



Board

24 March 2008

Board Committee Structure

Report by Chair

Decision	Area Implications	All
----------	-------------------	-----

Executive Summary	This report considers the outcomes of the Board Awayday discussions on the current and future governance arrangements and proposes a new committee structure, including the creation of a Remuneration Committee.	
Recommendations	Board is asked to agree <ul style="list-style-type: none"> • the new committee structure; • the creation and membership of Remuneration Committee; • that Remuneration Committee meets as soon as possible after the March Board meeting; • to pilot a new report format. 	

Business Implications		
YHN Mission and Strategic Objectives	<ul style="list-style-type: none"> • The work of the Board and Committees contributes to the good governance of the organisation and all of our strategic objectives. 	
Value for Money/Efficiencies	<ul style="list-style-type: none"> • The Committee structure enables matters to be scrutinised in more detail before recommendations are made to Board, therefore contributing to making the work of the organisation more efficient and that the organisation makes the best use of its resources. • A revised cycle of meetings will result in fewer meetings, therefore reducing support costs. 	

Resources (financial, property, technological or human)	<ul style="list-style-type: none"> • Financial resources are required to support printing and catering costs for which there is a current budget allocation. • Support for Committees is provided by Democratic Services through a Service Level Agreement.
Impact on Services/Performance	<ul style="list-style-type: none"> • The new structure will meet the demands of the future development of the organisation. • The new structure will provide a relevant home for all areas of business enabling issues to be dealt with in more depth.
Outcomes for tenants/leaseholders	<ul style="list-style-type: none"> • Board and committee have access to good quality information, advice and support to ensure that services are delivered to meet the needs of our tenants and leaseholders.
Risk (reputation, relationship)	<ul style="list-style-type: none"> • There are risks to the organisation if we do not have a governance structure that ensures robust public accountability and appropriate service delivery.
Environmental	<ul style="list-style-type: none"> • An environmental issue is around the amount of paperwork that the Board and committees generate.
Legal Implications	<ul style="list-style-type: none"> • The appointment of committees is in accordance with the Articles of Association.
Equality and Diversity	<ul style="list-style-type: none"> • All of the three constituent groups that make up board membership will be represented on each of the committees.
Stakeholder Involvement/Consultation (planned or already carried out)	<ul style="list-style-type: none"> • The proposals are based on a consultative exercise carried out at a Board Away day.
Background papers	Report on Board Awayday January 2009
Contact officers	Diane Creighton, Executive Assistant to Chief Executive, ext 28704 Maureen Dickson, Company Administrator & Board Support Officer, ext 28624

Board Committee Structure

1. Introduction

- 1.1 This report proposes a new structure for board committees, including the creation of a Remuneration Committee.

2. Background

- 2.1 The current committee structure was set up in April 2004 and apart from a review during 2006/2007 when Governance and Personnel Committees were merged, there have been no major changes to our governance structure.
- 2.2 At the awayday in January 2009, Board conducted a range of exercises to explore issues concerning the current governance and consider what scope there was to do things differently to meet future challenges.
- 2.3 These exercises were carried out in light of the five years that we had been operating and the new business environment in which we are now operating.

3. Governance Arrangements

3.1 Current arrangements

At the awayday board members undertook an exercise to identify which area of business went to which committee, identified areas of duplication and any gaps. This exercise suggested consensus in a number of key areas:

- There was confusion about what was the most appropriate route for decision making about a significant amount of the business.
- Board members encountered a lot of duplication, with some items of business finding their way to a number of committees.
- Because there is a significant number of business areas with no clear route to decision making, these end up at Board by default regardless of whether or not a strategic decision is required.
- Board receives reports for decision on items that have been subject to considerable discussion and scrutiny elsewhere because of the lack of delegated decision making authority to committees.
- Some Committees appear to be superfluous to the decision making process.
- Items are submitted to both Committees and Board where the immediacy of decision making does not fit well with the timetable.
- There are areas of work that should be but are not considered anywhere as there is a lack of fit with Terms of Reference.

During the exercise it was recognised by one group that some Committees make decisions that are not specified in their Delegations.

3.2 Issues for Future Arrangements

Board Members then considered what future governance arrangements might look like based on what had become apparent from the first exercise and around six key themes:

- Committee Structures
- Membership
- Identity
- Frequency and style
- Remits
- Decision making

Although not every group completed each theme, there were some key areas of consensus across the themes as follows:

Committee Structures:

- Audit Committee is a given (because effective arrangements must be in place to provide assurance to the Board on risk management and internal control).
- Number of committees should be finite
- All areas of business should have a relevant home but only salient features for discussion/decision
- Dedicated home for Customer Service/Services for tenants issues required
- Dedicated home for performance related issues required

Membership

- All constituent groups represented on committees
- Membership should be appropriate to skills and expertise
- Size should be no bigger than current

Identity

Only one group considered this and suggested that the Governance structure needed to reflect the fact that Your Homes Newcastle was more than just a housing provider.

Frequency and style

- Reduction in meetings
- More focused, with clear and specific information but with a range of delivery styles
- Big issues should have separate forums

Remits

- Clear operating framework that avoids duplication and has clear strategic purpose
- Uniform principles for all committees
- Specific consideration for Value for Money, Equalities and Diversity and other cross cutters

Decision making

- Clear case for increased delegation to committees
- Appetite for wider delegation to Chair and officers
- Board should be involved in ratification, review, exception reporting and key strategic decisions

3.3 At the end of the Awayday, board members agreed that in collaboration with the Chief Executive and Management Team, I would consider the findings and develop proposals.

4. Future Governance Arrangements

4.1 I have discussed the outcomes of the board Awayday with the Chief Executive and Management Team. We have also looked at the current work of the Board and future demands. We have identified areas of work that could be dealt with in more depth at a committee level, for example performance monitoring and we support the view that there is a significant gap where customer service issues could be considered.

Additionally, we identified a gap in relation to the Strategic Independent Advisory Group (SIAG) in that there is no relationship between this group and board or any committee. SIAG has a key role to play as a 'critical friend' for YHN in appraising our approach to equalities and diversity, especially at a strategic level on all new significantly changed policies, procedures, housing services and functions.

4.2 Although not discussed at the Awayday, I want to use the opportunity afforded by this review to address the way in which the Board handles senior management remuneration issues. In my view, this matter is worthy of attention in its own right given its sensitivity, current public interest in such issues, the risk identified in our log in relation to losing key staff, and the fact that the personnel dimension of our current committee business is now potentially to go to a broader finance and resources committee.

I propose that the Chairs of Committees, the Vice Chairs and Chair should comprise the Remuneration Committee, which should be chaired by the Board Chair. I envisage the Committee would need to meet twice, possibly three times a year: once to consider whether and how to review the market; once to consider the outcome of any such review; and once to consider specifically the setting of Chief Executive salary levels in the light of organisational performance after year-end. This would also include a review of any proposals by the Chief Executive in respect of any delegated authority to determine senior manager remuneration.

A review of senior management salaries has not taken place for two years and is now overdue, hence my recommendation that we should expedite the creation of the Remuneration Committee and its terms of reference, and that it should meet as soon as possible if Board agrees the recommendation.

4.3 Having considered the outcomes of the Awayday and the discussions I have had with the Chief Executive and Management Team, I propose the following new structure:

Committee	(Indicative) Area of Business
Audit	Internal audit; internal financial control ; risk management
Finance & Resources	HRA and YHN budgets; Investment Programme; YHN's management fee; RTB; rent arrears; virement between/within budgets; R & M contract (budget) Key IT, HR and OD functions and initiatives
Performance	Quarterly : Corporate performance; Compliments, Complaints; Customer Satisfaction (Investment Programme; R & M); R & M Performance Annually: HouseMark benchmarking; Status Survey; Six monthly: E & D; SIAG;
<i>Customer and Service Delivery (title to be refined?)</i>	Capital programme; Gas Servicing; annual painting programme; Contractor allocations Environmental issues; Asset management;; New build; Support and Care; Customer service; Housing Management
Remuneration Committee	Review and decide the remuneration of the Chief Executive and review Chief Executive decisions on senior management remuneration.

In this model, governance issues would be dealt with by Board and the need for Time Limited Committees could be reduced.

The future of area boards is the subject of a separate review and the recommendations of the Time Limited Committee conducting the review will be the subject of a report to Board in April.

4.4 Meeting cycles

In considering the frequency of meetings, I propose that the Board moves to a six weekly cycle and that committees meet as follows:

Committee	Meeting Frequency
Audit	Quarterly
Finance & Resources	6 weekly
Performance	Quarterly
Customer & Service Delivery	Bi monthly
Remuneration Committee	Three times yearly

4.5 Areas of Business, Delegations, Work Programme

Lead Officers will further develop the areas of business, draft the delegations and a programme for the work individual committees.

The Delegations will let individual Committees determine the time of their meetings.

The draft Delegations and work programme will be considered for approval by Committees at their first meeting and then approved by Board.

The responsibilities and work programme for Board will also be reviewed to take account of the work that is being delegated to Committees and submitted to Board for approval.

The Scheme of Delegations will then be amended to reflect the work of the Board, changes to the committee structure and delegations to committees.

4.6 Report Formats

Although the report format was not discussed at the Awayday, I am aware that the current format has been used for sometime and although this has worked well I suggest that as we are reviewing the committee structure we look at the possibility of a new format for reports.

If Board agrees this suggestion, I propose that we develop a new format which could be piloted on a particular area of work. The views of Board would be sought before adopting the new format for all areas of work.

4.7 Implementation

It is my proposal that the new structure takes effect from the first meeting after the Annual General Meeting on 22 September 2000. At that meeting I will present the committee membership for Board's agreement.

5. Business Implications – addressed on cover.

6. Recommendations

6.1 Board is asked to agree

- the new committee structure;
- the creation and membership of Remuneration Committee;
- that Remuneration Committee meets as soon as possible after the March Board meeting;
- to pilot a new report format.

7. Next Steps

7.1 If Board agrees the new structure, the follow key pieces of work will be undertaken:

- Lead Officers will be identified.
- Lead Officers will draft delegations and a work programme for each individual committee.
- The responsibilities of Board will be reviewed, a programme of work drawn up and submitted to Board for approval.
- Terms of reference will be drafted for Remuneration Committee.
- Committee membership will be determined by the Chair and submitted to Board for approval at the Board Meeting on 22 September 2009.
- Committees will agree their Delegations and work programme at the first committee meeting after 22 September 2009.
- Board will then agree committee delegations following which the Scheme of Delegations will be amended accordingly.
- If necessary, the Remit Protocol between Committees and Board will be amended.
- A new report format will be designed and piloted at a further Board meeting.