



**Liverpool Mutual Homes (LMH)
Register Number 29998R**

Meeting: Board of Management

**Date/Time: 5:30pm
on
Wednesday 30th June 2010**

**Venue: Board Room, 1st Floor,
Commutation Plaza, Liverpool**

MEMBERSHIP:

Bill Lacey – Chair

Bryan McAvoy – Vice Chair

Tony Barnes

Janet Bell

Andrew Catterall

Tommy Colleran

Sue Goodman

Mike Harden

Ken Hughes

Robbie Hughes

Hossam Ibrahim

Bruce Johnson

Cllr Ann O'Byrne

Paul Rigby

Will Roby

Cllr Sharon Sullivan



**LIVERPOOL MUTUAL HOMES
REGISTER NUMBER 29998R**

**MEETING OF THE BOARD OF MANAGEMENT
TO BE HELD ON 30th JUNE 2010 AT 5.30pm
IN COMMUTATION PLAZA, LIVERPOOL**

AGENDA

OPEN SESSION

ITEM	LEAD OFFICER	EXPECTED DURATION	PAGE No
1. APOLOGIES FOR ABSENCE			
2. DECLARATIONS OF INTEREST			
3. NON-CONFIDENTIAL MINUTES OF PREVIOUS MEETING			
a) To agree as a correct record the non-confidential minutes of the Board meeting held on 27 th May 2010		2 minutes	Page 3
b) To consider matters arising from the non-confidential minutes of the Board meeting held on 27 th May 2010		5 minutes	
4. CHIEF EXECUTIVE'S UPDATE			
a) To receive an update report from the Chief Executive on non-confidential matters and other LMH business.	Steve Coffey	5 minutes	Page 8
5. NON CONFIDENTIAL ITEMS			
a) LMH Committee Structure and Meeting Frequency	Steve Coffey	10 minutes	Page 14

ITEM	LEAD OFFICER	EXPECTED DURATION	PAGE No
b) Internal Audit Annual Report 2009/10	Peter Fieldsend	10 minutes	Page 27
c) Shareholder Applications	Peter Fieldsend	5 minutes	Page 42
d) Minutes of the Audit and Risk Committee held on 11 th May 2010		2 minutes	Page 46
e) Minutes of the Repairs and Maintenance Working Group held on 27 th May 2010		2 minutes	Page 53
6. ANY OTHER URGENT BUSINESS ACCEPTED BY THE CHAIR			
7. NEXT MEETING			
a) The next scheduled Board meeting is due to be held on 29th July 2010 at 5.30pm in the Board Room at Commutation Plaza, Liverpool			

**LIVERPOOL MUTUAL HOMES (LMH)
REGISTER NUMBER 29998R**



**MEETING OF THE BOARD OF MANAGEMENT
HELD ON THURSDAY 27th MAY 2010**

At the Open Session of the Board meeting held on 27th May 2010 at Commutation Plaza, the following were:

PRESENT:

Bill Lacey - Chair
Bruce Johnson
Janet Bell
Hossam Ibrahim
Tommy Colleran
Ken Hughes
Mike Harden
Tony Barnes
Robbie Hughes
Will Roby

OFFICERS IN ATTENDANCE:

Steve Coffey - Chief Executive
Angela Forshaw - Director of Housing & Neighbourhood Services
Peter Fieldsend - Director of Corporate Services
Cathy Abraham - Head of Business Development
Karen McMurdo - Head of Human Resources
Sharon Beyga - PA to the Chief Executive

APOLOGIES:

Bryan McAvoy - Vice Chair
Andy Catterall
Sue Goodman
Paul Rigby
Steve Collins - Director of Regeneration & Technical Services

OBSERVORS:

Lillian Brown
Bernadette King

(The meeting commenced at 5:30pm)

The Chair started the meeting by introducing and welcoming the Observers in attendance at LMH's Open Session Board meeting and explained the format of the meeting.

BM10/081 ITEM 2 - DECLARATIONS OF INTEREST

Items of declaration were identified for Bruce Johnson, Tony Barnes and Steve Coffey under Item 3C, Closed Session Meeting: Recommendations of the Remuneration Committee.

BM10/082 ITEM 3A – MINUTES OF THE BOARD MEETING HELD ON 29th APRIL 2010

The minutes of the Board Meeting held on 29th April 2010 were considered by the meeting.

It was resolved that:

The minutes of the meeting were agreed as an accurate record.

BM10/082 ITEM 3B – MATTERS ARISING FROM THE MINUTES OF THE BOARD MEETING HELD ON 29th APRIL 2010

There were no matters arising from the minutes.

BM10/083 ITEM 4A – CHIEF EXECUTIVE'S UPDATE

The Chief Executive presented a report which provided the Board with a general update on a range of matters including the completion of the Regulatory and Statistical Return of which copies were available.

He specifically drew the attention of the meeting to item 2.4 of the report which stated that the annual meeting of the City Council was due to be held on the 25th May. He provided an update to the extent that he had been given verbal notification that our LCC Board members will be Ann O Byrne and Sharon Sullivan. It was agreed that the Chief Executive would send off a note of thanks to Pam Clein and Berni Turner and a welcome note to Ann and Sharon.

It was resolved that the Board:

- i) Noted the report; and
- ii) Authorised the Chair of the Board to sign the Regulatory & Statistical Return for 2009/10 on behalf of the Board

(Janet Bell left the meeting during the following item)

BM10/084 ITEM 5A – PERFORMANCE MANAGEMENT PRESENTATION

The Head of Business Development gave the Board a presentation setting out the range and hierarchy of performance indicators developed by LMH and utilised under the new arrangements with the Covalent System.

Will Roby asked if there are any PI's that are not key or any that are more important than others. The Chief Executive replied that he would advise the Board to identify what they want to see to manage performance. He explained that when the Performance Pack is produced it may be the case that only half of the items are discussed, but it is important that Board members have access to them and can raise any concerns.

Mike Harden commented on the Board member attendance, and asked for clarification on the thinking behind the differing targets for types of Board Member. It was agreed that the attendance target should be consistent at 80%.

Bruce Johnson queried whether the repairs figures were different to those that were presented to Repairs and Maintenance Working Group. He also raised his concerns that the Gas target is not set at 100%. It was agreed that officers would check the consistency of the figures. The Chief Executive explained that there were two indicators on gas and one picked up the specific point that had been raised.

Mike Harden and Tony Barnes queried the targets established for call handling. The Director of Housing & Neighbourhood Services confirmed that this will be reviewed when the Customer Service Centre is set up and fully equipped and fully staffed.

It was resolved that the Board:

- i) Noted the report; and
- ii) Approved the monitoring arrangements with the exception of the amendment to be made to Board attendance

BM10/085 ITEM 5B – COMPLAINTS PERFORMANCE AND TREND ANALYSIS

The Head of Business Development presented the report advising that it provides examples of changes to services that have or are in the process of being implemented as a result of customer complaints.

Robbie Hughes raised several queries regarding the technology used to track complaints and these were picked up by the Head of Business development.

Mike Harden also stated his view that the trends are more important than numbers and Tony Barnes suggested that a FAQ page on the internet would potentially alleviate customer queries.

Bruce Johnson asked whether it was our intention to measure customer satisfaction on how a complaint is handled and it was confirmed that this is the case.

It was resolved that the Board:

- i) Noted the contents of the report; and
- ii) Approved the style and content for the quarterly update going forward

BM10/086 ITEM 5C – MINUTES OF THE SOUTH AREA BOARD MEETING HELD ON 12th APRIL 2010

The minutes of the South Area Board meeting held on 12th April 2010 were considered by the meeting.

It was resolved that:

The minutes of the meeting were noted.

BM10/087 ITEM 5D – MINUTES OF THE WEST AREA BOARD MEETING HELD ON 13th APRIL 2010

The minutes of the West Area Board meeting held on 13th April 2010 were considered by the meeting.

A typo was noted on page 35 of the minutes for the venue of the meeting.

It was resolved that:

The minutes of the West Area Board were noted.

BM10/088 ITEM 5E – MINUTES OF THE EAST AREA BOARD MEETING HELD ON 15th APRIL 2010

The minutes of the East Area Board meeting held on 15th April 2010 were considered by the meeting.

It was resolved that:

The minutes of the East Area Board were noted.

BM10/089 ITEM 5F – MINUTES OF THE NORTH WEST AREA BOARD MEETING HELD ON 20th APRIL 2010

The minutes of the North West Area Board held on the 20th April 2010 were considered by the meeting.

It was resolved that:

The minutes of the North West Area Board were noted.

BM10/090 ITEM 5G – MINUTES OF THE NORTH AREA BOARD MEETING HELD ON 21st APRIL 2010

The minutes of the North Area Board held on the 21st April 2010 were considered by the meeting.

It was resolved that:

The minutes of the North Area Board were noted.

Chair asked the members how they felt the area board meetings were running. Will Roby commented that he would prefer to see them re-designated as more of a forum including the Police and Fire Brigade rather than disseminate.

Tommy Colleran commented that he felt more people go to the stakeholder meetings than the area board meetings and he would like to see the South and West linking together.

CEO advised that this is going to form part of a wider discussion and a meeting will be arranged with the tenant board members of which feedback will help produce a report for Board.

The Chair suggested that the Chief Executive look at the Committee structure of LMH and report back to the Board. He felt that this should cover the current committees and working groups. This was agreed by the Board.

BM10/091 ITEM 6 – ANY OTHER BUSINESS

No other business was recorded.

BM10/092 DATE AND TIME OF NEXT MEETING

It was noted that the date of the next scheduled Board Meeting is Wednesday 30th June 2010 at 5.30pm.

Observers were thanked for their time and left the meeting

(The 'Open Session' of the meeting concluded at 18:35)

Board/Committee/Working Group/Area Board:	
Board	
Date of Meeting:	
Wednesday 30 th June 2010	
Item No:	4A



Subject:	Chief Executive's Update Report	Attachments:	<ul style="list-style-type: none"> Appendix 1 - Board Forward Plan
Confidentiality:	Non-Confidential	Status:	For Decision
Executive Summary:			
<p>This general update report deals with general business together with specific items that may be included within the Operational Plan. Any similar updates in relation to items which are of a confidential nature will be dealt with in a separate report within the 'closed' session of the meeting.</p>			
Recommendation:			
<p>It is recommended that the Board notes the report.</p>			
Financial implications:			
<p>There are no material financial implications associated with this report.</p>			
Key risks:			
<p>There are operational risks associated with the specific items in this report which have been flagged up to the Board. Where appropriate these have been incorporated into the risk register.</p>			
Material impact on Corporate Plan 'Focuses':			
<p>Each of the update items contained within the report contribute, to a greater or lesser extent, to the delivery of LMH's Corporate and Operational Plan objectives and relate to each of the Focuses within the plans.</p>			
Directorate: Chief Executive's			
By: Steve Coffey		Position: Chief Executive	

1. Background

- 1.1. A general update report is provided to the Board at each meeting in order that the Board is kept aware of general items of LMH Business which do not necessarily require specific reports to be considered. This report deals with items that are of a non-confidential nature and a similar report is produced to deal with similar items that are of a confidential nature. That report will be dealt with in the 'closed' session of the meeting.
- 1.2. In addition to this report a bi-monthly Board and Area Board Update is circulated to members covering further aspects of general LMH business and areas of interest.

2. Update Items

An updated version of the Board's Forward Plan for a rolling 12 month period is attached at Appendix 1.

2.1 Update on Housing & Customer Services Structure

The Housing and Customer Services Steering Group meets weekly, chaired by the Director of Housing & Neighbourhood Services, to oversee the restructure. The group includes officers from a wide range of teams including HR, IT, Communications, Housing Management, and Regeneration & Technical Services.

Following a period of formal consultation with staff and Trade Unions, which included four formal briefing sessions, due consideration was given to all responses and a revised structure was agreed and made available with all new Job Descriptions and Person Specifications to all staff.

Implementation of the structure has now started with the Customer Service Centre Manager and key managerial posts. By taking a top down approach it is proposed to work with the Trade Unions to decide upon possible assimilation into posts at certain levels where there has not been any significant change to a role. The rest will be by competitive interview.

Other work streams include managing the movement of staff to new accommodation, ensuring access to IT systems in new locations, and ensuring everyone is kept informed of developments.

Customer Service Centre (CSC)

A sub-group has been formed to oversee the development of the CSC. This group will ensure there is genuine input from front line staff into how services are delivered.

Due to delays caused by complex leasing arrangements with the landlord of the Presto Building, we have now agreed new premises for the CSC. Negotiations are almost finalised with City Point and, as all other aspects of preparing for the new CSC are on target, this will enable us to be up and running on 1st October 2010 with the Investment Team and Repairs Call-Centre moving in advance of this date.

A Project manager has been taken on to assist us with the development of the CSC. She has vast experience of setting up large customer service centres in both the public and private sector. Her remit is to:

- Work with staff to develop call scripts for services delivered from our CSC
- Look at staff call handling skills and their development
- Reduce call numbers by ensuring more are managed at first point of contact
- Assist with the recruitment of key posts in the new CSC
- Assist in developing a training needs analysis for all staff in the CSC.
- Work with our communications team on the branding of the new CSC.
- Develop working protocols within the CSC and with other LMH teams.

After extensive customer consultation the Customer Involvement Steering Group (CISG) has endorsed a recommendation to have one contact number for all LMH services. Our customers requested that we offer this number as a free phone (0800) and a local call rate number (0345) This will ensure mobile phone users are not disadvantaged in accessing our CSC as 0800 numbers can be expensive via a mobile phone

IT Systems are scoped, agreed and ready to install to the new CSC location.

We will begin to publicise the CSC shortly. This will include production of a short film available on our website advising customers why we are changing and how services will improve as a result of the changes. The film will feature staff and tenants.

2.2 Earle Road

- 2.2.1 Two dwellings at 94 and 96 Earle Rd were transferred to LMH in error, as they form part of the Housing Market Renewal (Newheartlands Pathfinder) clearance area. On 31st March 2010, Liverpool City Council acquired the properties from LMH via a General Vesting Declaration. LMH is negotiating a payment of £36,525 for these dwellings. This figure includes legal fees, the net income forgone, an outstanding homeloss payment and repairs to the dwellings that had been undertaken by LMH.

2.3 Technical Services

- 2.3.1 During the past few months we have seen increasing interest in the work we are carrying out in our communal areas. We have now had several visits from KHT, Helena, Villages, City West, Plus Dane, Inside Housing and we are currently arranging a visit for WPH. This is in turn seeing increased interest in our framework which is now receiving national membership.
- 2.3.2 The Belvidere hostel project has had its planning application deferred due to bats being suspected in the roof space. In order to progress the planning application a management plan to deal with the bats is currently being developed. However it is highly likely that this will see the start of the project delayed until September.
- 2.3.3 The consultation with staff due to transfer from LHT on the 1st July has continued over the past month and the team is due to move into a new office at City Point (Gt Homer St) in early July. We are taking offices over two floors at City point to accommodate the North and North West Investment team and the customer contact centre. Any Board Members who would like to visit the offices should contact the Director of Housing & Neighbourhood Services who will be happy to make arrangements.
- 2.3.4 Enterprise PLC have commenced with the Kitchen and Bathroom programme in the North area and we are currently developing the programme of works to Sheltered accommodation with Connaught who are due to commence work in August.

BOARD FORWARD PLAN

Board Meeting	Agenda Planning Meeting	Key Items of Business	Comments
July 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Financial Review 2010/11 Q1 • Statutory Accounts for 2009/10 • Annual Reports for 2009/10 • Self Assessment against TSA Standards and Plan for Local 'offers' • Performance Review 2010/11 Q1 	Further reports to be confirmed
Sept 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Potential for Calls on Warranties/Indemnities within the Transfer Agreement • Future Pension Arrangements 	Further reports to be confirmed
Oct 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Corporate Planning Cycle 2011/12 	Further reports to be confirmed
Nov 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Financial Review 2010/11 Q2 • Performance Review 2010/11 Q2 	Further reports to be confirmed
Dec 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report 	Further reports to be confirmed
Jan 2011	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Business Plan Review 2011/12 • Performance Review 2010/11 Q3 • Financial Review 2010/11 Q3 • Rent and Service Charge Increase. 	Further reports to be confirmed

Board Meeting	Agenda Planning Meeting	Key Items of Business	Comments
Feb 2011	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO update Report • Business Plan Review • Budget 2011/12 	Further reports to be confirmed
March 2011	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO update report • Operational Plan 2011/2012 • Year 4 Improvement Programme 	Further reports to be confirmed
April 2011	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • 2010/11 Annual Financing Strategy 	Further reports to be confirmed
May 2011	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Regulatory and Statistical Return • Performance Review 2009/10 Q4 • Financial Review 2009/10 Q4 • Performance Targets 2010/11 	Further reports to be confirmed
June 2010	2 weeks ahead of meeting date	<ul style="list-style-type: none"> • CEO Update Report • Internal Audit Annual Report 2009/10 • Review of Pension Arrangements • Mortgage Rescue • Shareholder Applications • Fourth Quarter Risk Register • PI Validation 	Further reports to be confirmed

Board/Committee/Working Group/Area Board:	
Board (Closed Session)	
Date of Meeting:	
Wednesday 30 th June 2010	
Item No:	5A



Subject:	LMH Committee Structure and Meeting Frequency	Attachments:
		<ul style="list-style-type: none"> •Appendix 1 Campbell Tickell report on structure options •Appendix 2 Draft Governance Structure diagram

Confidentiality:	Non-Confidential	Status:	Decision
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Executive Summary:

LMH asked Campbell Tickell to review the existing Governance arrangements and make some recommendations for ensuring the governance structure continued to be effective as the organisation develops and grows. The Campbell Tickell report makes some general recommendations for improving current governance arrangements in addition to presenting some specific options around a revised governance structure.

The Campbell Tickell report reviews the structure in place currently and compares this to good practice elsewhere in the sector, in particular similar size organisations and what arrangements they put in place at similar stages of their development.

The report considers the options contained within the Campbell Tickell report and makes a proposal for Board to discuss and consider, this is supported by a draft governance structure diagram.

Recommendation:

It is recommended that the Board:

- i). Notes the report;
- ii). Agrees to adopt the approach set out at option 2 of the Campbell Tickell report with the exception of Area Boards which will be considered further within the context of co-regulation; and, including Terms of Reference etc,
- iii). Requests the Chief Executive to develop specific proposals as set out at Appendix 2 to be considered at the July Board meeting.

Financial implications:

- There are no financial implications associated with implementing a revised Governance structure.

Key risks:

- The Governance structure that the organisation adopts should be in line with best practice and should reflect that the organisation has grown and developed over the last 2 years and may require a different structure to the one originally put in place.
- The organisation would be at risk of having a less than effective governance structure if it did not review existing arrangements to ensure they continued to support effective governance.

Material impact on Corporate Plan 'Focuses':

The key impacts on the Corporate Plan Focuses relate to Focus on Governance and value for money. Any change to the current arrangements should improve LMH ability to remain compliant with Governance standards and best practice. Ensuring that the governance structure supports the achievement of corporate goals through effective leadership and management, without additional costs, improves value for money.

Directorate: Corporate Services

By: Cathy Abraham

Position: Head of Business Development

1. Background

Campbell Tickell have been working with LMH for over 12 months supporting whole and individual Board training and development. LMH have now been operating as a successful business for over 2 years, therefore it is timely that the governance arrangements that were established at transfer are reviewed in line with best practice and to reflect the stage that the organisation is in its ongoing development.

Campbell Tickell were requested to carry out a formal review of the governance arrangements in Q4 2009/10 their full report is attached as Appendix 1. They have reviewed the arrangements currently in place and compared these to structures adopted by best performing organisations of similar size that have changed their structures as they developed into more mature organisations.

Campbell Tickell (CT) have taken into account best practice guidance and the requirements of the new TSA regulation framework which supports an increased role for tenant scrutiny. The report does make some recommendations around the future role of Area boards, however, the Board will be aware that LMH have appointed Maria Dowling to work with officers to agree local offers with tenants. This work will include a review of LMH involvement arrangements to facilitate greater opportunity for tenants to scrutinise LMH performance together with an involvement structure that supports a move towards co-regulation. It is proposed, therefore to delay consideration of CT's recommendations around Area Boards until the work to develop local offers is complete and outcomes known.

2. Evolving Governance practice

The report highlights some emerging practice for **future consideration**:

- Move towards smaller membership of board in the future
- Move towards a more skill based approach to recruitment
- Streamlining of structures
- More time for board to have informal sessions to have strategic discussion and shared learning.
- Shifts in balance of executive and non executive membership of the Board
- New structures that support real local accountability to tenants and local authority partners

3. Recommendations

The report highlights some general recommendations for improvement which are summarised below:

- Any new structure needs to enable greater delegation of responsibility and decision making elsewhere to free up time at board for key discussion and decision making
- Any new structure needs to support a greater role for tenant scrutiny and co regulation.
- Only establish Working Groups for “task and finish” type work, therefore these would be set up as and when required.
- Consider the use of planning sessions or themed meetings as an alternative to Board meetings.
- HR and organisational development issues continue to be considered at Board rather than a separate committee

Considering all of the above it is recommended that Board adopts Option Two, albeit without the recommendations relating to Area Boards, as proposed in the CT paper attached as Appendix 1.

It is considered that option Two best delivers the above and supports LMH to face the external challenges it may face as the organisation moves forward. In summary Option Two specifically recommends that:

- Board retain strategic finance function and set up an annual dedicated budget meeting.
- Audit and Risk committee remain but absorb responsibilities of Governance working group and be renamed Audit and Governance Committee.
- Remuneration committee remains with possible revised terms of reference and more frequent meetings.
- Establishment of a new Customer Experience Committee which will focus on outcomes and recommendations from tenant scrutiny.
- Quarterly Board meetings plus the potential for additional meetings to deal with the Budget/Accounts
- Board has at least 2 or 3 themed/ strategy meetings a year
- Board has at least 1 strategy away day a year

After consideration of these options and subject to a clear steer from the Board formal terms of reference will be developed, together with any necessary amendments to standing orders and financial regulations. All revisions and amendments will be presented to Board in July for approval.



LIVERPOOL MUTUAL HOMES – GOVERNANCE STRUCTURE

A Introduction

- A1 Campbell Tickell have been asked to provide ideas on improving the Board/Committee/meeting structure of Liverpool Mutual Homes and to provide options for consideration.
- A2 Our advice takes into account any relevant good practice, where applicable, although this is an area in which there tends to be a reasonably standard approach and need by most organisations of a certain size to delegate responsibilities to committees. There also tends to be little prescription in terms of what Boards should and should not do, except specifically in relation to the Audit Committee.
- A3 The National Housing Federation's Code of Governance recommends that Boards set aside time for full discussion about their performance and future strategy, that governance structures are streamlined, and that the Audit Committee meets at least three times a year, with minutes presented to the full Board for scrutiny.
- A4 The Smith guidance (Robert Smith, *Guidance on Audit Committees*, 2003) recommends no fewer than three meetings a year of the Audit Committee; the Audit Committee Institute counsels that there should be sufficient time to discuss items properly and to have a private session at each meeting, with sufficient intervals between meetings for the work to be auctioned.
- A5 The guiding principles for governance structures in our view need to be:
- the effectiveness of Board business and decision-making more widely, and whether the existing governance architecture and calendar of meetings is purposeful and produces clear outcomes;
 - the volume of business that needs to be progressed (the age of the organisation will usually have some bearing on this, with new organisations demanding a greater volume of decisions and approvals in their early years than more established organisations);

- the overall governance burden upon Board members and senior staff in terms of time spent preparing for or attending meetings;
- how governance structures link together to ensure accountability and efficiency;
- How the governance structure facilitates and encourages local participation and decision-making; and
- How structures respond to and influence the organisational culture.

A6 We have previously advised LMH on how to cope with the inevitable deluge of papers that besiege young organisations, in particular our recommendations focused on a Board forward plan, agenda planning, omnibus reports, between meeting circulation of information items, and delegated authority to the Chair and Chief Executive. The recommendations set out in this paper assume consideration and/or adoption of previous guidance in this area.

B The governance architecture

B1 The current structure adopted by LMH is set out in the table below, together with our comments:

NATURE OF MEETING	FREQUENCY	CAMPBELL TICKELL COMMENT
Board meeting	Monthly	<p>We would expect this level of meeting frequency in the first 12-18 months of an organisation, in which Board members are still learning about the business and the Board Forward Plan has yet to take shape because of the volume of ad-hoc approvals and decisions to be made. It may also be an appropriate model for any organisations in difficulty, where there may be a need for intensive monitoring of developing situations.</p> <p>The Board retains strategic finance within its remit, rather than delegating to a Finance or Resources Committee, and this function is kept separate from Audit.</p>
Audit & Risk Management Committee	Quarterly	This frequency of meeting is in line with best practice (as set out above).

Repairs and Maintenance Working Group	Monthly	We have encouraged in a previous paper that consideration be given in the medium term to the merits of appointing a formal Committee of the Board to handle operational matters, e.g. the repairs and improvement programme, thereby replacing this Working Group – this might also include co-opting a couple of independent members. Local peer organisations, such as Whitefriars Housing Group or New Charter Housing Trust, have Housing and Operations Committees.
Remuneration Committee	Ad hoc	We understand that the Remuneration Committee was originally planned to be at least once a year (to review Executive salaries) but that the terms of reference were altered to allow it to be convened as required, for example for making recommendations to the Board on recruitment of new Board members.
Governance Working Group	Ad hoc	Our understanding is that the Governance Working Group was originally scheduled to be monthly but tends to be as and when required. Our advice on working groups in general is that they should be 'task and finish' rather than structures that exist in perpetuity.

C Evolving governance practice

C1 We draw attention in this section to certain governance trends we have discerned in other major housing associations:

- (1) The emergence of smaller Boards – with nine members often being cited as a desirable (if not immediately attainable) number;
- (2) A move away from mechanisms for choosing Board members based on nomination/representation, and towards a fully skills-based approach; this includes tenant Board members;

- (3) As mentioned above, a move towards reducing the number of corporate entities within a group (clearly this would not affect LMH);
 - (4) A general streamlining of governance structures, with a reduction of committees, often accompanied by more frequent (and perhaps shorter) meetings of the main Board;
 - (5) The creation of more informal Board time, to allow a greater extent of relaxed strategic discussion and evaluation, team-building and shared learning;
 - (6) In some cases, a shift in the balance of executive and non-executive Board members, with as many as 5 executives on the main Board;
 - (7) Experiments and new structures aimed at creating real local accountability to tenants and local authority partners.
- C2 These are simply for note – LMH is a unique organisation, and can set its own path. But it is worth being aware of how others are responding to the same business environment.
- C3 The driver for any Board has always been both to get through a certain amount of predictive business (e.g. budget cycles can be programmed into calendar cycles well ahead of time) and to have effective meetings. In the housing sector over the last few years, Boards have more concertedly focused on how best to create the space to reflect on strategy. In the ALMO domain in particular, the public nature of Board meetings has prompted questions about how ‘warts and all’ discussions of performance can take place between Board members and officers without creating headlines in the front-page news of the local press or unduly alarming resident visitors who may lack awareness of the wider contextual considerations.
- C4 Strategy Away Days are firmly embedded in the sector, and many Boards combine them with overnight stays and learning and development sessions. A more recent trend has been varying the traditional Board meeting menu with several strategy forum sessions: these are usually sessions with only short briefing papers or without papers at all that focus on discussing major areas of strategy, e.g. procurement of a Decent Homes contractor or trends emerging from a range of resident feedback.
- C5 Strategy forums are intended to feel different from conventional Board meetings, with more time allowed for full and ranging contributions by Board members, and a short agenda that focuses on a small number of headline issues. They also often have more of a collective partnership approach between Board members and officers, so that officers are not reporting to Board members as such but rather working with them to consider an issue from different angles. Strategy forums lend themselves well to having (occasionally) external speakers present a topic to the Board, whether a contractor, the local Council, or outside experts. In fact they offer a significant variation to the usual diet of modular Board training, and instead help to orientate Board development into a space that is about thinking, behaviours and team dynamics.

- C6 It is not unusual for organisations to have designated HR or staffing committees (for example, Plymouth Community Homes [urban LSVT like LMH], Whitefriars Housing Group, Cosmopolitan Housing Group all do). We believe, however, that unless there is a particularly large staff group (for example, as a result of care and support services, or an internal Direct Labour Organisation), HR and organisational development matters may be best considered at Board level (rather than delegating to an HR-type committee, which can sometimes take a real focus away from staffing matters). There ought, however, to be reporting twice a year on key KPIs (for example, around staff sickness, turnover etc.) and we would expect annual consideration of staff pay and how it fits within LMH's performance management framework.
- C7 In terms of resident structures that allow for scrutiny of performance and for influencing decision-making around the delivery of local services, it is also increasingly common that most housing providers will nowadays have different kinds of panels or groups working on either specific issues or representing local areas, much in the way that LMH's Area Boards do. By way of example:
- Gentoo Sutherland (large urban LSVT) has customer focus groups and local customer panels;
 - Incommunities has Local Management Trusts which oversee housing management services within their own areas;
 - Cheshire Peaks and Plains Housing Trust operates a variety of panels;
 - City West Housing Trust has a Customer Challenge Panel, Local Area Panels for 4 local management areas, an Asset Management Working Group, and a City West Forum;
 - New Charter Housing Trust has forum and estate meetings; and
 - Willow Park Housing Trust runs Customer Service Panels.
- C8 We note that most providers term this local representation as area/local/customer panels rather than 'Boards'. In this respect, LMH is something of an outlier.
- C9 Our experience is that, while the intent of local panels is clear (e.g. to monitor and influence local performance), many providers have struggled with creating meetings that are meaningful, that are not just attended by the usual suspects, that are lively and really do concentrate on local performance. A recent initiative (for example, among Watford Community Gateway and the Greensquare Group) is to move away from burdening these meetings with the same architecture as Board meetings – rooted in minutes, agendas and papers – and instead to have a much more dynamic range of content (for example, presentations and photographs), with sessions perhaps facilitated rather than chaired (Greensquare Group are looking into whether it will work to have members of staff acting as facilitators).
- C10 In terms of the conduct of Board meetings more broadly, there is also evolving practice in terms of Board members maintaining a good level of 'discipline' throughout, including
- Always reading papers carefully before the Board meeting

- Contacting the authors of papers with any factual queries or clarifications before the meeting, so as to allow maximum time for strategic discussion in the meeting
- Notifying the authors of minor spelling and grammatical errors in papers ahead of meetings wherever possible, rather than in the meeting
- Agreeing that 'For Information' items are not normally to be discussed at Board meetings, allowing fuller discussion of strategic and decision items, and
- Where possible, notifying the Chair in advance of any agenda items where there are likely to be major issues raised, so as to allow him to plan and timetable the meeting.

C11 If any new committee is to be established, there probably needs to be a reduction in the frequency of LMH Board meetings – we need to take into account always (like balancing a set of scales) the overall governance burden on Board members. It is not uncommon for new organisations to move after the first 12 months of operation to an altered governance structure (for example, City West Housing Trust Board, established just after LMH, October 2008, has already dropped off to meeting every 2 months).

D Recommendations

- D1 The weakness of the current LMH governance structure is that too little responsibility and decision-making is able to be delegated elsewhere. Until that structural flaw is resolved, the Board is likely to feel over-burdened and agendas over-crowded.
- D2 LMH must retain its Audit and Risk Committee, in line with best practice both in the housing and the private sectors, and our advice is that the LMH Board retains the strategic finance function (rather than establishes a separate committee), though we consider other options below. If the Board retains strategic finance, there should be a dedicated Board annual budget meeting in the Board forward plan.
- D3 The Remuneration Committee should meet at least once per annum. (It is possible to consider a wider remit for this Committee. It could be renamed to Remuneration and Nominations and incorporate the work of the Governance Working Party, therefore meeting more often – at least twice a year.)
- D4 We would advise in any case that the remit of any Working Group is re-examined on a 'task and finish' basis (or that they are used in exceptional circumstances on an ad-hoc basis).
- D5 LMH should consider the use of Strategy forums or themed meetings as an occasional alternative to Board meetings.
- D6 We believe that LMH should be managing a smooth transition over the next year to a more streamlined governance structure, and set out some options for consideration below.

Option One

- Board meets every 6 weeks (approximately 9 meetings per annum), more or less continuing with a similar remit to now.
- The Board may consider whether a couple of these meetings in an annual cycle are devoted explicitly to strategy/themed meetings (which are not formal Board meetings as such).
- No Performance or Customer Services Committee. Board retains this function.
- No Finance/Resources Committee. Board retains this function.
- Board has at least 1 Strategy Away Day per annum.

Option Two

- Board establishes a Performance or Customer Services/Experience Committee, with a focus on customer service standards, local standards, and performance more widely. Area Boards meet quarterly, with feed-through into the Customer Experience Committee, which in turn feeds through to Board meetings. This establishes a clear accountability link between local concerns and Board monitoring. The Board should consider whether to co-opt any members on to the Committee.
- Board meets quarterly.
- Board has an additional budget meeting once per annum.
- Board has 2-3 dedicated themed/strategy meetings per annum – these may be timed before any 'big' decisions are going before the Board (e.g. procurement of a Decent Homes contractor) to have more time to talk through the options, what the procurement processes are, and so on. They must be characterised by a minimum of papers (short punchy presentations) and time for a lot of discussion, with no explicit Board decisions as such.
- Board has at least 1 Strategy Away Day per annum.

Option Three

- As per Option Two, but Board establishes a Finance Committee and removes the additional budget meeting from its Forward Plan. (New Charter Housing Trust, for example, has a Finance Committee, Audit Committee and Operations Committee.)

Option Four

- As per Option Two, but Board meets every 2 months. Meetings alternate between a formal Board meeting and a strategy/themed meeting.
- Board establishes a quarterly Customer Experiences Committee.

Option Five

- As per Option Two, but Board also establishes some form of Asset Management Committee (Whitefriars Housing Group has, for example, both a Property and Investment Committee, and a Housing Operations Committee, and Helena Partnerships operate a Repairs and

Maintenance Committee that meets monthly.) This would pick up the work of the Repairs and Maintenance Working Group if it is felt that there is an ongoing need for close monitoring and decision-making in this area.

- Terms of Reference would need to make explicit the boundaries between this Committee and any Customer Experience Committee. The establishment of this Committee might also mean a reduced frequency of strategy/themed meetings put forward in Option Two.

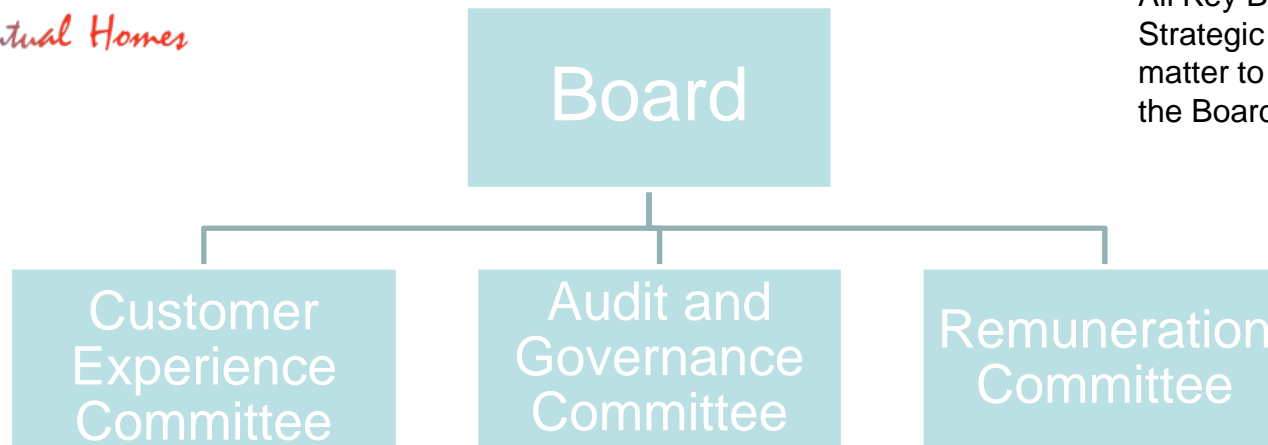
Option Six

- Retain monthly Board meetings. Alternate between 'heavy' agenda events and meetings that are more relaxed, informal and about strategic debate. Aim to hold about 11 meetings a year. Board would need to take a view on whether a Customer Experience Committee would still be required under these circumstances (most likely not, since this model usually assumes that the Board retains most business to itself).

D7 Finally, we think it appropriate that Area Boards be renamed as Area Panels (and that this would better reflect their true function), that they meet quarterly, and that the format of these meetings be revisited. We see their role as not enacting delegated authority as such, but rather to carry out explicit scrutiny (holding performance to account). This will require some training in the first instance to help residents understand what the performance information means and how to 'read' it, but also discussion on how best it might be presented to them to engage them in lively discussion. Residents at Area Panels also need to have some input into drawing up local standards.

Radojka Miljevic, Campbell Tickell

February 2010



All Key Business, Strategic and Financial matter to be retained by the Board.

Responsibilities/Delegations to include:

- Scope of current Repairs and Maintenance Working Group.
- Housing Management Functions.
- Customer Contact Functions.
- TSA Standards and Local Offers.

Responsibilities /Delegations to include:

- Scope of current Audit and Risk Management Committee.
- Scope of Current Governance Working Group.

Responsibilities/ Delegations to remain unchanged

Board/Committee/Working Group/Area Board:	
Board (Open Session)	
Date of Meeting:	
Wednesday 30 th June 2010	
Item No:	5B



Subject:	Internal Audit Annual Report 2009/10	Attachments: Appendix 1	Internal Audit Annual Report 2009/10
Confidentiality:	Non Confidential	Status:	Information
Executive Summary:			
<p>The purpose of this report is to present to the Board the Internal Audit Annual Report 2009/10 as prepared by KPMG. This report has been considered by the Audit and Risk Management Committee.</p>			
Recommendation:			
<p>It is recommended that the Board;</p> <ul style="list-style-type: none"> i. Notes the contents of this report; and ii. Notes the contents of the Annual Report 2009/10. 			
Financial implications:			
<p>There are no direct financial implications attached with this report, however the internal audit reviews identified for 2010/11 may have more direct financial implications.</p>			
Key risks:			
<p>It is a regulatory requirement that there are robust arrangements for the management of risk, supported by suitable internal controls and audit arrangements.</p>			
Material impact on Corporate Plan 'Focuses':			
<ul style="list-style-type: none"> i. Focus on Improvement – actions identified during the Internal Audit Programme will form part of the overall service improvement programme and demonstrate LMH's commitment to continuous improvement ii. Focus on Viability and Value for Money – there is a requirement with the Viability and Value for Money focus to develop a comprehensive Risk Management Strategy together with effective internal audit arrangements. 			
Directorate: Director of Corporate Services			
By: Cath Lawrenson		Position: Quality & Performance Manager	

1. Background

- 1.1 The Annual Internal Audit Report is required to be considered by the Audit and Risk Committee, ahead of the financial statements being signed off for the year.
- 1.2 The Annual Report details the following areas:-
- Identifies the work undertaken that forms the overall assessment
 - Key issues arising from the audit work throughout the year
 - Performance of the internal audit function
 - Assessment of the adequacy and effectiveness of LMH's risk management, control and governance arrangements

2. Operational Assurance

- 2.1 During the year the following audits were carried out and form the basis of the overall assessment.
- Corporate Governance
 - Treasury Management and Cash Flow
 - Stock Condition and Asset Management
 - Tenant Involvement
 - Gas Servicing
 - Complaints
 - Business Continuity
 - Anti Social Behaviour
 - Repairs and Maintenance
 - Strategic and Business Planning
 - Voids Management
 - Risk Management
 - PI Validation
 - Ordering and Payments
 - General Ledger
 - Payroll

3. Strategic Implications

- 3.1 The Internal Audit programme supports the strategies of LMH by ensuring that policies and procedures are adequate and recommendations are identified to improve service areas and minimise risk.

4. Risk Management

- 4.1 All actions identified as high or medium risk during the course of the audit are reviewed independently by KPMG during the Follow Up audit which is conducted twice yearly. The Follow Up report is presented to the Audit and Risk Management Committee as a standard item.

INFRASTRUCTURE & GOVERNMENT - HOUSING

Internal Audit Annual Report 2009-10

Liverpool Mutual Homes

29 April 2010 – Final Report

AUDIT

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This report is provided pursuant to the terms of our internal audit engagement letter, with Liverpool Mutual Homes. The report is intended solely for internal purposes by the management and Board of Liverpool Mutual Homes and should not be used by or distributed to others, under the Freedom of Information Act 2000 or otherwise, without our prior written consent. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the Beneficiaries.

1. Executive Summary

1.1 Introduction

KPMG has provided the internal audit service to Liverpool Mutual Homes (“LMH”) for the year ended 31 March 2010. This work was carried out in accordance with the Internal Audit Plan, approved by the Audit Committee, and was designed to allow us to make a statement on the adequacy and effectiveness of LMH’s risk management, control and governance arrangements in place.

The Annual Internal Audit Report is required to be considered by both the Audit Committee and the Board prior to signing off the financial statements for the year in question. In particular this Annual Report sets out:

- our assessment of the adequacy and effectiveness of LMH’s risk management, control and governance arrangements;
- the work undertaken to formulate our assessment;
- the key issues arising from our audit work and any issues relevant to the preparation of the Statement on Internal Control; and
- the performance of the internal audit function against the plan for the audit year.

1.2 Role of Internal Audit and Management

The primary responsibility for maintaining risk, control and governance arrangements rests with management and specifically the Audit Committee and the Board who are responsible for ensuring that adequate systems of internal control are in place.

It is LMH’s responsibility to establish and maintain the systems of internal control so that activities are conducted in an efficient and well-ordered manner. The responsibility for the prevention and detection of irregularity also rests with LMH.

We plan our work so that we have a reasonable expectation of identifying where potential for material fraud exists but our audit should not be relied upon to identify all such areas nor disclose all fraud and/or irregularities that may exist.

As internal auditors we are required to provide an opinion on the adequacy and effectiveness of LMH’s risk management, control and governance arrangements. In giving this opinion it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.

1.3 Planned coverage and output

The Audit Committee originally agreed our plan in March 2009. The audits set out in the 2009/10 internal audit plan have been completed with the exception of the procurement and value for money policy reviews, which have been postponed to early 2010/11 at the request of management, and the other income (RTB) review which has been cancelled due to the low volume of activity in this area. All of these changes have been agreed with management.

Further analysis of our input is provided in section 2 of this report.

1. Executive Summary (cont'd)

1.4 Internal Audit Recommendations

Management responses to reports issued this year have been positive and have provided timely implementation dates.

1.5 Performance of the internal audit service

The internal audit service has complied with Government Internal Audit Standards (GIAS) throughout the year.

1.6 Opinion

Background

As internal auditors, we are required to provide an opinion on the adequacy and effectiveness of LMH's risk management, control and governance arrangements. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.

In assessing the level of assurance to be given, we based our opinion on:

- All audits undertaken during the year;
- Any significant recommendations not accepted by management and the consequent risks;
- The effects of any significant changes in LMH's objectives or systems;
- Any limitations which may have been placed on the scope of the internal audit;
- What proportion of LMH's audit need has been covered to date; and
- The outcomes of our quality assurance processes.

1. Executive Summary (cont'd)

Operational assurance

In the year we have performed 16 assignments (as detailed in Section 2) and were able to place reliance on the operation of all of the systems reviewed, with the exception of complaints. We are satisfied that management have responded positively to the issues and recommendations raised in respect of these areas and an agreed action plan is in place to address the control issues identified. We will follow up progress made against these recommendations in the first quarter of 2010/11.

Overall Assurance 2009/10

Based on the reviews undertaken during 2009/10, in our opinion Liverpool Mutual Homes has satisfactory arrangements in order to provide assurance to the Board over the effectiveness and adequacy of the risk management, internal control and governance arrangements.

Acknowledgements

We would like to take this opportunity to thank all those staff throughout LMH with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

2. Planned coverage and outputs

2.1 Actual reviews against planned reviews

The 2009/10 annual plan originally identified 19 reviews,. There were amendments to the original plan, as outlined below, and 16 reviews were completed. The reasons for the three reviews being either cancelled or postponed to 2010/11 at the request of management are as follows:

- Procurement: LMH have yet to appoint a Procurement Manager and therefore it was agreed that it would be more appropriate to carry out the review when the appropriate staff are in place during 2010/11.
- Value for Money Policy:
- Other Income (RTB): this review was cancelled due to low volume of transactions for RTB during the year.

The PI Validation review will be completed in early 2010/11 as a new system is in place that will be utilised to obtain the information for the 2009/10 RSR.

2.2 Review Opinions

We undertook 16 reviews as part of the Audit Plan for the year ending 31 March 2010 and raised a total of 57 recommendations for improvements to risk management, corporate governance and internal control. We have detailed the reports and the level of opinion given in the table below. We have four tiers of opinions; Good, Satisfactory, Weak and Unacceptable, in accordance with good practice promulgated as part of the Government Internal Audit Standards.

Review	High	Medium	Low	Opinion Rating
Corporate Governance	0	1	3	Satisfactory
Treasury Management and Cash Flow	0	0	5	Good
Stock Condition and Asset Management	0	2	0	Satisfactory
Tenant Involvement	0	0	4	Good
Gas Servicing	0	2	1	Satisfactory
BCP Analysis – High Level Gap Analysis	0	0	3	Good
Complaints	2	3	0	Weak
Anti-Social Behaviour	0	2	3	Satisfactory
Repairs and Maintenance	0	3	2	Satisfactory

2. Planned coverage and outputs (cont'd)

Review	High	Medium	Low	Opinion Rating
Strategic and Business Planning	0	0	3	Good
Voids Management	0	2	3	Satisfactory
Risk Management	0	1	3	Satisfactory
PI Validation	0	0	0	Satisfactory
Ordering and Payments	0	1	1	Satisfactory
General Ledger	0	1	4	Satisfactory
Payroll	0	2	0	Satisfactory
Total recommendations	2	20	35	-

3. Implementation of recommendations

3.1 Introduction

Following each review, we raise recommendations. The priority of these can be defined as follows:

Priority	Explanation
High	Issues arising referring to important matters that are fundamental and material to the Company's system of internal control. We believe that the matters observed might cause a system objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.
Medium	Issues arising referring mainly to issues that have an important effect on the Company's controls but do not require immediate action. A system objective may still be met in full or in part or a risk adequately mitigated but the weakness represents a significant deficiency in the system.
Low	Issues arising that would, if corrected, improve the Company's internal control in general but are not vital to the overall system of internal control

3.2 Recommendations made and accepted

We have issued 16 reports in the year, including a follow-up report. A total of 57 recommendations were made as follows:

Recommendations	High	Medium	Low	Total
Raised	2	20	35	57
Accepted	2	20	35	57

3. Implementation of recommendations

3.3 Follow up of previous recommendations

We carried out two follow-up reviews of progress made by management towards implementing the high, medium and a sample of low priority internal audit recommendations raised in 2008/09. We have set out the results of this review in the table below:

Grade	Fully implemented	Partially implemented	Not implemented	Not yet due	Total
High	0	2	0	0	2
Medium	26	12	0	0	38
Low	6	2	1	0	9
Total	32	16	1	0	49

The results show that management has taken positive action to address recommendations made previously by fully implementing 32 of the 49 recommendations that were due to be implemented. The high priority action which has been partially implemented are as follows:

Rent Arrears – we recommended that LMH should take a more proactive approach to rent arrears. LMH are facilitating this through revising procedures and fully utilising the facilities on Orchard regarding follow-up action. At the time of our follow up in January 2010 the upload of data into the Orchard system was not complete hence the action had not been fully implemented. It is intended that this will be completed by the end of the financial year.

Gas servicing – we recommended that LMH should set up a spreadsheet to calculate the numbers of completed gas services automatically when new information is sent through from the contractors. At the time of our follow up in January 2010 staff training was taking place with the Attributes model and mobilisation has begun with the new contractors who will carry out the service from 1st April.

We are satisfied that management is taking appropriate action to address these issues.

Appendix A - Performance against the 2009/10 Plan

Audit Area	Planned Days	Actual days	Comments
Corporate Governance	5	5	Presented to Audit Committee May 2010.
Treasury Management and Cash Flow	5	5	Presented to Audit Committee July 2009.
Stock Condition and Asset Management	5	5	Presented to Audit Committee November 2009.
Tenant Involvement	5	5	Presented to Audit Committee July 2009.
Procurement	4	0	Postponed to 2010/11 due to post vacancies.
Gas Servicing	6	6	Presented to Audit Committee November 2009.
Business Continuity Planning – High Level Gap Analysis	5	5	Presented to Audit Committee May 2010.
Complaints	4	4	Presented to Audit Committee February 2010.
Anti-Social Behaviour	5	5	Presented to Audit Committee July 2009.
Repairs and Maintenance	8	8	Presented to Audit Committee February 2010.
Value For Money Policy	5	0	Postponed to 2010/11

Appendix A - Performance against the 2009/10 Plan (cont'd)

Audit Area	Planned Days	Actual days	Commentary
Strategic and Business Planning	5	5	Presented to Audit Committee February 2010.
Voids Management	6	6	Presented to Audit Committee November 2009.
Risk Management	5	5	Presented to Audit Committee November 2009.
PI Validation	6	6	The report will be completed early 2010/11.
Ordering and Payments	4	4	Presented to Audit Committee in February 2010
Payroll	5	5	Presented to Audit Committee November 2009
General Ledger	4	4	Presented to Audit Committee May 2010.
Other Income (RTB)	4	0	Cancelled due to lack of applications.
Planning and Audit Management	10	10	Throughout year.
Attendance at Audit and Risk Management Committees	4	4	Throughout year.
Audit Follow Up	5	5	Phase 1 reported to Audit Committee July 2009, Phase 2 work presented in May 2010.
Total Days	115	97	

Appendix B: Internal Audit Performance Indicators

1	What was the cost of the service within the contract?	A total of 97 days were delivered against the budget of 115 days. The daily rate of £520.
2	Was the service undertaken within the planned number of days?	A total of 97 days were delivered against the budget of 115 days. Changes were made at the request of management.
3	Were individual assignments undertaken within the planned number of days?	Yes.
4	Did KPMG provide an Audit Strategy and Annual Audit Plan in time for agreement by the Audit Committee?	Yes.
5	For each assignment did KPMG agree with management: <ul style="list-style-type: none"> - the scope and timing of each assignment - the system objectives - the control objectives 	Yes.
6	Did KPMG perform the agreed post audit review from previous internal audit reports?	Yes.
7	Did KPMG complete every assignment in the annual internal audit plan?	Two reviews were postponed to 2010/11, and one was cancelled at the request of management.
8	Did KPMG issue draft and final reports to the agreed timescales (drafts within 15 working days of completing fieldwork, and final reports within 5 working days of receipt of management response?)	Yes.

Appendix B: Internal Audit Performance Indicators

9	Did KPMG provide internal audit reports that provided: <ul style="list-style-type: none"> - clear opinion on the adequacy of internal control in each area audited? - an action plan of prioritised recommendations with a management response, person responsible and date of completion. 	Yes.
10	Is there evidence of a co-ordination of work between the internal audit service and the external auditors?	Yes. We discussed the 2009/10 plan with external audit and will do the same for the 2010/11 plan.
11	Was there adequate attendance by KPMG at each Audit and Risk Management Committee meeting?	Yes. Either the Head of Internal Audit or the Internal Audit Senior Manager have attended the Audit Committee meetings.
12	On the basis of the above review, was the overall service by KPMG satisfactory?	Yes.

Board/Committee/Working Group/Area Board:	
Board (Open Session)	
Date of Meeting:	
Wednesday 30 th June 2010	
Item No:	5C



Subject:	Shareholding Membership Applications	Attachments:	Appendix attached
Confidentiality:	Non-Confidential	Status:	For Decision
Executive Summary:			
<ul style="list-style-type: none"> Inform the Board of any applications that have been made for Shareholding Membership 			
Recommendation:			
It is recommended that the Board:			
<ul style="list-style-type: none"> i). Board to consider the applications made for Shareholding Membership; and ii). Agree whether the applications will be accepted or rejected in accordance with LMH's Rules and Membership Policy 			
Financial implications:			
<ul style="list-style-type: none"> A small budget is in place to facilitate the promotion of Shareholding Membership. 			
Key risks:			
Not fulfilling the promises made to Tenants and Leaseholders at transfer.			
Material impact on Corporate Plan 'Focuses':			
The material impact will be on customers in line with the offer document that was made to all LMH tenants and leaseholders stating that all tenants and leaseholders would have the opportunity to become shareholders of LMH			
Directorate: Corporate Services			
By: Cathy Abraham		Position: Head of Business Development	

1. Background

- 1.1. LMH's rules set out the objects of the association which state that LMH is formed for the benefit of the community and each tenant and leaseholder of LMH will have the opportunity to apply to become a shareholding member of LMH.

2. Shareholding Membership

- 2.1 LMH is committed to having a well-skilled, diverse Board based upon the communities it serves. LMH has published information to tenants and leaseholders advising them how to apply to become a shareholding member. All applicants applying for a share are required to apply in writing to LMH's registered office using the shareholder application form and all applicants are required to pay the sum of one pound for a share.

Each application shall be considered by the Board in accordance with the Membership Policy and LMH's rules. The Board has the power, in its absolute discretion, to accept or reject any application by a tenant or leaseholder. If the application is approved, the name of the applicant and the other necessary particulars shall be entered into the register of shareholders. A certificate entitling the applicant to one fully paid share in the association shall be issued to the applicant.

The rules also list the exceptions to membership in that the following cannot be shareholders:

- A minor
- A person expelled as a shareholder
- An employee of the association or an employee of any other body whose accounts must be consolidated with those of LMH
- A corporate body or an unincorporated body

In addition to the exceptions to membership identified by LMH's rules the Board has also established further criteria which must be met in order to allow for acceptance of tenants and leaseholders into shareholding membership.

Tenants and leaseholders must, therefore, satisfy the following criteria:

The applicant must not be in arrears with rent, service charges or other charges levied by LMH unless:

- a) the arrears are of a purely technical or administrative nature (e.g. delays in housing benefit etc); or
- b) any arrears are of an amount which does not in itself preclude Board Membership considering the specific circumstances and an arrangement is in place (and has been kept to) for a reasonable period; and

- c) not withstanding a) or b) above the arrears must not be the subject of any legal proceedings (e.g. NISP) or court order

The applicant or any person within the household must not be the subject of any legal proceedings (or court order obtained by LMH or other agency, for example (but not limited to) ASBO's or ABC's).

- 2.2 Current applications for Shareholding Membership have been reviewed by the Director of Corporate Services (as Company Secretary) and details are set out on the appendix to this report.

3. Current Shareholders

- 3.1 LMH currently has 61 shareholders (49 tenant / 6 leaseholder, 5 independent and 1 local authority shareholder) who have been accepted into membership since transfer in April 2008.

4. Strategic Implications

- 4.1 The admission of shareholding members to LMH impacts on the Governance focus as it is in line with LMH's rules which state that LMH will have an open membership policy.
It also focuses on customers as it is in line with the promises made to tenants and leaseholders at transfer.

5. Risk Management

- 5.1 Failure to operate an Open Membership policy and publicise shareholding membership would constitute a risk to LMH, however, steps taken to mitigate this risk would focus primarily on the promotion of the open membership scheme through:

- Newsletters and leaflets
- Standard agenda item at Board and Area Board meetings
- Promotional campaign using posters and leaflets
- At tenant/leaseholder conferences and other tenant events
- Using TP tracker software

APPENDIX A – Applicants Meeting Criteria

Details of Applicant	Criteria met	Checked on Housing Management System / with Home Ownership team
Philippa Harich (Tenant)	Yes	Yes

ITEM 5D

**LIVERPOOL MUTUAL HOMES (LMH)
REGISTER NUMBER 29998R**



MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON TUESDAY 11th MAY 2010

At the Audit and Risk Management Committee meeting held on 11th May 2010 in the Board Room, 1st Floor, Commutation Plaza, Liverpool, the following were:

PRESENT:

Mike Harden - Chair
Will Roby
Ken Hughes

OFFICERS IN ATTENDANCE:

Peter Fieldsend - Director of Corporate Services
Vinny Roche - Assistant Director (Finance)
Cath Lawrenson - Quality and Performance Manager
Sallyann Conlan - PA to the Director of Corporate Services

ALSO IN ATTENDANCE:

Toby Wilson - Grant Thornton
Hywell Jones - KPMG
Linda Elliot - KPMG

APOLOGIES:

Andy Catterall
Hossam Ibrahim
Sue Goodman

(The meeting commenced at 6.00pm)

AR10/13 ITEM 2 – DECLARATIONS OF INTEREST

There were no declarations made.

AR10/14 ITEM 3A – MINUTES OF PREVIOUS MEETING FOR APPROVAL

The minutes of the Audit and Risk Management Committee meeting held on 9th February 2010 were considered by the meeting.

It was resolved that:

The minutes were agreed as a correct record.

AR10/15 ITEM 3B – MATTERS ARISING FROM THE MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEETING HELD ON 10th NOVEMBER 2009

There were no matters arising

AR10/16 ITEM 4 – CLOSED SESSION MEETING

There was no closed session held but the Committee agreed a Closed Session would be held at the next meeting when Grant Thornton will present the final accounts for 2009/10.

AR10/17 ITEM 5A – AUDIT OF ACTIONS AGAINST INTERNAL AUDIT RECOMMENDATIONS

The Quality and Performance Manager presented a report and updated the Committee on the progress of actions against the internal audit recommendations for 2009/10.

It was noted that at the end of March 2010 a total of 54 actions have been identified, 33 of which have been completed leaving 13 outstanding due to slippage and revised completion dates have been proposed. There are also 8 actions in progress within specified timescales.

The following was highlighted:

- i) **Treasury Management Policy Update**
 - The Assistant Director of Finance advised this action has been delayed due to long-term sickness. He is confident improvements will be made.
- ii) **Reconciliation of key control account balances**
 - Date delayed to ensure completion of all reconciliations as part of the Final Accounts for 2009/10.
- iii) **Board Member Training**
 - Too optimistic when setting timescales.
- iv) **Void Management**
 - Policy - this has now been revised and is due to be signed off ready for EMT approval on 30th June.
 - Introduction of new incentive scheme – unsure as to whether this is beneficial to LMH, more analysis required.
 - Performance report – completed and ready to go to Board in July.

The Director of Corporate Services advised that although there is some disappointment in not achieving all the recommendations due to some timescales being too optimistic etc, but going forward this will now be managed on a monthly basis alongside the operational plans within the performance management reporting system.

The Chair queried the continued slippage with some of the actions. The Committee agreed that if a target date has been changed more than once then it should be highlighted at the next Committee.

The Committee also agreed that the report should include Risk Rating and all outstanding actions should be brought forward to the next meeting.

It was resolved that the Committee:

- i) Noted the contents of the report; subject to changes
- ii) Agreed that the report should include Risk Rating and all outstanding actions should be brought forward to the next meeting.

AR10/18 ITEM 5B – INTERNAL AUDIT REPORT

Linda Elliot (KPMG) presented the report and provided the Audit and Risk Committee with an overview of the final reports for quarter 4 from the Internal Audit Annual Plan 2009/10.

A total of 12 recommendations were made following the audits and these have been categorised as, medium or low priority:

- 2 Medium priorities
- 10 Low priorities

The following audits were completed by KPMG:

- General Ledger
- Business Continuity
- Corporate Governance

Discussions took place regarding each of the areas within the audits and the following was highlighted:

Business Continuity Management (*overall rating - good*)

Overall 3 recommendations were made. Linda Elliot advised they have assurance that good practices are in place.

Recommendations:

- Overall Structure of BCM policies and documentation
- Third party service providers in regards to BCM
- Adequate process and procedures for testing and maintaining BCM arrangements

Corporate Governance (*overall rating – satisfactory*)

Overall 4 recommendations were made.

Recommendations:

- Skills Audit needs to be extended to ensure it includes all members

- Reporting process for Committees and Working Groups
- Supplying specific Guidance to Board and Committee members
- Proposal to update Board Agendas to include updates on developments within the housing sector.

The Chair commented on the skills audit and advised that there may be changes to Board Members so we need to ensure processes are in place to include new members.

General Ledger (overall rating – Satisfactory)

Overall 5 recommendations were made.

Recommendations:

- Journals should be signed as reviewed in order to ensure segregation of duties
- Supporting documentation for journals
- Reconciliations
- Procedure notes
- Incorrect Management information

It was resolved that the Committee:

- i) Noted the contents of the report

AR10/19 ITEM 5C – INTERNAL AUDIT FOLLOW UP 2009/2010

Linda Elliot (KPMG) provided the Audit and Risk Committee with an update on the results of the Follow Up Review, which were carried out during quarter 4 09/10.

During the review 11 recommendations were reviewed from the following areas:

- HR
- Improvement Programme
- Unsustainable Stock
- Rent Arrears

Of the 11 recommendations 7 have been implemented, 3 partially implemented, leaving 1 incomplete.

- HR have since completed 2 of the partially implemented actions
- Rent Arrears – scheduled to be uploaded into Orchard at the end of May

It was resolved that the Committee:

- i) Noted the contents of the report

AR10/20 ITEM 5D – INTERNAL AUDIT ANNUAL REPORT 2009/10

Linda Elliot (KPMG) presented the report to the Audit and Risk Committee and provided an overview of the Internal Audit Annual Report for 2009/2010.

It was resolved that the Committee:

- i) Noted the contents of the report;
- ii) And agreed to recommend the report for presentation to Board

AR10/21 ITEM 5E – INTERNAL AUDIT PLAN 2010/2011

Hywell Jones (KPMG) presented the report to the Audit and Risk Committee and provided a summary of the Internal Audit Plan for 2010/2011.

In the light of a previously “weak audit” it was agreed to bring forward the Complaints audit to August 2010 from November 2010 and move the Communications and Marketing audit back to November from August 2010.

KPMG concluded that LMH have satisfactory arrangements in place and have a positive approach.

The Chair queried comparisons against LMH progress post transfer and Hywell Jones advised that LMH compare favourably against other RSL’s.

It was resolved that the Committee:

- i) Noted the contents of the report

AO10/22 ITEM 6A – AUDIT MEMORANDUM – RE: 2009/10 STATEMENT OF ACCOUNTS

Toby Wilson (Grant Thornton) provided an update of the Audit Memorandum for the year ahead and highlighted the key elements of the proposed audit strategy.

The Assistant Director of Finance advised that we are on target for the Audit to commence on the 1st June.

It was resolved that the Committee:

- i) Noted the information provided

AR10/23 ITEM 6B – RISK REGISTER

The Assistant Director (Finance) presented a report and specifically drew the Committee's attention to Annexe 1, which highlights the high residual risk areas. The following Risks were highlighted:

The Assistant Director (Finance) then drew the Committee's attention to Table 2 and recommended the Committee note the reason for reduction in Residual Risk assessment for Gap Funding from High to Medium.

The grant arrangement letters from the HCA for 2009/10 and 2010/11 have now been received.

A discussion took place around gap funding and the likelihood of the HCA refusing funding and if this was the case should this always remain a high risk.

The Assistant Director of Finance advised that although this would be a possibility the amounts should not be reduced without agreement from LMH or its Lenders.

The majority, if not all, of this years funding should be received by end of July 2010.

Table 3 High Risk Reduction Areas were highlighted and the Assistant Director (Finance) gave an overview of risks within the table.

It was resolved that the Committee:

- i) Noted the contents of the Report

AR10/24 ITEM 6C – COMPLAINTS UPDATE

The Quality and Performance Manager provided the Committee with an update on the progress around the complaints processes.

The administration and management of the Complaints process now sits within the Business Development Team.

A detailed report will be produced for Board in May detailing 2009/10 performance figures and those in April 2010.

All complaints are being monitored and chased up on a regular basis to ensure deadlines are adhered to.

The Quality and Business Performance Manager advised that all complaints referred to the ombudsman have had a positive outcome for LMH.

Complaints will be re-audited in August 2010.

It was resolved that the Committee:

- i) Noted the information provided

AR10/25 ITEM 6D – BUSINESS CONTINUITY

The Director of Corporate Services presented the report and provided the Committee with an overview of the outcome from the review meeting and outlined the recommendations.

Following on from the previous meeting requesting scenario testing for the possibility of long-term industrial strike action. A meeting was held with the Gold and Silver Teams to review the possible scenarios and to make recommendations.

The Director of Corporate Services advised that there is a strong chance that a ballot for industrial action will take place.

He also advised that 150 contracts have been signed and returned to HR although some are pending appeals.

It was resolved that the Committee:

- i) Noted the contents of the reports

AR10/26 ITEM 7 – ANY OTHER URGENT BUSINESS

No items were raised

AR10/27 DATE AND TIME OF NEXT MEETING

The next scheduled meeting of the Audit and Risk Management Committee is due to be held on 13th July 2010 at 6.00pm in the Board Room, Commutation Plaza.

(The meeting concluded at 7.10pm)

LIVERPOOL MUTUAL HOMES (LMH) REGISTER NUMBER 29998R-



MEETING OF THE REPAIRS AND MAINTENANCE WORKING GROUP HELD ON 27th MAY 2010

At the Repairs and Maintenance Working Group meeting held on 27th May 2010 at
Commutation Plaza

PRESENT:

Ken Hughes	Acted as Chair
Tony Barnes	
Tommy Colleran	
Janet Bell	
Bruce Johnson	Attended late at 3 p.m.

OFFICERS IN ATTENDANCE:

Dave Woods	- Assistant Director (Technical Services)
Paul Worthington	Head of Repairs
Kevin Clifford	- Senior Cyclical Maintenance Manager
Bill Francomb	Asset Management Analyst

APOLOGIES

Steve Collins	- Director of Regeneration & Technical Services
Paul Rigby	

(The meeting commenced at 2.35pm)

RM10/020 DECLARATIONS OF INTEREST

No declarations of interest were recorded.

RM10/021 MINUTES OF THE MEETING OF THE REPAIRS & MAINTENANCE WORKING GROUP HELD ON 26th FEBRUARY 2010

The minutes of the Repairs & Maintenance Working Group meeting held on
26th February 2010 were considered by the Working Group.

It was resolved that:

The minutes were agreed as a correct record.

RM10/022 MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes.

RM10/023 ITEM 4A – INVESTMENT PROGRAMME 2010/11

The Assistant Director (Technical Services) presented a report for information to the Repairs & Maintenance Working Group. The report outlined in detail the key challenges that lie ahead in the coming year including:

- The delivery of the Improvement Programme for 2010/11 will involve a budget of £85m
- Provided details of the handover schedule which the Investment Programme will be monitored against
- Provided details of the transfer of and delivery of the North and North West areas as of July 2010 when significant challenges lie in particular recruitment and training of suitable staff
- Informed that newly appointed framework contractors will be working on major projects for the first time, which in turn will be challenging for the investment teams managing this directly
- Sheltered Blocks will be removed from the main programme and Connaught Plc, will be undertaking the improvements on the Sheltered Schemes

It was resolved that:

The Working Group noted the report

RM10/024 ITEM 4B – OVERVIEW OF REPAIRS SERVICE 2010

The Assistant Director (Technical Services) introduced the Working Group to the newly appointed Head of Repairs, Paul Worthington and also provided the Group with an overview of the Repairs Service for 2010;

Substantial improvements and large pieces of work have been undertaken to improve the delivery of the repairs service over the past year including:

- Bringing the surveying function “in-house”
- New Contractor in place
- New IT System
- Repairs Backlog cleared
- Implementation of Best Value of Repairs actions
- Cultural changes
- Staffing Reductions

It was noted that in turn this has resulted in

- Decreased volume of orders;
- Costs reductions; and
- Improvement in response times.

The Head of Repairs updated that a Repairs Service Focus Group has been formed and the first meeting had been held earlier in the day to ascertain views and feedback from tenants.

It was noted that next year very challenging targets would be set to ensure that top quartile performance is achieved.

Following discussions surrounding the delivery of the repairs service it was agreed that at the next meeting a full quarterly analysis of the Voluntas Customer Satisfaction would be presented.

It was resolved that the Working Group:

- a) Noted the progress made in the last 12 months; and
- b) Requested that a full analysis of the Voluntas Customer Satisfaction be presented to the Working Group at the next meeting

RM10/025 ITEM 4C – OVERVIEW OF GAS SERVICING & CYCLICAL MAINTENANCE/YEAR AHEAD

Kevin Clifford, Senior Cyclical Maintenance Manager presented a report to the Repairs & Maintenance Working Group an overview of service for Gas Servicing and Cyclical Maintenance:-

The highlights for the previous year included:-

Gas

- 100 % Gas Safety Certificates issued to each property in the Liverpool Mutual Homes stock
- Team of the Year at the Staff Focus Awards
- More research is being carried out regarding the use of Section 54 proceeding to force entry

Adaptations

- Within the first two years of the operation have completed adaptation works to the sum of £1.6 million
- Made an impact addressing the LCC backlog of aids and adaptations including successfully completing all level access shower and stairlift referrals

Cyclical Programme

- Nearing completion of communal areas in 228 blocks be completed with a handover of Mid May being anticipated.
- Very positive feedback has been received from tenants with the installation of the new communal doors saying that they feel much safer

The Working Group continued to have general discussions surrounding:-

- Interrupters being activated on all boilers – it was agreed that this should be discussed in more detail and RMWG to look at this again

It was resolved that:-

- a) More work should be carried out regarding the potential use of Section 54 forced access and a report brought back to the Working Group
- b) The activation of interrupters on all boilers either at gas service or installation should be considered further

RM10/026 ITEM 5A – ENERGY EFFICIENCY UPDATE

Bill Francomb, Asset Management Analyst presented to the Repairs & Maintenance Working Group an update with regard to Energy Efficiencies, which links to an Operational Plan Goal.

The presentation was concluded with a summary of the presentations and the Working Group were invited to ask any questions.

It was resolved that:-

The Working Group noted the presentation and information provided

RM10/028 ANY OTHER BUSINESS

- i) Tony Barnes, raised an issue surrounding defects on products namely the Sovereign doors. Discussions around how the doors are rectified took place. At the present time the doors are dealt with by way of repair through Kinetics.

The Chair stated that any door within the 12 month warranty period encountering a defect or fitted incorrectly should not be repaired through Kinetics. He also stated that any defect or bad workmanship should be returned or picked up in warranty with the Contractor. It was a concern that this would incur extra costs to LMH. The Assistant Director (Technical Services) re-assured that presently no extra cost is being incurred by LMH and he will monitor the situation closely.

RM10/029 DATE AND TIME OF NEXT MEETING

***The next meeting
Wednesday 18th August 2010
2.30 p.m.
Board Room, Commutation Plaza***

The meeting concluded at 16.30 pm