

**MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY
2018**

Present:

Councillor I Taylor (in the Chair)

Councillors

Clapham Critchley

In Attendance:

Mr Antony Lockley, Director of Strategy and Assistant Chief Executive, Blackpool Council
Mr Mark Towers, Company Secretary
Mrs Sharon Davis, Scrutiny Manager, Blackpool Council

Mr John Donnellon, Chief Executive, Blackpool Coastal Housing (Item 3 only)
Councillor Adrian Hutton, Chairman, Blackpool Coastal Housing (Item 3 only)
Mr David Galvin, Managing Director, Blackpool Housing Company (Item 5 only)
Councillor Jim Hobson, Chairman, Blackpool Housing Company (Item 5 only)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 JOSEPH ROWNTREE FOUNDATION LIVING WAGE

Mr Mark Towers, Company Secretary presented a report seeking the shareholder's view on whether 16 and 17 year old employees of Council wholly owned companies should be paid the Joseph Rowntree Foundation living wage. It was noted that clarification had been sought by one company about whether the living wage should apply to 16/17 year olds as well as those aged 18 and over, excluding those undertaking apprenticeships.

The Advisory Board agreed that the principle view of the shareholder was that 16 and 17 year olds be paid the Joseph Rowntree Foundation living wage.

3 BLACKPOOL COASTAL HOUSING COMPANY

Mr John Donnellon, Chief Executive, Blackpool Coastal Housing Company (BCH) provided an overview of the work of the Company to the Advisory Board. It was noted that BCH was an arm's length management company wholly owned by the Council and that there were three years remaining of a 14 year contract to manage Council housing stock. He advised that key roles of the company included capital expenditure on improvements to housing, managing stock to meet both general and specialised needs and to provide sheltered schemes for the elderly and vulnerable.

Mr Donnellon reported that the Company aimed to support the Council in achieving its priority to create Resilient Communities. To achieve the priority, BCH had taken on new work commissioned by the Council such as the Care and Repair Service, Disabled Facilities Grants and had assisted in the development of the Queens Park Community Association.

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The Company had also identified an issue with Care Leavers' ability to maintain tenancies and had been commissioned by Children's Services to provide more support to that vulnerable group.

The Advisory Board discussed the challenges and opportunities related to the Company and noted the concerns relating to the roll out of Universal Credit and ability of tenants to pay rent as a result. The lack of social housing and potential slow economic growth were noted as additional challenges. With regards to opportunities, Mr Donnellon advised that the Company was seeking to become more business focussed in order to increase effectiveness and become more competitive. The potential to work jointly with My Blackpool Home and the development potential of Grange Park and Troutbeck were also considered opportunities.

In response to questioning, Mr Donnellon advised that Troutbeck had been identified as less attractive to tenants and work was ongoing to consider options to improve the housing offered. It was noted that the Shareholder's view would be sought on the proposed options later in 2018.

Members considered the financial position of the Company and noted that retained Council housing was funded through a ring fenced account called HRA. The primary income for the Company was rent, which was set by the Council based on Government recommendation. It was reported that the management fee paid by the Council to BCH had been frozen at £9,565 million for the previous four years. Mr Donnellon advised that the Company must determine how to allocate the funding, managing inflation and that it was the Company Board's role to monitor outcomes and performance.

Mr Donnellon went on to advise that BCH was managed as a going concern with its own external auditor and accounts. He added that the HRA was required to produce a 30 year balanced business plan and that recent Government changes requiring a 1% rent deduction each year for four years had significantly impacted upon the 30 year plan.

The Advisory Board noted the high level of HRA reserves and queried whether such high levels were necessary. In response, Mr Donnellon advised that the reserves were currently at a higher level than needed, however, the Company in conjunction with the Council was currently determining how best to invest the funds. Mr Antony Lockley, Director of Strategy and Assistant Chief Executive added that there was scope to utilise the excess reserves to add new housing stock to the Council's portfolio and options were currently being investigated.

The Advisory Board went on to consider the performance of BCH and the key performance indicators used to measure performance by the Company Board. It was noted that regular surveys demonstrated that BCH was an excellent provider of housing measured by high levels of customer satisfaction. There had been recent dips in performance related to the kitchen and bathroom improvement programme which had been investigated and were being remedied.

Mr Donnellon added that void costs relating to empty properties were high and that emphasis had been placed on ensuring properties were not empty for long and that tenants remained in the same property unless the tenant's housing need had changed.

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The Advisory Board discussed the basket of performance indicators and considered if how the Company was contributing to the wider Blackpool agenda could be demonstrated through the indicators. Mr Donnellon highlighted the work relating to homelessness carried out by the Company and also referenced the new 'Neighbourhub' Software, which allowed BCH to rank neighbourhoods in terms of desirability in order to target improvements.

The Advisory Board agreed to consider the full set of performance indicators following the meeting and identify the most appropriate targets for detailed consideration at future meetings.

4 EXCLUSION OF PUBLIC

Resolved: That under Section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the financial model of Blackpool Housing Company on the grounds that it would involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

5 BLACKPOOL HOUSING COMPANY

Mr David Galvin, Managing Director, Blackpool Housing Company (BHC) Limited and Councillor Jim Hobson, Chairman, Blackpool Housing Company Limited provided an overview of the work of the Company to the Advisory Board and highlighted that the vision of the Company was to be the landlord of choice in Blackpool and in achieving the vision to address the poor quality of private housing currently offered in the town.

It was reported that BHC had been established to intervene in the private sector housing market in the inner areas of Blackpool. The Company would have approximately 200 units by the end of March 2018 focussed mainly in Bloomfield, Talbot and Claremont Wards and was trying to cluster properties for impact.

Councillor Hobson highlighted that the main purpose of the Company was to purchase poor quality properties, renovate them into homes to a high standard and subsequently let out and manage the properties and provided an example of a recent project. The Company had also taken on additional roles in project management and was working with the Council and Blackpool Coastal Housing in order to achieve outcomes and regenerate areas.

The Advisory Board was informed that BHC was in the second year of a 10 year programme and aspired to let out between 800 and 1,000 properties by the end of the programme. The financial model of the Company assumed no changes to the loan provided by the Council for the capital programme and that rental income would grow based on an increased number of properties being acquired.

The Advisory Board considered the financial model in detail and discussed how the loan funding was currently provided by the Council to the Company. It was agreed that the

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Director of Resources be invited to a future meeting in order to explain the funding of the Company in more detail.

Mr Galvin went on to highlight the main challenges facing the Company and the Advisory Board noted the concerns related to achievement of rental income, managing investment risk and private landlord competition.

Members discussed the key performance information of the Company in detail and noted that it would be difficult for the Company to demonstrate qualitative performance through indicators. It was noted that a questionnaire was to be sent to relevant stakeholders including the Police and Planning Enforcement in order to identify differences to reporting from properties before and after BHC purchased the property. For example the Police would be requested to provide an overview of the number of visits to and reports about a specific property in order to identify any changes following the intervention by BHC. It was hoped that the feedback would demonstrate the positive impact BHC had had in stabilising and improving neighbourhoods. It was also noted that monitoring the length of tenancy would demonstrate the impact upon transience.

In response to questions, Mr Galvin advised that the financial model allowed for bad debt provision and that the net income demonstrated achievement of income after non-collection had been taken into account. The Advisory Board requested to receive detail of the level of non-collection in future reporting from the Company.

The Advisory Board discussed further measures of recording customer satisfaction and noted the work the Company was undertaking around signposting tenants to employment opportunities and further education. Members were advised that the Company considered the economic profile of tenants and was prepared to assist tenants with any potential changes in circumstances through Tenant Sustainment Services.

Mr Galvin concluded the presentation by reiterating that the Company's aim was to make neighbourhoods a more desirable place to live and that critical mass was essential in achieving that aim. In response to a question, he added that BHC supported prospective tenants to make applications through a variety of means such as through social media and in person at the BHC offices. It was important to match the tenant with the property in order to create a community.

The Advisory Board agreed:

1. To invite the Director of Resources to a future meeting of the Advisory Board in order to explain the funding of the Company in more detail.
2. To receive detail of the level of non-collection in future reporting from the Company.

6 DATE AND TIME OF FUTURE MEETINGS

The Advisory Board agreed to note the date of the next meeting as Thursday 1 March 2018 commencing at 2.00pm.

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Chairman

(The meeting ended at 4.20 pm)

Any queries regarding these minutes, please contact:

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