

NOTTINGHAM CITY HOMES LIMITED
GROUP BOARD MEETING



Date: 9 November 2023

Time: 5.35pm

Place: Via Microsoft Teams.

Directors of the Board are requested to attend the above meeting on the date and at the time and place stated to transact the following business:

A handwritten signature in black ink, appearing to read "George Pashley".

George Pashley
Head of Governance and Compliance

AGENDA

| | Time |
|--|-------------|
| 1 INTRODUCTORY ITEMS | |
| 1.1 WELCOME | |
| 1.2 APOLOGIES FOR ABSENCE | |
| 1.3 DECLARATION OF INTERESTS | |
| 1.4 ITEMS FROM THE CHAIR | |
| 1.5 MINUTES OF THE MEETING HELD 5 OCTOBER 2023 | 5.40 |
| 1.6 MATTERS ARISING | |
| 2 ITEMS FOR DISCUSSION AND DECISION | |
| 2.1 GOVERNANCE REPORT Head of Governance and Compliance – George Pashley | 5.45 |
| 2.2 UPDATE ON ASSET DISPOSAL Head of Commercial Property and Contract Management – Tim Shirley | 6.00 |
| 2.3 GENERAL MANAGEMENT UPDATE Executive Assistant – Mark Lawson | 6.15 |
| 3 CONFIDENTIAL ITEMS | |
| NONE | |
| 4 CLOSING ITEMS | |
| 4.1 ANY OTHER BUSINESS | |

4.2 DATE OF NEXT MEETING – 4 DECEMBER 2023

Members wishing to raise matters under Any Other Business should note that items will only be accepted if referred to and agreed by the Chair of the Board prior to commencement of the Meeting. Members wishing to submit their apologies should do so by contacting boardmeetings@nottinghamcityhomes.org.uk This agenda was issued by SharePoint on

Distribution List:

All Group Board Members:

Sam Whitworth

Kevin Lowry

Neil McArthur

Report Authors

* Members of the public wishing to attend this meeting should email boardmeetings@nottinghamcityhomes.org.uk for joining details

NOTTINGHAM CITY HOMES LIMITED**THE GROUP BOARD****MINUTES of the MEETING held on 5 OCTOBER 2023****Board Members**

Madeleine Forster (Chair)
 Vicky Evans
 Mark Martin
 Sam Webster

Also in Attendance:

Andrew Berry (AB)
 Mark Lawson (ML)
 Neil McArthur (NM)
 Tracy Martin (TM)
 George Pashley (GP)
 Mona Sachdeva (MS)
 Tim Shirley (TS)

Interim Assistant Director (Finance)
 Executive Assistant
 Head of Companies and Commercial Oversight
 Group Accountant
 Head of Governance and Compliance
 Company Solicitor
 Head of Commercial Property & Contract
 Management

1 WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS

- 1.1 The Chair extended a warm welcome to attendees and introduced Neil McArthur who was attending as the NCC Shareholder representative for NCH.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies were received from Kieran Timmins and Kevin Lowry.

3 DECLARATIONS OF INTEREST

- 3.1 None.

4 ITEMS FROM THE CHAIR

- 4.1 The Chair had met with Sajeeda Rose, Corporate Director (Growth and City Development) to make sure key messages from the Board and NCC Executive were being shared including looking at the options around repaying the outstanding sum owed by NCH. The meeting had gone well. NCC's priorities at present were around budget savings.
- 4.2 Interviews were being held tomorrow (6 October) for two new NCC appointees onto the NCH Board. New members would sit around the Board table in the same capacity as other

Board Members. There were good candidates, and their appointment would help strengthen the Board.

- 4.3 NCC member-led board meetings had now been set up quarterly. These included key cabinet members. The Council was facing extremely challenging financial pressures which were taking up a lot of decision-making time at present.

The Board AGREED for a review of Standing Orders and Board Pay to be brought back to the next meeting.

5. MINUTES OF THE MEETING OF 13 JULY 2023

- 5.1 The minutes of the meeting held on 13 July 2023 were agreed as a true record. There were no matters arising.

6. ACTION LOG

- 6.1 The current action log is detailed below for information.

| | ACTION | OWNER | COMPLETION DATE | UPDATE |
|----|---|--------------|------------------------|---|
| 1. | Review of Articles and Standing Orders | GP | 5 October 2023 | NCC requested NCH to propose changes to constitution and articles. Officers have reviewed constitution and confirmed only SOs need changing. Revised SOs due at November meeting. |
| 2. | Review of Board Pay | GP | 5 October 2023 | Survey circulated and awaiting some returns which are being chased |
| 3. | Officers were requested to produce a timeline for the sale of the Arboretum properties. | TS | 9 November 2023 | |
| 4. | Chair to write to KL outlining details of | MF | ASAP | |

| | | | | |
|----|--|-------|------|--|
| | services/posts to be seconded into NCH | | | |
| 5 | Chair to write to NCC on NCH's position of repayment of £18.5m and setting up of a working party to manage this. | MF | ASAP | |
| 6 | Officers to outline management arrangements for the new NCC Service contract | ALL | | NCH Management Group meeting convened for 10/10 |
| 7. | Risk Register to be reviewed to incorporate all finance comments/to be submitted to alternate meetings | GP/AB | | Meeting to be convened GP update forward plans. |

7. GOVERNANCE REPORT

| | |
|-----|--|
| 7.1 | The Board is required to agree a number of appointments after its AGM including the appointment of the Chair for the following year. The Board was also asked to agree the NCH RP representative to the Board and membership of NCH EL and the Audit Risk and Compliance Committee. |
| 7.2 | The expenses paid over the financial year 2022-2023 were reported and a new approvals process considered for Board documents. Delegated authority was required to allow the Company Solicitor to sign notices and approve payments, and the outcomes of the recent Board Appraisal and Effectiveness processes were included for information as was the 2024 Board Calendar. |

The Board

1. **NOTED** the appointment of Madeleine Forster to the position of Group Board until 31 March 2024 and **AGREED** to extend her appointment to October 2024 subject to NCC approval
2. **AGREED** to appoint Vicky Evans as the RP representative on the Group Board for one year.
3. **AGREED** to the appointment of Kieran Timmins as ARCC Chair and Cam Pearson, Jennie Willock and Karen Mutton as ARCC members for a period of one year.

| | |
|-----------|--|
| | 4. AGREED to the appointment of Madeleine Forster, Kieran Timmins, Vicky Evans, Sam Webster and Mark Martin to the NCH EL Board for a period of one year |
| | 5. NOTED the Board Member expenses for 2022-23. |
| | 6. AGREED to approval processes where Board Members and the Secretary can sign legal documents electronically, |
| | 7. AGREED for the Company Solicitor to sign notices and related matters, and agree payments of up to £10k for the NCH Group |
| | 8. NOTED the outcomes of the recent Board Appraisal and Effectiveness processes, and the 2024 Board Calendar. |
| 8. | FINANCE REPORT |
| 8.1 | The Asset Disposal model had now provided an evidence-based financial position that requires a formal approach by Board to NCC. With no formal discourse between NCC and NCH Board acknowledging the position and exploring a jointly acceptable revised agreement, the 2022/23 NCH statutory accounts will have to recognise the £18.5m debt within the balance sheet to avoid a breach of accounting standards and a qualified audit opinion. This requires Board approval but there are minimal alternatives at this late stage that will facilitate the sign off of the accounts |
| 8.2 | It was noted that while NCC don't want any impact on Temporary Accommodation provision they also won't reduce the current £18.5m figure to accommodate this. NCH and NCC needed to resolve this impasse and it was agreed that the Chair should write a formal letter to NCC accordingly. |
| 8.3 | The Period Five and Forecast Year End Position was reported. The year-end forecast is a loss of £48k, but this is after including costs for a Chief Operating Officer role, Arboretum overhead costs of £100k and excessive higher repairs costs. A more detailed business plan and budget assessment for 2024/25 can be compiled once a more certain direction on asset disposal has been agreed with NCC and there is greater clarity around the residual group. The independently led cashflow review by Mazars demonstrated a positive cash balance at the end of 2023/24 of £7.4m. |
| 8.4 | Nottingham on Call services have transferred to NCC and it was agreed that the outstanding debt of c.£41k and corresponding bad debt provision is transferred to NCC. |
| 8.5 | Independent surveyors have revisited the Arboretum valuations as at 31 st March 2023 and confirmed these would be indicative of the sale values achievable if the properties were sold in blocks in their current finished and unfinished states. They also confirmed that the rental value for each flat is in line with current market rates. The 2023/24 forecast includes part year running costs of £101k for the Arboretum blocks, which will increase in 2024/25 to approx.£150k. if the blocks remain in NCH Ltd ownership. Covenants for the properties would have to be modified to ensure maximum profit could be made from the sales. Officers were requested to produce a timeline for the sale of the properties. |
| | The Board |

1. **AGREED** for the Chair to write to NCC on the current position on asset disposal, temporary accommodation and the outstanding NCH debt to seek a resolution.
2. **AGREED** that the Year End accounts are amended to include the £18.5m as an exceptional item and shown as a balance sheet provision.
3. **NOTED** the position on the Period 5 accounts
4. **NOTED** the forecasted positive cash position of £7.4m at March 2024 for NCH Ltd on settlement of remaining 2022/23 transactions.
5. **AGREED** the transfer of Nottingham on Call debt and associated provision to NCC
6. **AGREED** to the sale of properties in the Arboretum, comprising of a formal request to NCC to modify the covenants to support the sale process, and preparation of a disposal plan
7. **AGREE** the two payments in relation to NCC fees 2021/22 £1,583,300 and 2022/23 £1,452,199

The meeting was adjourned at 19.25pm to allow for the completion of NCH EL business. It was reconvened at 19.28pm

9 NCH MANAGEMENT UPDATE

- 9.1 The Service Contract between Nottingham City Council and the Nottingham City Homes Group had now been signed by NCC and was attached for agreement. The Board were happy to sign the contract but requested officers to provide details on how the contract would be managed. No payments have been made to NCC for services delivered. NCH will now work with NCC Finance to agree payments due to date and settle accounts.
- 9.2 Concern has been raised with NCC Housing Services about the operational delivery of the Property division. There have been instances of lengthy appointment waits and repairs not being completed in a timely and competent manner causing nuisance or danger to residents and further damage to properties, increasing repair costs. Discussions have been ongoing with the NCC Housing Services Property teams about how to improve matters for NCH group properties and residents. It is now proposed that a recently procured contractor will be solely allocated to NCH Group properties, but still managed through the NCC Property Division.
- 9.3 It was also agreed that the financial and performance report for NCH-owned stock should be presented quarterly to the NCH Board to provide the necessary assurance to Board members. The information is currently reported to NCH RP.

The Board AGREED

1. **the Service Contract between Nottingham City Council and the NCH Group and for the Chair of the Board to sign the contract.**
2. **officers to bring further information on how the contract would be managed back to a future meeting**
3. **the NCH response to the potential breach of lease obligations to keep NCH owned Dispersed properties in good repair as set out in the report.**
4. **that financial, performance and compliance data for NCH-owned stock is reported direct to the NCH Board from Q2, 2023/24 onwards.**

| | |
|------------|---|
| 10 | ANNUAL REVIEW OF THE CORPORATE RISK REGISTER |
| 10.1 | The report detailed the progress of the Corporate Risk Register over the previous twelve months. Significant risks arising from the transition back to NCH were mitigated and managed at the time although a number of significant risks still remain for the residual NCH Group, specifically around finances, the Service Contract for staffing and business planning. Board requested that the CRR is presented at every other meeting so that key risks could continue to be monitored. |
| 10.2 | There was some concern that not all of the financial risks previously identified had been included in the Register. Board also wanted to keep the risks surrounding property management and repair a high level until there was a tangible improvement in the service being provided. |
| 10.3 | Board was also informed that the Temporary Assistant Director of Finance contract would finish in November and that also presented the risk of losing finance knowledge and experience at a critical time. The HGC would discuss this with Kevin Lowry |
| | The Board agreed for |
| | <ol style="list-style-type: none"> 1. the CRR to be presented at every other meeting 2. the financial part of the CRR to be reviewed against the key risks previously identified by the Board 3. Property /Repairs risks to be kept at “High” until further notice 4. The HGC to seek clarity on the Temporary ADF position |
| 11. | CONFIDENTIAL MINUTES |
| 11.1 | The confidential minutes of the meeting held on 13 July 2023 were agreed as a true record. It was confirmed that there would be no further Coroner’s enquiry on the property at Fairisle Close. |
| 12. | NCC UPDATE |
| 12.1 | The Board had been asked to identify the key corporate functions it would want to include as part of any staffing transfer (via secondment) across from NCC. These were considered to be <ul style="list-style-type: none"> • Finance • Governance/Risk • Legal • RP Lead • EL Lead. <p>The Chair would respond back to NCC’s request.</p> |
| 12.2 | The Board noted the information provided on Ombudsman cases. |

NOTTINGHAM CITY HOMES**REPORT OF THE HEAD OF GOVERNANCE AND COMPLIANCE****THE GROUP BOARD
9 NOVEMBER 2023****GOVERNANCE REPORT****1 EXECUTIVE SUMMARY**

- 1.1 Standing Orders have been revised to reflect the new environment surrounding NCH. As part of this ARCC has been requested responsibility for overseeing performance and the management of damp and mould across the Group.
- 1.2 Officers are currently reviewing Auditor arrangements. As part of this exercise, it is being recommended that Bishop Fleming are appointed for a further two years until March 2025.
- 1.3 A survey has recently been carried out on Board Member pay and the outcomes are set out in the report.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 **Agrees to amend ARCC terms of reference to include responsibility for performance and damp and mould.**
- 2.2 **Agrees the new Standing Orders attached at Appendix 1**
- 2.3 **Agrees the appointment of Bishop Fleming as External Auditors for a further period of two years until March 2025.**
- 2.4 **Reviews the current position on Board pay and consider any recommendations for change.**

3 REPORT**3.1 ARCC Terms of Reference**

- 3.1.1 ARCC reviewed its Terms of Reference at its last meeting and considered that its remit should be extended to cover oversight of performance across the Group and Damp and Mould management and related casework. Both responsibilities have been added to ARCC Terms of Reference which are included in Standing Orders at Appendix 1.

Board is asked to AGREE to amend ARCC terms of reference as outlined above.

3.2 Standing Orders

3.2.1 A review of the NCH constitution and Standing Orders has taken place post the recent transition exercise. There is no recommendation to change the constitution at this stage as NCH can currently conduct its existing business through the provisions contained in it. However, significant changes are required to Standing Orders as the Scheme of Delegation and previous Committee and staffing structures have now changed.

3.2.2 The revised Standing Orders include

- Reference to the most recent Articles of Association introduced in 2022
- Deletion of elements of the previous Governance structure such as the Governance and Selection Committee, ALMO Board and Executive Management Team
- Inclusion of Damp and Mould and performance oversight in ARCC Terms of Reference.
- An update of Board and Committee membership
- Revision of the Scheme of Delegation to reflect the current position in the Group

Board is asked to AGREE the revised Standing Orders attached at Appendix 1

3.3 Auditors

3.3.1 NCH needs to review its audit provision post transition. ARCC at its meeting on 9 October agreed to recommend an extension to the agreement already in place with Bishop Fleming (BF) as External Auditors for a further two years. A strong relationship has been built up with BF over the previous three years and they are currently involved in the complexities surrounding asset disposal and the Company's finances. They are also providing tax and audit advice in two parts of the Company while providing appropriate challenge on financial management. In these circumstances officers are recommending an extension to the contract for a further two years to March 2025.

3.3.2 Work is currently ongoing with Mazars to establish an internal audit program and the ongoing nature of the current contract with them. A further update will be provided at the meeting

Board is asked to AGREE to the extension of the Bishop Fleming contract by two years until March 2025.

3.4 Review of Board Pay

3.4.1 A survey of Board Pay has recently been conducted using the following questions

1. Overall, I feel suitably rewarded for the time I spend on Board and Committee work
2. My payment reflects the level of technical knowledge and skill I am required to use on the Board

3. My payment is in line with equivalent positions across the sector
4. Board members who take on more than one role should be further rewarded for the additional
5. My payment makes me feel valued for my time spent on the Board
6. I would be happy to undertake my role for less pay
7. What other benefits NCH could offer to its Board Members

3.4.2 Everyone felt suitably rewarded for the time spent on their Board work. People felt that payments were in line with equivalent positions across the sector and reflected the knowledge they are required to use at meetings.

3.4.3 Currently, Board Members who take on more than one role are not rewarded for the additional work. A couple of members felt that an additional reward should be paid for this, especially if you Chair an additional body. Others felt that you should be rewarded for their most senior role you undertake or that it should take a fairly significant increase in workload for this to be considered. Board may wish to consider the question of rewarding people for undertaking more than one role.

3.4.4 Board Members reflected that payment helped make them feel valued and that it was the right thing to do for the level of responsibility being undertaken. They also considered that more training was needed including in key areas such as strategic planning and risk. For others it was about not over complicating the existing structure, current levels of pay were sufficient.

3.4.5 The rates of pay in place have not been increased this year and Board may wish to consider implementing e.g. a 3.5% increase in line with Local Government Chief Officers or 3.8% currently on the table for employees. The current rate of Board pay is set out in Table 1 below. Also, ARCC members do not receive any payments at present. Board may wish to consider this position.

Table 1

| Posts | Lowest £p.a. | Lower Quartile £p.a. | Median £p.a. | Upper Quartile £p.a. | Highest £p.a. |
|--|-----------------|----------------------------|-----------------|----------------------------|------------------|
| Housing Associations including ALMO's | | | | | |
| Chair | 5,442 | 10,509 | 13,798 | 14,749 | 18,360 |
| Vice Chair | 4,250 | 5,270 | 7,500 | 8,000 | 12,867 |
| Chair of a Committee | 3,250 | 5,563 | 6,991 | 8,339 | 12,500 |
| Board Member | 2,177 | 4,080 | 5,050 | 5,776 | 7,803 |

Board is asked to review the current position on Board pay and consider any recommendations for change.

4. FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

4.1.1 The financial implications on Board pay are set out in 3.4 above. The review of Standing Orders will put appropriate financial management arrangements in place to support the ongoing running of the Company.

4.2 Legal Implications

4.2.1 All of the initiatives within this report are carried out to ensure compliance with good practice and legislation including the Companies Act 2006 and NCH's Governance processes.

4.3 Risk Implications

4.3.1 The Group needs to have strong governance and financial arrangements in place to conduct its ongoing business..

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

5.1 The updating of Standing Orders and appointment of auditors will support the Group in making key decisions in support of its objectives.

6 EQUALITY IMPACT ASSESSMENT

6.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

No (this report does not contain proposals for significant changes to process at this stage).

7 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

7.1 NCH Standing Orders and Group Articles.

CONTACT OFFICER: George Pashley
Head of Governance and Compliance

Loxley House
Station Street
Nottingham
NG2 3NJ
Tel: 07962 395269
E-mail: george.pashley@nottinghamcity.org.uk

DATE: 13 OCTOBER 2023



Group Standing Orders

(incorporating group governance standards, matters reserved for the Group Board, and committee terms of reference)

Version 4

Approved by the Group Board on

Version Control

| Version | Detail of Changes Made (Para/Section etc.) | Approved at Board Meeting Date |
|----------------|---|---------------------------------------|
| V2 | Total new Standing Orders | December 2022 |
| V3 | Revised Standing Orders | October 2023 |

Contents

| | | |
|----------|---|-------------------------------------|
| 1 | Introduction | 4 |
| 1.1 | Meeting Structure | 4 |
| 1.2 | Interpretation and suspension | 4 |
| 2 | Governance Standards | 6 |
| 2.1 | Meetings of Members and Shareholders | 6 |
| 2.2 | Appointments to Boards and Committees | 7 |
| 2.3 | Calling Board and Committee Meetings | 7 |
| 2.4 | Attendance at Meetings | 8 |
| 2.5 | Quorum for Board and Committee Meetings | 8 |
| 2.6 | Collective Decision Making and Voting | 9 |
| 2.7 | Conflicts of Interest Arising at Meetings | 9 |
| 2.8 | Minutes of Meetings | 9 |
| 2.9 | Meeting Agenda and Papers | 10 |
| 2.10 | Urgent decisions | 11 |
| 3 | Terms of Reference: NCH Group Board | 13 |
| 3.1 | Membership | 13 |
| 3.2 | Meetings and Quorum | 13 |
| 3.3 | Purpose of Board | 13 |
| 3.4 | Matters Reserved to Board | 13 |
| 4 | Terms of Reference: ALMO Board | Error! Bookmark not defined. |
| 5 | Terms of Reference: Audit, Risk & Compliance Committee | 16 |
| 6 | Terms of Reference: Governance & Selection Committee | Error! Bookmark not defined. |
| 7 | Terms of Reference: NCH RP Subsidiary Board | 20 |
| 7.1 | Membership | 20 |
| 7.2 | Meetings and Quorum | 20 |
| 7.3 | Purpose of Subsidiary Board | 20 |
| 7.4 | Matters Reserved to Subsidiary Board | 20 |
| 8 | Terms of Reference: NCH Enterprises Subsidiary Board | 22 |
| 8.1 | Membership | 22 |
| 8.2 | Meetings and Quorum | 22 |
| 8.3 | Purpose of Subsidiary Board | 22 |
| 8.4 | Matters Reserved to Subsidiary Board | 22 |
| 9 | Individual Roles and Responsibilities | 23 |
| 9.1 | Board and Committee Members | 23 |
| 9.2 | Chair of Boards and Committees | 23 |
| 9.3 | Executive Management Team | Error! Bookmark not defined. |

1 Introduction

Nottingham City Homes Group comprises three corporate entities:

- **Nottingham City Homes Limited.** Private company limited by guarantee without share capital (company number 05292636). Sole member: Nottingham City Council. **“Parent”**
- **Nottingham City Homes Registered Provider Limited.** Private company limited by guarantee without share capital (company number 09810057). Subsidiary company. Sole member: Nottingham City Homes Limited. **“Subsidiary”**
- **Nottingham City Homes Enterprises Limited.** Private company limited (company number 09805670). Subsidiary company. Sole Shareholders: Nottingham City Homes Limited and Nottingham City Council. **“Subsidiary”**

These Standing Orders:

- Interpret and elaborate (as required) each entity’s Articles of Association (to which this document is subject to);
- Provides a common corporate governance framework for NCH Companies and Committees;
- Establish the corporate governance standards;
- Documents the delegated authority between the Boards, ARCC and , officers supporting the Company.

1.1 Meeting Structure

The meeting structure operates on the principle that the Group Board exercises control over the subsidiary board and ARCC, and delegates authority when it is in the interests of the Group to do so. However, the Group Board may not exercise control over NCH RP should that control run contrary to the RP’s objectives or obligations to Homes England and the Regulator of Social Housing. Examples of how control is exercised may be through terms of reference, Group strategies and policies, and appointments.

1.2 Interpretation and suspension

Any matter regarding the interpretation of these Standing Orders is a matter for the Group Board. Standing Orders may be suspended, amended, or revoked by majority resolution of the Group Board, in so far as the decision does not conflict with any of the Group’s Articles of Association. Should a

matter of interpretation or suspension arise in between Board meetings then the secretary shall conduct the matter in accordance with the Urgent Decision Protocol, which forms part of these Standing Orders.

2 Governance Standards

Standards of corporate governance have been determined in accordance with:

- What is stated in the Articles of Association of the Group Companies;
- The NHF Code of Governance 2020, the UK Corporate Governance Code 2018; and
- Other standards as required by Nottingham City Council, and the Regulator of Social Housing.

These standards apply equally across all Boards and Committees within NCH Group unless stated otherwise.

2.1 Meetings of Members and Shareholders

Meetings of members or shareholders shall take place in accordance with requirements determined in each Articles of Association. Generally, decisions at these meetings relate to:

- the appointment of directors (at Parent level);
- approval of the annual accounts, and auditor appointment;
- amendments to the Articles of Association;
- change of ownership, or company closure.

Each corporate entity's Articles of Association document how meetings of members of shareholders must be conducted. The administration of each meeting is different due to the way each entity has been formed:

- Nottingham City Homes Limited, has one member, Nottingham City Council;
- Nottingham City Homes Registered Provider Limited, has a minimum of five members, which includes a representative of the Parent;
- Nottingham City Homes Enterprises Limited, is limited by share. Currently there is only one shareholder, Nottingham City Homes.

Each set of Articles has a section called "General Meetings" that determines how such meetings shall be called, and for what purpose. General meetings are distinct from Board meetings, most notably in that they need a longer period of notice (14 days), and those present and voting will be the

shareholders/members; not the Board Members (unless that Board Member is also listed in the register of shareholders/members). Voting at General Meetings may be submitted by proxy. Resolutions going before a general meeting should be on the recommendation of its Board.

Admission, transfer, and ending of shareholding or membership is also dealt with in the respective Articles of Association, and each corporate entity shall have a shareholders/members register that records any changes.

2.2 Appointments to Boards and Committees

The Group Board shall be appointed in accordance with its Articles of Association. The Group Board may also appoint co-optees, or appoint to vacancies outside of AGMs. Nottingham City Council will be responsible for appointing their own representatives.

As Parent, the Group Board shall authorise appointments to its Subsidiary Boards, and Committees. Size and form of membership is determined in the respective Articles of Association and reiterated in Terms of Reference. The Group Board will be responsible for recruitment and appointment of members in accordance with a Board Renewal Strategy. All appointments shall be recorded in the minutes of the Group Board, and appointments to Subsidiary Boards recorded also in its minutes.

The Group Board shall confirm the Chairs of the Group Board and the Audit, Risk, and Compliance Committee. The Chair of the Group Board and the Audit, Risk, and Compliance Committee cannot be the same individual. If the Chair is absent, the meeting shall appoint another member for the duration of the meeting. The appointment of a Vice-Chair is optional according to the wishes of each Board or Committee.

Any removal of Board or committee members shall be undertaken on the authority of the Group Board, unless it is a Group Board member, in which case it will be done in accordance with its Articles of Association.

Should the Group Board determine to pay its Board and Committee Members it shall do so in the form of a Remuneration Policy.

2.3 Calling Board and Committee Meetings

All Board and Committee meetings shall be called with no less than five days notice, unless otherwise agreed by three-quarters of the meetings members. In addition, the secretary will establish a diary of meetings at least annually for the forthcoming 12 months.

For a notice of meeting to be valid it must:

- Be communicated to all members of that meeting;
- Stating a date, time and venue of the meeting; and
- How members can participate (e.g. if a teleconference meeting).

2.4 Attendance at Meetings

Only appointed members are authorised to attend meetings for their duration. However, it is accepted that certain officers have an open invitation to attend in order to facilitate good governance. This should include a minute taker (see 2.8).

It is a matter for the Chair (in consultation with meeting members) to determine who is present at a meeting and for what duration. Aside from officers, this determination may include professional advisors, and internal/external observers.

In terms of participation in meetings, all members should address the meeting through the Chair, unless the Chair determines otherwise. Non-members should not speak unless they have been invited to do so by the Chair, and only to the extent that the Chair authorises.

Members of the public are able to attend the non-confidential section of Group Board and ARCC meetings. Should members of the public wish to ask a question to the meeting, the question shall be filed in advance of the meeting with the secretary.

2.5 Quorum for Board and Committee Meetings

Quorum is the minimum number of meeting members that must be in attendance to approve decisions. To contribute to the quorum, a member must be appointed to the relevant Board or Committee, and participating in the meeting in a form that allows them to contribute to proceedings in 'real time', which could mean attendance via a telephone on loudspeaker, or using a video conferencing facility, such as Skype or Teams.

The quorum for each meeting is laid down in the respective Articles of Association or Terms of Reference, as well as in the table below. Failure to achieve a quorum at a meeting means it is not authorised to make decisions. However, meetings may continue for matters of information or consultation; and all members should remain vigilant that meetings that start quorate may not remain so, and vice versa.

| Meeting | Minimum Number Of Participants For Quorum |
|---------|---|
|---------|---|

| | |
|---------------------------------------|---|
| Group Board | 3 |
| Registered Provider Board | 2 |
| Enterprises Limited Board | 2 |
| Audit, Risk, and Compliance Committee | 2 |

2.6 Collective Decision Making and Voting

Meetings shall be conducted on the basis of reaching a consensus amongst members present. The Chair of the meeting will satisfy herself/himself that members of the meeting have had the opportunity to voice their opinion on the matter in hand and determine whether a consensus is achievable.

Should the matter require, the Chair may determine that a vote be taken. The Chair may determine the vote, and each member in attendance will have one vote. The outcome of the vote shall be recorded in the minutes of the meeting. If the vote is tied, the Chair shall have a second casting vote.

2.7 Conflicts of Interest Arising at Meetings

Secretarial duties shall include maintaining a register of interests in accordance with the Group Board's Articles. The Company shall maintain the register to alert the meeting Chair and members to matters that may arise during the meeting. However, it is ultimately for each member of a meeting to determine whether they have an interest which may cause a conflict during the meeting.

Members should offer to remove themselves from a meeting should they feel conflicted regarding a matter in hand. The other members shall then determine whether it is in the interests of the member to remain, and to what extent they may deliberate in the matter. If members are unable to decide on the matter, the meeting Chair may decide. The declaration of interest, and decision shall be recorded in the minutes.

2.8 Minutes of Meetings

The secretary shall be responsible for the content and quality of minutes. A formal meeting record shall be taken of each Board and Committee meeting covered by these Standing Orders. At the very least, each set of minutes shall include:

- full name of the meeting;

- date, start time, and venue of meeting;
- members participating, member apologies, and others in attendance;
- a record of the decisions taken at the meeting; and
- a summary of deliberations in the lead up to each decision.

Minutes of the previous meeting shall be considered for accuracy at the next available meeting, at which point they will become a confirmed record of the meeting. All Subsidiary Board and Committee meeting minutes will be considered at the next available meeting of the Group Board, with a representative of that meeting bringing matters to the attention of the Group Board as required.

2.9 Meeting Agenda and Papers

The secretary shall draft a meeting agenda and agree it with the meeting Chair. In doing so, the secretary will have regard to recurring or cyclical issues, and directions of members given at previous meetings.

The order of business, unless the determined otherwise, will be:

- Confirmation of quorum and apologies for absence;
- Declarations of interest;
- Minutes of the previous meeting for accuracy;
- Update matters arising from previous meetings;
- Matters requiring a decision;
- Matters to note such as
 - Minutes of subsidiary Boards and Committees (for Group Board);
 - Performance and information reports;
 - Any other business (at the discretion of the Chair); and
 - Date of next meeting and close.

Five days prior to the date of the meeting, the secretary will circulate the agenda for the meeting to all members, accompanied by supporting papers. On reading the papers, should the member require clarification on the content of the report, he/she will seek it by communicating with the report author in

advance of the meeting. The clarification may subsequently be raised at the meeting.

Any matter requiring a decision, will be accompanied by a written report clearly stating the recommendation(s) that the meeting is being asked to consider, and where necessary, evidence of independent professional advice relied upon in arriving at the recommendation. The secretary shall be responsible for maintaining a template report and quality standards.

All Boards and Committees will have both public and confidential sections. For those specific meetings, public sections of the supporting papers will be published. Members of the public are permitted to attend public sections of the meetings as non-voting observers and will be asked to leave before any confidential items are discussed.

2.10 Urgent decisions

Urgent decisions are matters that require authorisation between pre-scheduled meetings; and would normally require the decision to be taken by a particular Board or a Committee. In such circumstances there is a Protocol that shall be observed.

Prior to triggering the Protocol, the following alternatives should be considered:

- a short notice meeting to consider the matter, perhaps by teleconference; or
- If the matter can be pre-empted at the time of the previous meeting, delegate authority for the decision to a senior officer (perhaps with conditions attached);

Should alternative arrangements not be possible, the Urgent Decision Protocol may be triggered. The protocol requires:

- The secretary will distribute electronically a consultation report to all meeting members, stating the purpose of the report, a recommended course of action, and a reasonable response deadline. The secretary shall make reasonable effort to pre-alert members of the report and deadline, particularly if the response deadline is short.
- There shall be no minimum number of consultation responses. It is sufficient to demonstrate that members were afforded the opportunity to respond within a specific time.

- If the number of responses agreeing to the recommended course of action is equal or greater to 50% of that meeting's current membership, this course of action is approved.
- If a quorum is not reached, and the response deadline has passed, the secretary shall invite the Chair, or Vice Chair if the Chair is unavailable, of the meeting to consider any consultation responses, and reach a decision. The outcome of the decision will be implemented.
- The decision reached shall be reported to the next scheduled meeting, so the outcome can be minuted.

The Protocol shall be implemented subject to any delegated authorities being exhausted, insufficient, or non-existent.

3 Terms of Reference: NCH Group Board

For consistency of language, Terms of Reference is used to describe the powers and responsibilities of all Boards and Committees. Also known as Matters (or powers) Reserved for the Board.

3.1 Membership

Under the Articles Membership shall consist no less than five. Under these Standing Orders, membership will be seven, of which two shall be nominated by the Council; and five shall be independents. The Board may appoint up to two co-optees.

Attendance at Group Board meetings shall be monitored by the Chair

3.2 Meetings and Quorum

The Board shall meet no less than four times per year. The quorum for Board meetings is any thr members.

3.3 Purpose of Board

- (1) To ensure that the affairs of the Parent and its Subsidiary are conducted lawfully, ethically and in accordance with the terms of the Articles of Association, the Companies Act 2006, other prevailing laws and regulations, and arrangements set out between NCH and NCC.
- (2) To review the values and objectives, and culture of the Group; and as a result, establish a framework of strategy, policy, delegated authority, internal control, and risk management.

3.4 Matters Reserved to Board

Determine the values and overall strategic direction of the Group; the corporate objectives; and approve the Group Business Strategy.

Determine the consolidated Group business plan, medium term financial plan, capital programme and annual revenue budget.

Approval of the annual report and accounts, and audit management letter; and ensuring their filing with statutory and regulatory bodies by the due dates.

Approve “Group wide” corporate policies, strategies and standards.

Setting of standards for the Group in relation to code of conduct, probity, competence, management, and customer services.

Responsibility for the business relationship and partnership with the City Council, and other major stakeholders.

In consultation with NCC, any decision to cease a material part of Group operations.

In consultation with NCC, Any decision relating to remuneration of Board Members.

Risk Management and Internal Control

Determination of the Group's risk capacity, profile and appetite;

Establishment and oversight of a framework for the identification and management of risk;

Establishment and oversight of a framework of delegation and systems of internal control, including Financial Regulations;

Approval of action recommended in response to any report from external auditors or the Regulator of Social Housing.

Corporate Governance

Approval of changes proposed to the Group's governing instruments for recommendation to a general meeting of members or shareholders;
Amendment, suspension or revocation of Governance Standing Orders;

In consultation with NCC, changes to corporate structure, including the setting up of subsidiaries or merging with another organisation, for recommendation to a general meeting;

Establishment of criteria for appointments to (and, if necessary, dismissals from), the Boards (in accordance with the Articles of Association) and its Committees (other than those appointed by NCC);

Approval of Subsidiary Boards membership where appropriate and Committee membership, including Chairs, and external corporate bodies. The Group Board needs to nominate; three Group Board Nominates to NCH RP, one Group Board member to the ARCC and external independents to the ARCC

Establishment, amendment or revocation of Terms of Reference for all Subsidiary Boards, Committees, and Group Task and Finish Groups.

Ensuring effective arrangements for:

- annual appraisal of the effectiveness (collectively) of the Board's and Committees, and (individually) of Board and Committee members;
- Board recruitment and (s)election criteria, policies and procedures; and
- Board and Committee Member induction, development, retention, renewal and succession.

Nottingham City Council

Ensure compliance with the Group Service Contract set up with NCC to deliver support and advice to the Group including on technical and professional matters. Recruit to two Group board member position

Other

Any other matters not specifically delegated to Committees, Subsidiary Boards, Task and Finish Groups, Tenant bodies, or the Executive Management Team.

4. Terms of Reference: Audit, Risk & Compliance Committee

ACCOUNTABILITY

The Audit, Risk and Compliance Committee (ARCC) is charged with assisting the Board to fulfil its statutory obligations and is accountable to the Board for the fulfilment of the responsibilities delegated to it as set out in its Terms of Reference. All Committee Members share responsibility for its decisions and should act only in the interests of the Group and not on behalf of any subsidiary, constituency or interest group, putting the interests of the organisation before their own interests. The ARCC will act in this capacity across all of the NCH Group.

The main objectives of the ARCC is to be responsible for the effective internal control of financial, risk management and property compliance systems and to independently assure that effective internal control with regard to finance, risk management and property compliance systems are maintained and reviewed and that the Group's financial performance is being effectively managed. ARCC will also take ownership of Performance Management across the Group.

The ARCC may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Group Board. The Committee's Terms of Reference may be amended at any time by the Group Board.

A note of the Committee minutes will be submitted to the Group Board at the next Board meeting following the Committee meeting. The Chair of the ARCC will ensure that key issues are promptly brought to the attention of the Board, and also have the right to attend and speak on matters of concern at any Board meeting.

The Chair of the ARCC will be appointed by the Group Board and will be a member of the Group Board.

AUTHORITY AND ACCESS

The ARCC is authorised by the Board to investigate any activity within its Terms of Reference. The ARCC shall meet on at least a quarterly basis and may meet separately on its own to maintain its independence.

The Committee has the authority to access and obtain any information held by the Group as it sees fit. The Committee is authorised by the Group Board to obtain external legal or other professional advice.

The Committee shall meet as it sees fit with the external or the external and internal auditors together. The Chair of the ARCC, external and internal auditor shall meet as necessary to ensure that the auditors have direct access to the Chair to guarantee the independence of the audit functions.

POWERS DELEGATED BY THE BOARD TO THE AUDIT, RISK AND COMPLIANCE COMMITTEE

Within the context of the objectives, policies and budgets set by the Board:

General Governance and performance

- To review the Committee's membership and effectiveness on a regular basis to ensure that it has appropriate skills and relevant experience, advising the Group Board accordingly.
- To review annually the Committee's activities and effectiveness in discharging its responsibilities and provide an annual report for the next twelve months to the Group Board.
- To scrutinise statutory regulatory inspections and deal with all non-compliance.
- To ensure the Group is operating within recognised codes of practice and Standards.
- To ensure adequate processes are in place for the safeguarding of Group assets.
- To review and recommend to the Group Board in relation to compliance with relevant legislation.
- To consider and review the Group's insurance provisions.
- To monitor and review compliance with Fire Safety, property compliance and Risk Management processes.
- To monitor and review performance management and highlight any significant concerns to the Group Board.

Internal Control

- To oversee a system of internal control, ensuring that any significant weaknesses identified are remedied and reported to the Group Board.
- To review annually the effectiveness of the Group's internal control systems and assurance framework and make appropriate recommendations to the Board.

Anti-Fraud and Corruption

- To ensure that allegation of fraudulent activity is properly assessed and the control framework updated.
- To receive whistle-blowing and fraudulent activity reports that may have an effect upon the Group.
- To receive money laundering reports that may have an effect upon the Group.

Internal & External Audit

- To review and ensure that internal and external audits are complied with.
- To discuss any potential issues and problems with the internal or external auditor as and when necessary.

- To review, approve, monitor and change the internal audit needs assessment and strategy and the annual plan.
- To sign off audit plans and receive reports by the internal auditor on significant audit findings.
- To monitor the implementation of recommendations of internal, external and regulatory audits.
- To make recommendations to the Group Board, for approval in general meeting, on the appointment, re-appointment or otherwise, of the external audit;
- To approve the fees and terms of engagement of the external auditor;
- To advise the Group Board on the internal audit arrangements including the terms of engagement of the internal auditor.
- To monitor the performance of the internal and external auditors.

Statutory Accounts

- To report to the Group Board on the annual statutory audit and make recommendations on the outcomes.
- To monitor and review the integrity and compliance of the financial statement of the Group and its subsidiaries.

Risk Management

- To ensure that the correct risk registers and frameworks are in place.
- To provide assurance to the Group Board that there is a systematic review of risk management arrangements within the Group;
- To scrutinise the risks associated with New Build developments and acquisitions
- To monitor the effectiveness of the Group's risk management and assurance framework.
- To consider and scrutinise the subsidiary companies Risk Registers.
- To review and recommend to the Group Board the arrangements for understanding and monitoring Health and Safety.
- To review the Group's business continuity strategy and plans.

Property Compliance

- To monitor and review the Group's processes and performance to ensure compliance with legal and health and safety requirements including:
 - gas servicing;
 - periodic electrical tests and inspections;
 - the inspection, test and maintenance of fire safety systems;
 - the inspection, test and maintenance of mechanical systems (e.g. Lifts)
 - the inspection, test and maintenance of water storage and circulation systems.
- To monitor the progress of remedial works arising from fire risk assessments and property and equipment surveys, tests and inspections.
- To monitor the progress of damp and mould repair and maintenance activity including related complaints.

Standing Orders & Financial Regulations

- To ensure compliance with the Financial Regulations, and recommend any proposed revisions to the Group Board;
- To recommend the delegation framework and the Financial Regulations, and any changes to these, to the Group Board Articles and Standing Orders.
- To ensure compliance with applicable Financial Reporting Standards.
- To monitor and review the Group's Register of Dispensations.
- To approve any changes to the Group's accounting policies.

Probity – Action taken must be notified to the Audit, Risk and Compliance Committee

- Authority to suspend Financial Regulations or grant dispensation;
- Authority to dispose, and arrangements for disposal, of stock items and obsolete equipment.

MEMBERSHIP

The ARCC will comprise five non-Executive Directors appointed by the Group Board as follows; five Independent representatives (including one nominated from NCH RP) and one Nottingham City Council representative. Executive Directors shall not be Members of the Committee.

The Chair will be appointed annually by the Group Board and shall not also be the Chair of the Group Board.

The Committee may co-opt Members if required, but the Committee's membership shall never include more than 50% co-opted Members. Co-opted Members will be (re)appointed annually.

Each Member appointed to the Committee shall have skills and experience relevant to the work of the Committee.

The Committee may hold a pre-meeting with the internal and/or external auditors to the exclusion of employees.

Attendance at Committee meetings shall be monitored by the Chair and concerns in relation to regular non-attendance by any Committee Member should be reported to the Group Board.

QUORUM AT MEETINGS

The quorum required for the transaction of business at the time when the meeting proceeds to business shall be two.

5. Terms of Reference: NCH RP Subsidiary Board

Membership

Membership shall consist of not less than five and no more than six members. Up to three shall be appointees from the Group Board, and up to three shall be independent persons appointed for their skills and experience. The Subsidiary Board may appoint up to two co-optees. NCH RP shall nominate one of its membership to the Group Board and one of its membership to the Audit, Risk, and Compliance Committee.

Attendance at NCH RP Board meetings shall be monitored by the Chair and concerns in relation to regular non-attendance by any NCH RP Board Member should be reported to the Group Board.

Meetings and Quorum

The Board shall meet no less than four times per year. The quorum for Board meetings is any two members.

Purpose of Subsidiary Board

To ensure that the affairs of the Subsidiary are conducted lawfully, ethically and in accordance with the terms of the Articles of Association, the Companies Act 2006, the prevailing regulation of the Regulator of Social Housing, and the objectives agreed with the Group Board.

1. Matters Reserved to Subsidiary Board

Determine the strategic direction of the Subsidiary, ensuring the objectives are in keeping with that of the Group.

Determine the business plan, medium term financial plan, capital programme and annual revenue budget; in accordance with the objectives determined by the Group Board, and in compliance with the standards determined by the Regulator.

Approval of projects in accordance with the business plan, and approved budget, or otherwise delegated by the Group Board.

Approval of the Subsidiary annual report and accounts, and audit management letter.

Recommend amendments to corporate policies, strategies and standards, in so far those amendments are required to demonstrate compliance with the Regulator's Standards.

Determination of the Subsidiary's risk capacity, profile and appetite, both for its own needs, and informing the Group;

Establishment and oversight of a framework for the identification and management of risk for the Subsidiary;

Notify the Group Board of any notification from the Regulator, and recommend a course of action for the Group Board to consider.

Approve all returns to the Regulator, and be responsible for (in consultation with the Group Board) communications with the Regulator.

Terms of Reference: NCH Enterprises Limited Subsidiary Board

Membership

NCH EL Board Membership shall consist of the full membership of the Group Board and have no less than three members. The Subsidiary Board may appoint up to two co-optees. Attendance at NCHEL Board meetings shall be monitored by the Chair and concerns in relation to regular non-attendance by any NCHEL Board Member should be reported to the Group Board.

Meetings and Quorum

The Board shall meet no less than four times per year. The quorum for Board meetings is any two members.

Purpose of Subsidiary Board

To ensure that the affairs of the Subsidiary are conducted lawfully, ethically and in accordance with the terms of the Articles of Association, the Companies Act 2006, and the objectives set by the Group Board.

Matters Reserved to Subsidiary Board

Determine the strategic direction of the Subsidiary, ensuring the objectives are in keeping with that of the Group Corporate Plan.

Determine the business plan, medium term financial plan, capital programme and annual revenue budget; in accordance with the objectives determined by the Group Board.

Approval of projects in accordance with the business plan, and approved budget, or otherwise delegated by the Group Board.

Approval of the Subsidiary annual report and accounts, and audit management letter.

Recommend amendments to corporate policies, strategies and standards to the Group Board, in so far those amendments impact on the commercial arrangements required of the Subsidiary.

Determination of the Subsidiary's risk capacity, profile and appetite, both for its own needs, and informing the Group;

Establishment and oversight of a framework for the identification and management of risk for the Subsidiary;

6. Individual Roles and Responsibilities

a. Board and Committee Members

Uphold the values and objectives of the Group;

Uphold the Group's core policies

Contribute to, and share responsibility for decisions;

Prepare for and attend meetings, training sessions and other events;

Attend and participate in reviews linked to individual performance or that of the whole Board;

Represent the Group as appropriate;

Declare any relevant interests;

Respect confidentiality of information;

Uphold the Group's Board Members Code of Conduct; and

Uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

b. Chairs of Boards and Committees

The relevant Board's business and meetings are conducted efficiently;

Meeting members are given the opportunity to express their views;

Chair shareholder/member meetings (if a Chair of a group company);

A constructive working relationship is continued with NCC;

The relevant meeting fulfils its role and responsibilities as set out in the Articles and Standing Orders.;

Ensuring, with the meeting members, that sufficient authority is delegated to the meeting; and that authority is then delegated sufficiently for the meetings decision to be carried out.

Effective communications are maintained between all the Boards and Committees;

The meeting receives professional advice when it is needed;

NCC is represented as required;

Affairs are conducted in accordance with generally accepted codes of performance and propriety;

Standards of behaviour are appropriate and in accordance with the Group's Code of Conduct; and

Carry out other duties as described elsewhere such as Financial Regulations, and policy.

Vice Chair

Should the meeting determine to appoint a Vice Chair, then their role will be to support the Chair in performance of their role and responsibilities, and act in the capacity of Chair in their absence.

SPECIFIC MATTERS FOR APPROVAL WITH THEIR DELEGATION LEVELS

The table below sets out the current matters that require specific approval, which positions within the Group have been delegated by each Board to make such approval decisions, and any arrangements for subsequent reporting where a decision relating to such a delegation has taken place.

Specific Board Delegations on Matters of Probity

| Matter | Delegation to | Action Taken Notified to |
|--|---|---------------------------------|
| Authority to approve reimbursement of Board Members expenses within policy | Chair | Board (annual review) |
| Authority for Board Members to accept gifts or accept or offer hospitality | Chair | Board (annual review) |
| Determining breaches of the Group Board Members Code of Conduct | Chair plus 2 other Board members | ARCC or Board |
| Determining appeal against Panel hearing above | ARCC chair plus 2 ARCC members | ARCC or Board |
| Authority to suspend Standing Orders (urgency procedure) | Chair plus one other Board member plus one NCC Director | Board (next meeting) |
| Authority to suspend Financial Regulations (grant dispensation) | Chair of ARCC plus one NCC Director | ARCC (next meeting) |
| Authority to agree out of court settlements up to £25,000 | One NCC Director and relevant Delegated Officer | ARCC (next meeting) |
| Authority to agree out of court settlements from £25,000 | NCC Director and Board Chair | ARCC (next meeting) |
| Authorisation to bring judicial proceedings | NCC Director | ARCC (Next Meeting) |
| Authority to dispose, and arrangements for disposal, of stock items and obsolete equipment | NCC Delegated Officer | ARCC (annual review) |

| | | |
|--|---|----------------------|
| Authority for all payments to be made within the NCH Registered Provider powers and objects above £150k. | NCC Director | NCH RP Board |
| Authority for all payments to be made within NCH RP powers and objects up to £150k | Executive Assistant | NCH RP Board |
| Signature on RP legal notices, leases and licensing agreements | Executive Assistant | NCH RP Board |
| Authority for all payments to be made within the NCH Group powers and objects above £150k. | NCC Director | NCH Group Board |
| Authority for all payments to be made within NCH Group powers and objects up to £150k | NCH Chair | NCH Group Board |
| Signature on legal notices, leases and licensing agreements | NCH Company Solicitor | NCH Group Board |
| Authority to agree compensation payments over £500 to tenants, leaseholders or residents. | NCH Company Solicitor | ARCC (annual review) |
| Authority to sell NCH EL owned properties up to a value of the agents asking price less 5% ?? | Head of Commercial Property and Contract Management | NCH EL Board |
| Authority for all NCH EL payments up to £10k | Head of Commercial Property and Contract Management | NCH EL Board |
| Authority for all NCH EL payments above £10k | NCC Assistant Director or above. | NCH EL Board |
| Authority to serve a Section 21 notice on tenants to vacate their properties | Head of Commercial Property and Contract Management | NCH EL Board |

| | | | | | | | | | |
|--|---|----------------------|-------|---------------------------------|-------|------|------|------------------------------------|------|
| | Item 2.2 | | | | | | | | |
| NOTTINGHAM CITY HOMES LIMITED | | | | | | | | | |
| | BOARD | | | | | | | | |
| REPORT OF HEAD OF COMMERCIAL PROPERTY & CONTRACT MANAGEMENT | 09 November 2023 | | | | | | | | |
| NCHEL AND NCH ARBORETUM PROPERTY DISPOSAL REPORT | | | | | | | | | |
| 1 | EXECUTIVE SUMMARY | | | | | | | | |
| 1.1 | This report highlights the current progress of the sale of Phase 1 & 2 portfolio NCHEL properties along with the Arboretum portfolio agreed at previous NCHEL and NCH Group Boards. | | | | | | | | |
| 2 | RECOMMENDATIONS | | | | | | | | |
| 2.1 | The Board is asked to note the contents of the report | | | | | | | | |
| 3 | REPORT | | | | | | | | |
| 3.1 | PHASE 1 DISPOSAL PROGRAMME | | | | | | | | |
| 3.1.1 | <p>The Phase 1 Disposal programme is continuing as planned with the current position in the table showing stages of the programme and the number of properties having completed each stage.</p> <table border="1" style="margin-left: 40px;"> <tr> <td>In Works or for Sale</td> <td>20/44</td> </tr> <tr> <td>Sale Agreed and in conveyancing</td> <td>15/44</td> </tr> <tr> <td>Sold</td> <td>7/44</td> </tr> <tr> <td>Properties being prepared for sale</td> <td>2/44</td> </tr> </table> <p>Of the 44 properties within the programme there are currently 3 properties with highlighted risks within the phase. Appendix 1 shows these and provides the full 30th October update for the Phase 1 scheme.</p> <p>Based on the information we have from Estate Agents, the current Nottingham property market is still buoyant but not increasing as fast as has been the case in the recent past.</p> <p>At the end of October 2023 the disposal programme has been running for 5 months with 22 properties having either been sold or have commenced the conveyance process.</p> | In Works or for Sale | 20/44 | Sale Agreed and in conveyancing | 15/44 | Sold | 7/44 | Properties being prepared for sale | 2/44 |
| In Works or for Sale | 20/44 | | | | | | | | |
| Sale Agreed and in conveyancing | 15/44 | | | | | | | | |
| Sold | 7/44 | | | | | | | | |
| Properties being prepared for sale | 2/44 | | | | | | | | |
| 3.1.2 | PHASE 1 AGREED SALE PRICE COMPARISION | | | | | | | | |

| | |
|-------|---|
| 3.1.3 | <p>At the commencement of the Phase 1 plan the 22/23 year end valuation was used as a guide to establish the funds that could be realised should the properties be sold and therefore cover the repayment of the deferred loan commitments which require payment at the end of 23/24.</p> <p>The table at Appendix 2 gives the current position on sales values of those 22 properties that have either been sold or have agreed sales values and are working their way through the conveyancing process.</p> |
| 3.1.4 | PHASE 2 DISPOSAL PROGRAMME |
| 3.1.5 | The commencement of the Phase 2 NCHEL Disposal programme (55 properties) was agreed at Boards in October. Since then, NCH has sort Lender consent from Nottingham City Council for the sale of these properties and awaits this before commencing any contact with those tenants concerned. |
| 3.1.6 | The plan will include the same stages as in Phase 1, with Initial visits to tenants to explain what is happening, prior to a two - month notice being formally served. |
| 3.1.7 | It is expected that once Lender consent is received a programme will be set to commence in January for the initial tenant visits. |
| 3.2.0 | ARBORETUM DISPOSALS |
| 3.2.1 | At NCH Board in October, it was agreed that the properties included within Arboretum regeneration scheme would be sold. Following this decision NCH officers have met with NCC officers to agree a process of changing the current covenants agreed at the time of purchase to reflect those NCC are using with the sale of other properties in the Arboretum. |
| 3.2.2 | Once NCC have amended the covenants to NCH's satisfaction the revised documents will be revised by the NCH independent lawyer in preparation for sales in 2024. |
| 3.2.3 | In addition to the covenants, NCC officers highlighted that they needed to issue outstanding completion certificates to NCH for the works completed. The New Build Team are working with NCC to provide any necessary information outstanding to enable these certificates to be issued. |
| 3.2.4 | Regular meetings are now arranged with NCC to ensure progress in all areas is achieved to allow for the sale of these properties. |
| 3.2.5 | The full address list of all properties included within the Arboretum are shown at Appendix 3 which also shows the current timeline for the next stages of the sale process. |

| | |
|----------|--|
| 3.2.6 | While the work to progress the alterations to the Covenants is taking place along with the securing of all handover Certificates by NCC, initial discussions are taking place with agents in Nottingham about our plan to sell the Arboretum portfolio. |
| 3.2.7 | The current programme aims to have secured an agent for the sale of the portfolio by the end of January 2024. However, the amendments to the covenants is an essential part of the valuation process as the agent will need to understand fully the responsibilities under the finalised sale lease so this can be relayed to all the potential buyers. Viewings with an agent is being arranged for November which will test market interest. |
| 4 | FINANCIAL, LEGAL AND RISK IMPLICATIONS |
| 4.1 | <u>Financial Implications</u> |
| 4.1.1 | A separate report on NCHEL period 6 financial performance and forecasted cash position is being presented to Board in December. |
| 4.1.2 | This first disposal phase is anticipated to provide net cash receipts of £1.13m by 31 st March, after settlement of loan and interest charges secured against the properties and an adjustment for selling costs and lost rental income resulting from the sale process. However, it should be noted that the majority of sale completions are forecasted to fall into Q4 of 23/24 and any slippages will have a detrimental effect on the cash position of the company. |
| 4.1.3 | An NCH EL reforecast will take place in period 6 (September 2023) which will include the impact on in year financial performance of the asset disposal programme. This will be presented at the December Board meeting. |
| 4.1.4 | NCHEL Ltd is cash insolvent and is reliant on cash receipts from the sale of assets in phase 1 to settle its liabilities with NCC and NCH Ltd by March 2024, which is the date the current NCC loan deferment period comes to an end. NCHEL will remain reliant on cash receipts from phase 2 asset disposals into 24/25 to meet its ongoing liabilities and ensure a positive cash balance during the asset disposal process. |
| 4.2 | <u>Legal Implications</u> |
| 4.2.1 | NCHEL remains cash insolvent and accordingly has reached an agreement with its principal lender to defer repayment of the loans until this position can be resolved. |
| 4.2.2 | The required lender consent for phase 1 has been received from NCC. Once sold the respective loan for that property will be redeemed. To mitigate additional default interest accruing on the unpaid deferred interest the amount owing to NCC by way of redemption may be |

| | |
|---|---|
| | 'overpaid' if possible subject to the cashflow position of the Company at the material time. |
| 4.2.3 | During the financial year clear and robust financial forecasting will be required to ensure Board remain fully briefed regarding solvency matters |
| 4.3 | <u>Risk Implications</u> |
| 4.3.1 | See the risk register |
| 5 | IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES |
| 5.1 | None |
| 6 | EQUALITY AND DIVERSITY IMPLICATIONS |
| 6.1 | Has the equality impact of these proposals been assessed? <input type="checkbox"/> Yes (EIA attached) <input checked="" type="checkbox"/> No (this report does not contain proposals which require an EIA) |
| 7 | BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT |
| 7.1 | None |
| Contact officers: | Name: Mona Sachdeva Tracy Martin Tim Shirley |
| | Tel: |
| | E-mail: mona.sachdeva@nottinghamcity.gov.uk tracy.martin@nottinghamcity.gov.uk tim.shirley@nottinghamcity.gov.uk |
| Date: 23rd October 2023 | |

NOTTINGHAM CITY HOMES LIMITED

REPORT OF THE EXECUTIVE ASSISTANT AND NCH NOMINEE OFFICERS

BOARD
9 November 2023

NOTTINGHAM CITY HOMES GENERAL MANAGEMENT UPDATE

1 EXECUTIVE SUMMARY

- 1.1 This report provides the Board of Nottingham City Homes (NCH) with a general update on the management of NCH business, progress with key activities and the challenges presenting.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board;
- 2.2 **Note and Comment** on the report.
- 2.3 **Approve** in principle, the ending of the lease to NCH RP for 6 Helmsdale Gardens and disposal of the property, subject to NCH RP Board approval on 14 November 2023 and NCC lenders consent.

3 SERVICE CONTRACT WITH NCC

- 3.1 The Service Contract between Nottingham City Council (NCC) and the Nottingham City Homes (NCH) Group has now been approved and signed by all parties.
- 3.2 The NCC Strategic Director of Housing advised the members of the Extended Housing Services Management Team of this and that it was the responsibility of all Housing Services' teams to ensure that the NCH Group properties and residents received a high quality and responsive service.
- 3.3 The Executive Assistant and Head of Commercial Property and Contract Management have met with NCC Housing Services Property Service Heads to agree a formal Service Contract review process and monthly meeting. This will be the vehicle for raising matters that haven't been resolved in the weekly operational meetings as well as discussing learning, overall performance and cost.
- 3.4 We are awaiting confirmation of the commencement of the externally procured maintenance contract with Lovell (Morgan Sindell Property Services) Limited and are seeking clarification of how this will work for the NCH Group. A further update will be provided at the next Board meeting.
- 3.5 NCH Social Rent arrears have not been managed robustly, resulting with in excess of £74k of rent arrears being reported (plus £14k former tenant arrears). This is a high level of rent arrears and therefore steps have been taken to ensure these are managed with Notices Seeking Possession being served via the NCH Solicitor on the highest levels of arrears in the first instance. In addition, regular meetings have commenced between the NCH Solicitor and the newly appointed Rent Manager for

added monitoring and scrutiny to ensure recovery commences and the arrears levels are managed.

- 3.6 Rent performance has previously been reported to the NCH RP Board who had oversight of these properties. The scale of debt owed was not disclosed to the NCH RP Board in the standard quarterly performance report, with just an In Year Collection rate provided for. This has been at or around 100, so no further scrutiny was undertaken.
- 3.7 NCC Finance are working on the charges for services received to date. This hadn't been provided at the time of writing, but a verbal update will be given to the Board.

4 REPAIRS, MAINTENANCE AND VOIDS PERFORMANCE

- 4.1 Concerns were raised at the last meeting about the operational delivery performance of the NCC Housing Services Property division and monitoring of the outstanding repair issues are being monitored.
- 4.2 The general condition and the scale of disrepair of all 150 NCH dispersed properties leased to NCH RP are being audited by Temporary Accommodation team contracted to NCH RP. At the time of writing, a third of these properties had been visited and documented. A verbal update will be provided to Boards and the provisional results with an outline action plan for improvements will be presented to the December Board meeting.
- 4.3 The lease for these 150 properties provides for NCH to keep them in good repair via the NCC/ NCH Group Service Contract. Failure to keep these properties in good repair could result in a notice to from NCH RP to NCH providing a timescale in which the breach should be remedied to avoid enforcement via the termination provisions.
- 4.4 Whilst not directly a matter for NCH Limited, the Board are advised that NCH RP has served a notice on NCC for a potential breach of repairing duty under the terms of the lease for Highwood House.

5 NCH OWNED STOCK; FINANCIAL, PERFORMANCE AND COMPLIANCE REPORTING

- 5.1 The Head of Commercial Property and Contract Management and Executive Assistant have met with the NCC HS Business Transformation team and work is ongoing to produce a financial, performance and compliance report for the NCH social rent stock up to Q2, 2023/24. This will be presented to the NCH Board at the December 2023 meeting.

6 HRA DEBT SETTLEMENT

- 6.1 As agreed at the last Board meeting, a letter regarding the HRA debt settlement was sent to the NCC Interim Director of Commercial and Procurement. A copy is attached in Appendix 1. Board will note that the letter details how NCH can repay the stated HRA debt, the potential consequences of doing so and providing options where the potential revenue consequences to NCC are mitigated.
- 6.2 NCC Interim Director of Commercial and Procurement has met with the NCC Section 151 Officer to briefly discuss the contents and indicated that the continued

provision of temporary accommodation and the savings it elicits should take precedence over the HRA debt. The formal response dated 23.10.23 has been received from NCC and is attached as Appendix 2. Board will note the position and prioritisation as set out as well as a call for NCH Business Plans for submission to the NCC Executive Companies Governance Committee.

7 SECONDMENT OF STAFF TO THE NCH GROUP

7.1 The NCH Chair has formally written to the NCC Strategic Director of Housing requesting that key officers supporting the NCH Group are seconded to the group and a response is awaited. NCC Strategic Director of Housing has indicated he is seeking both HR and Legal advice on the employment law implications of any proposed arrangements.

8 DISPOSAL OF SINGLE HOUSING LED PROPERTY LEASED TO NCH RP

8.1 NCH owns the freehold of 11 ex-Council flats that are leased to NCH RP for use in a Housing Led/ Housing First initiative. They were purchased by NCH with loan facilities provided under Tranche 3 of the Dispersed property cohort.

8.2 Housing Led/ Housing First properties are let by NCH RP to nominated rough-sleepers with complex needs. Assured tenants are provided with wraparound support from a third party organisation (P3) and NCC staff on behalf of NCH RP.

8.3 It is fair to say that there has been mixed success, with some managing to sustain their tenancies albeit with significant support, where others have failed. In some instances the tenancy failure has been adversely felt by other residents in the locality and financially by NCH RP.

8.4 NCC Housing Revenue Account Housing First tenancies are identified from presenting void stock and are rotated on tenancy turnover, NCH RP Housing Led properties are fixed. Where there are high levels of anti-social behaviour and ultimately tenancy failure, this can occur again and again in NCH RP homes. This has happened at 6 Helmsdale Gardens which has been void for some months whilst (a) the flat needed extensive works, redecoration and refurnishing, and (b) a suitable prospective tenant is sought.

8.5 Due to consecutive nuisance, tenancy failure and complaints, approval is now sought to surrender the lease for 6 Helmsdale Gardens and seek NCC lender consent to sell the property. NCH would receive the net proceeds of the sale which could be put towards the HRA debt repayment.

9 NCC/ NCH Governance

9.1 Board is asked to note that a recent operational incident highlighted that it is essential for NCC and NCH to have a clear, transparent, and robust communications protocol. This approach has been agreed with the NCC Strategic Director of Housing and NCC Interim Director of Commercial and Procurement.

9.2 The matter arose following a unilateral change in policy which NCC sought to implement in respect of NCHEL borrowing which would have caused serious operational challenges and detriment to NCHEL. The ramifications of the policy change did not appear to be fully understood by NCC and following urgent

discussion between the NCH solicitor and NCC Interim Director of Commercial and Procurement the original policy was re-instated.

- 9.3 Moving forward the Chair has committed to raising this matter with NCC to ensure such issues do not re-occur.

10 FINANCIAL, LEGAL AND RISK IMPLICATIONS

10.1 Financial Implications

- 10.1.1 NCH have accrued to budget in anticipation of the NCC Housing Services costs plus VAT, pursuant to the Service Contract. The actual costs are yet to be determined, which presents a risk to the NCH Group should the actual costs sought by NCC be greater than the accrued budgeted sums. Internal reviews from NCC HRA Finance of amounts to be recharged under the agreement and how they will be calculated are underway. NCH Finance staff will be following up discuss and review.

10.2 Legal Implications

- 10.2.1 The Service Contract requires management of the rent collection. The delivery of these services is now being managed by NCH nominee officers with the responsible officer for NCC being the NCC Strategic Director of Housing.
- 10.2.2 The leases between NCH and NCH RP provide for NCH Ltd, (in effect through the Service Contract with NCC Housing Services), to keep the interior and exterior of the properties in good repair. There are no provisions in the lease for breach of covenants by NCH Ltd, but there are provisions to break the leases on their annual anniversary. This will however have serious operational implications on the provision of homeless accommodation and where possible should be avoided. This will require robust management of the repairs service to these properties.
- 10.2.3 Lender consent will be required from NCC for disposal of 6 Helmsdale Gardens pursuant to the loan agreement under which the asset was purchased.

10.3 Risk Implications

- 10.3.1 The risk of failure to keep properties in good repair, and the potential for leases being terminated due to the breach thereof, have been added to the NCH Risk Register and should be reviewed at the Board meeting.

10.4 HR Implications

- 10.4.1 NCC Housing Services HR have been provided with a secondment contract template by the NCH Solicitor along with a list of issues to consider aiding the process of secondment arrangements. If Board require any independent advice regarding potential arrangements (due to conflicts of interest of officers) this can be arranged.

11 IMPLICATIONS FOR NOTTINGHAM CITY HOMES REGISTER PROVIDER OBJECTIVES

- 11.1 The delivery of excellent quality, affordable homes to rent and accommodating those in housing need are key objectives of NCH.

12 EQUALITY AND DIVERSITY IMPLICATIONS

12.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

No (this report does not contain proposals which require an EIA)

13 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

13.1 NCC/ NCH group service contract approved by the Board on 5 October 2023.

13.2 Appendix 1; HRA debt letter.

13.3 Appendix 2; NCC response to HRA debt letter, 30 October 2023.

Contact officers: Name: Mark Lawson, Executive Assistant
Address: Loxley House, Station Street,
Nottingham, NG2 3NJ
Tel: 07904 308702
E-mail: mark.lawson@nottinghamcityhomes.org.uk

Date: 31 October 2023



PRIVATE AND CONFIDENTIAL

Mr Neil McArthur
Nottingham City Council NCH Shareholder Representative
Nottingham City Council
Loxley House
Station Street
Nottingham
NG2 3NG

Reference MF/20231018

Date: 18th October 2023

Dear Neil,

HRA Surplus Repayment

Background

Following a review by CIPFA into NCC's HRA finances last year an agreement was reached in which NCC and NCH Directors recognised an HRA surplus repayment of £17.3m was due from NCH back to NCC. This related to surpluses built from HRA funded management fee paid to NCH Ltd over several years which CIPFA determined was repayable to the HRA rather than available to NCH to use within the scope of its objects.

At the end of March 2023 the amount had increased to £18.5m by way of an interest charge and credit notes on existing bills. Accordingly, the £18.5m is being recognised within the statutory financial statements for each entity for year ended March 2023. The figure will vary again by the end of March 2024, when the HRA surplus allocation from 2022/23 trading plus any agreed interest is accounted for.

At the time of the original agreement, several expectations were laid down by NCC by way of strategic priorities, which it was expected NCH would deliver alongside the resolution to the HRA surplus repayment. These were:

1. Retain use (and potentially increase) of the temporary accommodation capacity available to NCC via NCHRP Ltd
2. Ensure repayment of the total £49.3m of outstanding borrowing from NCC by all three NCH Group companies
3. Address the solvency challenges in NCHEL
4. Maximise available cash within NCH Ltd to fully address repayment of the HRA surplus repayment
5. A managed withdrawal from the market rented business
6. A residual company structure that is sustainable in terms of solvency and financial stability
7. Implement a legitimate and transparent legal and financial relationship between NCC and the NCH companies.

Modelling and initial findings

Over the past few months NCH has undertaken some significant modelling around the properties within the NCH Group. The model is based on a property-by-property income and cost allocation basis. It has been reconciled back to the original headline 2023/24 budget by cohort and provides a cleaner picture of the finances for each property.

Based on a selection of properties identified for possible disposal, the model provides indicative figures for the HRA surplus repayment that could be achieved, an on-going residual group P&L and cashflow and an implied incremental cost to NCC for any homeless bed and breakfast costs.

In seeking to identify the properties that would need to be part of the asset disposal plan to realise the full HRA surplus repayment, three initial reports from the model are attached in Appendix 1,2 and 2A:

- **Appendix 1; Full Repayment.** This demonstrates that to secure the full HRA Surplus Repayment, there would need to be a sale of all the NCH and NCH EL properties (outside of those within the freehold ownership of NCHRP). This is due to most of the funds being tied up within the assets. The downside for NCC is a significant increase in the temporary accommodation cost for homelessness falling onto NCC's General Fund assessed at more than £11m per year, recurrent. The primary cohorts of this cost increase would be in NCH owned affordable, dispersed housing and Midland House, together with NCH EL owned Fairham House. It is unfeasible to raise the required funds to satisfy the full HRA surplus repayment without an increase in temporary accommodation costs to the NCC General Fund.
- **Appendix 2; Partial Repayment.** This rows back from Appendix 1 and shows what could be paid back to the HRA if the avoidance of any increase in temporary accommodation costs was the priority. This may be particularly pertinent

considering the potential increased cost pressure in this area following the Government's plan to reduce asylum seekers using hotel accommodation. The corresponding amount of funds that NCH could put towards the HRA Surplus Repayment would be significantly reduced as it would need to retain a considerable asset base to deliver the current level temporary accommodation for NCC. If the objective was to potentially increase the supply of temporary accommodation, again via the NCH Group, then even more assets would need to be preserved. To remove any impact on temporary accommodation, the model gives an indicative outcome where the HRA surplus repayment drops to £8.4m but the current temporary accommodation savings are retained.

Appendix 2 could be further developed to maximise the funds raised for the HRA surplus repayment, whilst also leaving a more resilient NCH residual trading group:

- **Appendix 2A; Modified Partial Repayment.** This is provided by way of example in exchanging the blocks of Ryehill House and Masson House for a random selection of 34 dispersed properties. The HRA surplus repayment increases to £8.9m and the residual group becomes more resilient through a potential decrease on repairs and maintenance as Masson and Ryehill are new builds.

If NCC consider an increase in temporary accommodation to take a higher priority over HRA payback, additional exploration of re-purposing some NCH EL properties instead of market sale could be undertaken. This would require transfer of properties and loans to NCH Limited to allow the future closedown of NCH EL.

Proposal and recommendation

The current position can be summarised as follows

1. The retained use (and potential increase) of the temporary accommodation capacity available to NCC via NCHRP Ltd is possible but will **not** realise the full HRA surplus repayment.
2. The repayment of the total £49.3m of outstanding borrowing from NCC by all three NCH Group companies can be part-achieved through the agreed disposal plan, but will only apply to those properties being disposed of. Retained properties will have their loan debt repaid to the original lending terms.
3. NCH EL has been identified as cash insolvent and the disposal of its assets is now underway in accordance with an agreed disposal plan.
4. The maximisation of available cash within NCH Ltd to address repayment of the HRA surplus repayment will be limited if an increase in temporary accommodation costs is to be avoided and capacity maintained or even increased as per 1.
5. The managed withdrawal from the market rented business is underway as per 2 above.

6. A residual company structure that is sustainable in terms of solvency and financial stability is being sought based upon the residual group left following the asset disposal plan resolution. This can only be determined following a steer from NCC on the options presented. If the full HRA debt repayment (Option/ Appendix 1) is non-negotiable, then it is likely that there will not be a viable residual company structure.
7. The implementation of a legitimate and transparent legal and financial relationship between NCC and the NCH companies is now being developed.

In order for these matters to be progressed we you to consider and urgently respond to the following:

1. Does the Council recognise and agree that the delivery of the full HRA Surplus Repayment (currently £18.5m), through the disposal of NCH Group assets, cannot be achieved without creating a significant negative impact to temporary accommodation provision?
2. Subject to (1) above, can the Council confirm that the protection of the temporary accommodation cost savings is the primary importance to NCC and it is prepared to accept a reduction in the HRA surplus repayment?
3. Subject to (2) above, is the Council agreeable to forming a joint-working group to explore and rationalise alternative resolutions that do not impact temporary accommodation, accepting this will decrease the amount of cash NCH could raise to settle the HRA Surplus Repayment?

I look forward to hearing back from you so we can move the process forward accordingly,

Yours sincerely



Madeleine Forster
NCH Board Chair

Appendices 1, 2 and 2a attached.

Asset Disposal Model - OPTION ONE

SELL ALL NCH AND EL

EXECUTIVE SUMMARY

ESTIMATED FUNDS GENERATED TOWARDS REPAYMENT FO THE HRA SURPLUS

| | Total Disposal Income £'000 | Total Loan Repaid £'000 | Total Selling Fees £'000 | Total Tax Provision £'000 | HRA Surplus Repy'mnt £'000 |
|---|--------------------------------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------------|
| Funds Genrated through the disposal of Property | 74,389 | (46,815) | (2,232) | (5,726) | 19,616 |
| Deferred Interst 23/24 | | | | | (1,500) |
| Estimated Housing Services Furnishing recharge | | | | | 787 |
| Funds Genrated through the disposal of Fleet | | | | | 1,120 |
| Estimated liquid funds created through unallocated bank funds | | | | | 1,000 |
| | | | | | 21,023 |

ESTIMATED GOING CONCERN PROFIT AND LOSS FOR THE GROUP

| | Total Income £'000 | Lease Costs £'000 | Depn Cost £'000 | Loan Interest £'000 | Running Costs £'000 | Profit / (Loss) £'000 | Add Back Depn £'000 | Loan Payments £'000 | Cash / (Deficit) £'000 |
|-----------|--------------------------|----------------------|--------------------|---------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|------------------------------|
| NCH Group | 4,806 | (2,838) | (70) | (128) | (1,826) | (56) | 70 | (85) | (71) |

ESTIMATED INCREASE IN BED AND BREAKFAST COSTS THROUGH THE REDUCTION IN HOMELESS / SOCIAL PROPERTY

**Cost
£'000
11,273**

Asset Disposal Model - OPTION TWO

SELL ALL EL, ARBORETUM AND FRW

EXECUTIVE SUMMARY

ESTIMATED FUNDS GENERATED TOWARDS REPAYMENT FO THE HRA SURPLUS

| | Total Disposal Income £'000 | Total Loan Repaid £'000 | Total Selling Fees £'000 | Total Tax Provision £'000 | HRA Surplus Repy'mnt £'000 |
|---|--------------------------------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------------|
| Funds Genrated through the disposal of Property | 25,756 | (16,208) | (773) | (1,810) | 6,965 |
| Deferred Interst 23/24 | | | | | (1,500) |
| Estimated Housing Services Furnishing recharge | | | | | 787 |
| Funds Genrated through the disposal of Fleet | | | | | 1,120 |
| Estimated liquid funds created through unallocated bank funds | | | | | 1,000 |
| | | | | | 8,372 |

ESTIMATED GOING CONCERN PROFIT AND LOSS FOR THE GROUP

| | Total Income £'000 | Lease Costs £'000 | Depn Cost £'000 | Loan Interest £'000 | Running Costs £'000 | Profit / (Loss) £'000 | Add Back Depn £'000 | Loan Payments £'000 | Cash / (Deficit) £'000 |
|-----------|--------------------------|----------------------|--------------------|---------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|------------------------------|
| NCH Group | 9,326 | (2,838) | (584) | (1,205) | (4,118) | 581 | 584 | (739) | 426 |

ESTIMATED INCREASE IN BED AND BREAKFAST COSTS THROUGH THE REDUCTION IN HOMELESS / SOCIAL PROPERTY

| |
|--------------------|
| Cost £'000 0 |
|--------------------|

Asset Disposal Model - OPTION TWO A

EXECUTIVE SUMMARY

SELL ALL EL, ARBORETUM AND FRW SWAP 34 DISPERSED FOR RYEHILL AND MASSON

| ESTIMATED FUNDS GENERATED TOWARDS REPAYMENT FO THE HRA SURPLUS | | | | | HRA |
|---|-----------------------|-------------------|--------------------|---------------------|-------------------------|
| | Total Disposal Income | Total Loan Repaid | Total Selling Fees | Total Tax Provision | Surplus Repy'mnt |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Funds Genrated through the disposal of Property | 25,242 | (14,843) | (757) | (2,190) | 7,452 |
| Deferred Interst 23/24 | | | | | (1,500) |
| Estimated Housing Services Furnishing recharge | | | | | 787 |
| Funds Genrated through the disposal of Fleet | | | | | 1,120 |
| Estimated liquid funds created through unallocated bank funds | | | | | 1,000 |
| | | | | | 8,859 |

| ESTIMATED GOING CONCERN PROFIT AND LOSS FOR THE GROUP | | | | | | | | | |
|--|--------------|-------------|-----------|---------------|---------------|------------------------|---------------|---------------|-------------------------|
| | Total Income | Lease Costs | Depn Cost | Loan Interest | Running Costs | Profit / (Loss) | Add Back Depn | Loan Payments | Cash / (Deficit) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| NCH Group | 9,033 | (2,838) | (537) | (1,310) | (3,963) | 385 | 537 | (788) | 134 |

| ESTIMATED INCREASE IN BED AND BREAKFAST COSTS THROUGH THE REDUCTION IN HOMELESS / SOCIAL PROPERTY | |
|--|-------------|
| | Cost |
| | £'000 |
| | 0 |

My Ref: Shareholder Unit/NM
Your Ref: MF/20231018
Contact: Neil McArthur
Email: neil.mcarthur@nottinghamcity.gov.uk



Nottingham
City Council

Madeleine Forster
Nottingham City Homes Limited Board Chair

By email only

Commercial and Procurement
Resources Department
Nottingham City Council
Loxley House
Station Street
Nottingham
NG2 3NG

www.nottinghamcity.gov.uk

30 October 2023

Dear Madeleine

Repayment proposals

Thank you for your letter, which was received on 20 October 2023.

I have had the opportunity to discuss your letter with colleagues and everyone recognises that this is a difficult situation. For its part, the Council's expectations and priorities have not changed.

First and foremost, the Council wants to retain the use of temporary accommodation provided to it by Nottingham City Homes Registered Provider Limited. This remains a priority for the Council. It would not, therefore, support plans to pursue asset disposals that put the provision of that service in jeopardy.

Second, repayment of the outstanding debt to the Council also remains a priority, given the financial pressures the Council faces. We realise that a substantial amount of work has already been undertaken, dating back to 2022, to assess the marketability and potential disposal options of properties across the three group companies. The Council also recognises that it will need to work closely with the company to maximise the scope for repayment without jeopardising the delivery of temporary accommodation services. In that context, the Council considers that the next phase of decisions will need to be made on an asset-by-asset basis, following an updated assessment of the impact of any planned disposals that builds on the work done to date. To facilitate that we would support the establishment of a working group and we hope that everyone's roles and responsibilities in such a group will become clearer once some key staff have been seconded to the company.

Third, the Council recognises the importance of maintaining the solvency of the NCH Group companies as the group transitions to its new ways of working. In that context, in addition to forecasts about the residual group Profit and Loss and Cashflow, the company needs to produce a business plan so it can be scrutinised and approved by the Companies Governance Executive Committee. We hope that the production of a business plan will also be made easier once key staff have been seconded to the company.

Yours sincerely,

Neil McArthur
Interim Director of Commercial and Procurement