

CABINET

DATE OF MEETING: 13 SEPTEMBER 2022

TITLE OF REPORT: REPORT OF SCRUTINY PANEL ON THE OPERATION OF BUTTERWOOD HOMES

Report of: SCRUTINY PANEL

Key Decision No

Confidentiality Non Exempt

1 PURPOSE OF REPORT

- 1.1 This is a report from the Housing Company Scrutiny Panel and provides an update of the performance of the company to update Overview and Scrutiny, in advance of consideration by Cabinet.

2 SCRUTINY RECOMMENDATION

That

1. The positive performance of the Housing Company against the initial business plan is noted
2. The recommended alterations of the Scrutiny Panel terms of reference are endorsed by Overview and Scrutiny Committee, and recommended to Cabinet for adoption

3 BACKGROUND

- 3.1 The Committee will recall, in June 2021, by resolution of the Cabinet, Hart District Council created a new limited company, dedicated and wholly owned by the Council as the sole shareholder.
- 3.2 Cabinet approved the draft initial business plan, which set out in some detail a framework for the operation of the business including.
- The objectives and mission of the company
 - The company structure and governance arrangements
 - Its operational approach, how it would be financed and manage risk
 - Details of the Articles of Association and Shareholder Agreement were also provided
- 3.3 As part of the governance structure, a company scrutiny panel was established, comprising three members appointed annually by the Overview and Scrutiny Committee.

- 3.4 This was considered by Overview and Scrutiny Committee in July 2021 when a recommendation was made to Cabinet for a fourth Councillor to be included.
- 3.5 In September 2021, Cabinet considered a paper regarding the Housing Company Scrutiny Panel and approved the additional nominated representatives. Councillors Davies, Engstrom, Smith, Spencer were nominated to the Scrutiny Panel for 2022/23 to ensure effective cross party enquiry into the performance of the Company
- 3.6 This is the second report of the Housing Company Scrutiny Panel.

4 MAIN ISSUES

- 4.1 The Housing Company Scrutiny Panel met on Monday 15th August, three of the four Scrutiny Panel Members were in attendance as were the three Directors of the Housing Company, and the Portfolio Holder for Corporate Services (Observer status). Minutes of the meeting can be found in appendix 1.
- 4.2 The Housing Company Scrutiny Panel heard of a number of highlights in the full year operation including:
- Completion of statutory requirements for a new company and creation of appropriate documentation for a new business
 - An effective handover of the Edenbrook Apartments to the company, and successful reletting of the flats at 80% market rate as per the lettings agreement for key workers or those with a local connection.
 - In terms of lettings
 - 73% (an uplift from 56% at mid-year) were occupied by key workers; professionals within the emergency services and education sector being the highest represented, with the health profession a close third.
 - A continuation of no arrears for full year, reflecting the effectiveness of the vetting process
 - A void rate of just 0.7% once the initial letting period was concluded last year
 - A net payment of £186K paid to Hart District Council (noting that this payment for part year only, as the flats were not fully rented until summer last year)
 - The financial health of the business in the first year of trading is positive, with a forecast net payment to Hart District Council of £200K
- 4.3 A number of the previously reported challenges have now been resolved;
- All snagging issues have now been concluded.
 - A range of support is now being provided to the Housing Company, at cost, from the Council (payment will be made at full cost recovery). However there will be a need for practical support in business as usual housing tasks. y
 - The issues around insufficient clarity or delineation of roles between Hart District Council and the Housing Company has now been resolved. HHPMC has now trademarked a new company name (an approach fully endorsed by

the Scrutiny Panel in December) and will operate under the name Butterwood Homes

- As part of this approach, to provide a separate identity which will clearly establishes the Housing Company as 'open for business', the Scrutiny Panel were shown the almost complete website which the Housing Company intends to launch shortly.

- 4.7 The Scrutiny Panel queried the revised level of the Lettings Fees which is a fixed fee from the Management Letting Agent, and were reassured that the Management Agent did not propose any increases on their contract management costs.
- 4.9 The Scrutiny Panel in accordance with the requirements also reviewed their terms of reference and made some suggestions for improvements in clarity of those terms of reference, which the Housing Scrutiny Panel are recommending to the Overview and Scrutiny Panel for consideration, ahead of Cabinet. These can be found in Appendix 2.
- 4.10 In summary the Housing Scrutiny Panel found that the Company continues to grow appropriately to the ambition of the Council as the Shareholder.

5 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The recommendations are set out in section 2. No alternatives have been considered or rejected.

6 CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

The Housing Company meets the Council's ambitions as set out in the Hart Corporate Plan 2017-2022 to be a Council that is both efficient and effective and maximise income opportunities and increase financial self-sustainability.

Service Plan

Is the proposal identified in the Service Plan?	Yes
Is the proposal being funded from current budgets?	Yes
Have staffing resources already been identified and set aside for this proposal?	Yes

Legal and Constitutional Issues

As set out in Section 3, the Housing Scrutiny Panel is a formally constituted element of the Housing Company. The terms of reference for this panel with recommended alterations are set out in appendix 2.

Financial and Resource Implications

The financial performance of the Housing Company has solid and the projections for next year reflect the stability of the company, beyond the initial set up phase.

Risk Management

The Housing Company provided an extensive risk register considered by the Housing Scrutiny Panel in December. The level of risk was not revisited by the Panel on this occasion, however with all snagging and maintenance issues resolved, risks have reduced.

7 EQUALITIES

7.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief.

The recommendations set out in this report should not have any impact on any of the protected characteristics highlighted above.

8 CLIMATE CHANGE IMPLICATIONS

- 8.1 It should be noted that the Edenbrook apartments were built to include
- Electric car charging points which are available to the public
 - Solar panels which are used for the lighting in the common parts of the buildings
 - Other initiatives to encourage biodiversity such as the swift bird boxes built into the brickwork to encourage summer migration

There are no other direct carbon/environmental implications arising from the recommendation.

9 ACTION

- 9.1 Further to consideration by Overview and Scrutiny, the Housing Scrutiny Panel will present their findings to Cabinet.

APPENDICES

Appendix 1 – Minutes of the Housing Scrutiny Panel

Appendix 2 – Terms of reference for Housing Scrutiny Panel with suggested alterations