

Cabinet Member, Housing and Heritage

11th September 2013

Name of Cabinet Member:

Cabinet Member (Housing and Heritage) - Councillor Ruane

Director Approving Submission of the report:

Executive Director, People

Ward(s) affected:

All

Title:

Proposed changes to the procedure for selecting Tenant Board Members for Whitefriars Housing Group

Is this a key decision?

No

Executive Summary:

Whitefriars Housing Group was created in 2000 as part of the large scale voluntary transfer of all of the city's council housing stock.

The Board of Whitefriars Housing Group includes four tenant board members, who are currently selected for the position through an election system, with a ballot of tenants and leaseholders. Whitefriars is proposing that this process is changed, so that tenant board members are recruited through a process of application and interview, considered against a skills and experience matrix (in the same way that independent members are recruited to the board).

Due to the terms of the transfer agreement between Coventry City Council and Whitefriars Housing Group, Whitefriars are required to request the approval of the Cabinet Member for Housing and Heritage in order to change the process of recruiting and selecting tenant board members.

Recommendations:

The Cabinet Member for Housing and Heritage is recommended to:

1. Approve the changes to the Whitefriars rules to allow for the recruitment of tenant board members to the Whitefriars Housing Group Board.
2. Request that Whitefriars review the arrangements and report to the Council on the impact, effect and success of the changes after a 4 year period.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Proposed changes to the procedure for selecting Tenant Board Members for Whitefriars Housing Group

1. Context (or background)

- 1.1 Whitefriars Housing Group was created in 2000 to receive the large scale voluntary transfer of all of the city's council housing stock. Whitefriars is a Registered Provider of social housing, registered with the social housing regulatory body, the Homes and Communities Agency (HCA). In 2009, Whitefriars became part of WM Housing Group Limited. Whitefriars has approximately 18,300 tenants and leaseholders in the city.
- 1.2 Whitefriars Housing Group is governed by a board of non executive directors consisting of four tenant board members, four independent board members, four Coventry City Council nominees, and a parent-board representative from WM Housing Group Limited.
- 1.3 Currently, tenant board members are self-nominating and elected to the position by Whitefriars tenants and leaseholders, and serve on the board for three years.
- 1.4 The role of the board at the early stage of the creation and establishment of Whitefriars Housing Group was to ensure that improvements to properties were made and promises to tenants that formed part of the transfer agreement were honoured. Since then, the regulatory body has changed (to the HCA) and there is a greater focus on the governance of Registered Providers, including the importance of ensuring that the board has the right skills to manage an increasingly complex operating environment. Further, in 2012 Whitefriars was refinanced which resulted in a bond issue raising £100m from investors with a view to continuing the process of improving homes and communities and providing new homes. Whitefriars now has £300m of debt with banks and pension funds.
- 1.5 Tenant board members carry the same responsibility as independent and other board members and these are set out in the Companies Act 2006. There is an expectation that all board members will contribute and share responsibility for future direction. Whitefriars seeks to follow best practice in governance and non-executive directors are required to comply with the requirements of the 'Committee for Standards in Public Life'.
- 1.6 Due to the terms of the original transfer agreement, the support of Coventry City Council is required if Whitefriars wish to change the process of selecting tenant board members.

2. Options considered and recommended proposal

- 2.1 The Whitefriars Board has carried out a thorough review of its governance arrangements, supported by external independent advisors. As a result, Whitefriars Housing Group is proposing to change the way that tenant board members are recruited to the board, through a process of application and interview, considered against a skills and experience matrix (in the same way that independent members are recruited to the board).
- 2.2 The current election process for selecting tenant board members is complex and does not attract much engagement or interest from among the tenants.
- 2.3 Additional problems arise as current Codes of Guidance, good practice, and in some cases legislation, require that non-executive directors of organisations such as Whitefriars are qualified and competent to undertake the role. This could lead to a situation where a tenant could be barred from standing for election, or prevented from taking office following election in rare circumstances if problems come to light. This requirement applies to all board

members, but these issues can more easily be identified and resolved at an early stage through application or, in the case of Council nominees, through the Council's nomination process.

- 2.4 The proposed change to the method of recruiting tenants to the board would be in line with the practice of many other stock transfer housing associations and reflects current models of good and effective governance. There would be no reduction in the number of places on the board for tenants, which would remain at 4 (1/3 of the board).
- 2.5 Members may wish to note that other Registered Providers in the City have no or very small numbers of tenants on the board and across the country, housing associations created as a result of large scale voluntary transfer in much the same way as Whitefriars, have moved towards the acknowledged best practice of appointment based on skills.
- 2.6 Aside from board membership, there are numerous routes for tenants to be involved in shaping and monitoring Whitefriars' service delivery.
- 2.7 The Whitefriars Board will approve the changes, subject to approval from Coventry City Council, at a Special General Meeting following approval.
- 2.8 The Cabinet Member for Housing and Heritage is requested to
 - Approve the changes to the Whitefriars rules to allow for the recruitment of tenant board members to the Whitefriars Housing Group Board.
 - Request that Whitefriars review the arrangements and report to the Council on the impact, effect and success of the changes after a 4 year period.
- 2.9 If permission is withheld, the current method of selecting tenant board members through an election process will need to continue but there is an additional complication in that the Rules would still need to be amended as they still identify Whitefriars North and Whitefriars South, in line with the original transfer arrangements, although this division no longer exists.

3. Results of consultation undertaken

- 3.1 In May-June 2013, Whitefriars carried out a six-week consultation process with its 18,300 tenants and leaseholders to capture views regarding this proposed change. The response rate was low, with only 3 responses received (1 positive, 2 negative).
- 3.2 Whitefriars also held two open sessions for tenants who may be interested in becoming a board member to find out more about the role. This was attended by over 50 individuals, and over 30 have applied for a place on the board subject to approval of the change in selection processes outlined above.
- 3.3 It is intended that prospective tenant board members would be interviewed by a Panel of the board which would include a City Council nominee and a serving or former tenant board member

4. Timetable for implementing this decision

- 4.1 If the change to the process of selection of tenant board members is approved, Whitefriars would conclude the recruitment process and appointments would commence forthwith.

5. Comments from the Executive Director, Resources

5.1 Financial implications

There are no financial implications for Coventry City Council arising from this decision.

5.2 Legal implications

Under the terms of the transfer agreement, which took effect on 25 September 2000, the Whitefriars Group are required to seek written approval from the City Council prior to changing the arrangements for appointing Tenant Board Members. Such approval is not to be withheld or delayed in relation to all reasonable advice issued by the Housing Corporation (now the Homes and Communities Agency) concerning the governance of all or classes of RSL's.

The proposed changes take account of current good practice and the requirement for non-executive directors to be qualified and competent to undertake the role.

The proposed process of application, interview and consideration against a skills and expertise matrix will help ensure that those appointed are suitable for the role and appointed following a fair recruitment process.

Whitefriars will reimburse the Council in respect of any legal costs arising out of the changes.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

Strong governance of Registered Providers operating in the city will ensure improving services for tenants and leaseholders and contribute to the Sustainable Community Strategy priority of 'A good choice of housing to meet the needs and aspirations of the people of Coventry'. Whitefriars Housing Group is the largest social housing provider in Coventry.

6.2 How is risk being managed?

This proposal reduces the risks that might emerge from a weak Whitefriars Board but retains the level of community engagement in the management of the housing stock. It is increasingly unusual for registered providers to retain one third of its seats for tenants and another third for Council nominees, but the continued presence of these constituents members in Whitefriars helps ensure that housing and services provision remains sensitive to the needs and aspirations of Whitefriars tenants.

6.3 What is the impact on the organisation?

There will be no impact on Coventry City Council as a result of this decision.

6.4 Equalities / EIA

The revised process should aid greater representation of hard to reach groups who are generally less likely to stand for election but can be identified through a skills and experience matrix. The applications and appointments will be monitored and the results reported to the Board.

6.5 Implications for (or impact on) the environment

There will be no impact on the environment.

6.6 Implications for partner organisations?

If the recommendation is approved, Whitefriars Housing Group will be able to recruit tenant board members in the same way as it currently selects independent board members – through an application and interview process, considered against a skills and experience matrix.

If permission is withheld, the current method of selecting tenant board members will need to continue but other rule changes may be required.

Report author(s):**Name and job title:**

Ayaz Maqsood, Head of Housing

Directorate:

People Directorate

Tel and email contact:

024 7683 1958

Ayaz.maqsood@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Pat Brandum	Group Chief Executive	WM Housing Group Ltd	21/08/13	28/08/13
Peter Fahy	Assistant Director	People	21/08/13	28/08/13
Matthew Rossi	Governance Services Officer	Resources	21/08/13	28/08/13
Names of approvers for submission: (officers and members)				
Finance: Diane Jones	Lead Accountant	Resources	21/08/13	22/08/13
Legal: Helen Lynch	Corporate Governance and Litigation Manager	Resources	21/08/13	28/08/13
Director: Brian Walsh	Executive Director	People	21/08/13	21/08/13
Members: Councillor Ed Ruane	Cabinet Member (Housing and Heritage)		21/08/13	21/08/13

This report is published on the council's website:

www.coventry.gov.uk/councilmeetings