

# Item 6

## REPORT TO CABINET

22<sup>nd</sup> NOVEMBER 2007

## REPORT OF DIRECTOR OF HOUSING

### Housing Portfolio

#### LARGE SCALE VOLUNTARY TRANSFER (LSVT)

#### ESTABLISHMENT OF THE SHADOW BOARD

##### 1. SUMMARY

1.1 The Council on the 26 October 2007 (minute reference C.56/07 and C.56/07 refers) approved Large Scale Voluntary Transfer (LSVT) to a stand alone Registered Social Landlord (Housing Association) as the preferred option for the future ownership and management of the Council's housing stock. A key requirement of the project plan and governance arrangements for the delivery of the preferred option is to establish a 'Shadow Board'. The board must be made up equally of Council representatives, tenants and independents (members of the community with the required and appropriate skills to support the development of the new Housing Association). This report outlines the proposed selection criteria, the timetable, and process for the appointment of Council nominees, tenant and independent board members.

##### 2. RECOMMENDATIONS

- 2.1 That a Shadow Board of 12 members is established consisting of 4 Council nominees, 4 tenants and 4 independent members of the community.
- 2.2 That the arrangements for the selection and appointment of the Council Nominees to the Shadow Board are approved.
- 2.3 That the arrangements for the appointment of tenant and independent to the Shadow Board are approved.

##### 3. BACKGROUND TO THE ROLE OF THE SHADOW BOARD

3.1 A key requirement of the project plan and governance arrangements for the delivery of the preferred option is to establish a 'Shadow Board' ("the board"). The Board is formed in advance of the ballot because it has a clear role in developing "the Promises" that are to be made to tenants about the future investment in their homes, estates and service. These Promises must be achievable, fundable and meet the aspirations of tenants expressed through the formal consultation programme. The Board will also be required to lead and represent the interests of the new Housing Association before it is formally constituted.

- 3.2 When a positive ballot is achieved, the focus of the Board will change. It will be responsible for the delivery of the promises to tenants set out in the formal offer document. It will ensure that the Business Plan is sufficiently robust to deliver the commitments. The board will also be responsible for ensuring that the new RSL meets the requirements of the Housing Corporation, and is sufficiently well developed to achieve registration, in readiness for receiving the transfer of the housing stock. It will be required to agree staffing structures, systems, policies and procedures that meet the Housing Corporation's expectations.
- 3.3 There are normally three main elements which are represented on the Shadow Board of a new LSVT Housing Association these are: -
- the Council's interests usually councillors,
  - the tenants' interests,
  - all other interests, classed by the Housing Corporation as "independents" who bring a range of other skills to the board.
- 3.4 The National Housing Federation, the representative body for Housing Associations, recommends that each of these groups constitute one third of the board make up and that board would not normally exceed 12 members. The Housing Corporation, the regulatory body for Housing Associations, supports this approach. The Housing Corporation requires that Housing Association boards can demonstrate a range of relevant experience and an appropriate diversity profile, which reflects the local community. There is also an emphasis on experience and skills relevant to the management of the Housing Association.
- 3.5 This report recommends the establishment of a Shadow Board of 12 members, 4 from each group identified in paragraph 3.3 above.
- 3.6 The Solicitor to the Council produced a report approved by Standards Committee on 10<sup>th</sup> February 2005 entitled "Report to Sedgefield Borough Council - Conflicts of Interest and Decision Making Arrangements" This report gives guidance on potential probity issues during the process of decision taking for Members and Officers. The Council's Solicitor has recently re-circulated copies of that report to appraise members and officers, of that Guidance. The guidance does not supersede the revised Member Code of Conduct, which is also material to this process. Furthermore the National Housing Federation's Code of Governance states:- *"All board members share responsibility for its decisions. Each should act only in the interests of the organisation and not on behalf of any constituency or interests group. Board members should put the interests of the organisation before their own interests."*

#### **4. MAKE UP OF SHADOW BOARD MEMBERS**

- 4.1 The Council will need to select and appoint 4 Councillors as Shadow Board members the appointees will be required to serve the best interests of the new organisation and when attending meetings of the Shadow Board, they will be expected to set all other interests (e.g. personal, political, council interests) aside. The appointees will need to ensure that they do not actively participate in any Council meetings or Council sub-committees where there could be a conflict of interest i.e. deciding terms for the transfer of the stock to the new RSL.

- 4.2 Applications will be sought from all member of the Council. Advice has been sought on the appointment of Cabinet members to the Shadow Board and provided the advice detailed above in terms of conflict of interest is followed there is no valid reason that they should be excluded from the Shadow Board.
- 4.3 The 4 tenant members of the Shadow Board would, normally be appointed by all tenants through an election mechanism. At present, there are no election mechanisms in place and an alternative method is needed to appoint tenant members to the Shadow Board. Nearly 600 tenants have expressed interest in becoming involved in the transfer in a range of different ways. We propose to seek volunteers from these 600 tenants to put themselves forward for the 4 Shadow Board places.
- 4.4 The Housing Corporation require that one third of the board are independent members i.e. neither Council appointments or tenant appointments. Once the Council and tenant appointments to the Shadow Board have been made, a skills audit will help to highlight the experience and skills available for the management of the new Housing Association, but also any gaps that may need to be filled through the appointment of independent members. It will be important to have some members on the Shadow Board with experience and understanding of business management (e.g. law, finance) and housing. Sometimes these skills can be represented in the Council or tenant appointments; sometimes independent members bring in these skills.

## **5. PROCESS FOR THE APPOINTMENT OF THE SHADOW BOARD**

- 5.1 It will be necessary to have in place slightly different arrangements for the appointment of each section of the Shadow Board membership the following arrangements are proposed for each group.

### **Council Appointments**

Expressions of interest have been sought from all members of the Council. An application pack will be sent to all members who expressed an interest in being part of the Shadow Board. The Chief Executive of Derwentside Homes, a recent transferred Housing Association, will conduct the interviews with the support of the Lead Advisor.

### **Tenant Appointments**

Expressions of interest have been sought from tenants as detailed in paragraph 4.3 above. An application pack will be sent to all interested tenants. The Chief Executive of Derwentside Homes will again undertake the interviews, aided by two tenant representatives from the LSVT Steering Group who have not expressed a wish to be Shadow Board members. The Lead Advisor will support this process.

### **Independent appointments**

To ensure the effective progress of the project it is proposed to seek expressions of interest from prospective independent board members in early December. The 4 independent members will be selected and appointed by the Council and tenant members of the Shadow Board based on the results of the skills audit.

A role description for Shadow Board members is attached as Appendix 1 to this report which will be used as the appointment criteria.

## **6. TIMETABLE FOR APPOINTMENT OF THE SHADOW BOARD**

- 6.1 To ensure that the Shadow Board for the new Housing Association for Sedgefield Borough is established and working effectively in accordance with the project plan, the following timetable and milestones have been developed.

**Wednesday 14<sup>th</sup> November 2007** – Expressions of interest invited from members. Application packs will be provided to Members, upon request. The packs are subject to ratification by Cabinet on 22 November.

**Monday 3<sup>rd</sup> December (10.00 am) 2007** – Closing date for Shadow Board applications.

**Wednesday & Thursday 5<sup>th</sup>/6<sup>th</sup> December 2007** – Interviews for member and tenant Shadow Board representatives undertaken.

**Thursday 20<sup>th</sup> December 2007** – Cabinet approval sought for the appointment of Council representatives to the Shadow Board.

It is envisaged that the first Shadow Board meeting will be held in early January 2008.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The costs associated with the appointment and ongoing support to the Shadow Board have been included in the estimate identified and agreed at Cabinet on 8<sup>th</sup> November 2007.

## **8. CONSULTATIONS**

- 8.1 Early discussions have started with key stakeholders including the Department of Communities and Local Government, Housing Corporation, Audit Commission and Durham County Council regarding the implementation of the Council's preferred option.

## **9. OTHER MATERIAL CONSIDERATIONS**

- 9.1 Links to Corporate Objectives/Values

The contents of this report support the Council's Community Outcome of a Borough with Strong Communities, where residents can access a good choice of high quality housing. The Council's ambitions, which are linked to this Community Outcome, are articulated through the Corporate Plan and the Medium Term Financial Plan. Importantly ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The preferred option would ensure the Council's housing stock could continue to support these objectives into the future.

## 9.2 Risk Management

The two key risks associated with the Shadow Board are:-

- i. The failure to attract sufficient interest from all groups to fill the Shadow Board places.
- ii. The failure to develop appropriate skills and ability within the Shadow Board membership to deliver the LSVT project plan within the timescales identified.

A STORM assessment will be undertaken of these two key risks to inform the methodology of reducing them to an acceptable level.

## 9.3 Health & Safety

No additional issues have been identified.

## 9.4 Equality & Diversity

Full account will be taken of the Council's obligation to promote equality and diversity in the development.

## 9.5 Legal & Constitutional

Further detailed advice and support will be required from the Council's Solicitor in delivering the preferred option. The Solicitor advises that Members and Officers should note the relevance of the report approved by Standards Committee on 10<sup>th</sup> February 2005 entitled "Report to Sedgefield Borough Council - Conflicts of Interest and Decision Making Arrangements". This report gives guidance on potential probity issues during the process of decision taking. The Council's Solicitor will circulate copies of that report shortly in order to appraise members and officers, albeit that the guidance does not supersede the revised Member Code of Conduct, which is also material to this process.

## 9.6 Sustainability

No additional issues have been identified.

## 9.7 Information Technology

No additional issues have been identified.

## 9.8 Crime and Disorder

No additional issues have been identified.

## 9.9 Human Rights

No additional issues have been identified.

## 9.10 Social Inclusion

No additional issues have been identified.

## 9.11 Procurement

No additional issues have been identified.

## 10. OVERVIEW AND SCRUTINY IMPLICATIONS

10.1 There are no Overview and Scrutiny Implications of this report.

## 11. LIST OF APPENDICES

11.1 Appendix 1 Role of a Shadow Board member

**Contact Officer** Ian Brown  
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**E-mail address** [ibrown@sedgefield.gov.uk](mailto:ibrown@sedgefield.gov.uk)

**Ward(s)** None

### Key Decision Validation:

Not a key decision

### Background Papers:

Report to Council 26<sup>th</sup> October 2007 – Updating in the Stock Options Appraisal Study.

Report to Council 26<sup>th</sup> October 2007 – Choice of Landlord.

Report to Cabinet 22<sup>nd</sup> November 2007 – Resourcing the Large Scale Volunteer Transfer.

### Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**New Housing Association for Sedgefield**

**ROLE DESCRIPTION**

**Role Title: Board Member**

**Obligations and Commitments**

1. Set the core values and culture of the Association and assist in communicating these to all tenants, staff and stakeholders.
2. Set the strategic aims and business objectives, ensuring that the necessary resources to deliver these are available.
3. Understand the social and environmental context of the communities in which the Association operates and the perspectives and needs of current and future tenants.
4. Contribute to a customer focused culture which listens to the needs of tenants and through a variety of processes engages them in decisions which affect their lives and homes.
5. Develop and lead an inclusive approach to diversity embracing people from all walks of life regardless of race, colour, age or sex in every area of the Association's activity
6. Establish a framework of prudent and effective controls that enable risk to be properly assessed and managed.
7. Contribute to decision making processes and to share responsibility for those decisions.
8. Prepare for and regularly attend board meetings, and as appropriate, committee meetings and other events such as training and tenant led activities.

**Key Responsibilities**

To frame a comprehensive range of customer oriented policies and service standards which will deliver the strategic objectives and ensure that quality measures and feedback processes are in place.

To establish and maintain financial control by:

- Approving the strategic plan and annual business plan,
- Approving the financial statements and management accounts,
- Approving new borrowing facilities, and
- Approving the budget.

To contribute to development of the Association's risk management framework and monitor activity against it including both financial and non financial risk areas

To monitor the Association's overall business performance in relation to business plans, budgets, controls and decisions, taking into account customer feedback and performance of comparable organisations.

To ensure that the Association's affairs are conducted lawfully and in accordance with generally accepted standards of performance and probity.

To ensure compliance with regulatory requirements and the Association's constitution and to maintain high standards of probity and governance

To appoint, and if necessary remove, the Chair.

To appoint, and if necessary remove, the Managing Director or Chief Executive as appropriate.

To represent the Association with external stakeholders, including customers, ensuring that the Association's objectives are communicated

To ensure compliance with policies and procedures for health and safety at work and observe and continually promote equal opportunities and customer care pursuant to organisational aims and objectives.

To participate in learning and development activities that develop personal effectiveness including annual appraisal and assist in improving the overall performance of the board.

To represent the Association on internal matters such as complaints, grievance or disciplinary panels as and when required.

To undertake any other duties as may reasonably be required of a board member and in order to meet the changing needs of the Association.

*This is a description of the role as it is presently constructed. This will be periodically reviewed and updated to ensure that the role description fully reflects the obligations and responsibilities of a board member.*

All Board Members share responsibility for the decisions of the Board. Each should act only in the interests of the Association/Group and not on behalf of any constituency or interest group.