

COUNCIL CABINET 9 NOVEMBER 2004

MINUTE EXTRACT

176/04 Derby Homes' Business Strategy

The Council Cabinet considered a report of the Director of Policy regarding the Derby Home's Business Strategy. The Council and Derby Homes had been meeting regularly to discuss key strategic issues, including Derby Homes' Business Strategy to deal with a reduced management fee because of a loss of stock owing to Right to Buy and the end of the Homes Pride programme in March 2006. The Management Agreement between the Council and Derby Homes did not permit Derby Homes to carry out work or provide services to third parties, other than Council tenants, without the Council's prior written consent. Derby Homes were also restricted to both working within the city and to their existing areas of activity within the City. Derby Homes asked the Council to consider whether it was prepared to permit it to:

- provide consultancy services inside and outside the city
- manage RSL or other council's properties outside the city
- manage RSL properties within the city
- manage private sector properties within the city.

Options Considered

- 1 The status quo could be retained which would result in no change to the Memorandum of Association and Derby Homes would be restricted to work in the city and areas where the Council owned or manages stock.
- 2 The proposal from Derby Homes is to undertake management of RSL or other councils' stock outside the city and to manage private sector stock within the city.
- 3 To request Derby Homes to cease all other activity not already contractually undertaken to avoid any risk or dilution of management concentration on the core business.
- 4 To allow Derby Homes to offer management consultancy services both inside and outside the city, up to a value not exceeding £20,000 in each case to any one organisation without reference to the Council, and exceeding £20,000 subject to written agreement of the Director of Policy in each case.
- 5 To allow Derby Homes to manage Registered Social Landlord – RSL – properties within the city, subject in each case to written agreement of the Director of Policy and maintenance of a separate account for each contract within the accounts of Derby Homes.

- 6 To amend Derby Homes Memorandum of Association to permit the Company to offer management consultancy services outside the city and to manage RSL properties within the city outside the areas where the Council currently owns or manages housing stock.

Decision

1. To allow Derby Homes to offer management consultancy services both inside and outside the city, up to a value not exceeding £20,000 in each case to any one organisation without reference to the Council.
2. To allow Derby Homes to offer management consultancy services of a value exceeding £20,000 subject to written agreement of the Director of Policy in each case.
3. To allow Derby Homes to manage Register Social Landlord – RSL – properties within the city, subject in each case to:
 - the prior written agreement of the Director of Policy
 - maintenance of a separate account for each contract within the accounts of Derby Homes.
4. To amend Derby Homes Memorandum of Association to permit the Company to offer management consultancy services outside the city and to manage RSL properties within the city.
5. Not to permit Derby Homes to work outside the city other than the provision of consultancy services in 1 and 2 above.
6. To ask Derby Homes, in consultation with the Director of Policy, to review existing contracts for managing RSL properties in the context of the treatment of costs set out in paragraph 3.10 of this report.
7. To ask Derby Homes to examine further the case for managing private sector properties and report back to Council Cabinet in 12 months' time with a business plan for such activity.
8. To consider the views of the Community Regeneration Commission on the proposals at the next meeting of Council Cabinet.

Reasons

1. The Cabinet needed to balance the ability of Derby Homes to undertake new work for other partners with the need to make sure that the core of the business remains focused on the core objectives of managing the Council's own stock.
2. In the case of housing management activity within the city, the balance of risks to the Council is such that it was considered likely to be in the Council's interest to allow expansion of Derby Homes into other complementary areas of activity.

The balance of risk on substantial housing management activity outside the city was considered to be too great at this stage for the Council to support but providing “de minimis” consultancy advice to other bodies outside the city should not result in too great a diversion from Derby Homes core business