

A **SPECIAL MEETING** of the **OVERVIEW AND SCRUTINY PANEL (COMMUNITIES AND ENVIRONMENT)** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 13TH JULY 2017** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

## **APOLOGIES**

### **1. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda item.

### **2. REGULATORY JUDGEMENT: LUMINUS GROUP LIMITED (Pages 5 - 14)**

Representatives from Luminus Group Limited will be in attendance to discuss with Members their Regulatory Judgement from the Homes and Communities Agency.

**N McCurdy  
388332**

### **3. CAMBRIDGESHIRE POLICE AND CRIME COMMISSIONER'S FIRE GOVERNANCE CONSULTATION (Pages 15 - 20)**

Jason Ablewhite, Cambridgeshire Police and Crime Commissioner, will be in attendance to discuss the Fire Governance Consultation.

**C Stopford  
388280**

Dated this 5th day of July 2017



Head of Paid Service

## **Notes**

### **1. Disclosable Pecuniary Interests**

(1) *Members are required to declare any disclosable pecuniary interests and unless you have obtained dispensation, cannot discuss or vote on the matter at the meeting and must also leave the room whilst the matter is being debated or voted on.*

(2) *A Member has a disclosable pecuniary interest if it -*

*(a) relates to you, or  
(b) is an interest of -*

- (i) your spouse or civil partner; or*
- (ii) a person with whom you are living as husband and wife; or*
- (iii) a person with whom you are living as if you were civil partners*

and you are aware that the other person has the interest.

- (3) *Disclosable pecuniary interests includes -*
- (a) *any employment or profession carried out for profit or gain;*
  - (b) *any financial benefit received by the Member in respect of expenses incurred carrying out his or her duties as a Member (except from the Council);*
  - (c) *any current contracts with the Council;*
  - (d) *any beneficial interest in land/property within the Council's area;*
  - (e) *any licence for a month or longer to occupy land in the Council's area;*
  - (f) *any tenancy where the Council is landlord and the Member (or person in (2)(b) above) has a beneficial interest; or*
  - (g) *a beneficial interest (above the specified level) in the shares of any body which has a place of business or land in the Council's area.*

### **Non-Statutory Disclosable Interests**

- (4) *If a Member has a non-statutory disclosable interest then you are required to declare that interest, but may remain to discuss and vote providing you do not breach the overall Nolan principles.*
- (5) *A Member has a non-statutory disclosable interest where -*
- (a) *a decision in relation to the business being considered might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the council tax payers, rate payers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or*
  - (b) *it relates to or is likely to affect a disclosable pecuniary interest, but in respect of a member of your family (other than specified in (2)(b) above) or a person with whom you have a close association, or*
  - (c) *it relates to or is likely to affect any body –*
    - (i) *exercising functions of a public nature; or*
    - (ii) *directed to charitable purposes; or*
    - (iii) *one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member or in a position of control or management.*

*and that interest is not a disclosable pecuniary interest.*

## **2. Filming, Photography and Recording at Council Meetings**

*The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening at meetings. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and available via the following link [filming, photography and recording at council meetings.pdf](#) or on request from the Democratic Services Team. The Council understands that some members of the public attending its meetings may not wish to be filmed. The Chairman of the meeting will facilitate this preference by ensuring that any such request not to be recorded is respected.*

**Please contact Mr Adam Green, Democratic Services Officer (Scrutiny), Tel No. 01480 388008/e-mail Adam.Green@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.**

**Specific enquiries with regard to items on the Agenda should be directed towards the**

**Contact Officer.**

**Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.**

Agenda and enclosures can be viewed on the District Council's website –  
[www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk) (*under Councils and Democracy*).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Elections & Democratic Services Manager and we will try to accommodate your needs.

***Emergency Procedure***

*In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.*

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Homes &  
Communities  
Agency

The Social Housing Regulator

**March 2017**

## **HCA Regulatory Judgement on Luminus Group Limited L4398**

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**Including the following registered entities**

**Luminus Homes Limited LH4253**  
**Oak Foundation L4399**

## Publication Details

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### Reason for publication

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Governance downgrade

### Regulatory process

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In Depth Assessment

*Please see the definitions in Annex 1 for more detail*

### Governance

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#### G3 (Non-compliant)

The provider does not meet our governance requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.

### Viability

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#### V2 (Compliant)

The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

### Key to grades

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|                |   |
|----------------|---|
| <b>G1 / V1</b> | Compliant   |
| <b>G2 / V2</b> | Compliant   |
| <b>G3 / V3</b> | Non-compliant and intensive regulatory engagement.  |
| <b>G4 / V4</b> | Non-compliant, serious failures leading to either intensive regulatory engagement or the use of enforcement powers. |

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## Provider Details

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### Origins

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Luminus Group Limited (Luminus) is a non-charitable company and a registered provider. It owns and manages around 7,300 properties. The majority of its stock is for general needs with over 500 units being specialised housing for older people. Luminus also provides hostel accommodation and related services, as well as training and other benefits within the community.

### Registered Entities

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Luminus has two registered subsidiaries: Luminus Homes and Oak Foundation.

### Unregistered Entities

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Luminus has two unregistered subsidiaries. The Ferry Project is a hostel and homelessness services provider. Luminus Finance provides strategic finance for the group. Luminus Finance has two further unregistered subsidiaries: a commercial development company, and a social enterprise company which provides services to the rest of the group.

### Geographic Spread and Scale

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Luminus operates mainly within the Huntingdonshire area of Cambridgeshire.

### Staffing and Turnover

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Luminus employed 296 staff (full time equivalent) and had a turnover of £44.7m in the year to 31 March 2016.

### Development

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Luminus has recently undertaken an outright sale programme (approximately 100 units in total) via its unregistered subsidiary Luminus Developments Limited, covering two development sites, one in London and one in Cambridge.

In addition, there is on-going development of units for rent and for affordable ownership, including some planned redevelopment of garage sites. Luminus's intention is to develop up to 100 properties per year.

## Regulatory Judgement

This Regulatory Judgement downgrades our previous assessment of Luminus's governance rating published in March 2016 from G1 to G3.

The regulator has considered evidence gathered during the course of an In-Depth Assessment. Following that, the regulator lacks assurance that the board is maintaining effective control over Luminus and its activities. The systems in place to monitor and manage delivery of its plans and associated risks are not adequate and are not operating effectively. The board is receiving inadequate information, and has not demonstrated it is sufficiently challenging in considering the information it does receive. It has been unable to provide adequate assurance it is compliant with its chosen Code of Governance. There is a lack of effective oversight of performance of investment in external bodies. The board is not exercising its role with appropriate skill or diligence.

Luminus does not have an effective system of risk management. It has not assured the regulator that it understands adequately the risks it faces. Stress testing has been carried out but has not been adequately informed by an understanding of the housing market risks facing Luminus. Mitigations are not properly developed as financial impact is not robustly quantified and they are not effectively linked to risk scenarios or triggers. Material weaknesses in the information and material presented to the board have not been effectively challenged.

Luminus does not have an effective system of internal control. The internal audit programme is not effectively driven by understanding of risk. The board does not systematically follow up progress with known control weaknesses identified through recommendations from internal audit. An internal audit on gas found that the board had been given inadequate information. A very large number of properties had been without the statutorily-required Landlord Gas Safety Requirement certificates. (A separate Regulatory Notice has been issued in this regard.) The board did not inform the regulator and did not seek to understand the root causes of the failure.

The board is unable to explain compellingly how financial and governance arrangements operate effectively within the group's legal and governance structures. Via an intermediary company, Luminus has a £48m commercial investment in an external property development company. The board has not demonstrated it properly understands the risks and benefits of this investment, and whether it is delivering Luminus's objectives. The board does not receive sufficiently detailed information to allow it to effectively monitor and make decisions on the investment and has not effectively challenged that situation. Luminus is also unable to substantiate that it is compliant with its chosen Code of Governance in relation to the adequacy of its delegations framework and board recruitment.

These issues range across the governance elements of the Governance and Financial Viability standard and are linked by lack of challenge by the board of inadequate processes and assurance. The regulator has concluded that board members of Luminus are not discharging their duties with adequate skill.

The regulator's assessment of Luminus's compliance with the financial viability element of the governance and financial viability standard is unchanged. Luminus has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance. The regulator will continue to engage with Luminus in this respect.



## **Annex 1: Definitions of Regulatory Processes**

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### **In Depth Assessment (IDA)**

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An IDA is a bespoke assessment of a provider's viability and governance, including its approach to value for money. It involves on-site work and considers in detail a provider's ability to meet its financial obligations and the effectiveness of its governance structures and processes.

### **Stability Checks**

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Based primarily on information supplied through regulatory returns, a stability check is an annual review of a provider's financial position and its latest business plan. The review is focused on determining if there is evidence to indicate a provider's current judgements merit reconsideration.

### **Reactive Engagement**

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Reactive engagement is work which falls outside our planned programmes of work (i.e. scheduled IDAs or the annual Stability Checks). It involves us responding to new intelligence or a developing situation which may have implications for a provider's current regulatory judgement.

### **Stability Checks and Reactive Engagement**

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In some cases, we will publish narrative regulatory judgements which combine intelligence gained from both Stability Checks and Reactive Engagement.

### **Further Information**

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For further details about these processes, please see Regulating the Standards on <http://www.gov.uk/hca>.

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March 2017

## HCA Regulatory Notice

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### Registered Provider

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Luminus Group Limited (Luminus) (L4398)

### Regulatory Finding

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The regulator has concluded that:

- a) Luminus has failed to meet the Home standard; and
- b) as a consequence of this breach, there was the potential for serious detriment to Luminus's tenants.

### The Case

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Luminus owns around 7,500 properties. As a registered provider, Luminus is required to comply with the consumer standards.

As part of planned regulatory engagement with Luminus via an In Depth Assessment, the regulator learned that following an internal audit in June 2016 Luminus had identified that 25% of a small sample of properties did not have valid gas safety certificates. Following a further full assessment, it was identified that more than one thousand properties had not had a valid gas safety certificate for at least some part of the previous two years. Most of the certificates had been overdue for a short period.

Inadequate policies and systems had caused failure to schedule and book inspections in a timely manner, and then problems gaining access to

properties. The failure was not reported to the regulator. Luminus is adopting new gas safety policies and procedures.

### **The Regulator's Findings**

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The regulator considered the case as a potential breach of the Home standard and specifically the regulatory requirement to 'meet all applicable statutory requirements that provide for the health and safety of occupants in their homes'.

The regulator has received evidence of failure to adhere to the Gas Safety (Installation and Use) Regulations 1998 which state that gas safety checks should be undertaken annually by a gas safe engineer. Although the gas safety inspections were typically overdue for a relatively short period of time, the number of homes that had been without valid certificates for at least some period was extremely high. This had been caused by failure to have adequate policies and systems in place to ensure gas safety inspections were carried out on time. This is clear evidence of a breach of the statutory obligation to carry out gas servicing and thus of the Home standard.

Notwithstanding the actions Luminus has taken, and is now taking, the regulator is of the view that it has failed to meet the Home standard. Having considered the number of properties affected, and the systemic nature of the problem, the regulator has concluded that the breach of the Home standard exposed tenants to the risk of serious harm.

Section 198A of the Housing and Regeneration Act 2008 (as amended), states that the regulator's regulatory and enforcement powers may be used if a registered provider has failed to meet a consumer standard. In order to use regulatory or enforcement powers, as well as the failure to meet the standard, there should also be reasonable grounds to suspect that the failure has resulted in a serious detriment to the provider's tenants (or potential tenants) or that there is a significant risk that, if no action is taken by the regulator, the failure will result in a serious detriment to the provider's tenants (or potential tenants).

Luminus has provided assurance that it has completed the outstanding gas safety checks and that it is developing and adopting a new gas safety policy. The regulator will work with Luminus as it addresses the issues which have led to this situation and will consider what, if any, further action to take in relation to the breach of the Home standard.

The regulator has also considered the implications of this matter for its published grading of Luminus' compliance with the Governance and Financial Viability standard as part of the regulator's broader consideration of Luminus' compliance arising from the In Depth Assessment. A non-

compliant G3 grading has been published via a separate Regulatory  
Judgement.

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

|                              |   |
|------------------------------|---|
| <b>Title/Subject Matter:</b> | Cambridgeshire Police and Crime Commissioner's Fire Governance Consultation             |
| <b>Meeting/Date:</b>         | Overview and Scrutiny Panel (Communities and Environment) – 13th July 2017              |
| <b>Executive Portfolio:</b>  | Executive Councillor for Community Resilience and Wellbeing, Councillor Angie Dickinson |
| <b>Report by:</b>            | Head of Community   |
| <b>Wards affected:</b>       | All   |

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### **Executive Summary:**

The Cambridgeshire Police and Crime Commissioner is consulting on the proposal to change the governance of the fire and rescue service in Cambridgeshire. This follows Government legislation to promote greater joint working between emergency service organisations.

Four options have been evaluated and the resulting report (The Business Case) recommends the Governance option. This option proposes that the Police and Crime Commissioner becomes the Police, Fire and Crime Commissioner and has overall responsibility for the governance of both Cambridgeshire Fire and Rescue Service and Cambridgeshire Constabulary.

Members can follow the link (see below) to gain access to the consultation and documents.

<http://www.cambridgeshire-pcc.gov.uk/get-involved/fire-governance-consultation/>

On the consultation webpage are listed the following documents:

- Two Page Summary
- Executive Summary
- Full Business Case
- A link to the survey

List of appendices included:

- Appendix 1 – Consultation on Fire Governance, Background Information

### **Recommendation:**

The Overview and Scrutiny Panel is invited to scrutinise the proposal and consider whether a response to the consultation is appropriate.

### **CONTACT OFFICER**

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## **CONSULTATION ON FIRE GOVERNANCE**

### **BACKGROUND INFORMATION**

#### **Consultation on the Local business case for fire and rescue governance options to improve the effectiveness of emergency services delivery in Cambridgeshire**

##### **The legislation**

The Policing and Crime Act 2017 places a duty on police, fire and rescue and ambulance services to collaborate, and enables Police and Crime Commissioners to take on responsibility for the governance of fire and rescue services in their area where a local case is made to do so.

##### **Background**

Commissioners will be enabled to seek responsibility for their local Fire and Rescue Service where a local case is made to the Home Secretary. This is subject to tests to ensure that changes will deliver improvements in one or more of economy, efficiency and effectiveness or public safety. In line with the legislation, Commissioners are also required to work with their Fire Authority to prepare their local business case.

The Act provides for four options relating to fire governance:

1. The no change option: Police and fire continue to have governance arrangements that are independent of each other
2. The representation option: The Police and Crime Commissioner has a seat and voting rights on the Fire Authority;
3. The governance option: The Fire Authority is replaced by the Police and Crime Commissioner who becomes the new Fire Authority as a corporation sole. This is referred to as a "PCC style FRA". The PCC would become the "Police, Fire and Crime Commissioner";
4. The single employer option: There is a single Chief Officer for police and fire personnel who becomes the single employer under the Police and Crime Commissioner.

The Government is clear that they will only enable police and fire functions to be brought together under a Police and Crime Commissioner where there is a strong local case to do so. In doing so this requires a Commissioner to consult each of the upper tier local authorities in their area on their proposal before they submit it to the Home Secretary. This ensures that

the consultation requirement captures all local authorities that operate fire and rescue committees.

A Commissioner is also required to consult people in their area and to consult representatives of personnel who a Commissioner considers may be affected by the proposal. This ensures that the Commissioner has secured, and taken into account, local opinion on their proposal before making a request to the Home Secretary. Commissioners are required to publish a response to the consultation he or she has undertaken in the interests of transparency.

The Home Secretary can only make an order creating a PCC-style FRA if it appears to her that a Commissioner’s proposal would be in the interests of either a) economy, b) efficiency and effectiveness, or c) public safety.

### Business Case

The Commissioner has worked with Cambridgeshire and Peterborough Fire Authority to explore the potential for greater collaboration between Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service. Together they have worked in the spirit of collaboration on a Business Case, the purpose of which is to explore how the economy, efficiency, effectiveness and, above all, public safety, will be affected by a new governance model.

The Business Case assessed the four governance options in the Act in respect of Cambridgeshire as follows:

| Option                | Description  | Potential benefits  |
|-----------------------|--|---|
| No change option      | <ul style="list-style-type: none"> <li>■ Police and Fire continue to have governance arrangements that are independent of each other</li> </ul>  | Easy to implement but has limited benefits. Police and Crime Commissioner will have less ability to influence.  |
| Representation option | <ul style="list-style-type: none"> <li>■ Police and Crime Commissioner has a seat and voting rights on the Cambridgeshire and Peterborough Fire Authority.</li> <li>■ Police and Crime Commissioner continues to govern Cambridgeshire Constabulary as now.</li> </ul>   | Easy to implement but has limited benefits in that the Police and Crime Commissioner will be only one of many members of the Fire Authority.  |
| Governance option     | <ul style="list-style-type: none"> <li>■ The Police and Crime Commissioner takes on the role of the Cambridgeshire and Peterborough Fire Authority, becoming the Police, Fire and Crime Commissioner.</li> <li>■ Police and Crime Commissioner governs both Cambridgeshire Police and Cambridgeshire Fire and Rescue Service.</li> </ul> | <p>Has significant benefits in terms of:</p> <ul style="list-style-type: none"> <li>■ Economy</li> <li>■ Efficiency &amp; effectiveness</li> <li>■ Public safety</li> </ul> <p>It is easily deliverable at a local level.</p> |

|                        |  |   |
|------------------------|--|---|
|                        | <ul style="list-style-type: none"> <li>Each service retains its Chief Officer.</li> </ul>  |   |
| Single employer option | <ul style="list-style-type: none"> <li>The Police and Crime Commissioner takes on the role of the Cambridgeshire and Peterborough Fire Authority, becoming the Police, Fire and Crime Commissioner.</li> <li>A single Chief Officer is appointed and leads both Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service.</li> <li>Police and Crime Commissioner governs both Cambridgeshire Police and Cambridgeshire Fire and Rescue Service, bringing the services together.</li> </ul> | Has significant benefits (as above) but scores low on deliverability, in that it could be difficult to deliver locally and it is likely that there would be opposition from a number of key local stakeholders. |

**Of these four options the Commissioner’s preference is for the Governance option which the business case recommends as offering the best balance between ease of implementation and overall benefits that can be delivered in terms of economy, efficiency and effectiveness and public safety.**

On the basis of this assessment the Commissioner is proposing the “PCC-style FRA” option of governance, whereby he takes on the role of the Cambridgeshire and Peterborough Fire Authority and is responsible for the governance of the Cambridgeshire Fire and Rescue Service, in the same way as he is currently responsible for the governance of Cambridgeshire Constabulary. This achieves his overall aim of ensuring continued public safety at the same time as creating efficiencies and effectiveness in the way both organisations work together whilst providing value for money for the public they serve.

What this means in practice is that he will be responsible for such things as decisions on how the Fire and Rescue Service spend their budget and whether new fire service facilities should be built or shared with other emergency services. A change of governance would ensure the best use of police and fire assets through a single approach to investment decisions and estates consolidation. Optimisation of estates is perhaps the area of greatest opportunity for financial benefits from collaboration between the two organisations.

These proposals are not a Commissioner nor police takeover of fire and rescue services, or a top-down merger of the roles of police officers and firefighters. The distinction between operational policing and firefighting will be maintained. Funding streams for police and fire will not be merged and police and fire will continue to raise precepts separately, so local people can hold the Commissioner to account for how their money is spent.

### **Consultation**

This Business Case will form the basis of the Commissioner’s consultation exercise on the governance proposal. He is legally required to consult with upper tier local authorities,

representatives of personnel who the Commissioner considers may be affected by the proposal, and the public.

The formal consultation, which will run for 8 weeks during July and August, will ensure that he has secured, and taken into account, local opinion on this proposal before making a request to the Home Secretary on the desired governance model.

He will be consulting with those effected by the proposals and their workforce representative bodies as well as a wide range of stakeholders and the public.

He will consider the feedback from the consultation and then publish a consultation response report, prior to finalising the Local Business Case ready for submission to the Home Secretary in October. The consultation response report will be published on the OPCC website.

### **Next steps**

The Commissioner's aspiration is to seek responsibility for the Fire and Rescue Authority in April 2018 subject to the outcome of the consultation and the Home Secretary's approval that the Commissioner's proposal is in the interests of either economy, efficiency and effectiveness or public safety.

The key milestones are:

|                |  |
|----------------|--|
| Jun 2017       | Pre consultation engagement  |
| 03 Jul 2017    | Consultation opens   |
| 28 Aug 2017    | Consultation closes  |
| Sep 2017       | Revise consultation in light of consultation comments              |
| Oct 2017       | Submit to Home Office  |
| Oct – Dec 2017 | Home Office to review business case                                |
| Dec 2017       | Home Office decision on whether to approve business case           |
| Jan – Mar 2018 | If approved, prepare for transition to new governance arrangements |
| 01 Apr 2018    | Implementation of new governance arrangements                      |