

MINUTES: SHADOW BOARD, STOCK TRANSFER PROJECT

Item

Action To Be Taken By

Present: Shadow Board Members: Peter Ebsworth (Chair), Cllr. Ken Foster, Cllr. Andy Fox, Cllr. Eddie Rennie, Elaine Pellow, Nigel Warn, Christine Watts

Staff/Advisors : Robert Bailey, Andrew Cobb, Tony Ingham, Belinda Pascoe, Gary Seabourne, Colin Walker

PCC had confirmed Cllr. Sue McDonald as a member of the Shadow Board (in place of Cllr. Mark King)

1 **Apologies:** Cllr Sue McDonald, Georgina Savill

2 **Minutes of Meeting 29 January 2008**

Agreed

3 **Matters Arising from Meeting 29 January 2008**

BP would collect outstanding Code of Conduct declarations at the close of the meeting

4 **Stock Transfer Proposal Update**

AC reported:

- policy development was proceeding to plan. Draft documents had been circulated internally for comment. Although PCC policies had been used as the basis for these documents, they also included best practice within the sector,
- the first draft of the Business Plan should be available at the end of March 2008,
- work on the Offer Document was progressing well and benefited from the support of an effective Editorial Panel,
- the logo was almost finalised,
- recent work had focused on the retention scenario.

5 **Recruitment of Independent Board Members Update, Including Skills Audit Feedback**

The Shortlisting Panel would meet on 27 February 2008. It was hoped that some of the independent members would be in place for the next meeting on 26 March 2008.

BP had collated and circulated the results of the Skills Audit.

6 Communications Presentation from Tony Ingham, IPB Communications

IPB Communications specialised in housing/social issues and had been associated with some sixty transfers during which about one million people had been consulted.

IPB's objective was to allow tenants to make an informed choice about stock transfer.

The average turnout in previous consultations involving IPB was 70%.

The communications strategy for the Stock Transfer Proposal was subject to a communications protocol which required the partners to approve statements/briefings prior to release. Notwithstanding this requirement, the Stock Transfer Team could respond very quickly in exceptional circumstances, as evidenced by a recent occurrence.

Misinformation/factual inaccuracies could be corrected even during election 'purdah'.

The implications of a 'no' vote could not be glossed over and allegations of scaremongering were best refuted by openness and honesty.

IPB would use their journalistic experience to identify issues that might become a problem and would brief the Press Office accordingly.

Feedback from previous transfer projects of this scale indicated that 90% of tenants understood the issues by the time of the ballot.

Although door knocking was a major logistical exercise, it was the most effective means of communication/consultation due to the personal contact with tenants and the opportunity to answer questions immediately.

Hard to reach groups could be engaged via leaflets in different languages, large print, etc. In the case of those in sheltered accommodation contact could be established through care/support workers.

The pledges in the Offer Document would be legally binding

7 Introduction to the Formal Consultation Document - Offer Document - (Report 007)

The Stage 1 Consultation Document or Offer Document is the formal offer which will go to tenants from Plymouth City Council later this year. It will bring together and put in a formal context the informal consultation (newsletters, the freephone line) which will take place

with tenants from now until the ballot.

The Offer Document would give tenants the opportunity to make comments or request further information.

Leaseholders are normally provided with another document which sets out their position.

The full document would be accompanied by a plain English version.

The Shadow Board resolved: **to note the contents of Report 007, Introduction to the Stage One Formal Consultation Document (Offer Document).**

8 Introduction to Constitutional Structures (Report 008)

Three of the most important questions facing the Shadow Board were:

- the issue of charitable status,
- the nature of the corporate body,
- constitutional structures.

The decision regarding charitable status was the most fundamental of the above list.

Charitable Status and the VAT Shelter

Housing associations have to pay VAT on goods and services (e.g. improvements) and this can be a huge burden on their finances.

The VAT shelter allowed an association to benefit from the council's VAT status for the repairs and improvements programme listed in the Offer Document. However, this protection would only be available if the organisation became a charity.

Charitable status would also provide exemption from stamp duty and give access to the special VAT regime for disabled adaptations.

Charitable status would place some restrictions on the activities of the new organisation, although as the primary business of Plymouth Community Homes would be the provision of social housing, this would be clearly charitable.

If the organisation wished to undertake additional activities in the future then trading vehicles could be established to carry out this work.

The board members of a charity were required to meet additional criteria with regard to duty and standards; concerns associated with these issues could be addressed via the appropriate training and insurance.

More than 80% of RSLs have charitable status and this figure rose to almost 100% for organisations the size of Plymouth Community Homes. Virtually all transfers since the rule change had opted for charitable status.

The two principal reasons for an RSL not selecting charitable status were:

- the transfer took place before the rule change and so their business plan was not based on this factor,
- the organisation had positioned itself at the 'cutting edge' and wished to have the flexibility to develop new models and practices.

The Nature of the Corporate Body

A charity could also be a company, but in that case the organisation would have to be registered with Companies House.

The organisation would be required to prepare two sets of annual returns and to work with two sets of regulators.

The alternative would be for the organisation to become an Industrial and Provident Society (IPS). An IPS is a not for profit organisation.

It was generally considered to be more straightforward to demonstrate the social vocation of a not for profit organisation.

Over 90% of housing associations in England have adopted the IPS route.

An IPS registered as a charity would only need to work with one regulatory body.

Constitutional Introduction

The constitution guaranteed a percentage of voting rights to founder members.

The proposed apportionment of voting rights for the membership of Plymouth Community Homes (tenants 55%, PCC 30%, independents 15%) recognised some of the positive aspects of the Community Gateway Model.

Constitutional change could only be implemented with the approval of all stakeholders.

An active membership campaign should ensure balanced representation across the estates.

The Shadow Board resolved: **that Plymouth Community Homes should be registered as an IPS and should seek charitable status.**

9 Principles of Valuation and Funding (Report 009)

Government funding would be required to support the transfer due to the condition of the housing stock in Plymouth. The government in such circumstances would act as a funder of last resort i.e. it would only fund the essentials. The effect of this would be that the new organisation could not over promise in the Offer Document.

Communities and Local Government (CLG) was a partner in the Offer Document negotiations.

The 'gap' funding figure was currently £75 million. It was anticipated that there would be pressure to reduce this figure.

If the government approved the 'gap' funding it would write off the Council's notional debt.

Plymouth Community Homes would need to reflect on the utility of potential land transfers that might influence the 'gap' funding.

The Shadow Board resolved: **to note the contents of Report 009, Principles of Valuation.**

10 Asset Principles (Report 006)

Plymouth City Council has to decide which assets will be transferred to Plymouth Community Homes. There are some assets e.g. the dwellings, which will always transfer in the event of tenants voting for the proposal. There are other assets that the Council has to decide if it wishes to retain.

The report before the Shadow Board summarised the state of internal officer discussions within the Council.

The Shadow Board resolved: **to note the contents of Report 010, Principles of Asset Disposal.**

11 Attendance Requests at Future Meetings (Report 011)

The report stemmed from a trade union request to be allowed observer status at Shadow Board meetings and the Shadow Board's desire to consider issues related to openness and transparency.

The trade unions have been and are being consulted at all stages in the proposed transfer process (e.g. the Housing JCC, monthly meetings with trade union representatives and union representation

on the Project Steering Group).

The advice from consultants was that PCC was engaging with the trade unions far more than the many councils in previous transfers.

The Shadow Board resolved: **that Shadow Board minutes and reports would be freely available, apart from Part II issues. The decision on access to Shadow Board meetings would be deferred to the next meeting at which time at least some of the independent members should be in place.**

12 Any Other Business

The post transfer success of the housing association in Wakefield provided a model for Plymouth Community Homes and much could be learnt from this example. A fact finding visit to the association in Wakefield would be arranged.

CW invited Shadow Board members to visit Pembroke Street.

13 Date of Next Meeting

Tuesday 25 March 2008, 6.00pm, Conference Room, HQ Building, Union Street