

NOTTINGHAM CITY HOMES LIMITED
REGISTERED PROVIDER SHADOW BOARD MEETING



Date: THURSDAY 25 FEBRUARY 2016

Time: 7:00 PM

Place: BULWELL ACADEMY, SQUIRES AVENUE, BULWELL, NOTTINGHAM, NG6 8HG.

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:

George Pashley
Company Secretary

AGENDA

		Page No.	Time
1.	INTRODUCTORY ITEMS		
1.1	WELCOME	-	7.00
1.2	APOLOGIES FOR ABSENCE	-	
1.3	DECLARATION OF INTERESTS	-	
1.4	ITEMS FROM THE CHAIR	-	
1.5	MINUTES OF THE MEETING HELD ON 28 JANUARY 2016	Attached 3-6	7.05
2.	GOVERNANCE		
2.1	COMPANY SECRETARY'S REPORT Report of the Company Secretary	Attached 7-37	7.10
	<ul style="list-style-type: none">• Registered Provider Business Plan• Intra Group Agreement – Service Level Agreement• Self Assessment of compliance with NHF Code of Governance 2015		
3.	STRATEGY AND LEADERSHIP		
3.1	RISK MANAGEMENT UPDATE Report of the Head of Risk Management	Attached 38-62	7.20
4.	CLOSING ITEMS		7:25
4.1	ANY OTHER BUSINESS		
4.2	DATE OF NEXT MEETING		

Thursday 31 March 2016

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 the Company Secretariat on 0115 746 9485. This agenda was issued by email on 18 February 2016.

**THE SHADOW BOARD
25 FEBRUARY 2016**

NOTTINGHAM CITY HOMES LIMITED - REGISTERED PROVIDER

THE SHADOW BOARD

MINUTES of the **PUBLIC MEETING** held on **28 JANUARY 2016** at Harvey Road Depot, Bilborough, Nottingham NG8 3BB

Board Members

Alex Ball
Dave Bennett-Bull
Bill Blincoe
Scott Campbell
Anne Dean
Glenn Harris MBE
Victor Haven
Patience Ifediora
Trish Nixon
Julian Owen
Janet Storar MBE (Chair)
Sarita-Marie Rehman-Wall
Steve Young

Also in Attendance:

Steve Hale	Director of Property Services
Gill Moy	Director of Housing and Customer Services
Danny Michalowicz	Senior Governance Officer
Nick Murphy	Chief Executive
George Pashley	Company Secretary
Jonathan Shaw	Director of Business Services

1. WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS

The Chair welcomed everyone to the first Shadow Board Meeting of the Registered Provider Subsidiary. The Chair reminded Members that they were now familiar with all of the items on the agenda, having received training from Anthony Collins LLP and having discussed them at previous Board meetings.

2. APOLOGIES FOR ABSENCE

Apologies were received from Mike Khouri-Bent.

3. **DECLARATIONS OF INTEREST**

None declared.

4. **MATTERS ARISING**

None.

5. **COMPANY SECRETARY'S REPORT**

5.1 THE BOARD

The Company Secretary presented the report outlining the purpose of the meeting and the steps needed to achieve registration with the Homes and Communities Agency (HCA). The next step is to submit the Detailed Registration Application form.

5.1.1 As part of the Detailed Registration Application, the HCA will require that the subsidiary has in place effective governance arrangements, policies and procedures to enable it to best discharge its duties and responsibilities as a Registered Provider of social housing from the day of registration.

5.1.2 To approve and adopt papers on behalf of the RP, the Board of Nottingham City Homes **agreed** to operate as a coterminous Board in shadow form until final registration with the HCA is completed.

RESOLUTIONS:

The Board agreed:

1. **That the Nottingham City Homes Registered Provider Board will operate in a coterminous shadow form until registration with the HCA is completed.**

5.2 NOTTINGHAM CITY HOMES RP ARTICLES OF ASSOCIATION

The Company Secretary outlined the key elements from the Anthony Collins LLP sessions and in particular for the new RP to have clear objects which satisfy the Regulator.

5.2.1 The Board has previously seen these Articles at the Anthony Collins LLP sessions. They allow the RP to act as a subsidiary of the parent, Nottingham City Homes Limited, which is a regulatory requirement of the Homes and Communities Agency.

RESOLUTIONS:

The Shadow Board agreed:

1. **To adopt the Nottingham City Homes Registered Provider Articles of Association.**

5.3 INTRA GROUP AGREEMENT

As with the Articles, the Company Secretary introduced this section by re-iterating the discussions from the Anthony Collins LLP sessions and the need for an Intra Group Agreement which clearly sets out the roles and responsibilities of each group member in relation to each other.

RESOLUTIONS:

The Shadow Board agreed:

- 1. To adopt the Intra Group Agreement.**

5.4 **NOTTINGHAM CITY HOMES GROUP STANDING ORDERS**

The Company Secretary informed Members that the Standing Orders have been revised to reflect the new group structure. They have also been streamlined to make them easier to understand and use. They may have to change again to reflect the appointment of the Chair.

- 5.4.1 As with the other governing instruments, these have been developed with the assistance of Anthony Collins LLP to ensure appropriate levels of probity and propriety

RESOLUTIONS:

The Shadow Board agreed:

- 1. To adopt the Nottingham City Homes Group Standing Orders.**

5.5 **ALLOCATIONS, TENANCY AND PROBITY POLICIES**

These policies were required to provide assurance to the HCA that the RP had in place effective policies and procedures to ensure probity and propriety. The policies had been discussed at the Anthony Collins LLP sessions.

RESOLUTIONS:

The Shadow Board agreed:

- 1. To approve and adopt the NCH RP Allocations, Tenancy and Probity policies.**

5.6 **OUTSTANDING MATTERS**

The Company Secretary reminded Members that there were still a number of matters that needed to be included as part of the Detailed Registration Application submission.

- 5.6.1 These included, but were not limited to;

- Final revision of the Board Code of Conduct
- A process for stress testing
- Evidence of compliance with the 2015 National Housing Federation (NHF) Code of Governance
- Completion of the RP Business Plan

These will be submitted to the February Shadow Board for approval.

RESOLUTIONS:

The Board agreed:

1. To note outstanding matters detailed in 5.6.1 above.

6. ANY OTHER BUSINESS

None.

7. DATE OF THE NEXT MEETING

The Board agreed that date of the next scheduled meeting was on the 25 February 2016 at Bulwell Academy.

The meeting closed at 19.58pm

SIGNED..... DATE

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NOTTINGHAM CITY HOMES

REPORT OF THE COMPANY SECRETARY

THE SHADOW BOARD
25 FEBRUARY 2016

COMPANY SECRETARY'S REPORT

1 SUMMARY

- 1.1 This report sets out the administrative and governance matters requiring consideration and approval by the Shadow Board since the last meeting.

2 RECOMMENDATIONS

It is recommended that the Shadow Board:

- 2.1 Agrees the Registered Provider Business Plan in Section 3.1 of the report.
- 2.2 Agrees the Intra Group Services Agreement in Section 3.2 of the report.
- 2.3 Agrees that the Compliance with the NHF Code of Governance 2015 in Section 3.3 of the report be submitted as part of the Detailed Application to the Homes and Communities Agency (document circulated separately)

3 REPORT

3.1 REGISTERED PROVIDER BUSINESS PLAN

- 3.1.1 The business plan for the new Registered Provider (RP) is provided at Appendix 1. The plan sets out the objectives of the new business and how it will deliver on these, along with the financial forecasts. It is a requirement of the Homes and Communities Agency (HCA) Registered Provider application process that the business plan is submitted alongside the detailed application.
- 3.1.2 The business plan has been reviewed by Altair Ltd, a specialist housing consultancy. Their comments have been incorporated into the plan.
- 3.1.3 The plan makes reference to a number of corporate appendices that the board have seen before, so we have only attached the appendices that will be new to board members:
- Appendix E - Income and Expenditure, Cash Flow and Balance Sheet
 - Appendix I – Board Member Profiles
 - Appendix J – EMT Member Profiles
- 3.1.4 It is recommended that the Shadow Board **agrees** the NCH RP business plan.

3.2 INTRA GROUP AGREEMENT (IGA) – SERVICES AGREEMENT

- 3.2.1 The Shadow Board approved the Intra Group Agreement (IGA) at the meeting on 28 January 2016.

- 3.2.2 The IGA sets out agreed terms and objectives, governance arrangements and a number of covenants as well as parent intervention powers and processes for dispute resolution.
- 3.2.3 In addition, it contains a Service Level Agreement between NCH as parent and NCH RP as a subsidiary. Board have seen and commented on the Service Level Agreement at their meeting in November 2015. It was also discussed in detail at the Anthony Collins LLP sessions. The IGA Service Level Agreement is attached as Appendix 2.
- 3.2.4 Subject to any amendments agreed at the Governing Board meeting, the Shadow Board are asked to **agree** the Intra Group Agreement.

3.3 COMPLIANCE WITH THE NHF CODE OF GOVERNANCE 2015

- 3.3.1 As the Parent Company, Nottingham City Homes fully subscribes to the NHF Code of Governance 2015. In adhering to the Code, the NCH Board undertakes individual and collective self assessments, including skills gap analysis, on an annual basis.
- 3.3.2 To ensure objectivity in the appraisal process, NCH invites external expertise to validate findings and outcomes. In 2015, the Board of NCH enlisted the services of Dr Hugh Porter to observe the Board and make recommendations.
- 3.3.3 As a new company, the coterminous Shadow Board of NCH RP will want to emulate these high standards. The checklist shows NCH RP to be compliant in the vast majority of areas. Where areas of non compliance can be rectified (eg; through a change to Standing Orders) timescales have been included. A copy of the NHF 2015 Compliance checklist has been circulated separately.
- 3.3.4 The Shadow Board are asked to **agree** the NHF Code of Governance Compliance checklist for submission as part of the detailed application to the Homes and Communities Agency.

4 **FINANCIAL, LEGAL AND RISK IMPLICATIONS**

4.1 Financial Implications

- 4.1.2 There are no significant financial implications; costs will be contained within previously agreed existing budgets.

4.2 Legal Implications

- 4.2.1 There are no immediate legal implications.

4.3 Risk Implications

- 4.3.1 There are no immediate risk implications.

5 **IMPLICATIONS FOR NCH REGISTERED PROVIDER OBJECTIVES**

- 5.1 The Code of Conduct will support NCH RP in achieving corporate 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 Company Standing Orders - Part 1 Governance and Part 2 Financial Regulations
NHF Code of Governance 2015
Companies Act 2006

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DATE: 18 February 2016

NOTTINGHAM CITY HOMES REGISTERED PROVIDER BUSINESS PLAN

Introduction

This Business Plan sets out the objectives for NCHRP and how it intends to deliver on these. NCHRP is a private company limited by guarantee registered with Companies House (company number 9810057). It has been set up as a subsidiary of Nottingham City Homes (NCH), the Arms-Length Management Organisation (ALMO) responsible for managing Nottingham City Council's housing stock. NCHRP's key objective is to provide affordable new homes for communities in Nottingham, including affordable homeownership opportunities.

Overview

Across the UK there is a rising demand for decent rented housing and increased waiting lists for affordable homes. In Nottingham there are around 5,500 households on the council waiting list. Nottingham's Strategic Housing Market Assessment in 2011-12 noted that 327 new affordable homes would be needed each year and that there was an increasing demand for rented housing in the City (The Housing Nottingham Plan 2013-15, Nottingham Strategic Housing Partnership and One Nottingham)

The operating environment for the housing sector is subject to unprecedented challenge and change and NCH is determined that possible threats are responded to and opportunities followed up. NCHRP is being created to help NCH to capitalise on these opportunities, provide more badly needed affordable housing and support and empower communities.

In developing this business plan NCHRP has considered the requirements of the HCA's revised regulatory framework and the key changes:

- Not to put assets or viability at undue risk
- Skills and capabilities of board to match activities
- Active stress testing
- Maintain records of assets and liabilities
- Board to certify compliance with the Governance and Financial Viability Standard

In addition, NCHRP has considered the policy changes impacting on Registered Providers including the annual 1 per cent rent cut for the next four years, the reduction in Social Housing Grant rates, welfare reform, government backing for more affordable homeownership and the changes contained in the Housing and Planning Bill, including the Right to Buy extension to Registered Providers and the potential impact of the Starter Homes initiative.

NCHRP is satisfied that having considered all these factors, registering as a Registered Provider is the right approach to meeting its key objective of providing affordable new homes for communities in Nottingham.

Vision and Goals

NCH's vision is 'to create homes and places where people want to live'. The vision reflects what NCH does as a business and its aspirations for Nottingham, its people and communities.

To deliver the vision NCH has four corporate goals:

- To be a first class housing organisation in the eyes of our tenants and leaseholders
- To be a major player in transforming the quality of life in our neighbourhoods
- To be a great place to work, widely respected as an efficient and professional organisation
- To generate new business, securing additional income to reinvest in Nottingham and our communities

Creating a Registered Provider subsidiary helps meet NCHRP NCH's vision and its corporate goals. NCH's Corporate Plan 2015-2018 is provided as Appendix A.

Nottingham City Homes (NCH)

NCH was established as Nottingham City Council's ALMO on 1 April 2005. In March 2011 the Council granted NCH a contract to manage its 27,000 rented and leasehold homes for a further ten years. NCH employs 1000 staff, including its in house repairs service.

NCH is one of the largest ALMOs in the country and it aims to be a top ten performing housing organisation by 2018. Over the last three years NCH has made great improvements in services to Council tenants and leaseholders. The following are its key achievements:

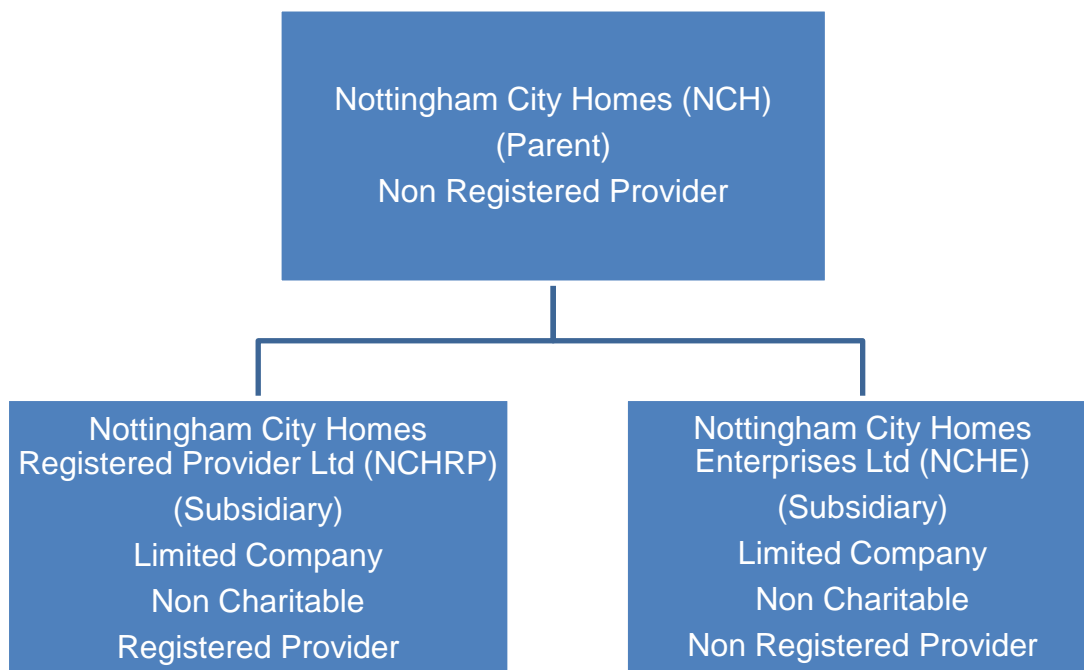
- Increased tenant satisfaction to an all-time high. Satisfaction with the overall service provided by NCH was 88 per cent in 2014/15 compared with 83 per cent in 2013/14.
- Built new homes
- Delivered Decent Homes on time and on target
- Energy efficiencies, reductions in fuel costs for thousands of tenants and residents
- Improved its neighbourhoods
- 100 per cent rent collection
- Introduced tenant scrutiny with its Customer Excellence Panel (CEP)
- Established its Tenant Academy
- Achieved Investors in People Gold accreditation and retained this for three years
- Won new business, providing services for other organisations
- Retained numerous accreditations and won national recognition for its work
- Introduced the well-received Responsible Tenant Reward

For more details please see NCH's 'Ten Year Value For Money Story 2005-15' at Appendix B.

Group Structure

With the creation of a Registered Provider subsidiary we have developed a new group structure for NCH. This is illustrated below. It can be seen that the new structure includes a Commercial Trading subsidiary registered with Companies House as 'Nottingham City Homes Enterprises Limited'. This subsidiary will build new homes, or acquire existing properties, for market rent.

As part of the development of the new structure we have created an Intra Group Agreement (IGA) that sets out the relationship between the group members and a Services Agreement that details the services that NCH will provide to the subsidiaries and how these will be delivered. The IGA including the Services Agreement is provided as Appendix C



Nottingham City Homes Registered Provider (NCHRP) Objectives

NCHRP has four key objectives:

- Provide affordable new homes for communities in Nottingham
- Be a well governed and financially stable organisation
- Provide high quality housing management and repairs and maintenance services
- Ensure our tenants and communities can help shape and get involved in the services we provide

NCHRP will start to achieve its objectives by initially building 8 x two bedroomed semi-detached houses and 9 x three bedroomed terraced houses at Church Square in the Lenton area of Nottingham, with the assistance of Affordable Homes Programme 2015-18 grant funding from the Homes and Communities Agency (HCA). Nottingham City Council has secured £306,000.00 grant funding which will be used by the subsidiary to build the homes. The homes are anticipated to be completed in late 2017 and will be let on Affordable Rents.

Securing Registered Provider status will allow NCHRP to obtain further future funding from the HCA to build new homes or acquire existing properties.

Resources

Nottingham City Homes (NCH) will support the delivery of this ambition by providing NCHRP with resources including staff, infrastructure and a range of services, supplied through the Services Agreement (see Appendix C). These services include housing and asset management services, the Homelink choice based lettings service and corporate services such as ICT, HR, training, financial services, customer service centre, governance etc. This arrangement will allow NCHRP to be run in the most cost effective and efficient way. The organisation chart for NCH is shown as Appendix D.

All staff providing services to NCHRP will continue to be employed by NCH. NCH's current infrastructure of office space, ICT systems etc will be utilised by NCHRP and NCHRP will adopt NCH's corporate policies and procedures.

Financial Forecasts

Initially NCHRP's financial forecast is based on the delivery of 17 x Affordable Rent houses at Church Square in the Lenton Area of Nottingham. Please see income and expenditure account, cashflow and balance sheet attached as Appendix E

Summary of Key Assumptions

- Loans provided by Nottingham City Council at 4% over 50 years
- Short term loans for construction phase at 1.5%
- Start-up costs for Registered Provider of £5K in the first year
- Provision for bad debts at 1%
- Provision for voids at 2%
- HCA Grant amortised over 60 years
- Rents set at 2014/15 affordable rents (£113.51 pw and £117.31 pw. @ 50 weeks for 2 bed semi-detached house & 3 bed terraced house inflated at 3% a year up to 2017/18 and then
- Rents then reduced by 1% in 2018/2019 and 2019/20 and then inflated by 3% from then on. Cost of construction per property estimated at £110k per property in 2014/15 (as per submission to HCA) inflated at 3% up to the year of construction.

Leadership and Management

Our Executive Team and Board members bring a wealth of experience and expertise and provide effective leadership, direction and governance oversight.

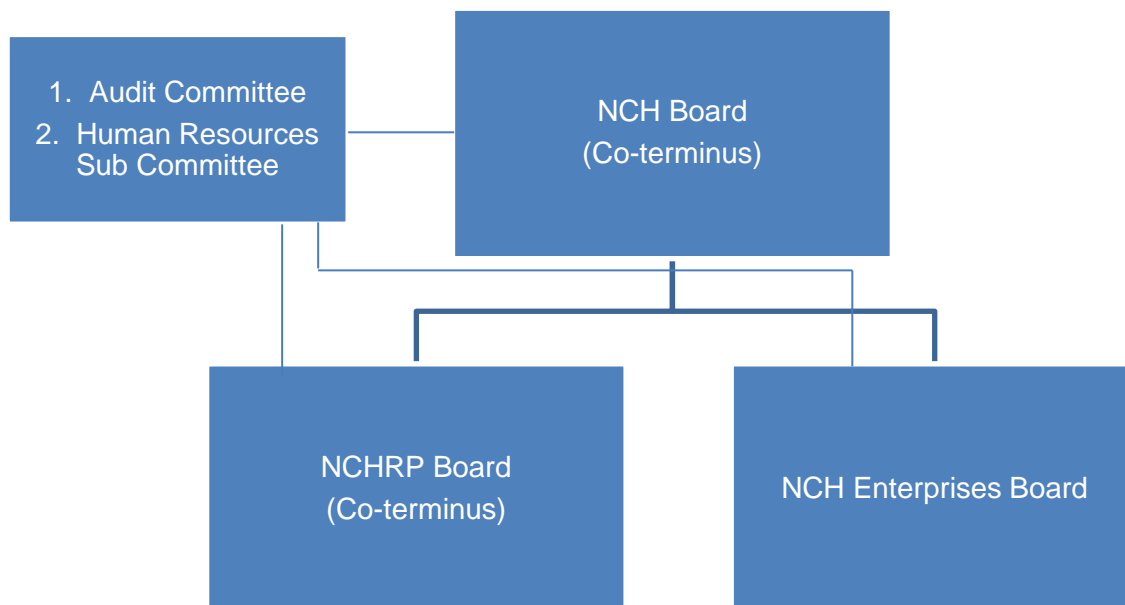
Board of Management

Initially NCHRP's board of management will be co-terminus with that of NCH. As NCHRP will only have 17 x properties to develop and manage from the outset, we believe that a co-terminus board will provide satisfactory oversight of the business until it develops sufficiently so that it requires a separate board.

The co-terminus board will meet ten times each year and will be supported by the Audit Committee which will meet quarterly and the Human Resources Sub Committee which will meet on an ad-hoc basis.

As part of our co-regulatory framework our Customer Excellence Panel (CEP) comprising tenants and leaseholders will scrutinise performance and report into the board regularly. The board of management will review the board structure after 12 months.

The initial board structure is illustrated below.



The terms of reference for the Human Resources Sub Committee and the Audit Committee are provided as Appendices F and G.

Co-terminus Board Members

A Board Member skills audit was carried out in 2015 to assess whether the Board had the right competencies, experience and technical knowledge to lead the organisation effectively. Skills gaps were identified in the following areas:

- Financial management, Accountancy and Audit
- Company Law/Legal
- Environmental Sustainability, Development and Property Matters

These gaps have been addressed, in part, by the recruitment and appointment of three new Board Members at the end of 2015. The new Board Members are Victor Haven, Scott Campbell (Co-optee) and Julian Owen (Co-optee).

We also have a Board member training programme in place. Training on company law/legal and the HCA Regulatory Framework was delivered by Anthony Collins solicitors in January 2016 and further training will be provided in spring 2016.

The full list of Board members is given below and their profiles are provided as Appendix H :

- Janet Storar MBE – Chair
- Dave Bennet-Bull – Vice Chair
- Alex Ball
- Bill Blincoe
- Anne Dean
- Glen Harris MBE
- Patience Ifediora
- Mike Khouri-Bent
- Trish Nixon
- Sarita-Marie Rehman-Wall
- Steve Young
- Victor Haven
- Scott Campbell (Co-optee)
- Julian Owen (Co-optee)

Audit Committee Members

The Audit Committee is chaired by Glenn Harris MBE. The members are Mike Khouri-Bent, Anne Dean, Sarita-Marie Rehman-Wall and Steve Young.

Human Resources Sub Committee Members

(tbc at Feb Board Meeting)

Executive Management Team (EMT)

The EMT will be responsible for the day to day management of NCHRP. The EMT members are:

- Chief Executive Officer – Nick Murphy MA BSc (Hons) CMCIH
- Director of Business Services – Jonathan Shaw ACMA CGMA BAcc
- Company Secretary – George Pashley BA
- Director of Housing – Gill Moy BA (Hons)
- Director of Property Services – Steve Hale BSc (Hons) MRICS

More detail on the EMT members and their responsibilities is provided at Appendix I

Compliance with Regulatory Framework

All Registered Providers must comply with the Homes and Communities Agency (HCA) regulatory standards and we are confident that NCHRP will meet this requirement due to the organisational structure, infrastructure, resources, internal control system and framework support provided by NCH.

The Regulatory Standards are:

- Governance and Financial Viability Standard
- Value for Money Standard
- Rent Standard
- Tenant Involvement and Empowerment Standard
- Home Standard
- Tenancy Standard
- Neighbourhood and Community Standard

Governance

NCH ensures that it has effective governance arrangements in place that deliver its aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. NCH and NCHRP have adopted the National Housing Federation (NHF) Excellence in Governance Code. Our analysis of our compliance against the Code is provided as Appendix J.

There are three areas of non-compliance and these are listed below together with details of the action being taken to achieve compliance:

1. The Audit Committee must be able to meet with the external auditors without executives or other paid staff being present at least once a year. We have no arrangements in place at this stage to do this.
Action – We will consider this approach with the Boards and Audit Committee by December 2016.
2. The Chief Executive must have a written and signed contract of employment; the board must consider whether it should be reviewed at least every three years. The Chief Executive has a signed contract of employment. The Boards do not overtly consider whether this should be reviewed every three years.
Action – The Boards will consider by December 2016 reviewing the Chief Executive's contract every three years
3. Where there are persons who are members of more than one Board in a group, there must be formal arrangements to ensure that if there are any actual or potential conflicts of interest, these are identified and managed. This is not provided for in the Group Code of Conduct.
Action – We will review whether this provision needs including in the Group Code of Conduct by December 2016.

Business Planning, Risk and Control Framework

NCH and NCHRP have an appropriate, robust and prudent Business Planning, Risk and Control Framework in place that ensures:

- There is access to sufficient liquidity at all times
- Financial forecasts are based on appropriate and reasonable assumptions
- Effective systems are in place to monitor and accurately report delivery of NCHRP's plans
- The financial and other implications of risks to the delivery of plans are considered
- Funders' covenants are monitored, reported on and complied with

Risk Management

NCH has sophisticated internal controls and well established corporate and operational risk management systems that will also be followed by NCHRP.

In the current economic and political climate, the risk profile of the sector is changing. There are new and different challenges, pressures on funding and potential threats to income. We are vigilant to safeguard the interests of our business and customers.

NCH has a process of risk management, which includes the identification of risk at both corporate and team level with mitigation applied to reduce the risk where appropriate. It provides a clear rationale for managers to identify and assess risk. A copy of our Risk Management Framework 2014-17 is provided as Appendix K.

NCH has a Group Risk Register that includes risks specific to NCHRP. A copy is provided as Appendix L. The Risk Register is reviewed by the Executive Management Team, operational teams and the Audit Committee on a quarterly basis. The Boards are updated quarterly on the main risks.

The Audit Committee sets and monitors an annual programme of Business Assurance activities and the outcomes and action plans are reported to the Boards.

NCH has embraced tenant scrutiny and our resident-led Customer Excellence Panel (CEP) sets an annual programme of service inspections, independently, as part of our co-regulation system. Its inspection findings are reported to the Boards.

In addition to scrutiny from tenants, NCH also has a programme of internal audit activity. NCH has appointed Nottingham City Council to undertake its planned programme of internal audit, which is supported by additional audit activity from the Business Improvement & Development Team as part of the ISO9001 Quality Management System, which is, in turn, externally audited every 6 months.

Stress Testing

As the Church Square, Lenton development is a discrete investment, the stress testing has been performed on the finance model.

NCH RP Ltd will perform comprehensive stress testing on the variables that affect the stability of the development in accordance with Regulatory requirements. Development

costs, interest rates, rent changes and operating costs will be modelled to identify how much the organisation can endure.

The stress testing data will be shared with NCH main board, and letter of comfort obtained to support the financial pressures NCH RP Ltd face.

Assets and Liabilities

Initially NCHRP will have no assets and liabilities until the 17 x Affordable Rent units are built in Lenton.

NCHRP plan to implement an asset and liability register which will be compliant with Regulatory requirements as a thorough, accurate and up to date record of all assets and liabilities, particularly those liabilities that may have recourse to social housing assets. The register will be a live document, which we will use to help diagnose the overall risk profile of NCHRP, and to inform our financial planning and funding decisions going forward.

The register will include:

- A register of all freehold and leasehold land and property assets and the security / charging position
- A register of all loans and other borrowing
- A register of all development contracts, obligations and penalties
- A register of all major commercial contracts, obligations and penalties

Appendices

Appendix A – Corporate Plan 2015-18

Appendix B – Ten Year Value For Money Story 2005-15

Appendix C – Intra Group Agreement and Services Agreement

Appendix D – NCH Organisational Chart

Appendix E – Income and Expenditure, Cash flow and Balance Sheet

Appendix F – Human Resources Sub Committee Terms of Reference

Appendix G – Audit Committee Terms of Reference

Appendix H – Board Member Profiles

Appendix I – Executive Management Team Profiles

Appendix J – Compliance against the NHF Code of Governance

Appendix K – Risk Management Framework 2014-17

Appendix L – Group Risk Register

APPENDIX E NCH CHURCH SQUARE DEVELOPMENT

YEAR	0 2017 £	1 2018 £	2 2019 £	3 2020 £	4 2021 £	5 2022 £
INCOME AND EXPENDITURE						
INCOME (Rents)						
2 bed house (semi)	0	49,116	48,625	50,084	51,586	53,134
3 bed terrace (semi)	0	57,109	60,587	64,926	66,873	68,879
	0	106,225	109,212	115,009	118,460	122,013
OPERATING EXPENDITURE						
Provision for Voids	0	-2,042	-2,162	-2,369	-2,440	-2,513
Provision for Bad Debt	0	-1,001	-1,060	-1,160	-1,195	-1,231
Annual Management & Maintenance costs	0	-14,250	-14,598	-14,954	-15,319	-15,693
Insurance	-850	-1,700	-1,751	-1,804	-1,858	-1,913
Start-up costs	-5,000	0	0	0	0	0
	0	88,931	91,392	96,526	99,505	102,576
Depreciation (Net of Grant Amortisation)	0	-18,158	-18,158	-18,158	-18,158	-18,158
Interest						
- Long Term Loans	0	-68,202	-67,756	-67,291	-66,808	-66,305
- Short Term Loans (Cashflow)	-98	-128	-30	0	0	0
- Short Term Loans (Construction phase)	-12,808	0	0	0	0	0
Operating Surplus (Deficit)	-12,906	2,444	5,448	11,077	14,539	18,113
Corporation Tax	0	-1,539	-4,721	-5,847	-6,539	-7,254
Surplus (Deficit) position	-12,906	905	727	5,230	8,000	10,859
Surplus (Deficit) position B'Fwd	0	-12,906	-12,001	-11,275	-6,045	1,955
Surplus (Deficit) position C'fwd	-12,906	-12,001	-11,275	-6,045	1,955	12,814

CASHFLOW

OPENING CASH BALANCE	0	94	647	7,219	19,773	34,181
INCOME & EXPENDITURE	-12,906	905	727	5,230	8,000	10,859
ADD BACK:						
- Depreciation	0	18,158	18,158	18,158	18,158	18,158
- Corporation Tax	0	1,539	3,182	1,126	693	715
- Loan (Short Term)	13,000	4,000	0	0	0	0
- Loan (Long Term)	1,707,785	0	0	0	0	0
- NCC Grant	500,000	0	0	0	0	0
- HCA Grant	306,000	0	0	0	0	0
LESS:						
- Purchase of Fixed Assets	-2,013,785	0	0	0	0	0
- Purchase of Land	-500,000					
- Capital Investment	0	0	0	0	0	-1,462
- Loan Repayments (Short Term)	0	-13,000	-4,000	0	0	0
- Loan Repayments (Short Term)	0	-11,049	-11,495	-11,959	-12,443	-12,945
CASH INFLOW / (OUTFLOW)	94	647	7,219	19,773	34,181	49,505

BALANCE SHEET

FIXED ASSETS						
- Land	500,000	500,000	500,000	500,000	500,000	500,000
- Buildings	2,013,785	1,990,527	1,967,269	1,944,011	1,920,753	1,897,495
	2,513,785	2,490,527	2,467,269	2,444,011	2,420,753	2,397,495
CURRENT ASSETS						
- Cash	201,473	647	7,219	19,773	34,181	49,505
- Debtors	0	1,001	2,061	3,221	4,416	5,647
- Provision for Bad Debt	0	-1,001	-2,061	-3,221	-4,416	-5,647
	201,473	647	7,219	19,773	34,181	49,505
CURRENT LIABILITIES						
- Creditors	201,379	0	0	0	0	0
- Corporation Tax	0	1,539	4,721	5,847	6,539	7,254
- Short Term Loans	13,000	4,000	0	0	0	0
	214,379	5,539	4,721	5,847	6,539	7,254
LIABILITIES						
- NCC Grant	500,000	500,000	500,000	500,000	500,000	500,000
- HCA Grant	306,000	300,900	295,800	290,700	285,600	280,500
- Long Term Loans	1,707,785	1,696,737	1,685,242	1,673,283	1,660,840	1,647,895
	2,513,785	2,497,637	2,481,042	2,463,983	2,446,440	2,428,395
NET ASSETS / (LIABILITIES)	-12,906	-12,001	-11,275	-6,045	1,955	11,351
I&E RESERVE	-12,906	-12,001	-11,275	-6,045	1,955	12,814
CAPITAL INVESTMENT RESERVE	0	0	0	0	0	-1,462
NET ASSETS / (LIABILITIES)	-12,906	-12,001	-11,275	-6,045	1,955	11,351

HCA Grant amortised over 60 years. Per Year -->

5,100

Board Member Profiles

Janet Storar MBE – Chair – Tenant member

Janet is a Tenant Board Member and was re-elected to the NCH Board in October 2012. She has been a tenant for over 30 years and therefore has a real insight into the types of issues which effect tenants. Janet is retired but was employed for many years as a senior PA for an international insurance company. She also has fifteen years' experience of working as a local union representative and is currently a member of the East Midlands Regional Board of the Chartered Institute of Housing.

Janet has Level 4 Governance through the Chartered Institute of Housing Active Learning for Residents and has been commended by the National Federation of ALMOs for her work with the NCH Board. She was awarded a MBE in the Queen's Birthday Honours list of 2012.

Dave Bennet-Bull – Vice Chair – Tenant member

Dave has been a Tenant Board Member since 2009 and was re-elected to the NCH Board in October 2013. Until his appointment to the Board, Dave was Chair of an Area Panel. Dave is retired but previously ran his own management training consultancy specialising in health and safety, fire awareness, first aid and health and hygiene. He is Director and Company Secretary of the Birchover Community Association in Nottingham.

Alex Ball – Council member

Alex has been a Nottingham City Homes Board Member since July 2011 and was reappointed in October 2012 and October 2013. He works as Head of Pharmacy Services and Customer Proposition Development and is also an Executive Assistant to a Portfolio Holder for Nottingham City Council.

Alex has experience of housing and regeneration and is focussed on helping to deliver the new council house building programme and supporting the repairs team to make further service improvements for tenants.

Bill Blincoe – Independent member

Bill has been a Board Member since October 2013. He is currently Group Projects Director for Bloor Homes which is a commercial company building nearly 450 new affordable homes each year. As a result Bill is well briefed on housing policy and funding changes. Bill is a corporate member of the Royal Town Planning Institute.

Bill was born and educated in Nottingham and has a keen interest in its heritage, culture and economy.

Anne Dean – Tenant member

Anne has been a Board Member since October 2013 and is also a member of the Audit Committee. Anne is retired but was previously a NHS employee. She has been a member of the Bestwood Advice Centre Management Committee for over eight years.

Glenn Harris MBE – Independent member

Glenn has been an Independent Board Member since October 2013 and is also chair of the Audit Committee. He is a member of the Chartered Institute of Management Accountants (ACMA) and currently a Finance Director. Glenn spent thirteen years with the NHS Logistics Authority, the largest provider of consumable goods to the NHS. He became Finance and IT Director in 2000, overseeing growth to over £1bn turnover per annum and worked with the Department of Health to achieve the successful sale of the organisation in 2005. Glenn then joined the East Midlands Development Agency (EMDA) as Executive Director of Corporate Services, and latterly as Deputy Chief Executive. While with the EMDA, the organisation was twice independently assessed by the National Audit Office and rated as the highest performing Regional Development Agency in the country.

Patience Ifediora – Council member

Patience is a Nottingham City Councillor for the Aspley Ward and has an interest in helping people by engaging in community projects such as the Food Bank and Aspley Bells Lane Partnership events.

Patience has been a Nottingham City Homes Board Member since 2015.

Mike Khouri-Bent – Independent member

Mike is an Independent Board Member and was re-elected in October 2014. He is also a member of the Audit Committee. Mike works as a Corporate Director for Care Standards and also holds a number of other voluntary non-executive positions:

- Member of Nottingham Community Housing Association's main board and chair of LETS Select (private subsidiary)
- Chair of Partnership, Opportunity Development (POD) a limited liability partnership with Longhurst Housing Group
- Deputy Chair of Tuntum Housing Association and Chair of their Tenants' Services Scrutiny Committee and Member of their Performance Review Sub- Committee
- Member of One Nottingham – Nottingham City Council's Local Strategic Partnership
- Member of Nottingham City Council's Equality and Fairness Commission

Mike has a diploma from Nottingham Trent University in Investment and Regeneration Management and is a graduate of the Nottingham Common Purpose programme.

Mike previously worked for the Housing Corporation (now the Homes and Communities Agency (HCA)) where he developed a sound understanding of strategic capital and revenue funding, investment, regulation and financial appraisal. During his time with the Housing Corporation Mike served as Regional Coordinator for its BME Housing Strategy and the National and Regional Teenage Parents Initiative.

Mike has over 24 years' experience of middle to senior management and is qualified and experienced in recruitment, people and resources management and the strategic leadership of organisations. He also has experience of service planning and review, operational and strategic planning, the mechanics of local and central government and working in political and performance driven environments. Currently Mike is joint owner of a medium sized Nottingham based social purpose business that employs around 200 local people.

Mike is a member of the following organisations:

- Corporate Member of Chartered Institute of Housing
- Corporate Member of Institute of Public Sector Management
- Corporate Member of the Association of Corporate Governance Practitioners

Trish Nixon – Independent member

Trish was appointed to the Board in October 2012 and re-elected in October 2013. She is an experienced housing professional with a strong commitment to working with residents and stakeholders to deliver and improve customer focused housing services. She has a detailed knowledge of the housing sector and of governance arrangements and has a professional qualification with the Chartered Institute of Housing.

Trish has held senior management positions for various housing organisations at both strategic and operational levels and also worked for the Audit Commission carrying out housing inspections.

Sarita-Marie Rehman-Wall – Tenant member

Sarita-Marie was appointed as a Board member in January 2015 and has a background of working within the voluntary and community sector as both a non-executive Chair and manager.

Sarita-Marie has a successful track record in delivering customer-focused organisational and cultural change and improved performance against key government indicators. Her work has focused on equality and diversity, social inclusion, advocacy and active citizenship with a commitment to partnership activities both within the voluntary sector and with public sector agencies and business at a local, regional and national level. Sarita-Marie has experience of developing multi-agency partnerships with the public sector, police, voluntary agencies and community groups.

Steve Young – Council member

Steve is a Nottingham City Councillor representing the Clifton South Ward and sits on several Council Committees. He has been on the Board of Nottingham City Homes since 2015.

Victor Haven – Tenant member

Victor was appointed as a Board member in 2015 and has lived in Nottingham all his life. He is a marketing professional, with an extensive skill base in B2B telemarketing. Before joining the Nottingham City Homes Board, Victor was on the Board of his local community association.

Victor speaks French, Hindi and German, and is currently involved in a research project about postmodernism.

Scott Campbell (Co-optee) – Independent member

Scott has been a Board Member with Nottingham City Homes since 2015.

He is a founding member of DBAS housing consultants and works in the housing sector as a commercial advisor. Scott's areas of expertise centres around governance reviews, performance reviews and risk management. His experience in housing has been gained over 10 years working as a consultant within the sector and as a result Scott has an excellent understanding of how housing organisations operate, develop and are funded.

Julian Owen (Co-optee) – Independent member

Julian joined Nottingham City Homes Board in 2015.

Since 1992 he has been MD of Julian Owen Associates Chartered Architects and is the founder and MD of Associated Self Build Architects, the national network of architects (ASBA). Julian writes for construction magazines and is the author of six books on the design and construction of homes.

Executive Management Team (EMT) Members

Chief Executive Officer – Nick Murphy MA BSc (Hons) CMCIH

Nick joined Nottingham City Homes in 2011 and will have dual responsibility for the day to day management of NCH and NCHRP.

Nick is a member of the Chartered Institute of Housing and is also a member of their Policy Advisory Committee. Nick is a member of the National Federation of ALMOs Executive Steering Group.

Director of Business Services - Jonathan Shaw ACMA CGMA BAcc

Jonathan joined Nottingham City Homes (NCH) in March 2013 and will now be Director of Business Services for both NCH and NCHRP. Jonathan is a member of the Chartered Institute of Management Accountants. Prior to working in social housing Jonathan progressed through various roles within the private sector in manufacturing organisations from trainee accountant through to managing director.

Jonathan is responsible for the following aspects of the NCH and NCHRP businesses:

- Financial and Management Accounting
- Management Information
- Financial Planning and Forecasting
- Business Assurance
- Information Technology and Systems
- Business Improvement and Development
- Development Services
- Marketing and Communications

Company Secretary - George Pashley BA CIPD ICOSA

George has a degree in Public Administration and is a member of the Chartered Institute of Personnel and Development and of the Institute of Chartered Secretaries and Administrators. He has worked at NCH as Director of Organisational Development, and more recently Company Secretary since 2008. George will now be Company Secretary for both NCH and NCHRP, responsible for the following aspects of both businesses:

- Governance and Company Secretarial Services
- Legal Services
- Human Resources
- Learning and Development
- Health and Safety
- Equality and Diversity

George has recently overseen NCH's Investors in People Gold accreditation and a Single Status exercise which harmonised terms and conditions of employment for 700 staff members.

George has previously held Head of HR and Company Secretary positions at Kensington and Chelsea ALMO and was the Head of HR at Brent Housing Partnership as part of a shared services agreement.

Director of Housing – Gill Moy BA (Hons)

Gill is a Fellow of the Chartered Institute of Housing and has seventeen years' experience of working at a senior strategic level in housing. Gill has been Director of Housing at NCH for eight years and will now be Director of Housing for both NCH and NCHRP.

Gill is a member of NCC's Corporate Parent Board and Health & Well Being Board. She is also a board member of Click Nottingham, a social enterprise which supports health and wellbeing of its members through social interaction within communities.

Gill is responsible for the following elements of service for both NCH and NCHRP:

- Customer Services
- Tenancy and Estate Services
- Income Management
- Rents and Service Charges
- Leasehold Services
- Supported Housing
- Resident Involvement
- Void management

Director of Property Services – Steve Hale BSc (Hons) MRICS

Steve joined NCH as Director of Property Services in March 2014 and is responsible for all construction related activities carried out by Nottingham City Homes (NCH) including the Direct Labour Organisation (DLO). Steve will now also be responsible for Property Services for NCHRP.

Steve has worked in construction for over 30 years, the majority of the time in the private sector, and has worked on a vast range of schemes ranging from large scale civil engineering to housing repair work. He first joined NCH in November 2008 when he was Assistant Director Asset Management from 2008 to 2013.

Prior to his role at NCH, Steve was Regional Director for Lovell Partnerships in the East Midlands for 5 years delivering mixed tenure new build housing schemes, as well as large scale decent homes refurbishment projects. Steve is a member of the Royal Institute of Chartered Surveyors. He is responsible for the following services for both NCH and NCHRP:

- Planned and Response Maintenance
- Asset Management
- Housing investment programmes

- Energy efficiency
- New build regeneration
- Decent neighbourhoods

This service agreement is made on

Parties

- (1) **Nottingham City Homes Limited** a company limited by guarantee registered with Companies House in England under company number **5292636**, whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (the **Parent**);
- (2) **Nottingham City Homes Registered Provider Limited** a company limited by guarantee registered with Companies House under company number **9810057** and whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (**NCH RP**); and
- (3) **Nottingham City Homes Enterprises Limited** a company limited by shares registered with Companies House under company number **9805670** and whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (**Enterprises**).

Supplemental to an Intragroup Agreement (**the Intragroup Agreement**) dated [1 April 2016] and made between the parties.

Agreed terms

1 Interpretation

1.1 In this Service Agreement where the context so admits:

1.1.1 The following words and phrases shall bear the following meanings:

Agreed means agreed in writing by the Parties;

Clients means the relevant Group Member receiving the Services and **Client** shall mean any one of them as the context requires;

Employees means persons employed by the Parent and engaged in the delivery of the Subsidiary Services and **Employee** means any one of them as the context requires;

Intellectual Property Rights means any patents, rights to inventions (which includes ideas and improvements, whether or not patentable, and whether or not recorded in any medium), copyright and related rights, trade marks, trade names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to

apply) for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world;

Parent Services means the Services to be provided by the Parent to the Subsidiaries under this Service Agreement as set out in the Schedule;

Price means the sum payable by the Client to the Service Provider for the provision of the Services as calculated in accordance with clause 3.1;

Services means the Subsidiary Services and the Parent Services to be provided under this Service Agreement;

Service Provider means the relevant Group Member providing the Services; and

Subsidiary Services means the Services to be provided by the Subsidiaries to the Parent or between the Subsidiaries under this Service Agreement.

- 1.1.2 Words and phrases defined in the Intragroup Agreement shall have the same meaning when used in this Service Agreement.
 - 1.1.3 Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations.
 - 1.1.4 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations under such provisions.
 - 1.1.5 Reference to a clause or a schedule shall be deemed to be references to a clause or a schedule to this deed and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.
- 1.2 In this deed clause headings are included for ease of reference only and shall not affect this deed or the interpretation hereof.
- 2 Provision of services**
- 2.1 The Parent shall provide the Parent Services to the Subsidiaries, or such other services as may be agreed between the parties from time to time.
 - 2.2 The Subsidiaries shall provide the Subsidiary Services or such other services as may be agreed between the parties from time to time.

2.3 Such Services shall be provided by the Service Provider to the level and standard specification Agreed between the parties from time to time and the Service Provider agrees to use all reasonable endeavours to meet those standards, and where no standards are specified the Service Provider shall provide the Services in a competent and professional manner to provide a high quality service.

2.4 The parties agree to comply with Group Policies, standing orders and financial regulations as required by the Intragroup Agreement and as may be subsequently notified following prior consultation between the parties, provided that the Service Provider shall be entitled to vary the Price for the Services if any amendment to such policies and procedures would result in additional expenditure or cost for the Service Provider.

3 Payment for services

3.1 The Clients hereby agree to pay the Service Provider the Price for the Services on the basis of such calculations being determined by the Service Provider on an appropriate fair and equitable basis according to the nature of the Service and which shall reflect the cost of the Service Provider's provision of that Service with appropriate recognition of administrative and overhead costs, such payments to be made in the manner and at the times agreed between the parties from time to time.

3.2 In accordance with clause 6.3 the parties agree to work in good faith to determine the actual cost of the Services, including overheads for the financial year commencing 1 April 2016.

3.3 For the avoidance of doubt all sums payable under this Service Agreement are exclusive of VAT and other duties or taxes (if any) and such duties or taxes (if any) shall be payable in addition to such sums.

3.4 The parties confirm that at the date of this Service Agreement they qualify as a VAT Group, and agree to use their best endeavours to ensure that they continue to so qualify.

4 Provision of and payment for other services

4.1 To the extent that any Client requires the provision of additional services which are not Services it shall be entitled to request the Service Provider to provide the same and the Service Provider shall where possible comply with any such request.

4.2 The price to be paid by the Client for such additional services shall be Agreed between the Service Provider and the Client on an appropriate basis with appropriate recognition of administrative and overhead costs as relate to such additional service provision or on such other basis as may be Agreed between the Service Provider and all the Clients from time to time.

4.3 If the Service Provider is unable to provide or procure the additional services requested by the Client or the price for such services cannot be agreed between the parties (both parties acting reasonably) it shall notify the Client of the fact as

soon as practicable and the Client shall be entitled at its own cost to procure such additional services from an alternative service provider providing the services procured are of at least the same quality and are of lower cost to those which may have been provided or procured by the Service Provider.

5 Term of the agreement

5.1 Subject to clause 7 this Service Agreement shall continue in full force and effect until determined by, on the one part, the Parent or, on the other, NCH RP [or NCH Enterprises] giving to all the other parties not less than 12 months' notice in writing to expire on 31 March in any year.

5.2 The parties agree to consult with each other prior to serving any notice of termination under clause 5.1 with a view to resolving any disputes under this Service Agreement and to amend this Service Agreement in such manner as may be reasonably acceptable to the parties in order to avoid a termination of this Service Agreement.

6 Review of operation

6.1 The operation of this Service Agreement and the achievement by the Service Provider of the level and standard specification agreed between the parties pursuant to clause 2.2 shall be formally reviewed by the parties on an annual basis. Such review shall be undertaken as follows:-

6.1.1 within three months of the end of each financial year, the Service Provider shall report to the Clients in respect of the Services performed in that year; and

6.1.2 a review meeting shall then be held within six months of the end of each year (by 30 September) to discuss the level of service, specification and the Price.

6.2 If, following the annual review process, any amendments are required to this Service Agreement, these shall be noted in writing signed on behalf of the parties and shall operate as variations to this Service Agreement.

6.3 Without prejudice to the provisions of clause 6.1, the Parent shall be required at the third anniversary of this Service Agreement and subsequently at each three yearly intervals to demonstrate in relation to the price the cost effectiveness and value for money of the Services.

6.4 The Service Provider shall make available to the Clients all relevant information as to its costs in performing the Services to assist with the annual review process outlined in clause 6.1. The Service Provider shall be required to show that the Price mechanism is cost effective for the Clients and represents value for money.

7 **Termination**

- 7.1 In the event that a party is in default of its obligations pursuant to this Service Agreement, the party alleging the default may serve notice upon the party alleged to be in default requiring it to remedy the default within such period as may be reasonable (not being less than three months).
- 7.2 In the event that the default complained of shall not be remedied within such reasonable period as may be specified in such notice, the party alleging the default may thereafter serve a further notice to determine this Service Agreement in whole (or in part if the breach relates to any part of the Services) and, upon such further notice being served this Service Agreement (in whole or in part as the case may be), shall absolutely cease and determine without prejudice to the antecedent rights of any party against another.

8 **Employees**

- 8.1 For the purposes of this clause 8, reference to Service Provider is to a Subsidiary who is engaged in providing the relevant Subsidiary Services.
- 8.2 The Parent agrees to supply the services of the Employees to the Subsidiaries as required to enable them to provide the Subsidiary Services (and any other services as agreed with the Parent). For the avoidance of doubt, during any period that the Employees are providing the Subsidiary Services (and any other services as agreed with the Parent), they remain employed by the Parent.
- 8.3 The Parent shall procure that their Employees provide the Subsidiary Services (and any other services as agreed with the Parent) at the location required by the relevant Service Provider.
- 8.4 The Employees may be required to travel on the relevant Service Provider's business to such places, by such means and on such occasions as the Service Provider may from time to time require.
- 8.5 The Parent shall procure that the Employees work such hours as are necessary for the proper performance of the Subsidiary Services (and any other services as agreed with the Parent) (as determined by the Service Provider).
- 8.6 The Parent shall procure that the Employees:
- 8.6.1 unless prevented by incapacity, devote such proportion of their working time, attention and abilities to the provision of the Subsidiary Services (and any other services as agreed with the Parent) as is agreed between the relevant Client and the Service Provider;
 - 8.6.2 faithfully and diligently serve the Service Provider and use their best endeavours to promote, protect, develop and extend the Service Provider's business;

- 8.6.3 not enter into any arrangement on behalf of the Service Provider which is outside the normal course of business or their normal duties or which contains unusual or onerous terms; and
- 8.6.4 promptly make reports on any matters concerning the affairs of the Service Provider to any person nominated by the Service Provider and at such times as are reasonably required.
- 8.7 If an Employee is held to be employed by the Service Provider at any time during the period they are engaged in providing the Subsidiary Services (and any other services as agreed with the Parent) then the Service Provider may dismiss that Employee and the Parent shall offer the Employee employment on the terms that applied immediately before that dismissal.
- 8.8 The Clients and the Service Provider acknowledge that for the purposes of the Data Protection Act 1998, the Clients are data controllers and the Service Provider is the data processor in respect of any personal data.
- 8.9 The Clients agree that the Service Provider shall process data relating to the Employees for legal, personnel, administrative and management purposes and in particular to the processing of any “sensitive personal data” (as defined in the Data Protection Act 1998) relating to the Employees’ including, as appropriate:
 - 8.9.1 information about the Employees’ physical or mental health or condition in order to monitor sick leave and take decisions as to the Employees’ fitness for work;
 - 8.9.2 the Employees’ racial or ethnic origin or religious or similar beliefs in order to monitor compliance with the equal opportunities legislation;
 - 8.9.3 the Employees’ membership of any trade union for the purposes of assessing membership levels and ensuring liaison with relevant trade unions; and
 - 8.9.4 information relating to any criminal proceedings in which an Employee has, or is alleged to have, been involved for insurance purposes and to comply with legal requirements and obligations to third parties.
- 8.10 The Service Provider agrees that it will process the personal data in compliance with all applicable laws, enactments, regulations, orders, standards and other similar instruments.
- 8.11 The Clients agree that all Intellectual Property Rights arising out of the provision of the Services by any or each of the Employees shall automatically on creation vest in the Service Provider absolutely. To the extent that they do not vest automatically, the Clients hold them on trust for the Service Provider, and the Clients agree to promptly execute all documents and do all acts as may, in the opinion of the Service Provider, be necessary to give effect to this clause 8.11.

- 8.12 The Clients hereby irrevocably waive all moral rights under the Copyright, Designs and Patents Act 1988 (and similar rights in other jurisdictions) which they have or will have in any existing or future works referred to in Clause 8.10.
- 8.13 The Service Provider shall take out and maintain in full force with a reputable insurance company adequate insurance cover for any loss, injury and damage caused by or to the Employees in the course of providing the Services. Such insurance may be obtained under a private policy of insurance between the Service Provider and insurer(s) or under a group policy, joint or other composite policy, a cover holder arrangement or any similar or analogous arrangement.
- 8.14 The Service Provider shall fulfil all duties relating to the Employees' health, safety and welfare as if they were the Service Provider's employees and shall comply with the Clients' reasonable requests in connection with the Clients' duties in relation to the Employees.
- 8.15 The Service Provider shall indemnify the Client fully and keep the Client indemnified fully at all times against any loss, injury, damage or costs suffered, sustained or incurred by:
- 8.15.1 the Employees in relation to any loss, injury, damage or costs arising out of any act or omission by the Service Provider or its employees or agents in the course of carrying out the Services; or
 - 8.15.2 a third party, in relation to any loss, injury, damage or costs arising out of any act or omission of the Employee in the course of carrying out the Services.
- 8.16 The Clients shall indemnify the Service Provider fully and keep the Service Provider indemnified fully at all times against any claim or demand by the Employees arising out of their employment by the Client or its termination, except for any claim relating to any act or omission of the Service Provider or its employees or agents for which the Service Provider shall indemnify the Clients fully.
- 8.17 The Clients shall indemnify the Service Provider against any claim that the Employees are employed by the Service Provider.

9 **Resolution of disputes and notices**

For the avoidance of doubt it is hereby agreed between the parties that the provisions of clauses 16 and 17 of the Intragroup Agreement are hereby incorporated into this Service Agreement.

10 **Illegality**

If any provision or term of this Service Agreement or any part thereof shall become or be declared illegal, void, invalid, or unenforceable for any reason whatsoever, including without limitation by reason of any provision of any legislation or other

provisions having the force of law or by reason of any decision of any Court or other body of authority having jurisdiction over the parties to this Service Agreement including the European Commission and European Court of Justice, such terms or provision shall be divisible from this Service Agreement in the jurisdiction in question provided always that if any such deletion substantially affects or alters the commercial basis or financial viability or practicality of this Service Agreement the parties shall negotiate in good faith to amend and modify the provisions and terms of this Service Agreement as may be necessary or desirable in the circumstances.

11 **Force majeure**

A party shall not be in breach of this Service Agreement if there is any total or partial failure of performance by it or its duties or obligations under this Service Agreement occasioned by (but not limited to) act of God, natural disaster, fire, act of intervention of government or state riot or civil commotion, insurrection or industrial dispute of whatever nature or any other reason beyond the control of any party and if a party is unable to perform its duties or obligations under this Service Agreement as a direct result of the effect of one of the above reasons that party shall give written notice to the others of the inability stating the reason therefore and the operation of this Service Agreement shall be suspended during the period (and only during the period) in which such reason continues and forthwith upon such reason ceasing to exist the party relying upon it shall give written notice to the others of this fact, provided that if the reason continues for a period of more than 90 days and substantially affects the commercial basis, financial viability or practicality of this Service Agreement the parties not claiming relief under this clause shall have the right to terminate this Service Agreement upon giving 30 days' written notice of such termination to the party claiming relief.

12 **Confidentiality**

12.1 The parties hereto agree:

12.1.1 to respect the confidentiality of information concerning any individual or organisation which may from time to time become available to them, and

12.1.2 to comply with the provisions of the Data Protection Act 1998.

This Service Agreement has been executed as a deed on the date stated at the beginning of it.

Schedule – Parent Services

Development

Legal Services

Marketing, PR & Communications

Payroll

Procurement

Human Resources

Training

Governance including Freedom of Information requests

Health & Safety

ICT

Risk Management

Performance Management

Quality Assurance

Financial Services

Service charges

Treasury Management

Insurance

Audit

Customer Service Centre

Right to Buy and Right to Acquire Administration

Leasehold Services

Business Development & Support

Property Management Services – Repairs and Maintenance Services, Asset Planning and Compliance, Gas Servicing, Fire Risk Assessments, Maintaining and Testing Emergency Lighting

Housing Management Services – Neighbourhood Management, Income Recovery, Anti Social Behaviour, Resident Involvement, Voids Management, Lettings, Homelink services

THE COMMON SEAL of

)

NOTTINGHAM CITY HOMES LIMITED)
was hereunto affixed in the presence of:)

EXECUTED AS A DEED by)
NOTTINGHAM CITY HOMES REGISTERED)
PROVIDER LIMITED in the presence of:)

Director

Director/Secretary

EXECUTED AS A DEED by)
NOTTINGHAM CITY HOMES ENTERPRISES)
LIMITED in the presence of:)

Director

Director/Secretary

Return to Agenda

NOTTINGHAM CITY HOMES**THE SHADOW BOARD****REPORT OF THE HEAD OF RISK MANAGEMENT****25 FEBRUARY 2016****RISK MANAGEMENT UPDATE****1 SUMMARY**

- 1.1 Board has previously discussed and agreed a number of improvements to the way we manage risk at Nottingham City Homes, in particular to the way that risk registers are structured and relate back to our corporate objectives, and the way they are reported to and reviewed by Board and Audit Committee. Our Risk Management Framework has been amended to reflect these decisions, and is appended to this report for Board's approval.
- 1.2 Further progress has been made with regard to the development of the new corporate risk register since the risks and sub risks were approved by Board - risk owners have been identified and training has been arranged for them, work is ongoing to populate existing controls and further actions, work has commenced on changing Covalent to accommodate the new scoring matrices, our new Corporate Risk Management Group has been convened, and the register has been amended to identify which risks apply to which organisations within our group structure.

2 RECOMMENDATIONS

- 2.1 Approve the revised Risk Management Framework reproduced at Appendix 1.
- 2.2 Note progress towards implementation of our new corporate risk register.

3 REPORT

- 3.1 The risk management framework has been amended and is now in a final version, subject to Board approval, ready for submission to HCA. The amendments made implements all previous Board and Audit Committee decisions. Amendments to the risk management framework are as follows:
- Document control has been added, including a version number.
 - The framework is now a group framework (paragraph 1.1.1)
 - The full range of risk registers (corporate, directorate, project and team plan risk registers) are explained (section 4.3)
 - There are new tables for assessing likelihood and impact, including reputational & legal outcomes (section 4.4)

- There is a new matrix for recording risk assessment (section 4.5)
- There is a new section covering reporting (section 4.6)
- There is a new section covering auditing (section 4.8)
- Responsibilities have been updated to reflect changes following the management review and the introduction of the Corporate Risk Management Group (section 4.9)
- Appendix A (action plan 16/17) has been updated
- Appendix D has been added, which explains how risks link to our Corporate Plan objectives, and how sub-risks can be moved between risk registers.

3.2 Progress towards completion of the revised corporate risk register is ongoing, and is on schedule with the action plan at appendix A of the risk management framework. Progress is as follows:

- Risk owners have been identified for each of the sub risks, and they have been informed about their appointment and what is required. Risk owners have started to add controls and further actions as necessary to each of the sub-risks in the corporate risk register. Internal training has been booked for risk owners.
- Work has started to make changes to Covalent in accordance with the revised risk management framework, specifically to add the new registers, create the new risk assessment matrix and develop summary and detailed reports for Board and audit Committee.
- The Corporate Risk Management Group has been created and its first meeting was held on 5 February. Terms of Reference have been agreed, including its role in monitoring the corporate risk register.
- Further training for Board on risk management and its interaction with governance is being procured.

3.3 We anticipate that additional progress towards completing the corporate risk register will have been made before the Board meets in February, and so will provide a verbal update at that meeting.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

Financial

4.1 No financial implications have been identified

Legal

4.2 Although there is no legislation that requires risk management within NCH, risk management processes are audited and will also be subject to HCA scrutiny when RP status is achieved.

Risk

4.3 This report defines the organisations processes for managing risk.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

5.1 Effective risk management is conducive to ensuring that strategic objectives are achieved within expectations.

6 EQUALITY AND DIVERSITY IMPLICATIONS

6.1 Has the equality impact of these proposals been assessed?

Yes

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

7 FURTHER INFORMATION

7.1 N/A

8 APPENDICES

8.1 Appendix 1: Revised Risk Management Framework

NOTTINGHAM CITY HOMES



GROUP RISK MANAGEMENT FRAMEWORK 2016 – 2017

Revision 2.2; 10 February 2016

Author: Ian Rabett, Head of Risk Management

1. GENERAL INTRODUCTION AND BACKGROUND

1.1 Introduction and Background

- 1.1.1 This is a Nottingham City Homes Group wide framework and its contents apply to any subsidiary company within the Nottingham City Homes Group, incorporating but not exclusive to Nottingham City Homes Registered Provider Limited (NCH RP), a company limited by guarantee which is Registered Provider and is regulated by the Regulator; and Nottingham City Homes Enterprises Limited (NCH Enterprises), a company limited by shares. Any reference in this framework to 'NCH', 'the Group', 'the Company', 'Organisation', 'We', 'Our' and 'Us' refers to the Nottingham City Homes Group, unless otherwise stated.
- 1.1.2 Risk is inherent and unavoidable in every activity that an organisation undertakes. The aim of effective risk management is to manage risks and their potential for damage down to an acceptable level. Successful organisations manage risks to the delivery of their core business objectives explicitly and effectively.
- 1.1.3 A more formal approach to risk management was introduced in the United Kingdom, across both the private and public sectors, following the publication of the Combined Code "Principles of Corporate Governance and Code Provisions" (issued June 1998), and the requirements of the Turnbull Report (issued September 1999). Best practice for Boards in relation to risk management is also covered in the UK Corporate Governance Code, the most recent edition being published in 2014. Further sector specific guidance has been drawn from the Homes & Communities Agency Sector Risk Profile 2015.
- 1.1.4 As part of its objective to become an excellent organisation, Nottingham City Homes (NCH) will be seeking to emulate best practice in the fields of corporate governance and controls assurance. Risk management is a key element of both and this framework seeks to ensure that the Company can operate a robust control environment.
- 1.1.5 To enable NCH to achieve this, it needs to understand the risks that it faces and how it is currently controlling these risks. NCH must ensure that all relevant employees understand the importance of risk management as part of the day to day decision-making process.
- 1.1.6 The Risk Management (RM) Framework has been developed in line with best practice. The overall responsibility for risk management within the Company lies with the Board and although the Audit Committee and senior managers play an important role in the management and review of risk management, the Board cannot avoid or delegate its overall responsibility.

2. PURPOSE AND SCOPE

2.1 Purpose

2.1.1 The purpose of the RM Framework is to set out why risk management is important, why it needs to be an intrinsic part of the way in which the organisation operates and NCH's adopted risk management system.

2.1.2 The RM Framework has the following 3 main elements:

- *Risk Management Process*: sets out what risk management as well as it's important and the benefits of it for the Company;
- *Risk Management Policy*: details the risk management system of the Company; and
- *Action Plan*: identifies the priorities for risk management activities within the lifetime of the framework.

2.1.3 The RM Framework shapes the appetite that NCH has for risk and explains the risk language that NCH will be adopting across the organisation. It specifies who is responsible for managing risk, and the processes undertaken to embed risk management into the Company's culture.

2.1.4 The successful implementation of a robust risk management process at a strategic level is vital to achieving the Company's objectives.

2.2 Scope

2.2.1 For the purpose of this Framework, definitions will be applied, in line with the Risk Management Standard issued by the Institute of Risk Management. These definitions are set out in APPENDIX B – Terms and Definitions.

2.2.2 NCH has established its strategic aims and objectives within its Corporate Plan and it is these objectives that the RM Framework will apply to.

2.2.3 NCH will ensure that all statutory requirements and regulatory guidance relating to risk management is followed.

2.2.4 NCH Executive Directors and senior managers are responsible for managing their services. They are therefore responsible for identifying, assessing and managing the risks associated with planning, delivering and monitoring service delivery.

3. RISK AND RISK MANAGEMENT

3.1 What is Risk and Risk Management?

- 3.1.1 For a public body such as NCH risk can be described as: ‘anything that poses a threat to the achievement of the Company’s objectives and programmes or the delivery of services to the residents and communities of Nottingham’.
- 3.1.2 All organisations face uncertainty which both exposes the organisation to risk and presents them with opportunities. Risks can come from inside or outside NCH, and may include financial loss, physical damage to people or buildings, client dissatisfaction, unfavourable publicity, failure of equipment, or fraud. Failing to take advantage of opportunities may also have risks for the Company,
- 3.1.3 There is no such thing as a risk-free environment, but many risks can be avoided reduced or eliminated through good risk management. Good risk management also takes advantage of opportunities while analysing and dealing with risks
- 3.1.4 Taking advantage of new opportunities can also mean NCH has to deal with different types of risks. Failing to take advantage of new opportunities may leave the Company facing bigger risks in the future, e.g. not bidding for funding, or not publicising successes. If risks are identified and managed effectively they can allow the Company to take opportunities for improving services.
- 3.1.5 Risk management is something that managers do every day as part of their normal work, although it may not always be written down and managers may not use formal procedure to make their decisions. Risk management is a tool that enables managers to identify, evaluate and manage risks in a logical and consistent way.
- 3.1.6 Risk management should be considered as a continuous process, which evolves as an organisation gains more understanding of the risks and opportunities facing it and how to manage these effectively.
- 3.1.7 Risks are generally classified as follows:
- Corporate (strategic) risks – which affect the Company’s ability to achieve its Corporate objectives and hence its Corporate plan;
 - Project (programme) risks – which effect the completion of projects within budgets, timescales or delivery of required outputs;
 - Operational (directorate / service area) risks – which may prevent the delivery of core services or service initiatives in team plans.

All the above are applicable to NCH and examples of these risks are included in APPENDIX C.

- 3.1.8 Risks can be further classified as:
- *Financial risks*: risks which may impact on the financial viability of the Company or its ability to fund resources;
 - *Control risks*: risks which may cause a breakdown in NCH’s internal control framework and related systems; and

- *Reputational risks*: risks that may undermine the confidence that NCH's partners, customers, staff and the public have in it.

- 3.1.9 NCH must develop a culture of risk management throughout the organisation so that it forms part of the everyday fabric of the Company. To work effectively it must be part of a coherent system of management within the organisation from the Corporate Planning process right down to employee appraisals, development and training. Organisations should not invest time in the Risk Management process if they have not already established clear objectives.
- 3.1.10 Risk management is an important tool to improve performance and consists of a number of elements which should be considered and applied regularly as part of the performance management and improvement processes.
- 3.1.11 Best practice requires the use of risk registers in order to document risks. The system of risk registers is the organisation's 'intelligence network' of information about risks and how they are being managed. It is important that the risk registers are reviewed and kept up to date on a regular basis.

3.2 Benefits of Risk Management

- 3.2.1 Good risk management is forward looking and helps to improve business decisions and manage performance. It is not only about avoiding or minimising losses, but also about dealing positively with opportunities.
- 3.2.2 Effective risk management increases the probability of success and reduces both the probability of failure and the uncertainty of achieving the organisation's overall objectives. It is not a panacea but does provide a rigorous and robust framework for the organisation to focus on what it needs to measure, monitor and manage if it is to deliver its core objectives.
- 3.2.3 Benefits associated with the establishment and embedding of Risk Management are:
- providing a better understanding of the risks and exposures faced by the organisation;
 - assisting the Company in achieving its objectives and within the many partnerships the Company is involved in;
 - promoting better decision making, planning, prioritisation and informed risk taking by a comprehensive and structured understanding of Company activity; providing an early warning system that alerts officers to undertake preventative actions and reduces surprises;
 - targeting resources at areas and issues of greatest risk where the organisation's objectives are most under threat;
 - promoting greater ownership of risks as part of a robust system of internal control and clearer accountability;
 - spending less management time on operational issues, allowing managers to focus on the issues that matter;

- focusing Managers on doing the right things, in the right way;
- providing an environment to enable & encourage innovation;
- assisting project management by aiding in the identification of opportunities and threats to the projects;
- delivering new developments and projects on time, in accordance with the planned programme and within budget; and
- promoting stakeholder confidence in the organisation.

3.2.4 The successful completion and fulfilment of NCH's Corporate Plan will be the key indicator that the Company is managing its risks.

3.3 Acceptable Risk

3.3.1 Risk appetite is the extent to which NCH is prepared to tolerate risk and take on additional risk in order to achieve its objectives. As a general principle, NCH will seek to control to an acceptable level all those risks which could substantially:

- impact on its ability to meet its corporate objectives;
- have an adverse financial impact;
- cause a loss of public confidence in NCH from stakeholders;
- prevent it from meeting its obligations under the Partnership Agreement;
- bring the organisation into disrepute;
- cause the organisation to be in breach of its legal obligations; or
- restrict the organisations capacity to grow and diversify.

3.3.2 What constitutes an acceptable level of risk is a matter reserved for Board. Board will therefore set a target for each of the risks in the Corporate Risk Register, and keep that target under review. Board may wish to set targets that require stricter controls for some risks, for example those relating to statutory requirements and reputational risks, than for others such as developing new business, where more flexibility is desirable.

3.3.3 Our Risk Management Group will provide regular reports to Board and its Audit Committee about risks that exceed the Board's stated risk appetite, progress towards achieving targets set by Board, and variations from expected performance.

3.4 Strategic Risk Management

3.4.1 NCH recognises the important contribution that effective and explicit risk management can make to the achievement of objectives at a strategic, operational and project level and within partnerships.

3.4.2 Risk management does not exist to stifle innovation or risk taking itself but to demonstrate that the organisation clearly identifies the risks to its objectives, measures these, monitors the systems in place and manages risk in a proportionate way.

3.4.3 Evidence to show that risks have been considered when key Company decisions are made will include:

- reports to EMT, Audit Committee and Board;
- projects and programme initiatives; and
- policy and strategy documents.

3.5 Developing the Progress – Training and Education

3.5.1 Managers involved in producing team plans, risk registers or managing projects shall have a good understanding of risk management. Those employees outside of these processes may be unaware of what it is or how it impacts on their jobs.

3.5.2 It is important that not only are people made aware of risk management, but also that there is a degree of succession planning in place to enable staff to develop skills and undertake some of the risk management processes.

4. RISK MANAGEMENT POLICY

4.1 General

- 4.1.1 The Risk Management Policy sets out how risks shall be measured, controlled, documented and monitored. It provides consistent guidance on NCH's required risk management approach as well as individual responsibilities and the process for escalating risks.

4.2 Risk Management Process

- 4.2.1 NCH has developed its risk mapping process to ensure it is consistent with best practice, notably the IRM Risk Management Standard, and that terminology used is consistent with the Company's systems (Covalent). Key definitions are recorded in APPENDIX B – Terms and Definitions.
- 4.2.2 The risk management cycle sets out the process for managing risk in line with the requirements of NCH's RM Framework. It details the activities that should be followed at each stage of the process. The risk management cycle requires that there is clarity from the start about the objectives e.g. strategic, operational.

4.3 Risk Registers

- 4.3.1 The first stage of the risk management process is to identify the risks facing NCH and impacting on its objectives. In the main these shall need to be identified at a corporate, operational and project level, as set out in 3.1.7.
- 4.3.2 All risks, as well as the management of them shall be documented in risk registers on the Company's Covalent performance management system. To assist the identification and categorisation of risk, a summary of risks and threats across a number of key areas relevant to the Company, are included in APPENDIX C.
- 4.3.3 A Corporate Risk Register (CRR), which reports the risks associated with the achievement of the Company's corporate (strategic) objectives as set out in the Corporate Plan, shall be maintained by the Head of Risk Management . The CRR shall be reported quarterly to EMT and the Audit Committee and twice annually to the Board, who should review the CRR in conjunction with their review of the Corporate Plan (also see paragraph 4.6).
- 4.3.4 At an operational level, risk registers shall be maintained by service directors (directorate risk registers) and team plan authors (team plan risk registers). Where Team Plans combine more than one service area, e.g. Organisational Development, a risk registers shall be maintained for the combined plan by the relevant head of service.

- 4.3.5 Team risk registers will focus on the risks affecting the delivery of the respective team plan and related services. All risks identified and documented on the Covalent system shall be linked to the relevant team plan core activities and/or service initiatives. The process should involve input from other members of the team. Where possible risks shall be linked to those within the Corporate Plan.
- 4.3.6 Risk registers shall be produced for all projects by the respective project manager and shall be reviewed and updated on a timely basis, dependent on the size and timescale of the project as well as the risks associated with different project phases.
- 4.3.7 All officers responsible for risk registers shall be responsible for maintaining and updating Covalent on an ongoing basis to ensure that all risks which impact on their service area are adequately documented. Covalent includes the following fields which shall be completed for all risks identified:
- code, title and description of the risk;
 - risk owners;
 - impact and likelihood factors;
 - impact and likelihood ratings;
 - internal controls currently in place to mitigate each risk;
 - actions yet to be implemented to further mitigate each risk;
 - action owners; and
 - original, current and target risk ratings and scores.
- 4.3.8 Key triggers for significant changes to risk registers will be new or changing regulations, implementation of new projects, high staff turnover, changes in the external environment, audit reviews etc. These may take the form of new risks, changes in controls or changes to risk ratings and scores.
- 4.3.9 Risk registers shall be reviewed on at least a quarterly basis and documented in Covalent. This is the minimum requirement and in practice risk registers should act as a day-to-day tool in supporting managers when monitoring and managing risk.
- 4.3.10 APPENDIX D explains the relationship between the various risk registers used at NCH, and demonstrates how the 'golden thread' to our corporate objectives is maintained.

4.4 Assessment of Risk

- 4.4.1 When relevant risks have been identified they shall be assigned a risk owner, who is responsible for updating the relevant risks in Covalent. A numerical scoring system is used to quantify the effect of each risk on the related objectives. Risks are rated using:
- *Likelihood*: An assessment is made of how likely the risk is to occur in practice; and
 - *Impact*: An assessment is made on if the risk did occur, what would be the impact on the Company.

4.4.2 In order to ensure that the same principles for measuring risk are used across the Company, specific criteria have been established for the likelihood and impact scores. This will ensure that risks can be compared in a consistent manner and the adopted criteria are summarised in the tables below:

Likelihood: in any 12 month period	
Rating	Description
4. Almost Certain	Is expected to occur <i>“I would bet my house on it”</i>
3. Likely	More likely to occur than not <i>“I expect this to happen sooner or later”</i>
2. Unlikely	Is unlikely to occur in the foreseeable future <i>“I would be surprised if this happened”</i>
1. Remote	Is very unlikely to occur, but not impossible <i>“I’m almost certain that this won’t happen”</i>

table 1: assessment of likelihood

Impact: outcomes on objectives, income, reputation or legal outcomes.				
Rating	On objectives	Financial loss	Reputational	Legal
4: Catastrophic	Unable to meet multiple objectives	> £5m	Severe, sustained damage at sector level	Prosecution of organisation and / or senior managers
3: Major	Delays or adjustments to multiple objectives	£1 - £5m	Sustained damage at local level.	District Auditor / HCA investigation; possible referral to CPS
2: Minor	Delays or adjustments to single objective	£250k - £1m	Single negative exposure in local press	Enforcement action: prohibition or improvement notice
1: Negligible	No effect	< £250k	Minor dissatisfaction amongst small groups of residents	No action: advisory letter or fixed penalty.

table 2: assessment of impact

- 4.4.3 Risk Owners shall decide on the likelihood and impact of each risk identified within the risk register as they will be best placed to assess risks which affect the services they provide and activities they undertake. Impact and likelihood factors may change over time, therefore managers shall need to review risk assessments on a regular basis.

4.5 Risk Scores and Appetite

- 4.5.1 Each risk shall be assessed for impact and likelihood before considering the internal controls in place to manage it and this is called the original risk. The impact / likelihood ratings are used to establish an overall risk score of low (green), medium (amber) or high (red), as shown in the matrix below:

Likelihood	4	MODERATE RISK (but likely to occur)		HIGH RISK	
	3				
	2	LOWRISK		MODERATE RISK (but high impact)	
	1				
		1	2	3	4
		Impact			

figure 1: likelihood / impact matrix

- 4.5.2 Risk Owners shall then identify the Internal Controls already in place which mitigate each risk and document them on Covalent. Likelihood and impact ratings shall then be subject to a second risk assessment, taking account of these controls, to establish a 'current risk' score.
- 4.5.3 Following establishment of a current risk score, risk owners may need to identify actions which further mitigate risk. The chart overleaf summarises what actions are usually (but not always) most appropriate for the various current risk score scenarios:

Likelihood	4	Implement controls and regularly check that they are working	Define urgent measures to avoid risk or prevent occurrence		
	3				
	2	Accept risk or implement simple controls e.g. instruction	Transfer (insure) risk or prepare contingency plan		
	1				
		1	2	3	4
		Impact			

figure 2: appropriate mechanisms to control risk

- 4.5.4 All actions identified to further mitigate current risks by the risk owner, shall be assigned to an action owner. When assigning actions to owners, it should be noted that:
- there may well be more than one action required to mitigate or control specific risks and therefore more than one action owner;
 - action owners need not work in the same service area as the respective risk owner and may even be more senior.
- 4.5.5 Risk owners shall perform a final third risk assessment, rating risk likelihood and impact to accurately reflect risk when all assigned actions are in place and working effectively as internal controls. This shall be documented on Covalent and is called the 'target risk' score.
- 4.5.6 The target risk score reflects the risk appetite or tolerance. If no further actions are identified when current risk is established then this must be reflected in the target risk i.e. target risk score shall = current risk score. Ordinarily 'high' risk scores shall not be tolerated and actions should be identified to further mitigate these risks, unless they cannot be avoided and Board is prepared to accept them.
- 4.5.7 Responsibilities for setting the risk appetite are set out in section 4.9. Where target risk is not deemed to reflect the required risk appetite, and hence will not be tolerated, risk owners shall identify additional actions that mitigate the risk to the agreed acceptable level.
- 4.5.8 Internal controls and actions identified to mitigate risks shall, where applicable, be documented as team plan core activities or service initiatives on Covalent.

4.5.9 To ensure that internal controls are in place and working effectively to mitigate risk, on a periodic basis risk owners shall:

- review and if possible test internal controls; and
- review risk assessments in light of other related information available e.g. Internal audit reports.

4.6 Reporting

4.6.1 Risk management reports are prepared by the Head of Risk Management at the intervals shown in table 3 below:

Risk Register	Report to	Interval	Report Type
Corporate	Board	Six monthly	Summary
	Audit Committee	Quarterly	Detailed
	Executive Management Team	Quarterly	Summary
	Corporate RM Group	Quarterly	Detailed
Directorate	Relevant DMT	Six monthly	Detailed
	Corporate RM Group	Six monthly	Detailed
Team Plan	N/A	N/A	N/A

table 3: frequency of risk reporting

4.6.2 All reports are generated by Covalent. Summary reports show averaged risk scores for each of the nine corporate risks (see APPENDIX D), with commentary on sub risks that are significantly above the average risk score. Detailed reports contain risk scores for each of the sub-risks, and include commentary on any significant changes to the sub- risks or their risk scores.

4.6.3 Team plan authors are responsible for monitoring their own risks in Covalent, and for reporting on them to their teams and DMTs.

4.7 Other Decision Making

4.7.1 There shall be evidence to show that risk has been considered when key Company decisions are made, including:

- *Policy and Strategy Documents*: all documents shall be compiled taking account of risk and accompanied by a risk assessment where required;
- *Corporate Programme and Project Boards*: all business cases for projects shall include a risk assessment;
- *Executive Management Team (EMT)*: all key decisions shall be supported by the risk implications in the covering report; and
- *Board and Committees*: all reports including recommendations shall include the risk implications.

4.8 Auditing

- 4.8.1 Regular auditing of the controls stated in our risk registers is necessary to ensure that:
- the stated controls are in place;
 - controls are appropriate and proportionate to the risk (i.e. they are both effective and demonstrate value for money);
 - controls are adequately monitored, measured and communicated.
- 4.8.2 The Head of Risk Management will prepare an audit schedule and independently audit (or arrange for independent audit of) risk controls in the corporate, directorate and corporate project risk registers.
- 4.8.3 The Director of Business Services will take account of the controls stated in the corporate risk register when preparing the annual internal audit schedule, and ensure that a suitable proportion of audits are made of current corporate risks.
- 4.8.4 Team plan risk registers are not audited - it is the responsibility of the team plan author to make sure that adequate controls are in place.
- 4.8.5 Audits of risk register controls will prioritise (but not be limited to) risks which have high original risk scores, as these are the risks that require the most effective controls. Current and target risk scores will be disregarded when preparing audit schedules.

4.9 Responsibilities

- 4.9.1 The *Board and Audit Committee* responsibilities for risk management are set out in the Company's Standing Orders: Governance. Notably:
- Board will approve the Corporate Risk Register (annually), the RM Framework and agree the Company's risk appetite;
 - Audit Committee will approve all changes to the risk framework, recommending it to Board at least once in every 3 years, and reviewing the Corporate Risk Register on a quarterly basis.
- 4.9.2 The *Executive Management Team* (EMT) is responsible for:
- promoting a culture of risk management;
 - reviewing and updating the Corporate Risk Register and RM framework in advance of being reported to Audit Committee.
- 4.9.3 *Executive Directors* are responsible for:
- ensuring adequate risk management is embedded across their respective directorate and service areas;
 - reviewing Covalent risk dashboards at DMT on a quarterly basis and agreeing the directorate risk appetite; and

- ensuring that risks within their directorate are fully documented on Covalent and reviewed and updated on a timely basis.

4.9.4 The *Director of Business Services* is responsible for:

- taking account of the Company's Corporate Risk Register when preparing internal audit programmes.

4.9.5 The *Head of Risk Management* is responsible for:

- implementing the RM framework and action plan;
- updating the Corporate Risk Register to reflect the risks identified within the Corporate Plan and;
- reporting to Audit Committee and Board on risk management;
- ensuring that adequate training is provided; and
- independently auditing (or arranging independent audit of) corporate, corporate programme and directorate risk registers.

4.9.6 The *Corporate Risk Management Group* is to support the role of the Head of Risk Management and EMT. The group's full responsibilities are set out in its terms of reference.

4.9.7 *Team Plan Authors / Heads of Service* are responsible for:

- ensuring all risks are identified and then managed, controlled and documented in the risk registers for their respective team plans/areas of responsibility as required by the RM framework;
- ensuring that all risks and actions are assigned 'owners' and that risk registers are reviewed and updated on a timely basis; and
- reviewing risk assessments following recommendations for improvements in related control environments – notably in internal audit reports.

4.9.8 *All Employees* are responsible for:

- being aware of risks associated with their work and reporting newly arising risks and/or control failures to their line manager;
- specific risks and actions when assigned as 'owners'.

4.9.9 Where risks are managed externally failure to adequately manage risk could have an impact on NCH. Hence, if the achievement of NCH's objectives relies on contributions from external stakeholders, responsibilities for management of risks must be agreed and monitored.

4.10 Training, Job Descriptions and Performance Objectives

- 4.10.1 Training events shall be provided for all key officers involved in the risk management process on a timely basis to ensure they have the skills and knowledge to manage and document risk and ensure the RM framework is embedded across the Company.
- 4.10.2 Risk management roles and responsibilities shall be added into individual job descriptions during the normal course of organisational review, especially where managers are responsible for risk registers.
- 4.10.3 Risk management shall also be considered and assessed as part of the individual manager's job competencies and performance objectives, linking back to job descriptions. This would then ensure that risk management would be clearly part of NCH's performance management and assurance systems.

4.11 Health and Safety

- 4.11.1 Risks associated with health and safety will be captured through safety audits and their associated risk assessments as well as implementation of the health and safety management system. This shall support the process of identifying risks within team plans and assist both the Head of Risk Management and other officers in documenting risks within their service areas.

5. APPENDICES

5.1 APPENDIX A – Risk Management Action Plan

The Risk Management Action Plan identifies the key tasks identified to ensure Risk Management is operating effectively across the Company:

Month [2016]	Action	Meeting Dates	
January	<ul style="list-style-type: none"> ✓ Identify risk owners ✓ Update to Audit Committee ✓ Set up Corporate Risk Management Group 	EMT	04/01/15
February	<ul style="list-style-type: none"> ✓ Training for risk owners and risk management group ✓ Develop CRR ✓ Update report to RP Board ✓ Populate Covalent 	RM Group	05/02/16
March		RP Board	25/02/16
April	<ul style="list-style-type: none"> ✓ Update report to Audit Committee ✓ Further development of CRR ✓ Develop audit schedule (including internal audit) 	RM Group	08/04/16
May	<ul style="list-style-type: none"> ✓ Develop CRR report formats 	Audit Committee	11/04/16
June		RM Group	03/06/16
July	<ul style="list-style-type: none"> ✓ Full CRR to Audit Committee - for approval ✓ Full CRR to Board 	Audit Committee	11/07/16
July - December	<ul style="list-style-type: none"> ✓ Develop format for directorate risk registers ✓ Train directors and other appropriate officers ✓ Develop independent audit process for risk registers ✓ Publish risk management audit schedule 	Board	28/07/15

table 4: Risk Management action plan 2016/17

5.2 APPENDIX B – Terms and Definitions

Definitions of terms used in the RMF are as follows:

- **Risk management:** the process of controlling risks to ensure that they are reduced to an acceptable level.
- **Risk profile:** the prioritised overall assessment of the range of specific risks faced by the organisation.
- **Assurance:** an evaluated opinion, based on evidence gained from review, on an organisation's governance, Risk Management and internal control framework.
- **Exposure:** the consequences (as a combination of impact and likelihood) which may be experienced by an organisation if a specific risk is realised.
- **Risk assessment/ evaluation:** The process of assessing the impact of a risk and the likelihood of its occurrence.
- **Risk rating:** derived from the scoring mechanism and designed to allow the organisation to prioritise Risk management activities.
- **Risk score:** each risk is assessed for impact and likelihood which are used to compile an overall risk score.
- **Risk matrix:** the mechanism used to display the risk scores produced as a result of the various risk ratings.
- **Original (Inherent) risk:** the exposure arising from a risk before any action has been taken to manage it and is assessed by calculating the risk score. These are risks that arise through an organisations existence.
- **Current risk:** the exposure arising from a risk taking account of the actions and mitigations in place.
- **Target risk:** the exposure arising from a risk taking account of the actions that have been established to further mitigate the risk but are not yet in place. Target risks demonstrate risk appetite.
- **Likelihood:** an assessment is made of how likely the risk is to occur in practice.
- **Impact:** an assessment is made on if the risk did occur, what would be the impact on the Company.
- **Risk reduction/ mitigation:** actions taken to lessen the probability or consequences associated with a risk, through specific controls.
- **Risk avoidance:** decision not to become involved in, or action to withdraw from, a risk situation.
- **Risk transfer:** sharing with another party the burden of loss or benefit from gain, for a risk. Risk transfer can create new risks or modify existing risk.
- **Risk acceptance/ retention:** acceptance of the burden of loss, or benefit of gain, from a particular risk. Risk retention includes the acceptance of risks that have not been identified.

5.3 APPENDIX C - Risk Checklist

Summarised below are a number of general risks and threats which may assist Managers in identifying risks:

5.3.1 Corporate (Strategic):

- Budgeting - relates to availability and/or allocation of resources;
- Product and/or service failure - resulting in lack of support to business processes;
- Public perception and reputation;
- Unclear expectations/objectives or a lack of business focus;
- Availability and retention of adequately skilled/experienced staff;
- Failure to comply with legal, regulatory or contractual obligations;
- Failure of the infrastructure - including utility supply systems, computer networks;
- Failure to address economic factors e.g. interest rates, inflation;
- Political and market factors;
- Operational procedures – adequate and appropriate;
- Information/communication – adequate and appropriate;
- Capacity to innovate and/or to exploit opportunities;
- Failure to complete to published deadlines or timescales;
- Failure to identify and take on new technology;
- Failure to control IT effectively;
- Failure to establish a positive culture following business change;
- Occupational health and safety mismanagement and/or liability;
- Disasters such as fire, flood, building subsidence, terrorism etc;
- Failure to establish effective business continuity / contingency arrangements and/or inadequate insurance.

5.3.2 Operational / Team / Service Area risks:

- Lack of clarity of service requirements;
- Inadequate infrastructure to provide required services;
- Inadequate or inappropriate people available to support the required service provision;
- Inappropriate contract in place and/or inadequate contract management to support required level of service provision;
- Changing requirements, enabled in an uncontrolled way;
- Unexpected or inappropriate expectations of service users;
- Inadequate incident handling;
- Lack of investment in infrastructure to support future needs/opportunities; and
- Failing to meet legal or contractual obligations.

5.3.3 Commercial Risks.

- Management's underperformance against expectations;
- Failure of suppliers to meet contractual requirements;
- Contractors go out of business or market fluctuations;
- Partnerships failing to deliver the desired outcome;
- Lack of availability of capital investment or resources.

5.3.4 Financial, Economic and Market Risks.

- Interest rate instability or inflation;
- Shortage of working capital;
- Failure to meet projected revenue targets.

5.3.5 Legal and Regulatory Risks.

- New or changed legislation may invalidate assumptions upon which the activity is based;
- Failure to obtain appropriate approvals e.g. planning consent;
- Unforeseen inclusion of contingent liabilities;
- Failure to achieve satisfactory contractual arrangements;
- Unexpected regulatory controls or licensing requirements;
- Changes in tax structure;
- Infringement of personal data protection criteria.

5.3.6 Employees and Employee Management.

- Inadequate corporate policies;
- Poor leadership;
- Key personnel who have inadequate authority to fulfil their roles;
- Poor staff recruitment and selection procedures;
- Lack of clarity over roles and responsibilities;
- Personality clashes;
- Inadequate management of expectations;
- Lack of operational support;
- Health and safety compromised e.g. physical dangers at work or prolonged staff stress.

5.3.7 Political and Social Factors.

- Change of government and/or government policy;
- Adverse public opinion/media intervention.

5.3.8 Environmental Factors.

- Natural disasters, storms, floods, etc;
- Transport problems.

5.3.9 Technology and Infrastructure.

- Inadequate design;
- Infrastructure/equipment failure or maintenance problems.;
- Breaches in physical security/information security;
- Lack or inadequacy of business continuity and contingency measures with regard to this activity;
- Unforeseen barriers or constraints due to infrastructure.

5.4 APPENDIX D - Relationships between Risk Registers - Maintaining the 'Golden Thread'.

5.4.1 Our corporate risks are defined in our Corporate Plan. There are currently nine corporate risks, which are as follows:

- **Strategic leadership:** Weaknesses in the leadership provided by Board and senior management, our planning processes or governance arrangements lead to poor performance, lack of confidence or breach of statutory requirements.
- **Financial:** Variations in assumptions made for business planning purposes or the adverse effects of external influences create a shortfall in funding levels and potential failure to maintain sufficient credit to operate as a going concern.
- **Health and safety:** A failure to manage risk, comply with statutory requirements or plan effectively for emergencies results in injury, ill-health, legal action or inability to deliver services.
- **Business continuity:** A failure to plan effectively for emergencies results in threats to residents' welfare, loss of homes or a temporary inability to deliver services.
- **Relationships with customers & key stakeholders:** Poor performance, customer service and relationships with stakeholders results in loss of confidence in the company to meet its objectives.
- **Employee engagement:** A lack of consistent leadership and employee engagement or diminishing terms and conditions of employment lead to loss of employee confidence, reducing morale and an inability to retain / recruit competent employees.
- **Changes in policy or legislation:** Adverse or frequent changes to government [or NCC] housing policy and / or legislation [in particular the Housing Bill] creates additional burdens on resources, an inability to plan effectively for the future, and loss of income or loss of identity / assets.
- **Information & communications technology [ICT]:** Loss of data, failure of networks or operating systems, insufficient data security or a failure to invest in technological improvements prevents efficient delivery of services or results in legal action.
- **Business development:** NCH fails to diversify, compete effectively in open markets or manage the risks associated with new business activities, resulting in a reducing core business, poor investments and loss of confidence in the organisation.

5.4.2 These risks are wide ranging, and are unlikely to change within the lifetime of the Corporate Plan. All nine corporate risks are collectively 'owned' by our Executive Management Team, and monitored by Board.

5.4.3 The nine main risks are each broken down into a number of 'sub-risks'. These sub-risks provide detailed analysis of the main risks, and are each assigned an individual risk owner, who is responsible for assessing risks, defining existing controls and implementing further actions where necessary.

5.4.4 Sub-risks are likely to change relatively quickly according to changing circumstances, and may also change in their importance to our organisation. A

process is therefore required to review sub-risks and move them between registers as appropriate. Risk registers are therefore created in the same format at all levels, including the Corporate Risk Register, directorate and team plan registers; each register will contain the same nine risks, ensuring that all risks in each register align to our corporate objectives. Sub-risks will differ in each register, but can easily be moved 'up' or 'down' between registers according to their importance to the organisation and the desired level of control.

5.4.5 Authority to move risks between registers is as follows:



figure 3: authority to transfer risks between registers

- **Audit Committee** may transfer risks from the Corporate Risk Register to directorate risk registers, and accept or reject recommendations that risks are moved from directorate risk registers to the Corporate Risk Register.
- **Service Directors** may recommend that risks are moved from their directorate registers to the corporate register, transfer risks from their directorate risk register to team plan, registers, and accept or reject recommendations that risks are moved from team plan risk registers to their directorate risk register.
- **Team Plan Authors** may add or remove risks on their team plan risk registers, or recommend that risks are moved from to their team plan register to the appropriate directorate risk register.

5.4.6 Corporate project risk registers are slightly different, as the risks defined in these are project specific and so do not mirror the corporate risk register. Nevertheless, the Company's Corporate Project Board may recommend that outstanding project risks are moved to the corporate risk register or the appropriate directorate risk register as the project completes and is removed from CPB.

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