

BOARD PERFORMANCE AND TRAINING

Report of the Director & Company Secretary

1. SUMMARY

This report provides information on the outcome of the 2012 Board Performance Review and proposes training for the new financial year.

2. RECOMMENDATION

That the Board

1. Notes and comments on the outcome of the 2012 Board Performance Review.
2. Approves the training programme for 2013/14 and the policy for attendance outlined in paragraph 3.6.

3. MATTER FOR CONSIDERATION

Board Performance Review

- 3.1 The annual review of the Board and Board Members' performance was carried out at the end of 2012. This involved an appraisal of the whole Board and individual Board Members. The majority of Board Members have attended individual appraisal meetings with the Chair, Governance Services Manager and Ita Cooke of the Board Development Agency, who facilitated the process.
- 3.2 Ita Cooke's report is attached at Appendix 1 and includes the results of the whole Board survey.
- 3.3 Due to the uncertainties facing the organisation at the present time, recommendations and individual Board Member development plans have not been issued this year. This can be revisited once the outcome of the Council's Review is known.
- 3.4 Board Members are invited to comment on the annual review results.

Training 2013/14

- 3.5 The programme of Board Member training is attached at Appendix 2. The current policy for attendance is that Board Members' attend 'essential' training within the first two years of joining the Board and every three years thereafter.

- 3.6 For the coming year it is proposed that all new Board Members complete the 'entry' level courses within the first two years. Entry level courses are aimed at new Board Members who have little or no knowledge of the subject
- 3.7 All Board Members who have completed entry level courses or an equivalent previously, can attend as many of the advanced level courses as possible. Advanced courses will be tailored around current issues and developments within the subject area.
- 3.8 City Board Members will be invited to attend appropriate courses, as indicated in Appendix 2.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

Costs of externally facilitated courses and events will be contained within the Board Training Budget.

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

Consultation
Legal and Confidentiality
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety
Risk
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None
Supporting Information: None



DERBY HOMES

BOARD AND BOARD MEMBER PERFORMANCE REVIEW

2012/13

REPORT

By

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The Board Development Agency

24 February 2013

DERBY HOMES

BOARD AND BOARD MEMBER PERFORMANCE REVIEW 2012/13

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Appendix I - Board Member Survey of Board Performance – Analysis of Results

DERBY HOMES

BOARD AND BOARD MEMBER PERFORMANCE REVIEW 2012/13

1. Introduction and Background

- 1.1 In February 2013, BDA facilitated Derby Homes' annual review process – including individual appraisals of board members and an appraisal of the whole board. The aim was to:
- Provide members with feedback on their performance over the past year.
 - Identify any development and support needed by board members to assist them to be more effective.
 - Agree individual training and development plans for each board member.
 - Inform the board member training programme for 2013/14.
 - Identify any governance and/or board performance issues.

The Senior Management Team (SMT) did not participate in the review this year due to pressure of workload. One board member did not participate in the process.

- 1.2 At the time of the appraisal round last year, the board of Derby Homes was in the process of planning for its future having won an extended ten-year contract for the management of Derby City Housing. Unfortunately, over the past year, the implementation of those plans was disrupted and the future of the organisation is currently uncertain.
- 1.3 In July 2012, Derby Homes Chief Executive Officer (CEO) died suddenly after a short illness. Interim management arrangements were put in place and recruitment was underway when, following a change of political leadership at Derby City Council, a review into the delivery of housing services was instigated. This review process began in September 2012 and at the time writing, its findings have yet to be announced.

2. Summary

- 2.1 The upset and disruption of the CEO's sudden death, together with the uncertainty of the future and the additional work engendered by the Council's review, have inevitably had an impact on the organisation. However, members and officers have worked well together to maintain impetus and continue to deliver and improve on services to residents.

- 2.2 Despite the challenges of the past year, the results of the appraisal exercises show a continued strong level of overall satisfaction with the Board's performance (see Appendix I).
- 2.3 All comments and responses made within the returned questionnaires and issues raised during individual appraisal discussions have been discussed with the Chair. The detailed report findings reflect these discussions.
- 2.4 Because of the continued uncertainty over the organisation's future we have not made formal recommendations. Once the outcome of the Council's review is known and the existence or shape of the future Derby Homes organisation has been decided, its aspirations, strategies and plans will need to be revisited, as will the governance arrangements required to deliver them. The findings of this report should be reconsidered at that stage and used to inform future governance arrangements.
- 2.5 Again because of the uncertain future, we have not provided board members with personal training and development plans or made recommendations for future training programmes. These elements will need to be revisited once the future of Derby Homes has been resolved.

3. Findings:

3.1 Taking the Lead on Strategies and Policies

- 3.1.1 This year's returned questionnaires show an improved overall score in this area. The board has been severely tested by events and developments over the past year, but members feel that the board has risen to the challenges, worked proactively together and taken a positive lead, prioritising and focusing on the important and making an objective contribution to the City Council's ongoing review.
- 3.1.2 The board of Derby Homes remains upbeat and positive about its achievements over the past year. Targets have been met, services improved and savings achieved. The delivery of improvement programmes, new build, gas services, the reduction in rent arrears and void losses were all highlighted as key achievements.
- 3.1.3 At this time of year, the board should normally be revisiting its strategic priorities and making plans for the year ahead and for its longer term future. However, its ability to perform this core function has been severely hampered in the light of the current uncertainty over the organisation's future.

- 3.1.4 The delay is frustrating for the board who want to focus on and plan for the considerable challenges arising from new government strategies on welfare reform. These could potentially have a significant impact on the organisation's revenue flows, particularly given the ongoing economic situation and cuts in local authority housing budgets.
- 3.1.5 Board members have identified a range of needs that the organisation could address and have ambitious plans with regard to the development of housing and advice and support services.
- 3.1.6 Once the City Council have come to a conclusion as to the future of Derby Homes, a board member strategic away day should be prioritised in order to consider the aspirations of board members against the challenges arising from the economic and political operating environment and to agree future priorities and strategies in the light of them.
- 3.1.7 Board members were positive about last year's strategic "away day" but felt that half a day was not sufficient time to fully discuss and tackle key issues. The format and time allocated for discussions should be reviewed and the Chair should have input into the design and content of the day alongside officers.

3.2 Working as a Team and Sharing Responsibility for Decisions

- 3.2.1 The board's assessment of its performance in working as a team and sharing responsibility for decision-making is slightly down against last year's score reflecting the pressures of the past year and turnover on the board.

Teamwork

- 3.2.2 The Chair's leadership was pivotal in the aftermath of the sudden loss of the CEO and his workload increased significantly during the following weeks. This period also coincided with the departure of the long-serving, highly experienced, local authority Vice-Chair. However, the tenant Vice Chair continued to provide good support to the Chair and the newly appointed Vice Chair quickly got to grips with her new responsibilities.
- 3.2.3 The appointment of an experienced, interim, part-time CEO has been successful. The arrangements have worked well although has inevitably meant the need to adapt to new relationships and style of management. The Chair and board members consider that they have successfully established a good open working relationship with the interim CEO and are positive about the new skills he has brought to the SMT.

- 3.2.4 The appointment of a full-time replacement CEO has been put on hold pending the outcome of the Council's review. The appointment of a new CEO with appropriate skills and experience will obviously be critical to the future success of the organisation.

Understanding Board Members' Roles and Responsibilities

- 3.2.5 Since last year there has been some turnover on the board. One new tenant member and three new local authority members have joined the board. The level of turnover and appointment of local authority members is high but this is in the hands of Derby City Council.
- 3.2.6 It appears from appraisal feedback that new board members are taking some time to settle in and contribute fully to board discussions. Individual contributions have been discussed with members as part of the appraisal interview.
- 3.2.7 Some concerns were expressed regarding the possible difficulties of local authority members where there is a potential for divided loyalties re the current housing review. Again, the Chair has discussed these issues with individual members and constituency members are reminded of their responsibility to the board. This should be reinforced within any future governance training.
- 3.2.8 The tenant Vice-Chair has had a three-year extension to his term of office approved in order to retain his experience on the board. This is appropriate given the particular current circumstances and uncertainty over the future. However, this does reflect on the low level of interest and lack of through-flow of potential tenant board members from tenant involvement structures. We have commented on this previously and this remains an important area of necessary development and succession planning within the organisation.
- 3.2.9 Overall board member attendance is good. However, we noted that at the time of the appraisal interviews, three board members have been given permission for extended absences from the board.

3.3 Making Decisions Effectively

Working Effectively Together

- 3.3.1 The ability of members to work well together in dealing with important and difficult decisions were tested over the last year. Generally this is considered a strength, although see comments above (3.2.7) re the concerns expressed over the position of local authority members.

The Spread and Use of Skills and Experience

- 3.3.2 There was an improved assessment score this year. Two new independent members were appointed to the board during 2011. They have settled in well and are making good contributions to the work of the board. The skills and experience that these individuals have brought to the board were particularly highlighted in member feedback.

Board Papers and Information

- 3.3.3 Board member satisfaction with the quality of board papers increased again this year, although timeliness of papers remains an occasional issue and there has been a request for the earlier distribution of board minutes. One observation made by a member was the need for the board to discuss the financial and risk implications that are routinely included on board papers, not just note and accept them. Board meeting overruns were flagged up and discussed with the Chair.

3.4 Ensuring the Governance Rules the Board has to Follow are Effective

- 3.4.1 Committee structures appear to be working well. Members were positive about the governance structure and the work carried out by committees.
- 3.4.2 Members were appreciative of the support provided by the governance team, particularly in the face of staff reductions. One member has flagged up some slight confusion about who is now responsible for doing what within the team and the Governance Services Manager will e-mail a clarification to members.
- 3.4.3 City Board members have asked for feedback on the outcome and progress of recommendations made to the board.

3.5 Holding the Officers to Account

Setting Challenging Targets and Milestones

- 3.5.1 The board were very appreciate about the way in which the SMT have continued to work hard with enthusiasm and positivism in the face of the difficult circumstances and the additional work burdens placed on them. Despite the additional workload, officers continue to provide good services, and have achieved both improved performance and expenditure savings. The performance in reducing rent arrears and reduction of rent debit was singled out for mention by almost all members. Members feel that the team has done particularly well given

the hard economic circumstances and believe that the new practices implemented will help in going forward.

- 3.5.2 Whilst the assessment scores are strong and comments about performance are positive, there does remain a view that this aspect could be enhanced further through using more “commercial” tools and setting more challenging targets. Benchmarking and comparing’ performance with peers’ was identified as a potential weakness.
- 3.5.3 Some disappointment was expressed that the board’s vision regarding the development of a social enterprise scheme was not fully realised in its actual delivery. It is acknowledged that this was to a large extent a victim to the circumstances of the past year but there is also a view that officers’ responses to the board’s ambitions were over-cautious.
- 3.5.4 One member felt that there was occasionally an element of officer defensiveness apparent at board meetings and that some members of the SMT may construe board questioning as criticism. It may be useful to explore the differing roles of the SMT and the board at a future away day.

3.6 Overseeing the Budget and Finances

- 3.6.1 BDA introduced some slightly revised assessment criteria this year to reflect the new housing regulator’s emphasis on the board’s role in driving value for money improvements and to reinforce the board’s responsibilities for financial planning and scrutiny. The board has assessed its performance as strong in these areas. The delivery of financial savings targets ahead of schedule and improved arrears and voids performance were highlighted as key achievements over the past year.
- 3.6.2 One member commented that not many board members attended the budget setting exercise. We would encourage members to attend these sessions, particularly those who have flagged up financial issues as an area for personal development.

3.7 Boardcraft Board Cohesion

- 3.7.1 Members’ assessment for the cohesion of the board was down on last year’s, presumably due to the changes of board membership referred to under 3.2 above.

Capacity, Capability and Development

- 3.7.2 The board’s assessment of its capacity, capability and the development of its members has improved. Members are positive about the training and development opportunities and the support provided by Derby Homes. However, because of the uncertain situation this year, we

were unable to meaningfully discuss training and development needs and aspirations with individual members. This should be revisited once the future is clearer.

Specialist Areas of Interest

- 3.7.3 Last year Derby Homes launched a board champion initiative with all members being asked to develop a specialist area of interest. Progress was discussed with each individual as part of the appraisal discussion. Progress in these has varied with some successes but also some areas where progress has stalled for a number of reasons. Some members have asked for additional clarity as to the expectations and requirements of the champion role.

Succession Planning

- 3.7.4 Again, it was not possible to meaningfully discuss succession planning in light of the uncertain future. Whatever option the Council decides will have implications for the governance of Derby Homes and the arrangements for how the board either oversees the delivery of services into the future or hands back the services to the Council.
- 3.7.5 If the decision is for Derby Homes to continue into the future, the board should continue to periodically assess the skills and experience needed on the board to oversee the delivery of the board's future strategies and priorities. The Chair should continue to seek to influence the City Council in its nomination arrangements. Potential tenant board members should be identified and nurtured.
- 3.7.6 Should Derby Homes not continue as an "arms length" organisation plans for the smooth handover back to the City Council will need to be made. We noted that a number of members have indicated that they will not wish to continue on any advisory committee that may replace the board and plans for handover will therefore need to provide for the organised departure of board members.

Derby Homes - Board and Board Member Performance Review 2012 Survey results

Appendix I

2012 Board Survey Results and Comments	Average Score				
	Board Members were asked to score performance between 1 and 6 - 6 being excellent and 1 being poor.				
	2012	2011	2010	2009	2008
1. Taking the lead on strategies and policies	5.3	5.1	4.9	5	4.9
Comments: <ul style="list-style-type: none"> • I believe we have a strong board that could do better on leadership • A little more innovative instead of comparisons with others – we are good. • I feel the Board is taking an excellent lead in current climate of review and loss of full-time CEO • Generally, a very proactive board that actively considers the strategic view of the organisation to take appropriate steps to address any potential risks. • The lead up to the recent review has sharpened this – made the board concentrate on what is important. 					
2. Working as a team, and sharing responsibility for decisions	4.9	5.3	5	5	5
Comments: <ul style="list-style-type: none"> • We could improve in 2.3 [<i>ie demonstrating cohesion in decision-making</i>] however this is difficult as we have 5 DCC members who do find it difficult at times • Executive team have several bits at the board until they relent this is not always for the best. • The new Councillor & Tenant Board Members have yet to demonstrate that they are working effectively for Derby Homes • There have been inklings of divided loyalties particularly on the part of some councillors when discussing the future of Derby Homes, suggesting that perhaps their allegiance lies firstly with their parties rather than the organisation. • A clear strength; I find the board works well together with no hidden agendas. 					

2012 Board Survey Results and Comments	Average Score				
	2012	2011	2010	2009	2008
3. Making decisions effectively	5.2	4.9	4.8	4.8	4.9
Comments: <ul style="list-style-type: none"> • Perhaps a little more thought given to completing these. • We are having to address some difficult issues and I think the Board is working well to make some hard decisions • Board papers are clear and allow for reasoned decision making. 					
4. The Governance rules the Board has to follow are effective	5.1	5.0	4.8	4.8	4.9
Comments: <ul style="list-style-type: none"> • Very difficult to comment on so have given a 5 for 4.3 [<i>ie board members' understanding of and adherence to governance rules</i>] • I think the support staff are excellent not an easy job by any means. • My only comment here is I think it might be useful to get Draft minutes of meetings out shortly after each meeting rather than just before next one. • Occasional late papers 					
5. Holding the officers to account	5.0	5.0	4.7	4.7	4.7
Comments: <ul style="list-style-type: none"> • I believe that we could set harder targets • Officers get very defensive at times almost brow beat until the out-come is achieved. Could do with a bit more scrutiny • I think we are pretty good on this but could always do better. Possibly a bit weak on understanding how we compare with our peers although this might just be a communication problem to me. • Bench-marking against other ALMOs is not always there. 					

2012 Board Survey Results and Comments	Average Score				
	2012	2011	2010	2009	2008
6. Overseeing the budget and finances	5.3	5.2	5	5.0	5.1
Comments: <ul style="list-style-type: none"> • Good • I think the Board is good at this but could always do better • Risk management and audit are excellent. The budget-setting process works very well but not many board members attended. 					
7. Board Craft	4.7	4.7	4.7	4.7	4.3
Comments: <ul style="list-style-type: none"> • Not as good as we can be but still a high achieving board • We keep altering the rules to keep the same members? • I feel that new Councillor Board members are not as focused on Derby Homes as they should be which does not make the Board as cohesive as it was. Board Champion role is developing. • Question 7.1 perhaps should be split into several different questions as it is asking for board cohesion; attendance and contribution as well as preparation for meetings • Attendance is excellent. Capacity is developed but the board champion role is still in its infancy 					

What has worked well? What have been the Board's key achievements in the past year?

- The Board has worked well as a whole
- The board away day helped clarity in relation to roles and helped board members build relationships with each other.
- Encouragement of tenants to have their say at city Boards
- Inclusion of capable individuals on to the Board
- Survived the loss of Phil
- Maintaining impetus despite tragic circumstances

- Achieving a new 10 year contract
- New Build (X2)
- Family Intervention project

- Constant improvements in all areas of Derby Homes
- Application of pressure on officers to produce results
- Achieving the Transformation savings
- The Board has achieved its targets and in particular the key financial savings targets which are ahead of schedule.
- Keeping on top off and improving on performance in relation to rent arrears
- Void time has come down
- Control of rent collection prior to benefit control changes
- Regular updates on benefit changes to foresee challenges
- Purchasing new vans Instead of leasing

- Fighting to hold onto Derby Homes
- Looking dispassionately at reasons for DH to go/not to go back under DCC control
- The contribution to the review

What should the Board do differently (in terms of its own performance)?

- I think the Board works in a cohesive, productive and effective manner and does not need to make changes just to do things differently.
- I do feel that as we are all Board Members first and foremost the 3 Labour members could have shown more support in keeping Derby Homes as a stand alone company and not buckled to political pressure, as the decision by the board was to fight against going back into DCC control.
- Hold board meetings in different areas in the city
- I don't think I have attended a board meeting yet that hasn't required standing orders to be moved so that the meeting can run on beyond 8.00pm.....so, either change the SO's or manage the agendas better.
- Talk to tenants directly – same people, different hats!
- Communicate more effectively with councillors about D.H. especially its impact on council finance & the benefit to tenants
- Scrutinise more
- Bench-marking
- I don't think the role of the board champions has developed well.
- The whole social enterprise initiative was allowed to fail

Any other comments?

- As indicated above - I feel the Board works well in a businesslike effective manner while still maintaining good informal inter-relationships between individual Board Members and between Members and Officers.
- We are in for difficult times with the introduction of universal credit we need to watch this very carefully.
- Jackie works very hard to keep everything up to scratch but it must be difficult since Sue left.
- I was away most of the year so it is difficult to say, but the number of new board members brings a welcome mix of skills to the board.

Course	When Proposed Time & Date	Facilitated by	Who should attend
Entry Level – Board Members must complete within the first 2 years of joining the Board			
<ul style="list-style-type: none"> • Introduction to Derby Homes • Housing Management • Housing Repairs & Maintenance • Equalities & Diversity • Finance 		Derby Homes E-Learning system	New Board Members All City Board Members
Health & Safety	When required	Derby Homes	New Board Members
Equalities	When required	Derby Homes	New Board Members City Board Members (optional)
Advanced Level – Board Members to attend after completion of entry level			
Maintenance Services	May	Derby Homes	Board Members City Board Members (optional)
Housing Management	June	Derby Homes	Board Members City Board Members (optional)
Performance & Risk	September	Derby Homes	Board Members City Board Members (optional)
Housing Finance	November	Steve Partridge, CIH	Board Members City Board Members (optional)
Health & Safety	December	Derby Homes	Board Members
All Board Members to attend if possible			
Board Away Day	TBC	TBC	Board Members
Board Governance	TBC	TBC	Board Members

Course	When (Time/Date tbc)	Facilitator/Lead	Who should attend
Induction Programmes			
Induction Programme for new Board & City Board Members	As required	Derby Homes	Board Members City Board Members
Audit Committee Induction & Development Programme	As required	Derby Homes	Audit Committee Members

OPTIONAL			
Derby Homes In house Staff Training Programme	On request	Various	Board Members
Chartered Institute of Housing Annual Conference	25-27 June	CIH	Board Members (agreed by the Board)
National Federation of ALMOs Annual Conference	9-10 July	NFA	Board Members (agreed by the Board)
Work Shadowing	On request	Derby Homes	Board Members
Basic IT Skills		Derby Homes E-Learning System	Board Members City Board Members