



## Report to:

Northwards Housing Board

20 January 2016

## Item No:

# 13d

<b>Title:</b>	Governance Action Plan Quarterly Update		
<b>Date:</b>	12 January 2016		
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<b>Confidential:</b>	<b>No</b>		
<b>For:</b> (Please tick action required)	<b>NOTING</b> ✓	<b>DISCUSSION</b>	<b>APPROVAL</b>
<b>PURPOSE OF REPORT</b>			
To provide a progress update on the Governance Action Plan.			
<b>RECOMMENDATION</b>			
It is recommended that the Board note the progress of actions within the Governance Action Plan.			
<b>IMPLICATIONS</b>			
<b>Risk Management</b>	Completion of the actions from the gap analysis demonstrates that there is a systematic approach to reaching compliance of the Code of Governance		
<b>Regulatory &amp; legal compliance</b>	Compliance with the NHF code includes that the Board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with external auditors. This also demonstrates leadership and commitment to equality.		

### Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
<b>Sub-Committee:</b>	N/A		
<b>Area Panel:</b>	N/A		
<b>Task Groups:</b>	N/A		
<b>Ward Councillors:</b>	N/A		

## Governance Action Plan Quarterly Progress Update

### **1.0 Background**

1.1 The Board approved a new Governance Action Plan on 21 July 2015. The new plan reflects actions required to comply with the revised NHF Code of Governance.

### **2.0 Governance Action Plan**

2.1 The updated Governance Action Plan is attached to this report.

2.2 Highlights of actions completed and on-going include:

- All Board Members and Co-Optees completed their appraisals in 2015. A Board Skills Matrix was produced following the appraisal exercise and presented to the Board in November 2015. A Skills Matrix for each individual Sub-Committee is now also being produced. A training plan for the Board has been produced based on the skills gaps identified through the appraisal process and skills analyse exercise.
- At the November Board meeting Members decided that the Board would formally review the payment of its Chair and Members in line with current sector trends. Research is now being carried out on the potential benefits and disadvantages of paying members. An update report is scheduled for March Board 2016.
- In line with the NHF code of governance, Northwards' Board must carry out a formal review of its effectiveness every three years. The last review was carried out in 2013. A scope for the formal review has been drafted in consultation with the Board Chair, and the review has been put out to tender. The deadline for tender proposals is 12pm on Friday 15 January 2016.
- Northwards is reviewing and updating its Assurance Framework. This will be presented to the Board in March 2016 as part of the feedback on the internal audit on Risk Management.

### **3.0 Recommendations**

3.1 It is recommended that the Board note the progress of actions within the Governance Action Plan.

	<b>Main Requirement/Provision</b>	<b>Action Required</b>	<b>Ownership</b>	<b>Due Date</b>	<b>Progress</b>	<b>AS</b>
<b>A. Compliance with the Code of Governance (new provision)</b>	<b>Main requirement</b> Organisations which adopt this code must publish an annual statement of compliance with the code in their annual financial statements, and make a reasoned statement about any areas where they do not comply.	Northwards is to publish a summary of its compliance with the code of governance alongside the financial statements.	Tara Kelly/Robbie Chapman	Sept 2015	A statement has been drafted outlining the two areas of non-compliance (D2 and D7). This has been reviewed by the auditors and included within the Annual Financial Statements.	▲
<b>B. Constitution and composition of the board</b>	<b>Main requirement</b> The board must be effective in the strategic leadership and control of the organisation and act wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.	Northwards must request annual declarations of interest from all board members. Board members must take responsibility to declare conflicts of interest.	All Board Members/Tara Kelly	Dec 2015	Board Members were asked to complete annual declarations at the November Board meeting. Some forms are still to be returned.	▼

Action Status (AS)



On-Going



Completed



Overdue

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<b>C. Essential functions of the board and chair</b>	<b>Main requirement</b> Each board must be clear about its duties and responsibilities. These must be formally recorded and made available for all existing and potential board members. Each board must be headed by a skilled chair who is aware of his or her duties as leader of the board.	Review and update where appropriate the Board Member and Board Chair job descriptions and person specifications.	All Board Members/Tara Kelly	Nov 2015	The Board reviewed the Board Member and Board Chair role descriptions at the Governance Session on 11 August. The updated documents were approved at the Board meeting on 10 November 2015.	▲
	<b>C1</b> The essential functions of the board must be formally recorded.	Review Standing Orders to ensure they are up to date with current regulatory requirements.	All Board/Tara Kelly	Nov 2015	The Board and Sub-Committee Terms of Reference were reviewed at the Governance Session on 11 August 2015. The updated Standing Orders were approved at the Board meeting on 10 November 2015.	▲

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<b>D. Board skills, renewal and review</b>	<b>D1</b> Boards must have a strategy for their own renewal which is based on an agreed statement of the skills, qualifications and attributes required... This statement should be reviewed regularly.	Produce a statement following the completion of the Board Skills Analysis exercise and the review of Board Member job descriptions and specifications.	All Board	Jan 2016	The Board Skills Matrix has been completed and feedback from the exercise has been positive. The statement of skills has been included within the revised job descriptions and person specification in line with the new skills matrix.	▲
	<b>D2</b> Maximum tenure must be agreed for all non-executives which must in total be nine years or fewer, composed of two or more consecutive terms of office. This maximum tenure must apply to all board member service within an organisation or its predecessors or its subsidiaries.	At present there is no time limit for service for Council appointed Board Members. Include explanation in annual compliance statement.	Stephen Brown	Sept 2015	Discussions are on-going with the Council in relation to length of service. Non-compliance with this provision has been included within the annual governance compliance statement.	▲
	<b>D3</b> Where a member comes to the end of an individual term of office and is eligible for re-	Ensure that the Board Skills Analysis and 2015 Board Appraisals are considered as part of the re-appointments	Tara Kelly	April 2016	To be considered as part of the board member appointment process 2016.	▶

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	appointment, this must be subject to consideration of the members' appraised performance and skills, and to the wider needs of the board.	process in 2016.				
	<b>D5</b> In considering its composition and renewal the board must have regard to the need for a board which includes people from diverse backgrounds and diverse attributes.	Ensure that Board Diversity is included within Board Skills and Renewal	Tara Kelly	Jan 2016	Northwards' commitment to Board diversity was included with the new Skills Matrix process and the updated job description for Board members.	▲
	<b>D7</b> Where the organisation's constitution provides for one or more board members to be nominated or directly elected, the organisation must ensure that those coming forward bring skills and experience that meet the needs of the board, and that they are fully aware of the responsibilities they will	As the Council appoint members directly to Northwards' Board, a discussion is required with the Council to ensure they are content with Northwards to comply with this provision.  Northwards is due to trial a new tenant board member election process in 2015. A	Robin Lawler/Stephen Brown	Nov 2015	Discussions are on-going with the Council. Non-compliance with this provision has been included within the annual governance compliance statement.  A feedback report on the Tenant Board Member election process 2015 was presented at November Board.	▶  ▲

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	undertake. New board members must not be appointed without undergoing a due selection and assessment process to establish their suitability.	feedback report on the effectiveness of the recruitment process is to be produced.				
	<b>D9</b> A full and rigorous appraisal process for the individual members of the board and its committees, including chairs, must be carried out at least every two years.	A new appraisal process has been agreed for 2015, including member skills analysis. The effectiveness of the new process is to be reviewed once all appraisals have been completed.	Tara Kelly	Jan 2016	All Board Member and Co-Optee appraisals have now been completed. The Board Skills Matrix is been produced and presented at Board on 10 November. A Skills Matrix is now being compiled for each of the sub-committees.	▶
	<b>D10</b> If the organisation is paying members it must ensure that it has an objective mechanism for establishing payment levels.	Northwards last reviewed payment to members in November 2012 and agreed not to pay board members. This is scheduled for review in November 2015.	Stephen Brown	Mar 2016	The Board decided at November Board that it should carry out a formal review of payments of the Chair and members in line with good practice across the sector. A report is being presented to Board in March 2016.	▶

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<b>E. Conduct of board and committee business</b>	<b>E1</b> The Board must have formally recorded its terms of reference to ensure that its conduct is transparent, effective and in the interests of the organisation.	Carry out a review of the Board Terms of Reference to ensure that they reflect current best practice.	All Board/Tara Kelly	Nov 2015	The Board reviewed its Terms of Reference at the Governance Session on 11 August. The updated terms of reference were approved within the revised Standing Orders that were presented at Board on 10 November 2015.	▲
	<b>E4</b> All Boards must consider their effectiveness annually and how they conduct their business... There must be a formal review of these matters at least every three years.	The last review exercise was in 2013. The next review is to take place in 2016.	Stephen Brown	Dec 2016	A scope for the review has been drafted in consultation with the Board Chair. Consultants have been approached and asked to tender their interest by Friday 15 January 2016.	▶
<b>F. Audit and Risk</b>	<b>F9</b> The board must identify and regularly review the individual and combined material risks faced by the organisation and make plans and strategies to mitigate and manage them effectively.	Review and update the Assurance Framework.	Steve Finegan	Mar 2016	The updated Assurance Framework will be presented to Board in March 2016 as part of feedback from the internal audit on Risk Management.	▶

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<b>G. The Chief Executive</b>	<b>Main Requirement</b> There must be clear arrangements between the board and chief executive and clear delegation of authority.	The scheme of delegations is to be submitted to the Board as a reminder of roles and responsibilities.	Stephen Brown	Jan 2016	The scheme is due to be presented to Board in January 2016.	▶
	<b>G1/G2</b> The chief executive must be clear about the essential duties of the role and have clarity over his or her legal responsibilities, delegated authority and relationship with the board...the chief executive must have a written and signed contract of employment; the board must consider whether it should be reviewed at least every three years.	The chief executive's contract is to be considered as part of the Remuneration Panel's review of EMT/SMT salaries.	Remuneration Panel/HR	July 2015	The Chief Executive's contract was considered by the Remuneration Panel as part of the salary review. The CEO's salary was approved at July Board.	▲
	<b>G4</b> The board must delegate to a committee responsibilities that include oversight of the appraisal of the chief	Remuneration Panel to report back to the Board and make recommendations in regards to EMT/SMT remuneration.	Remuneration Panel/HR	July 2015	The Remuneration Panel presented their report and recommendations to the Board in July 2015. A further review is scheduled in Spring 2016.	▲

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	executive and making a recommendation to the board on the chief executive's remuneration.					
	<b>G5</b> The chief executives remuneration must be disclosed in the annual financial statements.	To be included in the Financial Statements.	Stephen Brown/Robbie Chapman	Sept 2015	The CEO's remuneration has been included in the annual financial statements 2014/15.	▲
<b>H. Conduct, Probity and openness</b>	<b>Main Requirement</b> Organisations must maintain, and be seen to maintain, the highest ethical standards of probity and conduct. Boards must operate in an open and transparent manner, having dialogue with and accountability to tenants and other key stakeholders.	Code of conduct was last updated in July 2013 and signed by all members. Members were refreshed on the code at the Board Away Day in April 2015. Briefing on the new Whistle Blowing policy is required, and an update on the gifts/hospitality policy.	Tara Kelly/HR	Aug 2015	The WhistleBlowing Policy was approved by the Board in July 2015.	▲
	<b>H7</b> The organisation must have in place a strategy for regularly communicating	The Board has approved Northwards Communication plan and updates are being submitted regularly to	Tara Kelly	Aug 2015	The Board carried out an exercise to identify its stakeholders at the Governance Session on 11 August 2015. The list of	▲

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	information about its work to its shareholders and stakeholders, and ascertaining their views. In doing so, it must have regards to the communications needs of diverse groups and communities it serves.	Board. A review of the stakeholder exercise first carried out in 2012 is required.			stakeholders is to be used to inform the review of Northwards Communications Strategy which is scheduled for early 2016.	

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