

# **DERBY HOMES PEER REVIEW**

## **CONDUCTED BY:**

**Nigel Barker**  
Chair

**&**

**John Carter**  
Vice Chair

**Rykneld Homes Ltd**

## **INTRODUCTION / BACKGROUND**

This Peer review was agreed to be carried out by the Chair and Vice Chair of Rykneld Homes, on the similarly constituted neighbouring organisation of Derby Homes.

The National Housing Federation (NHF) Code of Governance considers it good practice for housing organisations to have some form of external review of governance on a regular basis. It was felt mutually beneficial to both organisations to undergo a Peer review of each other's Governance arrangements, rather than commission external consultants.

The intention of this exercise is to review the effectiveness of the governance framework within Derby Homes, evaluate the effectiveness of Board members, including their individual and collective skill sets, analyse the recruitment and retention policies, as well as the effectiveness of the induction and training packages for their Board members.

Similarly review the relationships amongst Board members and between Board members and the Senior Management Team as well as the effectiveness of the Chair.

The objective of this exercise is to carry out this review in a sensitive and non-intrusive manner, in order to offer constructive observations and highlight any areas for possible development with regards to the future strategic governance of Derby Homes.

## **METHODOLOGY**

This section sets out the chronological sequence of meetings and interviews as a background to this review.

After a few initial meetings between the Chairs and Managing Directors of Derby and Rykneld Homes, the prospect of holding mutual Peer reviews was proposed to their respective Boards and the scope was agreed in principle.

### **26.11.15**

It was agreed that the Chair of Rykneld Homes (RHL) was to be the lead in this review. The RHL Chair attended the Derby Homes (DH) AGM to observe the meeting and to be introduced to their Board members.

### **19.01.16**

A meeting was held at Derby between the Chair of DH and the Chair and Vice Chair of RHL. It was agreed that these two members of RHL would carry out the review.

This meeting set the scope of the review and a timetable of interviews and meetings to be observed was agreed.

25.02.16

Prior to the DH Operational Board meeting, interviews were carried out with three members of the Operational Board (BM, DR and JE). This was followed by the observation of the meeting.

31.03.16

Prior to the DH full Board meeting, three 30 minute interviews were held with JS, IM and IV. These were followed by the observation of the Board meeting with the exception of their confidential section.

08.04.16

Two further interviews took place with FH and MA.

18.04.16

A telephone conference was held with the RHL Chair, Vice Chair and the DH Managing Director

27.04.16

A further meeting has been arranged with the Chair of DH to present a draft of the report.

A desktop review of Governance documents has also been undertaken, accessing Derby Homes website and liaising with the DH Governance Manager to gather additional background documents and information regarding governance arrangements.

## **OBSERVATIONS**

The intention of this section is to summarise the main observations from the interviews and the Board meetings. Also to offer some comments on background documents received and governance structures.

### **1. Operational Board member interviews**

These went well and our observation was that DH has a positive attitude to tenant involvement that would lead to tenant recruitment onto the Operational Board initially and following further training could lead to these tenants joining the Main Board. All members interviewed were very positive of the Operational Board and saw it as a good forum to work together with officers and also give tenants a voice in the governance of DH.

## 2. Operational Board

The initial observation of this Board meeting was the number of people attending. There were 22 in attendance, with the majority being officers.

Whilst the items on this agenda were interesting from a service delivery aspect, providing good statistics and background information, there didn't appear to be any significant decisions being made.

The consensus was that the servicing of this Board is a huge resource, in officer time, with minimum outcome.

## 3. Board member interviews

These interviews were very positive and everyone interviewed was highly motivated and had a clear understanding of their role on the Board.

We found that there was a commitment to ensuring that DH was a successful company that serves its tenants well.

There was evidence that all individuals were clear on their roles as strategic leaders of the organisation and had the ability to challenge and hold senior officers to account.

We further noted the good relationships and respect amongst Board members and between Board members and the SMT.

One issue that came to our attention was the apparent lack of knowledge or understanding of the DH M&As and delegations to other Boards and Sub committees.

The induction and training packages were spoken of highly and all felt they had sufficient training to carry out their roles effectively.

Overall the members interviewed were well motivated, grounded and informed.

## 4. Board Meeting

There is not much to report on this, other than, what seemed to us, the lack of debate around the Budget update and Risk Registers. Whilst the details behind these papers may have been discussed elsewhere, we did question whether ALL Board members were fully informed and aware of these major strategic issues.

The meeting was very well chaired, the dynamics of the group were good and everyone had the opportunity to contribute.

## 5. Paperwork

As mentioned elsewhere in this review, throughout this exercise a desktop review was undertaken of the background papers relating to governance of DH. Also the reports and agendas supplied to Board members were scrutinised.

We found that the background papers we were given at the start of the review, although very informative, did not provide a full understanding of the governance structures, delegations and how these linked with one another. Prior to finalising the desk top review a request was made to the DH Governance Manager, who supplied a document setting out, in one place, all the governance arrangements, policies and procedures namely the 'Governance Arrangements Booklet'.

This booklet is a clear reference point for any technical issues with regards to governance and should be available to all Board members. However, we understand that it is currently under review. It is important to note that the Governance Manager responded very quickly and efficiently to all requests made upon her.

With regards to the Main Board reports a few items were flagged up. However, given that only one meeting was observed and only having sight of one set of papers, these observations are very subjective and are offered just for information.

We noted that the Budget Update (A3) whilst explaining where the expected savings were to be made, it was difficult to track these savings. Also it was difficult to monitor the budgets from these figures, for example it would have helped to have seen the profiled budgets to ensure things were on track.

Similarly with the management of risk (A4 & A5), it is evident that risk management has been given a priority on the agenda, which is good practice. However, the amount of information was a bit excessive (the document was 52 pages).

## **RECOMMENDATIONS**

### **1. OPERATIONAL BOARD**

Whilst recognising the journey the Operational Board has been on, through its evolution from the City Boards and also the value that tenants put on it, it did appear to lack some focus and was not an efficient use of officer time. Therefore, it may be an opportune time to reassess the function of the Operational Board and possibly align it to its Terms of Reference referred to in the Governance Arrangements Handbook Part 5.

### **RECOMMENDATION ONE**

'Consider the function of the Operational Board making better use of officer time and aligning its role to its Terms of Reference.'

### **2. SUCCESSION PLANNING**

Although the Audit and Risk management committee had not been observed, it was noted that reliance was placed on its work to oversee both budget monitoring and risk. A lot of this responsibility falls on the Chair of this committee, whilst this is not a criticism of the individual concerned, it may be appropriate to consider some form of succession planning.

Given the NHF guidance of a maximum term of 9 years for Board members, the Board may consider extending terms of office beyond this period whilst this succession planning takes place.

## **RECOMMENDATION TWO**

‘Put in place some form of succession planning to up skill members in budget monitoring, risk management and procurement’.

### **3. M&As**

Having noted that not all members have a full working knowledge of Derby Homes’ M&As or delegations, it may be useful to have a training session or update for members to clarify these issues.

It is noted that a Governance Arrangements Handbook should provide a single point of reference for all governance processes and procedures for Derby Homes.

## **RECOMMENDATION THREE**

‘Update members on M&As and delegations.’

### **4. PRESENTATION OF RISKS**

Finally, due to the number of risks presented to Board, it may be beneficial to target these more effectively and have Board focus on the main strategic risks, by setting limits and separating the operational risks, to be handled by SMT. This could be achieved using the ‘naming convention’ promoted by the NHF guidance.

## **RECOMMENDATION FOUR**

‘Use the ‘naming convention’ to focus on the main strategic risks’

## **CONCLUSION**

As part of the scoping for this review, we were asked to consider the recruitment process, induction, training and the effectiveness of the Chair.

Everyone we spoke with was satisfied with the training provided and the amount of information they were given to carry out their roles as strategic leaders. Everyone interviewed had a good background knowledge of DH, therefore the induction process was difficult to assess.

Given the broad skill sets, gender and ethnic representation on the Board, the evidence would suggest that the recruitment processes are good.

## **LEADERSHIP**

The meeting was chaired very well and it was evident that Mike Ainsley is approachable, inclusive, respected and has built good relationships with the Managing Director and other Board members.

Following discussions with the Managing Director, these positive relationships were endorsed and Maria Murphy was also complimentary of the Chair and the rest of the Board whilst commenting on their commitment to the governance of Derby Homes.

Overall, the process has been a positive experience. Derby Homes has a well-motivated and passionate Board and SMT who are working together to provide strong strategic leadership for the benefit of tenants.

Finally we would like to thank everyone who took part in this process and wish you well in the future.