

ANNEX 1

GOVERNANCE
(DRAFT)

May 2008

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Version	Detail of Changes Made (Para/Section etc)	Approved at Board Meeting Date
1	Total new Standing Orders	June and July 2007

A. INTRODUCTION

Nottingham City Homes Limited (the **Company**) is a not-for-profit organisation incorporated as a company limited by guarantee. Its sole member is Nottingham City Council (the **Council**). The Company was set up to manage the housing stock of the Council.

All activities of the Company must be in accordance with the statutory requirements and the Memorandum and Articles of Association of the Company (the **Memorandum and Articles**). These Standing Orders are not intended to replace or alter the Memorandum and Articles, and in so far as its provisions are contrary to the Memorandum and Articles the latter shall prevail.

Standing Orders are the Rules by which the Board conducts the business of the Company and must be adhered to at all times. Standing Orders are intended to:-

- (i) amplify those parts of the Articles relating to membership, convening and conducting meetings;
- (ii) outline the responsibilities and level of authority of the Company's Board and Committees;
- (iii) provide a sound and clear basis for the conduct of the Company's business in terms of procedure of meetings, letting of contracts and financial regulation; and
- (iv) be set within the context of sector good practice in relation to good governance, such as the National Housing Federation Code of Governance.

The Board may alter, rescind or add to any part or element of these Standing Orders by Board resolution at a properly constituted meeting of the Board except where restricted by the Company's Articles, in which case the Board may make a recommendation to the Company which can be considered at a General Meeting of the Company. The Chief Executive is to consider periodically, the need for amendments to Standing Orders and report on this matter to the Board.

A copy of these Standing Orders is to be available to all Board Members and staff.

The Standing Orders comprise –

- Standing Orders - Governance
- Standing Orders - Financial Regulations
- Standing Orders - Tender and Contract Procedure Rules

This document represents the first of these – i.e. Standing Orders – Governance.

Interpretation:

In these Standing Orders:

AGM – shall mean the annual general meeting of the Company;

Board - shall mean the board of the Company;

Committees – shall mean those committees established under Article 22;

Company – shall mean Nottingham City Homes Limited a company incorporated under the Companies Act (Registered Number 5292636);

Council Member – shall mean the Council acting as sole Member of the Company

Council – shall mean Nottingham City Council;

Management Agreement – shall mean the agreement which may be entered into by the Council and the Council from time to time in respect of the management of the Council's housing stock;

Memorandum and Articles shall mean the memorandum and articles of association of the Company (the **Articles** or the **Memorandum** shall be construed accordingly).

Where there are references in the Standing Orders to the male gender they are to apply equally to the female gender.

In the event of any doubt as to the meaning or application of the Standing Orders, the matter shall, if urgent, be referred to the Chair of the Board for a decision, who shall report his/her decision to the next Board meeting. In the event that a decision is not urgent, the matter will be resolved by the Board at its next meeting.

Unless otherwise stated, references to 'tenants' means Council tenants and leaseholders.

B. THE BOARD

1. PURPOSE OF THE BOARD

The purpose of the Board is to determine strategy, direct and control the Company's affairs on behalf of the Company Member, all in accordance with its Memorandum and Articles and with the Management Agreement between the Company and the City Council, ensuring that day-to-day management is effectively delegated and carried out by the Chief Executive and the Company's staff.

2. FUNCTIONS OF THE BOARD

These are the core responsibilities or essential functions of the Board:–

1. Ensure that the affairs of the Company are conducted lawfully, ethically and in accordance with the terms of the Memorandum and Articles of the Company and of these Standing Orders

2. Determine appropriate governance arrangements to discharge its responsibilities
3. Define and ensure compliance with the values and objectives of the Company
4. Establish a framework for approving policies and plans to achieve these objectives
5. Approve each year's accounts prior to publication and approve each year's budget and financial plan
6. Establish and oversee a framework of delegation and systems of internal control
7. Establish and oversee a framework for the identification and management of risk
8. Agree policies or decisions on matters that might create significant financial or other risk to the Company, or which raise material issues of principle
9. Monitor the Company's performance in delivering its plans and services, including in relation to customer feedback and the performance of comparable organisations
10. Ensure that arrangements are in place for urgent decisions to be made in between meetings
11. Appoint (and, if necessary dismiss) the Chief Executive, and approve his/her terms of employment
12. Appoint the Company Secretary
13. Appoint the Board Chair (and as necessary Vice-Chair)
14. Ensure that the Company complies with the Management Agreement

3. PRINCIPLES OF GOOD GOVERNANCE

The Board shall ensure that the Company upholds the following principles of good governance:–

- **Standards** – It operates according to high ethical standards, explicit values and the Company's Articles and Standing Orders
- **Accountability** – there is proper accountability to, and involvement of, all the Company's stakeholders, including the Council as Company Member and the Council's tenants and leaseholders
- **Openness** – there is a spirit of openness, making full disclosure of governance matters and other information
- **Equality** – there is fairness and equality of opportunity in all aspects of the Company's governance
- **Review** – there are formal and open processes for the periodic review of the Company's own performance, and to ensure its renewal

- **Clarity** – there is clarity of roles and responsibilities between the Company's officers, Board members, paid staff and Company Member
- **Control** – there are effective systems for internal delegation, audit and control
- **Information** – the Board receives adequate and timely reports and advice to inform its decisions
- **Structures** – there are effective staffing and committee structures to support the Company's work
- **Audit** – there are effective and proper relationships between the Company and its external auditors and regulators

4. STRUCTURE OF GOVERNANCE

The Board will determine, and from time to time review, the most appropriate governance structure for the Board to uphold the above principles of good governance (as set out in paragraph 3 above) and to most effectively discharge its responsibilities to the Company. This may include the establishment of Committees of the Board and any other arrangements (that are permitted under the Articles and in accordance with paragraph 5 below) delegating the Board Members' powers that the Board may consider appropriate to meet its needs.

The current Company Governance Structure is presented diagrammatically in Appendix 1.

5. DELEGATIONS FROM THE BOARD

The Board will manage its business and ensure that: –

- (i) There is a clear separation of responsibilities between the Board and the Chief Executive.
- (ii) That a Scheme of Delegation is determined and, from time to time reviewed (the current Scheme of Delegation is set out in Appendix 2).
- (iii) Any responsibilities not delegated remain the responsibility of the Board.
- (iv) The Chief Executive has the responsibility to operate plans and policies approved by the Board and delegate this responsibility further to other members of staff as appropriate.

In reviewing its Scheme of Delegation the Board shall not delegate the following matters which are reserved for Board decision only:–

1. Expansion of the Company's operations into new activities or geographical areas

2. Any decision to cease a material part of the Company's operations
3. Changes to corporate structure, including the setting up of subsidiary organisations
4. Proposals for Company acquisition or merger
5. Approval of resolutions to be put forward by the Board to a general meeting of the Company
6. Approval of membership, chairs and terms of reference of any committee or any other body set up within the governance structure
7. Appointments to the boards of any subsidiary or external organization
8. Appointments or removal of any officer of the Board
9. Approval of key policies including Board Members Code of Conduct
10. Changes to any of the matters set out under numbers 1-9 above.

6. SIZE AND COMPOSITION OF THE BOARD

The size and composition of the Board are largely determined by the Company's Articles as follows –

11. The size of the Board shall be 12.
12. The composition of the Board is made up of 3 separate constituencies, with membership from each constituency varying as follows: –
 - (i) Three Board members may be nominees from the City Council
 - (ii) Four Board members may be Independent Board members
 - (iii) Five Board members may be Tenant Board Members
 - (iv) It is, of course possible for Independent Board members and Council nominees to also be tenants, and Independent Board members to be or become tenants etc, (subject to compliance with proper Company qualification and approval procedures) so the Articles set out other Board compositional limits as follows: –
 1. No more than 6 Board members shall be tenants
 2. No more than 6 Board members may be local authority persons (meaning a Member of the City Council, or an officer holding a managerial post in the City Council, or any employee of the City Council's retained housing service)
 3. In addition, the Articles provide for the Board to co-opt up to 2 additional people on to the Board in a non-voting capacity

7. SKILLS AND COMPETENCE OF THE BOARD

In order to effectively discharge its responsibilities, the Board should ensure that it has or acquires a diverse range of skills, competencies, experience and knowledge, to cover the following broad areas –

13. Providing leadership and working as an effective team to take strategic decisions for social results
14. Direct knowledge of the needs and aspirations of the communities and people served
15. General business, financial and management skills
16. The external framework and operating environment for the Company
17. Other relevant or specialist skills, such as legal, health, care and support, property management

8. COLLECTIVE BOARD RESPONSIBILITIES

All Board members share responsibility for its decisions. Each should act and vote only in the best interests of the Company and not on behalf of any constituency or interest group. Board members should put the interests of the Company before their own interests.

5.

9. RESPONSIBILITIES OF BOARD MEMBERS

Each Board member has the following responsibilities which shall be signed up to on appointment to the Board to: –

1. Uphold the values and objectives of the Company
2. Uphold the Company's core policies, such as equality and diversity, and health and safety
3. Contribute to and share responsibility for the Board's decisions
4. Prepare for and attend meetings, training sessions and other events
5. Attend and participate in reviews linked to individual performance or that of the whole Board
6. Represent the Company as appropriate
7. Declare any relevant interests
8. Respect confidentiality of information
9. Uphold the Company's Board Members Code of Conduct

10. ROLE OF THE CHAIR

In carrying out the following responsibilities, the Chair should always remember that he or she is acting on behalf of the Board. The Chair should seek the advice of other Board members or the Chief Executive as necessary.

The Chair shall seek to ensure that:-

1. The Board's business and Board meetings are conducted efficiently
2. All Board members are given the opportunity to express their views
3. A constructive working relationship is established, and support is provided to the Chief Executive
4. The Board delegates sufficient authority to its Committees, the Chair, the Chief Executive, and others to enable the business of the Company to be carried out effectively between Board meetings
5. The Board fulfils its role and responsibilities that are not otherwise delegated to Committees, the Chief Executive or others
6. Effective communications are maintained between the Chair, Vice-Chair, and Chairs of Committees
7. The Board receives professional advice when it is needed
8. The Company is represented as required
9. The Company's affairs are conducted in accordance with generally accepted codes of performance and propriety
10. Board members' standards of behaviour are appropriate and in accordance with the Board members Code of Conduct.
11. He/she carries out any specific responsibilities delegated to the Chair as described elsewhere in the Company's Standing Orders or Financial Regulations effectively and to the best of their ability

11. ROLE OF THE VICE-CHAIR

The Vice-Chair has particular duties which are additional to those of other Board members. These primarily involve deputising for and supporting the Chair in his/her role. However, in carrying out these duties, the Vice-Chair should always remember that he/she is acting on behalf of the Board as a whole and seek the advice of other Board members or the Chief Executive as necessary.

Specific tasks of the Vice-Chair -

1. Cover for the Chair
 - a. To deputise for the Chair when required to do so
 - b. To fulfil the Chairs' responsibilities

2. Support for the Chair
 - a. To monitor the workload of the Chair and advise on priorities and balances
 - b. To provide a sounding board and conduit for the Chair on the views of other Board members
 - c. To take on specific tasks and responsibilities as assigned from time to time
 - d. To support the Chair in debate on matters previously agreed between them
 - e. To support the Chair in the external representational role as necessary

3. Board learning and development
 - a. To assist the Chair in appraising the Board's collective and individual performance
 - b. To ensure the Chair's performance is appraised annually

12. BOARD MEMBER RECRUITMENT

Recruitment arrangements to the Board vary dependant on the category of membership as follows: –

10. **Council Board members** are nominated and removed by the Board at any time and at the sole discretion of the Council Member by notice in writing to the Company
11. **Independent Board members** are selected by the Board in accordance with the process for Independent Board members set out in Appendix 3
12. **Tenant Board members** are elected to the Board in accordance with the process set out in Appendix 4

Recruitment of Independent and Tenant Board members will take place as casual vacancies arise during the year and also in anticipation of the retirement cycle for such members from the Board (see 12. Board Renewal below).

13. BOARD RENEWAL

Board renewal is important for good governance. Whilst the contribution of experienced Board members is vital, the Board also needs new members who

can provide a challenge to long-standing practices and thinking. The Company's Articles make provisions for retirement and renewal as follows: –

1. **Council Board members** – there are no provisions for the retirement of Council Board members. However, the Council election process itself and the capacity of the Council Member to remove or nominate Council Board members at any time by notice in writing almost guarantees that there will be gradual turnover and renewal in this category of Board membership
2. **Independent Board Members** – At the annual general meeting of the Organisation to be held in the calendar year ending 31 December 2007 no Independent Board Members shall be required to retire from office. At every subsequent annual general meeting thereafter the Independent Board Members shall retire from the office in accordance with the following cycle:
 - a. year 1 – no Independent Board Members shall retire from office,
 - b. year 2 – two Independent Board Members shall retire from office,
 - c. year 3 – two Independent Board Members shall retire from office.

Thereafter the cycle set out in (a) - (c) above shall be repeated and once completed shall be repeated again and so on.

Those due to retire each year are the longest serving members at that time. However, where there are no other candidates to fill the post, the retiring member (if willing to act) will be deemed to be reappointed unless a resolution not to reappoint is passed.

3. **Tenant Board Members** – At the annual general meeting of the Organisation to be held in the calendar year ending 31 December 2008 no Tenant Board Members shall be required to retire from office. At every subsequent annual general meeting thereafter the Tenant Board Members shall retire from office in accordance with the following cycle:
 - a. year 1 – two Tenant Board Members shall retire from office,
 - b. year 2 – one Tenant Board Members shall retire from office,
 - c. year 3 – two Tenant Board Members shall retire from office.

Thereafter the cycle set out in (a) - (c) above shall be repeated and once completed shall be repeated again and so on.

Those due to retire are the longest serving Tenant Board members at that time. Retiring members may put themselves forward for election by tenants to the Board in accordance with the process set out in appendix 4.

4. The Board will ensure that all new Board members receive induction training. In addition, new Board members will receive: –
 - a. A copy of the Board Members Handbook (see appendix 5 for contents) which the Board member will be asked to acknowledge receipt of
 - b. A letter setting out their responsibilities as Board Member (see section 9 above) which the Board member will be asked to sign and return a duplicate copy of
 - c. The Company's Board Members Code of Conduct (see section 14 below) which the Board member will be asked to sign and return a duplicate copy of
 - d. A briefing on the above documents from the Company Secretary
5. Co-optees have a maximum term of 3 consecutive years, subject to review of the appointment on an annual basis at the first Board meeting following the AGM. Any new co-optees will receive the same induction programme as for new Board members and will be expected to sign and be bound by the Board Members Code of Conduct.
6. The positions of Board Chair, Board Vice-Chair, Committee Chairs, Membership of Committees, Co-optees of the Board and of Committees, are all renewed annually at the first Board meeting following the AGM.

14. BOARD REVIEW

The Board shall carry out a regular appraisal of its own performance, and ensure that the appraisal of individual Board members is also carried out on a regular basis. Arrangements will also be made for the appraisal of the Chair. The appraisal system will: –

- (i) Review how well the Board performs its key roles
- (ii) Review the effectiveness of board relationships
- (iii) Review the composition of the Board, the skills and contributions of its individual members and the Company's ability to recruit and retain the balance of Board members it needs
- (iv) Result in a clear plan to support continuous improvement of the Board to meet the challenges faced by the Company
- (v) The Board's current appraisal and review arrangements are set out in Appendix 6

15. CONDUCT OF BOARD MEMBERS

The Company expects and requires the highest standards of conduct and probity from its Board members. The Company's Articles set out some specific requirements (Articles 25 & 26) and these are developed more fully in the Board Members Code of Conduct (set out in appendix 7).

The key principles of the Code of Conduct are –

- (i) To demonstrate the integrity and reputation of Nottingham City Homes. That is why we need a Code of Conduct that everyone understands and agrees to abide by.
- (ii) To ensure Board members do not obtain improper personal benefits from their association with the Company
- (iii) To ensure that any personal relationship with a resident and staff do not conflict with board business.
- (iv) To avoid the giving or receiving of gifts and hospitality beyond those of nominal value.
- (v) That only Members expenses can be paid by the Company.
- (vi) To respect the confidentiality of information about our customers and the Company's business.
- (vii) To uphold and promote the Company's aims and values.
- (viii) To demonstrate the Company's non-party political nature.
- (ix) To avoid suspicion of preferential treatment of suppliers, contractors and consultants.
- (x) That Board and Committee meetings are conducted in a polite and businesslike way, demonstrating respect for others.
- (xi) To demonstrate leadership and commitment to the Company's Equality & Diversity Policy.
- (xiii) To actively promote the Company's commitment to continuously improve value for money.
- (xiv) To adhere to the Company's Health and Safety Policies.
- (xv) To be accountable, and ensure that the conduct and integrity of Board members is beyond reproach.
- (xiii) To help Board Members to act appropriately within their role, and to deal effectively with breaches of the Code of Conduct.

16. DISQUALIFICATION AND REMOVAL OF BOARD MEMBERS

1. Reasons for disqualification/removal

People may be disqualified from becoming Board Members for a number of reasons, and a current Member may be removed from the Board for a number of reasons. These are all clearly set out in the Company's Articles (Article 18) and so are not repeated here.

2. Allegations of Misconduct

In the event of information or an allegation that the behaviour or actions of a Board Member are contrary to the requirements of the Code of Conduct, the matter will be investigated and considered in accordance with a process approved by the Board (see appendix 8).

17. REMUNERATION AND EXPENSES FOR BOARD MEMBERS

1. Remuneration

- i. The Board is not currently remunerated for its work. Any proposal to remunerate the Board would need to be approved by the Board following consideration of a Business Case. The proposal would then need to be passed by resolution of the Company Member at a General Meeting. Should this happen, the Board shall amend this Standing Order to reflect this, and the Scheme of Remuneration included in the Standing Orders as an appendix.

2. Expenses

- i. Board Members are, however entitled to reimbursement of reasonable expenses incurred in the performance of their duties as Board Members. The current Board Members Expenses Policy is set out in Appendix 9.

18. CONDUCT OF THE BOARD'S BUSINESS

1. General Meetings

The Articles (Articles 6-12) adequately set out the procedure to be applied for General Meetings of the Company – Extraordinary General Meetings (EGM) and the Annual General Meeting (AGM) - and are not repeated here.

2. Board Work Plan

At the first Board meeting following the Company's AGM, the Board will agree its work plan for the following year.

3. Board and Committee Calendar

The Board will agree a meetings calendar for the Board and Committees of the Board twice a year for a full 12 months ahead. The agreed

calendar will be notified to the Company Member, Company staff, and Council tenants and leaseholders via a range of methods.

4. Appointment of Board Chair and Vice-Chair

At the first Board meeting following the Company's AGM, the Board will elect its Chair (and as necessary Vice-Chair) for the following 12 months. This election process will be conducted by the Company Secretary to a process agreed by the Board. The current process is set out in appendix 10.

5. Notice of Board Meetings

At least seven days Notice shall be given for the notice calling a meeting of the Board or Committee. Twenty-one days Notice shall be given for a notice calling an Extraordinary General Meeting or Annual General Meeting, shorter Notice may be given with the agreement of the Company Member.

This Notice shall be provided to the Company Member and to all Council tenants and leaseholders.

6. Agenda for Board Meetings

The Board shall agree a standard agenda for its Board meetings and the current agreed agenda format is set out in appendix 11.

The Board shall divide its business between a public agenda and a confidential agenda. The Board will ensure that only items that comply with one of the following criteria are placed on the confidential agenda: –

- (i) Matters relating to individual staff members, individual tenants or leaseholders, or individual Board members
- (ii) Matters relating to probity and conduct
- (iii) Matters that are commercially sensitive for the Company
- (iv) Matters that are reputationally sensitive for the Company
- (v) Minutes or reports from committees or task groups or outside bodies whose content relates to any of the above matters

No other business not declared on the Board meeting agenda may be transacted, save for any other urgent business. Such matters that any Board member may wish to raise under this agenda item must have been notified to and agreed by the Chair prior to the commencement of the meeting.

7. Quorum for Board Meetings

The quorum for a properly constituted meeting of the Board shall be 6 Board members. No Board meetings take place or Company business transacted where the quorum for the Board meeting is not met unless it is the adjourned meeting (Article 27(4))

8. Declarations of Interest

The Board agenda makes provision for Board members to declare an interest in an agenda item before it is discussed. The procedure for dealing with such matters is clearly set out in the Company's Articles (Article 29).

9 Board Reports

Agenda items will normally be accompanied by a written report from officers, and sent out at least 5 days before the meeting. The Board will determine its preferred layout and format for written reports. The current agreed format is set out in appendix 12. Reports should not be tabled at meetings, without the approval of the Board Chair prior to the commencement of the meeting.

10 Discussion

All members will direct their questions and comments to the meeting through the Chair. Members will conduct themselves in a manner which does not obstruct the business of the meeting. Further guidance to Board members is set out in the Board Members Code of Conduct. In the event of misconduct within the meeting, the Chair may direct that the offending member leave the meeting or, may adjourn the meeting and determine when it will be recommenced.

11. Decisions

Decisions at Board meetings will be determined by a simple majority of votes demonstrated by show of hands and each Board member (with the exception of any co-opted Board members) present in person is entitled to one vote. In the event of an equality of votes, the Chair may have a second or casting vote, provided he/she has also voted first along with the other Board members. A recorded vote will be taken if requested by any 2 members. Any Board member may request that their manner of voting be recorded in the minutes.

12. Minutes

Minutes shall be made and retained of the proceedings of all Board meetings by the Company Secretary. Minutes shall record those Board members present at the meeting, and decisions of the Board shall be

clearly recorded. Draft minutes will be included in the agenda for the following Board meeting and agreed as a true and fair record by the Board members present and signed as such by the Chair in the meeting.

Minutes will be recorded using a number of standard conventions and these are set out in appendix 13.

13. Special Meetings

Article 27 makes provision for special board meetings to be called at the request of 4 Board members, subject to the Notice provisions set out above.

14. Written Resolutions

Article 28 makes provision for Board decision to be properly made by written resolution, provided the resolution is signed by the Chair and by $\frac{3}{4}$ of Board Members.

15. Urgency Procedure

The Board will ensure that there is an urgency procedure in place for dealing with urgent matters between Board meetings. The procedure shall balance the need for speedy decisions with proper Board oversight of important matters.

3 courses of action are possible, and in all cases the decision shall be a matter for the Chair to determine, following consultation with the Vice-Chair and Chief Executive –

- i. The convening of a Special Board meeting – this may be the appropriate course of action where, for instance a decision would involve a significant departure from the Board's Strategic Plan or, where there is a serious problem or issue requiring the whole Board to agree an appropriate course of action
- ii. Written Resolutions – as an alternative to the above, where whole Board involvement is desirable but the matter is not considered controversial or likely to require debate.
- iii. Chair's Action – this would be the normal way of dealing with a matter within the spirit of the Board's Strategic Plan, but perhaps outside or exceptions to prevailing policies or procedures, or beyond the authority delegated to the Chief Executive. The procedure for seeking Chair's Action is as follows:–
 - (i) Chair's Action requires the Chair (or Vice-Chair in his/her absence) to consult at least 2 other Board members. The choice of Board members would depend on availability but would normally include those with a special expertise in the area of decision and/or those with a particular responsibility

- (ii) The taking of Chairs Action and the outcome must be reported to the next Board meeting together with a note of which members were consulted
- (iii) The Chair will decide the most appropriate method of consultation that maybe by way of meeting, correspondence or properly noted over the telephone. The decision taken will be reported to the Chief Executive at the earliest opportunity.
- (iv) In circumstances where the approval is a formality and consequential to a decision already made by the Board, it will be adequate for the Chair to take Chairs Action alone

16. Suspension of Standing Orders

In exceptional circumstances Standing Orders may be suspended. This might occur, for instance where there is a disturbance or an emergency to be dealt with within a meeting, or where a decision clearly needs to be made that is contrary to existing Standing Orders.

In these circumstances, the Board may agree to temporarily suspend Standing Orders or make a decision contrary to Standing Orders, provided that the Board also agree to amend Standing Orders to ensure that suspension of Standing Orders will not be required again if the same matter occurs again.

C. COMMITTEES AND TASK GROUPS OF THE BOARD

The Board may set up any number of committees, task groups or other arrangements that will enable it to most effectively carry out its functions and discharge its responsibilities.

The Board shall ensure that there is clarity about: –

- (i) the roles and responsibilities of each of these elements of the governance structure
- (ii) terms of reference and the extent of any authority delegated by the Board
- (iii) membership and appointment arrangements
- (iv) chairing expectations
- (v) frequency of meetings and life expectancy of any short life group set up
- (vi) conduct of business

1. COMMITTEES AND THEIR TERMS OF REFERENCE

The Board has set up 3 standing committees to assist it with its work. These committees and an overview of their functions is set out below. Each Committee has its own terms of reference.

(i) AUDIT COMMITTEE

The Audit Committee is charged with assisting the Board to fulfil its statutory obligations including advising the Board on the adequacy and effectiveness of the Company's internal control systems and its risk management framework.

The Audit Committee is accountable to the Board for both the Internal and External Audit arrangements for the Company, and also the production of an annual report to the Board which fulfils statutory and regulatory requirements and which advises the Board on the effectiveness and adequacy of the internal control and risk management processes, and any significant matters arising from any external/internal audit, inspection, or any other source.

(ii) HUMAN RESOURCES COMMITTEE

The Human Resources Committee is charged with assisting the Board to fulfil its statutory obligations as an employer, including such matters as staff relations and development, equality and diversity, health and safety, and discrimination.

The Human Resources Committee is accountable for the Board for ensuring that the Company has adequate and effective HR function, policies and strategies that meet statutory and regulatory requirements.

The Human Resources Committee also fulfils the remuneration function for senior executive team on behalf of the Board, including reviewing the performance and pay of the Chief Executive.

(iii) PERFORMANCE AND REGULATORY COMMITTEE

The Performance and Regulatory Committee is charged with assisting the Board to fulfil its obligations that the Company runs in an efficient, effective and viable way in the provision of effective services that meet customer needs.

The Performance and Regulatory Committee is accountable to the Board for monitoring the financial and service performance of the Company, and ensuring that the Company is striving to continually improve its performance in relation to its peers and to the satisfaction of the Council and the Council's tenants.

The Performance and Regulatory Committee also has specific responsibility to monitor the effectiveness of the Company's tenant involvement arrangements on behalf of the Board.

2. DELEGATED AUTHORITY

The Board will agree and, from time to time review the delegations to each of its committees. The current Scheme of Delegation is set out in appendix 2. Except for those matters specifically reserved for the Board's decision, the committees shall discharge the functions set out for them on behalf of the Board and in accordance with the Company's Articles.

3. COMMITTEE MEMBERSHIP

All committees will consist of a minimum membership of Board members as follows:–

- (i) Audit Committee - Three (3) Board Members
- (ii) Human Resources Committee - Four (4) Board Members
- (iii) Performance and Regulatory Committee - Six (6) Board Members

All committee members shall be appointed by the Board and membership renewed on an annual basis at the first Board meeting following the AGM.

Each committee may supplement its membership by co-option of non-Board members on to the committee, at levels set by the Board as follows –

- (i) Audit Committee – up to Two (2) co-options
- (ii) Human Resources Committee – Nil (0) co-options
- (iii) Performance and Regulatory Committee – up to Five (5) co-options

Any such co-options are to be recommended by the Committee and approved by the Board. Co-options may be approved at any time during the year but all must be renewed annually at the first Board meeting following the AGM. No co-optee may serve in this capacity for more than 3 years.

In considering any co-optees for recommendation to the Board, committees should have regard to the following –

- (i) A business case for the recommendation is expected – e.g. the committee requires further expertise in a particular area and this person can provide it
- (ii) Co-optees cannot be members of the Company staff, Council staff or Nottingham City councillors
- (iii) The person has agreed to be co-opted and has agreed to sign and be bound by the Board Members Code of Conduct

4. APPOINTMENT OF COMMITTEE CHAIRS

Committee Chairs shall be appointed by the Board for a 1 year term at the first Board meeting following the AGM.

5. ROLE OF COMMITTEE CHAIRS

- **Efficient conduct of committee business**
 - a. Ensuring an appropriate balance of committee attention to the different aspects of the committee's remit so that it exercises effective overall control
 - b. Ensuring that the framework of delegation from the Board to committee and from committee to the Executive is operating effectively
 - c. Agreeing the annual work plan of the committee, the agenda for each committee meeting, and ensuring that the committee is on target for completing its annual work plan, the minutes and reports back from the committee meeting to the Board
 - d. Managing the business of the meeting effectively, so that meetings are contained within target duration, most time is spent on the most important items, committee members are provided with the opportunity to participate in discussion, and that decisions are clearly made and recorded.

- **Effective communication of the committee's business**
 - e. Maintaining regular communication with the Board Chair, ensuring that the Board Chair is aware of particular issues or concerns of the committee
 - f. Ensuring effective communication of the committees' business to the Board, by agreeing the draft minutes of committees, ensuring committee decisions and recommendations are clearly recorded, and any reports back to the Board are appropriate and accurate
 - g. Ensuring regular and effective contact with Executive Directors between meetings in order, for example –
 - i. To have prior discussion on sensitive items to be considered at a forthcoming committee meeting
 - ii. Following up decision points from committee meetings
 - iii. Generally, ensuring that committee is "on course" in relation to its remit.

- **Review of Committee effectiveness**
 - h. The Chair should review the effectiveness of the committee's work with the committee annually
 - i. The Chair should ensure that the committee considers and agrees its annual report back to the Board

6. CONDUCT OF COMMITTEE BUSINESS

The Board requires Committees to conduct their business to the same standards as it sets for itself, in particular: –

- (i) Each Committee will agree a workplan for itself for the coming year and present this for approval to the Board at the Board's first meeting following the AGM.
- (ii) Each Committee will agree a calendar of meetings for the year ahead and agree this with the Board. The Board requires each Committee to meet a minimum of 4 times each year. Committees may agree additional meetings at their own discretion
- (iii) Committees are required to maintain the same administrative standards as the Board including Notice of meetings, agenda format, reports format, and standards of minutes etc
- (iv) Committees are required to conduct their meetings to the same standards including those relating to the Declarations of Interest and Any Other Business agenda items
- (v) Committees are required to communicate their issues and concerns to the Board via regular written reports back to Board meetings and contact between the Committee Chair and Board Chair. Committee minutes will be sent to all Board members.
- (vi) Committees are required to provide the Board with an annual report to the first Board meeting following the AGM, to include a review of the Committee's effectiveness
- (vii) The quorum rule for committees meetings is that there must be 50% (or the greater nearest number thereto) of the total members of the committee present of which at least 2 must be Board members
- (viii) The Committee Chair may also operate the Urgency Procedure, but only for matters within the delegated authority of the Committee. The Chair has the option of calling a Special Meeting of the Committee or by written resolution or of dealing with the matter through Chair's Action following the general principle set out in the Urgency Procedure.

7. TASK GROUPS

Task Groups are, by definition, not Committees of the Board and not expected to behave like Committees. Task Groups are intended to be more fluid bodies set up by the Board to consider specific issues and then disband when their work is done.

Arrangements for Task Groups are as follows –

- (i) They may only be set up by the Board or with the approval of the Board

- (ii) Setting up of new Task Groups may be recommended to the Board by Committees, and such Task Groups, if agreed by the Board, may report formally back to the sponsoring committee rather than directly to the Board
- (iii) The overall definition of the task must be agreed and approved by the Board
- (iv) The duration of the life of the Task Group must be set by the Board together with a minimum set of outputs required back from the Task Group
- (v) Membership of the Task Group must include at least 2 Board members
- (vi) The Task Group may include co-optees, who must be approved by the Board or sponsoring Committee
- (vii) The Task Group will consider its task and required outputs from its work, and then recommend its own Terms of Reference and any Delegated Authority requested, back to the Board or sponsoring Committee for approval
- (viii) The Task Group will determine for itself when and how frequently it meets
- (ix) Each Task Group will be supported and serviced by the Executive
- (x) Formal administration around Notices of meetings, agenda formats, report formats etc need not be followed by Task Groups. Minutes of each meeting are not required, but notes of each meeting are to be made and agreed by the Group at its next meeting and signed off as such. In addition, the Board or sponsoring Committee will require brief written or oral updates from the Task Group to each of its meetings
- (xi) Task Groups are only disbanded by agreement of the Board or sponsoring Committee
- (xii) The Company Secretary will maintain registers and records of all Task Groups identifying name of Task Group, when set up and by Board or Committee, definition of task and key outputs required, membership, details of terms of reference and when signed off, all notes of meetings and written updates to the Board or sponsoring committee, date when disbanded etc

8. DISPUTES

In the event of a dispute between the Board and one of its Committees or Task Groups, the Board's decision shall override that of any Committee or Task Group. The Chair of the Audit Committee shall have the right to report the Board's decision in dispute to External auditors and/or to the Company Member, following discussion within a Board meeting about the intended course of action. The Chair of the Audit Committee also has access to legal advice paid for by the Company from the Company's solicitors.

D. CHIEF EXECUTIVE

Clear working arrangements between the Board and Chief Executive are a key element of good governance. The essential duties of the Chief Executive are to:–

- (i) Act in the best interests of the Company
- (ii) Assist and advise the Board in determining the Company's policies and strategy
- (iii) Manage the affairs of the Company in accordance with the values and objectives of the Company, and the general policies and specific decisions of the Board
- (iv) Draw the Board's attention to matters that it should consider and decide
- (v) Ensure that the Board is given the information necessary to perform its duties and, in particular, that the Board receives advice on matters concerning compliance with its governing instrument, the law, compliance with its Management Agreement, and the need to remain solvent
- (vi) Ensure that proper systems of control, risk assessment and risk management are established and maintained, and that regular reports on these are provided, at least annually, to the Board
- (vii) Supervise, with the guidance of the Chair, the preparation of documents for consideration by the Board
- (viii) Help the Chair ensure that the business of the Board is properly conducted
- (ix) Lead and manage the staff of the Company and ensure that their performance is appraised
- (x) Represent the Company as appropriate

The Board will ensure that the Chief Executive has a written contract of employment which, as well as complying with current legislation clearly defines:-

- (i) His or her duties and the standards of performance expected
- (ii) The procedures for monitoring the Chief Executive's performance and fixing his or her remuneration
- (iii) How complaints and disciplinary matters will be dealt with
- (iv) The length of the contract, whether or not it can be renewed (if for a fixed term) and any notice period

The Board will ensure that the Human Resources Committee has responsibility for setting and conducting the appraisal arrangements for the Chief Executive, and making a recommendation to the Board on an appropriate remuneration package for the Chief Executive.

E. COMPANY SECRETARY

The Company Secretary is a formal officer of the Board and Company Article 35 requires that the Company Secretary shall be appointed by the Board for such term, at

such remuneration and upon such conditions as they think fit and any Company Secretary so appointed may be removed by the Board.

The principle duties of the Company Secretary are to:–

- (i) Summon and attend all General Meetings of the Company, and meetings of the Board, and keep minutes of these meetings
- (ii) Keep and maintain the registers and other records as determined by the Board (see Appendix 15. for list of registers required by the Company to be maintained)
- (iii) Make any returns on behalf of the Company to statutory and regulatory bodies
- (iv) Have charge of the seal of the Company
- (v) Ensure the compliance of the Company with the Articles and Standing Orders of the Company

F ACCOUNTABILITY

The Company recognises its broader accountability responsibilities to a range of external stakeholders, in particular to the Council, Council tenants and leaseholders, the Company's staff, the regulators, complementary service organisations and authorities, other groups representing community and neighbourhood interests.

The Board will ensure that there are sufficient and appropriate opportunities for the Board to engage with its stakeholders, to account for the Company's work, and to offer influence over, or involvement in, planning and decision-making. These arrangements will include the following:–

- (i) Consultation with all stakeholders through the development or review of the Company's strategic plan
- (ii) Accountability through broadly based invitations to attend the Company's AGM
- (iii) Consultation on a variety of Company matters directly with staff and also indirectly via recognised communication channels with unions
- (iv) Consultation and accountability to the Council via Board Member and Chief Executive attendance at regular senior level liaison meetings
- (v) Consultation and accountability to Council tenants and leaseholders as set out in the Company's Tenant and Leaseholder Involvement Policy and the Tenant Compact agreed with tenant and leaseholder groups and the City Council. The Tenant Compact provides that the Board will meet the Tenant and Leaseholder Congress on 3 occasions each year.

G. OPENNESS AND TRANSPARENCY

The Company recognises that conducting its business in an open and transparent way is a key element in relation to its accountability to its wider stakeholders, and the Board will ensure compliance with the following principles:-

- (i) As a general rule, information about the Company, its work, its Board and employees will be made available unless there are good reasons for confidentiality or practicality
- (ii) The Board will determine and publish an Openness Policy which will set out –
 - a. The information about the Company that it will make available
 - b. In what circumstances personal information will be provided and to whom
 - c. Identification of which Board and Committee papers are confidential
 - d. Whistle blowing arrangements
- (iii) The Board will determine and publish its arrangements for compliance with the Data Protection Act, with Freedom of Information Act, and the Environmental Information Regulations 2004.
- (iv) The Board will publish a Financial and Operating Review as part of its Statutory Annual Accounts and Financial Statements and make this available to stakeholders
- (v) The Board will publish an Annual Report of the Company's activities and performance and distribute this widely to stakeholders
- (vi) The Board will also publish an annual performance review for the particular interest of tenants and leaseholders
- (vii) The Board will publicise its forthcoming meetings and ensure that the public attending any Public Board meeting have an opportunity to ask question of the Board.
- (viii) The Board will ensure that agendas, reports, and minutes of all public Board and Committee meetings are available on the Company's website
- (ix) The Board will ensure the provision of regular newsletters to tenants and leaseholders

H. EQUALITY AND DIVERSITY

Equality & Diversity is a core value of the Company, which recognises its responsibility to serve the whole community equally. The Board will ensure continuing focus on this area by:-

- (i) Ensuring that the Company, when carrying out its functions and delivering its services, demonstrates commitment to equality and diversity issues

- (ii) Adopting and publishing an Equality and Diversity Policy, which promotes equal opportunities and diversity in all areas of the Company's work including –
 - a. Identification and assessment of needs
 - b. Allocation of housing and other services
 - c. Provision and delivery of services
 - d. Membership and operation of the Board and any Committees
 - e. Staff recruitment, selection, training and condition of service
 - f. The Company's buying of goods and services and contracting procedures
- (iii) Publicising the Company's achievements and performance in these areas
- (iv) Ensuring that the Board membership represents the diversity of the local community
- (v) Ensuring that recruitment policies to the Board are fair and transparent
- (vi) Ensuring that training for Board members on equality issues is provided and taken up

I. AUDIT

Effective audit of all the Company's functions and activities are essential to good governance. Standards of performance, service delivery and compliance should all be subject to some form of audit.

The Board will ensure that it complies with the following principles of good audit practice:–

- (i) **That the Company will have audited accounts**
- (ii) **That the audited accounts and audit management letter are sent to the Council**
- (iii) Its external auditors must be independent and effective. The Audit Committee will not normally agree to external auditors providing non-audit services, or undertaking the internal audit function, without satisfying itself in relation to compromising the independence and objectivity of the external auditors
- (iv) That there will be a proper procedure for the selection and periodic review of the appointment of the external auditor
- (v) That whilst the responsibility for audit remains with the Board, this responsibility is discharged by an Audit Committee of the Board
- (vi) That the Company has effective internal controls
- (vii) That the Company has an effective internal audit service
- (viii) That the Audit Committee provides an annual report to the Board on its activities and effectiveness in discharging its responsibilities

- (ix) That the Audit Committee should meet at least 3 times a year and may meet without staff present should it so wish

J. CONDUCT AND PROBITY

The Company is intent on maintaining high standards of conduct and probity within the Company.

In order to maintain these standards the Board will ensure that:-

- (i) It maintains current and appropriate Codes of Conduct for Board members and for staff
- (ii) The Codes of Conduct are available for public inspection
- (iii) The Codes of Conduct clearly set out –
 - a. The requirement and process for declaring interests and conflicts of interest
 - b. The Boards policies in relation to receipt and offering of gifts and hospitality
- (iv) The Company is compliant with its own Articles and with the spirit of Schedule 1 of the Housing Act 1996 for the provision of any non-contractual benefits to staff (or their relatives) and Board Members (or their relatives) (See appendix 16 for detailed provisions on this matter).
- (v) The Board, or relevant Committee of the Board, from time to time review –
 - a. The values of the Company and whether they are implemented in practice
 - b. The implementation of these Standing Orders
 - c. The Codes of Conduct
 - d. Other related policies such as Whistleblowing, and any other matter of business ethics and probity