

Council – 13 September 2007

CHANGES TO TOR HOMES BOARD

Statutory Powers: Housing Act 1996

Financial Implications: None identified at this stage

Purpose

To consider the implications for the Council of the proposed changes within Tor Homes in reducing the size of their Board from 15 to 12 members.

This report is linked to the Council's top priority of securing a supply of housing for local people at affordable levels. There are specific links to the core measures and targets related to reducing the number of people on the Housing Register, and meeting our targets for providing social rented and other affordable homes.

Recommendations

That the Council RESOLVES:-

- i) no objection in principle be made to the proposed changes to reduce, in equal proportion, the size of Tor Homes' Board from 15 to 12 members.**
- ii) Authorisation to the Officers of the Council to vote at the Tor Homes General meeting which considers this change, in favour of the Rule change reducing the Board, in equal proportion, from 15 to 12 members.**

Background and reason for the change

1. Tor Homes is a member of the National Housing Federation (NHF), and a requirement of all members is to comply with the NHF Code of Governance. Stakeholders of housing associations recognise the effectiveness and strength of this Code of Governance, such that it is now a requirement on housing associations to formally disclose, within the audited financial statements, that it complies with the Code, and if not, where it departs from that Code. The Code of Governance has been widely acclaimed as an example of best practice including by the Housing Corporation (the regulator of housing associations), by the Nolan (now Wicks) Committee on Standards of Public Life and more recently by Sir Alan Longlands, Chair of the Independent Commission on Good Governance in Public Services. It is widely accepted that the existence of the Code, and the commitment of Federation members to its implementation have made an important contribution to the housing association sectors overall good reputation. The latest version of the Code also incorporates the key principles arising from the Higgs Report on the role and effectiveness of non-executive directors in the corporate sector.

2. Within the NHF Code of Governance it states that;
“The Board should ensure that it is an appropriate size to make effective decisions. This will not normally be more than 12 members (including co-optees).”
At its meeting on 13th September 2006, the Tor Homes Board considered that 12 members would be a more effective Board than the current level of 15. Clearly if this decision is not subsequently ratified at the General Meeting then this improvement in the Company’s governance would not be achieved. The Housing Corporation have been consulted on this proposed change and have raised no objections.
3. Apart from the reduction from 5 to 4 councillors, there will be no other change in the existing arrangement between Tor Homes and the Council. There will be similar reductions in representation by the two other groups on the Board i.e. the residents and the independent representatives appointed by Tor Homes.
4. On 11th May 2006, Howard Toplis, Chief Executive of Tor Homes made an informal presentation to the Council on the proposed change. That presentation included Tor Homes’ intention to consider reducing, in equal proportion, the size of the Board. No concerns were raised about that proposal by the Councillors attending that meeting.

The Process

5. Following the Board’s decision it is now appropriate that Tor Homes consult with stakeholders, including South Hams District Council to take forward their recommendation. Tor Homes will also be undertaking formal consultation with residents.
6. The proposed recommendation to reduce the Board’s size would require a rule change in respect of Tor Homes’ Memorandum and Articles of Association and therefore any final decisions would need to be considered at a general meeting. Should South Hams District Council, and Tor Homes’ residents, agree to the Board’s recommendation, then the next step would be to call an Extraordinary General meeting to decide on the proposed reduction.

Timetable

7. Key dates:-
 - Council meeting– 13th September 2007
 - Feedback from resident consultation – 19th October 2007
 - Extraordinary General Meeting for Tor Homes – 21st November 2007

Conclusion

8. The proposed changes to the Board follow good practice guidance, and because of the pro-rata reduction, there will be no impact on the level of Council influence over key decisions.