



Scrutiny of the Governance Structure at Havebury Housing Partnership

May 2018

1. SCOPE

The scope of the scrutiny of Havebury's governance structure was agreed at the panel meeting of 21st August 2018 as follows:

- a) Is Havebury's board structure delivering its terms of reference?
- b) Have the recommendations of the Altair report been delivered?
- c) Does the board have adequate oversight of the business and is the new governance framework working?

2. WHAT WE DID

The following methodology was agreed by panel members at the scoping meeting:

What will be reviewed	Details	How
Terms of reference	To ascertain whether TOR are being delivered effectively	Desktop review / observing
Compliance calendar	To audit whether the governance structure is meeting its statutory obligations	Desktop review
Altair report	That the recommendations of the last external report on governance have been met	Observing / interviews
Board oversight	Check that the board has satisfactory oversight of strategy/risks/challenges etc.	Desktop review / interviews
Effectiveness of governance structure	Check that the governance structure is working effectively	Desktop review / observing / interviews

The timetable of the scrutiny was as follows:

Action	Date
Scrutiny scoping	21 st August 2017
Desktop review	4 th December 2017 and 26 th February 2018
Interview board/committee chairs and observe meetings	February 2018
Audit of terms of reference and compliance calendar items	26 th February 2018
Analysis and review of observations from meetings and interviews	26 th February and 26 th March 2018
Draft report	26 th March 2018
Final report agreed	30 th April 2018

3. OUR FINDINGS

The scrutiny of Havebury's governance structure combined a desktop review, observation of board meetings and interviews with board/committee chairs. Panel members attended meetings between 5th and 22nd February as follows and conducted interviews with the relevant chair, prior to the meeting starting.

Strategic Board - 5th February 2018 - Lucy Lawrence and Lee Northcut

Operations Board - 20th February 2018 - Lee Northcut

Risk and Audit Committee - 22nd February 2018 - David Lockwood and Sarah Wilson

In scoping the scrutiny, the panel identified the recommendations arising from the 2015 Altair report to be tested:

- Reduce the time taken by executives in briefing/presenting papers
- When the reports back from other boards/committees are presented, ensure that there is a focus on assurance of the effectiveness of the board or committee's delivery of its role
- Agree a protocol for the circumstances in which issues are escalated to the strategic board
- Clarify the code of governance with regard to the potential outcomes of the appraisal process

In addition the panel noted suggestions to:

- Streamline agendas
- Have more in depth and strategic discussion on the strategic board
- Improve training and learning opportunities
- Regular appraisal of members against a clear role description

A desktop review was conducted across panel meetings of 4th December 2018 and 26th February 2018. The panel examined meeting minutes, the external review report of Havebury's governance structure conducted by Altair in 2015, a trend report detailing responses to a company member survey and their most recent annual appraisal, Havebury's risk register, the list of rules governing Havebury as a Community Benefit Society, Havebury's compliance calendar, each board/committee's terms of reference and a board/committees structure chart.

In reviewing the activity of the Strategic and Operations Board and the associated documentation, panel members felt there were items not previously shared that would be useful for them to have sight of.

The review allowed the panel an immediate overview of the governance structure, and to establish the breadth of activity and responsibilities of the board as a whole. In addition, the panel selected 11 items from the compliance calendar and terms of reference to audit that they had indeed been completed:

Item tested	Evidence provided
(CC) 020 - Annual return on disposals proceeds fund	Havebury disposals notification to regulator 2017
(CC) 042 - Review annually the register of hospitality	AR17 012 - Register of gifts and hospitality provided / not accepted / received
(CC) 054 - Remuneration and Governance Committee self-assessment	REM017 004 - 22 nd May 2017 - Remuneration and Governance Committee annual self-assessment
(CC) 059 - Operational Board recommends the completion of the 2016/17 strategic action plan	SB17 044 - 22 nd May 2017 - Strategic plan actions 2016/17
(CC) 055/056 - Annual report of Neighbourhood Investment Panel	OB17 038 - 9 th May 2017 - Neighbourhood investment panels summary and annual report SB17 052 - 22 nd May 2017 - Neighbourhood investment panels summary and annual report
(TOR) 2.3e - Approve each year's accounts prior to publication and approve each year's budget and business plan, including key financial assumptions	SB17 004 - 10 th February 2017 - Draft budget 2017/18
(TOR) 2.3n - Determine the rules for the recruitment and selection arrangements for company directors and members for both Havebury and any subsidiary companies.	Extract from strategic planning event minutes of 8 th December 2017
(TOR) 2.4i - Ensure adequate succession planning for boards, committees and executive team members.	Extract from strategic planning event minutes of 8 th December 2017 SB17 074 - 2 nd October 2017 - Extension of chair's term of office
(TOR) 2.4u - Approval of strategic policies and plans in respect of finance, treasury management, VfM, development, Human Resources, H & S, E & D, IT, business continuity and facilities.	SB17 072 - 17 th July 2017 - HR Policies
(TOR) 3.2l - Review the business continuity and emergency contingency plans and ensure they are regularly tested.	OB17 046 - 4 th July 2017 - Directors Report
(TOR) 3.2o - Undertake a self-assessment of the Operational Board's performance on an annual basis.	Extract from Operations Board minutes of 17 th January 2017 Operations Board self-assessment 14 th November 2017 with detail of compliance with delegated responsibilities

Following the desktop review and later by email, the panel devised a suite of questions to ask the chair of each board/committee. Several questions spanned all three interviews, although others were specific to the chair being interviewed. The questions were designed to either clarify points identified during the desktop review or to further test the scope and are set out below.

Question asked	Donald McKenzie (SB)	Lucy Adams (OB)	Robert Everitt (R&AC)
Is the Board and wider governance framework effectively meeting what it is set out to do?	X	X	X
How does the Board and wider governance structure seek assurance that the current G1/V1 rating can be maintained?	X		X
In your view what are the main challenges for Havebury now and in the future?	X		X
How does the Board ensure opportunities e.g. to grow the business, are exploited for maximum benefit of residents?	X		X
How does the Board monitor and take into consideration tenant concerns and priorities in the decision making process?	X	X	
How are items escalated within the board structure and to date has this been effective?	X		
Do the current governance arrangements allow the board sufficient oversight of the business?	X		X
Have the changes made to Havebury's governance structure had a positive impact on its effectiveness?	X	X	
What is the process for the Operational Board to set/approve budgets? How for example, is future commitment to maintenance and major improvement works considered by the Operations Board?		X	
Do you feel the roles and responsibilities of each Board/Committee are sufficiently clear and that information is presented and decisions taken at the right time and in the right place?		X	
How does the board ensure they have adequate oversight of operational performance matters e.g. rent arrears, lettings, health and safety etc.		X	
An outcome of the Altair report of 2015 was to streamline board agendas. As part of our desktop review, the panel have observed that agendas continue to have a significant number of items. Is there still room for improvement here?		X	
Do you feel there is sufficient Board (Strategic) - Board (Operational) - Committee (R and A) interaction?		X	
Are you satisfied that the board receives sufficient assurance and information around current and future risks, in order to mitigate these as effectively as possible?			X
In your view are there any aspects of current audit regime, or internal controls, which could be improved?			X

In addition to auditing a selection of aspects of the terms of reference, the panel were satisfied in their observations at each meeting and in interviewing each chair, that the governance structure was effectively meeting its terms of reference. The panel found no evidence that any aspect was not being met or that there were any outstanding issues with compliance. The panel identified that there had been one recent compliance failure, but were happy this had been dealt with appropriately and reported to the regulator.

In respect of the Altair report recommendations, the panel found:

Reduce the time taken by executives in briefing/presenting papers (and streamline agendas) - Chairs indicated that much work had been carried out in improving agendas so that maximum time is given to items requiring attention. In relation to the Operations Board, items not requiring discussion and included for noting only are attached to the bottom of the agenda. The panel observed that all members appeared to have read papers prior to the meeting and so discussion could be taken by exception only. That said, the panel noted a significant number of agenda items on the Operations Board agenda and that the meeting overran. In addition, items already reviewed by the Operations Board, were presented similarly and discussed again at the Audit and Risk Committee.

When the reports back from other boards/committees are presented, ensure that there is a focus on assurance of the effectiveness of the board or committee's delivery of its role - The panel observed that in receiving briefings and reports, each board/committee is aware of its responsibilities and whether a decision is required. The panel were satisfied that chairs had in depth knowledge of the responsibilities of their respective board/committee. Chairs of the Strategic and Operations Board demonstrated that after each meeting the agenda items covered were checked against requirements for meeting the terms of reference and compliance calendar.

Agree a protocol for the circumstances in which issues are escalated to the strategic board (and have in depth discussion on the strategic board) - When interviewed, all chairs talked confidently about the protocols which are in place and that there are regular scheduled meetings between themselves and with executive directors. Examples of how the relationship between chairs and executive directors works in practice were discussed, although there were little or no instances of items requiring escalation.

Regular appraisal of board member against a clear job description and clarify the code of governance with regard to the potential outcomes of the appraisal process - The panel reviewed in detail the outcomes of the appraisal process and related reports presented to board, and were satisfied views had been properly considered. The panel received job descriptions and the forms used in completing appraisals.

In conducting the interviews, observing meetings and carrying out the desktop review, the panel were satisfied that the board have adequate oversight. The panel were impressed with members' level of understanding and knowledge. They commented too on members' commitment and passion for the business.

The panel observed that tenants are central to the decisions board take and that they retain a majority within the governance structure. There is a strong understanding of the key risks and challenges faced by Havebury now and in the future. The board are focused on delivering increased value and are committed that whilst expanding Havebury's stock and area of coverage, decision making and management stays local and tenant focused.

Board members undertake regular and relevant training and there are opportunities throughout the year for all company members to meet together. All boards/committees

receive reports on risk, performance, finance and the wider operating environment along with specific briefings on current and emerging issues. The panel observed that Havebury is in excellent financial and general business health and were confident that the current governance structure and its members would continue to build upon this.

5. RECOMMENDATIONS

The board found little requiring significant improvement, but make the following recommendations:

1. Further work should be undertaken to build on the improvement already made in streamlining the agendas, including reviews of:
 - a. items listed 'for noting', to check that they don't actually require discussion and if not, whether it is necessary for them to be on the agenda at all
 - b. whether some items 'for noting' could be brought to members' attention by other means
 - c. the forward work plan against the terms of reference
 - d. guidance for members on the agenda structure and how different item types will be handled
 - e. agenda planning and time management in the meeting, to minimise the risk of time constraints having a detrimental impact on the quality of discussion
2. Ensure that items requiring discussion at multiple meetings are handled as efficiently as possible, including reviews of:
 - a. timing of the Risk and Audit Committee, Operations Board, and Strategic Board meetings for optimum synergy
 - b. how instructions/recommendations are communicated between boards/committees
3. When attending board meetings for a specific item, Havebury staff should be asked to answer specific questions, rather than present to a brief
4. Agree a suitable format for the scrutiny panel to receive the minutes of board/committee meetings and review which items should be considered confidential in sharing with representative tenant groups
5. Arrange for board members to occasionally attend scrutiny panel meetings or otherwise interact

6. CONCLUSION

In conclusion, we refer back to the questions we aimed to answer at the beginning of the scrutiny:

QUESTION	CONCLUSION
a) Is Havebury's board structure delivering its terms of reference	Yes. In each aspect tested, the panel found that the terms of reference were being met. More broadly, the panel observed Havebury were consistently meeting their legal/regulatory obligations and that activity was split between each board/committee as defined in the terms of reference.
b) Have the recommendations of the Altair report been delivered?	Yes. With the exception of there still being some work to do on agendas, the recommendations of the Altair report have been delivered. It was noted that another external review is due in 2018.
c) Does the board have adequate oversight of the business and is the new governance framework working?	Yes. The panel felt that the current governance structure is working and found little requiring improvement. The structure itself, reports, briefings and training provided, together with the knowledge, experience, and commitment of members and their awareness of tenant views, allows the Board to have adequate oversight of the business and to make sound decisions.

The panel wish to pass on their thanks to the board and executive team for their participation in the review and the access provided to information and meetings.