going concern status during or beyond this period, other than disclosed in the financial statements.
- 7 There have been no events since the balance sheet date affecting any part of the group which necessitate revision of the figures included in the consolidated or parent financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in these financial statements or inclusion of a note thereto, we will advise you accordingly.
- 8 We confirm that we have agreed the adjustment appended to this letter which has been made to the balance sheet which we presented to you for audit.
- 9 We confirm that we have considered the unadjusted errors advised to us by you. It is our view that the cost of making these adjustments to the financial statements outweighs any benefits that will be gained by the users of the financial statements. The combined effect of the unadjusted errors is not material and we do not consider that its absence from the financial statements affects the true and fair view given.



## **SOUTH ESSEX HOMES**

### **REPORT TO THE BOARD**

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- 10 With regard to the defined benefit pension plan, we are satisfied that:
- the actuarial assumptions underlying the valuation are consistent with our knowledge of the business;
  - all significant retirement benefits have been identified and properly accounted for; and
  - all settlements and curtailments have been identified and properly accounted for.
- 11 We confirm that all debtors are considered to be recoverable and that no provision is required.

#### Information provided:

- 12 All the accounting records of the parent company have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. We have provided to you all other information requested and given unrestricted access to persons within the entity from whom you have deemed it necessary to speak to. All other records and relevant information, including minutes of all management and shareholders' meetings, have been made available to you.
- 13 Other than those disclosed in the consolidated and parent financial statements we are not aware of any material liabilities, provisions, contingent liabilities, contingent assets or contracted for capital commitments, that need to be provided for or disclosed in the consolidated or parent financial statements.
- 14 We confirm that we have notified you of all related party relationships, and transactions that the group has entered into with those related parties during the year of which we are aware.
- 15 We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect errors or fraud, and have disclosed to you the results of our assessment of the risk that the parent financial statements may be materially misstated as a result of fraud. We are unaware of any irregularities within the group, including fraud and suspected fraud, involving management, employees or others who have significant roles in internal control, or those employed by the company where the fraud could have a material effect on the consolidated or parent financial statements. No allegations of such irregularities or breaches have come to our notice.

## **SOUTH ESSEX HOMES**

### **REPORT TO THE BOARD**

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- 16 We are unaware of any breaches or possible breaches of statute, regulations, contracts, agreements or the constitutions of any group companies which might result in the group company suffering significant penalties or other loss. No allegations of such irregularities or breaches have come to our notice.
- 17 We confirm receipt of your report to the Board.
- 18 We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession's ethical guidance which are in addition to the matters included in your external audit plan.
- 19 We confirm that although the Partnership Agreement is currently unsigned, it has been agreed in principle subject to approval by the Secretary of State.

Yours faithfully

Signed on behalf of the board of the Executive

Date:

Signed on behalf of the board of directors

Date

**SOUTH ESSEX HOMES**  
**REPORT TO THE BOARD**

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**Adjusted items within Company Financial Statements**

	Balance Sheet		I & E	
	Dr	Cr	Dr	Cr
Investments	156,000			
Impairment reversal				156,000

**Being release of previous impairment provision against subsidiary investment**

Pension liability	1,464,000			
Pension reserve		1,464,000		

**Being adjustment to scheme liability as provided by the scheme actuary**

1,620,000	1,464,000	0	156,000
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**Effect on company general reserve**

**156,000**

**The adjustment to the pension scheme reserve consists of elements that impact upon the reported surplus for the year, although ultimately these go into the pension reserve, and these can be broken down further as follows:**

Pension liability	1,464,000			
Actuarial movements		629,000		
Staff costs pension scheme adjustment				1,054,000
Interest cost pension scheme adjustment			219,000	

**Being further analysis of adjustment to pension scheme liability**

**SOUTH ESSEX HOMES**  
**REPORT TO THE BOARD**

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**Unadjusted errors within Company Financial Statements**

		Balance Sheet		I & E	
		Dr	Cr	Dr	Cr
Current asset investments			24,588		
Cash at bank	24,588				
<b>Being adjustment of bank balances classified as investments</b>					
Employees hosted in SEPS					13,717
Agency costs				13,717	
<b>Being adjustment of agency costs included in SEPS recharge nominal</b>					
	24,588	24,588		13,717	13,717
Effect on company general reserve profit				-	

**Management Letter**

The Directors  
South Essex Homes Limited  
Civic Centre  
Victoria Avenue  
Southend-on-Sea  
SS2 6FY

Dear Sirs

**South Essex Homes Limited**

Following our recent final audit in connection with the financial statements for the year ended 31 March 2020, we are writing to bring to your attention certain matters that we have identified during the course of our work. We hope that you will find our comments helpful.

Our work during the audit included an examination of some of the company's transactions and procedures with a view to expressing an opinion on the financial statements for the year. This work was not directed primarily towards discovering weaknesses or towards the detection of fraud. We have only considered matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

Our work also included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company. This review identified no significant matters which we believe are necessary to draw to your attention.

## **SOUTH ESSEX HOMES REPORT TO THE BOARD**

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We would like to draw your attention to the following points:

### **Going Concern**

#### **Pension liability**

The balance sheet includes a large provision of £5,866,000 in respect of the FRS 102 defined benefit pension fund deficit. The inclusion of this provision means that there is a deficit of member's funds of £3,090,000 for the company. If the future performance of the pension scheme remains identical to the assumptions made by the Actuary, then there would need to be an increase in total contributions into the pension scheme in order to cover the funding shortfall. We consider that the financial statements should continue to be prepared on the going concern basis, provided that the directors are of the view that increased pension contributions in future years will be met by the funding received each year from Southend-on-Sea Borough Council.

#### **Impairment reversal**

The investment of £425,001 held in South Essex Property Services Limited had previously been fully provided against due to the historic losses made within that company. Following its change in activities and the profit levels achieved, an impairment reversal of £254,000 was processed last year, with a further £156,000 reversed in the year to 31 March 2020. The investment is being carried in the company financial statements at an amount equivalent to the net asset position of South Essex Property Services Limited as at 31 March 2020. It is anticipated that the remaining impairment provision will fully reverse in the next financial year based upon the results that are being forecast in the subsidiary company.

### **Conclusion**

If you require any further information or assistance, we shall be very pleased to help you.

We would appreciate an acknowledgement of the receipt of this letter and look forward to receiving your comments when you have had the opportunity of considering the matters that we have raised.

This letter is for private use only. It has been prepared on the understanding that it will not be disclosed to any third party, or quoted to or referred to, without our prior written consent and we assume no responsibility to any other party.

We should like to take this opportunity of thanking you and your staff for the assistance and co-operation we have received during the course of our work.

Yours faithfully

Scrutton Bland LLP

## Southend-on-Sea Borough Council

Executive Director (Finance & Resources) : Joe Chesterton

📍 Civic Centre, Victoria Avenue, Southend-on-Sea, Essex SS2 6ER

☎ 01702 215000

🌐 [www.southend.gov.uk](http://www.southend.gov.uk)

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lives better  
[www.southend.gov.uk](http://www.southend.gov.uk)



Mr Tim O'Connor,  
Scrutton Bland  
820 The Crescent  
Colchester Business Park  
Colchester  
Essex  
CO4 9YQ

Our ref: SEH2019-20SB  
Your ref:  
Date: 10<sup>th</sup> September 2020  
Telephone: 01702 534033  
Email: [sibongilebanda@southend.gov.uk](mailto:sibongilebanda@southend.gov.uk)

Dear Mr O'Connor

### Representation Letter in respect of South Essex Homes Limited

This representation letter is provided in connection with your audit of the financial statements of South Essex Homes Limited for the year ended 31<sup>st</sup> March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2020 and of its profit or loss and cash flows for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, in accordance with the Companies Act 2006.

I confirm, to the best of my knowledge and belief and having made appropriate enquiries, the following representations:

#### Management Fee

The management fee and service charge fee payable to South Essex Homes Limited in respect of core housing services provided to Southend-on-Sea Borough Council amounts to £5,871k for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

#### Intercompany Balances

All amounts due to and payable by Southend-on-Sea Borough Council as at 31<sup>st</sup> March 2020 in respect of services exchanged between South Essex Homes Limited and the Council have been identified and notified to South Essex Homes Limited, so that accounting entries in relation to these can be considered complete.

As at 31 March 2020, the amount payable to South Essex Homes Ltd accounts (items over £500) was £441,239.23 plus VAT where appropriate, and the amount receivable was £2,077,772.81 plus VAT where appropriate.

#### Going Concern and Pension Liabilities - FRS17

Under FRS102 the Company must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31<sup>st</sup> March 2020 there was a net deficit of £5,866k in respect of the Company's pension liabilities. As at 31 March 2019 the company also had a retained surplus of £2,776k in respect of its Profit and Loss reserve. The parent organisation,

Southend-on-Sea Borough Council, therefore, undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Joe Chesterton', with a long horizontal flourish extending to the right.

**Joe Chesterton**

Executive Director (Finance & Resources)

**T:** 01702 534033

**E:** [sibongilebanda@southend.gov.uk](mailto:sibongilebanda@southend.gov.uk)



# South Essex Homes Limited

## Report of Financial Services Manager

To

**The Board**

On

**21<sup>st</sup> October 2020**

Report prepared by Daniel Lyons  
Tel: 01702 212605

Agenda  
Item No.

**11**

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### Company Assurance Report as at 31<sup>st</sup> August 2020

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## **1 Purpose of Report**

- 1.1 To provide the Board with a high level statement of assurances relating to the financial and operational performance of the company.

## **2 Recommendations**

- 2.1 The Board are recommended to:
- 2.1.1 Note the update provided on financial information as at August 2020.
- 2.1.2 Note the Key Performance Indicators position as at August 2020.

## **3 Financial Update**

### **3.1 Introduction**

- 3.2 This report sets out the actual expenditure on the operating budget and revenue repairs budget to 31<sup>st</sup> August 2020.

### **3.3 Expenditure for 2020/21**

Description	Budget for year £000	Budget to 31 <sup>st</sup> Aug £000	Actuals at 31 <sup>st</sup> Aug £000	Variance To date £000
Management Fee Income	6,216	2,821	<b>2,822</b>	1
Service Charge Income	3,976	1,595	<b>1,659</b>	64
Careline & Other Income	755	472	<b>457</b>	(15)
Commercial Income	191	80	<b>121</b>	41
Operating costs & Interest	(11,130)	(4,614)	<b>(4,306)</b>	308
<b>Profit / (Loss)</b>	<b>8</b>	<b>354</b>	<b>753</b>	<b>399</b>

Description	Budget for year £000	Budget to 31 <sup>st</sup> December £000	Actuals at 31 <sup>st</sup> December £000	Variance To date £000
Revenue Repairs Budget	5,758	2,400	1,933	466
Capital Programme	6,562	1,312	960	352

### 3.4 The Operating Budget

3.4.1 The main variances to date on the Operating Budget are detailed below;

3.4.2 The Employee budget is £129k underspent (4%), the budget is carrying a full year budget of £96k for posts associated with the new Partnership Agreement. These posts have not been utilised and so £40k of the underspend can be attributed to this. Part of the underspend is also due to the recent pay award not yet being applied. This amounts to an underspend to end of August of £40k (Board members should note the National pay award has been applied in September 2020 and subsequent reports will reflect the impact of this award). The remaining £49k underspend can be attributed to vacant posts across the organisation. These are most noticeably in the Executive Management Team structure and the Estate Services Team structure which both have underspends to date of around £50k. These underspends are partly offset by posts which the Board had agreed to fund from reserves such as the Fire Safety Manager.

3.4.3 The Premises budget is down on budget by £63k to date. The majority of this underspend (£45k) is attributable to the Estate Services Team. The grounds maintenance budget is £19k underspent to date, this is due to the budget being inflated in 2020/2021 by £50k to allow for an anticipated rise in the SLA charges. This increase has not yet materialised. The monitor is also showing an underspend against Rubbish Collection, but we are missing invoices for one period of Extra Collections from Veolia and the Tipping fees for August. When these are considered, we will see this £18k underspend reduce to around zero.

3.4.4 The Legal and Insurance budget is down by around £12k on budget. Due to the COVID-19 pandemic we would expect to see this due to the suspension of court activities at this time.

3.4.5 Mileage costs for staff are significantly down against budget contributing to a lower than expected Transport cost at this point in the year. With staff working from home and travel for meetings and appointments reduced significantly this is not a surprise and a trend we will continue to see whilst staff continue to work from home.

3.4.6 The ICT costs are also lower than expected at this point in the year. This is partly due to a delay in charging for annual licenses and software products but is also partly due to ICT projects being on hold whilst the Council's ICT Team is restructured.

### 3.5 Revenue Repairs

- 3.5.1 The Revenue Repairs Budget is underspent by £466k to date which is largely due to the suspension of works during the COVID-19 pandemic.
- 3.5.2 The Responsive Repairs and Voids areas are underspent by £42k and £50K respectively. As these are price per property (PPP) contract amounts we would not expect these to significantly vary from budget and the contractual amount has continued to be paid to Morgan Sindall during the suspension.
- 3.5.3 All planned areas of activity are currently significantly underspent. However, we should now see spend in these areas increase as we go through the remainder of the year. It is not yet known how this will impact this overall spend by year end and the Finance Team will be working with the Property Services Team over the coming weeks to establish the longer-term financial impact of the suspension of works.

### 3.6 Capital Programme

- 3.6.1 There is an underspend of £352k on the Capital Programme to date. During the lockdown period the Capital Programme was considerably delayed and subsequently rescheduled. The budget has therefore been altered to reflect the revised working arrangements in place after the suspension of works during much of the start of the year

## 4 **Key Performance Indicator Exceptions**

- 4.1 The Performance Report for the period April 2020 to August 2020 is shown at **Appendix 1**.
- 4.2 The following Key Performance Indicators have either missed the target for the month of August or are at risk of missing the annual target at year end.
- 4.3 SEH KP7 – Void Turnaround Time – The Void turnaround time has been adversely impacted by the COVID-19 pandemic. All properties were held void during the lock down and the Tenancy Team are now working through the backlog to ensure all properties are brought back into use as quickly as possible with the resources available. Additionally, the figures have also been impacted by properties that were originally taken by SBC for homelessness and then returned back to us to let. 39 hard to let properties also had to be re-advertised due to lack of interest which increases the overall void time further. Additional resource has been secured to assist with the backlog and it is hoped that we will be back within target times by December.
- 4.4 SEH KP17 – Gas Safety Certificates – 110 properties (from 4,699 on the gas service programme) have exceeded their service anniversary. All these are a result of difficult access and ongoing difficulties caused by the COVID-19 pandemic. The Tenancy Team are working to reduce these numbers as quickly as possible and are working with tenants to find suitable appointments for Aarons to visit. Where access for the gas safety check continues to be problematic the Tenancy Team will ensure all relevant steps are taken (including legal action if necessary) to have a valid gas safety certificate in place.

- 4.5 SEH KP19 – % non-decent Council homes - After the suspension of works due to COVID-19 we are now seeing works resume and progress being made towards ensuring homes meet the decent homes standard.

## **5 Diversity and Equality**

- 5.1 There are no direct Equality and Diversity implications arising from this report.

## **6 Financial Implications**

- 6.1 The financial implications are incorporated in the body of the report.

## **7 Resident Consultation**

- 7.1 Residents are indirectly involved in budgetary control as they are involved in reviewing our performance on a regular basis.

## **8 Background Papers**

- 8.1 None

## **9 Appendices**

- 9.1 Appendix 1 – Key Performance Indicator Report

## August 2020 Performance Report Board

August 2020 performance report



PI Status		Long Term Trends		Short Term Trends	
	Alert		Improving		Improving
	Warning		No Change		No Change
	OK		Getting Worse		Getting Worse
	Unknown				
	Data Only				

Code	Short Name	2019/20	July 2020	August 2020	2020/21	Long Term Trend Arrow	Current Target	Traffic Light Icon	Latest Note
		Value	Value	Value	Value				
SEH KP 4	Collection rate for rents	99.45%	97.74%	98.51%	99.52%		98.60%		Although there is always monthly fluctuation in rent collection figures in August the rent collection was just below the target, and the overall year to date figure is 99.52% this is above the target of 98.60%. There has been no reduction in recovery activity, and every effort has been made by the frontline teams in encouraging and supporting residents throughout the pandemic and enabling them to pay their rent. Nevertheless, we do still need to be mindful that the collection rate could be impacted by COVID 19 over the forth coming months, and of course the continuing impact of Welfare Reform.
SEH KP 5	Current rent arrears as % of rent due	2.17%	2.30%	2.40%	2.40%		2.70%		This indicator represents the current arrears as a percentage of the total rent collectable for the year. I am pleased to report that we are on target this month and the teams are continuing to work hard and adapting to new ways of working to ensure that we are both supporting tenants and maximising the Councils rental income stream throughout this pandemic. It is too early to predict the full impact of

Code	Short Name	2019/20	July 2020	August 2020	2020/21	Long Term Trend Arrow	Current Target	Traffic Light Icon	Latest Note
		Value	Value	Value	Value				
									COVID 19, because we have yet to see the impact of the furlough scheme coming to an end on the 31st October, together with the possibility of a second spike and the continued rollout of Universal credit. Undoubtedly the level of arrears is likely to continue to increase however we will continue to closely monitor the situation and provide regular updates.
SEH KP 7	Void turnaround time	20.2	104.2	59.3	79.9	↓	17.0	🛑	The Void turnaround time has been adversely impacted by the COVID-19 pandemic. All properties were held void during the lock down and the Tenancy Team are now working through the backlog to ensure all properties are brought back into use as quickly as possible with the resources available. Additionally, the figures have also been impacted by properties that were originally taken by SBC for homelessness and then returned back to us to let. 39 hard to let properties also had to be re-advertised due to lack of interest which increases the overall void time further. Additional resource has been secured to assist with the backlog and it is hoped that we will be back within target times by December.
SEH KP12a	Responsive contractor repairs completed in target times	88.22%	98.55%	97.82%	98.55%	↑	98.0%	⚠️	
SEH KP12b	Gas contractor repairs completed in target times	99.95%	100.00%	100.00%	100.00%	↑	100.00%	✅	
SEH KP17	Gas safety certificates	99.97%	96.78%	97.66%	97.66%	↓	100.00%	🛑	110 properties (from 4,699 on the gas service programme) have exceeded their service anniversary. All these are a result of difficult access and ongoing difficulties caused by the COVID-19 pandemic. The Tenancy Team are working to reduce these numbers as quickly as possible and are working with tenants to find suitable appointments for Aarons to visit. Where access for the gas safety check continues to be problematic the tenancy team will ensure all relevant steps are taken (including legal action if necessary) to have a valid gas safety certificate in place.

Code	Short Name	2019/20	July 2020	August 2020	2020/21	Long Term Trend Arrow	Current Target	Traffic Light Icon	Latest Note
		Value	Value	Value	Value				
SEH KP19	% non-decent council homes	2.3%	14.3%	14.1%	14.1%	↓	9.9%	🛑	After the suspension of works due to COVID-19 we are now seeing works resume and progress be made towards ensuring homes meet the decent homes standard.
SEH KP24	Working Days Lost Due to Sickness Absence	9.33			1.13	↑	0.75		There have been changes at the supplier of the sickness reporting service which has led to difficulties in obtaining reliable up to date figures. The HR Business partner is currently working with First Care to resolve these issues.
SEH KP25 (F2)	Total Complaints responded	141	6	6	23	↓		📈	
SEH Local R13	Current rent arrears (in cash)	£709,832	£749,313	£781,709	£781,709	↓		📈	This is the base figure used in the calculation of KP5, so please see comments under this indicator above
SEH Local R13a	Former tenants' arrears	£420,499	£424,336	£428,158	£428,158	↓		📈	
SEH Local R14	FTAS as a percentage of debit	1.04%	1.05%	1.07%	1.06%	↓	1.20%	✅	The Former Tenant Arrears is a constantly moving figure in that any termination, be it an eviction or a tenant termination their tenancy voluntarily will create a former tenant debt, therefore it is quite difficult to predict the levels of new debt. Nevertheless, we are currently achieving the target this year, and there is no reason at this stage in the year why we shouldn't achieve the target.
SEH Local V3	Void loss as % of debit	1.81%	2.65%	2.70%	2.51%	↓		📈	
SEH Local V8	Percentage of property void & re-lettable	1.27%	1.86%	1.73%	1.73%	↓		📈	