



**Report to:**

Northwards Housing Board  
16<sup>th</sup> May 2006

**Item No:**

**7e**

<b>Title:</b>	The Langlands Report		
<b>Date:</b>	16 <sup>th</sup> May 2006		
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<b>Confidential:</b>	No		
<b>For:</b> (Please tick action required)	<b>NOTING</b> √	<b>DISCUSSION</b>	<b>APPROVAL</b>

**PURPOSE OF REPORT**

To give guidance on the report issued by the Independent Commission on Good Governance in Public Services, in January 2005 entitled "The Good Governance Standard for Public Services" ("The Langlands Report") in order to ensure its use for reviewing the company's governance arrangements.

**RECOMMENDATION**

It is recommended that the Board:

- (i) Note this report
- (ii) the Langlands Report be used as a benchmark against which the company measures its governance performance;
- (iii) Board members be involved in the appraisal process and enter into personal training and development in order to build their competencies.

**IMPLICATIONS**

<b>Equality &amp; Diversity:</b>	None directly
<b>Financial:</b>	None directly
<b>Staffing:</b>	None directly
<b>Decency Target:</b>	None directly
<b>Governance:</b>	The Langlands Report is perceived as the key source of reference good governance.

**Equality & Diversity Implications** (Please tick where relevant):

- |         |                          |                                  |                          |
|---------|--------------------------|----------------------------------|--------------------------|
| BME     | <input type="checkbox"/> | Lesbian/Gay/Bisexual/Transgender | <input type="checkbox"/> |
| Elderly | <input type="checkbox"/> | Single Parents                   | <input type="checkbox"/> |

Young

Domestic Violence

Disability

Alcohol / Drug Mis-users

**Consultation/Consideration:**

	<b>Yes, No or N/A:</b>	<b>Name:</b>	<b>Date:</b>
<b>Sub-Committee:</b>	Yes	Resource & Governance	25 <sup>th</sup> April 2006
<b>Area Panel:</b>	No		
<b>Ward Councillors:</b>	N/A		

## **1.0 Purpose of Report**

**1.1** To give guidance on the report issued by the Independent Commission on Good Governance in Public Services, in January 2005 entitled “The Good Governance Standard for Public Services” (“The Langlands Report”) in order to ensure its use for reviewing the company’s governance arrangements.

## **2.0 Background**

**2.1** The Commission, chaired by Sir Alan Langlands, issued its report in January 2005 on a common code for public service governance. The report sets out six core principles of good governance for public service organisations and is intended to “provide a basis for the public to challenge sub-standard governance” and to “encourage public bodies to review their own effectiveness”

**2.2** The Commission was established by the Office for Public Management and the chartered Institute of Public Finance and Accountancy, in partnership with the Joseph Rowntree Foundation.

## **3.0 Using the Standard**

**3.1** The Standard is intended as a guide to aid the understanding of the governance of public services, to assess the strengths of current governance practise and to improve it.

**3.2** The Report calls on “governing bodies” (in our case, the Board) to “report publicly on the extent to which they live up to the Standard and explain why and how they have adapted any principles and their applications to suit their type and size of organisation”.

**3.3** Underpinning the Standard is an expectation that members of the public or their representatives can ask questions if they want to understand or challenge the governance of public service organisations, in order to test its openness and accountability.

## **4.0 Principles of good governance**

**4.1** The standard comprises six core principles, listed below with suggestions about how principles can be applied.

- (i) Focus on the organisation’s purpose and on outcomes for citizens and service users

There are twin aims of high quality services and value for money. The Board should ensure there is a clear statement of the company’s purpose, used as a basis for planning. The Board should also constantly review the decisions it takes.

This is catered for currently by: -

- The company's vision, value and objectives
- The incorporation of those in the company's Business plan and Delivery plan
- The review of the Business Plan and in the work programmes agreed by the Board and its Sub-Committees.

The Business Plan and supporting strategies, such as those dealing with communications and tenant involvement, also deal with the need for the company to have "processes in place to hear views of users and non-users from all backgrounds and communities about the suitability and quality of services" and to "use this information when making decisions about service planning and improvement". The Board also follows identified good practice in comparing information about the efficiency, effectiveness and quality of service provided by similar organisations.

(ii) Performing effectively in clearly defined functions and roles

(a) Be clear about the functions of the Board

This relates to: -

- Strategic direction and aims
- accountability for the company's performance
- giving assurance that the organisation is managed with probity and integrity

Resource allocation and monitoring; delegation to management and risk management are all covered under this heading. A process for holding "the executive to account for achieving agreed objectives and implementing strategy" is required. This may be met in the company's case by the appraisal process. In the case of the Board itself as an executive body, the proposed process for Board appraisals will assist in the delivery of this principle.

(b) Be clear about responsibilities of the Board and Senior Managers and make sure that those responsibilities are carried out.

These matters for the Board are: -

- strategy development and decision making
- ensure effective management arrangements and personnel are in place
- delegation
- holding Senior Managers to account
- being "extremely discriminating about getting involved in matters of operational details"

Roles of Chairs are to lead the Board and ensure its effective contribution to the governance of the company. The Vice Chair supports the Chair and advises the Chair of any concerns that Board Members have about the conduct of the Board.

All Board members have collective responsibility for Board decisions and have equal status in discussions. Board members “should challenge individual governors if they do not respect constructive challenge”.

- (c) Be clear about relations between Board Members and the public

Board members should “strive to make decisions that further the organisation’s purpose, rather than the interests of any specific group.”

An example of good practise (which the company follows) is the publication of “job descriptions for the chair, vice chair and chief executive.”

- (iii) Promote values for the whole company and demonstrate the values of good governance through behaviour

The Board should take the lead in promoting values which reflect public expectations about the conduct and behaviour of those who control public service and use values to guide its decision making. Individual behaviour is a major factor in the effectiveness of the Board. Examples of the types of values envisaged are: -

- Striving to reduce inequality among service users
- Promoting good relationships within the company
- Engaging willingly and actively with the public, service users and employees, within an agreed communication framework.

- (iv) Take informed, transparent decisions and manage risk

(a) Being rigorous and transparent about how decisions are taken – this involves clearly defined levels of delegation and Board Members not involving themselves with levels of detail that are inappropriate to their role.

The Board “should be explicit about the criteria, rationale and considerations on which decisions are based and, in due course, about the impact and consequences of decisions.”

(b) Having and using good quality information, advice and support (to “significantly reduce the risk of taking decisions that fail to achieve their objectives or have serious unintended consequences”).

The Board “should not make disproportionate demands on the executive by asking for information that is not necessary or appropriate for the governing body’s role”.

- (c) Making sure that an effective risk management system is in operation.

This would include a number of matters such as “a framework of assurance to show that risk management processes are working effectively.” This is an issue which the company is addressing for example, as part of the annual auditing and reporting process and by developing a risk management strategy.

- (v) Developing capacity and capability of the Board to be effective.

(a) Make sure Board Members have the skills, knowledge and experience they need to perform well.

The Board “should decide how to encourage more people, from a wider cross-section of society, to come forward as potential governors. This includes reviewing the governor’s role to make sure that: it is fulfilling and coherent; it is feasible to do within the time and with the support available; and it is sufficiently well understood by potential governors. The search for a more diverse membership of the governing body should not be at the expense of a membership that has the necessary skills.”

(b) Develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group.

Appraisal and performance reviews of individual Board Members have been agreed. “Individual governors should be held to account for their contribution through regular performance reviews. These should include an assessment of any training or development needs.”

(c) Strike a balance, in the membership of the Board, between continuity and renewal.

(vi) Engage stakeholders and make accountability real.

(a) Understand formal and informal accountability relations. Examples for the company would include relationships with the Council, as owner both of the company and of the housing stock managed, and with strategic partners, through contractual and partnerships mechanisms.

(b) Take an active and planned approach to dialogue with the accountability to, the public.

Each year, the Board should publish the company’s “purposes, strategy, plans and financial statement, as well as information about the organisation’s outcomes, achievements and the satisfaction of service users in the previous period.

(c) Take an active and planned approach to responsibility to employees.

(d) Engage effectively with institutional stakeholders

## **5.0 Appraisal and Review**

**5.1** The Board has agreed for the appraisal of individual Board Members and the Board collectively using Enlighten. This is the subject of a separate item on this agenda.

## **Recommendations**

It is recommended that: -

- (iv) this report be noted
- (v) the Langlands Report be used as a benchmark against which the company measures its governance performance;

- (vi) Board members be involved in the appraisal process and enter into personal training and development in order to build their competencies.

**Background Papers:** The Langlands Report –available by request.