

**Meeting date:** 5<sup>th</sup> December 2019

**Report to:** Full Cabinet



**Subject/report title:** Revisions to Solihull Community Housing Governance arrangements

**Report from:** CPH Adult Social Care and Health

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege

**Public/private report:** Public

**Exempt by virtue of paragraph:**

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**1. Purpose of Report**

- 1.1 To consider and approve amended governance arrangements with Solihull Community Housing.

**2. Decision(s) recommended**

- 2.1 To approve the revised Housing Management Agreement in Appendix A.  
2.2 To endorse the proposed amendment to the size of the SCH Board.

**3. What is the issue?**

**SCH Board**

- 3.1 SCH is a company limited by guarantee and as such is required by the Companies Act to have a set of Articles of Association. The Articles were originally adopted when SCH was created in 2004. These were last amended in 2016.  
3.2 The SCH Board is proposing amendments to the Articles and is seeking the endorsement of the Council (as shareholder) to the changes.  
3.3 When SCH was first set up in 2004 we followed the national model for the

management Board of 15 members (5 Council nominees /5 Independent members / 5 tenant members) but since this time many ALMO's have reduced the size of the Board and SCH followed this model until January 2013 when the Board size was reduced to 12 members (4 members from each of the three constituent groups).

- 3.4 In June 2018 three Board members resigned (2 independents and 1 tenant member) and a new independent chair was recruited following a competitive selection process involving both SMBC and SCH. Prior to this point the chair of the Board was always appointed by other Board members but the decision was taken to recruit a chair with specific skills and experience to lead the organisation. Since the appointment of the chair in July 2018, SCH has been operating with a Board of 10 members (4 Council nominees / 3 independents including the Chair /3 tenant members).
- 3.5 The SCH Board considered the most appropriate and effective size of the Board at an Away Day in January 2019 and this was further considered at the full Board meeting on 25 February 2019, the Human Resources & Remuneration Committee on 11 March 2019 and full Board on 20 May 2019. The Board decided on 20 May 2019 to recommend to SMBC that the size of the Board should be reduced to 10 members (3 Council nominees /3 independents /3 tenants plus the independent chair) based on the view that a number of other ALMO's have reduced the size of their Board's and that SCH had been operating with a reduced number of members without any cause for concern. The decision was taken within the context of embedding a skills based Board where all members are recruited for their skills and experience and that as a collective group all the necessary skills for providing strategic direction to the organisation would be covered.
- 3.6 The Board believes this would enable better governance in that a smaller board is able to bring more focus and streamlined discussion thus enabling it to function to a higher standard and make more timely decisions. This is in line with general good governance guidelines including from bodies such as the Institute of Directors. It is also in line with the trend at other ALMO organisations where 40% of boards have now moved to a board size of 10 or less.

#### **4. Housing Management Agreement**

- 4.1 The Housing Management Agreement documents the arrangements between the Council and SCH and sets out how the responsibility for delivery of the housing functions is split. It is necessary to review the agreement from time to time to ensure that changes in service are incorporated. The Agreement was last reviewed in 2015 and amendments approved by Full Cabinet at its meeting of 19<sup>th</sup> March 2015.
- 4.2 SCH and Council officers have undertaken a review of the agreement to ensure that it reflects current requirements. A revised agreement is attached at Appendix A.
- 4.3 The changes reflect the current arrangements between the Council and SCH. Whilst some of the changes are minor the main emphasis is to reinforce the annual performance review mechanism so as to ensure SCH has certainty of the 5 year rolling term of the agreement alongside appropriate review criteria.

## **5. What options have been considered and what is the evidence telling us about them?**

- 5.1 The revised Management Agreement covers all of the requirements for the delivery of services which are delegated by the Council to SCH.
- 5.2 SCH is able to amend the board size to suit its needs. The size of the board has been considered specifically by the Board on a number of occasions with full discussion on the effective size.

## **6. Reasons for recommending preferred option**

- 6.1 A reduction in the size of the board is felt necessary to ensure its efficacy. SCH have considered the size of boards for other ALMOs and believe that the proposal is in keeping.

## **7. Implications and Considerations**

### 7.1 Delivery of key themes in the Council Plan:

- Improve Health and Wellbeing
- Managed Growth
- Build Stronger Communities – Providing the right kind of housing to meet local needs, support growth and prevent homelessness.
- Deliver Value

### 7.2 Implications for children and young people, vulnerable groups and particular communities:

- 7.2.1 None as a direct result of this report.

### 7.3 Consultation and Scrutiny:

- 7.3.1 Amendments to the Articles are a matter for the board of the Company to agree. SCH have considered the size and composition of other boards and are happy that the proposal is in keeping with other arrangements

### 7.4 Financial implications:

- 7.4.1 None arising directly from this report.

### 7.5 Legal implications:

- 7.5.1 None arising directly from this report.

### 7.6 Risk implications:

- 7.6.1 None arising directly from this report.

7.7 Statutory Equality Duty:

7.7.1 The Articles and management agreement make it clear that SCH is covered by the Public Sector Equalities Duty.

**8. List of appendices referred to**

8.1 Appendix A – Revised Management Agreement.

**9. Background papers used to compile this report**

9.1 None

**10. List of other relevant documents**

10.1 None