

# Policy

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## **Introduction**

The Board Membership Policy was last updated in 2006. There have been many changes in the Governance arrangements of the Trust in the meantime. During the last 12 months there have been significant changes in Board size and the operation of many of its functions through a system of Lead Members.

The National Housing Federation has also issued a new Code of Governance, with which the Trust must comply. This Policy takes the Code of Governance into account.

This Policy addresses:

- Size and Composition of the Board
- Responsibilities of Board Members
- Lead Board Members
- Remuneration
- Skills, Appraisal and Induction
- Appointment and Retirement of Board Members
- Appointment and Retirement of the Chair and Vice-Chair of the Board
- Proceedings of the Board
- Delegations from the Board
- Standing Orders
- Code of Conduct, including personal conduct, declaration of interests and conflicts of interest, hospitality and gifts and equality and diversity
- Disqualification and Removal of Board Members

## **Aims / Objectives**

The objective of the Policy is to provide a robust framework which underpins the good governance of the Trust, ensuring that decision making is sound and that probity provisions are in place.

## **Scope**

The Policy covers the Board and Board Members. It addresses the composition and proceedings of the Board and any Committees. It also addresses the personal conduct of Board Members.

This Policy does not cover any employees, including the Executive Management Team. It does not address delegations to employees or conduct of employees.

## **Policy Statement**

The Board of Management of the Trust carries the ultimate responsibility for directing the Trust's affairs. However it does delegate its work to Committees and to Lead

Members and the day to day management of the Trust is delegated to the Chief Executive and their staff.

This Policy should be read in conjunction with the Trust's Articles of Association, which also contains information on the membership and workings of the Board.

### ***Size and Composition***

The Board of Management of the Trust will be made up of 12 Members, comprising:

- Four Customer Board Members
- Four Local Authority Board Members
- Four Independent Board Members

The Trust will seek to ensure that the composition of the Board as a whole reflects the communities within which it works. This must however, be balanced with a need to have a wide range of skills available across the Board.

### ***Responsibilities of Board Members***

*Overall Purpose of the Role:*

- To promote the Trust's vision, mission and values through the management control, accountability and good conduct of the Trust and of the Board of Management.
- To share responsibility for Board decisions and act only in the best interests of the Trust

*Specific Duties and Responsibilities:*

- To ensure that the policies and procedures relating to governance, legal, regulatory requirements and good practice are in place and reviewed on a regular basis.
- To set the strategic direction of the business and determine its vision, values and objectives
- To support and challenge the Executive Management Team to help achieve these objectives
- To ensure that these objectives are also achieved through the appropriate delegation of authority, operational procedures and the employment of suitably skilled staff
- To regularly measure and review the performance of the organisation and make recommendations for improvement where appropriate
- To review the activities of the organisation from time to time and to recommend changes that are appropriate or in the interests of the organisation
- To agree annually the Trust's budget and business plan
- To exercise sound financial management and maintain financial viability, whilst meeting the organisation's vision, values and objectives
- To ensure that the interests and needs of the Trust's current and future customers are considered in all matters
- To ensure that the organisation's assets are kept in good order and are used for the benefit of the organisation
- To promote openness, accountability and transparency in the organisation's dealings with all its stakeholders

- To attend on a regular basis, Board and Committee meetings and contribute effectively to them, to ensure that, as a group, the Board has the capacity and commitment to achieve the strategic aims of the organisation
- To ensure that the business of the Board is suitably conducted, documented, is timely and meets the requirements of good practice and governance
- To attend conferences, training sessions, seminars, meetings and other events where they are in the interests of the organisation and to act as an ambassador for the Trust

### ***Lead Members***

Board has developed a system of Lead Members. Board may decide on the areas of responsibility for each Lead Member from time to time.

A Lead Member should act as a catalyst throughout the Trust for their area of responsibility. They should act as a role model, taking actions where appropriate and addressing behaviours when necessary.

The role seeks to find the best ways to lead and promote issues within their area of responsibility. They should also invite, encourage and inspire excellence within their area of responsibility.

The key requirements of this role will be to:

- Meet regularly with the relevant Assistant Director and Director. The frequency of these meetings would be influenced by the area of responsibility with some areas requiring more frequent meetings and others less frequent. Prior to these meetings the Assistant Director and Director will produce a briefing note similar to that produced by the Chief Executive for Board. These review meetings will be arranged at a time and place that is most convenient for the Lead Member.
- Review the overall performance of their area of responsibility focusing on issues that present a significant financial or other risk to the Trust.
- Review the progress with the implementation of any relevant strategies and policies.
- Have an input to the development of any new/revised relevant strategies and policies.
- Focus their learning and development activity on their area of responsibility.
- Have input and contribute to the presentation of relevant reports to Board
- Have an input into the development of the relevant annual business plan

### ***Remuneration***

Board Remuneration was introduced in April 2010, after benchmarking, consultation and a Business Case had been prepared independently of the Board. Remuneration was introduced to recognise the increasing workload, which Board Members are expected to undertake and to encourage a wide range of applicants to stand for Board vacancies.

Remuneration is not intended to fully compensate the time and commitment shown by Board Members. However it does recognise the significance of the legal and business responsibilities of the Board and in particular the pressure on Chairs and to recognise the need for individuals to commit the time necessary to deliver these responsibilities. It also assists in ensuring where there are competing time/diary commitments the Trust business is increasingly likely to receive priority.

Currently Board Members receive £3,200 per year. The Chair receives £8,000 per year and the Audit Committee Chair receives £4,000 per year.

A Board Remuneration Policy was approved in March 2010, which addresses the expectations on Board Members in return for remuneration and the monitoring arrangements.

The effectiveness of Board remuneration will be reviewed after the first two years.

### ***Skills, Appraisal and Induction***

The Trust recognises that there is a need for those who wish to serve as Board Members to bring a range of relevant skills to the role. The Board has developed a skills matrix which reflects the current needs of the Trust to meet the current challenges. It will keep the skills matrix regularly under review. As far as it is possible to do so, consistent with discharging its responsibilities, the Trust will seek and encourage the appointment of Board Members who have skills, experience and understanding of the identified skills:

- Needs and aspirations of customers and the community
- Community leadership
- Housing needs and experience
- Finance skills
- Working with partners
- Development and building
- Governance
- Organisational development
- Strategic leadership
- Communication skills
- Commercial knowledge

Board Members will undertake an Appraisal process once a year, the format of the appraisal shall be agreed after independent advice has been considered.

All new Board Members will undertake a comprehensive induction to ensure that they are equipped to become an effective Board Member from an early stage.

### ***Appointment and Retirement of Board Members***

Board Members will be appointed under procedures set out in the Articles of Association of the Trust.

The key features regarding appointments to the Board are as follows:

1. Local Authority Board Members: – Halton Borough Council has the power to appoint up to four people as Local Authority Board Members and to remove them from office. Appointments and removals will be made in writing to the Trust from an authorised officer of the Council.
2. Customer Board Members: – Customers elect up to four Customer Board Members. They will be elected by methods determined by the Board from time to time. Board has decided the process to be used from 2011 will be as follows:

- Advertise
  - Invite applications of interest
  - Require attendance at a Board Meeting
  - Threshold interview by a Nominations Committee (appointed to by the Board)
  - Nominations Committee to agree a shortlist from the interviews
  - Shortlisted candidates stand for election by the whole customer base
3. Independent Board Members: – Members of the Trust have the power to appoint up to four people at the Annual General Meeting (AGM) of the company. Board will make recommendation to the AGM. Board has agreed the process to be used from 2011. The appointment of Independent Board Members shall be by advertisement, interview and approval by the Board based on a recommendation from an Appointments Panel appointed by the Board.

The Trust's Standing Orders set out certain requirements relating to newly appointed Board Members before they take up their position on the Board:

- They will be given a formal letter specifying their obligations to the Board. They must sign a copy of this letter to indicate acceptance of these obligations; and
- They must attend an initial induction meeting with the Chair of the Board and the Chief Executive

The length of service and retirement of Local Authority Board Members will be determined by Halton Borough Council.

The Articles of Association provide for the cyclical retirement of Customer Board Members. They are elected for a three year term of office. Board has decided that Customer Board Members should not stand for re-election after three terms of office.

The Articles of Association provide for the cyclical retirement of Independent Board Members. They are appointed for a three year term of office. A current Independent Board Member who is coming to the end of their term of officer may be allowed to be appointed for a further one or two terms (of three years each). This is to apply where it is recognised that the skills and added value they offer to the Board and would only be made after a thorough evaluation of the skills and a robust appraisal process has been taken utilising the skills matrix.

### ***Appointment and Retirement of Chair and Vice-Chair of the Board***

The process of appointment will be in two stages:

- The first stage will be to allow existing Board Members the opportunity to apply for the role of Chair, whereby existing Board Members are invited to express an interest and to complete an application form. The Appointments Panel will shortlist applicants who the Panel feel meet the requirements of the Person Specification. Shortlisted applicants will be asked to take appropriate tests and will be interviewed by the Appointments Panel, which may decide to recommend an appointment as Chair to the Board.

- Should the first stage not result in an appointment as Chair, a second stage will be undertaken. This will involve the advertisement of the role outside of the Trust. The role to be advertised will be for an Independent Board Member to be appointed to the Board for a period of up to three years.

The appointment may be for a period of up to three years.

At the first Board meeting following each AGM the Board will appoint one of their number to act as the Vice-Chair of the Board. The Vice Chair will hold office until the next AGM.

Neither the Chair nor the Vice-Chair will serve for a term of more than three consecutive terms.

If it is ever felt necessary, the Chair and the Vice Chair can be removed by a two-thirds majority of Board Members and a replacement be appointed.

### ***Proceedings of the Board***

The Board will decide on the frequency of its meetings as it thinks fit, but will meet at least four times a year. The quorum for the transaction of any business will be a minimum of more than half the Board Members (i.e. seven).

Matters arising at a Board meeting will be decided by a majority of votes. In the event of a tied vote, the Chair of the Board will have a second or casting vote.

Board Members will be made aware of the relevant section of the Trust's Standing Orders relating to Declaration of Interests. Board members need to pay particular care to the management of personal interests, and in particular to actual, potential or perceived conflicts of interest, in order to protect the Trust and individuals involved from any appearance of impropriety. Board Members should declare interests if in any doubt and should abstain from any discussion/vote in relation to anything in which they have or could reasonably be perceived to have an interest. It is stressed that the responsibility to declare extends to 'perceived' conflicts of interest. The test is whether an interest might reasonably be thought to have influenced the outcome, as well as whether it actually did.

If a conflict of interest for a Board Member is reasonably apparent the individual should declare this and offer to withdraw from the meeting.

Board Members should ensure that where an item of business arises in which they, or a person closely connected to them, have an interest, whether or not already entered in the register, this is declared and where possible notified to the Chair of the meeting at its commencement as an initial agenda item. The Chair should notify the Board if any such interest occurs that affects them.

Board will consider the action necessary to avoid any real or perceived conflict arising. Where the declared interest is a financial one or where a personal benefit may arise or be seen to arise, Board Members should take no part in the discussion of the item or the decision. This should be achieved either by withdrawal from that part of the meeting or by non-attendance.

Board Members should only remain in the relevant part of the meeting where the Board decides that this is appropriate and this is formally minuted. In this case the Board Member should not vote on the matter and if they participate in the discussion relating to

the matter, again, this should be properly minuted. Where a conflict of interest is likely to reoccur on a regular basis the Board Member should offer to resign.

Board Members who are customers of the Trust should regard matters specifically concerning their individual circumstances as a clear and substantial conflict; matters affecting customers more generally need be declared only where they create a specific conflict of interest.

All relevant declarations of interest given before or during meetings and the action taken by the Board Member to prevent any conflict from arising should be recorded in the minutes.

### ***Committees and Delegations from the Board***

The Board may set up any standing committees or ad hoc committees as it sees fit. However, under this Policy it is recognised that the Board will set up an Audit and Risk Committee in order to provide the checks and balances needed to ensure financial probity.

Board may delegate certain of its powers to committees. It may also delegate its powers to officers and to individual Board Members (e.g. Lead Members).

Each committee set up will have clear terms of reference approved, and subject to review, by the Board. This will include the responsibilities of the Chairs of Committees. The responsibilities delegated to officers or to individual Board Members will be set out clearly and approved by the Board.

### ***Code of Conduct***

A revised Code of Conduct was approved by the Board in September 2010. It covered the following issues:

- Confidentiality
- Courtesy and Respect
- Diversity
- Harassment
- Policies, Procedures and Other Regulations
- Health and Safety
- The Trust's Property and Assets
- Computer Systems and Software
- Use of telephones
- Procurement of Goods and Services
- Alcohol, Illegal Drugs and Substance Abuse at Work
- No Smoking Policy
- Corruption and Fraud
- Dress Code
- Relationship with the Media and Press
- Gifts and Hospitality
- Declaration of Interests
- Voting and Conflicts of Interest
- Grant of Benefits
- Whistleblowing Policy

- Development of Board Members
- Care, Skill and Attendance
- Outside Activities

Board Members have a personal responsibility to achieve the highest standards of probity and conduct and to assist colleagues to do the same. Board Members must:

- Recognise that they have a clear duty not to act contrary to law or unreasonably
- Act at all times in accordance with their duties as a Director of a Company and Trustee of a Charity
- Remember that their duty is owed to the Trust as a whole and not merely to an area where they may live
- Refrain from conduct in the performance of their duties that would cause unwarranted offence of embarrassment to anyone and behave with courtesy to others
- Avoid using the Trust's contractors or suppliers for private purposes

Board Members will be required to make a written disclosure to the Company Secretary indicating any connections which they have with external organisations, contractors/suppliers and outside employment. Board Members will be responsible for updating the Trust's Register of Interests when changes occur. In declaring such interests Board Members must also consider any connections of their family and close friends which might conflict with those of the Trust.

Board Members are expected to declare any conflict of interest as and when they arise during the course of the Trust's business or other activities.

Individual Board Members need to make sure all relevant personal interests are declared and where conflicts arise, or are perceived to arise, these are managed to avoid any financial or non-financial personal gain, (whether real or capable of being perceived), to any person or body closely connected to them. A register of declared interests will be maintained and published at least annually.

Relevant personal interests take many forms. Some of the usual ones are:

- Employment, ownership or significant shareholdings in a company or partnership providing products or services to the Trust or the housing association sector
- Significant ownership of land and/or property in the area of operation of the Trust
- tenancy or leasehold interest of a property owned by the Trust
- membership of a campaigning, residents' or community organisation which has interests in the business and/or operation of the Trust
- membership of a local authority, another public body, or another association or unregistered 'not for profit' body with interests in the area of operation of the Trust
- connections or interests relating to the housing of customers/applicants
- letting of contracts
- the employment or recruitment of staff who are relatives or friends of a Board Member

In the interests of transparency, membership of political parties and pressure groups should always be declared.

Board Members should declare to the Chair and Company Secretary if they are members of any organisation not open to the public, which has secrecy about its rules or membership or conduct.

Where there is evidence that individual Board Members have withheld information, or provided misleading information, about their interests or those of a person closely connected with them, the Board will consider removal from membership. Removal would occur in the event of deliberate non-compliance with the Code of Conduct.

### ***Disqualification and Removal of Board Members***

In certain circumstances, Board Members will immediately cease to hold office. The full details of such circumstances are listed in the Articles of association of the Trust, but some examples are:

- They cease to be a Board Member under any provision of the Companies Act 2004 or become prohibited by law from being a director of the Trust
- They resign their office by giving written notice to the Trust
- They become insolvent or bankrupt
- They are a Customer Board Member and cease to be a customer of the Trust
- They are a Customer Board Members and owe more than eight weeks rent
- They are an independent Board Member and they become a tenant of the Trust
- They are a Local Authority Board Member and their nomination is revoked
- They are suffering from a mental disorder which requires hospital treatment or can no longer manage their own affairs
- A custodial sentence is imposed on them by the Court for a criminal act or omission. Or they are convicted of any other offence and the Board feels that they should cease to be a Board Member
- They are removed for non-attendance in accordance with the Articles of Association of the Trust

Customer Board Members who are in breach of their tenancy agreement and have a possession order (suspended or immediate) made against them will be required to withdraw from the Board.

If a Board Member, who is a customer, has eight weeks arrears of rent, the Board can remove them. An exception may be made if the arrears are substantially caused by delays in the award of Housing Benefit, which are beyond the customer's control.

In the case of leaseholders, action to remove them from the Board will normally only be taken when a service charge invoice remains unpaid beyond eight weeks.

## **Responsibility**

The Director of Resources, as Company Secretary, is responsible for implementing the Policy.

## **Service Standards**

There are no service standards directly affected by this Policy.

## **Performance Measures / Monitoring**

Board will monitor this Policy, through its annual review of Governance Arrangements.

## **Consultation arrangements**

A widespread consultation with customers and stakeholders took place during 2010 prior to the decision being taken to reduce the size of the Board from 15 to 12. An article was placed in Reach, letters were sent to key stakeholders and specific meetings were held with the Council and MPs.

The TSA was kept informed of the proposals.

## **Benchmark Analysis**

Benchmarking on the size of Boards has been done with Generate organisations and with the "Airport Group" of Housing Associations. Figures from the Commercial sector have also been considered.

The trend within the Housing sector is that the further away an organisation is from the date of transfer, the smaller the Board tends to be.

The NHF Code of Governance states that the organisation should consider a Board size of twelve. It also addresses the procedures and structures which a Board should use to conduct its business and the personal conduct of Board Members. These have all been taken into account in developing this Policy.

## **Regulatory and/or Legal Compliance**

The TSA's regulatory requirement is that the organisation must adopt a Code of Governance and assess its compliance against that. The Trust has adopted the National Housing Federation Code of Governance and has used it to shape and develop this Policy.

The Companies Acts govern who can become a Director of a Company and the Trust must take that in to account.

## **KLOEs affected**

There is no link with KLOEs

## **Diversity Considerations**

An Equality Impact Assessment has been carried out, involving a group of Board Members. The following issues and actions arose from that assessment:

- Consideration should be given to paying expenses to Board Members with carer responsibilities
- Bi-annual equality monitoring of Board Members should take place
- When the annual Governance Calendar is developed ask Board Members whether they are unable to attend any meetings due to religious days or festivals prior to arranging the Board Meetings
- Positive promotion of BME Board Membership for Customer Board Members and Independent Board Members
- Consider the balance between supporting those with learning disabilities and ensuring that they can undertake the responsibilities of Board Membership

## **Links to Strategies, Procedures and Associated Documents**

This Policy links with the following Trust documents:

- Memorandum and Articles of Association
- Code of Governance
- Board Members' Code of Conduct
- Standing Orders
- Membership Policy
- Diversity Policy
- Board Remuneration Policy
- Governance Pack
- Probity Policy
- Independence Policy

## **Business Impact**

The business impact will be by way of good, sound governance. If the Board is not operating in an efficient manner it will have knock on effect on decision making within the Trust and could have an effect on the external reputation of the Trust amongst its customers and with partners.

This Policy will minimise the risk of inefficiencies and poor reputation as a result of poor decision making and poor conduct.

## ACTION PLAN

SUBJECT	ACTION	TIMESCALE	ASSIGNED
Board Member Expenses	Consider expenses for Board members with carer responsibilities	September 2011	Governance Officer
Equality Monitoring	All Board Members to complete Equality Monitoring Form bi-annually	July 2011 July 2013	Governance Officer
Board Meeting dates	Ask Board Members are they unable to attend meetings due to religious/festival days prior to arranging Board Meeting Calendar	September 2011	Governance Officer
BME Board Membership	Positively promote BME Board Membership (Customer Board Members and Independent Board Members only)	Annually during CBM and IBM recruitment	Governance Officer
Learning Disabilities	Consider the balance between supporting those with learning disabilities and ensuring that they can undertake the responsibilities of Board Membership	Annually during CBM and IBM recruitment	Board Nominations Committee
Board Remuneration	Review the effectiveness of remuneration	April 2012	Company Secretary
New Member Induction	Undertake comprehensive induction for all new Board Members	Annually following recruitment	Governance Officer