

REVIEW OF GOVERNANCE ARRANGEMENTS

Report of the Director & Company Secretary

1. SUMMARY OF REPORT

This report proposes amendments to some parts of the current Governance Arrangements.

2. RECOMMENDATION

That the Board approved the proposed changes to the Governance Arrangements as set out in Appendices 1 - 3.

3. MATTER FOR CONSIDERATION

3.1 In February 2007 a review of the current Governance Arrangements commenced. A review provides an opportunity to consolidate and streamline the suite of documents set out in the Governance Arrangements. The reasons for the review are:

- there are a number of documents that have been developed outside the Governance Arrangements. This is a natural consequence of adding to the Governance Arrangements over a period of time;
- there are number of areas where there is overlap between the documents that make up the Governance Arrangements and cross referencing would ensure greater consistency;
- to incorporate current best practice from ALMOs set up in later rounds.

3.2 There are 3 main stages to the process:

- a review of the current documentation
- discussion and agreement to changes to:
 - Memorandum & Articles of Association (agreed by the Board in principle on 29 March 2007)
 - Standing orders, Local Housing Board Constitution, Delegation of Responsibilities, Appointment and Recruitment of Board Members, Appointment of Staff (agreed by the Board 26 July 2007)
 - Financial Regulations, Procurement Procedure Rules and Board Member Code of Conduct (this report)
- Implementation date (intended to be at the Annual General Meeting (AGM) on 25 October 2007).

- 3.3 The changes proposed in this report affect the following areas:
- Financial Regulations (Appendix 1) - the regulations have been updated to link to the current Management Agreement and to reflect the current Derby Homes structure. This includes changes to regulations for ordering goods and services to account for new electronic approval processes
 - Procurement Procedure Rules (Appendix 2) - the Procurement Procedure Rules (PPR) ensure appropriate Governance Arrangements are in place allowing employees to procure goods, services or works for the organisation that deliver value for money. By introducing these rules senior managers and ultimately the Board will introduce a system of open and transparent purchases that are auditable, with a clear mechanism for authorization, ensuring that both legal and financial requirements are met and control is maintained
 - Board Member Code of Conduct (Appendix 3) – a proposal for a new Code of Conduct, which brings together the previous Code, various references within other parts of the Governance Arrangements and current good practice amongst other ALMOs.
- 3.4 Appendices 1 – 3 are electronic copies of the proposed amendments with changes highlighted. A workshop on the changes was held on Thursday 13 September. All Board members were invited to attend. The workshop was led by
- Code of Conduct: Nick Mackenzie of Anthony Collins Solicitors
 - Financial Regulations: Lorraine Watson, Director & Company Secretary
 - Procurement Procedure Rules: Tony Billingham.

The link to the document was circulated to Board Members in advance of the meeting on 27 September. It is not intended to go through the proposed changes in detail at the Board meeting because of time constraints.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 4.1 The full legal cost of the Governance review is estimated at £30,000. Some of this, £8,695 was a charge in 2006/7. An estimate of £13,040 has been accepted for the second element of the work and a provision of £8,265 is anticipated for the remaining sections to be reviewed. The 2007/8 budget for legal and professional fees is £114,000. The charges arising from the review will be contained within this budget.

The areas listed below have no implications directly arising from this report

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| • Consultation | • Environmental |
| • Legal and Confidentiality | • Equalities Impact Assessment |
| • Personnel | • Health & Safety |

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information: None.

