

Berneslai Homes Governance Review

10 June 2020
Draft Version 3



David Tolson Partnership Limited – authorised and regulated by the Financial Conduct Authority

This report is confidential and may not be disclosed to third parties

Contents

	Page
Executive Summary	3
Report	
Introduction	8
Your requirements	8
Methodology	9
Findings	9
Conclusions	26
Action plan	27
Appendices 1 to 5	30

Executive Summary

Introduction

1. DTP has been commissioned by Berneslai Homes to undertake an objective and independent health-check of governance. This project was commissioned in a context of fundamental concerns and an acknowledgment by the board that the governance of the company required review in order to identify those areas requiring change or improvement.
2. This review has been undertaken in the context of change at Berneslai Homes (a new Chief Executive, issues relating to regulatory compliance and a data breach and dealing with the Covid19 pandemic). We understand that this has been a challenging time for the organisation. In this context, we heard in our interviews a strong commitment from members and the Council to change and improvement and to the objectives of Berneslai Homes, which provides a sound foundation for this review.

Context

3. Berneslai Homes operates as an Arm's Length Management Organisation (ALMO) for BMBC under a five-year management agreement. The responsibility for the Housing Revenue Account is retained by BMBC.
4. Berneslai Homes is constituted as a Company Limited by Guarantee, incorporated in September 2002 and with Memorandum and Articles dated May 2019. These cannot be amended without the approval of the local authority.

Findings

Board composition, role and remit

5. The board of Berneslai Homes comprises 10 members with a prescriptive, traditional ALMO composition which is appointed by passing a "skills threshold". This is not uncommon in the ALMO sector. The current size of the board is reasonable. However, the composition leaves Berneslai Homes with limited ability to ensure that it is able to address the required skills, experience, and competencies to discharge the responsibilities delegated to it and to deliver the non-executive role effectively. We recommend that Berneslai Homes considers a revision to its board composition (and therefore the Memorandum and Articles of Association) to provide for the greater application of flexibility within the composition to ensure that the company is governed with a balance of professional and lived experience, local accountability and linkage with the local authority's community objectives. Our recommendation sets out principles to guide the change and some options for consideration. Any amendment will require a formal legal consents process including consultation with stakeholders.

6. Whilst some reasonably comprehensive documentation is in place to set out some roles in the governance structure, there is a requirement for Berneslai Homes to revise role profiles and person specifications for all roles and to undertake a refresher briefing on the remit and discharge of the non-executive role for all members. We also consider that all members need to ensure that they have a rounded knowledge of their legal and regulatory responsibilities and how best to deliver on these.
7. Within the housing sector, we are seeing the Deputy Chair role being combined with a Senior Independent Director (SID) role to provide more support to the wider board and to the Chair. We recommend that Berneslai Homes now progresses with this approach.
8. Once any amendments to the board composition have been decided and amendments to the constitution actioned, we recommend a series of principles for repopulating the refreshed board from existing board members and possibly external candidates.
9. The board needs to clarify the broader members recruitment process, which is currently insufficient, to set out how membership of the board links to required skills, experience and competencies and to ensure that there is a clear approach to succession planning.
10. The board currently operates to a 9 year maximum term for all members. This is not in line with good practice, and we recommend that Berneslai Homes considers revising the maximum term of office for all members to 2 x 3-year terms with further one-year term up to a maximum of 9 years only by exception.
11. We recommend that the board member appraisal process is completely reviewed and formalised. The current policy document is extremely 'thin' and does not set out a robust, routine approach to effectively challenge individual performance (as required in the constitution and agreement for services) or address the collation of member views on the collective effectiveness of the board.

Committees

12. Berneslai Homes currently has three committees (Audit, Customer Services and Human Resources). We understand the reasons for the establishment of these and believe, from our review, that they have the potential to add better value to the governance of the company. We have made some recommendations as to how the arrangements could be strengthened through review of terms of reference and membership of all committees (in particular the coverage of the Audit Committee in relation to risk), their linkage to board and the avoidance of duplication and

extensive operational scrutiny. We also have some observations regarding the communications between and work planning for each element of the governance structure, to ensure that there is a clear focus on compliance with regulatory and governance standards and policy issues.

Appeals Panels

13. Berneslai Homes board members currently have a role in a range of appeals panels. The extent of engagement of Berneslai Homes board members within the internal review of operational processes (which is essentially the role of an appeals panel) is greater than we see in most other housing providers (of all types). This risks the board effectively scrutinising itself rather than taking a strategic perspective on the outcomes of the appeals process. We recommend that a robust review of all board member engagement in appeals is undertaken and an assessment made, using good practice from other providers, of alternative mechanisms for independent appeal which reduce the reliance upon board members and clarifies which board members would be involved and their role in specific appeals.

Decision making and accountability pathways

14. We have undertaken a decision tracking process, by which we take a number of key decisions made by the board and work backwards through board and committee papers to assess the decision making and accountability pathways between board and committees and the appropriate audit trail, using past papers.
15. Our first observation in this respect is that the board does not really make many decisions based on a range of options. We found it very hard to identify decisions which could be tracked through the papers across the governance framework. We also found few papers which provided options or choices for the board to consider. There is little evidence in the board engaging in any amendments or changes to the recommendation put forward and as such, it seems that the only option in this case is to approve or not to approve.
16. This absence of decision making could be linked to a lack of clarity in the “ask” of the board in papers and how this links to the format of the agenda. Papers which were within the “decision” section of the board pack were often provided only for noting or assurance. We suggest a more consistent and informed approach to this in our comments on the agenda below.

Observations on the agenda, board papers and minutes

17. We found some aspects of the board reporting documentation sound, these include:
 - The agenda planner, which sets out a forward plan for each element of the governance structure, deadlines for papers, dates for issue is a useful and used

document.

- The standard report template seems to be consistently used by report author.
- Minutes are about the right length and detail. It is clear what has been resolved or agreed by the board.
- The minutes are supported by an appropriate matters arising / action list.
- The performance report is good.
- The revised approach to asset related health and safety compliance reporting is comprehensive in the data provided and accompanied by explanatory narrative. The employee focused health and safety report is similarly very comprehensive and detailed.

18. However, we recommend a series of changes to other documentation, including:

- That the agenda format is revised to provide for timings and clear definitions of the agenda headings and the ask/ recommendations to the board are adopted.
- That the agenda includes a standard item to allow for members to reflect on the meeting.
- The adoption of a transparent and simple confidential items protocol for relevant papers.
- The need to review the content and format of financial reporting to ensure that the board sees greater detail on trends and priorities and that the board itself undertakes greater scrutiny of the content.
- There is more to do to ensure that the tenant voice (outside of those board members who are tenants) is included in board papers and that board members then ensure this is considered and triangulated with other information (performance and financial outcomes, for example) when making decisions.

Effectiveness and engagement – board meeting observations

19. We observed the board meeting of 2 April 2020 and noted (and have taken into account) that this was only the second virtual meeting using MSTeams undertaken by Berneslai Homes, the first undertaken by the Interim Chair, and that the agenda was affected by the Covid19 pandemic. We considered it to be reasonably well run in the circumstances.

20. In the meeting we observed, and our review of papers, we noted a tendency for members to raise many quite detailed questions of clarification which were covered in later reports. This suggests that members are not preparing appropriately for meetings, and not reading the pack as distinct papers and then again as a “whole”. In some cases, we found officers seemed underprepared for questions and queries from the board for matters which we would usually have seen as anticipated. We encourage both board and staff members to ensure that they are adequately prepared for board meetings, including addressing any points or questions of clarity before the meeting itself.

21. That said, the input from the broader board in relation to matters of strategy, finance, investment, and risk was quite limited. Although all members tend to contribute, a lot of the matters raised are questions to clarify personal understanding or operational detail rather than to add value to a broader strategic board discussion aligned with the purpose of the paper. Some input can be quite robust in tone. We recommend that these matters are addressed in the broader briefing session on effective board membership, the revised role profiles, and the drafting of a revised statement of preferred composition which looks at skills, experience, and competency.

Governing documentation

22. The governing documentation supporting the board is in need of review:
- The financial regulations are in a standard format and appear reasonable in coverage but require updating to provide for a more user-friendly format and to remove references to committees which are no longer in place.
 - The decision-making framework is a useful summary and we suggest that it may be helpful for Berneslai Homes to combine this with the revised terms of reference and financial regulations into one new delegations framework.
 - We have not been provided with a board member remuneration policy – this is a significant gap in documentation and a policy should be drafted, approved, and implemented.

Conclusions

23. This review was undertaken because Berneslai Homes had serious concerns about the skills and competency of the board and the approach to governance oversight and controls. We acknowledge that recent appointments have strengthened the board, but there is more to do to achieve high standards of governance. We consider it healthy that all housing providers should take regular opportunities to step back, review the governance position, evaluate what has been achieved and assess whether its arrangements are fit for future purpose. We hope that this review will assist Berneslai Homes to do this.

Report

Introduction

1. DTP has been commissioned by Berneslai Homes to undertake an objective and independent health-check of governance. This project was commissioned in a context of fundamental concerns about the quality of governance identified in March 2020 where issues relating to compliance and control were reported to the board. As a result, the board of Berneslai Homes acknowledged that governance of the company required review in order to identify those areas requiring change or improvement.
2. We would like to thank Berneslai Homes for commissioning DTP to undertake this review. We would also like to thank all board members, the Senior Management Team, and officers of Barnsley Metropolitan Borough Council (BMBC) and the governance support officers for their help in making the necessary arrangements for the delivery of this review. This report sets out our findings and recommended actions.

Your requirements

3. Your brief asked DTP to undertake a comprehensive and independent review of the governance arrangements at Berneslai Homes to ensure a focus on:
 - The appropriate board composition to address the scope and activity of the organisation and to deliver the agreed strategy and objectives
 - Efficiency within the governance structure and governance operations to ensure best use of resources and value for money
 - A board and committee structure which has clarity in relation to collective and individual member role and remit, ensures appropriate decision making and delegations, sound and transparent information flows and avoids duplication
 - Effective oversight, scrutiny, risk management, internal controls, regulatory and legal compliance
 - Evaluation of the skills, competencies, and behaviours within the members of the governance structure and learning from recent issues, to ensure that the interests of Berneslai Homes and its tenants are protected
 - Identification of any skills and knowledge gaps in board and committee membership and a review of alignment with Berneslai Homes' strategy, the expectations of the local authority, the operating environment, risk framework and sector risks
 - Effective and timely implementation of any recommendations for change and improvement.

4. Berneslai Homes also asked DTP to ensure that a series of actions agreed at the board away day in December 2019 were incorporated into this review. These were:

- To schedule a session on governance to include the role and responsibilities of non-executive directors
- Ensure effective appraisal processes
- Consider use of a Senior Independent Director
- Board members to continue to provide feedback to the Chair
- Consider the committee structure and membership
- Attendance at appeals
- Meetings to have a standard item on issues affecting the organisation.

Methodology

5. Our review commenced in late March 2020 and included the following stages:

- Review of key governance documentation and decision tracking
- One to one discussion with the 9 Non-Executive Board Members and the co-opted member to the Board, between 1 and 13 May 2020
- A one to one discussion with the Director of Regeneration and Culture of BMBC on 6 May 2020.
- A discussion with the Berneslai Homes' Senior Management Team on 12 May 2020 and questionnaire.
- Observation of the Berneslai Homes Board meeting held virtually (online) on 2 April 2020.

Findings

General context

6. This governance review has been undertaken in the context of change at Berneslai Homes. The ALMO has fairly recently had a new Chief Executive, has had to communicate matters relating to compliance and a data breach to the local authority and onwards to the Regulator of Social Housing (RSH), and has subsequently experienced the resignation of the Chair and implemented an interim arrangement. This is at the same time as dealing with the impact of the Covid19 pandemic. We understand that this has been a challenging time for the organisation. In this context, we heard in our interviews a strong commitment to change and improvement and to the objectives of Berneslai Homes, which provides a sound foundation for this review.

7. However, we also note that the relationship between board members and officers within Berneslai Homes has been affected by the recent issues in terms of mutual trust, scrutiny of the information provided to the board and joint working, but this

is now rebalancing. Our interviews found that board members are working through some self-reflection. There is a recognition that governance processes, particularly the level of control and the quality of board oversight, has some weaknesses and some members feel a personal responsibility for this. This has created some feelings of uncertainty, but also reinforces the commitment to focus on better collaborative working with the senior team and to improve the approach to leadership and governance.

8. Our discussions with BMBC indicate a strong support for Berneslai Homes as the ALMO for the Council, and a keen desire to see the board take on a lead role in governance improvement, and to act as a key partner in the delivery of the community and neighbourhood strategy in Barnsley. This is a strong basis to build the next stage of Berneslai Homes' governance upon.
9. During a period of such change in an organisation, it is positive to hear that members are willing to move forward productively and to make changes in relation to the governance culture and the board member role within this. However, we also encourage all board members to be honestly self-reflective about their response to the demands of this change, and the time and level of commitment required in order to actively engage with Berneslai Homes inside and outside of meetings in the current and future context.
10. The recommendations in this report are largely about governance improvement and strengthening; we found some areas of weakness and have made suggestions for the board to consider in addressing these.
11. We understand that Berneslai Homes uses the National Housing Federation (NHF) Code of Governance as good practice rather than formally adopting the Code. There is one area of the Code which we feel requires some attention. Currently, due to the recent changes in membership, the interim Board Chair role is being held by the Chair of Audit. We understand that this was a temporary, emergency matter and was the only viable option, but this is not in line with clause E5 of the Code which states "The chair of the board must not chair the committee responsible for remuneration, nor that responsible for audit." We understand that recruitment of the new Chair has commenced, and that this situation will soon be rectified.
12. The NHF Code of Governance is currently being revised, and we consider it may be helpful for the Berneslai Homes board to consider adopting the 2020 version once this is released in order to provide a clearer framework for governance and associated standards within the ALMO.

Context

13. Berneslai Homes operates as an Arm's Length Management Organisation (ALMO) for BMBC under a five-year management agreement for housing management and other services dated 1 April 2016, and subsequently updated on October 2018. The agreement sets out the mutual delegations and accountabilities between the local authority and the ALMO. We note that the content is fairly standard in terms of the delegation of housing and community services. The responsibility for the Housing Revenue Account is retained by BMBC.
14. Berneslai Homes is constituted as a Company Limited by Guarantee, incorporated in September 2002 and with Memorandum and Articles dated May 2019. These cannot be amended without the approval of the local authority. The constitution sets out the objects and powers of the company which align with the delegations in the management agreement. For the purposes of this governance review, the Memorandum and Articles provide for:
 - The remuneration of board members (clause 6.3 of the Memorandum)
 - Shareholding membership being restricted only to the Council (clause 3 of the Articles)
 - The ability of BMBC to nominate a representative to attend meetings and vote at the ALMO's meetings (clause 4 of the Articles) and that the presence of that representative is a quorum (clause 9.1 of the Articles)
 - Articles 13 to 18 set out arrangements for board composition.
 - The board must comprise 10 members of which 3 are council board members appointed by BMBC, 3 are tenant members (the constitution states that these are elected by tenants or where there is one year or less until retirement by the Tenant Federation; we note that these arrangements may have altered but do not appear to have been documented), 3 are independents (recommended by the board for approval by BMBC) and the Chair is appointed independently (under a process set out in Article 17).
 - There should be no more than 4 tenant or local authority board members.
 - The board is appointed on the basis of passing "a skills threshold" overseen by a panel with a prescribed membership.
 - The maximum term of office is 9 years (3 x 3-year terms) but this can be extended by BMBC. There can be no reappointment without a 3-year gap.
 - The Chair serves for 6 years subject to a 3-year review and can be re-appointed for a maximum 9-year term (Article 17).
 - Quorum is 4 (comprising one tenant member, one independent and one council member plus one other) (Article 30.1)

The governance structure and composition

15. The board of Berneslai Homes comprises 10 members with a prescriptive, traditional ALMO composition as set out above. This is not uncommon in the ALMO

sector where there is usually a similar form of (representative) tenant, independent and local authority membership. However, the current approach to membership leaves Berneslai Homes with limited flexibility to ensure that the board composition addresses the required skills, experience, and competencies to discharge the responsibilities delegated to it. We comment below on the lack of clarity of role and remit within the structure itself and how effectively governance is discharged.

16. The Governance Handbook sets out role profiles and person specifications which are reasonable in approach (please see our further comments on these below). There is also a recruitment process and a blank skills matrix. However, this is generic and does not specify requirements for committees or any linkage to succession planning for particular gaps. We have not seen documentation to set out how the profiles and matrix link to assessing the “skills threshold” which is set out in the constitution and how this is undertaken. We are aware that the board has previously held vacancies if it has been unable to appoint the required skills to the board and fit this with the required constituent groupings. However, we consider that a more robust approach to setting out requirements and also how skills are assessed alongside competencies or behaviours should be adopted.
17. The current size of the board is reasonable; we see housing providers increasingly moving to a board size of between 8 and 10 members, which allows for focused governance oversight and an appropriate balance of skills and competencies.
18. We therefore recommend that Berneslai Homes considers a revision to its board composition (and therefore the Memorandum and Articles of Association) to provide for the greater application of flexibility to ensure that the company is governed with a balance of professional and lived experience, local accountability and linkage with the local authority’s community objectives. This will require a formal legal consents process including consultation with stakeholders. We suggest the following are agreed as principles to guide the changes **(Recommendation 1)**:
 - a) That the size of the board is set at a maximum of 10 but no less than 8 members, with the ability to appoint up to 2 further co-optees for time limited periods if required to add value where appropriate. This will allow Berneslai Homes to ensure that all members are adding value and contributing effectively
 - b) That the constituent groupings are reviewed to provide for greater discretion to ensure that membership provides the skills and competency required and by setting parameters around the groupings. Berneslai Homes has options which could include:
 - i. Moving to an entirely skills and competency-based board without any

reserved places for constituent groupings, i.e. all members appointed based on an assessment of experience and behaviours.

- II. Revisions to the number of constituent groupings on the principle that the number of local authority members and tenants is always equal, for example for each, not less than 1 and not more than 2 of each group and the rest of the board being made up of not less than 2 and not more than 4 independent members.
 - III. Moving to community representatives (who could be tenants, residents, local authority members or local community leaders) taking 4 places on the board and the rest of the board being independent members.
- c) If constituent groupings are maintained that independent members are always in the majority.
 - d) That the Chair of the Board is always an independent member, to provide for objective oversight without risk of any conflict or duality of interest.
 - e) That a statement of preferred composition is agreed before appointment to the refreshed board which sets out the skills, experience and competency required within the board. Our review suggested that the board would benefit from greater awareness of the wider housing sector and the approach to regulatory compliance, strategic oversight, and financial management. We have provided an example template for such a statement at [Appendix 1](#).
 - f) That the formal board appointment process is reviewed and updated, to support the content of any revisions to the constitution and to set out the approach to assessing skills, experience, and competency of all candidates in a transparent and robust manner. If constituent groupings are maintained, then this would also apply to candidates considered for appointment by the Council and to tenants.
 - g) We noted an induction checklist within the Governance Handbook. This was reasonable but should be consistently implemented and followed up to ensure that there is evidence of learning and development impacting on the performance of members in their role as non-executive members.

19. We also recommend that Berneslai Homes considers revising the maximum term of office in line with good governance practice for all members to 2 x 3-year terms with further one-year term up to a maximum of 9 years by exception.

(Recommendation 2)

20. Once any amendments to the board composition have been decided and amendments the constitution actioned, we recommend a series of principles for repopulating the refreshed board **(Recommendation 3)**:

- a) That a two-stage transparent and accountable process is agreed to populate the new board:
 - Internal – where any existing members are assessed for a position on the board using an agreed, objective process

- External – if required to appoint to any remaining vacant positions.
- b) Existing members should note that if appointed to the refreshed board, they will carry forward their existing term of office.
- c) Given that Berneslai Homes is in the process of appointing a new Chair, we recommend that the appointed post-holder for the Chair role is exempted from the board population process and instead takes a lead role in the appointment process for the refreshed board. This would be in line with good practice undertaken elsewhere in the social housing sector.

Role and remit of members

21. All members found the presence of BMBC Director of Regeneration and Culture at the board meetings useful and supportive. However, there is no consistent understanding of his attendance as an “observer”, with some members suggesting that the BMBC Director of Regeneration and Culture is a member of the board. There is no clarity on his position as observer, contributor or as a local authority critical friend and challenger. We suggest that a role profile is developed to set out the remit of the BMBC attendee, the role, and the scope of their ability to contribute to board meetings. **(Recommendation 4)**
22. We acknowledge that the recent appointment of a co-optee to the board is a pilot. However, there is no clarity on the role and remit of the co-optee and the constitution is silent on this matter. Members of the board are unclear whether the co-optee has full voting rights and is a member of the board, or if they act (in effect) as an independent committee member. An independent member of a committee is a full member of the committee, counting towards quorum and with full voting rights. This is different from a board co-optee who would not count towards quorum and would not have a vote. We recommend that this is clarified within any constitutional amendments and associated documentation for the purposes of appropriate governance and decision making. **(Recommendation 5)**
23. We consider that the effectiveness of governance would be improved through the revision of some of the role profiles and a refresher briefing session for all members, as our interviews and observation of meetings suggest a lack of consistency in understanding of the remit and how this is discharged. Whilst some profiles are part of the Governance Handbook, some members could not recall seeing detailed profiles. We have reviewed the profiles and person specifications for the Chair, Audit Committee Chairs, and those for Councillor, Independent and Tenant board members. These are reasonable, but we suggest that they are reviewed to provide for role profiles for each committee chair and for the co-optee member(s). It not good practice to differentiate between the different representative groupings in the general board member role profile. All members have the same role and remit and equal responsibilities. As such, we recommend

one board member role profile is agreed. Finally, all profiles should include relevant competencies. We think that these will be helpful to members in structuring their approach and priorities. **(Recommendation 6)**

24. We also consider that all members need to ensure that they have a rounded knowledge of their legal and regulatory responsibilities and how best to discharge this. There is some suggestion that the board has been quite insular in its view and has perhaps been complacent in relation to governance. We recommend that a comprehensive “back to basics” briefing session is held for all members. This would build upon the session already undertaken where all members were briefed on the health and safety remit to focus on the role of the Board in actively and positively engaging in regulation and the governance role, and characteristics of high performing boards and audit committees. It could also build on other work currently being undertaken, for example the horizon scanning presentation by the Chief Executive at board meetings, to strengthen risk reporting and oversight. **(Recommendation 7)**

25. Within the housing sector, we are seeing the Deputy Chair role being developed to provide more support to the wider board and to the Chair. A Chair and Deputy Chair may work effectively as a team and can agree to divide up the Chair’s responsibilities between them. In doing this the Chair cannot delegate their responsibilities to the Deputy Chair, but can work in partnership to provide continuity in leadership, undertaking the ambassadorial and networking role to develop relationships with key stakeholders, and comprehensive delivery of the required tasks of the Chair role. For note (unless specifically appointed as the Chair Designate through a formal process) we do not recommend that Deputy Chairs are appointed with automatic succession to the Chair position. Furthermore, Berneslai Homes has not operated with a Senior Independent Director (SID) role. We are seeing the adoption of this role increasing; the SID can provide a sounding board for the Chair, provide support to the Chair in the delivery of their objectives, lead on the evaluation of the Chair’s performance and to serve as an intermediary for the other directors when necessary. This can be helpful in working through complex or sensitive issues. We note that this role was discussed at the last board away day, and recommend that Berneslai Homes now progresses the adoption of a Deputy Chair role which is combined with a broader SID remit. We have provided further advice at [Appendix 2](#). **(Recommendation 8)**

26. We also recommend that the board member appraisal process is completely reviewed and formalised. The current policy document (included in the Governance Handbook) is extremely ‘thin’ and does not set out a robust, routine approach to effectively challenge individual performance (as required in the constitution and agreement for services) or address the collation of member views

on the collective effectiveness of the board. We were provided with some sample records of appraisal for review; this template is better at setting out the requirements of the role, some competencies and objectives for members, but there is limited evidence of self or joint assessment (through perhaps 360 degree review and independent facilitation) against these measures or any follow up on areas for training and development. We have not seen evidence of any in-year one to ones or catch ups between members and the Chair to discuss and track progress. **(Recommendation 9)**

Committees

27. The NHF Code of Governance makes it clear that committees should be “established where the board determines that they will provide expertise and enable it to deliver effective governance and manage risk”. Berneslai Homes currently has three committees (Audit, Customer Services and Human Resources). We understand the reasons for the establishment of these and believe, from our review, that they have the potential to add better value to the governance of the company. We have some recommendations as to how the arrangements could be strengthened, their linkage to board and the avoidance of duplication and extensive operational scrutiny, much of which ties into what needs to be changed in the terms of reference (TOR). We also have some observations regarding the communications and work planning for each element of the governance structure elsewhere in this report, to ensure that there is a clear focus on compliance with regulatory and governance standards and policy issues.
28. The Audit Committee requires a review of its TORs, as the version dated December 2020 is thin and very limited in coverage. We usually see an expanded remit for audit committees, with clear headings about specific responsibilities. In addition, we picked up in our interviews a range of views in relation to the committee’s oversight of risk and compliance, particularly in the light of recent events. The remit of the committee could be extended to include assessment of assurance in relation to compliance, to ensure that there is appropriate monitoring of internal systems and controls on a risk based approach, including the processes to produce compliance reports, data quality and management information. This would not be in addition, but complementary to, the work undertaken by the internal audit function and on a much more frequent basis than the audit cycle. **(Recommendation 10)**
29. We suggest that the work of the Human Resources Committee should shift to a more strategic level, focused on oversight of and guidance on outcomes rather than driving implementation of operational HR policy. In addition, we noted that there is a further Remuneration Panel/Committee. We suggest that the oversight of key governance and remuneration matters could be combined within the

Human Resources Committee to make better use of governance resources. We recommend that the committee should have oversight of governance; for example, ensuring thorough board appraisals take place and there is a training and development plan, skills matrix, succession planning, that non-executive remuneration is appropriate and reviewed, and the annual review of the CEO's contract etc. is undertaken. It should also have an overview of key decisions such as senior staff remuneration and the annual pay award, but not stray into operational staffing matters. **(Recommendation 11)**

30. The proposed Customer Services Committee TOR dated February 2020 are reasonably well focused, but some of the language used (particularly the use of "to ensure") lacks clarity in the detailed scope of delegations, which has the potential to allow its focus to become extensive or to lack direction. In some areas, particularly policy, the committee does not seem to have any remit. Accountabilities are not clear. In some cases, the committee asked to make recommendations, but it is not always clear if this is to board or executive. This is not in line with the usual role of an operational committee to provide assurance to the board on the delivery of operational strategy and performance. We have noted the proposed change to permit the Committee to invite the Tenants Voice Panel to nominate two of its members to attend the Committee but again, the purpose of this (other than as a communications link) is not clearly set out. The TOR therefore requires some further review to provide precision about the responsibility and accountability to the board in its oversight of community and operational delivery. **(Recommendation 12)**

31. We are aware that there have been recent proposed changes to the membership of committees. Our advice in this respect is in line with best practice in governance. We note that membership appears to have been randomly allocated rather than systematically aligned with individual member skills and competence. In addition, the ability to focus on skills is potentially compromised where constituent groupings are specified, as in the case of the Human Resources Committee. We suggest that Berneslai Homes moves to a position of smaller committee membership, focused on skills and contribution rather than constituent grouping, and seeks to achieve a position where all members have only one committee role which will focus their input. We also recommend that the Chair of the Board is not a member of any committee in order to provide for effective, independent oversight. **(Recommendation 13)** Our recommendation is as follows:

- Human Resources – Committee Chair plus 2 board members
- Customer Services – Committee Chair plus 2 board members and the nominated members from the Tenants' Voice as attendees
- Audit – Committee Chair plus 2 members and a co-optee (or independent

member)

32. We also noted that there is a convention of flexible attendance at committees for any member. Whilst we understand the use of this for development or induction purposes, our interviews suggested a lack of clarity in relation to the remit of such “attending” members in the committee meetings. We therefore suggest it is used by exception and for observation purposes only. **(Recommendation 14)**
33. We observed that although the minutes of all committee meetings are included in the board papers, there is no formal summary report by committee chairs (although there is a verbal update). We recommend that a short report from each committee is provided at the start of the board agenda so that all members are clearly sighted on the key priorities arising from each meeting. We have provided a suggested template at [Appendix 3](#) **(Recommendation 15)**
34. Berneslai Homes does not routinely operate an informal Chairs’ meeting. We understand that these were previously in place but may have lapsed due to the impact of Covid19. We recommend that they are reinstated as they would assist in clarifying communications, to ensure best value from the governance forward workplans and direction of travel of each entity in the governance structure and facilitate cross-committee and board / committee communications. We also consider that such a group should have some form of proportionate terms of reference for transparency, and a light but appropriate touch on servicing (for accountability and audit trail purposes). We have provided suggested TOR at [Appendix 4](#) **(Recommendation 16)**

[Appeals Panels](#)

35. Berneslai Homes board members currently have a role in a range of appeals panels including, but not limited to complaints, issues relating to the housing register, equipment and adaptations, compliance with the Barnsley Home Standard, notices to end introductory tenancies, demotions of secure tenancies, offering and ending flexible tenure and staff employment matters. We have not seen details of the panels in our review of documentation.
36. We understand that there are some areas where board members (usually committee Chairs) have a role in review processes – for example, employment appeals. However, the extent of engagement of Berneslai Homes board members within the internal review of operational processes (which is essentially the role of an appeals panel) is greater than we see in most other housing providers (of all types). This risks the board effectively scrutinising itself, since it sets the overarching policy and standards for the organisation to deliver, rather than taking a strategic perspective on the outcomes of the appeals process. We also noted in

our interviews that some members consider the appeals role is not allocated equitably across all members, and can be used to allow some board members to gather greater operational assurance which should be happening within appropriate reporting at collective board level. It can also form a route for scrutiny and information gathering for those members with local authority constituent responsibilities. These matters can have a negative impact on a cohesive and strategic approach to governance.

37. We are aware that a review was undertaken of some panels in January 2020, but no formal decisions have been made on the way forward. We therefore recommend that a robust review of all board member engagement in appeals is undertaken and an assessment made, using good practice from other providers, of alternative mechanisms for independent appeal which reduce the reliance upon board members, and clarifies which board members would be involved and their role in specific appeals. For example, it is usual for the Chair of the HR Committee or Chair of the Board to be involved (with a specific remit) in the last stage of dismissal or employment appeals. **(Recommendation 17)**

Decision making and accountability pathways

38. We have undertaken a decision tracking process, by which we take a number of key decisions made by the board and work backwards through board and committee papers to assess the decision making and accountability pathways between board and committees and the appropriate audit trail. Please note that we were provided with 4 sets of board papers, dated September, November and December 2019 and April 2020 (we were mindful of the long gap in reporting between December and April).
39. Our first observation in this respect is that the board does not really make many decisions based on a range of options. We found it very hard to identify decisions which could be tracked through the papers across the governance framework. We also found few papers which provided options or choices for the board to consider. Where decisions are required, they are generally to approve something specific (e.g. a new contract with the council for repairs; the new strategic plan; an action plan in response to compliance issues etc.). There is little evidence in the board engaging in any amendments or changes to the recommendation put forward and as such, it seems that the only option in this case is to approve or not to approve. In our review (which is of course limited to the papers we were provided with) we found no evidence of the board not approving something put to it.
40. This absence of decision making could be linked to a lack of clarity in the “ask” of the board and how this links to the format of the agenda. Papers which were within the “decision” section of the board pack were often provided only for noting or

assurance. For example, the HouseMark benchmarking report provided was categorised as ‘for decision’, but the recommendation in the paper is that the board ‘note the bench-marking data for 2018/2019 and consider it within the overall context of the budget preparations’. The December paper on the health and safety framework is classed as ‘for decision’ but the recommendation is ‘that the Board are assured a regulatory framework for compliance is in place.’ We recommend a more consistent and informed approach to this in our comments on the agenda below.

41. We saw papers which required a board decision but were not put forward to the board in that context; for example we saw papers which asked the board to agree that the board is “assured on the financial performance of the company”; that “the Audit Committee terms of reference are fit for purpose and require no amendments”. We also saw papers which state that they are ‘for decision’ but the content does not lend itself to an actual decision (for example the STAR survey). In these papers we also noted that the recommendations in the papers are clearly that the board ‘notes’ the paper despite its purpose being for decision.
42. There were more ‘decisions’ required of the board in the papers for 2 April 2020 meeting; however, having reviewed the minutes of this meeting, it appears to be a similar picture as outlined above – the board isn’t presented with choices or options, it simply discusses and then (in all cases) approves what is being recommended. The decisions all appear to be ‘one-offs’ and so not really requiring any input from the committee remit.

[Observations on the agenda, board papers and minutes](#)

43. The agenda splits into items for decision (public) and for information/discussion plus committee minutes for noting (confidential). Although there is a section in the Governance Handbook on confidential papers, this is a general approach to respecting confidentiality. There does not appear to be a clear protocol for the items which are classed as confidential. (However, it should be noted that the packs provided to and reviewed by DTP did not include the ‘confidential’ papers.) We recommend that Berneslai Homes adopts a transparent and simple confidential items protocol. An example is set out in [Appendix 5. \(Recommendation 18\)](#)
44. As we have noted elsewhere, some items categorised as ‘for decision’ on the agenda were not always appropriate or treated as such within the meeting. For example, we would usually expect to see management accounts and quarterly performance to be approved as within the parameters agreed by the board and any remedial activity also agreed, whilst items such as an update on the Tenant Panel and a verbal update on recruitment should not be presented for decision.

We recommend that clear definitions of the agenda headings and the ask/recommendations to the board are adopted in order to be clear where the board should be making decisions. **(Recommendation 19)**

45. We noted that the agenda format is timed, but also that almost every agenda item is simply given 10 minutes. This does not seem to be clearly thought through – some of the papers we reviewed are very long and as such, perhaps require more time to balance the discussion. For example, the STAR survey and HouseMark benchmarking reports together cover more than 100 pages yet were only allocated 10 minutes each. We recommend a more realistic approach to timing is adopted. **(Recommendation 20)**
46. The agenda does not include a routine item to allow for members to reflect on the meeting; this is increasingly best practice in governance, and we suggest that this is adopted to allow for timely contributions and learning. This could be an item for the Deputy Chair/Senior Independent Director to lead. **(Recommendation 21)**
47. We reviewed the agenda planner, which sets out a forward plan for each element of the governance structure, deadlines for papers, dates for issue etc. We found this to be a useful and used document. However, we consider it could be helpful to ensure that this is shared with the Chairs' group (as above), and progress and content reviewed (perhaps twice per year) to ensure Chairs are clear on overall governance activity. It would also be useful to differentiate between standard items of business in the governance year and one-off papers, to assist in agenda management. **(Recommendation 22)**
48. We consider that the minutes are about the right length and detail. It is clear what has been resolved or agreed by the board. We consider that the minutes are supported by an appropriate matters arising / action list. However the minutes don't cover any detail on the 'confidential' items and simply say the board 'noted' the paper/minutes (the exception are the minutes for the December 2019 meeting, in which full minutes including the confidential items, are provided). This does not provide an adequate audit trail of the board's decision making. The use of a confidentiality protocol as we suggest above should address this gap.
49. The standard report template seems to be consistently used by report authors with the exception of the quarterly performance report which is presented in a different format. The template has the standard headings we would usually see (including an executive summary, risk, financial implications, value for money, equality and diversity and employee considerations). It is comprehensive, but we did note that there is no standard coverage of customer impacts and there is very little use of colour or graphics to break up the text. That said, the new cover sheet

which was introduced for the December meeting does have better use of colour and layout.

50. We found the financial reporting to lack depth. The format is text heavy and does not provide for easy tracking of trends or identification of key priorities. For example, in the December 2019 meeting pack the quarterly finance update report only comprises 3 pages (including 1 being the cover sheet), most of which is the 'standard' headings, and a 2-page appendix. The full management accounts are not included. The cover report has 2 tables, one is a summary of budget and expenditure, management costs and reserves. There is no projection as to year end position and noting that this is halfway through financial year, we would expect some kind of forward look. The second table sets out variances – there are 6 lines of variances of which 3 are headed 'Various', which lacks specificity. The narrative setting out the reason for the variations is very limited and there is no analysis or summary of what the variances (severally or combined) might mean for the financial performance. Most 'savings' require carrying forward to 2020/21 (but this is unusual to see only half way through a financial year) and there is no explanation as to why the money for these items (e.g. graduate scheme, apprentice surveyor) hasn't been spent. In the same way the draft budget paper is 4 pages (including cover sheet) and the appendix (budget) is one page. This is a very simple approach and again there is no explanation of what the expenditure headings in the budget are, for example Chief Executive £180k (what does this cover - salary, other items etc.?); Chevin Seasons -£23k (what is this and why is it a negative budget). Expenditure is funded by the management fee and £295k of 'reserves' which are listed, and all appear to be savings from staff posts not filled. There is no explanation of this. The risk section highlights two risks – one on IT, whereby all staff have to move to Outlook 365 etc. during the year but the council has provided no cost information, and a second on staff pay as Berneslai is aware whereby the union has demanded a 10% increase. There is no narrative around how these risks will be explored, mitigated, managed etc.
51. We note that Berneslai Homes does not need complex financial reporting, but the company is developing new homes (and we noted that there is no detail about this in the financial reporting, except for a Development Proposals heading in the draft budget which lists a range of planned maintenance items, not new build) and there are risks in this. The budget does not seem to include provision/assumption for bad debts, voids, Universal Credit impact etc. which is what we usually see. The 'assumptions' included are limited to the pay award, council support charges, insurance changes and 'other inflationary pressures'. We consider that the board should be receiving greater detail in the reports and undertaking greater scrutiny of the content and recommend that the reports are reviewed. **(Recommendation 23)**

52. We also noted similar anomalies as for other reporting in terms of the “ask” of the board within these papers. For example, the management accounts papers have recommendations in the executive summary which do not match the ‘proposal’ at the end of the actual paper (one seeks approval, the other asks board to ‘note’). This links to our earlier comments on the appropriateness of categorisation of agenda items and is not simply about wording of reports, but what this means in terms of the purpose of papers being provided to the board or committee and the function of governance.
53. We found the performance report to be good; the revised approach to asset related health and safety compliance reporting is comprehensive in the data provided and accompanied by explanatory narrative. The employee focused health and safety report is similarly very comprehensive and detailed. The report includes a significant number of operational key performance indicators, but we consider this to be appropriate and in line with the remit of Berneslai Homes as an ALMO tasked with the management and maintenance of the housing stock.
54. From a governance perspective, there is a general view amongst board members, reinforced by our own review of papers and meeting observations, that the tenant voice (outside of those board members who are tenants) is not heard enough in papers and assurance at board, or in board decision-making. Whilst there are board members who are also tenants, these are not members on a representative basis, and in any case, it is clear that they cannot represent the views of all tenants. The Berneslai Homes board does have local councillors on its board and there is a view that they, along with other board members, also have a responsibility to bring community and local perspectives to the board. Nevertheless, there is a balancing of duality of interest in undertaking these roles, and it does seem that there is a lack of information provided to the board which brings the customer view and voice at a strategic, analytical level. We therefore recommend that the executive is charged with ensuring that all board and committee papers (where relevant) include a substantive section on customer views and feedback, and that board members then ensure this is considered and triangulated with other information (performance and financial outcomes, for example) when making decisions. We understand that Berneslai Homes has already commenced a piece of work to strengthen the customer voice within the organisation, including the attendance of two members from Tenant Voice at the Customer Services Committee, and must operate within the Customer Involvement Agreement agreed with the local authority. We recommend that this is aligned with this recommendation.
- (Recommendation 24)**

Effectiveness and engagement – board meeting observations

55. We observed the board meeting of 2 April 2020 and noted (and have taken into account) that this was the second virtual meeting using MSTeams undertaken by Berneslai Homes, the first undertaken by the Interim Chair, and that the agenda was affected by the Covid19 pandemic. We considered it to be reasonably well run in the circumstances.
56. In the meeting we observed, and our review of papers, we noted a tendency for members to raise many quite detailed questions of clarification in the first item (in this case the Covid19 update which took just short of one hour on the agenda) which were covered in later reports (in particular finance, risk and resource matters which were all addressed in specific papers). This suggests that members are not preparing appropriately for meetings, and not reading the pack as distinct papers and then again as a “whole”. We also noted a tendency to interrupt officers in the middle of their presentation rather than to wait for the invitation to ask questions. We recommend that these matters are addressed in a broader briefing session on effective board membership, but also that the Chair intervenes to ensure that member contribution addresses the content of the papers and the agenda in a more systematic manner.
57. We noted that there were quite a few questions arising using the “chat” option on MSTeams which were not always picked up in the meeting. Some of these were more relevant than the actual conversations being undertaken in the meeting, for example, in relation to gas certifications. For future meetings, Berneslai Homes may wish to introduce some tighter protocols around the use of the chat function and how it informs debate in meetings.
58. In some cases, we found officers seemed underprepared for questions and queries from the board for matters which we would usually have seen as anticipated. We would encourage both board and staff members to ensure that they are adequately prepared for board meetings, including addressing any points or questions of clarity before the meeting itself.
59. That said, the input from the broader board in relation to matters of strategy, finance, investment, and risk was quite limited. Although all members tend to contribute, a lot of the matters raised are questions to clarify personal understanding or operational detail rather than to add value to a broader board discussion aligned with the purpose of the paper. Some input can be quite robust in tone. We noted in our interviews quite a traditional view that board is there to “hold management to account”. Whilst this is true, we find that the best boards work collaboratively with the management team to co-produce and shape the direction of the organisation. We recommend that these matters are addressed in the broader briefing session on effective board membership, the revised role profiles, and the drafting of a revised statement of preferred composition which looks at skills, experience, and competency. This will allow members to individually reflect on the quality of their contributions to meetings.

60. Although the meeting ended on time, and we understand that this was the first meeting undertaken by the interim chair using virtual technology (which we know is not an easy task), for future learning we feel that the board would benefit from more dynamic chairing to keep timing in line with the agenda (in an amended format as noted above) and to ensure that the board focuses contribution on key priorities, decision making and risk as we have noted above. This latter point should also be addressed in the briefing session for all board members.

Governing documentation

61. The financial regulations are in a standard format and appear reasonable in coverage (but are not dated). However, they require updating to provide for a more user-friendly format and to remove references to committees which are no longer in place. The decision-making framework is a useful summary, and we suggest that it may be helpful for Berneslai Homes to combine this with the revised terms of reference and financial regulations into one new delegations' framework. **(Recommendation 24)**
62. We have not been provided with a board member remuneration policy – this is a significant gap in documentation and a policy should be drafted, approved, and implemented. **(Recommendation 25)**

Conclusions

63. This review was undertaken because Berneslai Homes had serious concerns about the skills and competency of the board and the approach to governance oversight and controls. We acknowledge that recent appointments have strengthened the board, but there is more to do to achieve high standards of governance. We consider it healthy that all housing providers should take regular opportunities to step back, review the governance position, evaluate what has been achieved and assess whether its arrangements are fit for future purpose. We hope that this review will assist Berneslai Homes to do this.
64. We found our interviews and discussions with non-executives and the executive team to be engaging and interesting. There were, rightly, some diverse viewpoints, but common themes of striving for good governance, appetite to improve and commitment to the purpose of the ALMO were clearly articulated.
65. We have set out a range of recommendations in the action plan below to improve the structure, strengthen governance and improve relationships, compliance, and some aspects of documentation. We do not consider that these should be seen in a negative light. All organisations need to change and improve, to reflect changes in the operating environment and the people that lead and govern. We hope that Berneslai Homes will embrace these recommendations and move forward with energy and commitment.



Action plan

This section of the report provides a work plan which prioritises recommendations and supporting actions and includes an indicative timescale for delivery. We anticipate that Berneslai Homes could develop and agree the changes to the composition of the board and implement a refreshed structure from November 2020 onwards.

No	Theme	Recommendations / Sub-Actions	Lead Officer & Stakeholders	Indicative completion date
1	Agree a statement of principles for the composition of the board	<ul style="list-style-type: none">a) Agree size and membership configuration maximum of 10 but no less than 8 members, with the ability to appoint up to 2 further co-optees.b) Agree composition in relation to skills and/or constituent groupingsc) Agree principle of a term of office for all members of 2 x 3-year terms with further one-year term up to a maximum of 9 years by exception.d) Agree principle that if constituent groupings are maintained that independent members are always in the majority.e) Agree principle that the Chair of the Board is always an independent memberf) Draft a statement of preferred compositiong) Update the board appointment processh) Update the induction process	Chief Executive, BMBC & Board	July 2020
2	Undertake a revision to the Memorandum and Articles of Association to reflect the agreements made in action 1	<ul style="list-style-type: none">a) Draft the proposed amendmentsb) Berneslai Homes board to approve proposed draftc) Undertake a consultation process with the local authority and with tenantsd) Recommend the revised M&A to the local authority for approval	Chief Executive, legal advisors, BMBC & Board	August 2020
3	Agree a statement of principles and process for repopulating the refreshed board.	<ul style="list-style-type: none">a) Draft the proposed statementb) Berneslai Homes board to approve proposed draftc) Undertake a consultation process with the local authority to agree the process.	Chief Executive, BMBC & Board	August 2020



No	Theme	Recommendations / Sub-Actions	Lead Officer & Stakeholders	Indicative completion date
4	Revise all role profiles	<ul style="list-style-type: none"> a) Draft and agreed a role profile for the BMBC attendee and agree with the local authority b) Review and update role profiles for the Chair, Deputy Chair/SID, Committee chairs, board members and co-optees which include relevant competencies. c) Profiles to be approved by the board. 	Chief Executive, BMBC & Board	September 2020
5	Populating the refreshed governance structure	<ul style="list-style-type: none"> a) Undertake the agreed recruitment process to the refreshed board (internal and external as required and agreed) b) Undertake a comprehensive “back to basics” briefing session for all members. c) Deliver a revised induction programme for new members. 	Chief Executive, BMBC & Board (possible external support in recruitment process & training session)	October 2020
6	Committee structure	<ul style="list-style-type: none"> a) Agree the approach to the composition of committees b) Agree the approach to observer attendance at committees c) Amend the terms of reference for the Audit Committee. d) Amend the terms of reference for the Human Resources Committee. e) Amend the terms of reference for the Customer Services Committee. f) Amended terms of reference to be approved by board. 	Chief Executive & Board	September 2020
7	Communications	<ul style="list-style-type: none"> a) Draft, agree and implement a short committee report at board to set out key priorities arising from each meeting at the start of the board agenda. b) Draft and agree terms of reference for the informal Chairs’ meeting and reinstate the agreed meetings. c) Share the agenda planners with the Chairs’ group at least twice per year and ensure differentiation between standard items of business in the governance year and one-off papers. 	Chief Executive & Board	September 2020



No	Theme	Recommendations / Sub-Actions	Lead Officer & Stakeholders	Indicative completion date
8	Appeals panels	<ul style="list-style-type: none"> a) Agree a terms of reference for the review of board member involvement in the appeals process b) Commission and undertake a robust review of all board member engagement in appeals panels. c) Consider the outcome report and agree next steps. 	Chief Executive & Board (possibly external support in the review)	October 2020
9	Governing documentation	<ul style="list-style-type: none"> a) Review and agree a formal board member appraisal process. b) Adopt a transparent and simple confidential items protocol. c) Update and approve the financial regulations and agree whether these should be combined with the decision making framework and revised terms of reference to create one delegation framework. d) Draft and agree a board member remuneration policy e) Fully update the governance handbook 	Chief Executive & Board	September 2020
10	Governance administration (agenda and papers)	<ul style="list-style-type: none"> a) Adopt clear definitions of the agenda headings and the ask/ recommendations to the board. b) Review the content and format of financial reporting to the board. c) Undertaken a more realistic approach to timing of agenda items. d) Include a routine item to allow for members to reflect on the meeting as part of all board and committee agendas. e) Review the approach to the drafting of papers to board and committees to ensure that (where relevant) there is a substantive section on customer views and feedback, and that board members then ensure this is considered and triangulated with other information when making decisions. 	Chief Executive & Board	September 2020

Appendix One: Sample Template Statement of Preferred Board Composition

Introduction

This document sets out the composition for the entities within the XX governance structure and provides guidance on the number of Non-Executive Board Members (NED) and independent committee members within the structure and the skills, experience and knowledge required for the business to be governed effectively.

The Company Secretary will ensure that the Statement is reviewed formally at least every 2 years to align with the corporate plan review process and also as part of the annual Governance Effectiveness Review and any NED recruitment process, to ensure that the skills described continue to fit the XX's needs.

Skills requirements

The basic skills for any individual member of the governance structure are set out in the accompanying skills matrix.

The matrix also sets out the core skills and experience required within the collective XX Board which are summarised as follows:

- Direct knowledge of the tenant experience and residents' needs and concerns
- Experience of financial management, financial reporting, and control systems
- Business management skills, including risk management, assurance, and business continuity
- Property development, procurement, and asset management
- Management of housing services
- Knowledge of (and links within) the communities served by XX
- Detailed knowledge of the operating environment of the social housing sector and its regulation
- Health and safety compliance and associated risk assessment
- Legal knowledge relevant to housing

The Board has a further list of desirable skills for the collective XX Board which are set out in the matrix and are summarised as follows:

- Strategic human resources and management development
- Community development and capacity building
- Procurement and strategic management
- PR, marketing, media, and communications
- Supported housing, employment and training and links with health services

Diversity

The Board will seek to reflect the communities it serves within its composition in terms of ethnicity and has a target of X% ethnic minority representation.

It also seeks to have a reasonable gender balance and has a target of 50:50. If the balance of gender falls outside of 60:40, then the Board will consider remedial action to move towards the desired target.

XX will also consider offering co-optee positions for candidates for Board membership who have a competency and behavioural fit with XX, but who may require further development opportunities before taking on a NED position.

XX will seek to ensure that no more than 5 of the Group Board are individuals who are employed by or Non-Executive member of other registered providers. If this number exceeds 5, then the Board will consider remedial action to move towards the desired target.

Composition

The **XX Board** shall consist of up to 10 members. The composition will follow the skills requirements as set out above and will be as follows:

1. List out number of each constituent grouping

Within this composition the Non-Executive Members of the XX Group Board will take up the following roles across the governance structure for the XX:

- XX Board Chair
- Senior Independent Director/Deputy Chair
- Chair of Audit and Risk Committee
- Chair of Human Resources Committee
- Chair of Customer Committee
- Board members

Committees – set out for each committee as per ARC example

The size and composition of any committees will be determined by the XX Board and in accordance with the relevant company rules.

The **Audit and Risk Committee** will comprise of four members as follows:

1. Chair
2. NED
3. NED
4. Independent Committee Member (The independent committee member of ARC will provide recent accounting and / or audit experience.)

Appendix Two: Senior Independent Director advice note

Background

1. The role of a Senior Independent Director (SID) is not new in corporate governance circles and is recommended in the UK Corporate Governance Code. It is developing traction in the public sector and particularly housing associations in recent years, in response to the challenges faced by the sector and the associated demands on governance.
2. A SID is a non-executive in the same way as any other Board member, but they have a specific remit which has a focus on relationship building and to work closely with the Chair and Chief Executive to build these with the Board, with the executive and with key stakeholders.
3. The SID acts as an independent “face” of the Board and in being so, can assist in working through problems, issues or concerns internally, ensuring the Board is working well together to deliver the strategic objectives and outside the organisation. In particular, we have seen the latter role being very constructive in relation to mergers and grouping negotiations and the interface with the regulator.
4. A SID can provide assurance and accountability in relation to the performance of the Board and of the Chair. They will usually act as a sounding Board and support to both the Chair and the rest of the Board – acting as a “bridge” if there are difficult issues to work through. Where there may be relationship breakdowns, for example between Chair and Board or Chair and Chief Executive, the SID can help to work through concerns. It is therefore important that the postholder has the trust and respect of fellow members.

Example role description (which incorporates the role of the Deputy Chair).

Purpose of the role

5. In addition to the responsibilities as a Board Member, the Senior Independent Director (SID) will take the role of Deputy Chair and work in partnership with the Chair of the Board to achieve effective management of Board meetings and the Chief Executive.

Responsibilities when fulfilling the role of the Senior Independent Director

6. Support the Chair in leading the Board and acting as a sounding Board and a source of advice for the Chair.
7. To hold a meeting with the Board, at least annually, without the Chair present to review the Chair's performance in advance of the Human Resources Committee (or otherwise named) conducting the Chair's appraisal.
8. To work jointly with the Chair and Chief Executive to form relationships with stakeholders and shareholders.
9. In exceptional circumstance in which there are concerns about the Chair's performance to provide guidance and support to the Board to seek to resolve the concerns or in the absence of a resolution, seek formal action.
10. To play a vital role in resolving concerns in which the Board is undergoing periods of stress. These may include, but are not limited to, concerns of the Chair's performance; where the relationship between the Chair and the Chief Executive is too close or not sufficiently harmonious; where the organisation's strategy is not supported by the whole Board; where key decisions are being taken without input from the Board and when succession planning is being ignored.

Essential functions of the Deputy Chair

11. The Deputy Chair will report to and work closely with the Board's Chair. The responsibilities of the Deputy Chair are to:
 - Perform the responsibilities of the Chair when s/he is not available.
 - Support the Chair of the Board in ensuring the efficient conduct of the business of the Board and of general meetings and ensuring that the views of all Board Members are sought before important decisions are taken.
 - Establish a constructive working relationship with, and assist the Chair in providing support for, the associations' Chief Executive.
 - Participate closely with the Chair in developing and implementing the organisation's strategic aims.

Specific Responsibilities

12. All Board Members share responsibility for decisions, and each should act only in the interest of the organisation. In addition to his/her responsibilities as a Board Member, the Deputy Chair is responsible for:
 - Deputising for the Chair in his/her absence
 - Supporting the Chair in ensuring the effective governance of the organisation
 - Fulfilling agreed functions delegated by the Chair.

Appendix Three: Governance Summary Communications Template

Keep this to one page

Report from:	<i>Note name of Committee</i>	
Date of meeting:		
Report author:	<i>Usually the Committee Chair</i>	
Summary of key items discussed at the meeting, (if possible, keep these to the top three):	Decisions made and actions agreed (if possible, keep these to the top three):	
<p><i>List the key headings discussed, avoid standard items e.g. declarations etc. unless there is a specific matter which requires communication to the other parts of the governance structure.</i></p> <p>1. <i>E.g. Improvement programme for 2014/15. Members noted changes to lifecycle of components and some concerns were expressed, but all agreed that this was necessary to ensure budget and business plan compliance.</i></p>	<p><i>Summarise the decision/action against the discussion item (if appropriate). <u>Do not replicate the minutes</u> but provide a short note.</i></p> <p>1. <i>Improvement programme agreed. Officers to progress with communications plan for residents.</i></p>	
Additional notes for communication to governance:		
<i>E.g. Members requested that information relating to the summer budget announcements and the impact on housing should be circulated between meetings as soon as this becomes available.</i>		

Appendix Four: Sample TOR for Chairs' Group

Membership

- The membership of this committee will comprise the Chair of the Board, the Chairs of the Committees, and the Chief Executive.
- The Chair of this meeting will be the Chair of the Board.
- The Company Secretary will be in attendance.
- Other officers may be invited to attend from time to time and as invited by the Chair.

Quorum

- The quorum will be 3 members.

Remit

- The XX Board has recognised the continuing need for an additional mechanism to best support planning, to facilitate and enable quick response to rapidly changing positions and to ensure the best benefit for the organisation.
- The Board may delegate authority to the Chairs' Group to review or discuss matters on behalf of the Board and to provide reports or updates on that work to a future meeting of the Board.

Meeting frequency

- This committee will meet as required/bi-annually.

Appendix Five: Confidentiality Protocol

- Within the pack of papers for the meeting, it is suggested that confidential items are marked by the use of this cover sheet.
- The confidential paper can then be circulated / accessed separately from the main papers.
- Confidential papers should be separately minuted (with a reference in the main minutes) and circulated and stored securely.
- Some Boards operate with a Part 1 Agenda (Non-Confidential items) and Part 2 Confidential Items. Others take the papers within the overarching agenda. We generally find that the latter approach works well and is less complex.

Name of Organisation
Name of Meeting
Date of Meeting
CONFIDENTIAL AGENDA ITEM
For: E.g. Board Members Only
Agenda Item Number:
Name of report:

This report is considered a confidential item due to one of the following reasons:

1. The report details personal matters about an identifiable individual (including tenants, employees, complainants etc.)
2. The report is in relation to a proposed or pending acquisition of land or property which is commercially sensitive
3. The report related to employment issues
4. The report provides information relating to the financial or business affairs of the organisation or a particular individual and is considered to be of a sensitive nature
5. The report is in relation to litigation or potential litigation affecting the organisation
6. The report is in relation to the receiving of advice that is subject to solicitor-client privilege

*Report author to bold the specific reasons for confidentiality