

The STAR Housing Governance Guide

February 2019

(Amended by the STAR Housing Board at the meeting on February 26th 2019)

(Minor amendments agreed by the Chair and Managing Director 9th June 2020)

Introduction

This Guide provides information about the governance framework of STAR Housing. It is primarily aimed at Board Members. However, it will be useful to others as a resource as to where to find more detailed information about different aspects of the governance.

This Guide will form part of the Induction Pack for new Board members. All additional resources mentioned in this Guide can be found in the Board Members section of the website. Our on-line version will take Board Members from highlighted links at the back of this document to the on-line resource.

There is also further in depth information for Board Members on the STAR Housing intranet and about STAR Housing on our website www.starhousing.org.uk.

About STAR Housing

STAR Housing are a Council Owned housing company also known as an Arm's Length Management Organisation (ALMO). The company is owned by Shropshire Council but day to day management is delegated to the Board. STAR Housing's vision is:

"Listening to our residents, together we create quality homes and vibrant communities"

Recently, in discussion with Shropshire Council, STAR Housing revised their objectives and explained their key activities over the next 3 years in their **3-year business plan 2020-2024**. The **business plan** was refreshed in 2020.

The areas of strategic focus are

- Our People
- Excellent Service Delivery
- Innovate and Grow

The company manage around 4,200 properties in Shropshire in the old district council areas of Bridgnorth and Oswestry. 90% of the funding for the management of Council Homes comes through a service fee from Shropshire Council.

In 2018/19 this fee was just over £8m. In addition, STAR Housing received further funding for capital works to the homes they manage and for building new Shropshire Council homes.

STAR Housing employ around 120 staff providing a local and dedicated service to their customers.

How does a Council Owned Company work?

The first ALMOs were first established in 2002. They were seen as an alternative to having to pass the ownership of housing stock out of council control but being able to access Government grant funding for investment in council homes.

Although once investment was delivered some ALMOs either went back in house or ownership transferred to a stock transfer landlord, there are still just over 30 ALMOs in England managing just under 500,000 Council homes.

ALMOs have become extremely diverse. Now often known as council owned housing companies they often not only act as a managing agent for the council's homes, but also manage other services on behalf of councils. For more information see **NFA Annual Review** published by the National Federation of ALMOs.

A council landlord is known as a '*Registered Provider*'. Some council housing companies now own homes in their own right as a housing association or 'Private Registered Provider' as well as managing council homes. All registered providers are registered with *Regulator of Social Housing* and are expected to comply with their *Regulatory Standards*. It is part of STAR Housing's role to ensure that Shropshire Council complies with the Standards.

STAR Housing is set up as a not-for-profit Company limited by guarantee of which Shropshire Council is the sole *Member* (also called a shareholder). All of the income that is generated is used to meet running costs and invest in current and future activities. The role of the Member is to approve the **Articles of Association** (also known as the **Constitution**), and to ensure that the Company is complying with overall legal and financial requirements. The Articles of Association sets out the framework for STAR Housing's activities. Shropshire Council, through its sole Member role at general meetings has ultimate control over STAR Housing but does not control day to day operations of STAR Housing.

STAR Housing manages Shropshire Council's housing in accordance with a contract. The contract is known as the **Management Agreement** and sets out what STAR Housing manages on behalf of Shropshire Council. The contract runs until 2023.

Shropshire Council remains the owner and landlord of the housing. STAR Housing can undertake activities outside of the Management Agreement so long as they are not in conflict with the Articles of Association.

STAR Housing's key activity is to manage Shropshire Council housing for rent, for people mainly in the Oswestry and Bridgnorth area. Housing stock managed by registered providers is expected to meet the Government's minimum *Decent Homes Standard*. STAR Housing has achieved this standard. Houses are let on either *Secure Tenancies* or *Fixed Term Tenancies*. There are also around 25 houses managed by STAR Housing on a *Shared Ownership* basis and over 100 *leaseholder properties*. The primary source of income for STAR Housing is the service and works fee, in accordance with the Management Agreement, funded through Shropshire Councils *Housing Revenue Account*. This is primarily income collected from tenants' rents.

Rents are set by Shropshire Council in accordance with Government regulation. STAR Housing aim to provide the highest possible standards of service with the fees derived from rental income plus, where possible, delivering new homes to help contribute much needed new homes to Shropshire. This means that STAR Housing are committed to delivering value for money across all of our business.

We report our activities to our in regular newsletters, via our website and through our **annual performance report to tenants** that is published in October. We also deliver a quarterly client report and a more detailed **annual report** to Shropshire Council.

What the Governing Body Does

Governance is the term used to describe the arrangements that a Company has in place to lead the organisation, provide strategic direction and effective control. Good governance ensures that the Company's objectives and standards are clear; that the organisation is well-run and that performance is good and monitored effectively; it also means that a sensible approach to risk is adopted and that high ethical standards are applied.

STAR Housing refers to their governing body as the Board. Good governance depends on a constructive relationship between the Board and senior staff: each have their own distinct responsibilities that complement the other and the Board is responsible for ensuring that there is an effective relationship in place – the Chair is specifically responsible for maintaining an effective relationship with the Managing Director.

There is a small level of remuneration for the Chair and Vice-Chair but other Board Members are not paid for their contribution, although out of pocket expenses are reimbursed.

The Board operates at a strategic level and delegates responsibility for the day to day management and running of the organisation to staff, through to the Managing Director and Director of Finance and Resources. The Board has agreed a **Terms of Reference for the main Board** that sets out the responsibilities of the Board.

The **Schedule of Delegation** identifies:

- responsibilities that remain with Shropshire Council; - delegated to STAR Housing to their main Board;
- responsibilities further delegated either to staff;
- or to sub-committees or Panels.

Note that specific arrangements for the delegation and approval of policies are set out in the **Policy Development Framework**.

The functions of the main Board are:

- Defining the core values, vision and objectives of the company and ensure that policies and procedures are in place to achieve these objectives.
- To ensure that the Board operate to the highest ethical standard and follow the

guiding principles as set out in the Governance Strategy.

- Maintaining overall control over the Company's affairs including effective management of risk.
- Ensuring that there are mechanisms for communicating and receiving feedback from stakeholders including the Council.
- Setting and approving the Annual Budget.
- Overseeing arrangements for developing the Company Business Plan and approving the Business Plan.
- Monitoring progress on the Business Plan, Service Plans, Service Improvement Plans and key strategies and considering significant variances.
- Approving, monitoring and reviewing the Business Plan.
- Approving key strategic policies as set out in the Policy Framework.
- Considering action to be taken following the receipt of reports from the external and internal auditors, external inspectorates and the local Ombudsman.
- Monitoring key performance indicators, general service performance and financial management by exception.
- Approving STAR Housing responses to consultation papers and considering the Company's approach to policy developments in the Housing Sector and ALMOs.
- Approving the terms of reference for Sub Committees and Panels, and the appointment of Co-optees.
- Approving significant changes to staffing levels or organisational structures following a recommendation from SMT.
- Monitoring and reviewing the staffing establishment of the Company and approving proposals for significant change such as changes to terms and conditions of service.
- Monitoring and reviewing the Company's Governance Arrangements annually including implementing the Governance Action Plan
- Considering proposals to change the Constitution and the Scheme of Delegation
- Approving Changes to the Board Code of Conduct and supporting procedures and protocols

The Board is also responsible for ensuring that we maintain effective relationships with the sole Member, Shropshire Council and other partners, although day to day responsibility for this is delegated to staff.

The Board is responsible for ensuring that the requirements of our Codes of Conduct for Board members and for staff are upheld. The Board must also ensure that it has the necessary range of skills, knowledge and experience to fulfil its role and that staff have the skills, qualifications and expertise to deliver what is required of them. From time to time the Board will require external independent and/or professional advice e.g. from accountants, lawyers, surveyors etc.

Staff support the Board by providing professional advice and expertise. They are responsible for providing the Board with high quality information and advice to make decisions and for implementing the Board's decisions effectively. Staff are responsible for the day to day management and operation of STAR Housing – for implementing policies, making decisions, managing our relationship with tenants and service users, dealing with complaints and queries, liaison with partners, funders and regulators. Staff are also responsible for consulting with tenants (e.g. through Area Panels, and through other methods such as focus groups and other tenants' organisations).

The Articles of Association sets out the framework for STAR Housing's existence and operations. The Board has 10 members, 3 of those are tenants, 3 are Council appointees, 1 is a staff member and 3 are independent members. We also have 2 co-optees. There is a review of the range of skills, knowledge and experience that the Board requires on an annual basis following the annual appraisals to ensure that there is the necessary expertise and experience to meet our objectives. Where gaps are identified, STAR Housing will try to address them through training and/or recruitment.

The main Board meets at least 4 times a year plus training sessions and other meetings or away days as required. The meetings calendar is made available to Board Members and the public and updated each year. This includes a forward plan for the Board set annually.

Papers are issued in advance to Board members. All Board Members are encouraged to raise any queries in advance of a meeting with the relevant officer to ensure that any additional information needed is available at the meeting.

Board Meeting Guidance Notes give more detail about Board Meetings.

In order to ensure that the Board operates as efficiently as possible, there are 3 subcommittees and 3 Panels of Board Members. These are:

- Finance, Audit and Risk Subcommittee.
- Development Sub-committee.
- Remuneration Panel

The above are sub-committees of the main Board that are comprised of main Board members and have their own terms of reference.

There are also **North and South Area Panels**. These are tenant Panels who have their own Terms of Reference and delegated responsibility for a particular Community Chest fund budget. They also undertake a scrutiny role for STAR.

Sub-committees and Panels are able to consider issues in more detail than is possible at Board meetings. The **Terms of Reference** for these sub-committees and Panels describe their role and responsibilities and set out any powers they have to make decisions and commit expenditure. Sub-committees and Panels can only act in accordance with the responsibilities that are delegated to them by the main Board. Regular reports on the work of the Sub-committees and Panels are made to the main Board.

The Role and Responsibilities of a Board Member

Board members are usually appointed for three year terms usually following appointment at the AGM (although vacancies can be filled at any time). A Board Member can serve up to a maximum of 9 years' service on the Board.

Proper conduct by Board Members is vital to good governance. The Board and its individual Members have duties to STAR Housing, Shropshire Council (as sole Member), customers, staff, contractors and the wider community. The **Board Code of Conduct** provides clear information on what is expected of Board Members and the support given by STAR Housing to Board Members.

Board Members are expected to carry out their role work guided by the values of the STAR Housing and in compliance with the **Board Code of Conduct**, company policy and the law, statutory guidelines and regulations.

STAR Housing must maintain a reputation for high standards of conduct. Board Members must sign a letter of commitment confirming that they will fulfil their **Board Member Obligations** including agreeing to uphold the **Board Code of Conduct**.

Key obligations include:

- To uphold and promote the vision and values of STAR Housing.
- Comply with the Company policies.
- Promote equality and diversity.
- Contribute to and share responsibility for the Boards decisions.
- Prepare for and attend meetings, training sessions, take part in appraisal and other events.
- Be an ambassador for the Company and avoid any situations that could cause suspicion of improper conduct.
- Declare relevant interests and avoid conflicts of interests.
- Respect confidentiality of information.
- Uphold the Board Members Code of Conduct.

The Board Code of Conduct also covers Board Members conduct at meetings;

- issues of confidentiality or in relation to gifts and hospitality;
- declaration of interests and how they should deal with any actual or potential conflicts of interest;
- political activities;
- bribery and fraud; - equality and diversity; and, the media.

Further guidance on how Board Members prepare for, and conduct themselves at, meetings is available in the **Board Meeting Guidance Notes**.

Recruitment, Selection and Performance Assessment of Board Members

The policy document **Recruitment, Selection and Performance Assessment of Board Members** sets out the method for recruitment and selection of Board Members appointed by the Board and the criteria that will be used in this process. It also sets out the method for selection of the Chair, the Vice-Chair and for the membership of committees. (NB Shropshire Council Board Members are appointed by the Council.)

In recruitment to the Board the preferred skills and experience required will vary and recruitment will aim to fill any gaps identified in the collective skills and experience of the Board. The role description including person specification of the Board Member are set out in a **Board Member Role Description**.

As soon as possible after joining the Board, a new member will be invited to an induction session and given an induction pack and given additional support.

The Chair will ensure that all Board Members are appraised annually. The annual appraisal will also form the basis of an annual Board training and development plan and the development of a skills matrix to aid recruitment. At least once every 3 years the Board should, unless there is a good reason for not doing so, undertake an assessment of the collective performance of the Board.

Members of the Board elect the Chair of STAR Housing (who must be a Board member) annually. The Chair has additional responsibilities which are described in the **Chair's Role Description**. This includes a person specification for the role. The Board also elects a Vice-Chair annually and their additional responsibilities and the person specification are outlined in the **Vice-Chair's Role Description**. As a matter of policy no Chair or Vice-Chair of the main Board can continuously hold office for more than 4 years. In exceptional circumstances the Chair and Vice-Chair can be appointed for longer than 4 years with the agreement of the Board.

The Chair and Vice-Chair Role Description are approved by the Board. Note that Chairs of the 2 Sub-Committees and the Remuneration Panel also have additional responsibilities and these are agreed by the respective Sub-Committees and the Remuneration Panel and **Chair of Sub-committee and Panel Role Descriptions** are available.

Complaints by or about Board Members

There is a full outline of how complaints by or about Board Members are dealt with in the Board Member Code of Conduct.

More Information

Additional resources mentioned in this document include:

3 Year Business Plan 2020-2024
Annual performance report to tenants
Annual Report to Shropshire Council
Area Panel Terms of Reference
Board Meeting Guidance Notes
Board Member Role Description
Chair Role Description
Chair of Sub-committees and Panels Role Descriptions
Code of Conduct for Board Members
Articles of Association (known as the Constitution)
Development Subcommittee Terms of Reference
Finance, Audit and Risk Subcommittee Terms of Reference
NFA Annual Review
Policy Development Framework
Recruitment, Selection and Performance Assessment of Board Members
Remuneration Panel Terms of Reference
Schedule of Delegations
Staff Code of Conduct
Terms of Reference for the main Board
Vice-Chair Role Description

Please contact the Managing Director or any member of the Senior Management Team if further information is required.