

NOTTINGHAM CITY HOMES

REPORT OF THE COMPANY
SECRETARY/SOLICITOR

THE BOARD
23 JULY 2009

THE COMPANY SECRETARY'S REPORT

1 SUMMARY

- 1.1 This report sets out an update on the current administrative and governance issues requiring consideration by the Board.

2 RECOMMENDATIONS

- 2.1 To note the progress of preparations for Board member appointments for 2009.
- 2.2 To review the co-option of Board Members
- 2.3 To consider a Board Away Day being held to discuss a proposed review of the Company's Governance structure

3. REPORT

3.1 BOARD MEMBER APPOINTMENT 2009 UPDATE

Tenant Board Member Vacancies

There was a disappointing response in terms of the numbers of applications received for these vacancies. This is despite the election process being widely publicised through the poster campaign, Tenants Newsletter and leaflets were sent out to leaseholders and to tenants with the rent cards. In addition, the Company Secretary and the vice chair had previously attended the meeting of the Forum Chairs at their request to discuss the Board member's role so the opportunity was taken to publicise the forthcoming elections.

A total of twelve expressions of interest were received as compared with twenty last year. The Open Day that was held on 4 June 2009 was poorly attended with only four potential applicants attending.

Four applications were subsequently received, and although two applications were of a high standard, the panel representatives of the Board considered that the remaining two candidates did not meet the necessary criteria so they were not short-listed. Consequently there are two candidates for two vacancies.

The Company will need to review its recruitment strategy in time for the next recruitment campaign to ascertain how it can best attract more interest.

In the current circumstances the Company can proceed with the appointment of Tenant Board Members in accordance with the Company's Articles in the either of the following ways:-

Option A – a direct election of the short-listed candidates i.e. by reference to a democratic process of election by tenants and leaseholders or

Option B - by an indirect election of the short-listed candidates i.e. by referring the short-listed candidates to the Tenants and Leaseholders Congress for their appointment to be considered.

As at the date of this Report, no decision had been taken with regard to the preferred option although the timescales for referral of the process to the Electoral Reform Service are tight and the Company needs to consider the value for money aspect of pursuing a direct election process where in these circumstances, a candidate need only achieve one vote to secure election.

Those Options will therefore be referred to the Tenant and Leaseholder Congress to consider at their meeting on 22nd July 2009. In the event that a decision is reached at that meeting, the Company Secretary will advise the Board accordingly.

Independent Board Member Vacancies

The Independent Board Member vacancies have been publicised primarily through the Business Champions programme of the East Midlands Development Agency ("EMDA").

As at the date of this Report, the Company had received fourteen expressions of interest and the closing date for applications is 31 July 2009. Short-listing will be undertaken by representatives of the Board on 7 August 2009 with interviews being held on 14 August 2009.

Council Board Member Vacancy

Councillor David Liversidge resigned from the Board on 21 May 2009. Formal notice of his removal from the Board and the appointment of a new Council Board Member is awaited from the Council Member in accordance with the Company's Articles.

3.2 **REVIEW OF CO-OPTED BOARD MEMBERS**

At the meeting of the Board on 22 January 2009, the Board resolved to maintain the current co-opted membership but to review that membership in time for the first Board meeting immediately following the AGM on 24 September 2009.

In accordance with the Company's Articles the Board has a degree of flexibility in terms of co-opted appointments but note that:

- the maximum number of co-opted members is two,
- a co-opted member can hold office for a maximum period of 3

consecutive years subject to an annual review of the appointment by the Board.

In reviewing the co-opted membership the Board could consider the skills gap required to be addressed i.e. financial experience/preferably a qualified accountant. The Board could also consider its diversity profile and whether any additional skills in equality and diversity are required.

The Board is required to consider the co-opted member appointments to hold office from 24 September 2009 until the 2010 AGM.

3.3 **REVIEW OF THE COMPANY'S GOVERNANCE ARRANGEMENTS**

Following the Board Away day on 8 May 2009, the Board gave consideration to both its relationship with the Executive Management Team and to the governance structure of the Company i.e. is it fit for purpose. This is set against the challenges faced by the current economic climate, possible changes to the Housing Revenue Account funding arrangements and the proposals for the future development of the Company's business.

Board Development

The Company Secretary is currently in discussion with Carole Aaron, the acting Head of Change Management and Development regarding the appointment of an independent consultant to assist the Board's review of its skills and expertise and to highlight any skills gaps, given the challenges the Company faces.

Governance

The Chair, Vice Chair, Chief Executive and the Company Secretary met on 13 July 2009 to discuss alternative governance arrangements in principle with a view to a full discussion by the Board and the EMT.

It was proposed that the main Board would remain the same but that there also needs to be an increased focus on finance and human resources. In addition, the formation of a Housing Management Committee and an Asset Management Committee was considered and it is acknowledged that further committees will be required.

The detail of this proposal will necessarily involve further discussions and the Board is asked to decide if it agrees to a Board Away Day session (half day) being set aside to facilitate this discussion. This can be scheduled for late July/early August 2009 and will enable any alternative governance arrangements to be resolved and approved at the first Board meeting after the AGM on 24 September 2009.

The review of the Company's Standing Orders is deferred until the review of the Company's governance arrangements has been resolved.

The Board is requested to confirm that a Board Away Day be scheduled to discuss a proposed review of the Company's governance

arrangements.

4 OTHER OPTIONS

Not applicable.

5 FINANCIAL & RISK IMPLICATIONS

5.1 Board Member Recruitment

Tenant Board Member Recruitment - If it is resolved to follow the direct election process then costs are included within the current budgetary provision.

Indirect election will incur no additional costs.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

6.1 Ensuring that the Board is working towards appropriate levels of diversity in its own composition to match the community it serves, is considered crucial for the achievement of NCH objectives.

6.2 Robust corporate governance arrangements are necessary for good practice and for the effective operation of the Company.

7 VALUE FOR MONEY & EFFICIENCY ISSUES

7.1 A high performing Board will be more efficient and effective.

8 EQUALITY & DIVERSITY IMPLICATIONS

8.1 Effective governance arrangements will ensure that equality and diversity matters remain a continued focus for the Company.

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

9.1 The Company's Memorandum and Articles of Association 2nd May 2008

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