

# Report to the Economic Development and Enterprise Overview and Scrutiny Committee

*17<sup>th</sup> December 2013*

## Review of the Aspire Housing Board composition



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### Introduction

The Council has had representation on the Aspire Housing Board since the transfer of the housing stock in 2000.

In 2007 the Council supported the restructure of the Aspire Board; constitutionally, this enables the Council to nominate three Board members to act in the interests of the Company. The articles of association of Aspire Housing provide the Council with a block one third of the votes cast at any general meeting of the company. For any vote to be carried there has to be a minimum 75% majority vote of the members.

In 2010 the Council asked to change the way we nominate to the Board to allow for changes within the Aspire year to enable changes to be made when political control changed.

Aspire Housing have reviewed the operation of the Board and are proposing changes involving the make up of the representatives, it is therefore appropriate that the Council considers these proposals to enable the current representatives to vote on the matter.

### Background

Aspire Housing has evolved in the years since the stock was transferred from NBC in 2000. The Aspire Group of companies has been established to provide support to the residents of North Staffordshire with a focus maintained on the Borough of Newcastle under Lyme. At the core of the organisation remains Aspire Housing. Over £110m has been invested in the housing stock since transfer and the range of housing options available has been widened. By way of example, the award winning extra care facility at Millrise was established to meet a different type of housing need in Newcastle.

Supporting the wider regeneration needs of the area, PM Training joined the Aspire Group in 2008. PM Training provides new work opportunities to 16 - 18 year olds in Newcastle and the wider North Staffordshire area through apprenticeships, pre-apprenticeship study programmes, traineeships, vocational training and industry work experience.

In 2010 The Realise Foundation - a unique regeneration charity - was created to release the full potential of people and communities in North Staffordshire. This is achieved through the creation of opportunities for young people to get skilled work, the support of life-long learning and through environmental initiatives to create vibrant, attractive neighbourhoods.

Aspire Housing will soon be launching its corporate strategy for the period between 2014 and 2019. The strategy contains ambitious plans to build on the strong foundations already in place through further growth in the housing stock and the provision of more support to the residents of Newcastle. For example, the new strategy contains a commitment to provide employment or training opportunities to all 19-24 year olds living in an Aspire owned property.

To ensure that Aspire should be well placed to deliver on its new Corporate Strategy, an external Board Effectiveness Survey was undertaken in 2013. Although positive about performance to date, this also identified a number of areas where the existing governance structures could be strengthened to leave Aspire positioned to face future challenges. Among the recommendations was a suggestion that the composition of the Housing Board could be strengthened.

### Questions to be Addressed

Scrutiny members are asked to consider the information provided in this report to decide if to recommend to Cabinet the changes to the composition of the Board as set out in the table below:-

Current Composition	Proposed Composition
5 Independent Non-Executives	6 Independent Non-Executives
3 Customers	1 Customer 1 Co-opted Customer (development role)
3 Councillors	1 Councillor
The MD, Aspire Housing	The MD Aspire Housing

The Board will reduce in size from 12 to 9, with an additional space for an Independent Non-Executive. In terms of board size, this is considered best practice. The change in the composition of the Board will not affect the Council 33% vote which can be used on key issues at the AGM whereby 75% vote is required.

The benefits of retaining a strong working relationship with NBC as a key delivery partner are recognised by Aspire. To this effect, Aspire will propose new ways of working which allow for a wider engagement with NBC as a whole. By way of example, it is planned to have an open day on an annual basis which all Councillors would be invited to attend. This will provide the opportunity for Councillors to engage with Aspire's work with their constituents and give the opportunity to raise any questions that they may have.

It is also intended to introduce remuneration for the newly reconstituted Board. There are a number of reasons why remuneration is being introduced:-

- The creation of a “psychological contract” between the company and the Directors, generally improving attendance levels and allowing for more effective performance management and improving the professionalism of the board
- The ability to attract a wider range of candidates – ensuring that the board is comprised of the most qualified and able individuals
- The increasing demands placed on directors, many of whom currently forsake a day’s holiday or pay to attend meetings and away days – in other words it promotes economic diversity, giving members an opportunity to serve who might otherwise be unable to do so

Whilst NBC approval is not required for the introduction of remuneration, it is considered appropriate to reference this change within this paper. The provision of remuneration has been approved by the Aspire Housing Board previously and the power to do so is written in to the Aspire Housing rules.

### **Supporting Information**

To deliver on the plans set out within the new strategy, a number of challenges will need to be overcome:-

- The need for a more diversified range of support and accommodation - the proportion of single households is growing over time and the demographics of the population in the Borough are changing with a growing elderly population. To cater for this, Aspire will need to provide a range of affordable products and service choices tailored to individual needs.
- The housing sector is going through an unprecedented period of change. This includes reduced central grant support, very significant changes to the rent structures and the Welfare Reform programme. Aspire has already invested heavily to support Newcastle residents who have been adversely impacted by the changes. Whilst this has undoubtedly supported customers through a difficult period, the challenges remain.
- To support future growth plans, additional funding will need to be sought. Whilst Aspire has the capacity to borrow more money, new financial products may need to be considered, with some housing providers choosing bonds and other means of financing.

To manage these challenges the skill sets required on the Aspire Housing Board are becoming more diverse and more demanding – including specific competencies and experience in finance, health, housing, development, customer service and more.

The current Housing Board size of 12 is considered 'heavy' in the context of effective governance, and given that 50% of the Board is recruited from a relatively narrow range of candidates (3 Customers and 3 Councillors) it is more difficult to recruit for specific skills and experience under such constraints. Further, the uncertainties of the electoral cycle test the tenures of Local Authority nominees.

Newcastle Borough Council's ability to influence Aspire has never been determined by the number of its nominees to the Housing Board - the Transfer Agreement provides strong assurances - and additionally, a Council nominee occupies a seat on Aspire's Group Board.

For these reasons a change to the composition of the Housing Board is proposed as outlined in the next section of this report. The changes proposed will leave the Board better placed to hold Aspire to account for the delivery of the 2014-2019 strategy

The strategy has at its heart the following 4 key priorities to benefit the residents of Newcastle-under-Lyme:-

1. Providing more homes for more customers with a greater diversity of needs and aspirations
2. Delivering a great service experience
3. Helping customers and neighbourhoods prosper
4. Continuing to ensure the organisation is sustainable in the long term

### **Invited Partners/Stakeholders/Residents**

Aspire Housing have been invited to the Scrutiny meeting to outline the proposals and to take questions from Scrutiny Members.

### **Constraints**

The activities of the company are regulated by the Homes and Communities Agency. There are no constraints on the Council considering the proposals.

### **Conclusions**

The change in the composition of the Board will not affect the Council 33% vote which can be used on key issues at the AGM whereby 75% vote is required.

To amend the composition of the Aspire Housing Board it is necessary to introduce a new set of rules, being the governing document for the organisation. This will require the holding of an EGM, where NBC will be required to approve the revised document. The EGM is expected to be held in March 2014.

It is recommended that the Scrutiny recommends to Cabinet to provide in principal support the changes outlined.

### **Relevant Portfolio Holder(s)**

Economic Development, Regeneration and Town Centres

**Local Ward Member (if applicable)**

Not applicable Aspire Housing own and manage properties across the Borough.

**Background Materials**

The Aspire Housing Board Rules of Association are available on request.

**Appendices**

None.