

## **Review of the Aspire Housing Board Composition**

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**Portfolio:** Economic Development, Regeneration & Town Centres

**Ward(s) affected:** All

### **Purpose of the Report**

To outline proposals to reduce the number of Council representatives nominated to the Aspire Housing Board and to seek members' approval of the same.

### **Recommendations**

**That subject to the Council retaining its 33% vote on key issues at the AGM the principle of the alteration to the composition to the Aspire Housing Board (including the reduction in the number of Council representatives) be approved.**

### **Reasons**

Aspire Housing Limited have commissioned a review of the operation of the Board and are proposing changes to its composition involving Council representatives; it is therefore appropriate that the Cabinet considers these proposals to enable the current representatives to vote on the matter.

## **1. Background**

- 1.1 The Council has had representation on the Aspire Housing Board since the transfer of the housing stock in the year 2000.
- 1.2 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 rules of Aspire Housing Board provide the Council with a third of the votes cast at any general meeting of the company. For any vote on a key matter to be carried there has to be a minimum 75% majority vote and 50% for ordinary resolutions. The legal context for this matter is enshrined in the original Transfer Agreement and there is no proposal to revise those provisions.
- 1.3 In 2010 the Council was asked to change the way we nominate to the Board to allow for changes to be made in circumstances when political control of the Authority changed.
- 1.4 Aspire Housing has evolved in the years since the stock was transferred from the Council in the year 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.
- 1.5 Supporting the wider regeneration needs of the area, PM Training was assimilated into the Aspire Group in 2008. PM Training provides training and work opportunities, primarily, 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.

- 1.6 In 2010 The Realise Foundation - a regeneration-focused 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 secure opportunities in skilled work, the support of life-long learning and through environmental initiatives to create vibrant, attractive neighbourhoods.
- 1.7 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.
- 1.8 To ensure that Aspire Housing 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 Housing better positioned to face future challenges. Among the recommendations was a suggestion that the composition of the Housing Board could be strengthened by introducing new skills and competencies.

## 2. **Issues**

- 2.1 For Aspire Housing 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 diverse 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, notably 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 Government's Welfare Reform programme. Aspire Housing 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 ongoing challenges remain.
  - To support future growth plans, additional funding will need to be sought. Whilst Aspire Housing 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.
- 2.2 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 other related areas.
- 2.3 The current Aspire Housing Board with its membership 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 considered that this makes it more difficult to recruit for specific skills and experience. Further, the uncertainties of the electoral cycle test the tenures of Local Authority nominees.
- 2.4 The 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 in this

regard through the voting rules referred to above - and additionally, it should be noted that a Council nominee occupies a seat on Aspire's Group Board.

2.5 For these reasons changes to the composition of the Housing Board are proposed. The changes will leave the Group Board better placed to hold Aspire Housing 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 and;
4. Continuing to ensure the organisation is sustainable in the long term

### 3. **Proposals**

3.1 It is proposed to change the composition of the Aspire Housing Board as set out in the table below:-

<b>Current Composition</b>	<b>Proposed Composition</b>
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 position established for an Independent Non-Executive. In terms of board size, this is more consistent with best practice.

3.2 The Council's Economic Development and Enterprise Overview and Scrutiny Committee considered this proposal on 17<sup>th</sup> December 2013; overall they were supportive of the proposal and made the following recommendations to Cabinet:

- due to the importance of this role, that the nominee should be a Cabinet member;
- and the Committee stressed the importance of the representative receiving adequate training and;
- they also recommended that the role should not be remunerated (any payment received being used for officer support).

Also during the Scrutiny meeting questions were raised about the ability for an alternative representative to attend meetings. Clarification of this point has been sought and it has been confirmed that the representative would be able to make comments before the meetings and a proxy vote could be used at the Annual General Meeting or at any Extraordinary General Meeting.

3.3 Turning to the other comments of the Scrutiny Committee it is agreed that the Council's representative will fulfil an important role. Whilst the Scrutiny Committee felt that this should be reflected in the seniority of the Council's nominee to the Board (the Committee indicated that the representative should be a Cabinet member) it is important to consider the level of commitment required. On balance it is felt that the Cabinet Portfolio Holders have a significant role requiring commitment in terms of time and level of knowledge to their specific portfolios. The recommendation is therefore to seek a non-Cabinet member who is able to commit the required time to not only attend the Aspire Board meetings but to commit to

gaining an in-depth understanding of the Aspire company so they are able to successfully contribute to the Board decision making process. In line with this the Council would support Aspire Housing by providing assistance to the recruitment of the representative and to facilitate, wherever possible, all necessary training.

3.4 In line with the Corporate approach to appointment to outside bodies, the appointment to the Aspire Housing Board would be a matter for the Cabinet to decide following consideration of the requirements of the company. The Council will be undertaking a wider review of Council appointments to outside bodies which will include the approach to reporting.

3.5 With respect to Aspire's intention to introduce remuneration for the newly reconstituted Board, whilst the Scrutiny Committee felt that this was not appropriate, it is considered to be a matter for Aspire to decide. Additionally this matter has been considered and approved previously. It is therefore recommended that the Council supports Aspire's intentions and reasons as to 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
- It is in line with the view that the role is important and reflects the level of commitment required to participate in training, understanding the company's role and changing environment in which the company operates.

3.6 The benefits of retaining a strong working relationship with the Council as a key delivery partner are recognised by Aspire Housing. To this effect, the company will propose new ways of working which allow for a wider engagement with the Council 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. Members should also be aware of the steps that Aspire Housing have taken to engage with their tenants / customers at a more operational level with the aim of achieving practical improvements in service delivery.

#### 4. **Reasons for Preferred Solution**

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

4.2 To amend the composition of the Aspire Housing Board it is necessary to introduce a new set of rules. This will require the holding of an Extraordinary General Meeting (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 Cabinet provide in principle support for the changes outlined.

#### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 Providing good quality housing, skills and training services and general support for the community clearly supports the corporate priority of 'A Borough Of Opportunity'.

6. **Legal and Statutory Implications**

6.1 Aspire's Articles of Association and the Rules of Aspire Housing part C33 provide that the Local Authority (The Council) shall have a 33% vote. The current proposals have no bearing upon that provision.

6.2 Should Cabinet decide to approve the proposals then the Council's representatives will vote accordingly at Aspire Housing's Extraordinary General Meeting which has been convened for that purpose.

6.3 Whilst NBC approval is not required for the introduction of remuneration, it is considered appropriate to reference this change within this report. 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.

7. **Equality Impact Assessment**

7.1 The proposed changes will not have an impact on equality, as a Registered Provider Aspire Housing is regulated by the Homes and Communities Agency.

8. **Financial and Resource Implications**

8.1 The remuneration of Board members will be met by the Aspire Housing Group therefore there are no direct financial implications to the Council.

9. **Major Risks**

9.1 There are no major risks as the activities of the company are regulated by the Homes and Communities Agency.

10. **Key Decision Information**

10.1 The Aspire Housing Company operates in all wards.

11. **Earlier Cabinet/Committee Resolutions**

11.1 Economic Development and Enterprise Scrutiny - 17<sup>th</sup> December 2013.

12. **List of Appendices**

12.1 None

13. **Background Papers**

13.1 Aspire Housing Board Rules of Association available on request.