

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (COMMUNITIES AND ENVIRONMENT) held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Tuesday, 6th March 2018.

PRESENT: Councillor T D Alban – Chairman.
Councillors P L E Bucknell, S J Criswell,
J W Davies, D A Giles, P Kadewere,
L R Swain, Mrs J Tavener and D Watt.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors B S Chapman and Mrs P A Jordan.

IN ATTENDANCE: Councillors Mrs A Dickinson, T Hayward,
J P Morris and M F Shellens.

72. MINUTES

The Minutes of the meeting held on 6th February 2018 were approved as a correct record and signed by the Chairman.

73. MEMBERS' INTERESTS

No declarations of interest were received.

74. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book) which has been prepared by the Executive Leader for the period 1st March 2018 to 30th June 2018.

(At 7.05pm, during the consideration of this item, Councillor P Kadewere entered the meeting.)

75. LUMINUS GROUP

Luminus Group's Managing Director, Mr Nigel Finney and Board Chairman, Mr Mike Forrest, were in attendance to update the Panel on the developments at Luminus and the merger.

Members were informed that since Luminus received the regulatory judgement, it decided that the best way to proceed was to merge. Initially ten housing associations expressed interest, with three being shortlisted. Luminus then selected a preferred partner, which was Places For People (PFP). The main reason for selecting PFP, was that Luminus will maintain a local presence and its own identity. In addition, PFP produced the most financially compelling reasons for merger and they aim to develop 1000 homes in the next five years.

Luminus Staff have met with their counterparts in PFP and a

stakeholder consultation regarding the merger has been undertaken. The process to merge started at the end of September and is likely to be completed by the end of March 2018.

The Panel was informed that once the heads of terms had been agreed a due diligence process was undertaken. This process was completed in February 2018 and PFP found no major issues.

Members were informed that all of Luminus' creditors have agreed in principle to the merger. In addition, PFP has agreed to Luminus' business plan and the 30 year business plan. On the day of the merger Luminus' Board resigns and the new board takes its place. The Board will comprise of nine people, the Council will lose their seat on the Board however Cllr Mrs R E Mathews will join the Board as an independent member.

Other developments include: Luminus are working on solving the compliance issues as highlighted by the Regulatory Judgement and the Regulatory Notice; Luminus have applied to become a Community Benefit Society, which is a charitable status with the benefit of not having to pay corporation tax; as a result of gaining charitable status Luminus will have additional funds to increase the maintenance budget to £10.2m per year and Luminus have also introduced a new work place culture.

Members were informed that when Luminus applies to become a community benefit society, the Oak Foundation will cease to exist and the assets will transfer to Luminus. In response to a question regarding the registered charity status, the Panel was informed that the status will bring financial benefits but in practical terms it will make no difference. Attaining registered charity status is not a condition of the merger but PFP does support it.

The Panel was informed that Luminus have already benefited from the PFP Group (which includes 20 subsidiaries) including Derwent Living's engagement with residents, which Luminus would like to learn from and the economies of scale.

In response to the question about the location of PFP subsidiaries, the Panel was informed that PFP have subsidiaries all over the country. PFP have an ambitious development plan to develop homes. Luminus is not currently developing homes however with the merger it is hoped that Luminus will develop homes in Cambridgeshire and in particular Huntingdonshire including affordable housing.

Members were reassured that the Ferry Project will not disappear and that the project will continue as a subsidiary. The Project is the primary provider of homes and temporary accommodation for homeless people in Fenland.

Mr Finney explained that one of the triggers for the merger is to improve the ratings with the regulator. Luminus had to inform the regulator that they wish to merge with PFP and that on the day of the merger Luminus would inherit PFP's ratings which are V1 for viability and G1 for governance.

Following a question about the presence of Luminus and working with

Members, Mr Finney stated that Luminus will still remain and are willing to continue to work with Members and forge more open dialogue.

In response to a question regarding Luminus' loans, the Panel was informed that they have a loan with Nationwide for £250m, a loan with Canada Life for £50m and a loan from the Council of £5m which was used to build Eden Place.

The changes to the Board were explained to the Panel. There will be nine Board Members, two of which will be from PFP and two will have been suggested by PFP. All Board Members are Cambridgeshire based with the exception of the 2 from PFP. The Senior Management Team has been retained but does not have the amount of delegated control it did have under the previous Chief Executive.

In response to a question, Mr Finney explained to Members how the workplace culture had changed. The culture is now more open and transparent and that members of staff are able to ask direct questions. The staff have more autonomy and the Board has greater interaction with the staff. The organisation is now focused on the core purpose of providing good quality homes and has rejoined the National Housing Federation.

In answer to a question, the Members were informed that Luminus have ambitions to build 1000 homes over the next five years of which 50% would be affordable.

Following a question about empty homes, the Panel was informed that if the property is too costly to maintain then Luminus would take the decision to sell it. Luminus will start pre-warning Ward Members that empty properties are there.

Regarding reducing homelessness, Members were informed that Luminus may be able to deliver homes quicker through the use of modular housing. PFP has its own modular housing factory in South Wales. PFP gives Luminus the ability to assist homeless people and try to sustain people in their current tenancies.

Regarding feeding back to PFP, Members were informed that Luminus doesn't have a representative on the PFP Board but does have a representative on the regulatory board. In addition, the Luminus Board can feedback to the two PFP members on the Board. As the regulator wants Boards to migrate to skills based Boards, a new constitution was adopted which means that the Council will no longer nominate a representative to the Board..

Following a question it was clarified that Luminus had made an investment in Almaren Homes and that Almaren have gone into administration. It is not the case that Luminus caused Almaren into administration however, Luminus and PFP are looking to recoup the investment which was £47m in cash and land.

The Panel was informed that Luminus propose to reengage with the 20 active Street Wardens and advertise for some more volunteers.

Regarding tenancy exchanges, the merger with PFP won't make it

easier to complete exchanges as it is a simple process already. All exchanges are carried out through the National Homes Transfer Scheme.

In response to the question that is the Luminus investment just in housing, Mr Finney responded that the majority of Luminus investment is only in new housing. There is however the £47m investment with Almaren Homes which might not be for just housing.

Having been asked about Luminus' interaction with the Mayor of the Combined Authority, Mr Finney stated that Luminus is currently one of 15 Housing Associations who are in an alliance called Homes for Cambridgeshire and Peterborough working with the Mayor in order to deliver housing for the region. In addition to this Luminus will speak directly with the Mayor about housing for Huntingdonshire.

The Panel agreed that they are willing to take Luminus at face value and take them up on their willingness to engage. In addition, Members agreed that while Luminus are willing then the Panel should continue to communicate with them and invite them to meetings of Panel to provide Members with updates.

Members stated that they would like to know the full investment the Council has in Luminus.

(At 7.06pm, during the consideration of this item, Councillor J P Morris entered the meeting.)

(At 8.46pm, the Chairman of the Panel paused the meeting for a break.)

(During the break, Councillor M F Shellens left the meeting and did not return.)

(At 8.49pm, the meeting resumed.)

76. OVERVIEW AND SCRUTINY PROGRESS

With the aid of a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book), the Panel reviewed all Panels' work programmes.

The Panel agreed to revisit the issue of Air Quality in Huntingdonshire and in particular what the Council are doing in relation to its buildings and vehicles.

Members agreed that the Overview and Scrutiny Panel (Communities and Environment) meeting in April 2018 is cancelled.

Chairman