

South Essex Homes Limited

Board Meeting

Date: Tuesday 21 July 2020

Time: 3.00pm Via MS Teams

Board Agenda

| | Item | Lead Person | Indicative Timing |
|-----------------------------|---|-----------------------------|--------------------------|
| 1. | Welcome and Introductions | | |
| 2. | Apologies for Absence | | |
| 3. | Declarations of Interest | | |
| <u>PUBLIC AGENDA</u> | | | |
| 4. | Morgan Sindall – The First Year, Presentation and Responsive Repairs Report | Sarah Lander | 20 mins |
| 5. | Draft Public Minutes & Matters arising from the Board Meeting held on 4 December 2019 | Roger Eastwood | 10 mins |
| 6. | Coronavirus – Organisational update | Mike Gatrell/ Simon Putt | 5 mins |
| 7. | Chair's Remarks | Roger Eastwood | 10 mins |
| 8. | Residents' "Voice Your View" | Simon Putt | 5 mins |
| 9. | Governance & Stewardship | Simon Putt | 10 mins |
| 10. | Company Assurance Report as at 30 June 2020 | Daniel Lyons | 15 mins |
| 11. | Health & Safety Compliance Report | Mario Ambrose | 10 mins |

| | | | |
|-----|--|---------------|---------|
| 12. | Fire Safety – Oral Update | Mario Ambrose | 10 mins |
| 13. | Draft Unaudited Accounts 2019/2020 | Daniel Lyons | 10 mins |
| 14. | Date of Next Meeting – 21 October 2020 at 3pm | | |

A close-up photograph of a white surface, likely a piece of machinery or a vehicle, featuring the Morgan Sindall logo. The logo consists of the words "MORGAN" and "SINDALL" in a bold, sans-serif font, stacked vertically. Below the text is a thick red horizontal bar. The background is slightly blurred, showing a black component with a gold-colored connector.

South Essex Homes

Glenn Monksfield – Partnership Director
Paul Reader – Director

Challenges and Solutions

Management and resources

- Poor performance at the start of the contract allowed the work in progress to build
- The right process/culture are now embedded in the contract
- Increased the direct delivery team to 27 operatives and implemented upskilling programmes
- Senior management involvement and development of close working relationship with SEH

Information technology

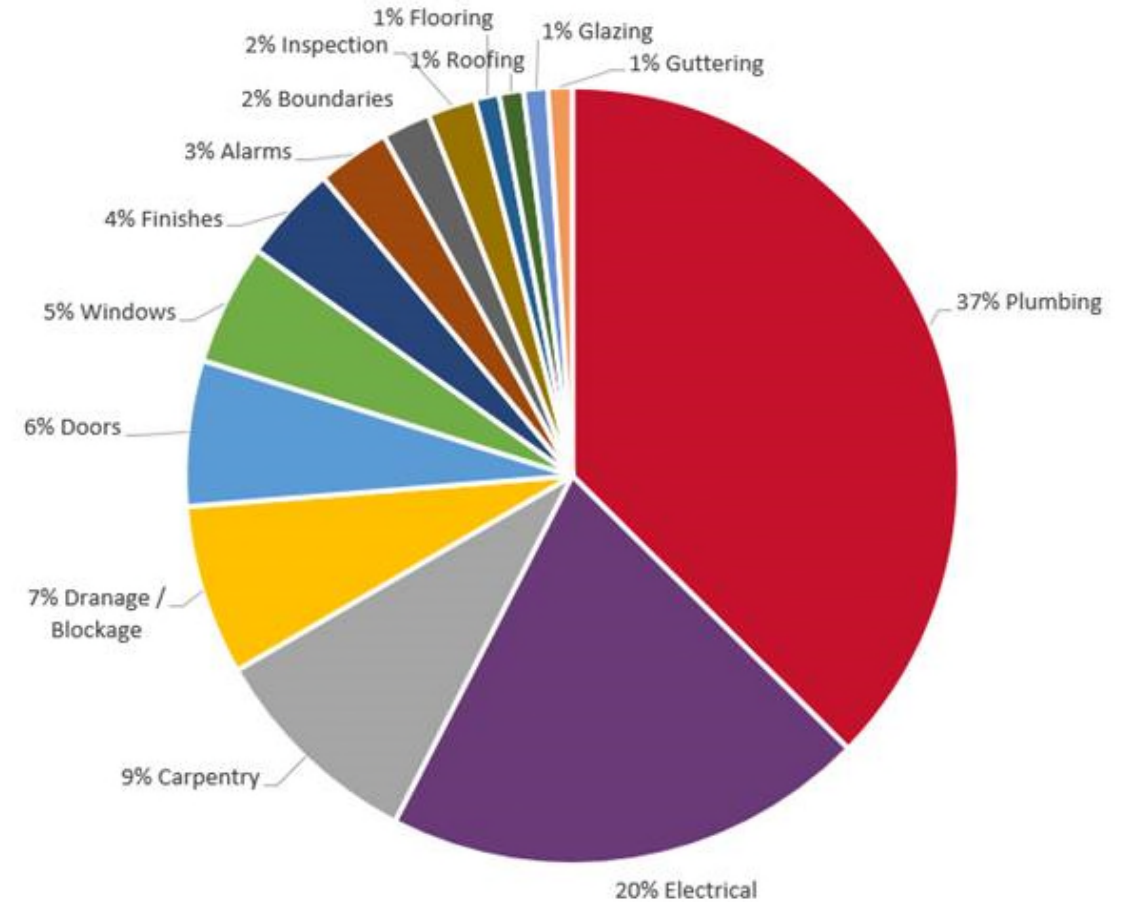
- Dynamic scheduling, Rant & Rave and use of data

COVID -19

- Joint approach to meet the challenge of pandemic
- Implemented repair strategy and Safe Systems of Work
- Regular review of government guidance and resources

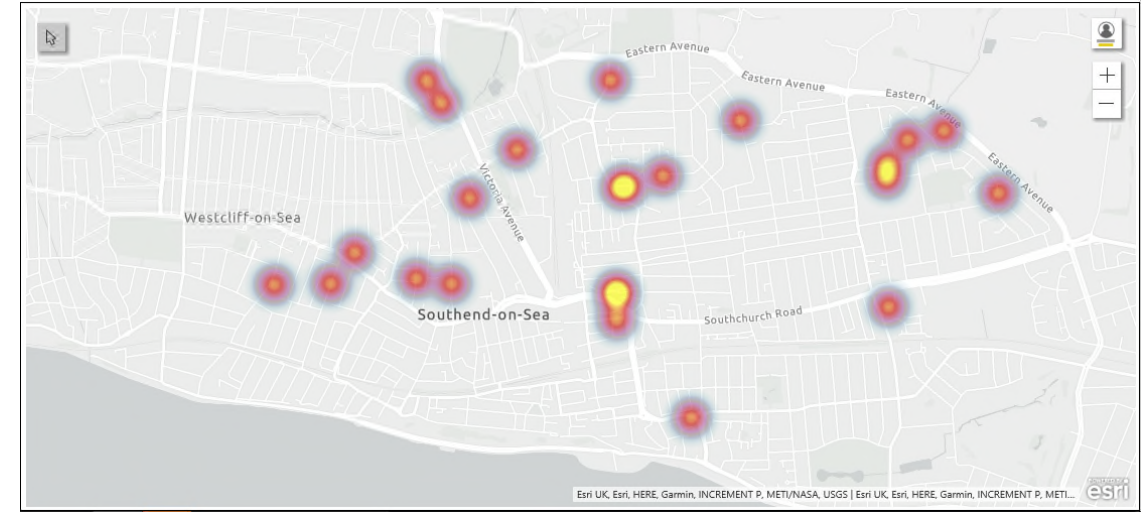
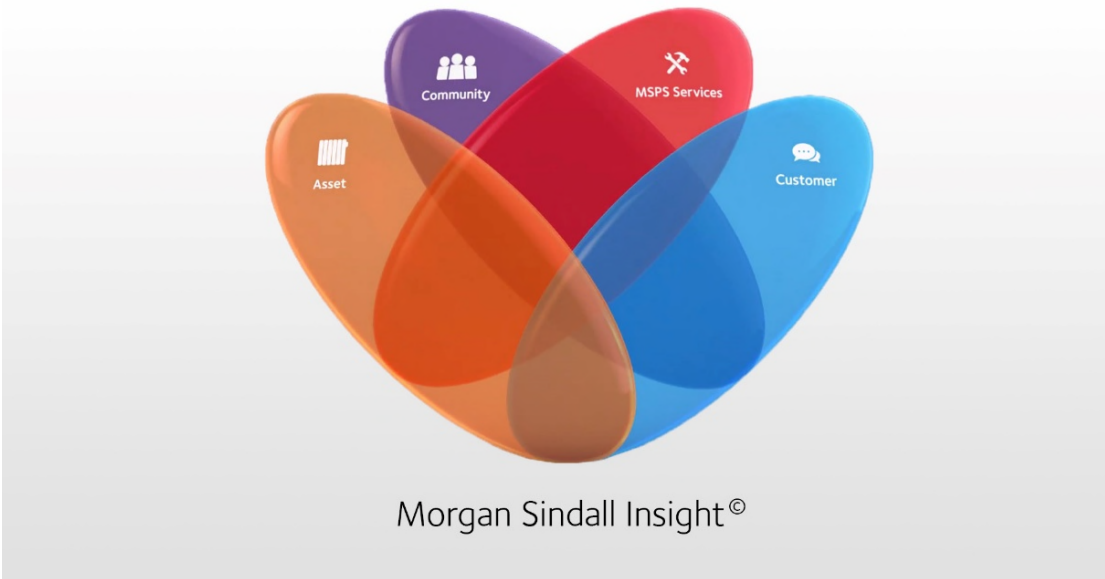
First 16 months

- Completed 21,387 repairs
- Installed 18 new Kitchen and Bathrooms
- Completed 674 void property reinstatements



Strategic Approach to Maintenance

- Commencing 100 targeted Property Services
- Understand root cause of high repair demand



Average of 2.8 repairs per property
8% of dwellings responsible for 24% of all repairs
Top 10 flats with an average 22 repairs per property
Top 10 houses with an average 28 repairs per property

Rant & Rave

465 Items of feedback

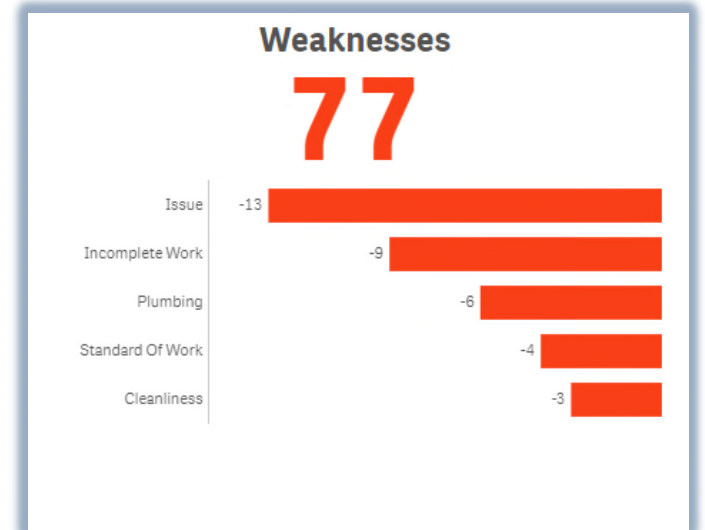
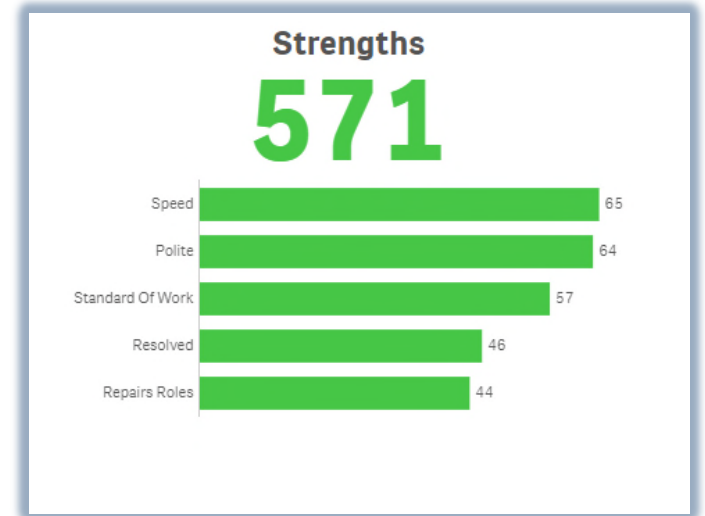
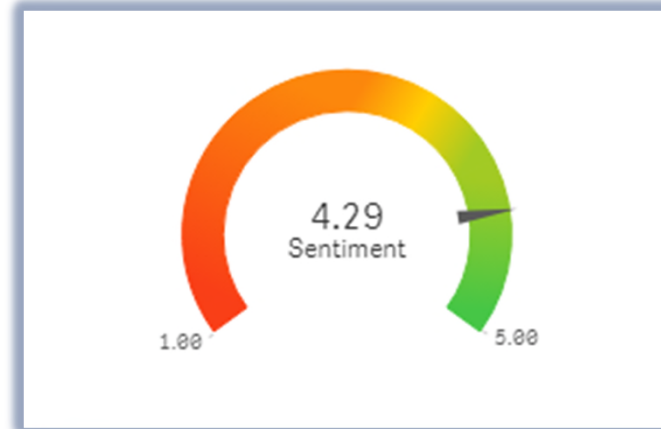
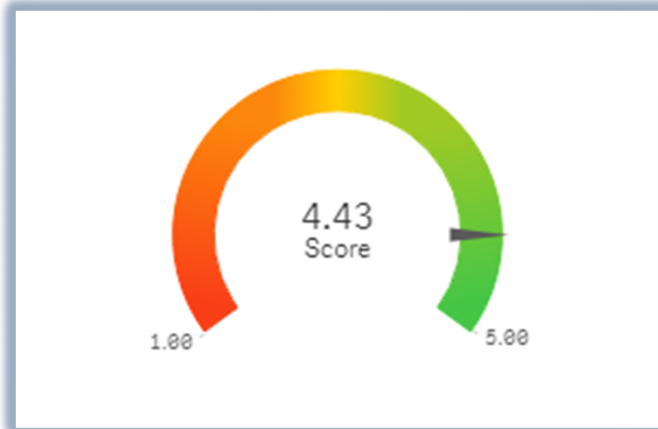
763 Topics

584 Insights

Most talked about **Standard of Work**

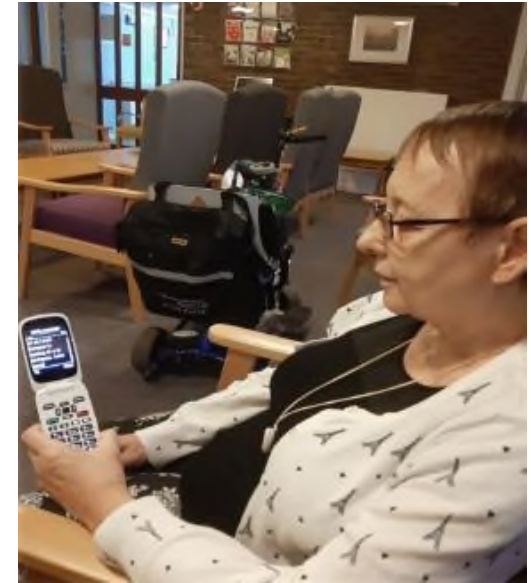
Most positive **Polite**

Most negative **Issue**



Social Value - Progress to Date

- **Digital Inclusion Programme** - in sheltered housing schemes and Employability sessions at Southend Hub
- **Apprentice** - multi-trade operative Corinne Brown
- **Residents Training Programme** – 17 residents engaged in courses such as Emergency First Aid, Food Hygiene & Customer Service.
- **Schools Programme** - 389 students engaged via careers/educational events.
- **Mentoring Programme** - 9 students from Eastwood Academy.
- **Schools Partners** - Chase High School, Eastwood Academy & Victory Park Academy.



Adapting our approach

- Comprehensive package of COVID-19 support measures including accredited online courses and virtual employability and CV sessions.
- Mentoring sessions during lockdown to support those furthest away from the job market and workshops aimed at supporting lone parents.
- Volunteering by our staff - delivering food parcels, shopping for residents and helping to transport furniture.





Questions?

South Essex Homes Limited
Report of Assistant Director, Operations
to
The Board
on
21 July 2020

Report prepared by Sarah Lander
Tel: 01702 212698

**Agenda
Item No.**

4

Responsive Repairs Performance Report 2019-2020

A Public Agenda Item

1 Purpose of Report

- 1.1 To provide the Board with an update on the performance of Morgan Sindall, our Responsive Repairs Contractor, following completion of the first year of their contract.
- 1.2 To consider how this performance impacts on the longer-term delivery of this contract.

2 Recommendations

- 2.1 The Board are asked to note the performance by Morgan Sindall in delivering a responsive repairs service to our tenants during 2019/2020.
- 2.2 The Board are not recommended to award an additional year extension to the original five year term of the contract at this time.

3 Background

- 3.1 Morgan Sindall were awarded a five-year contract to carry out the responsive repairs and voids works in the Council's properties from April 2019. This is a 'five plus five' contract and its conditions allow for an additional five years to be awarded dependent on performance assessed on a year on year basis. What this means in practice is that if Morgan Sindall perform to the required standard and meet the agreed targets in year one (2019/2020) then they would be awarded a sixth year and so on. For example, if performance is met in four out of the first five years then they would be awarded an additional four years, bringing the contract term to nine years.
- 3.2 Morgan Sindall have now been delivering this contract for just over a year, so it is timely to consider whether an additional year should be granted based on their performance in the first year.

3.3 The Board has considered key performance indicators throughout the year and noted a consistent under performance in delivery of the repairs service. A poor start in undertaking void works within time and allowing levels of routine repairs work to build up (Works in Progress – WIP) unfortunately, meant that by the time the necessary process improvements were made by Morgan Sindall, that it was not possible to make up this deficit. This resulted in all targets for 2019/2020 being missed except for emergency repairs.

4 Responsive Repairs

4.1 Summary of responsive repairs performance in 2019/2020;

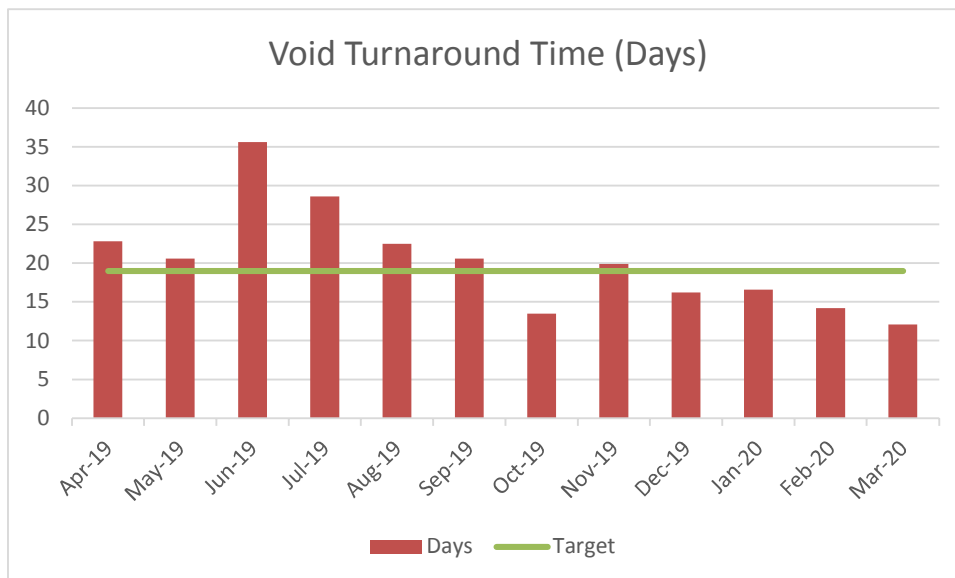
- Morgan Sindall have been very good at attending to emergency repairs throughout the year and have achieved an overall performance of **97.51%** against a target of 97%
- there have been a number of issues throughout the year with Morgan Sindall completing urgent repairs. These appear to be caused by lack of management control of work orders and staff shortages. Overall performance for the year is **90.42%** against a target of 97%
- there have been significant issues with Morgan Sindall completing routine works in the required timescales due to staffing/capacity issues within the company. This was raised formally with Morgan Sindall's Directors on numerous occasions throughout the year and formed the key planning and discussion point of the monthly strategic meetings which have been in place since August 2019 between both the Operational and Senior Management of South Essex Homes and Morgan Sindall. From this point on, Morgan Sindall did provide additional resources and focus to reduce the number of WIP considerably. However, the knock-on effect of this was that many of the work orders that were being completed were already out of time which affected the indicator % routine repairs completed in target time. Due to this slow start in addressing the problem, there was insufficient time for the improvements that were finally implemented to make an adequate impact on performance. This resulted in overall performance of **84.26%** against a target of **97%**.

4.2 Further details of the annual performance of repairs completed in target time and average days to complete all repairs can be found in **Appendix 1**.

5 Voids

5.1 During 2019/2020 we identified a similar issue with Morgan Sindall's performance in delivering void works in line with their targets, due to the failure of having the correct infrastructure in place at the start of the contract. Morgan Sindall rely on sub-contractors to undertake voids work, which involves going through their own procurement process before they can be accepted to work on this contract. Unfortunately, at the start of the contract there were insufficient sub-contractors in place to deal with the numbers of voids. Morgan Sindall resolved this by the end of July 2019, where they had appointed a further 3 sub-contractors.

5.2 Furthermore, at the start of the contract there were some issues with Gas Safety and Electrical tests/paperwork not being issued in a timely way to SEH's Voids Team, which delayed tenancy sign ups. However, we noted a significant improvement in performance from September 2019 once these issues were ironed out and void quality has improved. The chart below demonstrates the annual performance in void turnaround.



5.3 End of year position 20.2 days achieved against a target of 19 days.

6 Decent Homes work

6.1 In addition to voids and responsive repairs work, Morgan Sindall has undertaken a small number of kitchens, bathrooms and rewires which contributed towards the decent homes programme in 2019/2020. This work was done to a good standard, efficiently programmed and with residents very satisfied with the results.

7 Summary and changes implemented to address performance issues

7.1 While it is reasonable to expect some teething problems during the first year of a contract, it has nonetheless been disappointing that operational issues were not rectified quickly enough by Morgan Sindall to deliver the high-quality repairs service we expect. However, a significant number of changes have been made in the latter half of the year, to give us some confidence that improvements are bedding in and performance is now much better.

7.2 Morgan Sindall has;

- revised its local management structure to ensure the proper focus is given to reducing WIP levels and completing works orders in target time. Numbers of WIP has reduced from over 1500 in September 2019 to 361 at week commencing 29 June 2020. All current jobs are within target time

- worked with us positively and closely through the Covid pandemic to ensure all emergency orders are delivered and routine works, and voids managed. Performance indicators so far in 2020/2021 demonstrate that all targets are being met
- worked with sub-contractors more effectively and keeping SEH apprised of improvements in their processes which enable works to take place promptly and more economically (for example new training to enable single operatives to carry out certain roof repairs)
- along with the Council's ICT Team and key SEH staff supported an accelerated programme to integrate its ICT system (MSI) with the Repairs ICT system that we use at SEH in time for the introduction of our new repairs contact centre
- launched its 'Rant and Rave' customer feedback application which allows residents to feedback their views on the repairs service after each job, either by text or email. This has only been in place since April 2020 and volume of response is still quite low, but initial trends are very positive
- begun developing plans with SEH, now that the day to day repairs services is performing well, to deliver elements of this service more strategically, for example coordinated 'estate days' between SEH and MS to deal with all communal repairs in a block or area there and then. Also 'bundling up' of non-urgent smoke alarm replacements so they can be undertaken in a planned way during times when responsive repair requests are typically lower. Morgan Sindall have also provided us with a Repair Demand Analysis which enables us to target areas and individual properties which report most repairs and work proactively to identify why this is and inform planned maintenance programmes.

7.3 In conclusion, Morgan Sindall's failure to meet the required standard of repairs delivery during the first year of their contract and their lack of timely response to remedy the concerns when highlighted by SEH Contract Managers, means that South Essex Homes should not endorse granting a one year extension of the original contract at this time. However, we are encouraged that significant improvements are now being embedded by an effective local management team who work very well with our own revised responsive repairs management team. We are optimistic that this positive relationship will continue and result in an excellent, customer focused responsive repairs service.

8 Equality and Diversity

8.1 There are no specific equality and diversity implications associated with this report.

9 Risk

9.1 The responsive repairs service is vital to get right as it underpins how we maintain the Council's properties, and more importantly, affects all of our tenants in a direct way. If this contract is not delivered in line with the performance targets set and tenants, the Council's and SEH's expectations,

then this would be a significant risk to our organisation's effectiveness and reputation. This is reflected in our Corporate Risk Register.

10 Financial Implications

- 10.1 The financial implications of delivering the responsive repairs service are factored into existing budgets.

11 Resident Consultation

- 11.1 The success of this contract is in large part informed by tenants' views of the repairs service. Morgan Sindall test customer feedback using their 'Rant and Rave' software and South Essex Homes is about to undertake telephone surveys of our tenants using the Star Survey methodology.

12 Background Papers

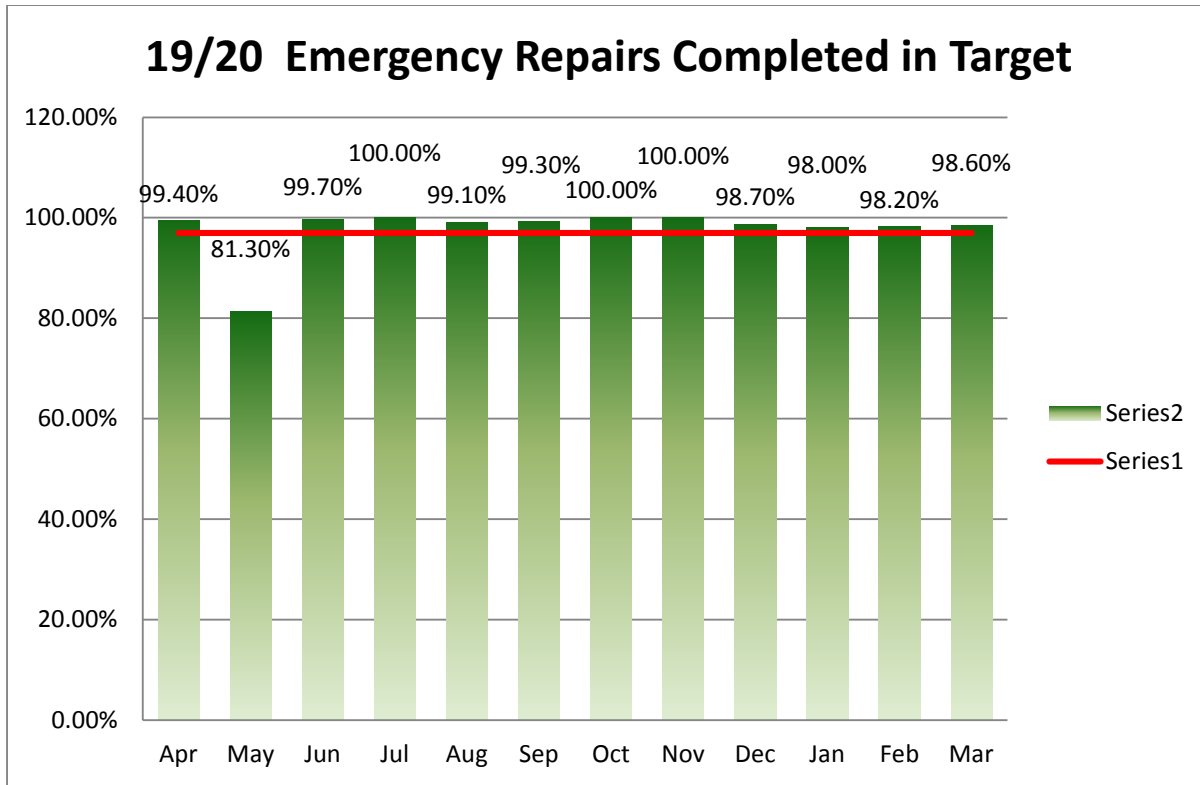
- 12.1 None

13 Appendices

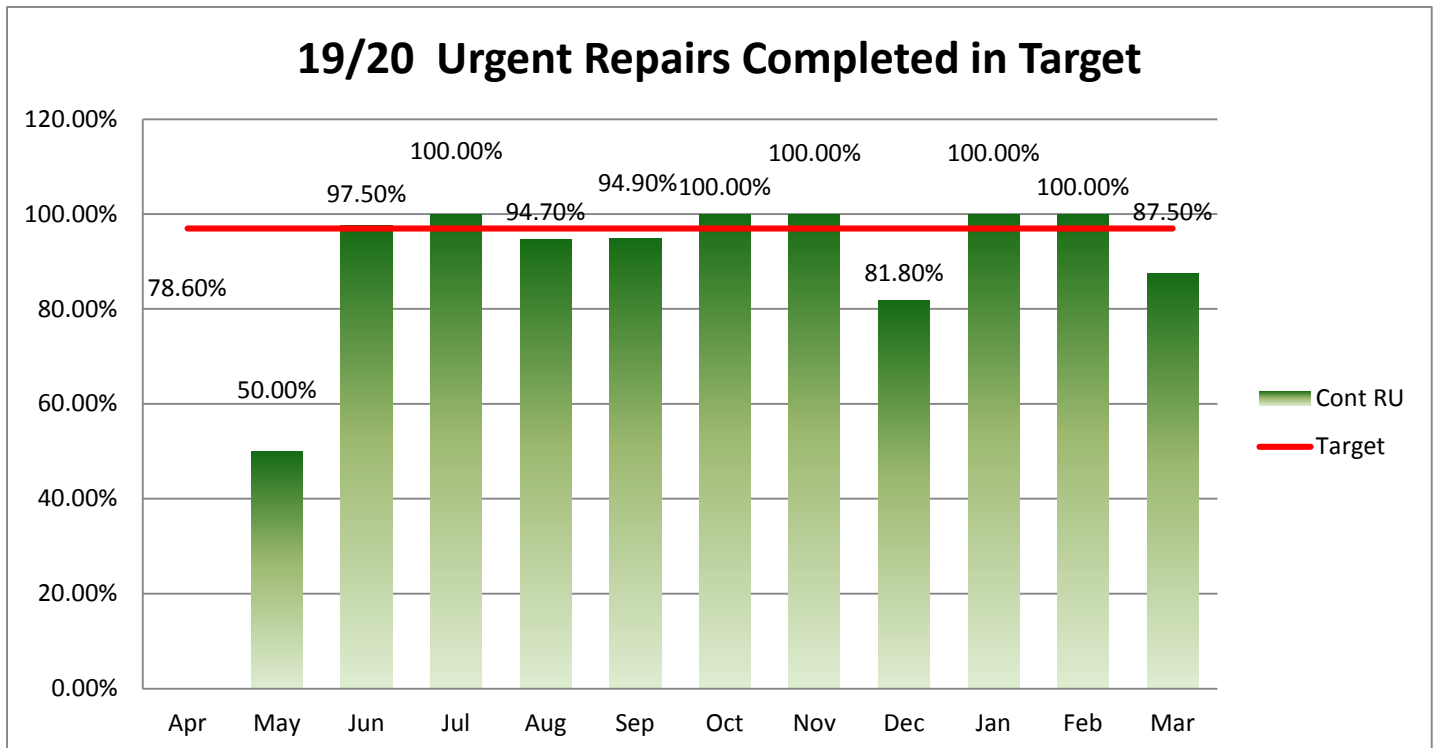
- 13.1 Appendix 1 – Summary of Repairs Performance Indicators for 2019/2020

Appendix 1 to Agenda Item 4 - Summary of Repairs Performance Indicators for 2019/2020

Emergencies Completed in target time

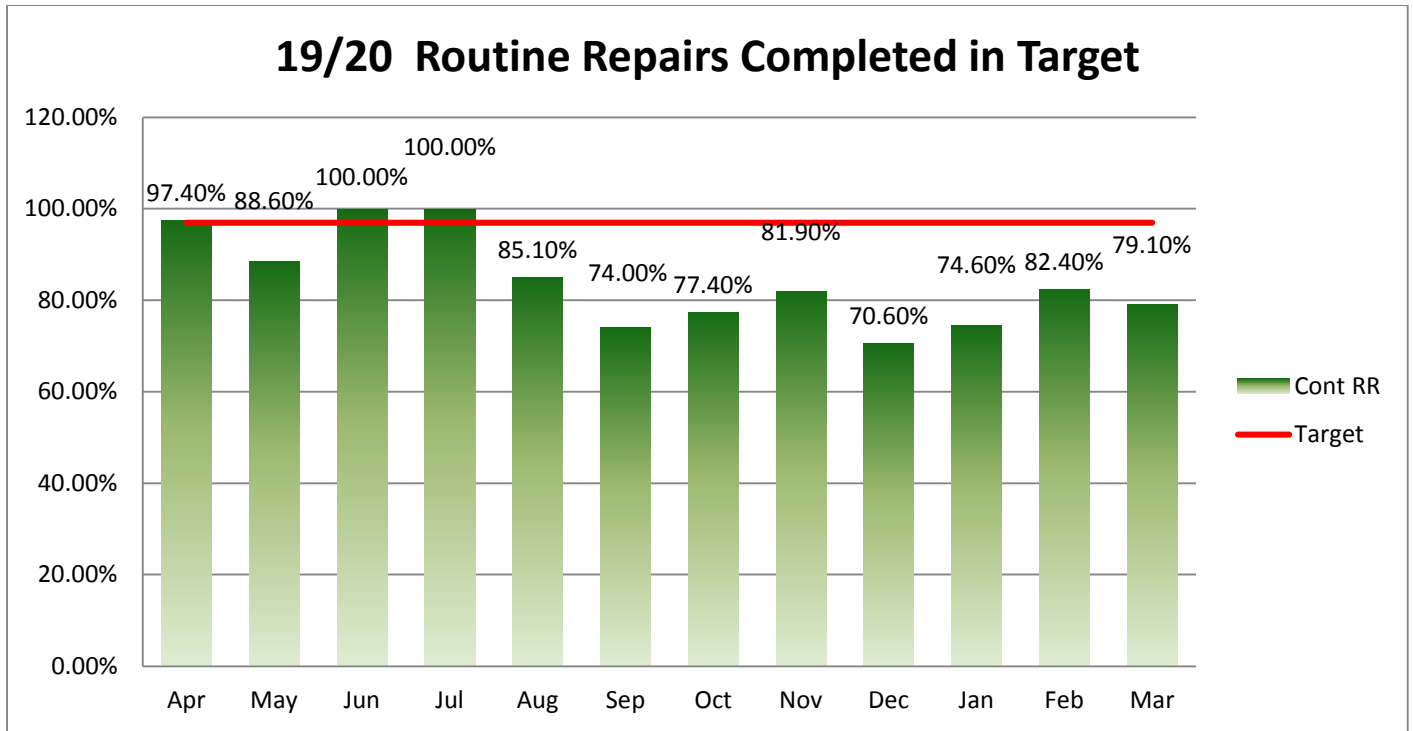


Urgent Repairs Completed in target time

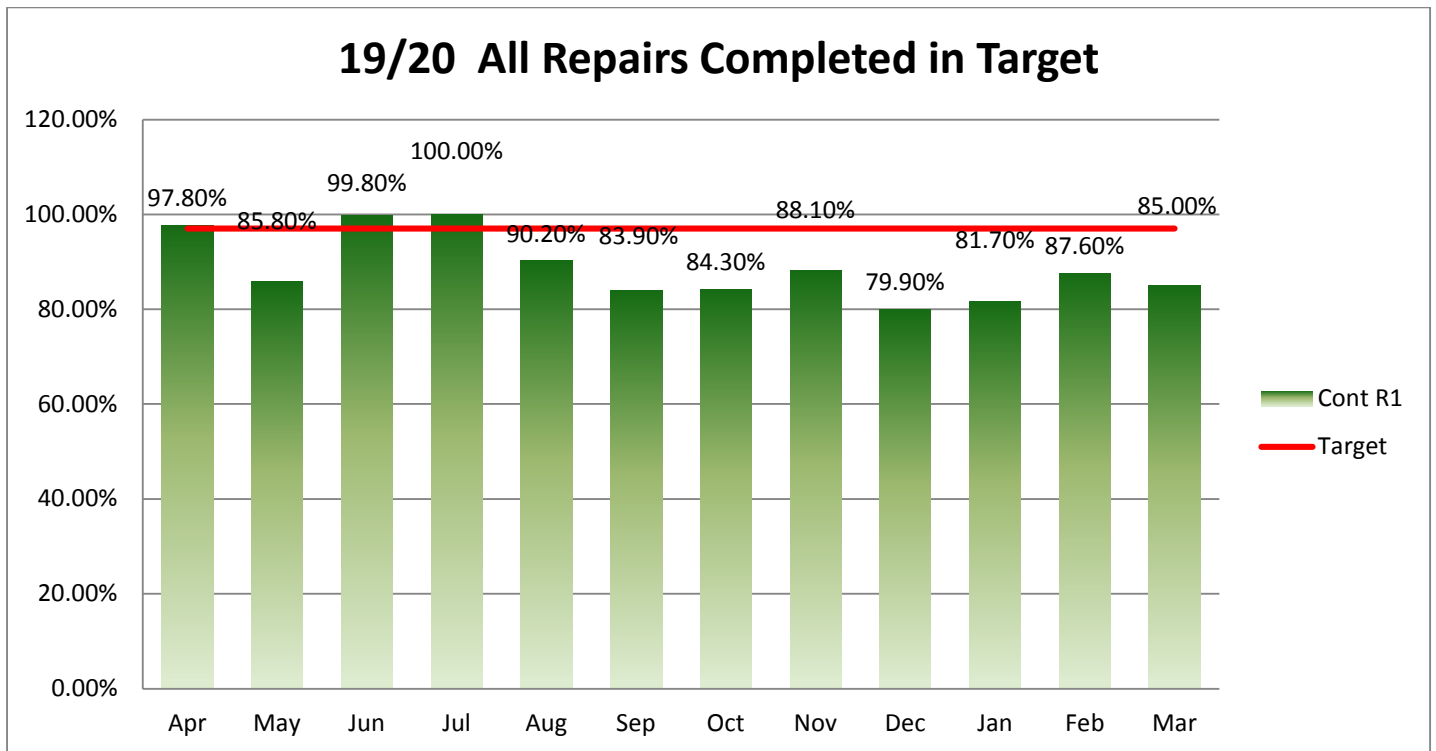


Appendix 1 to Agenda Item 4 - Summary of Repairs Performance Indicators for 2019/2020

Routine Repairs Completed in target time

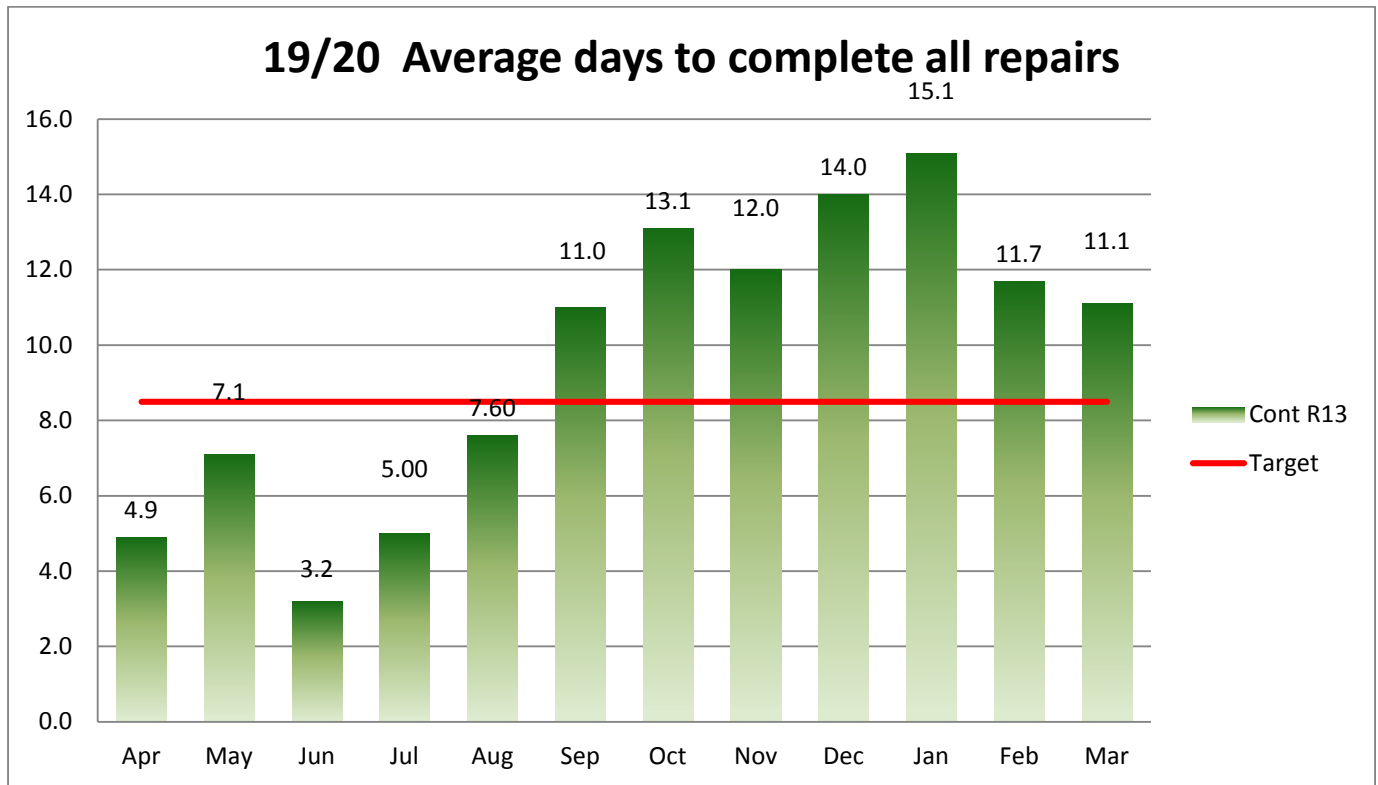


ALL Repairs Completed in target time



Appendix 1 to Agenda Item 4 - Summary of Repairs Performance Indicators for 2019/2020

Average days to complete all repairs



South Essex Homes Limited

Minutes of Board Meeting

Date: 4 December 2019

Time: 5:00 pm

Tickfield Centre

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

In Attendance: Mike Gattrell - Chief Executive; Chris Vaughan, Director of Business Development; Mario Ambrose – Director Operations; Simon Putt – Group Manager; Sarah Lander – Assistant Director Operations; Beverley Gallacher – Assistant Director Commercial; Paul Longman – Group Manager Property Services; Tim Holland, Interim Head of Housing, SBC; Daniel Lyons – Financial Services Manager; Carol Cooper – Board Support

Minutes of Board Meeting

Action

| | PUBLIC AGENDA | |
|-----------|--|--|
| 1. | Welcome and Introductions | |
| 1.1 | RE welcomed everyone to the Board Meeting. | |
| 2. | Apologies for absence | |
| 2.1 | Apologies for absence were received from Margaret Borton | |
| 3. | Declaration of Interest | |
| 3.1 | There were no declarations of interest. | |

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|-----------|--|-----------|
| 4. | Minutes & Matters Arising from the meeting held on 16 October 2019 | |
| 4.1 | RE made 1 amendment in item 6.3 word altered from security to scrutiny. | |
| 4.2 | The minutes were agreed as a true and accurate record of the meeting. | |
| 5. | Chair's Remarks | |
| 5.1 | RE provided Board Members with an update on the NFA's "making a difference" document, together with the date for the NFA Annual Conference which he encouraged Board members to attend. CC to circulate the conference flyer. | CC |
| 5.2 | RE circulated a document from Diane Nicholls on behalf of the Scrutiny panel regarding Housemark and STAR survey. DL confirmed that SEH are a member of Housemark and that their new methodology is due to be released in January. This will be incorporated into SEH's standard reporting and will be reported to the Board. | DL |
| 5.3 | RE provided Board Members with an update from the Homes UK Conference making particular reference to the Homes Fit for Habitation Act, which he believes will provide the industry with many challenges. | |
| 5.4 | The Board Away Day on 4 February will focus on SEH's future vision and strategy. The plan is for the Board to meet prior to lunch to discuss the strategic plan and then for Ian Gilbert, the Leader of the Council and Alison Griffin, Chief Executive of Southend Borough Council to attend to discuss their vision for SEH. | |
| 5.5 | RE suggested that Eamon McGoldrick, MD of the NFA could be invited to give a presentation to assist SEH with their future vision and strategy. | |
| 5.6 | MG to develop agenda for RE and Board's input. | MG |
| 5.7 | MG to develop new business plan and vision following away day. | MG |
| 6. | Residents' Voice Your View | |
| 6.1 | SP advised there were no residents' voice your view enquiries. | |
| 7. | Governance and Stewardship | |
| 7.1 | SP gave an overview of the report. | |
| 7.2 | SL confirmed that she had received an expression of interest for the safeguarding role and will provide an update at next Board meeting. | SL |

| | | |
|---|---|-----------------------------------|
| <p>7.3</p> <p>i)</p> <p>ii)</p> <p>iii)</p> | <p>Recommendations:</p> <p>The Board agreed to appoint Chris Silvey to the Personnel and Remuneration Committee</p> <p>The Board considered appointing a safeguarding champion and will await a further update from SL</p> <p>The Board noted the annual analysis of Board Member attendance</p> | |
| <p>8.</p> <p>8.1</p> <p>8.2</p> <p>8.3</p> <p>8.4</p> <p>8.5</p> <p>8.6</p> <p>8.7</p> | <p>Company Assurance Report as at 31 October 2019 including Management Fee Bid</p> <p>DL gave an overview of the report.</p> <p>DJ confirmed that following the Audit & Risk Committee meeting held prior to the Board meeting, the Committee were happy to recommend the Board to accept the proposed Management Fee Bid.</p> <p>DJ asked for information as to why the complaints have increased significantly. SL updated that some of the increase is due to responsive repairs and the handover from Kier to Morgan Sindall. There had also been a number of complaints regarding ASB which were not complaints involving SEH's service. SP and SL had met to discuss the definition of a complaint and following this it was believed the upward trend would not continue.</p> <p>SP to provide more detailed information, regarding the type of complaints and the areas concerned, to provide assurance to Board Members that complaints are being dealt with effectively and there are no specific issues effecting service delivery. RE suggested that the A&R Committee look at complaints providing the necessary assurance to Board as required.</p> <p>MD requested clarity regarding the issue of Broadband costs in Sheltered Schemes. DL explained that the issue is with our IT service provider (SBC) and due to a restructure there had been a delay. SP and DL are working with IT to get this resolved as soon as possible.</p> <p>Concern was expressed by the Board regarding the Morgan Sindall contract. MG suggested that Morgan Sindall should be invited to attend the next Board meeting, to explain the issues that have occurred within the contract so far, and what steps they will be taking to rectify these issues. CM requested that a report be prepared prior to the Morgan Sindall presentation laying out the issues from an SEH perspective, and the Board agreed that this would be added to the Away Day Agenda for discussion. MG agreed to contact Morgan Sindall to invite them to the next Board meeting in March.</p> <p>There was discussion regarding the reduction to the KPI target for voids, and Board Members agreed to increase the target to 19 days.</p> | <p>SP</p> <p>MG</p> |

| | | |
|-----|--|--|
| 8.8 | <p>Recommendations:</p> <p>i) The Board noted the updated financial information as at 31 October 2019</p> <p>ii) The Board noted the Key Performance Indicators position as at 31 October 2019</p> <p>iii) The Board agreed the revised target for SEH KP7 – Void turnaround time of 19 days as recommended by the Audit & Risk Committee</p> <p>iv) The Board agreed the Management Fee Bid, Service Charges increases, Heating Charge increases and proposed Repairs Budget for 2020/2021 for submission to Southend Borough Council as recommended by the Audit & Risk Committee.</p> | |
| 9. | <p>Partnership Agreement – progress update</p> <p>9.1 CV confirmed that the agreements had now been approved by the Council's Cabinet. He updated on the style of the agreements to work more closely together with the Council than previously.</p> <p>9.2 TH gave an update on the SBC view of the agreement and concurred that the agreement is transparent and will continue to supply the high level of service to our tenants.</p> <p>9.3 MG confirmed that the agreements will be taken before Council on the 17 December.</p> <p>9.4 DJ asked for clarification of the role of the Shareholder Board and how it connects with SEH. MG confirmed that the Shareholder Board was established 2017 in order for the Council to meet and receive updates on all of the companies that it owns. All SBC's companies are required to supply business plans and accounts to the Shareholder Board. MG confirmed that he, MD and RE attended the meetings on behalf of SEH.</p> <p>9.5 Recommendations:</p> <p>i) The Board accepted in principle and subject to finalisation the contract offered by Southend Borough Council for the provision of Housing related services 'The Partnership Agreement'.</p> <p>ii) The Board accepted in principle and subject to finalisation the Member Agreement.</p> <p>iii) The Board agreed to utilise the 4 February 2020 away day to determine the content of the 2020-2025 SEH Business Plan</p> | |
| 9a | <p>Southend on Sea Borough Council update for the South Essex Homes Partnership and Membership Agreements</p> <p>i) The Board noted the progress</p> | |

| | | |
|--|--|------------------|
| <p>10.</p> <p>10.1</p> <p>10.2</p> <p>i)</p> | <p>Health & Safety Compliance and Fire Safety Updates</p> <p>MA confirmed that he and MG had attended a recent seminar where the Regulator gave a presentation regarding Health & Safety. It was clear that there will be more scrutiny for all aspects of Health & Safety and not just Fire Safety. This enhanced focus on a key area of our responsibility is consistent with the EMT's proposal to review SEH's strategic approach to Health & Safety, following the appointment of the Fire Safety Officer. MA to provide a further update at the next Board meeting with recommendations for an independent and detailed review of our practices and procedures.</p> <p><u>Recommendations</u></p> <p>The Board noted the regular progress information provided by the Regulation Compliance Officer</p> | <p>MA</p> |
| <p>11</p> <p>11.1</p> | <p>Minutes from the Audit & Risk Committee Meeting held on 2 October 2019</p> <p>DJ gave an overview of the minutes.</p> | |

DRAFT

5. Chair's Remarks

- 5.1 RE provided Board Members with an update on the NFA's "making a difference" document, together with the date for the NFA Annual Conference which he encouraged Board members to attend. CC to circulate the conference flyer. **CC**

This was circulated and Meg Davidson will be attending

- 5.2 RE circulated a document from Diane Nicholls on behalf of the Scrutiny panel regarding Housemark and STAR survey. DL confirmed that SEH are a member of Housemark and that their new methodology is due to be released in January. This will be incorporated into SEH's standard reporting and will be reported to the Board. **DL**

DL confirmed that Housemark have yet to finalise the publication of the STAR regime. This is expected soon and a discussion will take place regarding implementation at that time.

- 5.7 MG to develop new business plan and vision following away day. **MG**

This is included in Agenda Item 17

7. Governance and Stewardship

- 7.2 SL confirmed that she had received an expression of interest for the safeguarding role and will provide an update at the next Board meeting. **SL**

Chris Silvey is interested in undertaking this role but sought confirmation that in doing so this would not mean he took on an additional personal liability. Chris Vaughan is awaiting legal advice. Chris Silvey has continued to work with Sarah Lander in an informal capacity to provide an alternative view of safeguarding.

8 Company Assurance Report including Management Fee Bid

8.4 SP to provide more detailed information, regarding the type of complaints and the areas concerned, to provide assurance to Board Members that complaints are being dealt with effectively and there are no specific issues effecting service delivery. RE suggested that the A&R Committee look at complaints providing the necessary assurance to Board as required.

SP

This information was provided to Audit & Risk Committee at February meeting

10. Health & Safety Compliance and Fire Safety Updates

10.1 MA confirmed that he and MG had attended a recent seminar where the Regulator gave a presentation regarding Health & Safety. It was clear that there will be more scrutiny for all aspects of Health & Safety and not just Fire Safety. This enhanced focus on a key area of our responsibility is consistent with the EMT's proposal to review SEH's strategic approach to Health & Safety, following the appointment of the Fire Safety Officer. MA to provide a further update at the next Board meeting with recommendations for an independent and detailed review of our practices and procedures.

MA

A verbal update will be given at the meeting.

Residents' Voice Your View

Question

To the Board

The role of a Resident Board Member is to make sure that the voices of the residents are heard at the top level enabling South Essex Homes to improve services to their tenants and Leaseholders.

To enable this to happen then a Resident Board Member should have interaction with residents and Leaseholders from across the Borough and attend Focus Groups and Southend Tenants and Residents Federation meetings to gain a knowledge of the issues that will be talked about at Board Meetings and also to hear residents' views and concerns at Federation Meetings.

This is the only way that a Resident Board Member can fulfil their duties to the people they represent at a top level.

If it is felt that a Resident Board Member is not, or is unable to fulfil their duties representing tenants and Leaseholders issues due to not having attended Focus Groups or Federation Meetings, and therefore not having the relevant knowledge, or not had interaction with residents from across the Borough, not just from their own location, where they can learn of any issues or concerns from the people they represent, is there a process where that Resident Board Member could be removed from the Board before their Term of Office has finished?

Bob Ayriss,

(Vice Chair of Southend Tenants' and Residents' Federation).

Response

The Board of South Essex Homes like many other ALMOs operate in accordance with the Articles of Association registered with Companies House, in accordance with the Companies Act 2006.

Tenant and Independent Board Members are appointed by the Board following a selection process in accordance with the Board's recruitment policy.

In addition the Council currently nominates 3 Board Members on an annual basis.

Once appointed to the Board, **all** Board Members (Non-Executive Directors) share responsibility for all the Board Decisions, and must act in the best interest of the organisation and for the benefits of the community and not on behalf of any constituency or interest groups.

Board Members should collectively possess the qualities required to take decisions and monitor the organisation's performance and discharge its responsibilities effectively.

All Board Members are bound by the Articles of Association and by any rules made under the Articles. They shall cease to be a Board Member in the circumstances set out in the Articles. This can include: becoming bankrupt, having been absent for more than 6 consecutive months from meetings, and for a Tenant Board Member where they cease to be a tenant or are in serious breach of their tenancy conditions.

South Essex Homes Limited

Report of Head of Corporate Resources and Income Management

to

The Board

on

21st July 2020

Report prepared by Simon Putt
Tel: 01702 212624

Agenda
Item No.

9

Governance and Stewardship

A Public Agenda Item

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 agree 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.

2.1.2 To note the position with regard to the forthcoming Tenant Board Member vacancy.

2.1.3 To agree 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**)

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

- New business opportunity South Essex Property Services (SEPS)
- Key performance indicators and targets for 2020/2021 SEH
- Budgets 2020/2021 South Essex Homes (SEH)

3 Background

3.1 Board Appointments

3.1.1 The effect of S.78 of the Coronavirus Act 2020 and the associated Flexibility Regulations was to remove the requirement for a Council to hold an Annual Council meeting in 2020 and current appointments (including the position of Mayor) will continue until the next annual meeting in May 2021. Therefore, the nominees for the Board of South Essex Homes for a further period of one year remain unchanged and they are: Cllrs: Meg Davidson, Margaret Borton and Peter Wexham.

3.1.2 Board Members will be aware that Barbara Lambert's term as a Tenant Board Member comes to an end on the 25th July 2020. An advert was placed in Insight magazine which was sent to all residents in May with a closing date of the 26th June 2020. Unfortunately, there have been no applications, therefore we will be re advertising in the next edition of Insight, which is due to be sent out in August 2020, when it is hoped that that there will be more interest.

3.2 Audit and Risk Committee's Annual Report 2019/2020

3.2.1 The Audit and Risk Committee met on 18th June 2020 and agreed the Annual Report, which included the Governance Statement for 2019/2020 and the Governance Action Plan for 2020/2021 (contained in **Appendices 1, 2 and 3**). The Annual Governance Statement will be included within the final accounts.

3.3 Chair's Action

3.3.1 The Chair of the Board and the Vice Chair of the Board have agreed three Chair's Action for the period from 27th March 2020 until 27th May 2020.

3.3.2 At the Board meeting scheduled to be held on the 19th March 2020, there was a report from SEPS on a new business opportunity. Given the critical importance of this area of activity and the timescale to respond to the proposal the Company Secretary sought the Chair and Vice Chair's approval to agree to pursue the proposal to transfer of the "Repairs" call handling service from the current provision within Southend Borough Council's Contact Centre to a new Contact Centre operated by South Essex Property Services.

3.3.3 The original report is attached as **Appendix 4** for Board Member information.

3.3.4 At the Board meeting scheduled to be held on the 19th March 2020, there was a Board Assurance Report that included the Key Performance Indicator targets for 2020/2021. Given the critical importance of this area of activity the Company Secretary sought the Chair and Vice Chair's approval to agree the Key Performance Indicator targets for 2020/2021, to enable the Company to compare its performance to provisional targets for 2020/2021.

3.3.5 The original document is attached as **Appendix 5** for Board Member information.

3.3.6 At the Board meeting scheduled to be held on the 19th March 2020, there was a report on the final budget proposal for 2020/2021. Given the critical importance of this area of activity the Company Secretary sought the Chair and Vice Chair's approval to agree the budget, and allow the finance team to issue budgets and be able to effectively monitor the Company's financial position.

3.3.7 The original report is attached as **Appendix 6** for Board Member Information.

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 The only Financial implications are included in the relevant reports attached as Appendices.

7 Resident Consultation

7.1 Not applicable for this report.

8 Background Papers

8.1 South Essex Homes' Articles of Association

9 Appendices

- 9.1 Appendix 1 – Audit and Risk Committee’s Annual Report 2019/2020
- 9.2 Appendix 2 – Annual Governance Statement 2019/2020
- 9.3 Appendix 3 – Annual Governance Action Plan 2020/2021
- 9.4 Appendix 4 – Contact Centre proposals report to Board 19th March 2020
- 9.5 Appendix 5 – Key Performance Indicators and Targets document 2020/2021
- 9.6 Appendix 6 – Proposed Budgets Report to Board 19th March 2020

South Essex Homes Limited

Report of the Director of Business Development

To

Audit and Risk Committee

On

18 June 2020

Report prepared by Andrew Barnes, Head of Internal Audit

Audit and Risk Committee Annual Report 2019/2020

A Part 1 Public Agenda Item

Executive Summary

The Audit and Risk Committee Annual Report demonstrates that the Committee has appropriately delivered its role for the company, as defined in the Terms of Reference and enables the Committee to support the Annual Governance Statement that has been prepared by the company.

1 Purpose of Report

1.1 To provide the Board with an assessment of:

- the Audit and Risk Committee's (the Committee) compliance with relevant good practice guidance on the operation and effectiveness of such Committees
- whether it has:
 - seen sufficient evidence during the year to be able to give a view on the accuracy of the Annual Governance Statement
 - successfully discharged its role as set out in its Terms of Reference for 2019/2020.

2 Recommendations

2.1 The Board approves the:

- **Audit and Risk Committee's Annual Report that demonstrates it has successfully delivered the requirements of its Terms of Reference in 2019/2020.**
- **Annual Governance Statement and supporting action plans contained at Appendices 5, 6 and 7.**

3 Background

The Audit and Risk Committee's Role

- 3.1 The purpose of such a Committee is to provide to those charged with governance, independent assurance on the:
- adequacy of the risk management framework and internal control environment
 - integrity of the financial reporting and annual governance processes.

Source: CIPFA: Audit Committees, Practical Guidance for Local Authorities and Police 2018

Operating Arrangements and Effectiveness of the Audit and Risk Committee

- 3.2 The Committee operates under Terms of Reference that are reviewed regularly and approved by the Board. For 2019/2020, they:
- were reviewed and approved in February 2019 by the Committee with only minor amendments being made, before going to the Board
 - reflected the requirements of the relevant CIPFA Guidance and were supported by an annual work programme.
- 3.3 Membership is reviewed at least annually. During 2019/2020, the Committee had five Members including one that had 'recent relevant financial experience' as the Chair, who is also a qualified accountant. The Committee has a strong independently minded Chair, who displays an appropriate depth of knowledge and skills as well as a genuine interest in the work of the Committee. Members are:
- balanced, objective and independent of mind
 - unbiased, treating officers, management and auditors fairly, as well as being able to challenge them effectively when required.

This complies with good practice guidance.

- 3.4 Members receive training when a specific need is identified.

A three year programme of workshops arranged to be held each September commenced in 2018, which:

- started by reminding members of what the role of the Committee is
- explored in more detail the type of assurance the Committee should be receiving in different areas of its remit and how this should be challenged by members.

Future training needs are discussed with Members as part of the annual performance assessment process, during committee meetings or directly with auditors as issues arise. A Committee skills stocktake is going to be undertaken during 2020/2021.

The Committee continues to be provided with briefings or information papers on relevant current issues as they arise during the year e.g. CIPFA Better Governance Forum newsletters.

- 3.5 Good practice recommends that the Committee:
- meets at least four times a year, which it did, actually meeting five times, with meetings being timed to enable it to deal with specific elements of its remit
 - is able to meet privately and separately with the external auditor and the Head of Internal Audit, which it has also done during the year.

The Committee reports to the Board following each meeting by the submission and adoption of its minutes.

- 3.6 In order for the Committee to operate effectively it requests:
- attendance of key officers, both internal and external to the company
 - that reports be presented to it by officers and auditors regarding the activities that fall within its remit.

The schedule of attendance at **Appendix 1**, demonstrates:

- full compliance with the quorate requirements
 - key officers regularly attended meetings as requested
 - other officers attended as necessary to present specific reports.
- 3.7 The Committee members receive Internal Audit reports when they are issued as final. Therefore, any clarification from services regarding issues identified in audit reports or work being done to address them, is done outside of Committee meetings.
- 3.8 **Appendix 2** shows that the Committee has a high level of compliance with the good practice guidance which covers its operating arrangements. There are no actions for the Committee to take with regard to this assessment.
- 3.9 **Appendix 3** demonstrates that the Committee has continued to be effective in supporting improvement and added value to the company in areas covered by its work programme.

Work planned to further strengthen the company's governance arrangements includes:

- refreshing the company assurance map, so that it focusses on the key performance indicators that forms part of the performance agreement with the Council that commenced during 2019/2020
 - the Committee receiving regular reports from the new Counter Fraud and Investigations Team.
- 3.10 Therefore, it is possible to conclude that the Committee has continued to comply with recognised good practice guidance on the operation and effectiveness of Audit and Risk Committees, throughout the year.

Progress made in implementing improvement opportunities identified is reported to the Committee regularly throughout the year.

Annual Governance Statement

- 3.11 On an annual basis, the Committee is required to consider the Annual Governance Statement (AGS) and decide whether to recommend its adoption to the Board.

It is then provided to Southend-on-Sea Borough Council (the Council) for consideration when preparing its own AGS.

- 3.12 In order for the Committee to be able to give a view on the AGS, it needs to satisfy itself that:

- it has received sufficient evidence during the year covering all areas of its responsibility
- the AGS reflects its understanding of how the company's risk management, control and governance framework has operated throughout the year.

- 3.13 **Appendix 4** summarises the reports presented to the Committee during 2019/20 compared to its key areas of responsibility as outlined in its Terms of Reference. This demonstrates that it has received relevant information in the majority of these areas, setting out both expectations and actual performance in delivering them.

- 3.14 Work is underway to complete the annual Manager Assurance Statements which require services to assess the level of compliance with key governance criteria in their area, throughout the year. As a result of the Covid-19 emergency and the need for the company to focus on it's response to that emergency, the production of Manager Assurance Statements has been delayed until later in the year.

- 3.15 However, it is possible to conclude that the Committee has received sufficient assurance during the year to enable it to discharge the role delegated to it by the Board.

- 3.16 The minutes of the meetings demonstrate that the Committee has challenged the assurance presented to it and sought additional information or evidence until it is satisfied that the risk, internal control or governance issue has been satisfactorily addressed.

- 3.17 **Appendix 5** is the company's Annual Governance Statement for 2019/2020. This reflects the evidence outlined above, including the Head of Internal Audit's Opinion, the external auditor's opinion and other appropriate independent assurances. Officers consider this to be a fair reflection of the company's position for the year. **Appendices 6 and 7** are the action plans:

- for 2020/21, arising from the 2019/20 Annual Governance Statement
- showing the updated position regarding the actions for 2019/20 identified in the 2018/19 Annual Governance Statement.

4 Diversity and Equal Opportunities

- 4.1 None

5 Risk

- 5.1 Without an effective Committee, the Company is at risk of not obtaining on-going assurance as to the robustness of its risk management, control and governance arrangements.

An ineffective system of internal control potentially puts the delivery of company services and objectives at risk.

6 Financial Implications

6.1 None

7 Resident Consultation

7.1 None – although there is a Resident Representative member of the Audit and Risk Committee.

8 Background Paper

8.1

- CIPFA: Audit and Risk Committees, Practical Guidance for Local Authorities and Police 2018

9 Appendices

Appendix 1: Audit and Risk Committee Schedule of Attendance for 2019/2020

Appendix 2: Audit and Risk Committee Performance Assessment 2019/2020

Appendix 3: Evaluating the Effectiveness of the Audit and Risk Committee 2019/2020

Appendix 4: Delivering the Audit and Risk Committee's Terms of Reference

Appendix 5: Annual Governance Statement 2019/20

Appendix 6: Governance Action Plan 2020/2021

Appendix 7: Governance Action Plan 2019/2020 update

Please note these appendices are not included for the Board meeting on 21 July.

South Essex Homes Annual Governance Statement 2019/20

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 £5781k, a Service Charge Fee of £3814k together with other income of £1222k.

There is a formally binding Partnership 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
- 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

Appendix 2 to Agenda Item 9 – Annual Governance Statement 2019/2020

- operates a development and training programme for the Board Directors developed from appraisals, one to ones and the Audit and Risk Committee self-assessment 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.

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, Assistant Directors 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

Appendix 2 to Agenda Item 9 – Annual Governance Statement 2019/2020

- 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.

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.

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:

- *co-ordinating 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.

Appendix 2 to Agenda Item 9 – Annual Governance Statement 2019/2020

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'*.

External Audit

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

In carrying out the audit work Scrutton Bland 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 issued a report to management at the conclusion of the audit work. This included a management letter containing comments about operations and internal control in respect of the Company but did not make any recommendations for improvement. This was discussed with management prior to the issue of the final report. The report also includes details of significant adjusted and 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 2019/2020, 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

Appendix 2 to Agenda Item 9 – Annual Governance Statement 2019/2020

- 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.

DRAFT



Governance Action Plan 2020-2021

Governance Action Plan 2020-2021

Report Type: Actions Report

Report Author: Simon Putt

| | | | |
|-------------------------|--------------------------------|---------------------|---|
| Code & Title | Governance Action Plan 2020-21 | Managed By | |
| Description | Governance Action Plan 2020-21 | Progress Bar | % |
| Status Icon | | | |

| | | | |
|-------------------------|---|---------------------|------------|
| Code & Title | GDPR – General Data Protection Regulation | Managed By | Simon Putt |
| Description | General Data Protection Regulation | Progress Bar | |
| Status Icon | | | |

| Code | Title | Description | Expected Outcome | Status Icon | Planned start date | Due date | Progress bar | Assigned to |
|-------|--|--|----------------------------------|-------------|--------------------|----------|--------------|-------------|
| DPA01 | To ensure ICT systems are GDPR compliant | Continue to engage with the ICT team in SBC to progress GDPR compliant solutions for all IT systems used by the company, a majority of which are owned by SBC. | Compliance with GDPR regulations | | 1/4/20 | 31/3/21 | | Simon Putt |

| Code | Title | Description | Expected Outcome | Status Icon | Planned start date | Due date | Progress bar | Assigned to |
|-------|--|---|---|-------------|--------------------|----------|--------------|-------------|
| DPA02 | Complete review of Document Retention Policy | Finalise changes to the Document retention and disposal policy/procedure, in line with the Councils Document Retention Policy | Compliance with changes to the GDPR framework | | 1/4/20 | 31/7/20 | | Simon Putt |

Appendix 3 to Agenda Item 9 – Governance Action Plan 2020/2021

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| | | | |
|-------------------------|--|---------------------|------------|
| Code & Title | Performance Information - Quality Assurance | Managed By | Simon Putt |
| Description | Embed quality assurance processes for Key Performance Indicators | Progress Bar | |
| Status Icon | | | |

| Code | Title | Description | Expected Outcome | Status Icon | Planned start date | Due date | Progress bar | Assigned to |
|-------------|--|--|--|--------------------|---------------------------|-----------------|---------------------|--------------------|
| PEF01 | Embed quality assurance processes for Key Performance Indicators | Development of a Performance Management Strategy to further embed the formal quality assurance processes | Formal quality assurance processes, and performance Management are embedded and operating consistently | | 1/4/20 | 30/9/20 | | Daniel Lyons |

Appendix 3 to Agenda Item 9 – Governance Action Plan 2020/2021

| | | | |
|-------------------------|---|---------------------|--------------|
| Code & Title | CM Contract Management | Managed By | Sarah Lander |
| Description | Embed the strengthened procedures and processes for letting and managing contracts, throughout the Property Services Team | Progress Bar | |
| Status Icon | | | |

| Code | Title | Description | Expected Outcome | Status Icon | Planned start date | Due date | Progress bar | Assigned to |
|-------------|---|--|--|--------------------|---------------------------|-----------------|---------------------|--------------------|
| CM01 | Embed and strengthen Contract Letting and Management processes and procedures | Embed the strengthened procedures and processes for letting contracts, and cascade contract management training throughout the Property Services Team To include implementation of any relevant Audit Recommendations | Contract procedures and processes are embedded, to ensure consistent approach to letting and managing contracts within South Essex Homes | | 1/4/20 | 31/12/20 | | Paul Longman |

Appendix 3 to Agenda Item 9 – Governance Action Plan 2020/2021

| | | | |
|-------------------------|---|---------------------|--|
| Code & Title | COVID 19 Recovery | Managed By | |
| Description | Update the company’s governance arrangements to meet the company’s response to the covid-19 pandemic. | Progress Bar | |
| Status Icon | | | |

| Code | Title | Description | Expected Outcome | Status Icon | Planned start date | Due date | Progress bar | Assigned to |
|-------------|---|---|---|--------------------|---------------------------|-----------------|---------------------|--------------------|
| CVD01 | Update the company’s governance arrangements to meet the company’s response to the covid-19 pandemic. | Ensure that the company’s governance arrangements are adapted to meet the company’s response to the covid-19 pandemic and that they remain 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. | Effective governance arrangements ensuring that the ‘improved normal’ is effective in delivering the objectives of the company. | | 1/4/20 | 31/3/21 | | |

South Essex Property Services

Report of the Assistant Director Commercial Services

to

The Board

on

19th March 2020

Report prepared by: Beverley Gallacher

Contact Centre Proposal

A Confidential Agenda Item

1 Purpose of Report

- 1.1 This report updates the Board on the proposal to transfer of the “Repairs” call handling from the current provision with Southend Borough Council contact centre to a new Contact Centre operated by South Essex Property Services.

2 Recommendations

- 2.1 The Board are asked to agree the new business line outlined below.

3 Background

- 3.1.1 In late 2019 the South Essex Homes EMT agreed to progress a transfer of all repair call handling to Morgan Sindall (MS) to align the current out of hours (OOH) call handling service undertaken by MS. MS also delivers the responsive repairs service by way of a new Contract signed in March, 2019.

- 3.1.2 The EMT were keen that the call handling should be operated by one provider to deliver call handling for all repairs calls.

- 3.1.3 It had been agreed that the transfer to MS would take place on 1st April and on that basis the Council have commenced consultation with their staff affected by this change. It should be noted that the Council have retained the balance of other call handling for tenancy issues, supported housing issues and rent and payments for South Essex Homes.

- 3.1.4 Unfortunately, recently it has become clear that MS are not able to deliver on call handling for all repairs but only for their own repairs. Further ICT delays have also caused concern around interfaces

between MS systems and South Essex Homes systems and now in addition, the performance of MS in relation to the responsive repair element of their contract has reached a point where targets will not be achieved for 2019/20 and further the speed in which improvements agreed have not materialised which has been detrimental to delivery of a quality service to customers.

- 3.1.5 On that basis the EMT met and discussed options to deliver the repair call handling in an efficient and effective way which gave customers the experience expected at first point on contact. As the contact centre was originally managed by South Essex Homes a significant amount of experience remains in the organisation and whilst we focus on delivery of the responsive repairs the management and delivery of the first point of contact will allow us to educate tenants on options to channel shift their interactions with South Essex Homes, further have a tight control on the calls backs and jobs not completed and manage customer satisfaction.
- 3.1.6 On that basis, the EMT looked at two options
1. To transfer the call handling to South Essex Homes for delivery
 2. To recommend to transfer call handling to South Essex Property Services (SEPS) for delivery subject to Board approval.
- 3.1.7 The EMT determined that as all new business opportunities via direct award are delivered by SEPS, that this would be the best option subject to the Board agreeing the business line.
- 3.1.8 Delivery of this contact centre would be from the Mendip Road office where it would sit alongside the Careline Contact Centre already in situ. The service would be incorporated into the South Essex Property Services business delivery model and staff would be recruited on call handling market rates.
- 3.1.9 The Careline contact centre already has the infra structure and set up to facilitate this transfer with contact centre telephony in place and behaviours for call handling common within the existing team which would be used to train newly appointed staff in the first instance. It should be noted that these contact centres will work alongside each other but will be very separate.
- 3.1.10 The proposal would require 4 FTE, 1 Team Leader and 3 contact centre advisors. 2 FTE would be on a fixed term contract whilst work was undertaken to re-education customers around channel shift to maximise use of social media, MS apps and alternative ways to raise repairs and receive appointment confirmations. This work would be in place from Day 1 (1st June 2020) and would enable changes to the structure as we progress forward. Additionally, the existing Careline Manager would manage this service.

3.1.11 Day 1 would be delayed until 1st June 2020 to enable work to progress on the interface which would stream line the technical elements of the service and improve the customer experience.

3.1.12 The Council are keen to assist in delivery of the transfer of the repair calls and further are looking to review the retained service within 12 months which could enable a consolidation of the overarching service moving forward.

4 Financial Position

4.1.1 The service would be provided by South Essex Property Services to recruit 4.FTEs on real living wage to deliver the call handling for all repairs. The total costs would be £ 119K including all agreed recharges.

5 Diversity and Equal Opportunities

5.1 The Council have advised that there are no TUPE implications for the transfer of the repair calls from the existing service managed by Southend Borough Council. The Council intend to continue to retain the balance of South Essex Home's calls and require 4 FTE and a team leader to undertake this work. There will be 4 members of staff at risk following the completion of this process and they will be held in the SBC talent pool.

6 Risk Management Implications

6.1 The greatest risk to the organisation is a reduction in the satisfaction of customer's first point of contact with South Essex Homes, which affects the whole group. The customer experience is of significance importance to both organisations and with the introduction of a greater focus on housing performance it is critical that we do not reduce the customer experience but seek to improve upon it.

6.2 MS are not currently performing and have not managed our expectations around improvements since commencement of the contract in 2019. Therefore, transfer of the contact centre with the issues advised above does not seem to be the best course of action.

Target Setting 2020/21



| Code | Short Name | 2018/19 Actual | 2019/20 to December YTD Actual | 2019/20 Forecast | 2019/20 Target | 2020/21 Proposed Target |
|----------------|---|----------------|--------------------------------|------------------|----------------|-------------------------|
| SEH KP 4 | Collection rate for rents | 99.33% | 99.19% | 99.19% | 98.60% | 98.6% |
| SEH KP 5 | Current rent arrears as % of rent due | 1.91% | 2.24% | 2.4% | 2.60% | 2.7% |
| SEH KP 7 | Void turnaround time | 13.9 days | 22.3 days | 20.0 days | 19.0 days | 17 days |
| SEH KP12a | Responsive contractor repairs completed in target times | 93.99% | 89.73% | 90% | 97% | 98% |
| SEH KP12b | Gas contractor repairs completed in target times | 99.48% | 99.96% | 99.98% | 100.00% | 100.00% |
| SEH KP17 | Gas safety certificates | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| SEH KP19 | % non-decent council homes | 1.6% | 3.9% | 2% | 0% | TBA |
| SEH KP24 | Working Days Lost Due to Sickness Absence | 11.76 days | 7.08 days | 9.3 days | 9 days | 8.75 days |
| SEH Local R14 | FTAS as a percentage of debit | 0.98% | 1.03% | 1.03% | 1.20% | 1.20% |
| SEH KP25 (F2) | Total Complaints responded | 76 | 125 | 150 | N/A | N/A |
| SEH Local R13 | Current rent arrears (in cash) | £612,231 | £732,952 | £750,000 | N/A | N/A |
| SEH Local R13a | Former tenants' arrears | £413,647 | £420,154 | £420,000 | N/A | N/A |
| SEH Local V3 | Void loss as % of debit | 1.26% | 1.79% | 1.7% | N/A | N/A |
| SEH Local V8 | Percentage of property void & re-lettable | 0.99% | 1.30% | 1.30% | N/A | N/A |

South Essex Homes Limited

Report of Financial Services Manager

To

The Board

On

19 March 2020

Report prepared by: Daniel Lyons
Tel: 01702 212605

Final Budget Proposals 2020/2021

1 Purpose of Report

- 1.1 To provide the Board with the proposed Budgets for 2020/2021 for the Operating and Repairs budgets

2 Recommendations

- 2.1 That the Board agree the budget proposals for 2020/2021.

3 Background

3.1 Introduction

This report sets out the budget proposals for 2020/2021. All budgets are set in consultation with managers and officers across the Company to ensure all relevant expenditure and income is identified.

4 Proposed Budgets 2020/2021

4.1 Operating Budget 2020/2021

- 4.1.1 **Appendix 1** shows the top level summary of the changes in the budget by both subjective and team splits. The main changes to the budget are detailed below;
- 4.1.2 As in previous years the main cost pressure for South Essex Homes is the costs associated with pay pressures including changes in LGPS contribution rates, cost of living increases and automatic increments awarded to staff.
- 4.1.3 The Local Government Employers have not yet agreed an award for 2020/2021 and so the Board have not yet been asked to approve the pay award for South Essex Homes' staff for 2020/2021. This has been assumed to be at 2% in the budget and has increased the budget by £120k, this change has been fully funded by an increase in management fee from Southend

Borough Council. If the change in pay is decided to be different to this then we will go back to SBC with a proposal to increase the management fee to compensate any increase in costs.

- 4.1.4 Essex Pension Fund have finalised the results of the triennial valuation, for South Essex Homes this has resulted in an increase in employer's contributions from 17.9% to 22.2%. This has increased the pay budget by £142k for 2020/2021, this increase has been funded by an increased management fee from Southend Borough Council.

The budget also contains the following changes;

- 4.1.5 SLA Inflationary Increases (2%) - £19k – These are the usual 2% increases to all SLAs fees which are billed by Southend Borough Council. As these are increased charges associated with decisions by Southend Borough Council these increases are met through an increased Management Fee.

- 4.1.7 Support Services Assistants - £90k – During 2019/2020 it was agreed by Southend Borough Council that they would fund additional temporary resource to assist in the increased hostel provision in the Borough. It is proposed that this is continued and then reviewed again each year during the budget setting stage to assess the provision of hostel spaces at that time.

- 4.1.8 Professional Support to Residents under PIE framework - £23k - Further to the support provided by the Support Services Assistants discussed above, there was also an ongoing need for regular professional supervision that will provide a framework of PIE (Psychologically Informed Environment) to support staff and residents. This work would be carried out by external partners. This would be reviewed annually with the intention to train members within the team to help sustain the initiative dependent on occupancy levels.

- 4.1.9 Continued annual updates to Northgate Housing - £3k – Northgate Housing is the system that South Essex Homes currently utilises on behalf of the Council to manage the Council's tenancies. Currently South Essex Homes do not take advantage of the annual software upgrades released by Northgate Housing and therefore when upgrade becomes mandatory it is a much larger piece of work to upgrade the system. This allows for us to employ 3 days consultancy per year to put in place these upgrades as they are released and will enable staff to benefit from any new functionality.

- 4.1.10 Civica Frontline Project - £9k – In order to better deliver services from frontline staff it is important that frontline staff have the ability to work remotely when out in the Borough. Civica is the software chosen by Southend Borough Council to deliver services from frontline staff to tenants. These funds will enable the ongoing support of this initiative by funding the data usage from staff member's devices as well as the annual maintenance of the Civica 360 software that will be needed.

- 4.1.11 Facilitating and enabling the delivery of the new partnership agreement and members' agreement - £89k – It has been recognised in ongoing discussions with SBC that the new partnership agreements terms will require greater input

from South Essex Homes than has been needed in the past. There are three elements to this bid.

- There will be greater emphasis on the information supplied to Southend Borough Council and the continued monitoring of this relationship
- There will be a requirement for an on-going rolling satisfaction survey of residents
- With increased focus from the regulator of social housing, as set out in the consumer standards, and the government's green paper on housing, engagement with residents is becoming vitally important.

4.1.12 The £89k bid will allow for sufficient resources to be utilised, maintaining these 3 areas of our business.

4.1.13 There are also a number of one off increases to the budget for 2020/2021, these are detailed below, these will be funded by Southend Borough Council with one off increases to the management fee;

4.1.14 Upgrades to Apex Software - £10k – The Apex software is currently used as our Asset management database to manage the Council's Assets (housing stock). There is a requirement that additional service modules are purchased and developed to better enable the service delivery within our Property Services Team.

4.1.15 Website Development - £30k – The South Essex Homes' website is in need of development. These funds would enable a better, more modern website better suited to the needs of our tenants to be developed and incorporate the mandatory changes required under the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018.

4.1.16 Civica Frontline Project - £40k – In order to better deliver services from frontline staff it is important that frontline staff have the ability to work remotely when out in the borough. These funds would enable the setup of this system including the purchase of Civica 360 software and the purchase of devices that the teams could use remotely to better work with tenants.

4.1.17 Tenancy Conditions Review - £20k - The Council's tenancy conditions are now due for an update, these funds will enable full consultation with residents over any proposed changes to the conditions as well as funds to develop and write the new set of conditions.

4.2 Repairs Budget 2020/2021

4.2.1 **Appendix 2** shows the proposed repairs budget for 2019/2020 along with any changes from the 2019/2020 budget. Each year a review of all contracts in place is undertaken as well as a review of current levels of expenditure. The budget is then set with regard to these spending levels plus any known contract changes.

- 4.2.2 The main change to the budget is the addition of additional funding for the servicing of fire doors, this has increased the budget by £161k. This work will be carried out by an in-house team of maintenance technicians.

5 Diversity and Equality Opportunities

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

6 Risk

- 6.1 The risk of having inadequate financial control over the budgets could lead to unnecessary under or overspending on budgets, thus adversely affecting services or losing Government grant. Risk SHE RISK 08- Risk that there are insufficient financial resources to deliver the service and carry out the actions contained in the Vision 2022 Business Plan are being mitigated by robust monitoring of the budgets and ensuring that the 5 core Board projects produce the outcomes required to manage budgets going forward.

7 Financial Implications

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

8 Background Papers

- 8.1 N/A

9 Appendices

- 9.1 Appendix 1 – Proposed Operating Budget Changes Summary 2019/2020
9.2 Appendix 2 – Indicative Repairs Budget 2019/2020

South Essex Homes Limited

Report of the Assistant Director, Operations
to
The Board
on
21 July 2020

Report prepared by Sarah Lander

Health and Safety Update

A Public Agenda Item

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.
- 2.2 That the Annual Health and Safety Report for South Essex Homes 2019/2020 is noted and approved.

3 Background

- 3.1 Details of Health and Safety progress up to 26 June 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 in 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**.
- 3.3 In addition, in line with guidance from the Health and Safety Executive (HSG65), the Board should also note the Annual Health and Safety Report for South Essex Homes 2019/2020 which can be found in **Appendix 2**

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 26 June 2020

8.2 Appendix 2 – Annual Health and Safety Report for South Essex Homes 2019/2020

As of 26th June 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. |
|---|--|
| The Regulatory Reform (Fire Safety) Order 2005 | <p>All fire risk assessments for 2019 have been completed. The current year's annual FRA's are ongoing, with all high risk properties assessed within the last 12 months. Officers are working to a timetable which plans to undertake the FRAs over the course of the year.</p> <p>Progress for 2020 (up to 26th June 2020):</p> <ul style="list-style-type: none"> • *Tower Blocks 13 out of 13 completed (100%) • *Sheltered Housing Scheme 17 out of 20 completed (85%) • *Medium Rise Blocks 4 out of 4 completed (100%) • *Hostels 10 out of 10 completed (100%) Action plan to remedy defects • *HMO (London Road) 1 out of 1 completed (100%) Action plan to remedy defects • *Extra Care Schemes 2 out of 2 completed (100%) • Medium & Low Rise Blocks 31 out of 145 completed (21%) • Others 39 out of 85 completed (45%) <p>* Items being managed by Fire Safety Manager. (Note one hostel FRA carried out by Peabody)</p> <p>During Covid, the Fire Safety Manager is also undertaking weekly visits to Sheltered Schemes, Hostels and Tower Blocks. Any defects identified are raised through the appropriate channels with checks made to ensure all remedial works are completed</p> <p>South Essex Homes complies</p> |

Corporate Compliance Position StatementAs of 26th June 2020

| | |
|---|---|
| | <p>COVID POSITION: Some delays in undertaking medium & low rise and other properties FRA's have accumulated due to lockdown and difficulty of remote access to IT. This situation has now been resolved and plans to catch up on the backlog are ongoing.</p> |
| <p>Electricity at Work Reg. 1989</p> | <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>South Essex Homes complies</p> <p>COVID POSITION: Due to the lockdown the remaining programme of 8 sheltered schemes, 2 offices, 7 communal lounges and 10 hostels have been put on hold. Risk assessment being developed with a view to resuming programme in July once deemed safe for operatives and residents. (Risk of transmission between properties / age groups).</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> <p>Completed Test Certificate within last five years – 5,362 (89%)</p> <ul style="list-style-type: none"> • Open orders which are not compliant (allocated to contractor but not yet complete) – 512 • No confirmed details – 79 • No recorded details – 61 |

As of 26th June 2020**Corporate Compliance Position Statement**

- Total Number of properties - 6,014

The Electrical Testing programme continues on site. 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 of the properties without current checks during this financial year.

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.

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.

South Essex Homes partially complies

COVID POSITION: 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 and will attempt to access Difficult Access' properties from last year's work list. We are also awaiting the issue of Apex Order Numbers to undertake this years' programme.

As of 26th June 2020**Corporate Compliance Position Statement**

| | |
|---|--|
| <p>Legionnaires 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>South Essex Homes complies</p> <p>COVID POSITION: 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 due to commence shortly with appointment letters to be sent shortly once Risk Assessments have been undertaken.</p> |
| <p>Control of Asbestos Regulations 2012 (CAR)</p> | <p>Regulations require organisations 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 are under consideration such as visual inspections being carried out by all visiting officers and caretakers on an ongoing basis. This approach will be coordinated and 'owned' by our Regulation and Compliance Officer. It will need to be underpinned by information and appropriate technology being available to staff (potentially use of the Photobook app which has started to be used by Caretaking Staff). In-house recording of void asbestos re-inspections is updated on Apex and this will represent typically >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>South Essex Homes complies</p> |

As of 26th June 2020**Corporate Compliance Position Statement**

| | |
|---|---|
| <p>The Lifting Operations Lifting Equipment Regulations 1998 (LOLER)</p> | <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 contract is in the process of being awarded to Amalgamated Lifts. The above meet the requirements of the current EN81 and LOLER lift Regulations and Standards.</p> <p>South Essex Homes complies</p> <p>COVID POSITION: 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> |
| <p>Gas Safety (Installation and Use) Regulations 1998 (GSIU)</p> | <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 the majority of 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>South Essex Homes complies</p> <p>COVID POSITION</p> <p>The Covid pandemic has made maintaining our 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 continues to increase due to access issues</p> |

As of 26th June 2020**Corporate Compliance Position Statement**

| | |
|---|---|
| | <p>around Covid-19 (residents shielding or self-isolating) and closure of courts which has made it more difficult to secure warrants for entry. The current number of properties that exceed their service anniversary date is 90.</p> <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 proving to be successful. 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 is undertaking a review of the appliance fitted, its type and age, to identify those that may present a higher risk, should their service go out of date. This will help us direct our resources and approach more effectively. Fortunately, he has assessed that currently there are no properties with appliances that are a cause for concern.</p> |
| <p>Construction (Design and Management) Regulations 2015</p> | <p>This function is provided both in-house and externally. In 2019 all required Property Services staff undertook an externally delivered CDM course as well as further training via a CITB course. A refresher course is planned for this financial year. 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 fully 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 have been scrutinised to take into account working safely and complying with Social Distancing.</p> <p>South Essex Homes complies</p> <p>COVID POSITION: Additional RAMS are being requested from each of our contractors to clearly identify how they will work whilst Covid-19 restrictions are in place and to conform to Social Distancing requirements in accordance with Government recommendations.</p> |



Annual Health and Safety Report for South Essex Homes 2019/2020

**By
Kerry Sinclair
CMIOSH
Regulation Compliance Officer**

HEALTH AND SAFETY REPORT 2019/2020

1. Introduction

This Health and Safety Annual report has been produced by Kerry Sinclair (KS) (Regulation Compliance Officer) for South Essex Homes. This report highlights the main planning and organisation of Health and Safety over the past 12 months:

2. Sharing Health and Safety Information

There are a variety of ways to promote a positive safety culture. This year the following publications and initiatives have been promoted, developed and circulated to staff.

- Health & Safety Annual Report 2018-2019
- Regular Health and Safety updates to the Board
- Health and Safety Newsletters – on intranet site

3. Communication - Staff Forum

The Staff forum meets every 2 months and KS attends she is informed of any Health and Safety matters arising. KS attends the CMG meetings to address any health and safety issues and updates the meeting on Health and Safety. Health and Safety is a standard item on all Company meeting agendas.

4. Health and Safety Policies and Procedures

All Health and Safety Policies are reviewed annually, and the review has been completed for this year.

5. Fire Risk Assessments

All fire risk assessments for South Essex Homes Properties have been completed and will be annually reviewed and monitored. The Regulation Compliance Officer completed Fire Risk Assessments at all the general needs and low-rise blocks and the Fire Safety Manager undertook these for all the Tower Blocks, Hostels and Sheltered Housing Schemes. Several successful fire evacuation drills were carried out at the Civic Centre.

6. General Risk Assessments undertaken

General risk assessments are undertaken by KS
These include:

- Young Person Risk Assessments
- Maternity Risk Assessments
- Manual Handling Risk Assessments
- Stress Risk Assessments
- Display Screen Equipment Risk Assessments
- Lone Worker Risk Assessments
- Home working when staff are on long term sick
- Reviewed the Company First Aid Risk Assessment

7. Health and Safety Inspections and audits

KS has completed health and safety inspections and audits on all Sheltered Housing schemes, Hostels, and Tower blocks. All recommendations have been implemented.

8. Health and Safety Contractors Site Inspections have been completed including:

- Gaps under communal Gerda Doors in Tower Blocks
- Installation by City Fibre
- Painting at Kestrel House
- Installation of new FD30 fire doors at Nestuda and Bishop House
- Lifts installation at Adam Elms

9. Health and Safety Issues

The following list highlights some of the issues and projects that KS has had an active involvement in this year:

- Review PRR (Potential Risk Register)
- Accidents involving members of staff and residents
- Estate walkabouts
- Health and Safety contractors Site Inspections
- Working with the Local Fire Safety Officers to reduce the amount of False Fire alarms emanating from South Essex Homes
- Addressing the fire issues with the storage and charging of mobility scooters in communal areas

9. Quarterly Health and Safety Meeting

KS attends a quarterly health and safety review meeting where:

- Accidents, incidents and near misses are reviewed
- Health and safety training records are reviewed
- Departmental audits and inspections are reviewed
- Completed risk assessments are reviewed

10. Welfare Visits

KS completed welfare visits to lone workers including, Sheltered Housing Officers, Hostel Managers, Cleaners and Caretakers.

11. Health and Safety Training

There is an ongoing programme of Health and Safety Training Courses for both new and existing staff, which KS provides including:

- Fire Marshal Training
- Lone Worker Training
- Sharps Training
- Display Screen Equipment

- Potential Risk Register Awareness
- Basic Health and Safety including Manual Handling
- Manual Handling Awareness Training
- Health and Safety Awareness Training for Cleaners, Caretakers and Sheltered Housing Officers
- Asbestos Awareness Training

12. South Essex Home H&S Action Plan 2018-2021

The Health and Safety Acton Plan for 2018/2021 for South Essex Homes is based on Successful Health and Safety Management (HSG65). The Action plan has been reviewed and all of the objectives are on target.

13. Management of Stress at South Essex Homes

Staff are recommended to use the confidential counselling provided by Simplyhealth. KS undertakes Stress Risk Assessments with staff to establish if their absences are work related and whether working practices need to be amended or adjusted to assist recovery.

14. Local Performance Indicators

Results for the last and previous year are shown below.

HR 8 Number of H&S Incident recorded is split into three sections F1, F2 and F3 that identify the seriousness of the incident.

| | April 2013 – March 2014 Year 4 | April 2014 – March 2015 Year 5 | April 2015 – March 2016 Year 6 | April 2016 – March 2017 Year 7 | April 2017 – March 2018 Year 8 | April 2018 – March 2019 Year 9 | April 2019 – March 2020 Year 10 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| HR 8 Number of H&S Incidents recorded | 70 | 52 | 55 | 33 | 29 | 27 | 33 |
| HR 8 F1 Number of RIDDOR H&S Incidents Recorded | 0 | 1 | 2 | 0 | 0 | 0 | 0 |
| HR 8 F2 Number of other H&S Incidents Recorded | 65 | 48 | 51 | 32 | 28 | 26 | 28 |
| HR 8 F3 Number of Near miss H&S Incidents recorded | 5 | 3 | 2 | 1 | 1 | 1 | 5 |
| HR 9 Staff Satisfaction with Health and Safety (Annual Indicator) | 81% | N/A | N/A | 78% | N/A | N/A | N/A |

(The results of the staff survey inform staff satisfaction with H&S)

From year 9 to year 10 there has been a slight increase in incidents recorded. Year 10 shows 5 near miss reported and no RIDDOR (Reporting Incidents, diseases and dangerous Occurrence Regs) reporting incidents, RIDDORS are now reported after 7 days off sick.

HR9 - the staff satisfaction survey was not carried out in year 10.

15. Networking

KS has attended regular meetings with Local Fire and Rescue Officer to discuss good practice. The Local Fire and Rescue Officers have visited various Sheltered Housing Schemes to provide Fire safety information to residents.

16. Estate Walkabouts

KS regularly attends estate walkabouts completing Health and Safety Inspections.

17. New Business

KS completed Fire Risk Assessments and Health and Safety Inspections for Castle Point Borough Council. KS provided Health and Safety Training for Southend Borough Council as an external Trainer.

18. Personal Development

In accordance with IOSH (Institute of Occupational Safety and Health) KS has continued to undertake personal development which includes:

- Continually updating her CPD (Continual Personal Development)

19. Summary

All Fire Risk Assessments have been completed and are annually reviewed. A wide selection of Health and Safety Training is available for all members of staff, including contractors, agency and work placements. New and Expectant Mothers are risk assessed for hazards and risks in the workplace. Accident, Incident and near miss forms are completed by members of staff as required; KS also investigates any event which may be a potential claim. Regular Health and Safety Inspections and annual Health and safety audits are completed. Members of staff who are absent from work due to work related stress are risk assessed.

20. Regulation updates

The changes in Europe will mean some European Health and Safety Regulations adopted previously by the UK maybe amended. 23rd March 2020 saw the lockdown of UK due to Coronavirus.

South Essex Homes Limited

Report of Financial Services Manager

To

the Board

on

21 July 2020

Report prepared by Daniel Lyons
Tel: 01702 212605

Agenda
Item No.

13

Draft Unaudited Accounts as at 31 March 2020

1 Purpose of Report

- 1.1 To provide the Board with the unaudited financial statements as at the 31 March 2020.

2. Recommendations

- 2.1 That the Board note South Essex Homes' Unaudited Financial Statements as at 31 March 2020.

3 Background

3.1 Introduction

- 3.1.1 This report sets out the position of the draft unaudited accounts as at 31 March 2020.

3.2 South Essex Homes' Unaudited Financial Statements

- 3.2.1 The draft unaudited financial statements for the South Essex Homes group are shown in **Appendix 1**.

- 3.2.2 Due to the current Covid-19 pandemic it was not possible for the audit to be undertaken at the end of April as it normally would, discussions have taken place with the external auditors and it is now anticipated that this audit will have started to take place remotely from 13 July 2020.

- 3.2.3 The financial statements do not yet show any adjustments for the LGPS pension scheme. At the date of preparing this report, the reports needed from Essex Pensions Services to complete these figures have not been received. When these reports have been received and incorporated into the accounts, it is likely they will make a significant difference as can be seen when reviewing the 2019 Accounts as included in **Appendix 1**.

- 3.2.4 The unaudited financial statements of the South Essex Homes group show a surplus (before pension adjustments) of £494k. As noted in the preceding

paragraph, this figure may change significantly, as it did in 2019, when the LGPS adjustments are incorporated.

- 3.2.5 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 |
| Surplus as per SEH Company Accounts | 494 |
| Profit as per SEPS' Company Accounts | 156 |
| Consolidation Adjustments | (156) |
| Surplus as per SEH Group Accounts | 494 |

- 3.2.6 A full set of audited accounts will be brought to the next Audit & Risk Committee in September for recommendation to the Board

4 Diversity and Equal Opportunities

- 4.1 There are no direct diversity or equality implications arising from this report.

5 Risk

- 5.1 The risk of having inadequate financial control over the budgets could lead to unnecessary under or overspending on budgets, thus adversely affecting services. Risk SEH RISK 08 – Risk that there are insufficient financial resources to deliver the service and carry out the actions contained in the Vision 2022 Business Plan are being mitigated by robust monitoring of the budgets.

6 Financial Implications

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

7 Background Papers

- 7.1 N/A

8 Appendices

- 8.1 Appendix 1 – Unaudited Financial Statements

**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 |
|---|------|-----------------|-----------------|
| Turnover | 3 | 12,115 | 11,330 |
| Staff Costs | 4 | 7,109 | 6,617 |
| FRS 102 staff costs adjustment | 18f | 0 | 685 |
| Other operating charges | 5 | 4,522 | 4,355 |
| Operating Surplus / (Deficit) | 5 | 484 | (327) |
| Interest receivable and similar income | 7 | 42 | 30 |
| FRS102 interest adjustment | 18f | 0 | (216) |
| Surplus / (Deficit) on ordinary activities before taxation | | 526 | (513) |
| Tax on ordinary activities | 8 | (32) | 35 |
| Surplus / (Deficit) for the financial year | | 494 | (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 (deficit) / surplus after tax

| | | | |
|---|--|------------|-------|
| South Essex Homes Limited | | | 188 |
| SEPS Limited | | | 235 |
| | | 494 | 423 |
| FRS 102 charges: | | | |
| Staff costs adjustment | | 0 | (685) |
| Interest costs | | 0 | (216) |
| Surplus / (Deficit) for the financial year | | 494 | (478) |

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

Company Income Statement (Including Income and Expenditure Account)

Year ended 31st March 2020

| | Note | 2020 £'000's | 2019 £'000's |
|---|------|-----------------|-----------------|
| Turnover | 3 | 10,818 | 10,273 |
| Staff Costs | 4 | 4,716 | 5,208 |
| FRS 102 staff costs adjustment | 18f | 0 | 685 |
| Other operating charges | 5 | 5,650 | 4,652 |
| Operating Surplus / (Deficit) | 5 | 453 | (273) |
| Interest receivable and similar income | 7 | 41 | 30 |
| FRS 102 interest adjustment | 18f | 0 | (216) |
| Surplus / (Deficit) on ordinary activities before taxation | | 494 | (459) |
| Tax on ordinary activities | 8 | 0 | 0 |
| Surplus / (Deficit) for the financial year | | 494 | (459) |
| The deficit for the financial year before and after adjustments required under FRS 102 is as follows: | | | |
| Operating (deficit) / surplus after tax | | 494 | 442 |
| FRS 102 charges: | | | |
| Staff costs adjustment | | 0 | (685) |
| Interest costs | | 0 | (216) |
| (Deficit) for the financial year | | 494 | (459) |

**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 |
|--|------|-------------------|---------------------|
| Surplus / (Deficit) for the year | | 494 | (478) |
| Actuarial (losses)/gains arising from pension liabilities | 18b | 0 | 489 |
| Difference between expected and actual return on pension fund assets and o | 18b | 0 | 1,856 |
| Total recognised gains and losses for year | | <u>494</u> | <u>1,867</u> |

**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 |
|--|------|----------------|-----------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 0 | 0 |
| Investments | | 0 | 0 |
| Total fixed assets | | | 0 |
| Current assets | | | |
| Debtors | 11 | 951 | 529 |
| Investments | 12 | 4,041 | 3,517 |
| Cash at bank and in hand | 13 | 2,154 | 3,490 |
| | | 7,146 | 7,536 |
| Creditors: Amounts falling due within one year | 14 | (4,370) | (5,254) |
| Net current assets | | | 2,776 |
| Net assets excluding pension liabilities | | | 2,776 |
| Pension liabilities | 18 | (7,330) | (7,330) |
| Net liabilities including pension liabilities | | | (4,554) |
| Reserves | | | |
| Income and expenditure reserve | 15 | 2,776 | 2,282 |
| FRS 102 pension reserve | 15 | (7,330) | (7,330) |
| Member's funds (Deficit) | | | (4,554) |

0

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

Company Statement of Financial Position (Balance Sheet)

31st March 2020

| | Note | 2020 £000's | 2019 £'000's |
|--|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 0 | 0 |
| Investments | 10 | <u>410</u> | <u>254</u> |
| Total fixed assets | | | 254 |
| Current assets | | | |
| Debtors | 11 | 884 | 426 |
| Investments | 12 | 4,041 | 3,517 |
| Cash at bank and in hand | 13 | <u>1,397</u> | <u>3,207</u> |
| | | 6,322 | 7,150 |
| Creditors: Amounts falling due within one year | 14 | <u>(3,956)</u> | <u>(5,122)</u> |
| Net current assets | | <u>2,366</u> | <u>2,028</u> |
| Net assets excluding pension liabilities | | 2,776 | 2,282 |
| Pension liabilities | 18 | <u>(7,330)</u> | <u>(7,330)</u> |
| Net liabilities including pension liabilities | | <u>(4,554)</u> | <u>(5,048)</u> |
| Reserves | | | |
| Income and expenditure reserve | 15 | 2,776 | 2,282 |
| FRS 102 pension reserve | 15 | <u>(7,330)</u> | <u>(7,330)</u> |
| Member's funds (Deficit) | | <u>(4,554)</u> | <u>(5,048)</u> |

1

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

Group Statement of Changes in Equity

Year Ended 31st March 2019

| | 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) | 1,859 | (6,915) |
| Surplus / (Deficit) for the year | (901) | 423 | (478) |
| Other comprehensive income for the year | 2,345 | 0 | 2,345 |
| At 31st March 2019 | <u>(7,330)</u> | <u>2,282</u> | <u>(5,048)</u> |
| Surplus / (Deficit) for the year | 0 | 494 | 494 |
| Other comprehensive income for the year | 0 | 0 | 0 |
| At 31st March 2020 | <u>(7,330)</u> | <u>2,776</u> | <u>(4,554)</u> |

**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) |
| Surplus / (Deficit) for the year | (901) | 442 | (459) |
| Other comprehensive income for the year | 2,345 | 0 | 2,345 |
| At 31st March 2019 | <u>(7,330)</u> | <u>2,282</u> | <u>(5,048)</u> |
| Surplus / (Deficit) for the year | 0 | 494 | 494 |
| Other comprehensive income for the year | 0 | 0 | 0 |
| At 31st March 2020 | <u>(7,330)</u> | <u>2,776</u> | <u>(4,554)</u> |

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

Group Statement of Cash Flows

Year ended 31st March 2020

| | 2020 £000's | 2019 £'000's |
|--|----------------------------|----------------------------|
| Cash Flows from operating activities | | |
| Surplus for the financial year | 494 | (513) |
| Depreciation | 0 | 0 |
| Interest received | (42) | (30) |
| Taxation | 32 | (35) |
| Decrease / (Increase) in debtors | (422) | 167 |
| (Decrease) / Increase in creditors | (884) | (1,077) |
| FRS102 defined benefit pension scheme adjustment | 0 | 901 |
| Cash from Operations | <u>(821)</u> | <u>(587)</u> |
| Taxation paid | (32) | 35 |
| Net cash (outflow) from operating activities | <u>(853)</u> | <u>(552)</u> |
| Interest received | 42 | 30 |
| Decrease / (Increase) in investments | (524) | 502 |
| Increase / (Decrease) in cash and cash equivalents | <u>(1,335)</u> | <u>(20)</u> |
| Cash and Cash equivalents at the beginning of the year | 5,000 | 5,020 |
| Cash and Cash equivalents at the end of the year | <u><u>3,665</u></u> | <u><u>5,000</u></u> |
| Cash at bank at the end of year | 2,154 | 3,490 |
| Cash equivalents at the end of year (included within investments) | 1,510 | 1,510 |
| Cash and cash equivalents at end of year | <u><u>3,664</u></u> | <u><u>5,000</u></u> |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

1. Accounting Policies

Company Information

South Essex Homes Limited is a company limited by guarantee, incorporated in England and Wales. Its registered number is 05453691. The registered office is Civic Centre, Victoria Avenue, Southend on Sea, 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.

The financial statements show net assets before pension liabilities of £2,282,000 but net liabilities of £5,048,000 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.

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 the statements.

Basis of consolidation

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

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

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

Short term debtors are measured at the transaction price, less and 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 price less accumulated depreciation. Tangible fixed assets are capitalised if the item is not office equipment and costs are £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 open market value is used. Any impairment is recognised in the income and expenditure account in the year in which it arises.

Investments

Investments in subsidiary undertakings are included in 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.

Operating lease agreements

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

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.

Pension costs - local government pension scheme

South Essex Homes Limited is an admitted body of 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 using market value. 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 financial income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

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 independent administered funds.

Taxation

Any operating surplus of the company, before FRS102 adjustments, arising from savings of overhead costs compared to the core funding provided by South Essex Homes Limited, is non taxable. Taxation is chargeable only on the interest income of the company, and also any surplus from its activities with other housing associations.

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

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 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 amount 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 benefit pension scheme liability, which at 31st March 2019 amounts to xxxxx. Further details of assumptions made are disclosed in note 18.

3. Turnover

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

Turnover is derived completely from the principle 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. Turnover arises solely within the United Kingdom.

| | 2020 £000's | 2019 £000's |
|--|----------------|----------------|
| Management fee paid by the council in respect of housing management and support services | 5,782 | 5,617 |
| Service Charge Income | 3,814 | 3,539 |
| Cleaning, security services, staff and other | 1,348 | 1,122 |
| License fee income | 63 | 0 |
| Other services | 1,108 | 1,052 |
| | <u>12,115</u> | <u>11,330</u> |

| | 2020 £000's | 2019 £000's |
|--|----------------|----------------|
| Other services represents: | | |
| Other charges to the council | 665 | 549 |
| Charges to SEPS Limited | (0) | 0 |
| Charges to SEH Limited | (0) | 0 |
| Income from trading with third parties | 367 | 501 |
| Recharges to third parties | 76 | 2 |
| | <u>1,108</u> | <u>1,052</u> |

4. Particulars of employees

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

| | 2020 | 2019 |
|---|------------|------------|
| Senior Management Group | 7 | 7 |
| Finance and Resources | 7 | 7 |
| Income Management | 10 | 10 |
| Housing Management Services | 118 | 118 |
| Property Services | 16 | 16 |
| South Essex Property Services Limited - Facilities Management | 60 | 60 |
| South Essex Property Services Limited - Hosting | 21 | 21 |
| Number of staff | <u>239</u> | <u>239</u> |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

The aggregate payroll costs of the above were:

| | 2020 £000's | 2019 £000's |
|--------------------------------|---------------------|---------------------|
| Wages and salaries | 5,945 | 5,450 |
| Social security costs | 528 | 492 |
| Pension costs | 622 | 660 |
| Pension administration costs | 14 | 15 |
| | <u>7,109</u> | <u>6,617</u> |
| FRS17 pension costs adjustment | <u>0</u> | <u>685</u> |
| | <u><u>7,109</u></u> | <u><u>7,302</u></u> |

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

| | 2020 £000's | 2019 £000's |
|------------------------|----------------|----------------|
| Aggregate remuneration | <u>47</u> | <u>45</u> |

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.

5. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

| | 2020 £000's | 2019 £000's |
|--------------------------------|----------------|----------------|
| Auditors Remuneration | 30 | 25 |
| Training and recruitment costs | 34 | 58 |
| Agency and consultancy costs | 218 | 366 |
| Other expenses - note 6 | 4,240 | 3,906 |
| | <u>4,522</u> | <u>4,355</u> |

6. Other expenses

| | 2020 £000's | 2019 £000's |
|-------------------------------------|----------------|----------------|
| Electricity and gas (own buildings) | 0 | 0 |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | |
|---|---------------|---------------|
| Electricity and gas (landlord's supplies on estates and sheltered accomodation) | 842 | 756 |
| Rent and rates | 382 | 314 |
| Repairs, maintenance and modifications (on administrative buildings) | 5 | 9 |
| Cleaning and rubbish removal | 431 | 397 |
| Computers and other equipment | 459 | 433 |
| Transport | 111 | 93 |
| Communication | 317 | 329 |
| Insurance | 89 | 69 |
| Legal fees | 61 | 49 |
| Grants and subscriptions | 64 | 75 |
| Other Service Level Agreements and charges by the council | 949 | 950 |
| Printing and stationery | 84 | 56 |
| Conference expenses | 14 | 13 |
| Bank charges | 46 | 51 |
| Grounds maintenance charge | 193 | 202 |
| Other general expenses | 192 | 110 |
| Depreciation | 0 | 0 |
| Impairment | 0 | 0 |
| | <u>4,240</u> | <u>3,906</u> |
| 7. Interest receivable and similar income | | |
| | 2020 | 2019 |
| | £000's | £000's |
| Interest was received on: | | |
| Bank deposits | <u>42</u> | <u>30</u> |
| 8. Taxation on ordinary activities | | |
| Analysis of charge in the year | | |
| | 2020 | 2019 |
| | £000's | £000's |
| Current year: | | |
| UK Coporation tax for the year at 19% (2018 : 19%) | <u>0</u> | <u>0</u> |
| Total current tax | <u>0</u> | <u>0</u> |
| Deferred year: | | |

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | |
|---------------------------|-----------|-------------|
| Arising on taxable losses | <u>32</u> | <u>(35)</u> |
| Total current tax | <u>32</u> | <u>(35)</u> |

8. Tangible fixed assets

| | 2020 £000's | 2019 £000's |
|--------------------------|----------------|----------------|
| Group and Company | | |
| Motor Vehicles | | |
| Cost | | |
| At 1 April and 31 March | <u>0</u> | <u>9</u> |
| Depreciation | | |
| At 1 April | 9 | 9 |
| Charge for the year | <u>9</u> | <u>0</u> |
| At 31 March | <u>0</u> | <u>9</u> |
| Net book value | | |
| At 31 March | <u>0</u> | <u>0</u> |

10. Fixed asset investments

| | 2020 £000's | 2019 £000's |
|---------------------|----------------|----------------|
| Company | | |
| Cost | | |
| At 1 April | 425 | 425 |
| Additions | 0 | 0 |
| Impairment | (171) | (425) |
| Impairment reversal | <u>156</u> | <u>254</u> |
| At 31 March | <u>410</u> | <u>254</u> |

South Essex Homes Limited owns 100% of the share capital of SEPS Ltd, being 425,000 ordinary shares of £1.

South Essex Property Services Ltd is incorporated in England and Wales and it's principal activity is housing related activities.

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

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

11. Debtors

| | Company | | Group | |
|---|------------|------------|------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000's | £000's | £000's | £000's |
| Falling due within one year: | | | | |
| Amounts owed by SBC | 487 | 192 | 726 | 344 |
| Amounts owed by South Essex Property Services Lim | 176 | 85 | 0 | 0 |
| Other debtors | 197 | 141 | 199 | 142 |
| Taxation and social security | 0 | 0 | 3 | 35 |
| Prepayments and accrued income | 32 | 16 | 32 | 16 |
| Bad debt provision | (9) | (8) | (9) | (8) |
| | 884 | 426 | 951 | 529 |

12. Investments

| | Company | | Group | |
|-----------------------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000's | £000's | £000's | £000's |
| Lloyds Plc | 1,500 | 500 | 1,500 | 500 |
| Santander UK Plc | 2,016 | 1,004 | 2,016 | 1,004 |
| Natwest | 4 | 506 | 4 | 506 |
| Nationwide Building Society | 0 | 0 | 0 | 0 |
| HSBC | 520 | 1,507 | 520 | 1,507 |
| The Northern Trust | 0 | 0 | 0 | 0 |
| | 4,041 | 3,517 | 4,041 | 3,517 |

All investments are held on fixed term deposit.

13. Cash at bank and in hand

| | Company | | Group | |
|--------------|---------|--------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000's | £000's | £000's | £000's |
| Cash at bank | 1,397 | 3,207 | 2,154 | 3,490 |

14. Creditors : Amounts falling due within one year

| | Company | | Group | |
|---------------------------|---------|--------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000's | £000's | £000's | £000's |
| Bank Loans and overdrafts | 0 | 0 | 0 | 0 |
| Trade Creditors | 326 | 132 | 334 | 145 |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | | | |
|------------------------------|--------------|-------|--------------|-------|
| Amounts owed to SBC | 2,146 | 2,047 | 2,606 | 2,225 |
| Amounts owed to SEPS | 184 | 163 | 0 | 0 |
| Taxation and social security | 96 | 60 | 218 | 155 |
| Accruals | 186 | 209 | 195 | 218 |
| Receipts in advance | 1,017 | 2,511 | 1,017 | 2,511 |
| | 3,956 | 5,122 | 4,370 | 5,254 |

15. Reserves

| Group | Total reserves | Total reserves |
|---|----------------|----------------|
| | 2020 £000's | 2019 £000's |
| Balance brought forward | (5,048) | (6,915) |
| Retained surplus / (deficit) for the financial year | 494 | (478) |
| Actuarial (loss)/gain on the pension scheme | 0 | 2,345 |
| Balance carried forward | (4,554) | (5,048) |
| Income and expenditure reserve excluding pensions | 2,776 | 2,282 |
| Pension reserve | (7,330) | (7,330) |
| Total reserves | (4,554) | (5,048) |

| Company | Total reserves | Total reserves |
|---|----------------|----------------|
| | 2020 £000's | 2019 £000's |
| Balance brought forward | (5,048) | (6,934) |
| Retained surplus / (deficit) for the financial year | 494 | (459) |
| Actuarial (loss)/gain on the pension scheme | 0 | 2,345 |
| Balance carried forward | (4,554) | (5,048) |
| Income and expenditure reserve excluding pensions | 2,776 | 2,282 |
| Pension reserve | (7,330) | (7,330) |
| Total reserves | (4,554) | (5,048) |

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

16. Related party transactions

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

The company is wholly owned by Southend-on-Sea Borough Council. Turnover for the company for the year was £xxk (2018 : £xxk) including £xxk (2018 : £xxk) paid as management fees by the Council. The management fee covers salaries and staff-related supplies and services costs. Balances due to and from related parties at the year end are included in debtors and creditors, as disclosed in notes 10 and 13.

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

The senior management personnel comprised:

Michael Gatrell
 Mario Ambrose
 Christopher Vaughan
 Beverley Gallacher
 Sarah Lander
 Simon Putt
 Paul Longman

During the year the remuneration paid to the above senior management personnel totalled £668,571 (2018 : £668,571)

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.

18. Pension commitments

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

| | 2020 | | 2019 | |
|------------------------------|--------------------|-----------------|--------------------|-----------------|
| | % of scheme assets | Value £000's | % of scheme assets | Value £000's |
| Equities | 62.3% | 22,022 | 62.3% | 22,022 |
| Bonds | 11.2% | 3,944 | 11.2% | 3,944 |
| Properties | 8.9% | 3,145 | 8.9% | 3,145 |
| Cash | 2.6% | 931 | 2.6% | 931 |
| Alternative assets | 9.8% | 3,449 | 9.7% | 3,449 |
| Other managed funds | 5.3% | 1,879 | 5.3% | 1,879 |
| Total market value of assets | | <u>35,370</u> | | <u>35,370</u> |

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | |
|-------------------------------------|-----------------|----------|
| Present value of scheme liabilities | (42,700) | (42,700) |
| Net estimated pension liability | (7,330) | (7,330) |

(b) Asset and liability reconciliation:

| | 2020 £000's | 2019 £000's |
|---|----------------|----------------|
| Reconciliation of liabilities (funded) | | |
| Liabilities at start of period | 42,700 | 41,781 |
| Service cost | | 1,278 |
| Interest cost | | 1,054 |
| Employee contributions | | 245 |
| Actuarial loss | | (489) |
| Benefits paid | | (1,208) |
| Past service costs | | 39 |
| Liabilities (extinguished) on settlements | | 0 |
| Liabilities at end of period | 42,700 | 42,700 |

| | 2020 £000's | 2019 £000's |
|---------------------------------|----------------|----------------|
| Reconciliation of assets | | |
| Assets at start of period | 35,370 | 33,007 |
| Interest on Assets | | 838 |
| Return on Assets less Interest | | 1,856 |
| Other Actuarial gains | | 0 |
| Employer contributions | | 645 |
| Employee contributions | | 245 |
| Benefits received | | (1,208) |
| Administrative expenses | | (13) |
| Settlement (paid) | | 0 |
| Assets at end of period | 35,370 | 35,370 |

(c) History of scheme assets and liabilities:

| | 2020 £000's | 2019 £000's | 2018 £000's | 2017 £000's | 2016 £000's |
|-------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| Fair value of the scheme assets | 35,370 | 35,370 | 35,115 | 30,899 | 25,568 |
| Present value of scheme liabilities | (42,700) | (42,700) | (41,693) | (41,869) | (32,535) |
| Scheme Deficit | (7,330) | (7,330) | (6,578) | (10,970) | (14,708) |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

(d) History of experience gains and (losses):

| | 2020 | 2019 | 2018 |
|---|---------------|--------|--------|
| | £000's | £000's | £000's |
| Difference between the expected and actual return on scheme assets: | | | |
| Amount | [REDACTED] | 1,856 | 1,405 |
| Percentage of scheme assets | 0% | 5% | 4% |
| Experience (losses)/gains on scheme liabilities: | | | |
| Amount | [REDACTED] | 489 | 1,916 |
| Percentage of the present value of scheme liabilities | 0% | 1% | 5% |
| Total amount | 0 | 2,345 | 3,321 |

(e) Return on scheme assets:

The overall expected rate of return on scheme assets was expected to be 20.0% in 2016/17. 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 expected return on assets across the different asset categories. Actual returns on scheme assets have been £4,927,000 for the year to 31 March 2017, being 15.9% of the year end asset value.

(f) A full actuarial valuation was carried out for the defined benefit scheme at 31st March 2017 and updated to 31st March 2019 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 | 3.9 | 3.9 |
| Rate of increase in pension payment | 2.4 | 2.4 |
| Discount rate | 2.4 | 2.4 |
| Inflation assumption | 2.4 | 2.4 |

(g) Movement in deficit during the year:

| | 2020 | 2019 |
|--------------------------|----------------|---------|
| | £000's | £000's |
| At 1 April | (7,330) | (8,774) |
| Current service cost | 0 | (1,278) |
| Net interest cost | 0 | (216) |
| Actuarial gains/(losses) | 0 | 2,345 |

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | |
|--|----------------|----------------|
| Employer contributions | 0 | 645 |
| Past service costs | 0 | (39) |
| Administrative costs | 0 | (13) |
| Liabilities extinguished on settlement | 0 | 0 |
| Settlement prices paid | 0 | 0 |
| At 31 March | <u>(7,330)</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.

FRS102 disclosures are not on the same basis as the triennial actuarial review of the pension fund valuation and the two are for different purposes. FRS102 is a one off assessment at the year end for accounting disclosure purposes. The FRS102 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.

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

| | 2020 | 2019 |
|--------------------------|----------|------------|
| | £000's | £000's |
| Current service cost | 0 | 1,278 |
| Employer contributions | 0 | (645) |
| Past service costs | 0 | 39 |
| Settlement service costs | 0 | 0 |
| Administrative costs | 0 | 13 |
| FRS102 adjustment | <u>0</u> | <u>685</u> |

Analysis of amounts charged to finance costs:

| | 2020 | 2019 |
|--|--------|---------|
| | £000's | £000's |
| Other finance costs: expected return on assets in the scheme | 0 | 838 |
| Other finance costs: interest costs | 0 | (1,054) |

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2020

| | | |
|-------------------|----------|--------------|
| FRS102 adjustment | 0 | (216) |
|-------------------|----------|--------------|

During the year to 31 March 2019 the employer contribution rate was 17.9%. Essex Pension Fund have advised that the rate for the year to March 2020 will be 17.9%.

| | | | |
|---|--------|-------------|------|
| (i) Life assumptions: | | 2020 | 2019 |
| Life expectancy: | | | |
| Current pensioner aged 65 | | | |
| | male | 21.3 | 21.3 |
| | female | 23.6 | 23.6 |
| Future pensioner aged 65 in 20 years time | | | |
| | male | 22.9 | 22.9 |
| | female | 25.4 | 25.4 |

19. Operating lease commitments

At 31st March 2019 the company had the following total commitments under non-cancellable operating leases:

| | | |
|--------------------------------|---------------|-----------|
| | 2020 | 2019 |
| | £000's | £000's |
| Operating leases which expire: | | |
| Less than one year | | 18 |
| Two to five years | | 31 |
| Over 5 years | | |
| Total | 0 | 49 |

The total charge taken to the income and expenditure account for the year amounted to £17,638 (2018 : £17,638)

20. Financial Instruments

| | <u>Company</u> | | <u>Group</u> | |
|--|----------------|--------|---------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000's | £000's | £000's | £000's |
| Financial Assets which are debt instruments measured at amortised cost | 884 | 426 | 951 | 529 |
| Financial Liabilities measured at amortised costs | | 5,044 | | 5,171 |