South Essex Homes Limited

Board Meeting

Date: Tuesday 25\textsuperscript{th} July, 2017

Time: 5:30pm  Committee Room 3

Board Agenda

Facilities Management Contract Presentation - 5pm

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<th>Item</th>
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<td>1. Welcome and Introductions</td>
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<td>2. Apologies for Absence</td>
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<td>3. Declarations of Interest</td>
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PUBLIC AGENDA

4. Minutes & Matters arising from the Board Meeting of 15\textsuperscript{th} March 2017
   - Minute 12.1 - The Board requested that Appendix 1 be amended to include comparative targets from 2016/17 (in brackets).  BG
   - Minute 12.2 - The Board requested that DL clarify the Financial Implications section of the covering report.  DL

   Tony Churton 10 mins

5. Governance and Stewardship

   Beverley Gallacher 15 mins
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<td></td>
<td>- Catherine Haycock’s Term of Office Expiry</td>
<td>Tony Churton</td>
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<td>- NFA Update</td>
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<td>- Altair ALMO Research Update</td>
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<td>- Liaison Meeting Outcomes</td>
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<td>7. Residents: Voice Your View</td>
<td>Beverley Gallacher</td>
<td>5 mins</td>
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<td>8. Health &amp; Safety</td>
<td>Mike Gatrell</td>
<td>15 mins</td>
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<td>- Tower Blocks Fire Safety</td>
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<td>9. Audit &amp; Risk Committee Minutes – 17th May &amp; 11th July 2017</td>
<td>David Joyce</td>
<td>5 mins</td>
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<td>11. Company Assurance Report as at 30th June 2017</td>
<td>Mario Ambrose / David Lincoln</td>
<td>10 mins</td>
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<td>12. Quality Assurance Review</td>
<td>Mario Ambrose</td>
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<td>13. Policies for Approval by the Board</td>
<td>Beverley Gallacher</td>
<td>10 mins</td>
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<td>- Absence Management</td>
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<td>- Safer Recruitment &amp; Selection</td>
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<td>- Study Support for Post-Entry Training</td>
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<td>14. Core Project Update</td>
<td>Group Managers</td>
<td>10 mins</td>
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<td>15. Date of Next Meeting – 27th September 2017</td>
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South Essex Homes Limited

Minutes of Board Meeting

Date: 15th March 2017

Time: 5.30 pm

Committee Room 4, Civic Centre

Present: Tony Churton – Chair of the Board; Roger Eastwood - Vice Chair of the Board; Catherine Haycock (from Agenda Item 4); David Joyce; Keith Ducker; Michael Oxley; Meg Davidson; Sacha Jevans; Rosalind Lane; David Burzotta;

In Attendance: Mike Gatrell - Chief Executive; David Lincoln - Director of Finance; Mario Ambrose - Executive Director; Beverley Gallacher - Company Secretary; Tasmin Arthurton - Corporate Services Officer; Traci Dixon - Group Manager; Paul Longman - Group Manager; Daniel Lyons; Sharon Houlden - Director of Adult Services & Housing (SBC) (from Agenda Item 14);

Observers: 3

Action

1. Welcome and Introductions
   1.1 Tony Churton, Chair of the Board, welcomed and introduced those present.

2. Apologies for absence
   2.1 Apologies for absence were received and accepted from David Norman.

3. Declaration of Interest
   3.1 There were no declarations of interest made.

4. Minutes and Matters arising from the Board Meeting of 17th November, 2016
   4.1 6.2 - Response to additional Residents Voice Your View - TA electronically circulated 02/12/2016
   4.2 7.5 - Review of Risk Matrix - Contained at Agenda 5
### 4.3 8.2 - ICT SLA Progress - Contained at Agenda Item 15 Clause 4.3.1

### 4.4 10.2 - DL to amend wording around social return on investment within the Value for Money Strategy - Completed and reflected

### 4.5 11.4 - Local R66b Update - TA electronically circulated TD’s response 30/11/2016

### 4.6 Recommendation

i) The minutes of 17th November 2016 were agreed as a true and accurate record of the meeting.

### 5. Governance & Stewardship

#### 5.1
The Board discussed the requirement to form a New Business Committee and agreed that Roger Eastwood be appointed as the Chair of the New Business Committee. The Board noted that the Chair of the NBC could not be the Chair of the Board.

#### 5.2 Recommendations

i) The Board agreed to the formation of a New Business Committee with the Terms of Reference detailed at Appendix 1.

ii) The Board agreed the appointment of Roger Eastwood as the Chair of the New Business Committee on 15th March 2017.

iii) The Board agreed the amendments to the New Business Risk Matrix as contained at Appendix 2.

iv) The Board noted the Board’s attendance from February 2016 to February 2017 in compliance with Clause 15.1.8 of the Code of Governance.

### 6. Chair’s Remarks

#### 6.1 Investors in People
TC congratulated staff on this achievement.

#### 6.2 NFA Chairs Meeting Update & Reappointment to NFA Board
TC attended the meeting of the NFA Board yesterday where SEH were re-elected for a period of a further 2 years, which takes us up to the 8 year maximum membership on the Board. TC advised that the NFA had commissioned Savills to conduct research on their behalf on the HRA and Local Housing Companies. TC advised that SEH have also agreed to support a research project by Altair on mapping innovation challenges and opportunities across the country which he will be on the overseeing steering group, and Altair will present their findings to the Board in the summer when complete.
| 6.3 | **Shoebury Redevelopment**
TC confirmed that SEH had taken over management of 18 new properties built in disused garage sites in Shoebury in three monthly tranches since December. These were funded through HRA capital, Section 106 agreements and Right to Buy receipts. |
| 7. | **Residents: Voice Your View**

7.1 None received this cycle. |
| 8. | **Audit Committee Minutes - 22\textsuperscript{nd} February**

8.1 PL provided an update relating to on-going performance issues with Aaron Services.

8.2 The Board requested that the Audit Committee becomes the Audit & Risk Committee.

8.3 **Recommendations**

i) The Board noted the minutes of the Audit Committee meeting of 22\textsuperscript{nd} February 2017.

ii) The Board agreed the updated Audit Committee Terms of Reference as recommended by them and for the Committee to be known as the Audit & Risk Committee. |
| 9. | **Company Assurance Report**

9.1 **Recommendations**

i) The Board noted the update provided on financial information as at February 2017.

ii) The Board noted the update provided on Health and Safety as detailed in Appendix 1.

iii) The Board noted the update provided on Compliance provided at Appendix 2. |
| 10. | **Careline Service - Quality Assurance Review Outcome**

10.1 TD gave an overview of the report and advised the Board of the recent withdrawal of Supporting People funding across Essex, which has seen customers from other providers being redirected and contacting SEH - we have received over 300 enquiries since 9\textsuperscript{th} March.

10.2 The Board noted that the dates included in the action plan may be adjusted due to the sudden influx of calls as to not affect standard of service provided. |
### 10.3 Recommendations

- **i)** The Board noted the Executive Summary taken from the Campbell Tickell Quality Assurance review of the Careline Service.

- **ii)** The Board noted the action plan based on the observations and recommendations made in the report, and that the action plan will be monitored and updated by the Operational Management Team (OMT) and any exceptions reported to the Senior Management Team (SMT).

### 11. Budget Proposal 2017/18

#### 11.1

- **11.3** - Change 1<sup>st</sup> April 2018 to 1<sup>st</sup> April 2017.

#### 11.2 Recommendations

- **i)** The Board agreed the Management Fee of £5,827k as recommended by the Audit Committee.

- **ii)** The Board agreed the Service Charge Income of £3,395k as recommended by the Audit Committee.

- **iii)** The Board agreed the proposed Operating Budget of £9,971k as recommended by the Audit Committee.

- **iv)** The Board agreed that the proposed items of one off expenditure are met from balances, amounting to £114,500.

### 12. Vision 2022 Business Plan

#### 12.1

The Board requested that Appendix 1 be amended to include comparative targets from 2016/17 (in brackets).

#### 12.2

The Board requested that DL clarify the Financial Implications section of the covering report.

#### 12.3 Recommendation

- **i)** The Board agreed the Vision 2022 Business Plan, subject to it being taken for discussion and consultation with stakeholders, and any changes being brought back to the Board for formal adoption.

### 13. Performance Update Report

#### 13.1

BG confirmed that our position in the benchmarking group for KP4 is impacted by our collection of water charges.

#### 13.2

The Board requested their praise and congratulations for good comparative performance is passed back to staff.
13.3 **Recommendations**

i) The Board noted the outcomes of the performance Benchmarking exercise for 2015/16 with year to date performance and proposed targets.

ii) The Board noted the outcomes of the Value for Money Benchmarking exercise for 2015/16.

iii) The Board agreed the targets for performance indicators as discussed with Southend Borough Council and as recommended by the Audit Committee, and as shown with year to date performance for 2016/17.

iv) The Board noted the complaints information for 2015/16 and 2016/17.

19. Date of Next Meeting - 14th June 2017

20. The meeting finished at 20:20
South Essex Homes Limited

Report of Group Manager Resources and Business Development
to
The Board
on
25th July, 2017

Report prepared by: Beverley Gallacher
Tel: 01702 212649

Governance and Stewardship

A Public Agenda Item

1 Purpose of Report

1.1 To obtain agreement from the Board on governance related issues.

2 Recommendations

2.1 The Board are recommended:-

2.1.1 To agree to the re-appointment of David Norman and Meg Davidson to the Board of South Essex Homes in accordance with Article 12.1 of the Articles of Association.

2.1.2 To agree the appointment of David McGlone to the Board of South Essex Homes for a year until May, 2018 following the nomination from the Council.

2.1.3 To agree the recommendation of the Board Selection Panel to appoint Barbara Lambert to the Board of South Essex Homes for a term of office until 25th July, 2020.

2.1.4 To note the Chairs Action.

2.1.5 To note the Membership for Audit & Risk Committee, Personnel & Remuneration Committee and New Business Committee.

2.1.6 To note the Board Forward Plan 2017/18.

3 Background

3.1 Board Recruitment

3.1.1 The Council have confirmed their nominations for the positions on the Board of South Essex Homes for a year in accordance with the Articles of Association, as detailed above in the recommendation 2.1.1 and 2.1.2.
David Burzotta has already been removed from the Register of Directors in Companies House in advance of the Board meeting due to timings of Board Meetings.

3.1.2 The Board are advised that Catherine Haycock’s Term of Office expires on 25th July 2017 after a maximum of 9 years’ service on the Board. The Recruitment Selection Panel met a number of months ago and requested that Barbara Lambert undertook succession training in advance of the next tenant board member vacancy. Barbara has attended Board Meetings and has received updates from the Company Secretary on a regular basis. The Recruitment Selection Panel have confirmed their recommendation to the Board to the appointment of Barbara Lambert for a term of office of 3 years until 25th July, 2020.

3.2 Committee Membership

The Chair of the Board has confirmed that the membership of the Audit & Risk Committee, Personnel & Remuneration Committee and New Business Committee will be as follows:

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<tr>
<th>Audit Committee</th>
<th>P&amp;R Committee</th>
<th>New Business Committee</th>
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<tbody>
<tr>
<td>David Joyce (Chair)</td>
<td>Sacha Jevans (Chair)</td>
<td>Roger Eastwood (Chair)</td>
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<td>Roger Eastwood</td>
<td>Keith Ducker</td>
<td>Tony Churton</td>
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<td>Michael Oxley</td>
<td>David Norman</td>
<td>Meg Davidson</td>
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<td>Vacancy</td>
<td>Meg Davidson</td>
<td>George Sutherland</td>
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<td>Vacancy</td>
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<td>Rosalind Lane</td>
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3.3 Chairs Actions

Since the last Board Meeting on 15th March 2017, the Chair and Vice Chair under Chairs Action Clause 5.5 of the Code of Governance have been asked to agree the following recommendations that required urgent action in advance of this Board Meeting.

3.3.1 *To agree that the Management Agreement (Clause 13A) has been complied with and that we accept that the BQ will be regenerated with demolition of the current stock.*

3.4 Board Training and Development

The Chair and Vice Chair of the Board have been completing appraisals for 2017/18 and they are due to complete later in the month. A number of recommendations around shadowing officers within the Company have been made. When the appraisals are complete the training and development opportunities will be recommended to the Board. As we are already part way through the year, this will cover a full year period over the budget year end.
4 **Equality and Diversity**

4.1 All equality and diversity issues identified from the proposals contained in this report have been considered and are in accordance with the South Essex Homes Equality and Diversity Policy.

5 **Risk**

5.1 Any risks identified from the proposals contained in this report have been considered by the Senior Management Team. The Board have identified risks associated with the governance of the organisation which is included in Agenda Item 8 – the Company Assurance Report. Risk SEHRISK06 – Risk that the governance arrangements including statutory compliance are not robust enough to enable the Board to undertake its roles and responsibilities in full as Non-Executive Directors under Companies Act 2006. The unmitigated risk for this score is 25.

6 **Financial Implications**

6.1 All costs associated with the recruitment of the non-executive directors for South Essex Homes are contained within the approved 2017/18 budgets.

7 **Resident Consultation**

7.1 Not applicable for this particular report.

8 **Background Papers**

8.1 Chairs Action

9 **Appendices**

9.1 Appendix 1 - Confirmation of the Selection Panel recommendation
9.2 Appendix 2 - Board Forward Plan 2017
Appendix 1 to Agenda Item 5

From: Shirley O'reilly [mailto:shirley.oreilly@strf.org.uk]
Sent: 22 June 2017 14:05
To: Beverley Gallacher
Subject: RE: Appointment to the Board

Yes we all agreed this was to happen so happy for it to go forward

From: Beverley Gallacher [mailto:BeverleyGallacher@seh.southend.gov.uk]
Sent: 22 June 2017 12:24
To: Shirley O'reilly (shirley.oreilly@strf.org.uk)
Subject: Appointment to the Board

Hi Shirley,

Hope all is well and I just wanted to confirm with you that the Selection Panel for board member appointments does still want to progress the recommendation for an appointment of Barbara Lambert to the Board in July.

We have been undertaking succession planning with Barbara so I am keen to move forward on this recommendation if you agree.

Many Thanks
Beverley

Beverley Gallacher| Group Manager Resources & Business Development| Corporate Services | South Essex Homes | Civic Centre | Victoria Avenue | Southend-on-Sea | SS2 6FY | phone: 01702 212649| email beverleygallacher@seh.southend.gov.uk

South Essex Homes Limited is the Arms Length Management Organisation of Southend on Sea Borough Council Registered in England and Wales

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1 Purpose of Report

1.1 This report is intended to provide Board Members with an update on the current position in relation to fire safety in the residential properties managed on behalf of the Council. In particular, the focus relates to the tower and high rise blocks, given the recent devastating fire at Grenfell Tower in London.

2 Recommendations

2.1 The Board are asked:

2.1.1 To note the current position in relation to Fire Safety

2.1.2 To endorse the specific activities being undertaken and set out in the report and to support the tri-partite review being undertaken in conjunction with the Council and Essex Fire & Rescue Service.

2.1.3 To approve, in principle, the use of reserves, as detailed in the report, to support the additional resourcing costs being incurred and in advance of any agreement with the Council for specific funding for such fire safety related activities.
3 Background

3.1 On 13\textsuperscript{th}/14\textsuperscript{th} June 2017, a devastating and tragic fire occurred at Grenfell Tower in West London.

3.2 Grenfell Tower is a 24 storey ‘tower block’, owned by the Royal Borough of Kensington and Chelsea and let as social housing, with some properties owned on a leasehold basis having been sold under Right to Buy.

3.3 It is understood the fire started in a 4\textsuperscript{th} floor flat on the afternoon of 13\textsuperscript{th} June and originated in a fridge/freezer. Ultimately the fire spread throughout the block and by the early hours of 14\textsuperscript{th} June the majority of the block had been affected. It appears that the spread of the fire was accelerated up the outside of the building as a result of the over-cladding which had been installed on the block.

3.4 At the time of this report being drafted, the Metropolitan Police had confirmed that 80 people, out of the 336 believed to have been in the block, are missing and presumed dead.

3.5 There is to be a public enquiry held to investigate what happened and who was responsible for the disaster. In addition, there is an independent expert advisory panel being set up by the Government to advise on any immediate measures that can be put in place to make buildings safer following the Grenfell Tower fire. That panel is chaired by Sir Ken Knight.

3.6 As a consequence of Grenfell Tower, social landlords, and especially those with high rise buildings, have been carrying out detailed assessments of their fire safety procedures and processes. There has been a particular focus on blocks higher than 18 metres which have had over-cladding fitted. The Government has been identifying all such blocks and has arranged for testing of any such cladding to be carried out by the Building Research Establishment (BRE).

3.7 At the point of this report being prepared, it is understood no cladding tested has passed the relevant fire safety test.

4 The Southend Position

4.1 The Council owns, and South Essex Homes manages and maintains, 13 ‘tower blocks’ across the Borough as well as 3 further high rise blocks taller than 18 metres.

4.2 None of these blocks have been over-clad.

4.3 Since the Grenfell Tower fire, there has been a wholly understandable and intense focus on confirming the current position, identifying what early stage action(s) may be necessary and on reassuring all stakeholders of the situation locally. Stakeholders seeking specific reassurance include Board Members, the Council, tenants and residents, the Government -
including local MPs - and Essex Fire and Rescue Service (EFRS). Additionally, media sources have continued to seek specific and general updates and there continue to be a significant number of Freedom of Information (FOI) requests from various sources, all of which require a statutory response.

4.4 The following sections of this report are intended to provide an update for Board Members on actions already undertaken, current and future planned actions and activities and the resource issues arising and identified going forward.

5 Actions Undertaken

5.1 The day following the Grenfell Tower fire, Mike Gatrell met with the Deputy Chief Executive of the Council and the Director of Adult Services and Housing in order to share an early stage understanding of the position in Southend, given the relatively large number of Council high rise blocks.

5.2 An immediate outcome from that meeting was an agreement to the suggestion that the current major investment programme to install upgraded fire safety front entrance doors, lobby/communal/staircase doors and communal area screens should be considered for acceleration and completion during the current financial year. South Essex Homes liaised with the specialist door manufacturer and the installation contractor currently on site, at the 11th block to have the work carried out, in order to get their agreement to facilitate completion of the remaining two tower blocks. Council colleagues arranged for Cabinet to give the necessary approval to bring forward funding at their meeting on the following Tuesday 20th June.

5.3 Within less than a week, agreement was sought and given that the fire safety works programme for the 13 tower blocks be accelerated and completed during the current financial year.

5.4 The Leader of the Council was able to confirm this decision in a statement released on 21st June at which stage he was also able to confirm the intention to undertake a three-way review of fire safety practices and procedures in relation to the Council’s residential blocks. This had also been proposed at the meeting attended by Mike Gatrell on 15th June.

5.5 Agreement has been reached with EFRS and the relevant Council representatives in terms of the makeup of the review group and an initial ‘establishing’ meeting is anticipated before the end of July. The Board will be updated on the progress and outcome of the review.

5.6 On Tuesday 27th June, the Chair of the Board attended a meeting of the Southend Tenants and Residents Federation along with the Cabinet’s Portfolio Holder for Housing, a senior officer from EFRS, Mike Gatrell and Mario Ambrose. While the meeting, quite understandably, served to flag a
range of residents’ concerns around fire safety issues, it also enabled reassurance to be provided about the robust position already achieved here in Southend. Of particular note was the statement from the EFRS officer which acknowledged the very good relationship between the Fire Service and South Essex Homes which had built up over many years.

5.7 A series of regular meetings and briefings has been established to oversee and monitor progress of all fire safety activities undertaken by and for the Council - including through South Essex Homes - and to ensure key stakeholders are kept informed of progress against this key issue.

5.8 These include:
   i) A weekly Fire Safety meeting held by SBC and chaired by the Deputy Chief Executive (Place). This is intended to maintain an overview of progress against and to provide direction to, all areas where the Council has fire safety responsibilities. These meetings include South Essex Homes and we are able to provide direct updates on our activities and also be updated on the Council’s approach in relation to emergency planning, building control issues, other public buildings including schools and liaison with other relevant statutory agencies.
   ii) A weekly South Essex Homes Fire Safety meeting, chaired by Mike Gatrell, which oversees and monitors progress against our own specific activities. These include the Fire Safety Review Project, ‘Capital Programme’ progress, Arising Works, Property Visit Programme, Conditions of Tenancy enforcement, Communication Issues/Enquiries (including FOIs) received, Community Activities. These meetings are minuted and copies are shared with the Chair and Vice-Chair as well as both Deputy Chief Executives at the Council.

6 Current and Future Planned Actions

6.1 Major works

6.1.1 Following discussion and agreement with SBC the programme to install upgraded fire doors to Pennine and Quantock has been advanced to 2017/18. An order has already been issued to the manufacturer and prices are currently being obtained from installation contractors. Works are planned for completion by March 2018.

6.1.2 Prices for the installation of automatic smoke vent works, as recommended by the Fire & Rescue Service, at the Balmoral tower blocks were due to be returned on Friday 16th July. Assessment of the returned tenders will then take place and an oral update will be given at the Board Meeting.

6.1.3 The fitting of restrictors to the windows on the tower blocks will progress late 2017.

6.2 Tenancy related actions

6.2.1 We are planning to visit all properties, commencing with the high rise
tower blocks.

6.2.2 The aim of the visits will be to establish who is resident within the properties, with an enhanced focus on tenancy conditions, focussing on hoarding, condition of the property, welfare issues etc.

6.2.3 This will also provide the opportunity to address any breaches within the communal areas, for example residents leaving door mats, pot plants and mobility scooters in these areas, which are not permitted by EFRS.

6.2.4 As part of this exercise, we have developed a Household Safety Survey, which the officers will complete, and this includes vital information that will be shared with EFRS, as part of the Personal Emergency Evacuation Plan (PEEP).

6.3 Estate Services

6.3.1 Bulk refuse has been identified as a major issue at the high rise blocks and is regularly removed from stairwells, landings and drying rooms. The following work has been undertaken in the last couple of weeks to introduce capacity to the front line estate services team in the task of removal.

6.3.2 • Drying rooms in all 13 blocks have been visited and where bulk rubbish was seen to be stored or dumped, each property was served with a notice to remove items within 7 days. Once the 7 days had passed, any remaining items were removed and a programme is in place to bolt these drying room doors so there is no access.

6.3.3 • Bulk refuse is removed, where possible, to the tip on the day. However, due the nature and amount this has not always been possible and on occasions it has had to be stored in the basement areas of the tower blocks which are secure. These areas do not have sprinkler systems in place and, therefore, we have commenced procurement of large scale containers which will be sited on the Queensway and Balmoral Estates to remove bulk refuse away from the blocks for temporary storage. Any evidence we can capture or where rubbish contains the possible identity of the people dumping will be communicated to the Tenancy Services team where enforcement action will be taken where it is possible to do so.

6.3.4 • In order to progress the requirements to maintain sterile communal areas and to avoid delays in any identified items being removed, the Estate Services Team are door knocking where possible and making requests for items to be removed. Where that is not possible or where the items are not immediately removed, a breach of tenancy letter is being delivered immediately and items are then removed after 24 hours. The Tenancy Services Team are being made aware of any breaches for further action, if any issues of this nature occur again.
6.4 Communication

6.4.1 South Essex Homes have been working in close partnership with Southend Borough Council in delivery of consistent information and ensuring that residents are receiving the assurances they need over the fire safety of our tower blocks and properties in general. We have issued statements on the website and social media to ensure that as many residents hear from us as possible.

6.4.2 The next edition of the Insight Magazine incorporates an up to date message on key areas around fire safety in our properties and has been reviewed by the Essex Fire and Rescue Service. Contained at Appendix 1 are the articles contained in the next edition.

7 Resource Implications

7.1 As can be seen from the preceding sections of the report, the consequences of the fire at Grenfell Tower are already having a real impact on the work of the organisation. Resource issues are already arising and are likely to continue and increase depending on the outcomes of i) the local fire safety review, ii) the national expert advisory panel on fire safety chaired by Sir Ken Knight and, iii) the public inquiry.

7.2 At this stage the Board are asked to note and acknowledge the additional work being created by the focus on fire safety, given the large number of high rise blocks under our management, and to approve funding for any costs arising for the organisation. While every effort will be made to absorb costs within approve budget levels, it is likely that some call upon reserves will be required and the Board's approval is sought in order to fund any such essential expenditure in the first instance.

7.3 As the nature and scale of additional works, activities and resources becomes clearer, it will be important to be able to record and account for such costs as they should be reimbursed by the Council where they form unanticipated activity. The Council will need to be reassured about the validity of such extra activity and, in turn, it may be that some areas of expenditure could be reclaimed from the Government in due course?

7.4 Set out below are the areas where unanticipated costs are arising or likely to arise, as known at this stage. It is quite possible that further costs and resources may be required subject to new legislation, regulation and/or Government direction. At this stage, such activity costs cannot be quantified.

7.4.1 Overtime / staffing costs for property visits:- we are currently in the process of assessing the staffing time required to carry out the Household Safety Survey, and importantly the time taken dealing with outcomes from the surveys, i.e enforcement action, provision of support, updating household details etc.
7.4.2 Given the scale and nature of the additional 2 tower blocks being included in this year’s fire safety works programme, i.e. Pennine & Quantock, there will be a need for an additional clerk of works resource to oversee this key project.

7.4.3 Given the new arrangements for storing dumped bulk refuse in and around tower blocks, it is likely there will be a need for additional Caretaker shifts to ensure prompt removal of rubbish to and from the external metal containers.

7.4.4 The programme to install additional fire safety guidance signs to the rear of every Gerda front entrance door in each high rise block is being accelerated in order to complete the exercise as quickly as possible and this is likely to require some short term additional shifts to complete.

7.4.5 The additional level and work generated by the significant increase in Freedom of Information requests being received and the strict timescale requirement for responses, is leading to additional pressures within the team in order to comply with the response deadlines. Should the level of extra FOIs continue it is possible that additional officer time may be required in order that we can continue to comply with the timescale requirements.

8 Risk

8.1 The risk of fire occurring in any residential location under the Company’s management - and particularly in high rise multi-occupancy locations - has always been, and will always continue to be a specific area of focus for the organisation and this report sets out the current position in terms of mitigating the risk and impact.

9 Financial Implications

9.1 The report makes reference to funding provided by the Council in order to accelerate high rise fire safety works. It is quite possible further major works may need to be undertaken in future dependent upon outcomes from the expert advisory panel, the public inquiry and the local review.

9.2 For South Essex Homes this is already producing additional resource requirements and the Board will continue to be advised of any financial implications arising.

10 Resident Consultation

10.1 Residents have continued to be updated and reassured about the position in terms of fire safety in the Council’s residential blocks, as set out in the report.
11 Background Papers
11.1 None.

12 Appendices
12.1 Appendix 1 - Insight Article
Focus on Fire

The devastating and tragic fire that took place in June at Grenfell Tower in West London was a huge shock to us all and has naturally led to residents raising questions over the fire safety of the buildings they live in.

We printed a ‘Fire Safety Special’ feature article in last summer’s Insight magazine, however in view of this recent event and the enormous public reaction it has understandably generated, we have decided to take this opportunity to re-visit this subject again in the hope that through increased resident awareness and understanding we can help to prevent any further serious fires in the future.

This feature article is designed as an ongoing point of reference for you and your families so please retain it and keep it safe. We are also launching a social media campaign where we will be sharing this information and advice in bite-size chunks. If you are a Facebook user, please like our ‘South Essex Homes’ page, or follow @SouthEssexHomes on Twitter – and like, share and retweet our posts on this subject. Together, let’s get these important messages out to as many residents as possible.

For ease of reference, we have colour coded this information as follows:

PREVENT / PREPARE / ADVISE / REASSURE

How safe are our tower blocks?

The short answer is extremely safe. Here at South Essex Homes, we pride ourselves in the extensive proactive works we have carried out to improve fire safety in the blocks of flats we manage across Southend.

The exact circumstances of how the Grenfell Tower tragedy unfolded are unlikely to be known for several months to come, however it is largely understood that the rapid spread of the fire was due to the specification of cladding fitted to the outside of the block. Please note that there is no external cladding fitted to the 13 high rise blocks, or the three blocks which are higher than six floors, that we manage on behalf of Southend Borough Council.

In terms of fire safety installations in high rise blocks, we have been carrying out a programme of replacing all existing fire safety flat front entrance doors and frames, along with all communal doors and panels, with the highest specification products available on the market. These have proved to be completely effective in preventing the transmission of smoke and fire where fire has occurred. They enable the “Stay Put” policy recommended for our properties to be fully effective in protecting residents.

Of the 13 high rise blocks in Southend; 10 have had these works completed, Chiltern is currently in the process of having this work carried out and the remaining two blocks, Quantock and Pennine, are planned to have the work carried out in this financial year following cabinet’s approval on 20th June to bring forward £2m of capital funding.

Sprinkler systems have been installed in the majority of ground floor bin rooms, which have proved to be effective.

Every property also has an individual hard wired smoke detector which is checked and serviced on an annual basis and we are currently in the process of installing individual reminder signs to the back of each property’s entrance door, to further inform residents of fire safety action in the event of a fire.

What can I do to keep my household safe?

NOW – you can prepare yourself for the event of a fire

- Remind yourself of what you are advised to do if a fire were to break out - either inside your property or outside your front door. Make sure anyone else in your home, including any children are aware of what to do, such as any escape routes if appropriate and assembly points. You will most likely never have to use them but it is always best to be well practised in your response to a fire.
- Install smoke alarms (if hard wired ones aren’t already in place) and regularly check that they are working.
- Make sure any escape routes are kept clear and free from obstacles at all times.
- Don’t prop open or block self-closing fire doors in communal areas.
- Don’t block or cover the ventilators.
- Internal fire doors prevent fire and smoke spreading from one room to the next so do not remove them. Keep them closed.
- Make a ‘bedtime check’ of your home. You are more at risk from a fire when asleep, so it is a good idea to check your home before you go to bed.
- If you lock your entrance door(s) at night with a key, remove the key from the lock and store it in a safe place that everyone in the household can reach and is aware of, in case they need to unlock the door in the event of a fire. However, for security reasons, ensure the key is not visible from outside.

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FOCUS ON FIRE

EVERY DAY - Please take all possible steps to prevent a fire from starting in your home and building, including:

- Ensure all smoking materials are completely extinguished and never smoke in bed.
- Never leave the hob or chip pans unattended whilst cooking.
- Check your electrical sockets are safe and not overloaded with multi-socket adapters.
- Keep clothes well away from heaters and open fires.
- Keep matches and lighters away from children.
- Don’t charge items like mobile phones, tablets or e-cigarettes overnight, or longer than the recommended charging time as this could cause devices to overheat.
- Candles, incense and oil burners are one of the biggest causes of fire within homes. Put candles out when you leave the room, and make sure they’re put out completely at night. Never leave children or pets alone with lit candles.
- Don’t leave electrical items on standby – turn them off.
- Invest in a fire blanket.
- Don’t leave front door mats, rubbish, waste bags and bulky items in communal areas, including corridors and stairways.
- Visit www.fireservice.co.uk/safety or contact Essex Fire & Rescue Service for further fire prevention advice.

‘Fake’ copies of products may look the part but are often missing vital safety parts that stop them from catching fire. For example, fake phone chargers or hair straighteners are not made or tested to EU standards so often overheat and can catch fire.

Also counterfeit cigarettes may seem like a great bargain but they aren’t made to EU standards and don’t extinguish themselves if they’re not being smoked.

Buying fakes may be cheaper but it is not worth risking the lives of you and your family.

Fakes Cause Fires

What should I do if there is a fire inside my house / flat?

BE CALM, DON’T PANIC

- A working smoke alarm should alert you to the fire. Fit smoke alarms on every level of your home.
- Don’t open doors looking for the source of the fire.
- Don’t try to save personal items; your life is more important.
- Don’t try to put the fire out yourself, unless you are sure it is safe to do so.
- Leave the room at once and close the door behind you. All people should leave your home and when you are sure it is evacuated, close the front door behind you.

- In blocks of flats, use only the designated fire escape route and exits from the building. Use the stairs and not the lift. Don’t use balconies that are not part of an escape route.
- Don’t go back into your home for any reason – Get Out and Stay Out!
- Call the fire brigade on the nearest telephone by dialling 999.
- If escape routes are blocked - get everyone into a room with a window that opens. Put bedding round the bottom of the door to block smoke. Open the window to attract attention, shouting ‘HELP, FIRE’.

If you live in a flat in a tower block:

- If there is a fire in your flat
  - follow your escape plan: get everyone out, stay out, call 999
  - close all doors behind you as you leave, to contain the fire
  - walk down the nearest stairs or through the nearest fire exit. DO NOT use the lift.

- If there is a fire, but not in your flat
  - close your doors and windows
  - stay put unless advised by the fire service
  - call the fire service on 999 – NEVER assume that someone else has already done so – you could save someone’s life.

- If trapped in your flat by fire
  - get everyone to the safest room within the flat, furthest from the smoke/heat entry point is best, and close doors behind you
  - call the fire service on 999 – and tell them your flat and floor number

If the fire service needs to fully evacuate the building, they will advise you.
Clear communal areas

In order to ensure fire escape routes are free of any hazards, all communal areas outside flats are treated as ‘sterile’ areas and as such should have nothing stored in them. Whilst we understand why some people want to have door mats or potted plants outside their front doors, it simply is not permitted as these items can act as a fire accelerant as well as a trip hazard.

If we come across items in communal areas, we will remove them.

Bulky Refuse

If you need to get rid of a large item, such as an old sofa or broken kitchen appliance, it is your responsibility to dispose of it properly. You can take it to one of the Household Waste Recycling Centres based in Stock Road, Southend and Leigh Marshes and dispose of it for free. Alternatively, you can arrange for it to be collected from the roadside by calling Veolia on 01702 215006 (option 1). There is a charge for this service which currently stands as follows:

- 1st individual bulky item £7.50
- 2nd individual bulky item £5.00
- 3rd individual bulky item £5.00
- 4th individual bulky item £5.00
- 5th individual bulky item £5.00

Combined bulky items:

- Three piece suite £17.50
- Dining table and 6 chairs £17.50

A maximum of 5 items can be booked at any one time.

Large items dumped in communal areas at blocks of flats are not only an eyesore and inconvenience for other residents but they are also a fire hazard for two separate reasons. Firstly, they could be set alight by arsonists or could act as an accelerant should a fire start accidentally, by a discarded cigarette for example. Secondly, they may block an escape route should residents try to leave a flat or should firefighters be trying to reach them in the event of a fire.

If we at South Essex Homes are made aware of any dumped items in communal areas, we will remove them as soon as possible in view of the hazard they create. However please do not view this as an opportunity to dump items for free, as for some time now we have been actively taking steps to identify which household any dumped items came from in order that we can recharge the tenant for the cost of removing them, which will be much more than the £7.50 charged by Veolia!

Smoking

Whilst smoking is permitted within your own home, communal hallways and lifts are enclosed public areas and as such smoking in these areas is against the law. Not only does smoking in communal areas have a detrimental effect on the health of other residents, it also poses a serious fire risk.

If you are aware of any residents who flout this rule, please let your local Tenancy Officer know or report it on 0800 833160, so that we can take appropriate action.

Mobility Scooters

More and more of our residents are buying or renting mobility scooters to help them get around town. Whilst the machines can prove extremely useful to individuals, before investing in a mobility scooter we would urge residents to first consider whether there is provision for the proper storage and charging of the machines where they live.

You are NOT permitted to store mobility scooters in communal areas, such as the hallway area outside your flat door or in stairwells. This is both because the machines themselves are at risk of starting a fire and also they act as an obstacle for you and other residents, especially if evacuating the building in an emergency.

Some blocks provide specific storage and charging rooms for mobility scooters, however such facilities are limited and cannot be guaranteed, therefore you may have to wait for storage space to become available. If storage is provided, users must be able to transport themselves from their flat to the vehicle storage area by independent means, with or without walking aid or wheelchair.

If the mobility scooter is going to be stored in your home you need to take into account that most front door widths are 750 mm, if you live in a flat the communal door width will be approximately 800 mm. A mobility scooter should be less than 700 mm wide and you need to ensure that you can safely ride the scooter into and out of your property.

We are actively reviewing our approach to dealing with mobility scooters in communal areas and it is very likely that we will introduce a more robust approach to the issue. This may include the immediate removal of scooters for the safety of all the residents of the block, as is already the procedure for other items left in a communal area. We will of course advise you of any developments.

Check your fridge freezers

Essex County Fire and Rescue Service is encouraging residents to check their fridge-freezers after it was confirmed that the fire in Grenfell Tower was started by a Hotpoint fridge-freezer.

The Government is asking consumers who believe they may own a Hotpoint fridge freezer model number FF175BP (white) or FF175BG (grey) to call Whirlpool Corporation’s freephone hotline on 0800 316 3826 or visit www.hotpointservice.co.uk/fridgefreezer to register their details for further updates.

Essex County Fire and Rescue Service is also encouraging residents to register all household appliances with www.registermyappliance.org.uk so they can keep-up-to-date with the latest product and safety information.

The registermyappliance.org.uk website allows you to register electrical goods from almost any manufacturer in one simple place. It’s not just for new appliances; you can register anything you bought in the last 12 years.
Getting to know you…

One of the issues that has been raised from the recent tragedy, is how little the local authority knew about the people who were living within the flats at Grenfell Tower.

As a result, we are keen to get a better understanding of who is living within all the properties we manage, as this information could be shared with the emergency services to ensure they can get every member of each household to safety, if they ever need to evacuate a building in the event of a fire.

We will therefore be looking to visit flats within high rise buildings in order to complete Household Safety Surveys and ensure our records are up to date regarding who is living in each flat.

This survey also takes the opportunity to note details of anyone living in the tower blocks who may require assistance from the Fire Service to evacuate their home in the event of a fire. Sheltered housing residents needn’t worry as this information will already be recorded in their Care Plans, which are regularly updated.

Look out for your friends, family and neighbours

Essex County Fire & Rescue Service (ECFRS) are happy to provide home safety visits free of charge. If you know or work with anyone who may be at an increased risk of fire, who is less able to react or has a reduced ability to escape in the occurrence of a fire - please encourage them to book a home safety check. These may include factors such as being a smoker, a hoarder, having an alcohol dependency or having mobility issues.

Home safety visits can be booked by calling ECFRS on 0300 3030088 or via the online form at www.essex-fire.gov.uk/book.

What are South Essex Homes and the Council doing now?

The Leader of Southend-on-Sea Borough Council, Cllr John Lamb, said: “Given the number of high rise and tower blocks in Southend, fire safety has always been an absolute priority and a main feature in our approach to complying with all health & safety and legislative requirements.

“Every Council-owned high rise block, none of which have cladding, along with sheltered housing schemes across the borough, have an annual fire risk assessment carried out by a qualified assessor. Essex County Fire and Rescue Service (ECFRS) also carry out their own annual audits and the results are recorded.

“Any actions recommended are carried out by South Essex Homes as a matter of urgency. Through this comprehensive approach we ensure we remain compliant with the most up to date regulatory and legislative requirements and also good practice as advised by ECFRS.

“In addition to the formal annual risk assessment, our compliance officer carries out interim visits to inspect the blocks during the year, in order to ensure compliance is maintained.

“Furthermore South Essex Homes caretaking and estate staff attend all high rise blocks seven days a week and as part of those visits they ensure that all lifts, stairs and communal areas are clean and clear of any dumped objects or materials. When items are dumped, they are removed as promptly as possible so as to avoid any risk of fire in communal areas.

“Following the tragic incident which occurred on the Balmoral estate in 2016, a housing officer and a fire officer visited every property in all 13 high rise blocks to give safety advice and reassurance.

“Following the serious fire at Lakanal House in London in 2009, like all authorities, we reviewed and updated our fire safety procedures and the incident at the Balmoral estate in 2016 led to a further review of processes.

“Following this, and during subsequent public meetings, residents did ask whether sprinklers and fire alarms should be installed throughout the blocks.

“Following the recent tragic events we are reviewing current fire risk assessments and fire audits, and will carry out a further tri-partite review of fire safety between the Council, South Essex Homes and ECFRS. This will involve inspections that will be taking place through July and all recommendations will be considered and acted upon as a matter of priority. The installation of sprinkler systems will form part of this review with ECFRS and the outcomes subsequently communicated to residents.

“Further to this, as lessons and outcomes arise following the devastating and tragic fire at Grenfell Tower, the Council and South Essex Homes will continue to review our fire safety policies and procedures on an on-going basis.”

We hope that the information contained within this special feature edition has helped to inform, advise and reassure you. If you have any questions or would like to discuss fire safety at your home or block, please get in touch with your Tenancy Services Officer by calling us on 0800 833160. Alternatively you can find out who the Officer is for your street or block by using our online A-Z list and email them directly.

And don’t forget, home safety visits can be booked by calling Essex County Fire and Rescue Service on 0300 3030088 or via the online form at www.essex-fire.gov.uk/book.

For specific information regarding fire safety in high rise buildings, please visit www.essex-fire.gov.uk/highrise.
South Essex Homes Limited  
Minutes of Audit Committee Meeting  
Date: 17th May, 2017  
Time: 5:30pm  
Room 4.03, Civic Centre

**Present:** David Joyce - Chair of the Audit Committee; Michael Oxley; Catherine Haycock; Roger Eastwood; David Burzotta;  

**In Attendance:** David Lincoln – Director of Finance; Beverley Gallacher – Company Secretary; Daniel Lyons – Business Accountant; Tasmin Arthurton – Corporate Services Officer; Elaine Allen – Audit Manager (SBC); Linda Everard – Head of Internal Audit; Nick Coker - Intelligence Manager Fraud (Thurrock)(Agenda Item 1 to Agenda Item 6);

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<th>Agenda Item No.</th>
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### 1. Welcome and Introductions

1.1 DJ welcomed and introduced Nick Coker - Intelligence Manager for Fraud (Thurrock) to the meeting.

1.2 It was noted this was CH’s last meeting as a Board Member and she was thanked for her hard work over the last 9 years.

### 2. Apologies for Absence

2.1 There were no apologies for absence.

### 3. Declarations of Interest

3.1 DJ re-confirmed his position as Director of Finance of Christian Action Group and as a Board Member representative on the South Essex Property Services Board.
<table>
<thead>
<tr>
<th>4.</th>
<th><strong>Report of Whistle Blowing Incidences</strong></th>
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<tr>
<td>4.1</td>
<td>BG provided an update on the on-going fraud investigation which had ceased due to the staff member resigning from the Company. On that basis the internal investigation would no longer continue.</td>
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<th>5.</th>
<th><strong>Minutes and Matters Arising from the Meeting held on 22nd February 2017</strong></th>
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<tr>
<td>5.1</td>
<td>The minutes were agreed as a true and accurate record of the meeting.</td>
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<tr>
<td>5.2</td>
<td>Minute 5.2 - <em>All matters arising from the previous meeting were addressed in the timescale agreed. The Committee requested that evidence of these be collated and put into Dropbox for reference. (TA) - TA circulated 16/05/2017 for information.</em></td>
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<td>5.3</td>
<td>Minute 7.2 - <em>LE advised that there had been a delay to the annual review of the Fraud policies and agreed to update the Committee on fraud policies at the next meeting in May to discuss framework. (LE) - Contained within Agenda Item 8/9.</em></td>
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<td>5.3</td>
<td>Minute 7.4 - <em>It was clarified that the Forward Plan, “the Annual Governance Statement” should be amended to ‘yes’ to be referred to the Board. (TA) - Duly amended.</em></td>
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<td>5.4</td>
<td>Minute 11.1 - <em>DL gave an overview of the report and asked members whether they would be happy to only receive the pages ‘Service Summary’, ‘Expenditure Summary’ and ‘Income and Expenditure Summary’. The Committee agreed to this proposal. (DLy) - Reflected in future reports and in report that went to the Board 15/03/2017.</em></td>
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<th>6.</th>
<th><strong>Counter Fraud and Investigation Directorate Update</strong></th>
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<tr>
<td>6.1</td>
<td>Nick Coker provided an overview of the report and the Committee thanked him for the update.</td>
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<tr>
<th>6.2</th>
<th><strong>Recommendation</strong></th>
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<td>i)</td>
<td>The Audit Committee agreed/noted the report.</td>
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</tbody>
</table>

| 7. | **Risk Management Report** |
| 7.1 | The Committee queried risk scores for mitigated and target scores and asked that a review be undertaken to reconsider these scores by the Audit and Risk Committee at an away day to be arranged. | TA |
| 7.2 | The Committee made the following comments on the Risk Register:  
- The Committee be referred to as the Audit and Risk Committee.  
- RISKSEH05 - Requested that the SMT reassess the list of controls and assurances  
- SEHRISK07 - Correction on Stage 3, should be 8, not 16.  
- SEHRISK11 - Requested that the list of controls and assurances be reviewed and a further proposal made to the Audit and Risk Committee  
BG agreed to feedback the Committee’s opinion to the SMT for their consideration. | |
| 7.3 | **Recommendations**  
i) The Audit Committee noted the Risk Register shown at Appendix 1.  
ii) The Audit Committee agreed to the proposal from the SMT to add SEHRISK11 but asked for a further proposal on the risk score. | BG |
| 8. | **Internal Audit Quarterly Performance Report**  
8.1 DJ raised concerns on minimal level of assurance within the Accounts Receivable audit in relation to debt management. DLy advised the Committee to note that most of the debt outstanding is the host Council’s debt and is not a large amount of money in relative terms.  
8.2 DLy confirmed that all deadlines within the Accounts Receivable action plan had been met and that R7 is in progress. | |
| 8.3 | **Recommendation**  
i) The Audit Committee noted the report. | |
| 9. | **Head of Internal Audit Report**  
9.1 The Committee noted the Head of Internal Audit’s Opinion for the year ended 31\textsuperscript{st} March 2017, as below. | |
9.2 Overall, the risk management, control and governance framework designed by the company to deliver its objectives; and operated throughout the year, has remained satisfactory.

9.3 The opportunity to strengthen the arrangements for letting and managing contracts, has been identified and is being addressed by the company.

9.4 The Committee noted the Head of Internal Audit’s opinion in relation to conformance with professional standards, as below.

9.5 The service has substantially conformed to the relevant professional standards throughout the year.

9.6 **Recommendations**

   i) The Audit Committee accepts the Head of Internal Audit’s Annual Report for 2016/17.

   ii) The Audit Committee satisfies itself that the contents of this report are appropriately reflected in the company’s Annual Governance Statement.

---

10. **Audit Committee Annual Report 2016/17**

10.1 BG gave an overview of the report and the Committee noted the reference to the Data Protection Act within the Annual Governance Statement referred to actions and training required in order to comply with the forthcoming changes in legislation coming in to place in March 2018.

10.2 **Recommendations**

   i) The Audit Committee accept the performance and effectiveness assessments outlined in the report and the recommendations made for further action (Appendices 2 and 3).

   ii) The Audit Committee reports to the Board that it has successfully delivered the requirements of its Terms of Reference in 2016/17.

   iii) The Audit Committee recommends that the Board approves the Annual Governance Statement at Appendix 5.
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1</td>
<td>RE queried why Northern Trust are on the list of investments made in 2016/17 but were not on the approved list. DLy clarified that they were on the list of the previous agreed policy.</td>
</tr>
<tr>
<td>11.2</td>
<td>In relation to section 5 within ‘Investment Risks’, the Committee requested DLy seek clarification and assurance that moneys can only be paid back to the account from which they had been deposited from for security.</td>
</tr>
<tr>
<td>11.3</td>
<td>The Committee asked that the document is labelled as a policy, not a strategy.</td>
</tr>
<tr>
<td>11.4</td>
<td><strong>Recommendations</strong></td>
</tr>
<tr>
<td>i)</td>
<td>The Audit Committee agree the revised Treasury Management Policy as contained at Appendix 1.</td>
</tr>
<tr>
<td>ii)</td>
<td>The Audit Committee agree the Annual Treasury Management report for 2016/17 and note there have been no exceptions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12.</th>
<th>Final Budget Position and Management &amp; Performance Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>DLy clarified that within the Employee Budget Summary, HR encompasses employee benefit schemes.</td>
</tr>
<tr>
<td>12.2</td>
<td>DJ asked that the variances should be shown consistently throughout reports.</td>
</tr>
<tr>
<td>12.3</td>
<td><strong>Recommendation</strong></td>
</tr>
<tr>
<td>i)</td>
<td>The Audit Committee review and consider the company's financial performance based on information as at 31st March 2017.</td>
</tr>
<tr>
<td>ii)</td>
<td>The Audit Committee note the exceptions for Key Performance Indicators as at 31st March 2017.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.</th>
<th>Date of Next Meeting – 11th July, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>The meeting closed at 7:25pm</td>
</tr>
</tbody>
</table>

DLy
South Essex Homes Limited
Minutes of Audit & Risk Committee Meeting

Date: 11th July 2017
Time: 4pm
Room 1.03, Civic Centre

Present: David Joyce - Chair of the Audit & Risk Committee; Roger Eastwood - Vice Chair of the Board;

In Attendance: Beverley Gallacher – Company Secretary; Daniel Lyons –Financial Services Manager; Tasmin Artherton – Corporate Services Officer; Tim O’Connor – External Auditor - Scrutton Bland;

<table>
<thead>
<tr>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Welcome and Introductions</strong></td>
</tr>
<tr>
<td>1.1 DJ welcomed Tim O’Connor to the meeting.</td>
</tr>
<tr>
<td><strong>2. Apologies for Absence</strong></td>
</tr>
<tr>
<td>2.1 Apologies for absence were received and accepted from Michael Oxley and Catherine Haycock.</td>
</tr>
<tr>
<td><strong>3. Declarations of Interest</strong></td>
</tr>
<tr>
<td>3.1 DJ re-confirmed his position as Director of Finance of Christian Action Group and as a Board Member representative on the South Essex Property Services Board. RE re-confirmed his position of Chair of Eastbourne Homes.</td>
</tr>
<tr>
<td><strong>4. Report of Whistle Blowing Incidences</strong></td>
</tr>
<tr>
<td>4.1 None.</td>
</tr>
</tbody>
</table>
### Minutes and Matters Arising from the Meeting held on 17th May 2017

#### 5.1
The minutes were agreed as a true and accurate record of the meeting.

#### 5.2
*Minute 7.2 - BG agreed to feedback the Committee’s opinion and comments on the Risk Register to the SMT for their consideration.*

BG confirmed that SMT had considered their comments and thought that the best way forward would be for this to be discussed at the Risk awayday due to be arranged shortly.

#### 5.3
*Minute 11.2 - In relation to section 5 within ‘Investment Risks’, the Committee requested DLy seek clarification and assurance that moneys can only be paid back to the account from which they had been deposited from for security.*

DLy confirmed that this was the case and the Committee were pleased with this control.

### Annual Governance Action Plan

#### 6.1
BG gave an overview of the report and advised that the Council’s Audit Committee had already had sight of this in draft form.

#### 6.2
BG clarified that the green status icon does not mean completed, just that the end date has not been reached. It does not apportion the period of time passed to the percentage of the task completed.

#### 6.3
BG assured the committee that SEH are compliant with all OJEU requirements, register contracts properly and that an accurate record of contracts is maintained in relation to CM02 and CM03.

#### 6.4
**Recommendation**

i) The Committee note the actions contained in the Annual Governance Action Plan which will be reported on an exception basis during 2017/18.

### Draft Audited Accounts as at 31st March 2017 including External Auditors Report

#### 7.1
DLy provided an overview of the report, confirmed that the accounts had been reconciled since the report at the last meeting and no adjustments had been picked up by the External Auditors.
The Committee noted that the list of Board Directors would be amended following new appointments at the next Board meeting.

The Committee were asked to note the timing of cash flow within the accounts.

The Committee requested that DLy produce a 5 year summary of accounts as part of the report on the statutory accounts each year going forward. It does not have to be in the statutory accounts themselves, although, if the Director of Finance decides it appropriate, it can be.

DJ asked Tim O’Connor to confirm how separation is maintained by Scrutton Bland in preparing the accounts and also acting as the External Auditor.

Tim O’Connor assured the Committee of the management separation undertaken during the process of finalising the accounts.

**Recommendations**

i) The Committee noted the Financial Statements for 2016/17 and recommended them to the Board for approval and signing.

ii) The Committee noted the report to the Board and external audit management letter comments.

iii) The Committee noted the letter of representation from Southend Borough Council confirming group support.

iv) The Committee noted the letter of representation from the company to Scrutton Bland and agreed to recommend it to the Board and to authorises the Chair and Company Secretary to sign the letter on behalf of the Company.

**Date of Next Meeting**

- 6th September 2017

**The meeting closed at 5pm**
Purpose of Report

1.1 To present to the Board with the Consolidated Financial Statements for 2016/17 for approval.

1.2 To bring to the attention of the Board the Letter of Representation to Scrutton Bland and recommend the Board signs it on behalf of the Company.

Recommendations

2.1 The Board are recommended:-

2.1.1 To agree the Financial Statements for 2016/17 as recommended by the Audit & Risk Committee contained at Appendix 2 to this report

2.1.2 To agree the Letter of Representation from the Company to Scrutton Bland and to authorise the Chairman and Company Secretary to sign the letter on behalf of the Company contained at Appendix 3 to this report.

2.1.3 To agree the Letter of Support from South Essex Homes to South Essex Property Services Limited and authorise the Chairman and Company Secretary to sign the letter on behalf of the Company, contained at Appendix 5 to this report.

2.1.4 To note the External Auditor’s report contained at Appendix 3.
Background

3.1 Summary Year End Management Accounts

<table>
<thead>
<tr>
<th></th>
<th>Previously reported</th>
<th>Final figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Budget</td>
<td>Actuals To 31st March 2017</td>
</tr>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Turnover</td>
<td>9,610</td>
<td>9,684</td>
</tr>
<tr>
<td>Operating Costs and Interest</td>
<td>9,750</td>
<td>9,323</td>
</tr>
<tr>
<td>Profit / (Loss) as per Management Accounts</td>
<td>(140)</td>
<td>361</td>
</tr>
</tbody>
</table>

The above is a headline summary of the management accounts presented at the Audit & Risk Committee which was held on 17th May 2017. The total profit reported previously was £361k.

3.2 The final position at year end showed a total a profit of £337k (Appendix 1).

3.3 The difference between the position set out on 17th May and the position reported here is, as shown in paragraph 3.6 below.

3.5 Statutory Accounts

The Financial Statements (Appendix 2) have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and Recommended Statements of Standard Accounting Practice. They show a loss of £214k after FRS 102 adjustments and consolidation with the accounts of South Essex Property Services Limited.

3.6 Reconciliation between Management Accounts and Statutory Accounts

£'000s

Management Accounts
Profit as per draft management accounts to the Audit Committee of 17th May 2017 361
Southend Borough Council Intercompany Items (9)
Invoice raised in incorrect year (15)
Profit for year as per Management Accounts 337

FRS102 Adjustments
FRS 102 Operating costs for the year (307)
FRS 102 Financing Cost (220)
South Essex Homes loss as per Statutory Accounts  (190)
SEPS Profit as per Statutory Accounts  16
SEH/SEPS Intercompany items cancelled on Consolidation  (40)
Group Loss as per Statutory Accounts  (214)

Note: FRS 102 is the Financial Reporting Standard No.102: “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. This standard requires appropriate adjustments in a company’s accounts to reflect potential liabilities arising from the impact of pension fund deficits.

4 Letter of Representation

4.1 The Letter of Representation (Appendix 3) from the Company to Scrutton Bland formally provides Scrutton Bland with assurance that key disclosures the Company made during the audit are correct, to the best of the Directors’ knowledge and belief having made appropriate enquiries from staff members. A synopsis of disclosures identified in the letter cover:

- The Financial Statements include all transactions relating to the year and reflect the Company’s position. The Board has received assurance in the regular management accounts presented to them that reconcile with the management accounts on which the statements are based together with explanations of variances.
- That all accounting records were made available to the auditors. All information requested by the Auditors has been provided by the finance team.
- That there were no irregularities in accounting or control systems that could have a material effect on the financial statements. Annual Report of Internal Audit, which was reported to the Audit Committee at its last meeting on 17th May 2017, provides assurance of this.
- That there have been no events since 31st March that should be disclosed in the financial statements, or could materially affect the value of assets or liabilities in those financial statements. Officers are not aware of any such events.
- That all information that could affect the company in relation to fraud or suspected fraud has been disclosed. All such information has been disclosed to the auditors.
- That related party transactions have been properly disclosed. All related party transaction forms have been completed and returned to the finance department.
- That accounting policies are appropriate and all pension costs and contractual arrangements are properly accounted for. Assurance for this has been provided by presenting the Audit Committee with all changes to accounting policies for ratification.
• That there is no pending litigation or breach of laws or regulations, including corporation tax. Officers are not aware of any such pending litigation or breaches and it should be noted that in the event of such an instance occurring the financial regulations demand that the Board is informed immediately.

4.2 Letter of Support

The Letter of Support from South Essex Homes to South Essex Property Services is attached in Appendix 5. The Board are asked to authorise the Chair and Company Secretary to sign on behalf of the Company.

5 Equality and Diversity

5.1 There are no direct Equal Opportunities or diversity issues which arise from this report.

6 Risk

6.1 If the Company’s Annual Accounts are not signed by the Board and filed at Companies House within 9 months of the financial year end (i.e. by 31st December 2017) the Company will be liable for a penalty and the Directors (Board Members) would also become liable.

7 Financial Implications

7.1 Financial implications have been considered throughout this report.

8 Resident Consultation

8.1 The financial statements will be published on the internet.

9 Background Papers

9.1 Not applicable.

10 Appendices

10.1 Appendix 1 – Income & Expenditure Summary as at 31st March 2017
10.2 Appendix 2 – Financial statements for the year ended 31st March 2017
10.3 Appendix 3 – Auditor’s Report to the Board including South Essex Homes Letter of Representation and Management letter from Scrutton Bland
10.4 Appendix 4 – Letter of Representation from Southend Borough Council
10.5 Appendix 5 – Letter of Support
## Income and Expenditure Account
### As at 31st March 2017

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Budget</th>
<th>2016/17 Budget</th>
<th>2016/17 Actual</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual £000’s</td>
<td>To Date £000’s</td>
<td>To Date £000’s</td>
<td>To Date £000’s</td>
<td>%</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Fee (incl Service Charge Income)</td>
<td>5,877</td>
<td>5,877</td>
<td>5,878</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Service Charge Fee Income</td>
<td>3,382</td>
<td>3,382</td>
<td>3,383</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Other income</td>
<td>82.0</td>
<td>82</td>
<td>78</td>
<td>(4)</td>
<td>-5%</td>
</tr>
<tr>
<td>Income from External Sources</td>
<td>269</td>
<td>269</td>
<td>330</td>
<td>61</td>
<td>23%</td>
</tr>
<tr>
<td>Total turnover</td>
<td>9,610</td>
<td>9,610</td>
<td>9,669</td>
<td>59</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Operating costs**

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Budget</th>
<th>2016/17 Budget</th>
<th>2016/17 Actual</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual £000’s</td>
<td>To Date £000’s</td>
<td>To Date £000’s</td>
<td>To Date £000’s</td>
<td>%</td>
</tr>
<tr>
<td>Employees</td>
<td>5,956</td>
<td>5,956</td>
<td>5,976</td>
<td>(20)</td>
<td>0%</td>
</tr>
<tr>
<td>Training &amp; Staff Advertising</td>
<td>118</td>
<td>118</td>
<td>86</td>
<td>32</td>
<td>27%</td>
</tr>
<tr>
<td>Premises</td>
<td>747</td>
<td>747</td>
<td>804</td>
<td>(57)</td>
<td>-8%</td>
</tr>
<tr>
<td>Utilities</td>
<td>798</td>
<td>798</td>
<td>611</td>
<td>187</td>
<td>23%</td>
</tr>
<tr>
<td>Telephone</td>
<td>122</td>
<td>122</td>
<td>96</td>
<td>26</td>
<td>21%</td>
</tr>
<tr>
<td>Legal and Insurance</td>
<td>285</td>
<td>285</td>
<td>291</td>
<td>(6)</td>
<td>-2%</td>
</tr>
<tr>
<td>Transport</td>
<td>86</td>
<td>86</td>
<td>105</td>
<td>(19)</td>
<td>-22%</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>784</td>
<td>784</td>
<td>718</td>
<td>66</td>
<td>8%</td>
</tr>
<tr>
<td>Contingency</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>SLA’s</td>
<td>718</td>
<td>718</td>
<td>712</td>
<td>6</td>
<td>1%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0</td>
<td>0</td>
<td>(42)</td>
<td>42</td>
<td>0%</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>9,664</td>
<td>9,664</td>
<td>9,357</td>
<td>307</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Gross Profit / (Loss)**

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Budget</th>
<th>2016/17 Budget</th>
<th>2016/17 Actual</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>34</td>
<td>34</td>
<td>25</td>
<td>(9)</td>
<td>-26%</td>
</tr>
</tbody>
</table>

**Net Profit / (Loss)**

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Budget</th>
<th>2016/17 Budget</th>
<th>2016/17 Actual</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earmarked reserves;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution to reserves for triennial valuation</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities Service Charge</td>
<td>0</td>
<td>0</td>
<td>187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Use of) / Contribution to reserves</td>
<td>(140)</td>
<td>(140)</td>
<td>31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                                |                |                |                |          |          |
|                                |                |                |                |          |          |
|                                |                |                |                |          |          |
SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE
Consolidated Financial Statements
31st March 2017
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The Board of Directors

Council Nominees
Cllr Mike Assenheim (Resigned 19.05.16)
Cllr Mary Betson (Resigned 19.05.16)
Cllr Tino Callaghan (Resigned 19.05.16)
Cllr Maureen Butler (Resigned 19.05.16)
Cllr David Burzotta (Appointed 23.05.16) (Resigned 21.06.17)
Cllr Margaret Davidson (Appointed 26.05.16)
Cllr David Norman (Appointed 26.05.16)

Resident Members
Wendy Greenberg (Vice Chair) (Resigned 16.11.16)
Catherine Haycock
Keith Ducker
Rosalind Lane (Appointed 18.11.16)

Independent Members
Anthony Churton (Chair)
Sacha Jevans
David Joyce
Michael Oxley (Appointed 25.07.16)
Roger Eastwood (Appointed 25.07.16)

Company Secretary
Beverley Gallacher

Executive Team
Michael Gatrell Chief Executive
Mario Ambrose Executive Director
David Lincoln Director of Finance

Registered Office
Civic Centre
Victoria Avenue
Southend on Sea
Essex, SS2 6FY

Auditor
Scrutton Bland LLP
Chartered Accountants & Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
Essex, CO4 9YQ

Bankers
Barclays Bank
174 High Street
Southend on Sea
Essex, SS1 1JS

Solicitors
Southend on Sea Borough Council
Civic Centre
Victoria Avenue
Southend on Sea
Essex, SS2 6ER
SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE

Strategic Report
Year ended 31st March 2017

The directors are pleased to present their report and the audited financial statements of South Essex Homes Limited (SEH) for the year ended 31st March 2017.

Principal Activity

South Essex Homes Limited (the Company) is a local authority controlled company of Southend-on-Sea Borough Council (the Council) established with no share capital and limited by guarantee.

The Company manages Council properties on behalf of the Council with the primary goal of providing an excellent housing management service to all our service users.

The company has one wholly owned subsidiary, South Essex Property Services Limited, whose principal activity is housing related activities. Further details are included in note 10.

Results

The initial surplus after tax, but before FRS 102 defined benefit pension scheme adjustments for the year was £313k (2016 : £334k). This resulted in a deficit of £214k (2016 : £383k) for the year, after FRS 102 defined benefit pension scheme adjustments. A £16k surplus was attributable to South Essex Property Services Limited (2016 : deficit £36k).

Financial risk management objectives and policies

The Company maintains a risk register that is updated and reviewed regularly by both the Board and the senior management team. The main risks facing the company at the date of signing these accounts were:

i. Risk that the company will lose main business contracts leading to significant loss of income, with subsequent impact on the operating budget and service delivery.

ii. Risk to the organisation that the commercial subsidiary will not identify new opportunities to enable it to remain viable with subsequent impact to South Essex Homes ability to support a reduction in the management fee.

iii. Failure to make adequate arrangements to deal with the economic and political changes indicated by the Government in social housing leading to significant reduction in our management fee and continuation of the Management Agreement.

The company retains sufficient cash for its working capital needs and does not use other financial instruments for treasury management. The company therefore has very little exposure to cash flow risk.
Strategic Report

Year ended 31st March 2017

The company is assessed by various yardsticks applicable to similar housing organisations and is looking to be in the upper quartile in the various cost and quality benchmarks. The main key performance indicators include tenant satisfaction, the levels of overdue rents, the length of time taken to re-let empty properties and customer satisfaction with repairs.

Registered office:  
Civic Centre 
Victoria Avenue 
Southend on Sea 
Essex SS2 6FY 

Signed on behalf of the directors 
Beverley Gallacher 
Company Secretary 

Approved by the directors on
SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE

Directors’ Report

Year ended 31st March 2017

The directors present their report and the financial statements for the year ended 31st March 2017.

Directors

The directors who served the company during the year were as follows:

Cllr Mike Assenheim (Resigned 19.05.16)
Cllr Mary Betson (Resigned 19.05.16)
Cllr Maureen Butler (Resigned 19.05.16)
Cllr Tino Callaghan (Resigned 19.05.16)
Cllr David Burzotta (Appointed 23.05.16) (Resigned 21.06.17)
Cllr Margaret Davidson (Appointed 26.05.16)
Cllr David Norman (Appointed 26.05.16)
Wendy Greenberg (Resigned 16.11.16)
Catherine Haycock
Keith Ducker
Rosalind Lane (Appointed 18.11.16)
Anthony Churton
Sacha Jevans
David Joyce
Michael Oxley (Appointed 25.07.16)
Roger Eastwood (Appointed 25.07.16)

Directors’ responsibilities

The directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office: Civic Centre
              Victoria Avenue
              Southend on Sea
              Essex
              SS2 6FY

Signed on behalf of the directors

Beverley Gallacher
Company Secretary

Approved by the directors on
SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE

Statement of the Board

Year ended 31st March 2017

In 2016/17 the Board of South Essex Homes undertook a review of its Business Plan incorporating new opportunities to engage more effectively with Southend Borough Council and work collaboratively on service offers for the Council to increase efficiencies and deliver improvements to the wider group. The new Business Plan Vision 2022 focuses on five core projects:

- External Review of ICT
- Careline Services – the Way Forward
- Re-engineering of Services Delivery
- Review of the Repairs and Maintenance
- Strategic development of the Group

Which will deliver outcomes during 2017/18, as we evolve into a more commercial business group.

Following the successful award of the Investors in People (IIP) basic accreditation in early 2016, the Company began the challenge to achieve Investors in People Gold during 2016/17. The Senior Management Team worked together with staff members to deliver improvements in reward and recognition, communication and leadership and training and development opportunities throughout the organisation. Following on from this extensive project we were successful in being awarded IIP Gold in February, 2017 in just under 11 months.

At the later end of 2015/16 the Board commenced a review of the structures of both the Senior Management Team and the Board with outcomes due in 2016/17 reflecting good practice. The outcome was to increase the total number of non-executive Directors from ten to eleven and increase the Independent Board Members from three to five. The Senior Management Team structure review was also concluded and in line with the opportunities arising from new business work streams the Board agreed to the appointment of a Director of Business Development and increased the number of Group Managers from three to four, with the structure being self-funded from further efficiencies within the Senior Management Team.

In accordance with the Governance Assurance Statement of the Board, the Board reviewed the Value for Money Strategy and streamlined the performance attributes. Work continued to develop a robust framework to ensure the Board received assurance around service costs and efficiencies. Further, the Terms of Reference of all Committees were reviewed and the Terms of Reference for the Audit and Risk Committee were amended to reflect the requirements for Ethical Governance framework.

The Board agreed that opportunities with the Council be identified and that South Essex Property Services be the vehicle to secure the directly awarded Facility Management Contract, which would deliver cleaning and security services to civic buildings within the Borough. Further indications from the Council have confirmed that as part of the Better Queensway regeneration project that South Essex Homes is positioned to develop professional relationships with prospective partners of the Council who will deliver the indicative plans for the site over the next five years.
During the year the Board continued to robustly monitor the work being undertaken by South Essex Property Services and its financial position. The Board agreed the recommendation from the commercial subsidiary to cease the guardian line of business during 2016/17 following changes in legislation.

Further reviews of services provided have been undertaken during the year by an external provider, along with work on processes and internal control being completed by Internal Audit. This joined up work has given us the assurance that the services we provide are strong and effective whilst developing plans to improve areas of the business which require change.

There have been some significant successes in 2016/17 which we have celebrated with our staff and look forward to the further challenges in 2017/18 to deliver new and varied services both internally and externally.

Anthony Churton
Chair of the Board
2016/17 marked the first year of the three-year extension to the company’s management agreement with Southend-on-Sea Borough Council. While the reasons for the relatively short term extension were fully understood, it does mean that consideration of the longer term arrangements will need to be the subject of negotiation with the Council quite soon and this point was accepted in dialogue with the Council during the year.

The positive relationship with the Council was maintained and continued to develop and the meetings involving the Chair and Vice-Chair of the Board, the Leader and Executive Councillor for Housing and the Chief Executive of the Council served to evidence this.

Following a review of the company’s approach to making effective use of its commercial subsidiary, the role of Director of Business Development was established. The newly appointed post holder is due to take up post in June 2017 and this will coincide with the subsidiary taking on responsibility for the Council’s cleaning and security contract from an external provider. This will lead to a reinvigoration of the commercial subsidiary and genuinely open up the potential for even more work to be taken on for the Council and for other organisations.

A review of our business plan took place and an updated version, Vision 2022, was launched following approval by the Board. The plan sets out the key priorities to be addressed by the company over the coming few years.

From an operational perspective, 2016/17 continued to produce further positive outcomes for the company. Good performance across a wide range of nationally benchmarked indicators (KPIs) was maintained, notably in relation to income recovery and arrears management as well as high customer satisfaction.

The organisation was extremely pleased to achieve the national Investors in People Gold accreditation during the year, at its first attempt and only a year after achieving the core IIP accreditation. This was a very significant achievement and was, again, testament to the commitment and ability of our whole workforce.

It was particularly rewarding as the achievement of IIP Gold followed on from the organisation being voted the sixth most innovative housing organisation in the country and the most innovative ALMO in the annual Inside Housing Innovation Index awards.

I am pleased to be able to note a continually close out-turn of our budget against the original estimate, as demonstration of the effective financial controls in place at all levels of the business.

2016/17 proved to be another year where the organisation was able to demonstrate solid performance which saw very real achievements - not least being the continued support and endorsement of Southend-on-Sea Borough Council to the development of South Essex Homes’ role.
We know we will face challenges, but also have opportunities, as we move forward. My role, along with the Board and the executive team, is to identify these challenges, address them and, where possible, convert them into opportunities.

Michael Gatrell
Chief Executive
1. **Scope of responsibility**

   **South Essex Homes**

   South Essex Homes (SEH), formed in October 2005, is the Arm’s Length Management Organisation of Southend-on-Sea Borough Council, responsible for the management and maintenance of the Council’s homes. It was financed by a Management Fee in 2016/17, from the Council, of £5,878k, a Service Charge Fee of £3,383k together with income from external organisations of £719k.

   There is a formally binding Management Agreement between the Council and SEH and this clearly sets out the governance arrangements that should apply between the two parties. This complies with national best practice.

   SEH is managed by a Board comprising three Council nominees, three tenants and five independent members. The Board is ultimately responsible for ensuring that SEH establishes and maintains a sound system of internal control appropriate to the various business environments in which it operates. Committees reporting to the Board include Audit Committee and Personnel and Remuneration Committee. In addition, the commercial subsidiary –South Essex Property Services Ltd (formerly Atilius Limited) reports directly to its parent company.

2. **The purpose of the governance framework**

   Good governance leads to good management, good performance, good stewardship, good public engagement, ultimately good outcomes for citizens and service user. Good governance enables the Company to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

   The governance framework comprises the systems, processes, culture and values, by which the Company is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the Company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

   The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company’s policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.
3. The governance framework

The Key elements of the Governance Framework are:

- Consultation and Engagement
- Business Planning and Strategy
- Financial Reporting including budgetary management
- Asset Management
- Risk Management including Anti-fraud and Corruption, Whistle blowing and health and safety
- Business Continuity
- Performance Managing, service delivery and people
- Information Management Security
- Procurement
- Project Management
- Complaints
- Ethical Governance including Codes of Conduct
- Data Quality
- Workforce Management
  - Corporate governance arrangements which are outlined in The Articles of Association, Code of Governance and Financial Regulations and Scheme of Delegation.
  - The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal appraisal system.
  - The preparation of forecasts and budgets that allow the Committees and the executive officers to monitor the key business risks and financial objectives and identify variances arising during the monthly reporting cycle.
  - Business planning that cascades through the organisation, supporting Service Plans and key actions to enable SEH to achieve its ambitions and aspirations as set out in the Vision 2022 Business Plan.
  - The regular reporting and review by senior management and the Board of performance against objectives and targets detailed in service plans.
  - The Board has two Committees which review and scrutinise delegated work from the Board in accordance with the Terms of Reference.
  - The Company operates a development and training programme for the Board Directors developed from appraisals and one to ones and Committee self-assessment which are carried out annually.
South Essex Homes ensures that the Board Directors are fulfilling their responsibility under Companies Act 2006 for adequate risk management, control and governance. The Audit Committee has a key role in overseeing and assessing the risk management arrangements and reporting to the Board on an exception basis.

4. Review of effectiveness

South Essex Homes is responsible for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Directors, the Director of Finance and Group Managers within the Company who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s annual report, and also by comments made by external auditors and other review agencies and inspectorates.

The Council’s processes to review on-going effectiveness of SEH include Council officers meeting with SEH officers on a monthly basis to review performance against a suite of performance indicators and its strategic aims as follows;

- Deliver Value to the Council
- Empower Residents
- Manage High Quality Homes
- Provide Excellent Services
- Engage with Communities
- Develop our Commercial Activities

SEH’s internal arrangements for ensuring the effectiveness of its governance arrangements consist of;

- The SEH Board receiving monthly performance reports across operational, human resources and value for money indicators;

- The Audit Committee undertaking a review of the Risk Management Strategy and the Strategic Risk Register to ensure that Risks are relevant and applicable and that the Board Members are responsible for ensuring that Risks are monitored effectively by the Senior Management Team.

- The Audit Committee undertakes a review of both its effectiveness as well as the operational arrangements.

- The production and approval of annual Manager Assurance Statements by service managers and group managers to assess compliance with key governance processes throughout the year.

- The Group Manager for Resources and Business Development then independently checking that the evidence supports the service manager’s assessment of how well each of the business management processes have operated in their area.
• The Company undertaking a review of Tenancy Services, Careline Services and Property Services during 2016/17. A number of actions were identified to improve the service and the Board receive an update on exceptions at each meeting on progress against actions.

• South Essex Homes continuing to review and adjust staffing structures aligning them with the services provision and the Business Plan Vision 2022.

Internal Audit

Internal Audit is delivered through a Service Level Agreement with the Council’s Internal Audit Services. The Charter, Strategy and risk based Audit Plan is prepared in consultation with The Executive Management Team and approved by the Audit Committee.

The Audit Plan was delivered with reports issued to senior managers at the conclusion of each audit highlighting internal control weaknesses identified and the actions required to address them. Action plans from audit reports were revisited if the control weaknesses identified were more significant (e.g. where a partial or minimal assurance opinion was given). A quarterly performance report was taken to each Audit Committee.

The Head of Internal Audit Annual Report and opinion for 2016/17 was considered by senior management and the Audit Committee in May 2017. This stated that:

• Overall, the risk management, control and governance framework designed by the company to deliver its objectives; and operated throughout the year, has remained satisfactory.

• The opportunity to strengthen the arrangements for letting and managing contracts, has been identified and is being addressed by the company”.

The Head of Internal Audit also concluded that the company’s Internal Audit service had substantially conformed to the UK Public Sector Internal Audit Standards throughout the year.

Internal Audit continues to make available its work as required to support the external audit of the company’s Statement of Accounts.

The company attends the Council’s June Audit Committee each year to present the following evidence with regard to its governance arrangements:

• Head of Internal Audit Annual Report
• Audit Committee Annual Report
• Annual Governance Statement.
External Audit

External Audit of the annual financial statements was undertaken by Scrutton Bland LLP with the view to expressing an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK).

In carrying out the audit work Scrutton Bland LLP considered whether the financial statements were free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

Scrutton Bland LLP issued a report to management at the conclusion of the audit work. This included a management letter containing comments and recommendations for improvements in operations and internal control in respect of the Company. This was discussed with management prior to the issue of the final report. The report also includes details of significant adjusted and unadjusted items that arose as a result of the audit work.

The Audit Committee consider the external auditor’s report and recommends adoption of the financial statements to the Board.

Key Governance Issues

The main areas for further work identified through the Governance Assurance Process in 2016/17, and which should be disclosed in the Governance Statement Action Plan is;

- **South Essex Property Services** - To review the arrangements between South Essex Homes and South Essex Property Services and update the Inter Company agreement to reflect the implementation of the hosting employee hosting arrangements between the two organisations.

- **General Data Protection Relation Act (due for release April 2018)** – To develop the Policies and Procedures to align our business arrangements to full compliance with the amended Data Protection Act.

- **Contract Management** – To strengthen and develop the procedures for letting and managing the contracts and where appropriate, provide additional training in order to enhance skills and knowledge in this area.

Anthony Churton  
Chair of the Board

Michael Gatrell  
Chief Executive
We have audited the financial statements of South Essex Homes Limited for the year ended 31st March 2017 which comprise the Group Income and Expenditure Account, Group Statement of Other Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and the related notes numbered 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 18 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report, Statement of the Board and Statement of the Chief Executive to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.
In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the parent company’s affairs as at 31st March 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion based on the work undertaken in the course of the audit the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

TIMOTHY O'CONNOR (Senior Statutory Auditor)
For and on behalf of
SCRUTTON BLAND LLP
Chartered Accountants & Statutory Auditor

820 The Crescent
Colchester Business Park
Colchester
CO4 9YQ
### Group Income Statement (including Income and Expenditure Account)
Year ended 31st March 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>3</td>
<td>10,063</td>
</tr>
<tr>
<td>Staff costs</td>
<td>4</td>
<td>5,863</td>
</tr>
<tr>
<td>FRS 102 pension scheme staff costs adjustment</td>
<td>18f</td>
<td>307</td>
</tr>
<tr>
<td>Other operating charges</td>
<td>5</td>
<td>3,912</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td>5</td>
<td>(19)</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>FRS 102 pension scheme interest adjustment</td>
<td>18f</td>
<td>(220)</td>
</tr>
<tr>
<td><strong>Deficit on ordinary activities before taxation</strong></td>
<td></td>
<td>(214)</td>
</tr>
<tr>
<td>Tax on ordinary activities</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deficit for the financial year</strong></td>
<td></td>
<td>(214)</td>
</tr>
</tbody>
</table>

The surplus/(deficit) for the financial year before and after adjustments required under FRS 102 in respect of defined benefit pension schemes is as follows:

**Operating surplus/(deficit) after tax:**

- South Essex Homes Limited: 297 / 370
- South Essex Property Services Limited: 16 / (36)

**Deficit for the financial year:**

<table>
<thead>
<tr>
<th>FRS 102 defined benefit pension scheme charges:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs adjustment: (307) / (471)</td>
</tr>
<tr>
<td>Interest costs: (220) / (246)</td>
</tr>
</tbody>
</table>

**Deficit for the financial year:** (214) / (383)

All of the activities of the company are classed as continuing.

The notes on pages 24 to 40 form part of these financial statements.
Group Statement of Other Comprehensive Income
Year ended 31st March 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit) for the financial year</td>
<td>(214)</td>
<td>(383)</td>
</tr>
<tr>
<td>Actuarial (losses)/gains arising from pension liabilities</td>
<td>18b (8,114)</td>
<td>1,717</td>
</tr>
<tr>
<td>Difference between expected and actual return on pension fund assets and other actuarial gains/(losses)</td>
<td>18b 4,638</td>
<td>(226)</td>
</tr>
<tr>
<td>Total recognised gains and (losses) for year</td>
<td>(3,690)</td>
<td>1,108</td>
</tr>
</tbody>
</table>

The notes on pages 24 to 40 form part of these financial statements.
SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE

Group Statement of Financial Position (Balance Sheet)

31st March 2017

<table>
<thead>
<tr>
<th></th>
<th>£000's</th>
<th>£000's</th>
<th>£000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>11</td>
<td>263</td>
<td>336</td>
</tr>
<tr>
<td>Investments</td>
<td>12</td>
<td>4,013</td>
<td>4,003</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>13</td>
<td>2,939</td>
<td>456</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,215</td>
<td>4,795</td>
<td></td>
</tr>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td>14</td>
<td>(5,020)</td>
<td>(2,913)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>2,195</td>
<td>1,882</td>
</tr>
<tr>
<td>Net assets excluding pension liabilities</td>
<td></td>
<td>2,195</td>
<td>1,882</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>18</td>
<td>(10,970)</td>
<td>(6,967)</td>
</tr>
<tr>
<td>Net liabilities including pension liabilities</td>
<td></td>
<td>(8,775)</td>
<td>(5,085)</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve</td>
<td>15</td>
<td>2,195</td>
<td>1,882</td>
</tr>
<tr>
<td>FRS 102 defined benefit pension scheme reserve</td>
<td>15</td>
<td>(10,970)</td>
<td>(6,967)</td>
</tr>
<tr>
<td>Member's funds (deficit)</td>
<td></td>
<td>(8,775)</td>
<td>(5,085)</td>
</tr>
</tbody>
</table>

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by:

Anthony Churton
Chair of the Board

Company Registration Number: 05453601

The notes on pages 24 to 40 form part of these financial statements.
## SOUTH ESSEX HOMES LIMITED
### COMPANY LIMITED BY GUARANTEE

Company Statement of Financial Position (Balance Sheet)

Year ended 31st March 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 £000’s</th>
<th>2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>11</td>
<td>296</td>
</tr>
<tr>
<td>Investments</td>
<td>12</td>
<td>4,013</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>13</td>
<td>2,914</td>
</tr>
<tr>
<td><strong>Creditors: Amounts falling due within one year</strong></td>
<td></td>
<td>(4,985)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>2,238</td>
</tr>
<tr>
<td><strong>Net assets excluding pension liabilities</strong></td>
<td></td>
<td>2,238</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>18</td>
<td>(10,970)</td>
</tr>
<tr>
<td><strong>Net liabilities including pension liabilities</strong></td>
<td></td>
<td>(8,732)</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve</td>
<td>15</td>
<td>2,238</td>
</tr>
<tr>
<td>FRS 102 defined benefit pension scheme reserve</td>
<td>15</td>
<td>(10,970)</td>
</tr>
<tr>
<td><strong>Member’s funds (deficit)</strong></td>
<td></td>
<td>(8,732)</td>
</tr>
</tbody>
</table>

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

These financial statements were approved by the directors and authorised for issue and are signed on their behalf by:

Anthony Churton
Chair of the Board

Company Registration Number: 05453601

The notes on pages 24 to 40 form part of these financial statements.
### defined benefit pension scheme reserve £000's | income and expenditure account excluding pension reserve £000's | total £000's
--- | --- | ---
At 1st April 2015 | (7,741) | 1,548 | (6,193)
Surplus/(deficit) for the year | (717) | 334 | (383)
Other comprehensive income for the year | 1,491 | - | 1,491
--- | --- | ---
At 31st March 2016 | (6,967) | 1,882 | (5,085)
Surplus/(deficit) for the year | (527) | 313 | (214)
Other comprehensive income for the year | (3,476) | - | (3,476)
At 31st March 2017 | (10,970) | 2,195 | (8,775)
## South Essex Homes Limited

### Company Limited by Guarantee

#### Company Statement of Changes in Equity

**Year ended 31st March 2017**

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit pension scheme reserve £000's</th>
<th>Income and expenditure account excluding pension reserve £000's</th>
<th>Total £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1st April 2015</strong></td>
<td>(7,741)</td>
<td>1,967</td>
<td>(5,774)</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(717)</td>
<td>(67)</td>
<td>(784)</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>1,491</td>
<td>-</td>
<td>1,491</td>
</tr>
<tr>
<td><strong>At 31st March 2016</strong></td>
<td>(6,967)</td>
<td>1,900</td>
<td>(5,067)</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>(527)</td>
<td>338</td>
<td>(189)</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>(3,476)</td>
<td>-</td>
<td>(3,476)</td>
</tr>
<tr>
<td><strong>At 31st March 2017</strong></td>
<td>(10,970)</td>
<td>2,238</td>
<td>(8,732)</td>
</tr>
</tbody>
</table>
SOUTH ESSEX HOMES LIMITED  
COMPANY LIMITED BY GUARANTEE  

Group Statement of Cash Flows  
Year ended 31st March 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 £000’s</th>
<th>2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the financial year</td>
<td>(214)</td>
<td>(383)</td>
</tr>
<tr>
<td>Interest received</td>
<td>(25)</td>
<td>(33)</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Decrease in debtors</td>
<td>73</td>
<td>40</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors</td>
<td>2,107</td>
<td>(1,448)</td>
</tr>
<tr>
<td>FRS102 defined benefit pension scheme adjustment</td>
<td>527</td>
<td>717</td>
</tr>
<tr>
<td><strong>Cash from operations</strong></td>
<td>2,468</td>
<td>(1,108)</td>
</tr>
<tr>
<td><strong>Taxation paid</strong></td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td>2,468</td>
<td>(1,107)</td>
</tr>
<tr>
<td>Interest received</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Decrease in investments</td>
<td>494</td>
<td>501</td>
</tr>
<tr>
<td><strong>Increase/(decrease) in cash and cash equivalents</strong></td>
<td>2,987</td>
<td>(573)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>1,959</td>
<td>2,532</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>4,946</td>
<td>1,959</td>
</tr>
<tr>
<td>Cash at bank at end of year</td>
<td>2,939</td>
<td>456</td>
</tr>
<tr>
<td>Cash equivalents at end of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(included within investments)</td>
<td>2,007</td>
<td>1,503</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>4,946</td>
<td>1,959</td>
</tr>
</tbody>
</table>
1. Accounting policies

Company information

South Essex Homes Limited is a company limited by guarantee, incorporated in England and Wales. Its registered number is 05453691. The registered office is Civic Centre, Victoria Avenue, Southend on Sea, Essex, SS2 6ER.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard Applicable in the UK and Republic of Ireland’, with the Companies Act, and FRC Abstracts.

The financial statements are presented in Sterling (£) and are rounded to the nearest £1,000.

The financial statements show net assets before pension liabilities of £2,195,000 but net liabilities of £8,775,000 once the provision for pension liabilities is included. The financial statements have been prepared on the basis of a going concern, on the assumption that the core funding from the Southend-on-Sea Borough Council in future years will enable the increased pension contributions to be met.

After reviewing the company’s forecasts and projections, the directors have a reasonable expectation that the company has adequate resources and support to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of South Essex Homes Limited and its subsidiary undertaking for the year ended 31st March 2017.

Turnover

Turnover, excludes Value Added Tax (VAT) and represents in the main, the invoice value of services provided during the financial year covered by these financial statements. Turnover is recognised when the revenue is earned by South Essex Homes Limited. All turnover arises in the United Kingdom.
1. Accounting policies (continued)

   **Debtors**

   Short term debtors are measured at the transaction price, less any impairment/provision for irrecoverable amounts.

   **Creditors**

   Short term creditors are measured at the transaction price.

   **Tangible fixed assets and depreciation**

   Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Tangible fixed assets are capitalised if the item is not office equipment and costs £5,000 or more. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

   Straight line annual rates of depreciation used are:

   Motor vehicles - 4 years

   **Impairment of fixed assets**

   Tangible fixed assets are reviewed for impairment annually and if found to be impaired, the lower of book value and fair value is used. Any impairment is recognised in the group income statement in the year in which it arises.

   **Investments**

   Investments in subsidiary undertakings are included at the lower of cost and net realisable value in the individual company's financial statements.

   **Provisions for liabilities and charges**

   Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation.

   The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
1. **Accounting policies (continued)**

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the Income Statement over the lease term on a straight line basis.

**Pensions costs - local government pension scheme**

South Essex Homes Limited is an admitted body of the Local Government Pension Scheme administered by Essex County Council. The assets belonging to the pension scheme are held and administered independently by Essex County Council.

Pension scheme assets are measured at fair value at the balance sheet date. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company’s defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes’ assets and the increase during the year in the present value of the schemes’ liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes’ surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position. There are no deferred tax implications.

Further disclosures relating to retirement benefits can be found in note 18.

**Taxation**

Any operating surplus of the company, before FRS 102 defined benefit pension scheme adjustments, arising from savings of overhead costs compared to the core funding provided by Southend-on-Sea Borough Council, is non-taxable. Taxation is chargeable only on the surplus from its activities with other housing associations.
1. Accounting policies (continued)

Trading with third parties

In the year ended 31st March 2010, South Essex Homes Limited began trading with other selected third parties to reduce its reliance on the management fee in the light of an uncertain future for the Housing Revenue Account (HRA). This trading is not expected to provide significant profits but to provide a contribution to the overall operating costs of the company.

Repairs and maintenance

South Essex Homes Limited is responsible for managing Southend-on-Sea Borough Council's housing repairs and maintenance contracts. The related expenditure is reflected within the Council's financial statements.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Judgements in applying accounting estimates and key sources of estimation uncertainty

The preparation of the financial statements requires the company's directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The key judgements and estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are those made in respect of the defined benefit pension scheme.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates and expected returns on pension fund assets. An independent firm of consulting actuaries has been engaged to provide expert advice regarding the assumptions to be applied in the calculation of the defined pension scheme liability, which at 31st March 2017 amounts to £10,970,000. Further details of the assumptions made are disclosed in note 18.
3. Turnover

Turnover is derived completely from the principal activities of the group. Principal activities comprise of providing housing management services to Southend-on-Sea Borough Council and providing housing related services to other third parties. Turnover arises solely within the United Kingdom.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fee paid by the Council in respect of housing management and support services</td>
<td>9,261</td>
<td>9,264</td>
</tr>
<tr>
<td>License fee income</td>
<td>83</td>
<td>76</td>
</tr>
<tr>
<td>Other services</td>
<td>719</td>
<td>710</td>
</tr>
<tr>
<td></td>
<td>10,063</td>
<td>10,050</td>
</tr>
</tbody>
</table>

Other services revenue represents:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other charges to the Council</td>
<td>459</td>
<td>395</td>
</tr>
<tr>
<td>Income from trading with third parties</td>
<td>257</td>
<td>241</td>
</tr>
<tr>
<td>Recharges to third parties</td>
<td>3</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>719</td>
<td>710</td>
</tr>
</tbody>
</table>
4. **Particulars of employees**

The average monthly number of staff employed during the financial year amounted to:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management group</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Finance and resources</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Income management</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Housing management services</td>
<td>129</td>
<td>114</td>
</tr>
<tr>
<td>Property services</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>South Essex Property Services Limited</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Number of staff</strong></td>
<td>179</td>
<td>167</td>
</tr>
</tbody>
</table>

The aggregate payroll costs of the above were:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>4,823</td>
<td>4,692</td>
</tr>
<tr>
<td>Social security costs</td>
<td>445</td>
<td>352</td>
</tr>
<tr>
<td>Pension costs</td>
<td>580</td>
<td>608</td>
</tr>
<tr>
<td>Pension administration costs</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,863</td>
<td>5,667</td>
</tr>
</tbody>
</table>

FRS 102 defined benefit pension costs adjustment

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRS 102 defined benefit pension costs adjustment</td>
<td>307</td>
<td>471</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,170</td>
<td>6,138</td>
</tr>
</tbody>
</table>

The directors’ aggregate remuneration in respect of qualifying services was:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate remuneration</td>
<td>37</td>
<td>21</td>
</tr>
</tbody>
</table>

The members of the company's board are the directors of the company. The board members are entitled to an allowance and reimbursement of incidental expenses incurred when attending board meetings or other formal events in their capacity as board members.
5. Operating deficit

The operating deficit is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000's</td>
<td>£000's</td>
</tr>
<tr>
<td>Auditor's remuneration - Scrutton Bland LLP</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>Training and recruitment costs</td>
<td>86</td>
<td>71</td>
</tr>
<tr>
<td>Agency and consultancy costs</td>
<td>267</td>
<td>319</td>
</tr>
<tr>
<td>Other expenses - note 6</td>
<td>3,536</td>
<td>3,671</td>
</tr>
<tr>
<td></td>
<td>3,912</td>
<td>4,083</td>
</tr>
</tbody>
</table>

6. Other expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000's</td>
<td>£000's</td>
</tr>
<tr>
<td>Electricity and gas (landlord’s supplies on estates and sheltered accommodation)</td>
<td>633</td>
<td>635</td>
</tr>
<tr>
<td>Rent and rates</td>
<td>424</td>
<td>440</td>
</tr>
<tr>
<td>Repairs, maintenance and modifications (on administrative buildings)</td>
<td>31</td>
<td>56</td>
</tr>
<tr>
<td>Cleaning and rubbish removal</td>
<td>268</td>
<td>267</td>
</tr>
<tr>
<td>Computers and other equipment</td>
<td>253</td>
<td>275</td>
</tr>
<tr>
<td>Transport</td>
<td>105</td>
<td>117</td>
</tr>
<tr>
<td>Communication</td>
<td>184</td>
<td>210</td>
</tr>
<tr>
<td>Insurance</td>
<td>80</td>
<td>66</td>
</tr>
<tr>
<td>Legal fees</td>
<td>61</td>
<td>173</td>
</tr>
<tr>
<td>Grants and subscriptions</td>
<td>72</td>
<td>68</td>
</tr>
<tr>
<td>Other Service Level Agreements and charges by the Council</td>
<td>882</td>
<td>847</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>58</td>
<td>78</td>
</tr>
<tr>
<td>Conference expenses</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Bank charges</td>
<td>56</td>
<td>55</td>
</tr>
<tr>
<td>Grounds maintenance charge</td>
<td>206</td>
<td>204</td>
</tr>
<tr>
<td>Other general expenses</td>
<td>215</td>
<td>163</td>
</tr>
<tr>
<td></td>
<td>3,536</td>
<td>3,671</td>
</tr>
</tbody>
</table>
7. Interest receivable and similar income

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>25</td>
<td>33</td>
</tr>
</tbody>
</table>

Interest was received on:

8. Taxation on ordinary activities

Analysis of charge in the year

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Corporation tax for the year at 20% (2016: 20%)</td>
<td>- (1)</td>
<td>- (1)</td>
</tr>
<tr>
<td>Total current tax</td>
<td>- (1)</td>
<td>- (1)</td>
</tr>
</tbody>
</table>

9. Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>At 1st April and 31st March</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Depreciation</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>At 1st April and 31st March</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Net book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31st March</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
10. Fixed asset investments

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£000’s</td>
<td>£000’s</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st April</td>
<td>425</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td>At 31st March</td>
<td>425</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st April</td>
<td>(425)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>(425)</td>
<td></td>
</tr>
<tr>
<td>At 31st March</td>
<td>(425)</td>
<td>(425)</td>
<td></td>
</tr>
<tr>
<td>At 31st March</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

South Essex Homes Ltd owns 100% of the share capital of South Essex Property Services Limited, being 425,000 ordinary shares of £1.

South Essex Property Services Limited is incorporated in England and Wales and it’s principal activity is housing related activities.

South Essex Homes Ltd has the power to exercise, or actually exercises, influence or control over South Essex Property Services Limited.

11. Debtors

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000’s</td>
<td>£000’s</td>
<td>£000’s</td>
<td>£000’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Falling due within one year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by SBC</td>
<td>92</td>
<td>225</td>
<td>93</td>
<td>225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by South Essex Property Services Limited</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td>181</td>
<td>122</td>
<td>181</td>
<td>127</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debt provision</td>
<td>(11)</td>
<td>(12)</td>
<td>(11)</td>
<td>(16)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>296</td>
<td>335</td>
<td>263</td>
<td>336</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 12. Investments

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th>Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lloyds TSB Plc</td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Santander UK Plc</td>
<td>1,507</td>
<td>503</td>
<td>1,507</td>
<td>503</td>
</tr>
<tr>
<td>NatWest</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>HSBC</td>
<td>1,006</td>
<td>1,500</td>
<td>1,006</td>
<td>1,500</td>
</tr>
<tr>
<td>The Northern Trust</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,013</strong></td>
<td><strong>4,003</strong></td>
<td><strong>4,013</strong></td>
<td><strong>4,003</strong></td>
</tr>
</tbody>
</table>

All investments are held on fixed term deposit.

## 13. Cash at bank and in hand

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th>Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>2,914</td>
<td>442</td>
<td>2,939</td>
<td>456</td>
</tr>
</tbody>
</table>

## 14. Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th>Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>11</td>
<td>95</td>
<td>11</td>
<td>95</td>
</tr>
<tr>
<td>Amounts owed to SBC</td>
<td>2,246</td>
<td>2,064</td>
<td>2,256</td>
<td>2,077</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>98</td>
<td>114</td>
<td>96</td>
<td>112</td>
</tr>
<tr>
<td>Accruals</td>
<td>279</td>
<td>252</td>
<td>306</td>
<td>274</td>
</tr>
<tr>
<td>Receipts in advance</td>
<td>2,351</td>
<td>355</td>
<td>2,351</td>
<td>355</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,985</strong></td>
<td><strong>2,880</strong></td>
<td><strong>5,020</strong></td>
<td><strong>2,913</strong></td>
</tr>
</tbody>
</table>
15. Reserves

<table>
<thead>
<tr>
<th></th>
<th>Total reserves 2017 £000’s</th>
<th>Total reserves 2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance brought forward</td>
<td>(5,085)</td>
<td>(6,193)</td>
</tr>
<tr>
<td>Retained (deficit) for the financial year</td>
<td>(214)</td>
<td>(383)</td>
</tr>
<tr>
<td>Actuarial (loss)/gain on the pension scheme</td>
<td>(3,476)</td>
<td>1,491</td>
</tr>
<tr>
<td><strong>Balance carried forward</strong></td>
<td>(8,775)</td>
<td>(5,085)</td>
</tr>
<tr>
<td><strong>Income and expenditure reserve excluding pensions</strong></td>
<td>2,195</td>
<td>1,882</td>
</tr>
<tr>
<td><strong>Pensions reserve</strong></td>
<td>(10,970)</td>
<td>(6,967)</td>
</tr>
<tr>
<td><strong>Total reserves</strong></td>
<td>(8,775)</td>
<td>(5,085)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total reserves 2017 £000’s</th>
<th>Total reserves 2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance brought forward</td>
<td>(5,067)</td>
<td>(5,774)</td>
</tr>
<tr>
<td>Retained (deficit) for the financial year</td>
<td>(189)</td>
<td>(784)</td>
</tr>
<tr>
<td>Actuarial (loss)/gain on the pension scheme</td>
<td>(3,476)</td>
<td>1,491</td>
</tr>
<tr>
<td><strong>Balance carried forward</strong></td>
<td>(8,732)</td>
<td>(5,067)</td>
</tr>
<tr>
<td><strong>Income and expenditure reserve excluding pensions</strong></td>
<td>2,238</td>
<td>1,900</td>
</tr>
<tr>
<td><strong>Pensions reserve</strong></td>
<td>(10,970)</td>
<td>(6,967)</td>
</tr>
<tr>
<td><strong>Total reserves</strong></td>
<td>(8,732)</td>
<td>(5,067)</td>
</tr>
</tbody>
</table>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.
16. Related party transactions

The company is wholly owned by Southend-on-Sea Borough Council. Turnover for the company for the year was £9,980k (2016: £9,973k) including £9,261k (2016: £9,264k) paid as management fees by the Council. The management fee covers salaries and staff-related supplies and services costs. Balances due to and from related parties at the year end are included in debtors and creditors, as disclosed in notes 11 and 14.

The company reimbursed the Council in respect of payroll administration costs.

The senior management personnel comprised:

Michael Gatrell
Mario Ambrose
David Lincoln
Simon Putt
Traci Dixon
Paul Longman
Beverley Gallacher

During the year the remuneration paid to the above senior management personnel totalled £641,546 (2016: £593,363).

17. Company limited by guarantee

The company is limited by guarantee and has no share capital. The liability of the member, Southend-on-Sea Borough Council, in the event of winding-up is limited to £1.
18. Pension commitments

(a) The assets and liabilities of the pension scheme at 31 March were:

<table>
<thead>
<tr>
<th></th>
<th>% of scheme assets</th>
<th>2017 Value £000’s</th>
<th>% of scheme assets</th>
<th>2016 Value £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>68.3%</td>
<td>21,104</td>
<td>67.7%</td>
<td>17,304</td>
</tr>
<tr>
<td>Bonds</td>
<td>7.8%</td>
<td>2,425</td>
<td>7.7%</td>
<td>1,981</td>
</tr>
<tr>
<td>Properties</td>
<td>9.7%</td>
<td>3,006</td>
<td>11.9%</td>
<td>3,045</td>
</tr>
<tr>
<td>Cash</td>
<td>3.0%</td>
<td>930</td>
<td>3.2%</td>
<td>831</td>
</tr>
<tr>
<td>Alternative assets</td>
<td>6.7%</td>
<td>2,061</td>
<td>4.4%</td>
<td>1,137</td>
</tr>
<tr>
<td>Other managed funds</td>
<td>4.4%</td>
<td>1,373</td>
<td>5.1%</td>
<td>1,270</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total market value of assets</td>
<td></td>
<td>30,899</td>
<td></td>
<td>25,568</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(41,869)</td>
<td></td>
<td>(32,535)</td>
<td></td>
</tr>
<tr>
<td>Net estimated pension liability</td>
<td>(10,970)</td>
<td></td>
<td>(6,967)</td>
<td></td>
</tr>
</tbody>
</table>

(b) Asset and liability reconciliation:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000’s</th>
<th>2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities at start of period</td>
<td>32,535</td>
<td>32,636</td>
</tr>
<tr>
<td>Service cost</td>
<td>971</td>
<td>1,034</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,119</td>
<td>1,069</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>265</td>
<td>262</td>
</tr>
<tr>
<td>Actuarial loss/(gain)</td>
<td>8,114</td>
<td>(1,717)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,077)</td>
<td>(792)</td>
</tr>
<tr>
<td>Past service costs</td>
<td>-</td>
<td>43</td>
</tr>
<tr>
<td>Liabilities (extinguished) on settlements</td>
<td>(58)</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities at end of period</td>
<td>41,869</td>
<td>32,535</td>
</tr>
</tbody>
</table>
18. Pension commitments (continued)

(b) Asset and liability reconciliation: (continued)

Reconciliation of assets

<table>
<thead>
<tr>
<th></th>
<th>2017 £000’s</th>
<th>2016 £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets at start of period</td>
<td>25,568</td>
<td>24,895</td>
</tr>
<tr>
<td>Interest on assets</td>
<td>899</td>
<td>823</td>
</tr>
<tr>
<td>Return on assets less interest</td>
<td>4,028</td>
<td>(226)</td>
</tr>
<tr>
<td>Other actuarial gains</td>
<td>610</td>
<td>-</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>580</td>
<td>618</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>265</td>
<td>262</td>
</tr>
<tr>
<td>Benefits received</td>
<td>(1,077)</td>
<td>(792)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(11)</td>
<td>(12)</td>
</tr>
<tr>
<td>Settlement</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>Assets at end of period</td>
<td>30,899</td>
<td>25,568</td>
</tr>
</tbody>
</table>

(c) Return on scheme assets:

The overall return on scheme assets is estimated to be 20% in 2016/17. This figure will vary year on year depending on the assumptions made and the underlying distribution of the fund’s assets which will vary during the year and as a result it is not appropriate to break down the return on assets across the different asset categories. Actual returns on scheme assets have been £4,927,000 for the year to 31st March 2017.

(d) A full actuarial valuation was carried out for the defined benefit scheme at 31st March 2016 and updated to 31st March 2017 by Barnett Waddingham using the Projected unit method. The major assumptions used by the actuary were:

<table>
<thead>
<tr>
<th></th>
<th>2017 %</th>
<th>2016 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main assumptions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of increase in salaries</td>
<td>4.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Rate of increase in pensions in payment</td>
<td>2.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Discount rate</td>
<td>2.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Inflation assumption</td>
<td>3.6</td>
<td>3.2</td>
</tr>
</tbody>
</table>
18. Pension commitments (continued)

(e) Movement in deficit during the year:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000’s</td>
<td>£000’s</td>
</tr>
<tr>
<td>At 1st April</td>
<td>(6,967)</td>
<td>(7,741)</td>
</tr>
<tr>
<td>Current service cost</td>
<td>(971)</td>
<td>(1,034)</td>
</tr>
<tr>
<td>Net interest cost</td>
<td>(220)</td>
<td>(246)</td>
</tr>
<tr>
<td>Actuarial (losses)/gains</td>
<td>(3,476)</td>
<td>1,491</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>580</td>
<td>618</td>
</tr>
<tr>
<td>Past service costs</td>
<td>-</td>
<td>(43)</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>(11)</td>
<td>(12)</td>
</tr>
<tr>
<td>Liabilities extinguished on settlement</td>
<td>58</td>
<td>-</td>
</tr>
<tr>
<td>Settlement prices paid</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31st March</strong></td>
<td><strong>(10,970)</strong></td>
<td><strong>(6,967)</strong></td>
</tr>
</tbody>
</table>

The Council supports the annual pension contributions due from South Essex Homes including the back funding, through the management fee.

FRS 102 disclosures are not on the same basis as the triennial actuarial review of the pension fund valuation and the two are for different purposes. FRS 102 is a one off assessment at the year end for accounting disclosure purposes. The FRS 102 calculations are more prescriptive. At the current time they emphasise the liabilities and produce a balance sheet position worse than the triennial valuation position.

While the figure is substantial it should be remembered that:

- It is not an immediate deficit that has to be met now. The sum is the current assessment taking a long term view of the future liabilities both for existing pensioners and current employees who are accruing pension entitlement.

- It is not a problem unique to South Essex Homes or indeed ALMOs generally. There is a national problem for pension funds both private and public sector.

- The Essex pension fund is regularly reviewed and additional contributions have already been initiated to address the problem over a period of years.
18. Pension commitments (continued)

(f) Analysis of the amount charged to the income and expenditure account:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>971</td>
<td>1,034</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>(580)</td>
<td>(618)</td>
</tr>
<tr>
<td>Past service costs</td>
<td>-</td>
<td>43</td>
</tr>
<tr>
<td>Settlement service costs</td>
<td>(95)</td>
<td>-</td>
</tr>
<tr>
<td>Administration costs</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td><strong>FRS 102 adjustment</strong></td>
<td><strong>307</strong></td>
<td><strong>471</strong></td>
</tr>
</tbody>
</table>

Analysis of amounts charged to finance costs:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000's</th>
<th>2016 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other finance costs: expected return on assets in the scheme</td>
<td>899</td>
<td>823</td>
</tr>
<tr>
<td>Other finance costs: interest costs</td>
<td>(1,119)</td>
<td>(1,069)</td>
</tr>
<tr>
<td><strong>FRS 102 adjustment</strong></td>
<td><strong>(220)</strong></td>
<td><strong>(246)</strong></td>
</tr>
</tbody>
</table>

During the year to 31st March 2017 the employer contribution rate was 15.6%. This has risen to 17.9% with effect from 1st April 2017.

(g) Life assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current pensioner aged 65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>22.1</td>
<td>22.9</td>
</tr>
<tr>
<td>female</td>
<td>24.6</td>
<td>25.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future pensioner aged 65 in 20 years time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>24.3</td>
<td>25.2</td>
</tr>
<tr>
<td>female</td>
<td>26.9</td>
<td>27.7</td>
</tr>
</tbody>
</table>
19. Operating lease commitments

At 31st March 2017 the company had the following total commitments under non-cancellable operating leases:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000’s</td>
<td>£000’s</td>
</tr>
<tr>
<td>Operating leases which expire:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Two to five years</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Over five years</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>102</td>
</tr>
</tbody>
</table>

The total charge taken to the income and expenditure account for the year amounted to £17,638 (2016: £16,079).

20. Financial Instruments

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Financial assets which are debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>instruments measured at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortised cost</td>
<td>296</td>
<td>335</td>
</tr>
<tr>
<td>Financial liabilities measured at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortised cost</td>
<td>4,871</td>
<td>2,751</td>
</tr>
<tr>
<td></td>
<td>263</td>
<td>336</td>
</tr>
<tr>
<td></td>
<td>4,903</td>
<td>2,779</td>
</tr>
</tbody>
</table>

Financial assets measured at amortised cost comprise balances due from the Council and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

21. Ultimate parent and controlling company

The ultimate parent undertaking and controlling party is Southend-on-Sea Borough Council, which is a local government authority of the United Kingdom.

The consolidated financial statements as at 31st March 2017 of the Council are available to the public and may be obtained from Southend-on-Sea Borough Council, Civic Centre, Southend-on-Sea, SS6 2ER.
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1 Introduction ......................................................................................................................... 1
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3 Main Areas of Audit Risk ................................................................................................. 3-4
4 Controls ........................................................................................................................... 4
5 Taxation ............................................................................................................................ 4
6 Independence .................................................................................................................... 4

Appendices

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1 Introduction

1.1 In accordance with International Standards on Auditing 260 ("Communication with those charged with governance") we are setting out various matters relating to our audit of the financial statements of South Essex Homes ("the Company") for the year ended 31 March 2017.

1.2 We can confirm that we have completed our audit work, subject only to the finalisation of our work in respect of events since the balance sheet date and the receipt of a signed letter of representation. We currently anticipate being able to give an unqualified opinion on these financial statements in accordance with the requirements of the Companies Act 2006.

1.3 Consolidated financial statements have been prepared again this year to include the results of South Essex Property Services Limited.

2 The Financial Statements

The consolidated financial statements can be summarised as follows:

2.1 Income statement

<table>
<thead>
<tr>
<th></th>
<th>31 March 2017 £’000</th>
<th>31 March 2016 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>10,063</td>
<td>10,050</td>
</tr>
<tr>
<td>Operating charges</td>
<td>(9,775)</td>
<td>(9,750)</td>
</tr>
<tr>
<td></td>
<td>288</td>
<td>300</td>
</tr>
<tr>
<td>Interest income</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td><strong>313</strong></td>
<td><strong>333</strong></td>
</tr>
</tbody>
</table>

FRS 102 defined benefit pension scheme charges:

- Staff costs adjustment  (307)    (471)
- Interest costs          (220)    (246)

**Deficit before taxation per financial statements**

(214)    (384)

**Taxation**

- 1

**Deficit for the financial year**

£ (214)    £ (383)
The group income statement has been presented in the above format in this report in order to show the results before and after adjustments under FRS 102 in respect of the defined benefit pension scheme. The results before these adjustments are the results that management are able to influence and control. The FRS 102 defined benefit pension scheme adjustments are only known after the end of the financial year and are determined by the actuary of the Essex County Council Pension Scheme (“LGPS”).

The group income statement can be considered to have four discrete components:

- There are the various overheads costs of the Company which are funded, in accordance with a budget, by a management fee from Southend-on-Sea Borough Council. To the extent that the actual costs are greater than or less than the management fee, the Company records either a deficit or a surplus.

- There are other company activities which fall outside of the management fee, but are performed for the council. These are invoiced separately.

- There are commercial activities undertaken by the company such as the management of properties for other organisations.

- Finally, there are the commercial activities undertaken by the company’s trading subsidiary, South Essex Property Services Limited.

We do not consider that the surplus made by the Company in respect of the ALMO activity with Southend-on-Sea Borough Council to be taxable. Any other surpluses made will be subject to corporation tax. Our work in respect of taxation is set out in section 5.

### Group statement of financial position (balance sheet)

<table>
<thead>
<tr>
<th></th>
<th>31 March 2017 £’000</th>
<th>31 March 2016 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets before FRS 102 defined benefit pension scheme adjustments</strong></td>
<td>2,195</td>
<td>1,882</td>
</tr>
<tr>
<td><strong>FRS 102 net pension liability</strong></td>
<td>(10,970)</td>
<td>(6,967)</td>
</tr>
<tr>
<td><strong>Net Liabilities including FRS 102 defined benefit pension scheme</strong></td>
<td>£ (8,775)</td>
<td>£ (5,085)</td>
</tr>
</tbody>
</table>

The balance sheet of the Group shows net liabilities of £8,775,000 compared to £5,085,000 in the previous year.
2.7 We consider that the most meaningful figure in considering the ability of the Group to continue as a going concern is the net assets before the pension liability which amount to £2,195,000 (2016: £1,882,000). This is the surplus of the assets over the current liabilities and is therefore closer than other figures on the balance sheet to a cash flow measure. This, together with the knowledge that the Company generally forecasts to breakeven, and that the management fee is received on a profiled basis from Southend-on-Sea Borough Council, is indicative of the robustness of the balance sheet.

2.8 The large liability of £10,970,000 (2016: £6,967,000) in respect of pension obligations is not an immediate liability to be met from cash flows: it represents the current best estimate of the pension deficit for those Company employees in the LGPS. The expectation is that future budgets presented to Southend-on-Sea Borough Council will include the appropriate amounts in respect of future employer contributions and that these contributions will be then be funded by the management fee.

2.9 Under FRS 102 there is a requirement for the pension surplus or deficit to be shown on the face of the balance sheet. As noted above, there is also a requirement for the income statement to be amended in order to show pension costs based on the current costs accruing, rather than on the basis of the employer contributions payable to the scheme.

2.10 The key factor impacting upon the increase in the deficit is the actuary’s assessment of the discount rate. The discount rate that has been used to assess the future liability is the annualised yield at the 19 year point on the Merrill Lynch AA-rated corporate bond yield curve. The discount rate has fallen from 3.6% as used in the 2016 calculation to 2.7% for the 2017 calculation, and this decrease in expected yields translates into significantly higher liabilities. As an example, a further 0.1% decrease in this rate to 2.6% would have the impact of increasing the present value of the total obligation under the scheme as at 31 March 2017 by circa £775,000.

2.11 The minimum employer contribution from 1 April 2017 is 17.9% of payroll costs.

3 **Main Areas of Audit Risk**

3.1 There is an audit risk that late costs may be incurred in relation to overheads of the Company. We therefore carry out a review of purchase invoices and payments after the end of the year in order to identify any such costs. We also seek to agree larger supplier balances on the bought ledger to statements from those suppliers.

3.2 There is a significant audit risk that the information in respect of the defined benefit pension scheme reporting requirements under FRS 102 may be presented incorrectly or may be based on inappropriate assumptions. We therefore review the detailed figures provided by the Actuary, including the assumptions, and carry out detailed reviews of the information provided in the financial statements with regard to the net pension liability and the pension costs.
3.3 With the current economic climate many organisations in the public sector have a heightened requirement to consider their ability to continue as going concerns. The Company has a management agreement in place to provide the ALMO services to Southend-on-Sea Borough Council, and we consider that the management team are taking the appropriate steps in order that the company can continue as a going concern for at least 12 months from the date of approving the financial statements.

4 Controls

4.1 During our audit we examined certain of the control procedures operated by the management team. We also reviewed the various reports issued by the internal audit service to the Company.

5 Taxation

5.1 We are responsible for the corporation tax compliance work for the Company for the year ended 31 March 2017. This involves the preparation and filing of the statutory returns using the tax figures calculated by the Company's finance department.

5.2 It is our opinion that the nature of the surpluses made by the Company (comprising the making of savings on a management fee awarded by the sole member of the company) is such that they are not subject to corporation tax as they do not represent surpluses from a taxable undertaking.

5.3 During the year the Company has engaged in some trading activities, and as such any surplus in this area is subject to corporation tax.

6 Independence

6.1 We can confirm that we consider the partners and employees of Scrutton Bland LLP and Scrutton Bland Limited to be independent of the Company, its subsidiary company South Essex Property Services Limited, and also Southend-on-Sea Borough Council.

6.2 In addition to the audit services, we provide tax compliance services to the company in respect of filing the statutory returns. The fee in respect of these services is very much less than our audit fee; we therefore do not consider that our undertaking this service impacts on our independence from the Company.

Scrutton Bland LLP

3 July 2017
Appendix 1

Letter of Representation

SOUTH ESSEX HOMES LIMITED
Civic Centre
Victoria Avenue
Southend-on-Sea
SS2 6FY
Company Number: 05453601
A company registered in England & Wales

Scrutton Bland LLP
Chartered Accountants
and Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
CO4 9YQ

Dear Sirs

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and where appropriate, of inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the group’s and parent company’s financial statements for the year ended 31 March 2017.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Financial Statements:

1. We acknowledge and have fulfilled, as directors, our collective responsibility under the Companies Act 2006 for presenting consolidated and parent financial statements (in accordance with the Companies Act 2006 and United Kingdom Accounting Standards), which give a true and fair view of the financial position of the group and company at the reporting date, and of the group’s and company’s results for the period then ended, and for making accurate representations to you. We confirm that we have approved the group’s and parent company’s financial statements for the year ended 31 March 2017.
2 We confirm that the accounting policies and estimation techniques, including those measured at fair value and adjustments for consolidation purposes, adopted for the preparation of the consolidated and parent financial statements are the most appropriate to the circumstances in which the group and parent company operate.

3 We confirm that directors remuneration for the year totalled £37,297.

4 Other than as disclosed in the consolidated and parent financial statements, the company has not entered into any transactions involving directors, officers or other related parties, which require disclosure under the Companies Act or Financial Reporting Standards. Appropriate disclosure has been made of the control of the parent company.

5 We have disclosed all known or possible litigation and claims whose effects should be considered when preparing the consolidated and parent financial statements and these have been disclosed in accordance with the requirements of accounting standards.

6 The financial statements of the company have been prepared on the going concern basis as we believe that adequate cash resources will be available to cover the company’s requirements for working capital and capital expenditure for at least the next twelve months. We are not aware of any other factors which could put into jeopardy the company’s going concern status during or beyond this period, other than disclosed in the financial statements.

7 There have been no events since the balance sheet date affecting any part of the group which necessitate revision of the figures included in the consolidated or parent financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in these financial statements or inclusion of a note thereto, we will advise you accordingly.

8 We confirm that there were no adjustments necessary to be made to the Trial Balance which we presented to you.

9 We confirm that we have been informed that the audit identified one unadjusted error being the classification of £5,919 as investments when the balance should have been classified as cash at bank. We confirm that we have considered the unadjusted error advised to us by you. It is our view that the cost of making this adjustment to the financial statements outweighs any benefits that will be gained by the users of the financial statements. The combined effect of the unadjusted error is not material and we do not consider that its absence from the financial statements affects the true and fair view given.
10 With regard to the defined benefit pension plan, we are satisfied that:

- the actuarial assumptions underlying the valuation are consistent with our knowledge of the business;
- all significant retirement benefits have been identified and properly accounted for; and
- all settlements and curtailments have been identified and properly accounted for.

11 We confirm that all debtors are considered to be recoverable and that no provision is required.

Information provided:

12 All the accounting records of the parent company have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. We have provided to you all other information requested and given unrestricted access to persons within the entity from whom you have deemed it necessary to speak to. All other records and relevant information, including minutes of all management and shareholders’ meetings, have been made available to you.

13 Other than those disclosed in the consolidated and parent financial statements we are not aware of any material liabilities, provisions, contingent liabilities, contingent assets or contracted for capital commitments, that need to be provided for or disclosed in the consolidated or parent financial statements.

14 We confirm that we have notified you of all related party relationships, and transactions that the group has entered into with those related parties during the year of which we are aware.

15 We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect errors or fraud, and have disclosed to you the results of our assessment of the risk that the parent financial statements may be materially misstated as a result of fraud. We are unaware of any irregularities within the group, including fraud and suspected fraud, involving management, employees or others who have significant roles in internal control, or those employed by the company where the fraud could have a material effect on the consolidated or parent financial statements. No allegations of such irregularities or breaches have come to our notice.

16 We are unaware of any breaches or possible breaches of statute, regulations, contracts, agreements or the constitutions of any group companies which might result in the group company suffering significant penalties or other loss. No allegations of such irregularities or breaches have come to our notice.

17 We confirm receipt of your report to the Board.
18 We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession’s ethical guidance which are in addition to the matters included in your external audit plan.

Yours faithfully

Signed on behalf of the board of the Executive

Date:

Signed on behalf of the board of directors

Date
Management Letter

The Directors
South Essex Homes Limited
Civic Centre
Victoria Avenue
Southend-on-Sea
SS2 6FY

Dear Sirs

South Essex Homes Limited

Following our recent final audit in connection with the financial statements for the year ended 31 March 2017, we are writing to bring to your attention certain matters that we have identified during the course of our work. We hope that you will find our comments helpful.

Our work during the audit included an examination of some of the company's transactions and procedures with a view to expressing an opinion on the financial statements for the year. This work was not directed primarily towards discovering weaknesses or towards the detection of fraud. We have only considered matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

Our work also included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company. This review identified no significant matters which we believe are necessary to draw to your attention.

We would like to draw your attention to the following points:

Going Concern

Pension liability

The balance sheet includes a large provision of £10,970,000 in respect of the FRS 102 defined benefit pension fund deficit. The inclusion of this provision means that there is a deficit of member's funds of £8,732,000 for the company. If the future performance of the pension scheme remains identical to the assumptions made by the Actuary, then there would need to be an increase in total contributions into the pension scheme in order to cover the funding shortfall. We consider that the financial statements should continue to be prepared on the going concern basis, provided that the directors are of the view that increased pension contributions in future years will be met by the funding received each year from Southend-on-Sea Borough Council.
Conclusion

If you require any further information or assistance, we shall be very pleased to help you.

We would appreciate an acknowledgement of the receipt of this letter and look forward to receiving your comments when you have had the opportunity of considering the matters that we have raised.

This letter is for private use only. It has been prepared on the understanding that it will not be disclosed to any third party, or quoted to or referred to, without our prior written consent and we assume no responsibility to any other party.

We should like to take this opportunity of thanking you and your staff for the assistance and co-operation we have received during the course of our work.

Yours faithfully

Scrutton Bland LLP
Dear Mr Tim O'Connor,

Representation Letter in respect of South Essex Homes Limited

This representation letter is provided in connection with your audit of the financial statements of South Essex Homes Limited for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of its profit or loss and cash flows for the period 1 April 2016 to 31 March 2017, in accordance with the Companies Act 2006.

I confirm, to the best of my knowledge and belief and having made appropriate enquiries, the following representations:

Management Fee
The management fee payable to South Essex Homes Limited in respect of core housing services provided to Southend-on-Sea Borough Council amounts to £5,877k for the period 1 April 2016 to 31 March 2017.

Intercompany Balances
All amounts due to and payable by Southend-on-Sea Borough Council as at 31 March 2017 in respect of services exchanged between South Essex Homes Limited and the Council have been identified and notified to South Essex Homes Limited, so that accounting entries in relation to these can be considered complete.

As at 31 March 2017, the amount payable to South Essex Homes Ltd accounts was £85,345.30 plus VAT where appropriate, and the amount receivable was £2,242,924.99 plus VAT where appropriate.
Going Concern and Pension Liabilities - FRS17
Under FRS17 the Company must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2017 there was a net deficit of £10,970k in respect of the Company's pension liabilities. As at 31 March 2017 the company also had a retained surplus of £2,194k in respect of its Profit and Loss reserve. The parent organisation, Southend-on-Sea Borough Council, therefore undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

Yours sincerely

Joe Chesterton
Director of Finance and Resources
The Directors  
South Essex Property Services Limited  
Civic Centre  
Victoria Avenue  
Southend-on-Sea  
SS2 6FY

Dated:  25th July, 2017

Dear George and David

Letter of Support

We write to confirm that South Essex Homes Limited will continue its financial support of South Essex Property Services Limited for at least a further eighteen months from 25th July, 2017.

Yours faithfully,

Tony Churton  
Chair of the Board

Beverley Gallacher  
Company Secretary

For and on behalf of South Essex Homes Limited
Company Assurance Report

Public Agenda Item

1 Purpose of Report

1.1 To provide the Board with a high level statement of assurances relating to the financial performance and health and safety position of the company.

2 Recommendations

2.1 That Board are recommended to :-

2.1.1 Note the update provided on financial information as at June, 2017.

2.1.2 Note the Key Performance Indicator exceptions as at June, 2017.

2.1.3 Note the update provided on Health and Safety as detailed in Appendix 2.

2.1.4 Note the update provided on compliance provided at Appendix 3.

3 Financial Update

3.1 Introduction

3.2 This report sets out the actual expenditure on the operating budget and revenue repairs budget to 30th June, 2017.

3.3 Expenditure for 2016/17

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget for year £000</th>
<th>Budget to 30th June £000</th>
<th>Actuals at 30th June £000</th>
<th>Variance £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>9,493</td>
<td>2,717</td>
<td>2,722</td>
<td>5</td>
</tr>
<tr>
<td>Operating costs &amp; Interest</td>
<td>9,827</td>
<td>2,328</td>
<td>2,238</td>
<td>90</td>
</tr>
<tr>
<td>Profit / (Loss)</td>
<td>(334)</td>
<td>389</td>
<td>484</td>
<td>95</td>
</tr>
</tbody>
</table>
### 3.4 The Operating Budget

The main variances on The Operating Budget are detailed below;

**Income from External Sources £5k**

We are expecting to exceed budgeted income in this area. This is primarily due to the Women's Refuge income continuing in this year despite it being removed from the budget.

**Employees - £13k under spend**

Currently we are expecting the employee budget to be around £86k underspent for the year. This is due to carrying vacant posts in the budget still which are subject to the re-organisation of services.

**Utility Costs £37k under spend**

The utilities budgets are currently under spent, the forecast for the year is always difficult to anticipate and will depend on there being any prolonged periods of cold weather during the winter which could increase the cost of gas in sheltered schemes. Any under spend is earmarked to offset against reduced income in future years.

### 3.5 Revenue Repairs

The Revenue Repairs Budget is over spent by £8k.

The Kiers contract extension is due to be agreed shortly and a fixed monthly fee is payable, this will increase costs across the Responsive Repairs and Voids budget areas. Work is currently underway to identify budget virements to meet the shortfalls of budgets in these areas.

### 3.7 Capital Programme

There is an under spend of £9k on the Capital Programme.

The 2017/18 programme for Decent Homes has been reviewed to reflect expired component replacements.

The works on PVCu cladding, soffits and fascias have now completed. Fire safety works have commenced at Chiltern and orders have been placed with the manufacturer to supply fire doors and screens to Pennine and Quantock.
A re-profile has been agreed of £2million from the 2018/19 HRA Future Programme budget into the 2017/18 financial year to enable the on-going programme of fire safety installation works to be accelerated, identification of potential projects are being discussed.

All other capital schemes for 2017/18 are programmed to be completed by 31st March 2018.

4 Key Performance Indicator Exceptions

4.1 The performance report for the period April 2017 to June 2017 is shown at Appendix 1. Most indicators are met, or were better than target with the following exceptions:

- KP4 – Collection rate for rents
- KP7 – Void turnaround time
- KP12 – Responsive repairs completed in target time
- KP15 – Average time to complete all repair jobs
- KP24 – Working days lost to sickness absence

4.2 Rent collection shown in KP4 was slightly below target in April 2017, this was primarily due to the 2 bank holidays for Easter and is an annual trend. Rent collection was then slightly below target in June due to the timing of the month/quarter end which meant that the monthly direct debit cash was omitted from the overall figure. We anticipate that rent collection will return to meet target over the year.

4.3 The void turnaround time shown in KP7 has exceeded the target for the whole of the first quarter of the year. Initially this was due to issues with a sub-contractor, and then in May there were staffing changes. Performance improved in June 2017 and is closer to the target, although has not yet met it. This is being monitored and raised with the contractor management.

4.4 Performance for responsive repairs completed in target time in KP12 was affected by a small number of lower priority jobs and a small number of urgent jobs by both contractors. There were also issues identified with how requests for extensions of time were raised and whether these were carried out correctly. The issues have been raised with the contractor management teams.

4.5 Performance for KP15, the average time to complete all repair jobs, was on target in April and May but affected by the clearance of some older jobs during the month of June. This indicator is prone to fluctuation caused by the volumes of completed jobs being processed, especially where there are access difficulties or extended works required. At present this is not of concern, but the matter has been raised with the contractor management teams.

4.6 The number of working days lost to sickness absence, KP24, stayed above target for the first 3 months of the year. The majority of days lost so far have been caused by long-term sickness. In June, four of the eight members of staff who were on long term sickness returned to work, but this means 4 members of
staff are still absent. A new sickness reporting process has been implemented with effect from 1st May 2017 and this will assist with robust monitoring of sickness. Where necessary, additional assistance will be given to enable staff members to return to work as soon as possible.

5 Health and Safety Exceptions (Appendix 2)

5.1 As set out in the Health and Safety Update report in Appendix 2, the Board are asked to note there are no exceptions for this period.

6 Corporate Compliance Position

6.1 All programmes of work and actions to meet legislative compliance are on track for 2016/17. At present there are no exceptions to be reported. The compliance report is attached at Appendix 3 of this report.

7 Diversity and Equality Opportunities

7.1 There are no direct Equality and Diversity implications arising from this report.

8 Financial Implications

8.1 The financial implications are incorporated in the body of the report.

9 Background Papers

9.1 None

10 Appendices

10.1 Appendix 1 – Key Performance Indicator Report

10.2 Appendix 1 – Health and Safety Update Report

10.3 Appendix 2 – Compliance Statement
### June 2017 Board
#### KP Report for June 2017

<table>
<thead>
<tr>
<th>PI Status</th>
<th>Long Term Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alert</td>
<td>Improving</td>
</tr>
<tr>
<td>Warning</td>
<td>No Change</td>
</tr>
<tr>
<td>OK</td>
<td>Getting Worse</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PI Code</th>
<th>Short Name</th>
<th>2016/17</th>
<th>May 2017</th>
<th>June 2017</th>
<th>2017/18</th>
<th>Long Term Trend Arrow</th>
<th>Current Target</th>
<th>Current Status</th>
<th>Latest Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP 3</td>
<td>Careline calls answered in 1 minute</td>
<td>98.7%</td>
<td>98.0%</td>
<td>98.1%</td>
<td>98.3%</td>
<td></td>
<td>97.5%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>KP 4</td>
<td>Collection rate for rents</td>
<td>99.98%</td>
<td>100.98%</td>
<td>98.22%</td>
<td>99.46%</td>
<td></td>
<td>99.70%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>KP 5</td>
<td>Current rent arrears as % of rent due</td>
<td>1.35%</td>
<td>1.30%</td>
<td>1.37%</td>
<td>1.37%</td>
<td></td>
<td>1.77%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>KP 6</td>
<td>Satisfaction with property condition</td>
<td>99%</td>
<td>-</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td>97%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>KP 7</td>
<td>Void turnaround time</td>
<td>15.5</td>
<td>19.8</td>
<td>18.1</td>
<td>18.8</td>
<td></td>
<td>17.0</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

- KP 3: **Careline calls answered in 1 minute**
  - 2016/17: 98.7%
  - May 2017: 98.0%
  - June 2017: 98.1%
  - Current Status: OK
  - Latest Note: Although there is always monthly fluctuation in rent collection figures, in June the rent collection was below the target. This was primarily caused by the 1st of the month falling on the weekend, consequently the direct debits was included in the following week. There has been no reduction in recovery activity and the overall arrears figures are within target.

- KP 4: **Collection rate for rents**
  - 2016/17: 99.98%
  - May 2017: 100.98%
  - June 2017: 98.22%
  - Current Status: OK
  - Latest Note: This indicator represents the current arrears as a percentage of the total rent collectable for the year. Whilst we will always see seasonal fluctuations in the arrears position, we are currently meeting the target, however we need to be mindful of the further "roll out" of Universal credit next month, which will impact on the arrears figures.

- KP 5: **Current rent arrears as % of rent due**
  - 2016/17: 1.35%
  - May 2017: 1.30%
  - June 2017: 1.37%
  - Current Status: OK
  - Latest Note: Performance has improved since the previous month. Bringing our year to date average to 18.1 days. We are working with our Contractor to improve the time that void works are taking and anticipate being in line with our target by next month.
## Appendix 1 to Agenda Item 11

<table>
<thead>
<tr>
<th>PI Code</th>
<th>Short Name</th>
<th>2016/17 Value</th>
<th>May 2017 Value</th>
<th>June 2017 Value</th>
<th>2017/18 Value</th>
<th>Long Term Trend Arrow</th>
<th>Current Target</th>
<th>Current Status</th>
<th>Latest Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP11</td>
<td>Satisfaction with outcome of ASB complaints</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>93%</td>
<td></td>
<td></td>
<td>In June 2017 we achieved a good response rate to surveys, and all those who responded were satisfied with the outcome of their complaint.</td>
</tr>
<tr>
<td>KP12</td>
<td>Responsive repairs completed in target times</td>
<td>97.51%</td>
<td>98.89%</td>
<td>97.61%</td>
<td>98.09%</td>
<td>99.00%</td>
<td></td>
<td></td>
<td>Kier and Aaron both suffered dips in performance for Urgent and Routine Repairs (23 failures out of 777 for Kier and 7 out of 71 for Aaron). The small volumes of repair orders for Aaron magnify their impact. All Emergency orders for both contractors were 100%. Responses will be sought from respective contractor Management teams and monitored to ensure there are no underlying causes and areas for improvement considered.</td>
</tr>
<tr>
<td>KP15</td>
<td>Average time to complete all jobs</td>
<td>8.74</td>
<td>7.96</td>
<td>9.42</td>
<td>8.57</td>
<td>8.50</td>
<td></td>
<td></td>
<td>Aaron performed within contractual target although slightly higher than normal. This, combined with Kier exceeding their target, resulted in the overall target being topped. This particular indicator is prone to fluctuations in volumes of completed jobs being processed, particular older historic jobs, where difficult access or extended works are required. It is not anticipated that this particular lapse is of concern but the situation will be monitored by the respective Contract Administrators.</td>
</tr>
<tr>
<td>KP17</td>
<td>Gas safety certificates</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td></td>
<td></td>
<td>The increase in properties which are non-decent occurs each year in April due to newly arising need. Stock validation is currently underway and completions on contract start will reduce this figure further. Decent Homes works are due to commence in due course.</td>
</tr>
<tr>
<td>KP19</td>
<td>% non-decent council homes</td>
<td>1.7%</td>
<td>19.9%</td>
<td>19.9%</td>
<td>19.9%</td>
<td>19.9%</td>
<td></td>
<td></td>
<td>Works have started for 2017/18 however most contracts currently undergoing procurement, therefore no work has been completed under these. The works that are started are recorded this month and majority of works usually takes place from summer onwards.</td>
</tr>
<tr>
<td>KP20</td>
<td>Improvement Programme completed</td>
<td>92.4%</td>
<td>7.6%</td>
<td>8.7%</td>
<td>8.7%</td>
<td>8.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KP24</td>
<td>Working Days Lost Due to Sickness Absence</td>
<td>8.93</td>
<td>0.75</td>
<td>0.89</td>
<td>2.31</td>
<td>0.51</td>
<td></td>
<td></td>
<td>Sickness absence remained high during the month of June. Of the 148 days lost during the month, 110 of these were in long-term sickness attributable to 8 members of staff. Of these 8, 3 returned to work part way through the month of June and one returned to work in July. At the moment, four members of staff remain on long term absence. It is</td>
</tr>
<tr>
<td>PI Code</td>
<td>Short Name</td>
<td>2016/17 Value</td>
<td>2017/18 Value</td>
<td>Long Term Trend</td>
<td>Current Target</td>
<td>Current Status</td>
<td>Latest Note</td>
<td></td>
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<td></td>
<td></td>
<td>May 2017</td>
<td>June 2017</td>
<td>Arrow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KP25</td>
<td>Complaints responded to within 10 days</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KP32</td>
<td>Tenants satisfied with viewing and letting process</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>97%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local N20</td>
<td>Anti-Social Behaviour cases successfully resolved</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>99.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R2</td>
<td>Number of evictions for rent arrears</td>
<td>28</td>
<td>3</td>
<td>7</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R7</td>
<td>Write-offs (cash value)</td>
<td>£92,982</td>
<td>£15,082</td>
<td>£12,780</td>
<td>£40,358</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R13</td>
<td>Current rent arrears (in cash)</td>
<td>£437,610</td>
<td>£419,650</td>
<td>£441,586</td>
<td>£441,586</td>
<td>£580,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R13a</td>
<td>Former tenant arrears</td>
<td>£396,992</td>
<td>£406,582</td>
<td>£406,053</td>
<td>£406,053</td>
<td>£440,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R14</td>
<td>FTAs as a percentage of debit</td>
<td>1.03%</td>
<td>1.07%</td>
<td>1.07%</td>
<td>1.08%</td>
<td>1.20%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local R66b</td>
<td>% of Tenants in arrears over 7 weeks</td>
<td>3.06%</td>
<td>2.68%</td>
<td>2.71%</td>
<td>2.69%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local SP8</td>
<td>Occupancy rate for Hostels</td>
<td>87%</td>
<td>87%</td>
<td>76%</td>
<td>84%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V3</td>
<td>Void loss as % of debit</td>
<td>1.85%</td>
<td>1.91%</td>
<td>1.90%</td>
<td>1.89%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V3 (F1)</td>
<td>Void loss</td>
<td>£610,609</td>
<td>£48,329</td>
<td>£48,080</td>
<td>£155,392</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The expected that the new monitoring and reporting procedures should have a positive impact in due course.

There were 42 cases closed during the month of June. All of these cases were resolved. The number of cases will naturally fluctuate from month to month, according to complexity of the cases and interventions necessary.

This represents the cash figure for the former tenant arrears. The figure is constantly changing as any termination, be it an eviction or a tenant terminating their tenancy voluntarily will create a former tenant debt. Nevertheless, we are currently meeting the target.

The former tenant arrears is a constantly moving figure in that any termination, be it an eviction or a tenant terminating their tenancy voluntarily will create a former tenant debt, therefore it is quite difficult to predict the levels of new debt. Nevertheless we are currently meeting the target.
<table>
<thead>
<tr>
<th>PI Code</th>
<th>Short Name</th>
<th>2016/17 Value</th>
<th>May 2017 Value</th>
<th>June 2017 Value</th>
<th>2017/18 Value</th>
<th>Long Term Trend Arrow</th>
<th>Current Target</th>
<th>Current Status</th>
<th>Latest Note</th>
<th>Arrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local V8</td>
<td>Percentage of property void &amp; relettable</td>
<td>0.95%</td>
<td>1.13%</td>
<td>1.03%</td>
<td>1.04%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V21</td>
<td>Proportion of lettable voids empty for over four weeks</td>
<td>30.4</td>
<td>14.9</td>
<td>23.0</td>
<td>17.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V22</td>
<td>Percentage of tenants underoccupying due to spare room subsidy who we have contacted</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V22 (F1)</td>
<td>Number of tenants underoccupying due to spare room subsidy who have been contacted</td>
<td>14.17</td>
<td>14</td>
<td>4</td>
<td>7.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local V22 (F2)</td>
<td>Total number of tenants underoccupying due to spare room subsidy</td>
<td>14.17</td>
<td>14</td>
<td>4</td>
<td>7.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Corporate Compliance Position Statement

**30th June 2017**

## Key Regulations

<table>
<thead>
<tr>
<th>Key Regulations</th>
<th>List of Control measures, South Essex Homes, has in place in order to comply with Health and Safety Legislation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Regulatory Reform (Fire Safety) Order 2005</td>
<td>Fire Alarm systems, Weekly fire alarm call point tests are carried out in Sheltered Housing Schemes, Homeless Hostels and Women’s Domestic Violence Refuge. Fire alarm systems are serviced and maintained by specialist contractor.</td>
</tr>
<tr>
<td>BS 5839: Fire detection and Fire alarm systems for buildings – Part 1: Code of Practice for design, Installation, commissioning and maintenance.</td>
<td>The full fire alarm wiring is tested at the beginning of a new contract (April 2016). This was carried out in April 2016. The systems themselves are tested and checked four times a year April, July, October and January 2017. This included fire doors being serviced and maintained as part of the fire alarm service contract.</td>
</tr>
<tr>
<td>BS 5306-8:2012</td>
<td>Fire evacuation drills are completed in all Sheltered Housing Schemes every 3 months</td>
</tr>
<tr>
<td>Electricity at Work Reg. 1989</td>
<td>Fire extinguishers and fire blankets are annually serviced and maintained in accordance with BS 5306</td>
</tr>
<tr>
<td>Electricity at Work Reg. 1989</td>
<td>Mains operated smoke and heat detectors are annually serviced and maintained as part of the gas servicing contract.</td>
</tr>
<tr>
<td>Electricity at Work Reg. 1989</td>
<td>Fire Risk Assessments completed on all South Essex Homes properties and annually reviewed. Annual Fire Audits completed by the Fire Safety Officer on all Sheltered Housing Schemes and Tower Blocks.</td>
</tr>
<tr>
<td>Electricity at Work Reg. 1989</td>
<td>The schedule for fire risk assessments for 2017 will affect 22 Sheltered Housing Schemes (SHS), 13 Tower Blocks (TB), 9 Hostels (H), 149 medium and low rise blocks (B) 85 Others (O). A total of 278 Fire Risk Assessments. All blocks have their fire risk assessment revised from the calendar year 2015. Progress so far for 2017 up to 30th June 2017:- SHC = 17 completed TB = 13 completed H = 9 Completed</td>
</tr>
<tr>
<td>Electricity at Work Reg. 1989</td>
<td>B= 14 completed O = 7 completed</td>
</tr>
</tbody>
</table>

**South Essex Homes complies**

- Mains electrical systems periodic test certificate. 5 yearly Programme
Appendix 2 to Agenda Item 11

| BS 5266 | Emergency Lighting testing: Annual programme, this consists of an annual inspection & 11 monthly service visits. |
| | 1. Approximate number of SEH properties – 6,093 |
| | 2. Number of properties required to test regarding existing contract M1516/29 – 6,093 |
| | 3. Start of contract 30th August 2016 end date 31st March 2021 |
| | 4. Properties tested up to 30th June 2017= 1,254 We are in year 2 of a 5 year contract, Electrical Periodic Testing. |
| | 5. Properties omitted from the contract due to being void or non-access from 31st March 2017 up to 30th June 2017 = 114 |
| | 6. Properties left to test = 4,725 |
| | • Due to unexpected delays to configuring a new Apex interface module the inputting of the electrical testing data did not start until 30th August 2016. However the actual testing works commenced as per programme. We aim to test circa 1200 properties per annum in addition to landlord electrical services at all blocks. Due to the Apex module delay the programme of testing is slightly behind schedule. However, throughout the remainder of this 2017-18 testing year and possibly into 2018-19 the contractor will catch up. |

Legionnaires Disease, The Control of Legionella Bacteria in water systems. Approved Code of Practice and Guidance (L8) | South Essex Homes complies |
<p>| Risk assessment for every sheltered scheme and homeless hostel are undertaken every 2 years. The existing contract started in 2014 and ends in 2018. Water samples are taken every quarter and analysed and results stored on a data base. |
| Water temperatures are taken at each of the 22 sheltered schemes each month and all remedial works carried out as required. |
| At the high rise blocks South Essex Homes currently sample and test for Legionella every six months. To date we have had no adverse samples. The contractor concerned is Northumbrian Water Scientific Services (NWG Scientific Services). This affects 1369 flats. |</p>
<table>
<thead>
<tr>
<th><strong>Appendix 2 to Agenda Item 11</strong></th>
</tr>
</thead>
</table>
| **Control of Asbestos Reg. 2012 (CAR)** | South Essex Homes carry out Asbestos Management Surveys to a number of properties annually to comply with current legislation. Steps are taken to enter the ‘difficult access’ properties by working closely with the Tenancy Services Team.

Two contractors are employed with regards the asbestos regime. One undertakes the test, inspection and analysis while the other is licenced for Asbestos removal and Waste Carrying. |

**South Essex Homes complies**
| **The Lifts Reg. 1997** | The lifts are surveyed by the Councils Insurers (ALLIANZ) every six months and certificates of compliance are issued. At the time of the six month inspection the inspector will advise whether any supplementary tests are required. All comments and recommendations made by the insurers are passed to South Essex Homes technical staff, who forward said reports to the lift maintenance contractor for action and where necessary for quotes.

The Lift Contractor undertakes monthly inspections and maintenance services to each lift in accordance with a service schedule. The inspection is carried out by a competent person who will detect defects or weaknesses and asses the safety and continued safe use of the lifts. |

**South Essex Homes complies**
| **Gas Safety (Installation and Use) Reg. 1998** | South Essex Homes complies with the legal obligation to carry out an annual gas safety check in all properties with Council owned gas appliances. Annual gas safety certificates for gas boiler / appliances are issued by our contractor and said certificate (CP12) are recorded on our data system. Remedial works are actioned by the contractor as part of the comprehensive contract.

South Essex Homes runs a rolling 10 month service programme to ensue every gas appliance is definitely serviced before expiry of the CP12 Landlord Gas Safety Record certificate (LGSR). The number of properties as at 30th June 2017 included in the 10 month servicing cycle was 4702. This amounts to a total of 5643 tests and services over the whole 12 month period to 30-06-2017. Sheltered and hostels are serviced every 12 months due to ease of access.

All properties have a valid LGSC certificate. |

**South Essex Homes complies**
| **Construction (Design and Management) Reg. 2015** | This regulation applies to capital and major works contacts and is managed “in house” by the South Essex Homes property team. |

**South Essex Homes complies**
Health and Safety Update March 2017 to June 2017

**Health and Safety Training Completed for 2017**
Lone Worker and Potential Risk Register Training for staff on the 3rd Floor at the Civic Centre
  - Annual refresher Training completed for 15 members of staff

Fire Safety Awareness Training for staff
2 staff attended training
Fire Marshal refresher Training for the Civic Centre
5 staff attended training

Sharps Awareness Training
3 staff attended Training

Controls of Substances Hazardous to Health (COSHH) and Personal Protective Equipment (PPE) Training - 2 staff attended training

Caretaker and Cleaner Health and Safety Awareness Refresher Training including
  - Fire Safety Awareness
  - Manual handling
  - Lone Working
  - COSHH (Controls of Substances Hazardous to Health)
  - Sharps.

Caretakers 21
Cleaners 9
Office staff / Team Leaders 3
3 members of staff missed the training due to sickness / annual leave

Sheltered Housing Officer (SHO) and Careline Health and Safety Awareness Refresher Training including
  - DSE (Display Screen Equipment)
  - Fire Safety Awareness
  - Manual handling
  - Lone Working
  - COSHH (Controls of Substances Hazardous to Health)
  - Sharps.

SHO 16
Careline 911
Office staff / Team Leaders 1

5 Hostel managers Health and Safety Awareness Refresher Training including
  - Fire Safety Awareness
  - Lone Working
  - DSE (Display Screen Equipment)
  - Sharps.

Housing Maintenance Team Health and Safety Awareness Refresher Training including
  - DSE (Display Screen Equipment)
Appendix 3 to Agenda Item 11

- Fire Safety Awareness
- Lone Working
- COSHH (Controls of Substances Hazardous to Health)
- Sharps

7 members of staff attended in 2 sessions

4 Hostel Cleaners Health and Safety Awareness Refresher Training including
- Fire Safety Awareness
- Lone Working
- Sharps.

SBC Health and Safety Training completed for 2017
3 Health and Safety Awareness Training course including Manual Handling and Display Screen Equipment
2 Risk Assessment Training course
1 COSHH (Control of Substances Hazardous to Health) awareness Training

Inspections/Assessments/Audits completed for 2017

- **Health, Safety and Fire Workplace Inspections**
  Update in Corporate Compliance Position Statement

- **Fire Audits and Fire Inspections completed by the Fire Service for 2017**
The Fire Service will now only inspect / audit buildings over 10 floors, which will include all
our Tower Blocks but not include Mornington, Riverstone, Barrington’s etc. This statement
by the Fire Service may well be reviewed after the Fire at Grenfell Tower.

  Update in Corporate Compliance Position Statement

- **Estate Walkabouts completed for 2017**
  80 Estate walkabouts are scheduled for 2017, KS intends attending 50% of the scheduled estates walkabouts. 2 Estate walkabouts attended by KS so far for 2017.

- **Workplace risk Assessments completed for 2017**
  4 DSE display screen Equipment risk assessment including 1 home visit,
  3 Stress risk assessments, 1 return to work from sickness absence

- **South Essex Homes Health and Safety Policies and procedures**
  KS has reviewed all South Essex Homes Health and Safety Policies and Procedures for 2017

- **Reviewed the Potential Risk Register**
  KS has completed a 6 monthly review of the Potential Risk Register

- **Contractors - Health and Safety spot check inspections completed for 2017**
  5 Health and Safety spot check inspections have been completed.

- **Health and Safety Quarterly Meeting – May 2017**
  - Discussed Accident, Incidents and Near Misses
  - Reviewed Accidents
  - Reviewed Health and Safety Training and evaluation sheets
Reviewed workplace risk assessments completed

➢ **Major Accident/ Incident Investigations completed for 2017**
  None

➢ **South Essex Property Services**
  No actions completed

➢ **Health and Safety Newsletter**
  Health and Safety Newsletter produced and put onto the Intranet

➢ **Health and Safety Annual Report for 2016/2017**
  KS has provided the Board with the Annual Health and Safety Report for 2016/17

➢ **Castle Point** Fire Risk Assessments and Health and Safety Inspections for 2017 at Castle point started in June 2017.

➢ **3 Monthly Playground Inspections**
  Completed 3 monthly Playground inspections.

➢ **Health and Safety Audit**
  Audit Services have completed a Health and Safety audit on the Council Housing Stock. The Audit has not been agreed yet.

➢ **Sheltered Housing Schemes (SHS)** KS is completing a review of the DSE (Display Screen Equipment) in SHS offices.

➢ **Health and Safety issues KS has been involved in**
  Storage places for mobility scooters
  Fire issues and concerns at Stephen McAdden House
  Refurbishment of Southchurch Ave hostel

➢ **Meetings attended as Health and Safety Advisor in 2017**
  Health and Safety Quarterly Meeting
  Team Leaders Property Services
  Staff Forum
Appendix 3 to Agenda Item 11

CMG
False Fire Alarm Meeting

Other Information
- Next 3 year Health and Safety action plan 2015 - 2018, based on HSG65, is being implemented.
- KS has completed a Fire Risk Assessment for Martin Johnson’s property on Canvey Island.

Kerry Sinclair CMIOSH Regulation Compliance Officer 1st June 2017

Update on Fire Safety following The Grenfell Tower Fire
- KS visited Residents at Mornington House with BBC Look East news team, the residents (a couple) spoke to the news crew with regards to the sprinkler system which has been installed into Mornington House with financial assistance from the Fire Service.
- KS has visited all high rise Tower Blocks over 10 floors with the Fire Service (13 Blocks), we will now inspect all Tower Blocks over 6 floors (3 blocks) and then all blocks over 4 floors.
- A fire Officer is inspecting the Balmoral Blocks on 12th July with residents from the Blocks - I have been asked by the Fire Officer not to attend.
- A fire information notice has been displayed on all high rise Tower Block floors

Issues arising from the Fire Audits with the Fire Service
- Gerda Information Boxes -What information is kept in the Gerda box and what needs to be kept in the box.
- PEEP – Personal Emergency Evacuation Plans – for residents who need assistance to evacuate and have a disability. KS was contacted by a resident’s sister at Beaver Tower the resident is profoundly deaf and will not hear the fire service knocking on her flat front door. So a PEEP has been put in place by KS which will be held by KS, a copy sent to the Fire Service and a copy in the Gerda information Box (the copy in the Gerda Box will have no personal information only the flat number and that the resident needs assistance to evacuate).
- 10 High Rise Tower Blocks require a vent to be installed at the top of the communal staircase to ventilate/ remove smoke produced from a fire in the enclosed stair case; the windows on the staircase have been sealed, this will cause smoke to build up in the staircase and will prevent the removal of the smoke from the stairwell. The Fire Service have issued two non- compliance letters for Chiltern and Quantock to ensure this issue is addressed.
- Cables have been installed into the frames around the communal Gerda doors and the Gerda flat doors, these holes around the cables need to be fire stopped / fire proof.
- Intumescent seals are being removed from the communal Gerda doors, these seals need to be replaced as a matter of urgency.
- Minor issues which are being addressed e.g. Fire notice signs missing/ removed, lift fire notice signs missing/ removed, doormats, No “No Smoking” signs are being addressed by raising orders to contractors.
Quality Assurance Feedback – Property Services Group

A Public Agenda Item

1 Purpose of Report

1.1 To advise the Board of the results of the quality assurance exercise relating to the Property Services Group.

2 Recommendations

2.1 The Board are recommended to:-

2.2 Note the Executive Summary taken from the Campbell Tickell Report and the scores attributed to the three areas of service delivery associated with Property Services.

2.3 Approve the Senior Management Team (SMT) producing an action plan based on the observations and recommendations made in the report. Where no actions are deemed appropriate these will be highlighted and the rationale behind the decision explained. The said action plan will be shared with Board members electronically and monitored and updated by Operational Management Team (OMT) and any exceptions reported to SMT.

2.4 Consider whether the Board wishes to continue with the QA reviews for other areas of service delivery.

3 Background

3.1 On the 9th March 2016 the Board approved a proposal, to instigate a further series of Quality Assurance reviews across service areas, which would
objectively look at the various services delivered by South Essex Homes, on behalf of Southend on Sea Council. Previous areas looked at as part of this exercise were caretaking, income management and leaseholder services.

3.2 The purpose of a Quality Assurance review is to have an independent perspective of how we deliver our services and provide an impartial challenge to current thinking and practice and constructively and positively help the organisation to improve.

The review examined:
- If internal systems and processes are effective
- Whether staff are well informed
- Is performance well managed
- Is value for money is being achieved
- Whether service improvement plans are realistic and appropriate
- Areas of good practice are also identified

3.3 The organisation undertaking the review was Campbell Tickell, who has carried out this work for other similar organisations.

3.4 Staff and managers of the area to be reviewed are not informed of the review or the date it starts until two weeks before the Campbell Tickell team actually visit site. However background information regarding the service to be reviewed is passed to Campbell Tickell in advance of the review taking place.

3.5 It was agreed that with regards the Property Services Group it would be appropriate to carry out the review across all three areas of activity within the group at one time, as there are distinct and tangible links between them. These areas were:
- Responsive Repairs
- Planned Maintenance
- Housing Attributes

3.6 The review began in March 2017 and included all the relative members of staff in the process including the Group Manager for Property Service and the three Team Leaders of the respective teams. They also spoke to staff within the teams and also other teams that link or work closely with the property team.

The final report was produced and submitted in April 2017 and the key findings have been analysed in order for an action plan to be produced.
The Executive Summary (taken from the report)

South Essex Homes (SEH) has been working closely with Campbell Tickell (CT) for the last four years during which CT has delivered a number of quality assurance (QA) reviews. In conducting QA reviews we are forming and expressing a view on how well South Essex Homes performs in relation to the subject of the review. This review focuses on Property Services and the three constituent work areas – Responsive Repairs, Planned Maintenance and Housing Attributes. The review comments on the performance of each team, but CT recognises the web of dependencies and relationships which can enable, support, obstruct or delay their work on an issue. Our approach is to review each team separately and to acknowledge the interrelationships and impact.

This has been a large and complex review which comments upon and rates:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Responsive repairs</th>
<th>Planned Maintenance</th>
<th>Housing Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERALL RATING</td>
<td>VERY GOOD</td>
<td>GOOD</td>
<td>GOOD</td>
</tr>
</tbody>
</table>

Our approach to assessing the quality of Property Services included scrutiny of the processes underlying the service delivery, management of service delivery, awareness of value and efforts to improve value. Our considerations also included whether processes and delivery reflected best practice in the sector, understanding of the interrelationships with contractors and awareness of the customer experience. We also considered the involvement of customer views in the delivery process and use of comments to enhance the customer experience. As a result of the approach some of the findings are about internal working practices that shape the customer experience.

As an overarching comment, we would say that we found a high level commitment amongst officers to improve service and value. A range of service improvements and efficiencies have been achieved. Officers were open with their comments and are generally aware of areas for improvement. The staff are following policies and procedures and appear to undertake regular and consistent management of service delivery. In most cases there is clear awareness of costs, initiatives to manage costs and drive through more efficient working practices and clearer cost structures to improve value. These initiatives are supported by documentary evidence of performance management and cost.

Generally staff have worked for SEH for a number of years. This brings good knowledge of the stock and the potential for an awareness of historic issues. It can also bring reluctance to change and a lack of awareness of developments in service delivery within the sector. It is refreshing to see a team of staff with the longevity and commitment to Southend who are also clearly committed to...
change and new working practices.

4.6 Responsive repairs, which is the service that most tenants use to judge their landlord’s overall service, is generally very good. Overall customer experience of reporting repairs, getting jobs completed at first visit and completing jobs where follow up is needed, is very positive. There have been clear initiatives to manage and streamline costs to benefit both SEH and the contractors and through close collaboration develop a co-operative relationship to achieve efficiencies and savings.

4.7 It is clear from discussions that SEH considers it timely to extend its remit and increase its work outside its core responsibilities. This looks practically possible and there is evidence of the in-house skill set and will to achieve this. Currently external work is being delivered without additional resources through existing staff working longer. SEH needs to be clear on the costs of the external work and to be clear that staff are not mixing their time and providing an inherent cross subsidy in one direction or another. Clearer cost identification is needed.

4.8 There is clearly an improved relationship with the Council which is likely to provide opportunities. Over the period we have worked with SEH we have seen a marked improvement in this relationship due in part to the careful management of the relationship by SEH.

4.9 All areas show good contractor management, regular interaction and intervention, clear targets and positive performance. This can be clearly demonstrated through the PIs and can be used to promote the quality of the staff team and its approach to contract management. CT raises a note of caution that the rigour of the PIs could be enhanced to ensure they truly reflect service delivery and resident perception.

4.10 The Responsive Repairs team are working well. Both cost and staff efficiencies have been delivered and there are clear service improvements. The compliance arrangements are delivering and resident satisfaction is exceptionally high for both the main contractors. Void specification and pricing arrangements have been simplified and are more efficient for both SEH and Kier. This team is a clear area of strength within the SEH operation. The new contract arrangement with Kier will present challenges and the management of the Open Book arrangements will require new skills.

4.11 It is reported to us and validated by us that the data in the Apex system is of good quality and supports decision making well. The current healthy state of play is a result of investment in and priority given by SEH to bringing Apex to its current strong state. It is our view that Apex is central to the effective operation of the Property Services team. We note that responsibility for maintaining Apex lies with the Housing Attributes team. In other places we have seen this responsibility moved to other teams, for example to central IT teams. Our experience is that this dilutes focus on maintaining a system which is of key
importance to many of the other strengths we identify in this report.

4.12 The involvement of residents in two strategic Focus Groups demonstrates the willingness to involve residents in the development of services. This suggests that the resident experience will be improving and will be guided by resident influence. The level and timing of information on future works for planned and major schemes could be enhanced to give residents more visibility of future proposals.

4.13 There is strong data management within the Housing Attributes team. This supports the future planning and investment strategies. That the Housing Attributes team is responsible for maintaining the integrity of the asset data contributes to strong outcomes from the team. SEH has good and virtually full stock knowledge. There is still the occasional use of separate spread sheets which could undermine the principal of running a comprehensive Asset Management System.

4.14 CT has raised questions over the strength of the value for money assessments in some instances and considers greater analysis would benefit SEH and demonstrate the impact of the various positive actions to reduce cost, as well as supporting improvement to the understanding of cost and efficiency.

4.15 Overall CT considers the Property Services team is performing well when compared to peers, with particular strengths in Responsive Repairs and compliance. The other two areas have strengths and with further development will provide a comprehensive all round service to assist SEH in continuing to serve tenants and leaseholders as well as supporting further work to widen its client base.

4.16 In a challenging operating environment, these scores reflect good work being delivered by the staff involved. It is the nature of reviews such as this to seek to identify ways to improve from the current position. The challenge for an organisation when performance is strong is both how to maintain and improve it. The areas for improvement identified in this review should be read in the context of overall positive performance and in no way detract from that performance.

5 The Rating of the Service

5.1 Campbell Tickell’s judgement is based on five key themes across a service area. As there were three distinct areas to be reviewed. The five themes were different for each of the three areas of activity. These were as follows:

**Responsive Repairs**
- Customer satisfaction – measurement of customer perspective, proportion of works completed first visit and how follow on visits are managed
- Contractor Management – regularity and content of contract meetings, use
of Performance Indicators to assess and manage contractor performance, targets for service improvements
- Compliance – management of gas servicing, water quality, electrical testing, asbestos management plan, fire safety
- Void turn around – delivery to targets, are targets sufficiently challenging?
- Value for money – cost management, actions to improve value and / or reduce costs

**Cyclical & Planned Maintenance**
- Programme Planning – delivery of asset management strategy
- Resident Communication - communication of programme and delivery to residents
- Quality of contract management – contract meetings, use of Performance Indicators to assess and manage contractor performance, targets for service improvements
- Programme delivery – managing the published programme efficiently, quality of works delivered.
- Value for money – contract organisation, pricing and batching of works, interaction with contractors to improve value

**Housing Attributes**
- Maintenance of stock condition information – content of data base and how it is updated
- Use of stock condition information to inform programmes – completeness of information and prioritisation
- Procurement – approved list, completeness of contract coverage, structure of contracts, pricing
- Cost management – process for approving invoices, budget management
- Value for money – how future programme costs are assessed, actions to improve value

5.2 Appendix 1 gives more details on the range of grades and criteria for making judgements.
Campbell Tickell’s overall assessment for each area of activity within Property Service as delivered by South Essex Homes was as follows:
### Responsive Repairs

<table>
<thead>
<tr>
<th>Theme</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Very Good</td>
</tr>
<tr>
<td>Contract Management</td>
<td>Very Good</td>
</tr>
<tr>
<td>Compliance</td>
<td>Very Good</td>
</tr>
<tr>
<td>Voids</td>
<td>Good</td>
</tr>
<tr>
<td>Value for Money</td>
<td>Very Good</td>
</tr>
<tr>
<td><strong>OVERALL RATING</strong></td>
<td><strong>VERY GOOD</strong></td>
</tr>
</tbody>
</table>

### Planned Maintenance

<table>
<thead>
<tr>
<th>Theme</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Planning</td>
<td>Good</td>
</tr>
<tr>
<td>Resident Communication</td>
<td>Adequate</td>
</tr>
<tr>
<td>Quality of service</td>
<td>Good</td>
</tr>
<tr>
<td>Resource management, efficiency &amp; added value</td>
<td>Good</td>
</tr>
<tr>
<td>Value for Money</td>
<td>Adequate</td>
</tr>
<tr>
<td><strong>OVERALL RATING</strong></td>
<td><strong>GOOD</strong></td>
</tr>
</tbody>
</table>

### Housing Attributes

<table>
<thead>
<tr>
<th>Theme</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Condition Information</td>
<td>Very Good</td>
</tr>
<tr>
<td>Use of Stock Condition Information</td>
<td>Good</td>
</tr>
<tr>
<td>Procurement</td>
<td>Adequate</td>
</tr>
<tr>
<td>Cost Management</td>
<td>Good</td>
</tr>
<tr>
<td>Value for Money</td>
<td>Adequate</td>
</tr>
<tr>
<td><strong>OVERALL RATING</strong></td>
<td><strong>GOOD</strong></td>
</tr>
</tbody>
</table>

6 Themes deemed Adequate

6.1 There were two areas of activity that were assessed as being adequate by Campbell Tickell, for Planned Maintenance. These were: Resident Communication and Value for Money. The comments related to these areas were:

- **Resident Information** - Residents cannot easily access information on future planned works. There is no web site or similar on line facility available to allow residents to identify when specific works, such as redecoration schemes or window replacements, are planned for their area. It also appears that when annual budgets are finalised every March/April, there is no communication to residents advising that works are planned to their homes until comparatively close to scheme commencement.

- **Value for Money** - CT was offered limited evidence of initiatives to drive down price or improve value. The composite schedules/basket rates negotiated with MITIE together with no inflation increase is good but this appears to be the only area where additional value has been achieved.
6.2 There were two areas of activity that were assessed as being adequate by Campbell Tickell, for Housing Attributes. These were: Procurement and Value for Money. The comments related to these areas were:

- **End to end procurement** – While we acknowledge that the procurement of new contracts is handled appropriately we also observe that the management of your range of contracts in terms of picking up upcoming contract terminations and using a process to establish whether to extend or re-procure is capable of improvement.

- **Value for Money** – There was ad-hoc examples of efficiencies and savings gained. The benefits to Castle Point BC of the planned work aligned with the SEH/ MITIE contract had not been quantified. Officers could not demonstrate how the Terms and Conditions within contracts and the procurement process derived additional value. Good practice is to ensure consideration of additional works / quality included within contracts at no extra cost, packaging of works to increase value / reduce costs but none of this was offered. There does not appear to be analysis of the comparative value of the contract against previous or peer contracts.

7  **Risk**

7.1 The suggested areas for improvement as well as strengths will be analysed by the SMT and risk assessed in order to determine what actions are appropriate. From this exercise an action plan will be produced and shared

7.2 Unlike the Audit Commission Inspections reports actions and recommendations are not mandatory, but need to be considered as part of the overarching strategic approach of each organisation taking into consideration potential costs.

8  **Resident Consultation**

8.1 Campbell Tickell used resident feedback and the most recent resident satisfaction data as the basis of resident's perception of the service.

8.2 The Resident Scrutiny Forum agreed that the Quality Assurance initiative would not be in conflict with their programme of reviews, but would in fact “dovetail” with it.

9  **Financial Implications**

9.1 At its meeting in March 2016 the Board agreed that the cost of the Quality Assurance reviews for 2016/17 would be funded from balances, but the
previous instruction to cap costs at £22,500.00 was to remain which equates to a maximum of circa 30 days.

9.2 The cost for the review of all three areas of activity within the Property Services Group equated to £13,035.80 + VAT. Also to be added on will be expenses. So far we have expended £19,234.60 on Quality Assurance reviews.

10.0 Appendices

10.1 Appendix 1 : Service Grading
Service Grading

Service Ratings
Service ratings are now on a five point scale:

- Great
- Very good
- Good
- Adequate
- Unclassified

Key factors for each service theme
Reviews are structured around five themes. Scoring is carried out both overall and against each theme. Below are set out key factors for each theme.

Theme 1 – Policy, strategy & risk

- There is an approved clear and appropriate policy and/ or strategy;
- The policy aims to go beyond basic minimum requirements and reflect best practice;
- Tenant views informed the development process and the content of the policy & strategy;
- The organisation identifies and effectively manages risks;
- The policy is reviewed at appropriate intervals with input from residents and staff.

Theme 2 – Operational Delivery

- There are clear arrangements for delivery of the strategy;
- There are SMART service standards and local offers where appropriate;
- There are appropriate procedures to enable consistent implementation of policy;
- Staff delivering the service are well informed and trained, and have the tools they need;
- Information systems support efficient and effective service delivery;
- There is appropriate co-ordination of tasks across different teams and levels;
- Information systems support effective performance management.
Appendix 1 to Agenda Item 12

Theme 3 – Quality of service
- Tenants can easily access the service;
- Tenants know the quality of the service they can expect;
- Service delivery takes into account the diverse needs of tenants;
- Services use intelligence about demand to effectively deliver the service;
- Tenants have appropriate choices over how they receive the service;
- Tenants are satisfied with the overall quality of the service and it delivers positive outcomes;
- Tenants have clear information on what to do if they are not happy with the service.

Theme 4 – Resource management, efficiency & added value
- Appropriate resources are allocated to deliver the service;
- Resources are well managed to achieve demonstrable efficiencies;
- The landlord is aware of the overall costs of providing the service;
- Costs and performance compare well with peer groups;
- There is a strong focus on achieving excellent value for money;
- The service adds social value to residents and/or the wider community, and this can be evidenced.

Theme 5 – Performance and continuous improvement
- Performance data is robust, reliable, appropriate, and available when needed;
- Performance is regularly and effectively reviewed, with appropriate challenge from the governing body and senior staff;
- Tenant comments and complaints are positively welcomed and are used to improve the quality of service;
- Resident scrutiny and tenant insight help to drive improvement;
- There is learning from others;
- Service development plans are consistent with corporate priorities, are appropriate and achievable, and are leading to improvement;

The organisation shows innovative good practice that others can learn from.
South Essex Homes Limited

Report of Group Manager Resources and Business Development

to

The Board

on

25th July, 2017

Report prepared by: Beverley Gallacher
Tel: 01702 212649

Policies for Approval by the Board

A Public Agenda Item

1 Purpose of Report

1.1 To obtain agreement from the Board on items recommended to them for approval by the Personnel & Remuneration Committee.

2 Recommendations

2.1 The Board are recommended to:-

2.1.1 Agree the Absence Management Policy, Safer Recruitment and Selection, Grievance & Dignity at Work and Study Support for Post Entry Training as recommended by the Personnel and Remuneration Committee

3 Background

3.1 Policy Update

As part of the on-going review for all HR Policies agreed by the SMT the P&R Committee are recommending these Policies for agreement following their comments and consultation with the Union.

3.2 A summary of the changes to each of the Policies is detailed below:

3.3 Post-Entry Study Support Policy (new)

The policy seeks to ensure that if any employees wish to study for an approved qualification, there is clear criteria, on which to assess each request and that a consistent approach is applied to all requests for support.

3.4 Safer Recruitment and Selection Policy (amendment only)

The policy now includes reference to the online Disclosure and Barring...
Service (DBS) which enables employers, with the employees agreement, to check whether any additional information has come to light since their previous DBS check was completed. The policy also provides clarification in terms of seeking the agreement of Operational Management Team (OMT) before appointing a new entrant on a salary above the minimum for their grade, or any additional benefits, eg time off to attend training or flexible working requests, as this will ensure the Company adopts a fair and consistent approach.

3.5 Combined Grievance and Dignity at Work Policy (amendment)

Previously two separate policies, the new combined policy provides a consistent approach for dealing with all employee complaints, regardless of the nature of that complaint. The combined policy also ensures that employees cannot “switch” between the two separate polices if they are unhappy with the outcome of their complaint, eg employee raises a grievance, but is not happy with the outcome and then raises a dignity at work complaint for the same matter.

3.6 Employee Absence Support Service implementation date – 1st May 2017

The P&R Committee supported the recommendation to implement a new approach to managing employee absence which went live on 1st May, 2017. The revised approach, managed by FirstCare, requires employees to contact a Freephone absence reporting line on the first day of their absence.

The Absence Management Policy has been updated to include the following amendments and being recommended to the Board for agreement:

- The short term sickness trigger is amended to include 3 episodes of absence in any rolling 6 month period

- In addition the Policy has been updated to reflect that the Chief Executive has the delegated power to deal with appeals under this policy

4 Equality and Diversity

4.1 All equality and diversity issues identified from the proposals contained in this report have been considered and are in accordance with the South Essex Homes Equality and Diversity Policy.

5 Risk

5.1 All risks have been considered by the Personnel & Remuneration Committee in advance of being recommended to the Board for approval
6 Financial Implications

6.1 All Financial Implications have been considered by the Personnel & Remuneration Committee in advance of being recommended to the Board for approval.

7 Staff Consultation

7.1 The Policies have been reviewed by the Staff Forum and the Union and are recommended for formal adoption.

8 Background Papers

8.1 Absence Management Policy
8.2 Safer Recruitment and Selection
8.3 Grievance & Dignity at Work
8.4 Study Support for Post Entry Training

9 Appendices

9.1 None
Core Project Update

A Public Agenda Item

1 Purpose of Report

1.1 To update Board Members on progress against the 5 key targets (High 5) set by the Board under Vision 2022 Business Plan

2 Recommendations

2.1 The Board are recommended:-

2.1.1 To note the update on the High Five (noting the update on Expanding the Future is contained within Agenda Item 16) and an oral update will be received on the progression of the Delivery of Repairs Service

2.1.2 To agree to further recommendations being received at the next Board Meeting on the outcome from the ICT Review.

3 Background

3.1 ICT Strategy

South Essex Homes and Alysium (the contract winner) have completed the overarching review of the ICT systems and processes currently in place. The review included a desk top review of the 5 core systems used by South Essex Homes as part of a Service Level Agreement arrangement with Southend Borough Council (SBC) along with 1-2-1s with key members of staff and focus group meetings with teams. Alysium reviewed the Service Level Agreement in place with SBC and also met with the ICT Business Partner. Further discussions were undertaken with the suppliers of the 5 core systems and Alysium attended an interim update meeting with members of the SMT and the Communication Management Group. The Final Report has now been received and the SMT are currently working through the proposals to make further recommendations to the Board in September on the way forward which is hand in hand with the re-engineering exercise.
The initial outcomes are as follows:

1. 5 core system which have little or no interfaces
2. No one place for a single point of truth
3. Inconsistent processes around systems
4. In effective Service Level Agreement with SBC
5. Extensive use of spreadsheets
6. Duplication around all systems
7. The Housing Management Systems (Northgate) is not fit for purpose in its current state

The review highlighted that the Civica Electronic document management system was in good shape although inconsistently used by staff members but did have further significant potential. In addition the Agresso Financial Management system was robust and “did the job”. The lack of interfaces between core systems did, however, reduce the accuracy of information throughout as data was input manually.

The report further highlighted the passion of the staff working for South Essex Homes in wanting to make more effective use of ICT to enable mobile work and greater digitalisation throughout the organisation.

The report concluded with a number of recommendations which the SMT are working through along with the CMG. At the recent staff briefing staff received a short video link (see screen) which gave an overview of the issues highlighted above.

A report will be taken to the next Board Meeting making recommendations for the way forward to draw on the passion of our people and how we can work more efficiently and effectively giving better value and customer service to residents and making better use of ICT.

3.2 Careline

Following the removal of Supporting People funding by Essex County Council, we have received 1796 enquiries from Basildon customers and have secured 1668 new clients with 28 waiting to be programmed, these have been delayed due to either being away or in hospital. There are 100 initial enquiries who have not returned their forms and a follow up call will be made to this group.

The new client base (once all new clients have been programmed) equates to an income of £141,107.20 per annum.

At the end of July, Careline will re-commence the marketing strategy targeting existing clients, existing Council tenants and then approaching the wider community, this exercise is due to be completed by the end of October 2017. It has been identified that a marketing strategy needs to be developed to test the market for the wider public’s understanding of the service and general interest in the service.
We will continue to monitor the various procurement sites for tender opportunities and approach directly other potential clients.

3.3 Restructure of Front Line Services

The Phase 1 proposals were agreed by the Personnel and Remuneration Committee and subsequently agreed by the Board on the 15th March 2017.

Consultation commenced with all the affected staff and Trade Unions on the 25th April 2017, and ended on the 23rd May 2017.

The Senior Management Team (SMT) met on the 7th June to consider all the comments, suggestions and concerns raised by staff and unions during the consultation period. There was one query raised throughout the consultation period and this led to a minor amendment in the job description for the Financial Services Manager post.

SMT subsequently authorised that the original proposals for the Community Development Team, the Resources and Business Development Team and the Property Services Team should all proceed as per the documentation distributed at the start of the consultation, subject to incorporating the change to the job description mentioned above.

The SMT have worked closely with HR and those individual members of staff affected by these changes. The amended structure within the relevant teams is now being put in place with the last day of service being 8th September 2017, for the affected staff.

The Group Managers are currently working on the next phase of the proposed frontline restructure, and given the rapidly developing landscape around issues such as the new business opportunities, Fire Safety and Welfare Reform, there is recognition that further redesign phases will need to be informed by these developments in the coming year and beyond.

4 Equality and Diversity

4.1 All equality and diversity issues identified from the proposals contained in this report have been considered and are in accordance with the South Essex Homes Equality and Diversity Policy.

5 Risk

5.1 Any risks identified from the proposals contained in this report have been considered by the Senior Management Team.
6 Financial Implications

6.1 All costs associated with the 5 key projects for South Essex Homes are contained within the approved 2017/18 budgets.

7 Resident Consultation

7.1 The Vision 2022 Business Plan has been shared and consulted with the Southend Tenants and Residents Federation

8 Background Papers

8.1 Not applicable.

9 Appendices

9.1 Not applicable.