

## NOTTINGHAM CITY HOMES

### REPORT OF THE COMPANY SECRETARY & SOLICITOR

THE BOARD  
24 SEPTEMBER 2009

#### THE COMPANY SECRETARY'S REPORT

#### 1 SUMMARY

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

#### 2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 make appointments to the positions of Chair and Vice Chair of the Board;
- 2.2 consider and approve the membership of its committees for the coming year;
- 2.3 note and consider the remit of its committees following the revision of the Company's governance structure;
- 2.4 consider the appointment of Co-opted Board Members for the coming year;
- 2.5 note the proposed appointment to the Councillor Board member vacancy;
- 2.6 consider the appointment to a Casual Vacancy;
- 2.7 note the use of the Company Seal; and
- 2.8 authorise the compensation payments in excess of £1,000

#### 3 REPORT

##### 3.1 Appointments to the Positions of Chair and Vice Chair

Board members have been invited to participate in an election process for the positions of the Board Chair and Vice Chair via a postal process as previously determined by the Board's Governance Task Group in 2007. The results of these elections will be announced at the 24 September 2009 Board meeting.

##### 3.2. Committee Membership

- 3.2.1 As agreed at the Board Away day on 13 August 2009, the Board revised its committee structure creating the following committees:- Housing Management, Property Services, Finance &. Audit, Business

Development and the Human Resources and Remuneration Committee.

- 3.2.2 It was proposed that the committees would be populated by the Board members firstly identifying in order of 1-5 their preferred membership options and secondly with reference to the completion of the independent assessment of the Board members' skills. The latter exercise has not been completed as the Company's requirements in this regard have been reviewed by the assessor selection panel in view of the significant costs involved and in recognition that assessment could be conducted in-house.
- 3.2.3 The Panel has therefore asked the Company Secretary and the acting Head of Change Management (Carol Aaron) to look at ways of reducing the cost of this exercise whilst giving the support to the Chair in the conduct of the annual Board appraisals.
- 3.2.4 It is recognised however that the committees need to be operational and in a position to have a full discussion of their remit, powers and connectivity to Board at the first committee meetings in November 2009. Accordingly and in view of the time constraints, as at the date of this Report, the Chair, Vice Chair, Chief Executive and the Company Secretary were scheduled to meet on 18 September 2009 to consider the membership options with a view to giving some structure to the Committees for consideration by the Board.
- 3.2.5 Details of those proposals will be circulated at the 24 September 2009 Board meeting for consideration and approval.

### 3.3 **Revised Governance Structure Update**

- 3.3.1 Following the review of the Company's committee structure (See Appendix 1)., the executive directors have been tasked with compiling proposals for the terms of reference and delegated powers having regard to the current powers of the Board and the current scheme of delegations.
- 3.3.2 It is proposed that the detail of the committees, their terms of reference , delegated powers and their connectivity to the Board will be given thorough consideration and agreed by the respective committees at their first meetings, provisionally scheduled for the following dates:-
- Human Resources & Remuneration Committee (Dates to be confirmed)
  - Finance & Audit Committee - 9<sup>th</sup> November 2009
  - Property Services Committee 11<sup>th</sup> November 2009
  - Housing Management Committee - 17<sup>th</sup> November 2009
  - Business Development Committee 4<sup>th</sup> December 2009
- 3.3.3 The common theme to all committees will be accountability for performance (excluding the Business Development Committee), finance/compliance with budget provision, risk and equality issues.
- 3.3.4 It is recognised that Board needs to be kept informed of the work of the committees, delegate decision making powers to them whilst maintaining the overall right to make decisions on high risk issues.

3.3.5 There are some practical administrative steps which can be taken to achieve this e.g. circulating committee papers to all Board members irrespective of committee membership, the chair of each committee (with the support from officers as necessary) to report to the Board on specific issues and for the Board to retain decision making powers on items considered to be high risk. The Company should therefore decide and define what it means by high risk in advance. These items can then be identified in those terms in the delivery plan..

#### 3.4 **Appointment of Co-opted Board Members**

3.4.1 The Board resolved at the meeting on 23 July 2009 to review its co-opted Board member appointments with a view to addressing skills and also to consider its diversity profile.

3.4.2 As part of the Independent Board Member recruitment process, all candidates were asked if they would also like to be consider for the role of co-opted Board member.

3.4.3 There were 3 strong candidates for the independent board member role but only two vacancies. Those candidates who were most able to satisfy the criteria associated with the role of independent Board member were offered and accepted the appointment to the vacancies.

3.4.4 The interview panel also considered that the hold candidate, Mr. Suhail Hashmi could bring to the Board his knowledge and experience of the local business community and as a qualified accountant, his experience would address the financial skills gap on the Board.

3.4.5 Accordingly the Board is asked to consider and approve the appointment of Mr. Hashmi to the role of Co-opted Board member.

#### 3.5 **Councillor Board Member Vacancy**

3.5.1 The Council Member has confirmed the continued appointment of Councillor Malcolm Wood and the new appointment of Councillor Hassan Ahmed.

3.5.2 The Council Member is also looking to nominate Councillor Merlita Bryan who has expressed an interest in the role. As at the date of this report, her formal appointment to the role as required under the Company's Memorandum and Articles was being considered by the Council Member.

#### 3.6 **Appointment to fill a Casual Vacancy**

3.6.1 There is currently a Tenant Board member vacancy following the resignation of Graham Ward earlier this year. There were insufficient suitable candidates from the most recent Tenant Board Member recruitment campaign to fill the vacancy.

3.6.2 Under article 17 of the Company's Memorandum and Articles, the Board may request the Tenants and Leaseholders Congress ("TLC") to make a nomination to fill the vacancy. The Board may fill the vacancy directly if

the TLC fails to make a nomination within three months of the Board's request.

3.6.3 The nominee must be assessed as achieving as a minimum, base level in the core competencies all Board members need to possess as set out within the Governance standing order.

3.6.4 The Board is therefore asked to consider the following options:-

1. Seek a nomination from the TLC to fill the vacancy as a casual appointment
2. As 1. above but deferred until the Board determines the vacancy be filled as a casual vacancy
3. Not to appoint to the casual vacancy but await the revised 2010 Tenant Board Member recruitment.

3.6.5 The proposed revision to the recruitment process will look at dividing the city into three electoral colleges: north, south and central with a greater focus on attracting tenants or leaseholders who can demonstrate involvement in wider community issues.

3.6.6 The Tenant Involvement Manager, Carole Donnelly is currently setting up a working group comprising the governance team and TLC members to facilitate this review.

3.6.7 The Board is asked approve either option 1, 2 or 3.

### **3.7 USE OF THE COMPANY SEAL**

3.7.1 In accordance with the Company's Tender and Contractual Procedure Rules standing order, commercial contracts must be executed as a deed i.e. sealed with the Company seal and countersigned by the Company Secretary and a Board member in the following circumstances:-

- a. Any contract up to the value of £100,000.00 but only on the advice of the Company's legal advisers or
- b. Where the contract is valued in excess of £100,000.00

3.7.2 The significance of executing the contract as a deed reflects the high value and/or high risk nature of the contract and results in the limitation period for taking legal action on issues arising from the contract being extended from the basic 6 year limitation period to 12 years.

3.7.3 The Company's Articles state that the Board must give either specific or general authority to use the Company seal which is in the charge of the Company Secretary.

3.7.4 Accordingly the Board is requested to note the use of the Company Seal for the following contracts for improvement works to Nottingham City Council owned properties managed by the Company:

- Nottingham City, Nottingham City Homes and Yorkshire Window Company Ltd

- Nottingham City Council, Nottingham City Homes and Nationwide Windows (UK) Ltd.

### **3.8 COMPENSATION PAYMENTS**

- 3.8.1 The Board is requested to retrospectively authorise the payment of 2 compensation claims detailed in Appendix 2 to this report for the reasons stated.
- 3.8.2 One payment is in settlement of a complaint raised initially under the Company's 3 Cs procedures but subsequently referred to the Local Government Ombudsman. The other payment is in respect of a court order. Retrospective authorisation is being sought to avoid any delay in the processing of payments by the intervening period between Board meetings.
- 3.8.3 Delays in processing payments in advance of the matters being referred to Board could result in legal action being pursued against the Company for the recovery of outstanding payments and court costs could be incurred.
- 3.8.4 At present the Company's Financial Regulations standing order states that any ex gratia payment exceeding £1,000.00 has to be authorised by the Board.
- 3.8.5 It is proposed that as part of the review of the Company's standing orders that in addition to any amendments deemed necessary by the Director of Finance, that consideration is given to amending the Financial Regulations so that nominated Board members are given the power to authorise payments in excess of £1,000.00 countersigned by an executive director.
- 3.8.6 Such proposed amendments will require consultation with Nottingham City Council and on the recommendation of the Finance and Audit Committee, the Board will be required to approve those amendments.

### **4 OTHER OPTIONS**

- 4.1 None.

### **5 FINANCIAL & RISK IMPLICATIONS**

- 5.1 Board succession planning, training and development costs are included within the current budgetary provision.

### **6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 6.1 Ensuring that the Board is working towards appropriate levels of diversity and a range of experience and skills within its own composition is considered to be a crucial for the achievement of NCH objectives.

**7 VALUE FOR MONEY & EFFICIENCY ISSUES**

7.1 An appropriately skilled Board will be more efficient and effective

**8 EQUALITY & DIVERSITY IMPLICATIONS**

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

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

9.1 Memorandum and Articles of Association, Standing Orders

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