

BOARD MEMBER SERVICES AGREEMENT

Report of the Director & Company Secretary

1. SUMMARY

A review of the Governance Arrangements was carried out in 2011; the Board agreed to adopt the National Housing Federation's Code of Governance (2010 edition) and to introduce a Board Member Services Agreement. This report provides details of the proposed Board Member Services Agreement and options for inclusion in the Agreement.

2. RECOMMENDATION

That the Committee considers the Board Member Services Agreement attached at Appendix 1 and the obligations and standards set out in Appendix 2 and recommends them to the Board.

3. MATTER FOR CONSIDERATION

- 3.1 The Governance Arrangements were reviewed and agreed by the Board in September 2011. As part of the review, and as required as a TSA Registered Provider, the Board agreed to adopt the National Housing Federation's Code of Governance and to introduce a Board Member Services Agreement. The Code recommends as good practice:

"Each board member should be given a role profile and a formal agreement specifying his or her obligations and should sign a copy to indicate acceptance. Agreement should set out the key role and duties of board membership, the time commitment involved and the principle that any approved remuneration is linked to fulfilling the specified role and duties..."

- 3.2 The Services Agreement has been based on Agreements used by another ALMO and a local housing association and we have adapted it to make it relevant to Derby Homes Board Members. We have also been guided by the recommendations in the NHF's Code of Governance which suggests a number of obligations to be included.
- 3.3 Board Members who attended the Governance Workshop in December, led by Simon Ramshaw of Anthony Collins Solicitors, will recall that a number of issues were identified which Board Members felt should be included in the Agreement. These have been considered and incorporated, where appropriate.
- 3.4 In 2011, the Board agreed payment for the office holders of Chair, Vice Chairs, Committee and City Board Chairs. It is particularly important that an Agreement is put in place for these office holding Board Members to ensure clarity and accountability in those roles.

- 3.5 The Services Agreement consists of two tiers – the first tier will be issued to Board Members who do not hold the office of Chair, Vice Chair, Committee or City Board Chair (Appendix 2). The second tier Agreement will be issued to those who hold these offices. Appendix 2 provides a number of additional obligations required of office holders and a choice of expected standards for these obligations.
- 3.6 Committee is asked to consider the obligations and standards and make recommendations as to which they consider appropriate. In particular whether any categories of member require any amendment(s) to their enhanced sections.

4. CONSULTATION IMPLICATIONS

All Board Members have been invited to this Committee in order to be consulted on this Agreement. Those Board Members who are unable to attend have been invited to provide comments which will be presented to the Committee.

5. LEGAL AND CONFIDENTIALITY IMPLICATIONS

As contained in the report.

6. RISK IMPLICATIONS

Adopting a Board Member Services Agreement will help to demonstrate that Derby Homes is continuing to follow the highest standards of governance, accountability and probity. Failure to have Board Member Agreements in place could potentially leave the Board and the Organisation open to risk.

7. POLICY REVIEW IMPLICATIONS

This is a key policy of Derby Homes and will be included in the Key Policy Review Schedule. In accordance with minute 10/51 this policy will be reviewed no later than 3 years from the date of this meeting.

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

Financial and Business Plan
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528

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Background Information: None

Supporting Information: None



Derby Homes Ltd

and

full name

Board Member Agreement for Services

Dated date

NON-EXECUTIVE BOARD MEMBER: AGREEMENT FOR SERVICES

Dated **date**

1 Parties

- (a) Derby Homes Ltd (the Organisation)
Floor 2, South Point, Cardinal Square, 10 Nottingham Road, Derby
DE1 3QT
- (b) **Board Member name and address**

("you")

2 Definitions

2.1 It is agreed as follows.

Agreement	this Agreement as may be amended, modified or supplemented from time to time in accordance with its provisions.
AGM	an annual general meeting of the Organisation.
Appointment Date	Date of appointment by Council or Board as appropriate that will be registered with Companies House as the formal start date.
Board	the Board of Directors from time to time of the Organisation.
Board Member	a member of the Board.
Business	the business of the Organisation from time to time.
Chair	the Chair of the Board.
Council	Derby City Council.
Office Holders	Chair of the Board, Vice Chairs of the Board, Chair of Audit Committee, Chair of Resources, Remuneration & Regeneration Committee, from time to time.
Rules	Means the rules or articles and memorandum of association or such other governing instrument which governs the Organisation (as the case may be) adopted by the Organisation from time to time.
Services	means the services supplied by you hereunder.

Appointment

- 2.2 Your appointment on the terms of this Agreement was approved at the meeting of the **Board/Council** held on **date** and will commence from that date (the “**Appointment Date**”).
- 2.3 Subject to your being re-elected/appointed at subsequent AGM's in accordance with the Rules, this Agreement will continue until such time as your appointment as a Board member is terminated in accordance with the Rules.
- 2.4 Nothing contained in this Agreement shall be construed or have effect as constituting any relationship of employer and employee between the Organisation and you.

3 Time commitment

- 3.1 You will perform those duties normally attendant on the office of Board Member including, without limitation, those duties set out at clause 5. You are expected to work with and through the Board; you are not expected to undertake executive duties or to assume executive responsibilities. In addition, you may be required to be a member of certain committees of the Board, as advised from time to time.
- 3.2 You are expected to attend training provided in accordance with Board policy. In addition, you will be expected to allocate appropriate preparation time ahead of each meeting and be available to deal with matters outside of Board meetings via email and telephone, and attend other member or staff events, if needed.
- 3.3 By entering into this Agreement you confirm that you are able to allocate sufficient time to meet the requirements of your role.

4 Role/duties

- 4.1 As a non-executive director you will have the same general legal responsibilities to the Company as any other director and will be required to take decisions in the best interests of the Company.
- 4.2 The Board is collectively responsible for ensuring the success of the Organisation and ensuring its compliance with all legal and regulatory obligations by directing and supervising The Organisation's affairs. The Board:
 - 4.2.1 provides strategic leadership of the Organisation within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - 4.2.2 sets the Organisation's strategic aims, ensures that the necessary financial and human resources are in place for the Organisation to meet its objectives, and reviews management performance;

- 4.2.3 sets the Organisation's values and standards and ensures that its legal and regulatory obligations are understood and met; and
- 4.2.4 carries out the further functions set out in the Rules as amended from time to time.
- 4.3 In addition to these requirements of the Board your role, together with the other non-executive members of the Board, has the following key elements:
 - 4.3.1 **Strategy:** You should constructively challenge and contribute to the development of the strategy of the Organisation;
 - 4.3.2 **Performance:** You should scrutinise the performance of management of the Organisation in meeting agreed goals and objectives and monitor the reporting of performance;
 - 4.3.3 **Risk:** You should satisfy yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
 - 4.3.4 **People:** You should determine appropriate levels of remuneration of members of the Board and the Executive team and have a role in appointing, and where necessary removing, Executives and in succession planning.
- 4.4 You further undertake:
 - 4.4.1 to comply with the Organisation's policies, procedures and standing orders as set and amended from time to time by the Board, and with the Rules;
 - 4.4.2 to act within the Rules;
 - 4.4.3 to uphold and promote the core policies, values and strategic objectives of the Organisation
 - 4.4.4 to contribute to and share responsibility for decisions of the Board and/or any committee of the Board of which you are from time to time a member;
 - 4.4.5 to attend induction, training and performance review sessions and other such sessions or events as are reasonably required by the Organisation;
 - 4.4.6 to regularly attend meetings of the Board and other relevant committees as referred to at clause 3.1. Absence from any three meetings of the Board in a rolling period of 12 months, or as otherwise specified in the Articles, will result in you immediately ceasing to be a Board Member, unless the Board resolves otherwise.
 - 4.4.7 to read Board and/or committee papers (as applicable) before meetings;

4.4.8 to represent the Organisation when requested; and

4.4.9 to abide by and uphold the Organisation's code of conduct and code of governance.

5 Expenses & Remuneration

5.1 The Organisation will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office in accordance with the Organisation's policy and subject to any such deductions as are lawfully required.

Non Office Holders

5.2 You will not be paid any fees or remuneration in relation to this agreement

Office Holders

5.3 Holders of the office of Chair, Vice-Chair or Committee Chair (subject to 6.4 below) will, unless they choose not to, receive remuneration as set out in an appendix to this services agreement.

5.4 Councillor Board Members receive an allowance from the Council in respect of their duties and will not therefore be eligible for payment by Derby Homes.

6 Facilities

6.1 Tenant, Leaseholder and Independent Board Members are entitled to the following facilities to use in connection with the discharge of their duties and in accordance with the Code of Conduct:

- Computer or laptop, printer and internet access
- Mobile phone
- Stationery
- Work station, chair, filing cabinet

6.2 Councillor Board Members have access to these facilities through the Council and are not therefore eligible.

7 Outside interests

7.1 You undertake that you will declare any relevant direct or indirect interests whenever required by the Rules or the Organisation's code of conduct.

7.2 It is accepted and acknowledged that you may have business interests other than those of the Organisation. You agree that you have declared any conflicts that are apparent at present. In the event that you become aware of any actual or potential conflicts of interest, you agree that these will be disclosed to the Company Secretary as soon as one becomes apparent in accordance with the Code of Conduct.

8 Confidentiality

Any confidential information acquired during your appointment is confidential to The Organisation and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chair.

9 Induction

As soon as possible after your appointment, the Organisation will provide a formal induction process, which you are required to attend.

10 Review process

Your performance as an individual board member and the performance of the whole Board will be evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chair as soon as is appropriate. You are required to attend and participate in all performance reviews related to your individual performance as a member of Board and the performance of the Board as a whole.

11 Insurance

The Organisation has officers' liability insurance in place and it will maintain such cover for the full term of your appointment. A copy of the policy document is available upon request.

12 Position on Termination

Upon the termination by whatever means of your appointment under this Agreement:

- 12.1 You shall at the request of the Organisation immediately resign from all offices that you hold pursuant to the terms of this Agreement; and
- 12.2 You shall not represent yourself as being in any way connected with the Organisation.

13 General

- 13.1 This Agreement and any documents referred to in it embody and set out the entire agreement and understanding of the parties and supersedes all prior oral or written agreements understandings or arrangements relating to the subject matter of this Agreement. Neither party shall be entitled to rely on any agreement, understanding or arrangement which is not expressly set out in this Agreement.
- 13.2 This Agreement shall not be amended, modified, varied or supplemented except in writing signed by duly authorised representatives of the parties.
- 13.3 No failure or delay on the part of either party hereto to exercise any right or remedy under this Agreement shall be construed or operate as a waiver thereof nor shall any single or partial exercise of any right or remedy as the

case may be. The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights or remedies provided by law.

13.4 All Board Members are expected to sign this Agreement.

14 Notices

14.1 Any notice to be given hereunder shall be in writing and be sufficiently served:

14.1.1 in your case by being delivered either personally to you or sent by registered post addressed to you at your usual or last known place of abode; or

14.1.2 in the case of the Organisation by being delivered at or sent by registered post or recorded delivery addressed to its registered office marked for the attention of the Company Secretary;

and any such notice if so posted shall be deemed to be served on the second day following that on which it was posted.

16 Board Champion Roles

You will be allocated the role of a Board Champion. You will be expected to perform the role and responsibilities of Board Champion in accordance with the Board Champion Profile. You will be mentored in this role by the relevant head of the service.

17 Jurisdiction

The terms of this Agreement shall be governed by the Laws of England and the parties agree to submit to this jurisdiction in the case of dispute.

IN WITNESS whereof the hands of the parties have executed this Agreement the day and year above written

SIGNED by Company Secretary)
duly authorised on behalf of)
Derby Homes Ltd)

SIGNED by the Board Member)

ADDITIONAL ROLE & DUTIES: TENANT BOARD MEMBER

You will be appointed to the City Board. You will also chair the Housing Focus Group(s) (HFG) in your area. Supported by the Resident Involvement Team, you will chair the meetings and act as a link between the HFG, the City Board and the Derby Homes Board.

As a Tenant or Leaseholder Board Member, you will be required to take decisions in the best interests of the Company rather than those of your own, your family, or the area you live in.

The Code of Conduct requires you to not use your position for personal advantage in order to benefit yourself, your family, friends or acquaintances. As a tenant Board or Leaseholder Member, from time to time you may need to discuss matters relating to your home or the area you live in, or you may be contacted by individual tenants or leaseholders for assistance. It is important that the matter is dealt with by the appropriate housing office or team. Such issues should only be escalated to a Director, Chief Executive or the Chair if you have concerns about the outcome or the way in which it has been dealt with.

ADDITIONAL ROLE & DUTIES: COUNCIL BOARD MEMBER

At Derby Homes' meetings, your responsibility is not as a representative of the Council or any other organisation, but as a Board Member of the Organisation, and you will be required to take decisions in the overall best interests of the Organisation.

ADDITIONAL ROLE & DUTIES: INDEPENDENT BOARD MEMBER

You will be expected to bring to the Board your skills, knowledge and experience, providing advice and guidance in subject areas where you have particular expertise.

ADDITIONAL OBLIGATIONS:

* **Minimum Standard:** as required by the Rules

* **Expected Standard:** for discussion by the Governance Services Committee

CHAIR OF THE BOARD		Minimum Standard* / year	Expected Standard* / year
Attendance at Meetings:	<ul style="list-style-type: none"> • Board • Chair's Group • HRA Strategic Board • Other meetings with senior Council officials • Joint Consultative Committee 	4 - - - -	? 75%+? 75%? <i>As required</i> 75%?
Other duties:	Ensure: <ul style="list-style-type: none"> • efficient conduct of the Board's business and general meetings • the organisation provides appropriate role profiles and competency framework for all Board Members • all Board Members are given the opportunity to express their views and that appropriate standards of conduct and behaviour are maintained in accordance with the Code of Conduct • a constructive working relationship with and provide support for the Chief Executive and that the Board works in partnership with the Executive Team • the Board delegates sufficient authority to its committees and, in conjunction with the Chief Executive, enable the business of the organisation to be carried on effectively between meetings of the Board • the Board receives professional advice when it is needed either from internal or external sources • the organisation upholds the Code of Governance • Signs the Directors Report, Statement on Internal Control Self Certification and Internal Reporting and the Financial Accounts within the Annual Report. • represents the organisation as appropriate • takes decisions delegated to the Chair • available to discuss and resolve urgent decisions as necessary 		

	<ul style="list-style-type: none"> • leads on the appraisal of the Board and the Chief Executive • the timely replacement of the Chief Executive • the implementation of a succession plan for the future Board membership • any agreed Board remuneration results from an approved process that minimises potential for conflicts of interest
Accessibility	If you choose, you will be provided with pc/laptop, broadband and mobile phone (subject to Section 7 above). Whether or not you accept any of these, you should be accessible during normal working hours by telephone and email and provide responses within a reasonable time.
Remuneration	£8,700 a year in accordance with Derby Homes Board Member Payments Policy.

VICE CHAIR OF THE BOARD		Minimum standard / year	Expected Standard / year
Attendance at meetings	<ul style="list-style-type: none"> • Board • City Board • Chair's Group • HRA Strategic Board (if nominated) 	4 - - -	5+? 5+? 75% 75%
Other duties	<ul style="list-style-type: none"> • Chair/Vice Chair of City Board • available to discuss and resolve urgent decisions as necessary <p>[City Board Chair additionally]:</p> <ul style="list-style-type: none"> • act as link between the City Board and Board and providing feedback to and from both meetings • report to and answer questions at the AGM • approve agenda, sign minutes of City Board meetings <p>[City Board Vice Chair additionally]:</p> <ul style="list-style-type: none"> • Deputising for Chair of the Board in their absence 		

Accessibility	If you choose, you will be provided with pc/laptop, broadband and mobile phone (subject to Section 8 above). Whether or not you accept any of these, you should be accessible during normal working hours by telephone and email and provide responses within a reasonable time.
Remuneration	£4,000 a year in accordance with Derby Homes Board Member Payments Policy.

COMMITTEE CHAIR		Minimum Standard / year	Expected Standard / year
Attendance at Meetings	<ul style="list-style-type: none"> • Board • Committee (Audit Committee or Resources, Remuneration and Regeneration Committee) • HRA Strategic Board (if nominated) 	4	5+? 75%+? 75%+?
	<ul style="list-style-type: none"> • Committee Chair to act as link between the Committee and Board and provide feedback at Board meetings • Approves agenda, signs minutes of relevant Committee • Scrutinises draft accounts prior to Board approval. • Committee Chair to report to and answer questions at the AGM • [RRR – leads on the Committee's roles including monitoring of risk registers, management accounts, taking decisions delegated to it by the Board] • [AC – leads on the Committee's roles including monitoring implementation of internal audit recommendations, approval of audit plans, scrutiny of financial accounts] 		
Accessibility	If you choose, you will be provided with pc/laptop, broadband and mobile phone (subject to Section 8 above). Whether or not you accept any of these, you should be accessible during normal working hours by telephone and email and provide responses within a reasonable time.		
Remuneration	£3,200 a year in accordance with Derby Homes Board Member Payments Policy.		

Board Member Payments & Expenses Policy

The policy applies to Derby Homes Board Members and to City Board Members where appropriate. It covers travel, subsistence and expenses incurred by Members in carrying out approved duties and remuneration payments to office holding Board Members.

Members are entitled to be reimbursed for any out of pocket expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings, conferences and training, or otherwise in connection with the discharge of their duties, as prescribed in Article 26 of the Memorandum & Articles of Association.

Any queries about this policy or its implementation should, in the first instance, be referred to the Governance Services Team if possible, before incurring the expenditure.

Note: reference to 'Board Members' applies to Members of Derby Homes Board of Directors. City Board Members are referred to as City Board Members. The term 'Members' refers to both Board and City Board Members.

Board Member Remuneration

On 28 July 2011, following an independent review, the Derby Homes Board agreed a payment scheme for Board Members who hold the office of Chair of Derby Homes, Vice Chair of Derby Homes and Chairs of Committees, to reflect their level of responsibility and additional time commitment. The payment scheme has been approved by Derby City Council.

Payment will be a fixed annual sum, paid monthly in arrears and will be linked to carrying out specified duties as set out in the Board Member Services Agreement, signed by Board Members. Payment will be made through Derby Homes' payroll; Board Members receiving payment must provide personal and bank details as required by payroll.

Payment will be as follows:

Chair of Derby Homes	£8,700
Vice Chair of Derby Homes	£4,000
Committee Chair	£3,200

National Insurance contributions will be automatically deducted from payments, unless proof is provided of exemption to pay. Notification of eligible income for Income Tax and welfare benefits purposes and the payment of Income Tax is the responsibility of individual Board Members. Advice on individual circumstances should be sought from the HM Revenue & Customs. Income Tax will be deducted at source in accordance with the HMRC rules.

Board Members can choose to opt out of the payment scheme. Councillor Board Members will not be eligible to receive payments in respect of their Board Member duties as they receive an allowance from the Council.

In order to meet the NHF Code of Governance and TSA regulatory requirements and to ensure the Board operates with the utmost openness and transparency, details of the payment scheme and payments made to individual Board Members will be disclosed and published annually.

Reimbursement of Expenses

In most cases, train fares, hotel accommodation and the like, will be arranged by Derby Homes. Members must not purchase or make their own arrangements without the prior consent of the Governance Services Manager or Director & Company Secretary.

Members can claim back reasonable out of pocket expenses such as for car parking or meals when carrying out official duties on behalf of Derby Homes.

Mileage for business journeys will be paid at the current HMRC mileage rate. Claims must be made on official Derby Homes Mileage, Travel & Subsistence forms and sent to the Governance Team. All claims must be accompanied by a VAT receipt, receipts accompanying claims for fuel must predate the journey.

Members who use their own vehicles for official journeys must hold a current UK driving licence, not be disqualified from driving and hold valid car insurance.

Where public transport is unavailable or difficult to access, Members can request a taxi to attend official duties and should contact the Governance Team who will make the necessary arrangements.

Members are encouraged to car share for official journeys wherever possible.

Policy Review

Review of this policy will be carried out every three years. The policy will be reviewed independently of Derby Homes, reporting to the Resources, Remuneration & Regeneration Committee, who will make a recommendation to the Board of Derby Homes.

Board Champion Profile

Derby Homes has identified specific areas in which Board Members can become involved. Acting as an advocate and advisor to the Board in their specialist areas they will provide a link between the Board, staff and customers to increase awareness and knowledge of the work of Derby Homes.

Where possible Board Champions will have an interest, skill or experience in the area covered by the role and be willing to receive training if necessary. Each Board Champion will be mentored by an appropriate manager.

Board Champions will:

1. Attend relevant meetings and seminars organised by the Organisation
2. Act as a sounding board, raise matters for discussion and contribute positively to the decision making process
3. Contribute to development and review of strategy in their specialist area
4. Liaise with their mentor periodically and particularly prior to Board meetings to ensure they have up to date information on any matters to be considered at the meeting
5. Represent the Board and be a spokesperson for the Board in their specialist area
6. Advise and inform the Board in their specialist area and report to the Board at regular intervals on progress and developments in their specialist area
7. Tenant Board Champions will also act as a link with the City Board bringing to the City Board's attention views and decisions of the Board relating to their specialist area and ensuring that any relevant matters raised are dealt with appropriately.
8. Receive appropriate training and carry out their own research
9. Be mentored and supported by their allocated mentor to ensure they are best able to carry out their responsibilities
10. Be aware of best practice and develop their knowledge and expertise
11. To participate in reviews of the Board Champion work and role, including at Board performance reviews.