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## **COUNCIL AND TENANT REPRESENTATION ON THE BOARD OF SCOTTISH BORDERS HOUSING ASSOCIATION**

**Report by Service Director Regulatory Services**

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### **SCOTTISH BORDERS COUNCIL**

**23 February 2017**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report gives details of proposed changes to the governance structure of Scottish Borders Housing Association (SBHA), including the removal of guaranteed places for Local Authority Members nominations and the reserved vacancies for tenant Shareholding Members of SBHA on the Board of Management, and recommends approval of these changes to SBHA Rules.**
- 1.2 SBHA has carried out a review to strengthen and future-proof their governance structure. The result of this review included a proposal to move away from a constituency model to a skills-based Board of Management. Community and tenant involvement will be a key part of the new skills based Board, and Councillors and tenants will be encouraged to apply for Board Membership through the new skills-based process.
- 1.3 The Stock Transfer Agreement between Scottish Borders Council (SBC) and SBHA states at Schedule 2, Part A, paragraph 6.1 that:

*'The Association shall - not change the Rules of the Association so as to reduce the level of Local Authority or tenant representation or the ability of tenants to participate in the running of the Association (including, without limitation, the ability of tenants to participate in direct elections for the appointment of tenant Board or Committee Members) without the Council's prior written consent.'*

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that Council approves the changes to SBHA's Rules to future-proof and strengthen their governance structure by moving to a skills based Board**

### 3 BACKGROUND

- 3.1 SBHA was set up in 2003 and their Board of Management was formed along a constituency model, with 18 Board Members of which 5 were Tenants, 5 Independents, 5 Councillors, and 3 Co-optees. In 2014, SBHA reduced the size of their Board to 15, with SBC approving a reduction in Councillor spaces to 3.
- 3.2 Under the 2003 Stock Transfer Agreement, SBC is required to give written consent prior to any change in the level of Local Authority or Tenant representation.
- 3.3 A wider consideration for Councillors is the Office of National Statistics (ONS) decision to reclassify Registered Social Landlords (including SBHA) in Scotland as public bodies. Current legal opinion suggests that legislation will be introduced in the summer of 2017 to limit Local Authority influence over Registered Social Landlords, as part of a range of measures intended to reverse the ONS decision. This would be likely to include restriction or removal of SBC's ability to consent to Rule changes as per the Transfer Agreement.
- 3.4 SBHA and SBC Officers are aware of these possible changes as a result of the ONS decision and are actively working together to pursue continued collaborative working.

### 4 PROPOSED CHANGES

- 4.1 SBHA's Board of Management agreed at their meeting on 7 December 2016 to proceed with a Rule change which will put in place a skills based governance structure. This was based on the recommendations of SBHA's governance working group, and the intention of the changes is to future proof SBHA's governance structure, ensure it is fit for purpose and contains an appropriate skills set.
- 4.2 The principal changes proposed by SBHA's Board are below. These will be subject to a vote of SBHA's shareholders in summer 2017. Members should note that these form part of a package of measures, and approval from Councillors is being sought only in respect of paragraph (b) below.
  - a) Move away from the governance structure shown in **Appendix 1** and adopt the streamlined governance structure shown in **Appendix 2**, which demonstrates enhanced customer focus and incorporates the wide range of opportunities for tenants to get involved within, and outwith, the formal governance structure;
  - b) Amend the Rules to move to a skills based Board, removing the current requirement that there be a set level of Local Authority and tenant representation on the Board of Management;
  - c) Reduce the size of the Board to (up to) 13 Members to achieve greater efficiency in decision-making, and a good team dynamic; and

- d) Amend the Rules so that (up to) 5 Board Members are recruited, and (up to) 5 are elected by SBHA's shareholders. This will leave 3 reserved Board vacancies to allow flexibility for 2 Co-optee positions if short term specialist skills are required and the appointment of an Executive member if the Board deems it necessary.
- 4.3 SBHA held a briefing with their tenant organisation, Scottish Borders Tenants Organisation (SBTO), and the feedback received on all of the changes was very positive. The changes were thought to be a good way forward and would strengthen governance of SBHA overall, as well as having a positive impact on the role of SBTO.
- 4.4 A full tenant, stakeholder and shareholder consultation will be undertaken by SBHA prior to any of the Rule changes being put to a vote of their shareholders.

## **5 OUR WORKING RELATIONSHIP WITH SBHA**

- 5.1 SBC and SBHA have a strong track record of working together in the Borders to achieve positive outcomes for both partners. The 2011 Concordat set the basis of this, and was the first of its kind in Scotland between a Local Authority and a Housing Association. It committed to increasing affordable housing supply, promoting tenancy sustainment, improving value for money and enhancing local communities.
- 5.2 Working in partnership under this framework, SBC and SBHA have delivered 59 new homes, and brought over 100 long term empty homes back into use. This has included the large scale Stonefield Estate regeneration - a partnership between SBC, Ark Housing and SBHA to provide homes specifically designed for adults with learning disabilities - and a joint business case for the retention of Right to Buy receipts from the Scottish Government to fund 8 family homes at Deanfield and redevelop Myreslaw Court in Hawick.
- 5.3 Alongside increasing the supply of affordable housing and regeneration, this partnership has also delivered joint protocols to prevent homelessness amongst young people due to rent debt. The partnership has worked to transform approaches to anti-social behaviour and domestic abuse. The joint SBC and SBHA Through Care and After Care project (formerly known as the Transitions Project) has gone from strength to strength supporting young people leaving care to live independently and to date 47 young people have moved on to live independently.
- 5.4 The vision for delivery of the relationship the Concordat sought to achieve is reflected in these examples and the Borders Housing Alliance and the delivery of the Local Housing Strategy.
- 5.5 Given that there is such an effective partnership between SBC and SBHA it is considered that the need for Local Authority membership on SBHA's Board of Management is significantly reduced.

## **6 IMPLICATIONS**

### **6.1 Financial**

There are no financial implications attached to any of the recommendations contained in this report.

### **6.2 Risk and Mitigations**

Links between SBC and SBHA have strengthened over time and this provides a key means of engagement between both organisations to ensure delivery of strategic and operational commitments, objectives and joint outcomes.

### **6.3 Equalities**

It is SBHA's Board of Management responsibility to ensure that recruitment to, and composition of, the Board of Management follows Equalities best practice. It is anticipated that there are no adverse impacts in respect to race, disability, gender, age, sexual orientation and religion or belief under the Equalities Act 2010 arising from the proposals in this report.

### **6.4 Acting Sustainably**

It is considered that the report recommendations will have a neutral effect regarding any economic, social or environmental effects of the proposed Rules change.

### **6.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

### **6.6 Rural Proofing**

No adverse impact on the rural areas has been identified from the proposals contained in this report.

### **6.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Council's Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

## **7 CONSULTATION**

7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

**Approved by**

**Brian Frater**

**Service Director Regulatory Services**

**Signature .....**

**Author(s)**

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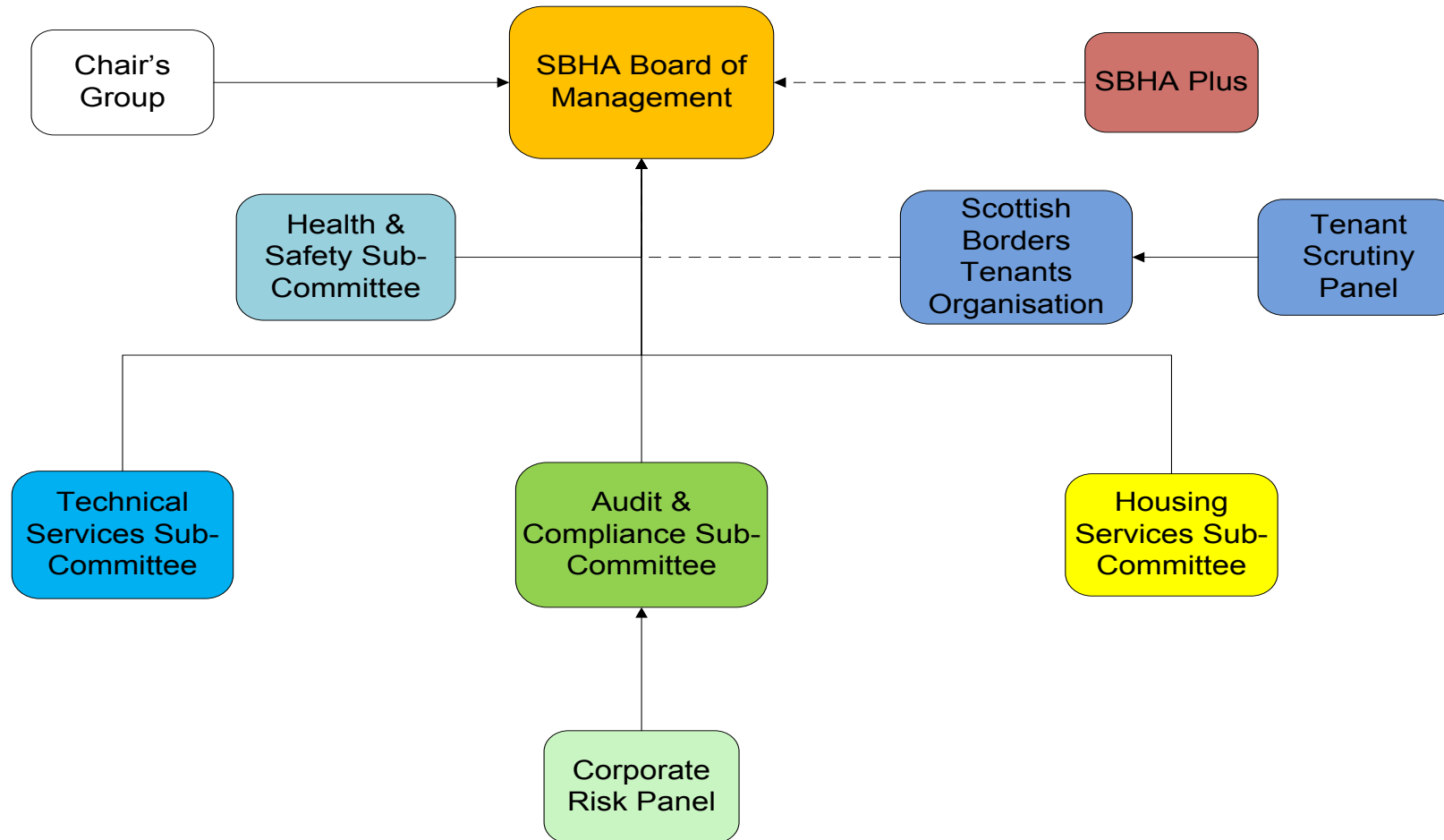
**Background Papers:** None

**Previous Minute Reference:** None

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Karen Scrymgeour can also give information on other language translations as well as providing additional copies.

Contact us at Karen Scrymgeour, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 824000 (ext 5830), email [Karen.scrymgeour@scotborders.gov.uk](mailto:Karen.scrymgeour@scotborders.gov.uk)

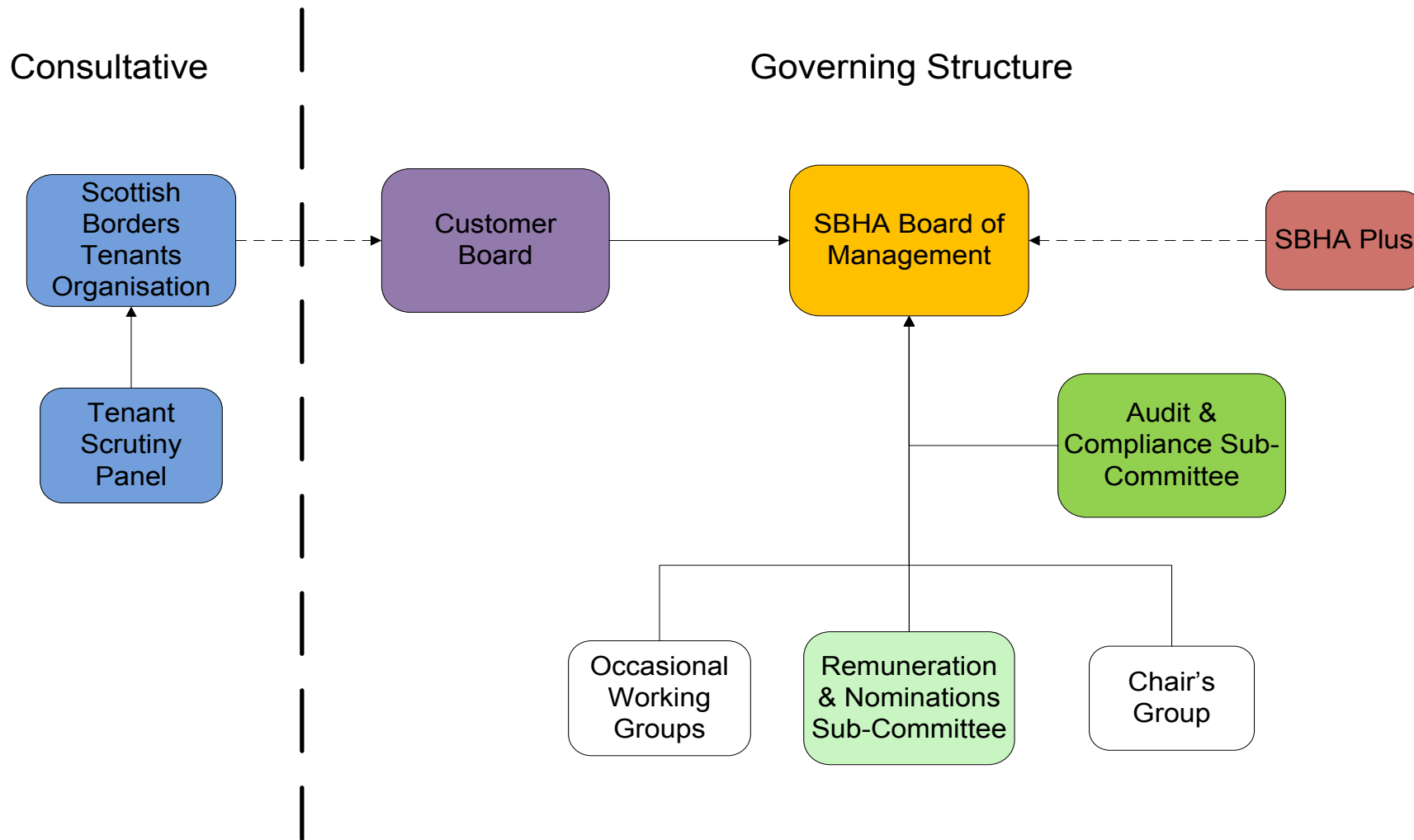
## Appendix 1 – SBHA’s Current Governance Structure<sup>1,2</sup>



<sup>1</sup> Please see the Annex to Appendix 1 and 2 for definitions of the various Boards and committees.

<sup>2</sup> Please note that the SBHA Board of Management do not have control over SBHA Plus but they are sighted of its activities. Further Scottish Borders Tenants Organisation and the Tenant Scrutiny Panel do not report to the SBHA Board of Management but they have a consultative role.

## Appendix 2 – SBHA’s Proposed Governance Structure<sup>3,4</sup>



<sup>3</sup> Please see the Annex to Appendix 1 and 2 for definitions of the various Boards and committees.

<sup>4</sup> Please note that the SBHA Board of Management do not have control over SBHA Plus but they are sighted of its activities. Further Scottish Borders Tenants Organisation and the Tenant Scrutiny Panel do not report to the SBHA Board of Management but they have a consultative role.

## **Annex to Appendix 1 and 2**

SBHA Board of Management – sets SBHA’s strategic direction and leads and directs SBHA so that it achieves good outcomes for its tenants and service users.

Chair’s Group – is responsible for considering issues requiring urgent attention and decisions between Board meetings.

Health & Safety Sub-Committee – is responsible for managing all health and safety issues on behalf of the Board.

Audit & Compliance - is responsible for ensuring SBHA’s financial and business operations are carried out accurately, fairly, legally, and with due regard to the management of risk.

Corporate Risk Panel – is responsible for discussing all risk management matters and reporting its findings to the Audit and Compliance Sub-Committee.

Technical Services Sub-Committee - is responsible for the delivery of SBHA’s property maintenance, regeneration, development, adaptations, and technical compliance services.

Housing Services Sub-Committee - is responsible for the delivery of SBHA’s housing and estates management, housing allocations, rents, housing support, factoring and cleaning, and other related housing services.

SBHA Plus – is a non-charitable subsidiary of SBHA, which undertakes some functions that, as a charity and RSL, SBHA may not be able to including mid-market rented properties, the Post Office, and bidding for certain grants.

Scottish Borders Tenants Organisation (SBTO) - is an independent group made up of SBHA tenants. They seek, represent and take forward tenants' views in relation to SBHA's policies and ensure that tenants get the best possible housing services.

Tenant Scrutiny Panel – is a formal group of tenants who work with SBTO to scrutinise a particular service provided by SBHA and produce recommendations to improve the tenant experience.

Customer Board – will oversee the entire customer experience provided by SBHA, including some of the high level functions of the previous housing and technical services, joining up the customer experience to better represent how it is accessed by SBHA’s tenants.

Remuneration & Nominations (Revs & Noms) – will be responsible for matters such as executive pay, urgent human resource issues, and Board nominations.