



**Ealing Homes Limited (the “Company”)
Company number 5120243
Company Limited by Guarantee
Companies Act 1985 - 2006**

Minutes of Part A of a meeting of the Board of Directors, open to the public

Present:

Eddie Brown	(‘EB’)	Chairman
Liban Ali	(‘LA’)	
Don Ayre	(‘DA’)	
Ziggy Brennan	(‘ZB’)	
Greg Birdseye	(‘GB’)	
Russell Caller	(‘RC’)	
Donncha Downey	(‘DD’)	
John Gallagher	(‘JG’)	
Carole Lorrington	(‘CL’)	
John Popham	(‘JP’)	(part only)
Brian Reeves	(‘BR’)	
Barbara Yerolemou	(‘BY’)	

Apologies

Florence Herve	(‘FH’)	
Brian Madden	(‘BM’)	
Diana Pagan	(‘DP’)	
Susmita Sen	(‘SS’)	Chief Executive, Ealing Homes Limited

In attendance:

Peter Driver	(‘PD’)	London Registrars, Company Secretary
Marcus Carling	(‘MC’)	Interim Director of Asset Management
Giuseppe Coia	(‘GC’)	Interim Assistant Director Asset Mgt
Keith Millican	(‘KM’)	Director of Resources
Abraham Nomafo	(‘AB’)	Director, Housing Management
Chris Wood	(‘CW’)	Interim Chief Executive
Pat Hayes	(‘PH’)	Executive Director, Regeneration and Housing, London Borough of Ealing (LBE)
Cathy Osborn	(‘MB’)	Assistant Director, Housing, LBE
David Ewart	(‘DH’)	Finance Director, Regeneration & Housing LBE

Place:	Queen’s Hall Ealing Town Hall New Broadway Ealing, W5 2BY
Date/time:	22 January 2009 at 7pm

I Welcome, introduction and apologies

1. The Chairman welcomed Chris Wood (CW), Interim Chief Executive, who would be dealing with the Chief Executive's agenda items as Susmita Sen (SS) was unable to attend the meeting.
2. Apologies had been received from Florence Herve, Brian Madden and Diana Pagan.

II. Notice and Quorum

3. The Chairman reported that notice had been given to all those who were entitled to attend the meeting and, as per the Articles of the Company, the quorum necessary for the conduct of the meeting was present.

III. Minutes and matters arising

4. The minutes of the meeting held on 6 November 2008 were APPROVED and SIGNED as a correct record of the meeting.
5. It was NOTED that Donncha Downey (DD) had given his apologies for the meeting, and the minutes had been updated to reflect this.
6. On matters arising from the Update on the Single Equality Scheme, it was agreed that CW and JG would meet shortly to discuss equality and diversity issues.

IV Annual Report and Financial Statements for the year ended 31 March 2008 for Ealing Homes Limited ('the Company')

7. KM introduced the Annual Report and Financial Statements for the year ended 31 March 2008 and drew the following points to the Board's attention.
8. Turnover was approx £19.5m during the year on which an operating surplus of approx £300,000 had been generated.
9. However, £9.7m of goodwill had been written off in the Profit and Loss Account because of the uncertainty regarding the future funding by LBE of the Company. The £9.7m goodwill figure was an accounting book entry to reflect the difference between the Pension assets transferred to the Company when it was established as an ALMO set off against the Pension liabilities transferred at that time.
10. As a result of the write-off of goodwill, and the requirements of FRS 17 relating to the accounting treatment of pension liabilities, the Company had made a net accounting loss for the year of £10.3m, which contrasted with the operating surplus that the Company had achieved this year and in the previous 3 – 4 years.
11. On the balance sheet, there was a members' deficiency which meant that the Company's liabilities exceeded its assets (making it technically insolvent), caused by the net pension fund liability which, at 31 March 2008, was £18m.
12. A stepped employer contribution programme was in place to increase the company's contributions to the pension fund, which would rise to 23.7% of staff salaries in the coming year. This increase was not sufficient to fund the deficit and, due to

worsening stock market conditions, the pension fund liability was expected to increase in 2008/09.

13. Notwithstanding the impact on the balance sheet of the pension fund liability, it was possible to prepare the Accounts on a going concern basis. This was because the Company had cash reserves in place, an agreed management fee with LBE for 2009/10, and cash flow forecasts prepared for the coming year, which indicated that the Company could meet its liabilities incurred in the normal course of business as they fell due. The Company had sufficient cash to meet its ongoing liabilities for a period of 12 months from the date the accounts were signed, ie 22 January 2009.
14. Board members asked what plans were being made to manage the increase in the liabilities that would arise in 2008/09, given the uncertainty over the continuation of the Company as an ALMO, in order to avoid problems with the preparation of the Financial Statements for 2008/09.
15. In response, KM outlined an example: if the draft audited accounts for 2008/09 were brought to the Board for review and approval in July 2009, it would be necessary to provide the Board with an assurance regarding the Company's continuation as a going concern for a further 12 months from the date the Board approved the Financial Statements.
16. However, as the current management agreement with LBE would expire in March 2010, it would be necessary to have a letter of comfort from LBE confirming that it would be prepared to extend the management agreement or provide the necessary financial guarantees to the Company to enable it to continue as a going concern.
17. Board members suggested that LBE should be asked to provide a formal, binding letter to the Company confirming that it would meet the pension fund liabilities. KM undertook to discuss the provision of such a letter with his counterpart at LBE.
[Action: KM]
18. KM confirmed that Baker Tilly (BT), the Company's Auditor, had audited the Annual Report and Financial Statements for the year ended 31 March 2008 and had prepared an unqualified Audit Report. KM was recommending that the Board approve the Directors' Report and Financial Statements.
19. After due consideration, the Board RESOLVED to:
 - APPROVE the Company's Annual Report and Financial Statements for the year ended 31 March 2008;
 - AUTHORISE the Chair and Vice Chair to sign the balance sheet and the Company Secretary or a Director to sign the Director's Report, and that each signatory had the discretion to accept minor amendments; and
 - AUTHORISE a director to sign the letter of representation on behalf of the Board.
20. The Board also APPROVED the re-appointment of Baker Tilly LLP as auditor to the Company for a further year. KM confirmed that he would be putting the contract for the provision of audit services out to tender during the coming year to ensure that the Company and the Board continued to receive good value for money from its auditor.

V Company Secretary's Report

21. PD noted that, in its capacity as Company Secretary, London Registrars (LR) had been asked to prepare a report for the Board. The Report contained updates and recommendations on: health and safety issues; a review of the terms of Reference for the Board and its Committees; and the Directors' Duties in the Companies Act 2006.
22. On health and safety (H&S), PD outlined the processes that LR would expect to see in place at the Company to ensure that the Directors' responsibilities under the Health and Safety at Work Act were being appropriately discharged.
23. These processes included the appointment of a designated H&S officer, with a clear reporting line to the Board or a Board Committee. The Board should also receive a report on H&S issues on at least an annual basis.
24. KM confirmed that officer-level responsibility for H&S rested with the Chief Executive and the Executive Management Team. Board members suggested that a named Board member should have responsibility for H&S issues.
25. GB noted that, as part of the current review of its terms of reference, the Asset Management Committee (AMC) was considering taking formal responsibility for H&S issues on behalf of the Board and would be considering revised terms of reference at the next AMC meeting on 5 February 2009.
26. GB pointed out the link between H&S issues and the Risk Register. AMC had asked SS to report on the development of the latter at a future meeting, in the light of the Committee's continuing concern at the way risks were currently managed.
27. JG referred to an initiative, set up last Summer, with support from the Home Office and Scotland Yard, to improve the handling of H&S issues on the Southampton Estate in Acton. However, it appeared from recent reports that the responsibilities the Company had taken on in conjunction with the Police Safer Neighbourhood team as a result of this initiative were not being fulfilled.
28. The Police remained concerned at the potentially serious implications of these lapses given the apparent breaches of H&S requirements on the Estate. A thorough review of how H&S on the estates was being managed by the Company was required to ensure that these problems were dealt with as a priority, and resources made available to ensure that necessary improvements were made.
29. RC supported JG's comments regarding the urgent need to improve H&S compliance and referred to the Board's responsibilities, and potential liabilities under the Corporate Manslaughter and Homicide Act.
30. AN outlined the protocol that had been established with the Police and LBE to handle H&S issues on the Estates, some of which arose because of the work done by external contractors, eg cable television companies. Processes were in place to ensure that risks arising from this work were dealt with as they arose and, where possible, anticipated.
31. However, AN acknowledged that, due to resource constraints, some of the required repairs were not handled sufficiently quickly. The processes could certainly improve

but the EMT was committed to making the changes necessary to ensure improvements were made.

32. PD confirmed the Board needed to ensure that its overall responsibility was discharged through the appointment of a senior, suitably qualified member of staff with responsibility for H&S who ensured, on behalf of the Board, that relevant processes were in place and H&S risks were mitigated as far as possible.
33. It was not necessary for individual Board members to become experts in H&S, or to undertake specific training, but the Board must ensure that the person appointed to ensure the Board's responsibilities were properly discharged, should have relevant qualifications and undertake regular training.
34. CW noted that he was not yet fully aware of the way in which the Company discharged its H&S responsibilities but acknowledged its importance and the Board's need to be reassured that the requirements were being met, and the risks arising from non-compliance were being mitigated. CW would report to the Board at its next meeting on the arrangements in place.
35. Board members suggested that, as the AMC Committee was still considering whether it should include responsibility for H&S compliance within its terms of reference, a decision should be made, as soon as possible, on whether responsibility for monitoring H&S compliance lay with an individual Board member or a Board Committee.
36. It was also important to ensure that the Board received regular updates on H&S, including bar charts showing how issues were being handled and provided the support, as necessary, to either the Board member or Committee to which responsibility for H&S was delegated, bearing in mind the increased workload and time commitment that this new responsibility would entail.
37. AN, noting Board members concerns, confirmed that H&S issues (eg repairs) were logged each day on the estates and an audit trail maintained. CW and AN would provide an overview report to the Board on how these issues were handled at the next meeting.
38. GC confirmed that officers within the Asset Management Directorate were aware of their H&S responsibilities and were discharging them appropriately. However, there were outstanding issues to work through with LBE regarding the work done by external contractors on the estates.
39. ZB noted that there were around five key, strategic questions that the Board should be discussing on H&S issues. The Board AGREED that the Interim Chief Executive should be asked to prepare a list of those questions for the Board to consider, at an appropriately high level without detail that it was not necessary for the Board to consider, with a recommendation that responsibility for H&S be allocated to a Board member or a Board Committee, as appropriate.
40. PH noted that he would shortly be writing to CW regarding asbestos and the need for an appropriate process to deal with the issues.
41. It was also suggested that CW and JG would meet the Police Officer on the Southampton Estate to work out potential solutions to the problems already discussed.

[Actions on Health and Safety: CW]

42. PD referred to the recommendations in the paper regarding an annual review of the terms of reference for the Board Committees, in line with good practice. PD also recommended that the Board consider setting up a Nominations Committee to ensure that the process of recruiting, appointing and inducting new Board members was handled smoothly and took account of the need to refresh the Board membership regularly while retaining the Board's 'corporate memory'.
43. Board members referred to their experience, in other organisations, of the process for appointing Board members. A process for the appointment of independent and tenant Board members was set out in the Articles and a tenants' council to make recommendations on the appointment of tenant Board members was now in place. One candidate for the current vacancies for tenant Board members, who had been interviewed the previous day, had come via that route.
44. The Board AGREED that the recommendation regarding the Nominations Committee should be reviewed in due course. It was also AGREED that the Terms of Reference for the existing Committees (Audit and Regulatory and Asset Management) should be reviewed at the first meeting of each Committee after the AGM, in line with previous practice. It was noted that the AMC was currently reviewing its terms of reference and would be reporting to the Board at a forthcoming meeting.

[Action: CW/PD/Committee Chairs]

45. Board members asked that the guidelines for Board Champions be reviewed as part of the review of Committee Terms of Reference, to ensure that each Champion had the appropriate advisory authority and was therefore able to influence issues on which he/she had been asked to make a contribution.
46. On Directors' Duties, PD referred to the provisions in the Companies Act 2006 (the Act) which codified existing duties under the Common Law. The Act also placed a new obligation on directors relating to declarations of interest. Directors have a duty to disclose any issues that might conflict with the business of the Board. Once the declaration had been made, the Board had the option to agree that the director could participate in the discussion on the issue and vote if required.
47. However, if the conflict arose from a contrary interest, eg relating to a contract with the Company, then the director was obliged to make a declaration and could be excluded from Board discussions.
48. Board members noted the potential conflicts arising from the working relationship between LBE and the Company and the presence of Councillors on the Board.
49. PD suggested that directors contact him direct if they had queries regarding the application of the new duties. Board members thanked PD for his update and NOTED the recommendation regarding the actions to be taken to ensure conflicts were handled in line with the new duties.

VI. Appointment of interim Chief Executive

50. CW noted that, as SS was about to go on maternity leave, he had been appointed as Interim Chief Executive during her absence. The Board would be asked to ratify the appointment during Part B of the meeting.

VII. Closing

53. There being no further business to discuss in Part A, the Chairman declared this part of the meeting closed.