



BOARD MEMBERSHIP POLICY

Status: Board approved

Date: 29 July 2021

1 Introduction

1.1 The aim of this policy is to:

- Define the size and composition of the Boards.
- Outline the processes for recruitment, selection and retention of Board members.
- Set out a commitment to ensuring that Boards have the right balance of skills, knowledge and experience and are fully effective
- Set out a commitment to ensuring that Board members reflect the make up diversity of the communities wherein which the organisation works

1.2 This policy applies in general to both the Plymouth Community Homes (PCH) Board and to its subsidiary companies other than where stated.

1.3 Each Board has ultimate legal responsibility for the control and conduct of its organisation's affairs. As PCH is a significant provider of homes and services in Plymouth, and uses substantial private and public funds, it is important for the Boards to be well equipped to carry out their duties. Organisations operating within the social housing sector face increasingly tight regulatory frameworks and their Boards have increasing levels of accountability.

1.4 PCH therefore is committed to ensuring that its Board members have the collective skills, knowledge, experience, personal qualities and competencies needed to run an efficient and reputable business within the social housing sector.

1.5 PCH positively encourages the involvement of tenants through its governance structures, and believes that Board members who are tenants make a significant contribution to the effective working of the organisation. They bring a customer perspective to Board discussions and decision making, along with the other skills and experiences that they bring as individuals.

1.6 It is a policy of the Board to pay Board Members in recognition of the complexity of PCH's business, together governance demands of the Organisation on its Members. The Board member Pay and performance policy provides details of the arrangements to pay Board members, and the associated performance expectations.

2 Size and Composition

- 2.1 The Rules of PCH specify the parameters for the size and composition of the Boards, the processes for appointing and removing Board members, and their terms of office. These parameters are further defined within this policy and within the Procedure Agreement which sets out the relationship between parent and subsidiary companies particularly in relation to the appointment and removal of Board members.
- 2.2 The Board's policy is that it will consist of 12 Board members, and the agreed PCH board composition is :
- Two places ringfenced to tenants who will be directly recruited by the Board.
 - Up to 2 nominees from Plymouth City Council who will be appointed by the Board.
 - Up to 8 people who will be directly recruited by the Board, of which:
 - Up to 2 may be tenants (and one of these may be a leaseholder)
 - An additional 'local authority person' may be appointed or co-opted, provided that the percentage of local authority persons does not exceed 24%¹
- 2.3 The Rules provide that should the number of Board Members fall below five the Board may appoint a further Board Member in addition to the Board's power to co-opt. Any Board Member so appointed must retire at the next annual general meeting.
- 2.4 If the proportion of independents fall below one third, then the Board may continue to act, but must make reasonable endeavours to appoint a further Independent Board member.
- 2.5 Two places on the Board are ring-fenced to Residents of the Association. These places must not be filled by a leaseholder. In addition, residents, including leaseholders (subject to a maximum of one leaseholder on the Board) may be nominated by the City Council and may also apply for independent board member roles, provided that the total number of residents on the Board do not exceed one third of the total number of Board Members.
- 2.6 The Rules require that if at any time that proportion is exceeded, the Resident Board Member most recently appointed or elected to their position shall automatically and immediately cease to be a Board Member.
- 2.7 The proportion of Local Authority persons (including Council nominees) must never exceed 24% of the total Board (including co-optees). If at any time this occurs, the most recently appointed independent or co-optee who is a Local authority person will automatically cease to be a board member. If there are

¹ As required by the Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017, In practice this means that if PCC nominate 2 people, no other Board member can be a "Local Authority person".

no independent board members who are local authority persons, then the most recently appointed council nominee will cease to be a Board member.

- 2.8 The number of Board members who are also the staff or Board members of another registered provider is limited to two Board members, in order to reduce the potential for on going conflicts of interest.
- 2.9 The PCH Board reserves the right to appoint up to five co-optees (Rule D5) to the PCH Board in accordance with the rules, provided that the total number of members does not exceed twelve². It may also appoint co-optees to any committees or subsidiary Boards if it is felt that there is a need to enhance the skills mix of the membership. The Co-optee policy can be found in annexe a.
- 2.10 The Rules permit that Executives may be appointed or co-opted to the Board. However it is the policy of the Board that members of the Executive are not so appointed or co-opted.
- 2.11 The articles of the subsidiary companies state that:
- There shall be a minimum of 2 Board members
 - There shall be a maximum of 7 Board members
- 2.12 Subsidiary board members are also Company Directors. The composition of the subsidiary Boards has been agreed as follows.

PCH Energy

- 4 members of the Executive and chaired by the Chief Executive.

PCH Regeneration

Up to 5 board members:

- At least 2 non-executives from the PCH Board
 - Up to 2 non-executive independent of the PCH Board
 - Up to 1 members of the Executive Management Team
- 2.13 The PCH Board has the power to co-opt a maximum of up to 3 other non-executives, to the subsidiary boards, who in its opinion have relevant skills, knowledge and experience to support the Boards to fulfil their purpose and functions effectively.

² Time serving as a C-optee to boards or committees counts towards the overall term of office should the individual subsequently be appointed as a Board member

3 Terms of Office and Retirements

- 3.1 The PCH Rules provide that each tenant or independent Board member is elected or appointed for a fixed term of up to three years, to be determined by the Board. No fixed term can be set or renewed for a period that would cause an individual to serve for more than 9 consecutive years.
- 3.2 The Board's policy is that, in accordance with the adopted Code of Governance, the normal maximum term for a board member will normally be up to six consecutive years (typically comprising two terms of office), in order to support board renewal.
- 3.3 However, exceptionally, where a member has served six years, and the board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years³. Where a board member has served in excess of 6 years, their continued membership of the Board will be subject to annual review.
- 3.4 A Board Member who has left the Board is not eligible for re-appointment for at least three years (one full term of office).⁴
- 3.5 Terms of office will be set taking into account the agreed terms of existing Board members, to ensure that turnover is balanced with the need to retain stability within the membership.
- 3.6 In order to support effective Board renewal and ensure that the Board retains a suitable mixture of skills and experience to reflect developing business needs, a full review of individual Board member performance and the skills needed by the Board will be undertaken before a second or third term of office is agreed.
- 3.7 The decision by the Board to pay Board members may deter prospective candidates, particularly those in receipt of welfare benefits. In this instance, access to independent financial advice will be provided to assist the individual prior to commencement of the recruitment / election process.
- 3.8 Council Board members may be nominated and removed at any time by the Council. Generally nominations take place in May of each year, at the time of the Council's AGM. The nominees will be subject to appointment by the Board.

4 Election and appointment to the PCH Board

- 4.1 The rules require that Board, will endeavour to ensure that it possesses the quality, knowledge, skills and experience which it has determined are required.

³ A transition plan has been agreed to assist the board in moving to this new policy on board member tenure.

⁴ NHF Code of Governance 3.7(4)

- 4.2 Except for Council Board Members, co-optees and employees, Board Members must also be Shareholders.

Council nominees

- 4.3 The rules permit Plymouth City Council to nominate up to two Board members and withdraw them at any time. The Council is required by the Rules to fill any vacancies as soon as reasonably practicable.
- 4.4 The Board will identify any particular requirements that it may have of Board members, with particular regard to the skill sets that the Board needs at the time. Nominees will be requested to provide information about their skills and motivation for joining the Board. The Chair and the Chief Executive will consider the information and make a decision about whether the nominee meets the criteria.
- 4.5 If nominees do not meet the requirements set out by the Board, then the PCH may reject the nomination and ask the Council to make a further nomination.
- 4.6 The Board will appoint the Council nominees at the next practicable Board meeting.

Tenant and Independent Board Members

- 4.7 Existing tenant and independent Board members who wish to continue at the end of their fixed term must notify the Head of Governance that they wish to be recommended to the Board for a further term. In this instance, a full review of the individual Board members performance and the skills needed by the Board will be undertaken.
- 4.8 A panel, consisting of the Chair, Vice Chair and Chief Executive will undertake the end of term review and make a recommendation to the Board. If they consider that external recruitment is required, this matter will be referred to the Board for agreement, and the agreed recruitment process will be followed.
- 4.9 Casual vacancies which arise during the year will be filled by the agreed recruitment process, which will be reviewed at least every three years.
- 4.10 Tenant and Independent Board members must also be admitted as a shareholder of PCH.

5 Appointments to the Subsidiary Company Boards

- 5.1 The PCH Board will appoint all Board members on the subsidiary Boards. These Boards do have the power to appoint Board members but only with the PCH Board's consent. Any requests for appointment made by subsidiary Boards will therefore, if supported, be handled as a PCH Board appointment.

6 Skills Profile and Succession Plan

- 6.1 PCH will review, at least every two years, the mix of skills, knowledge and experience which it requires on its Board and that of its subsidiaries. This will reflect the agreed business plan priorities.
- 6.2 All prospective Board members will be asked to complete a skills profile as part of the recruitment process. A regular skills audit of existing members will ensure that there is an accurate and up to date record of all Board members and that the Boards have the necessary range of skills, knowledge and experience needed to carry out their business effectively.
- 6.3 PCH is keen to be proactive in looking ahead at its future needs in terms of Board skills, knowledge and experiences. It will therefore plan for, and where desirable, encourage, turnover in Board membership. The succession plan is updated regularly and reported to the Board annually.
- 6.4 PCH will provide positive support and encouragement for potential tenant Board members to receive training and shadowing opportunities so that they may apply for future Board vacancies. .
- 6.5 PCH will respond positively to any initiative which may be permitted within the rules and within regulatory guidelines to aid succession of suitable Board members.

7 Equality and Diversity

- 7.1 Board members are likely to come from a wide diversity of backgrounds and bring with them skills, knowledge and experience of business, voluntary or charitable organisations, communities and life in general.
- 7.2 PCH will seek to achieve a balance within Board membership which reflects the diversity of the communities within which it is working in line with the Equality Diversity and Inclusion strategy, through targeted support for under represented groups as part of the recruitment and induction process.

8 Failure to meet performance expectations

- 8.1 The Board pay and performance policy outlines a number of performance expectations placed on Board members. In particular, if a Board member fails to attend two Board meetings (including meetings of the committees or subsidiary boards of which they are a member) out of any five, and/or they fail to properly undertake their duties, their Fee will be reduced.
- 8.2 The Remuneration Committee will determine the level of the reduction taking into account any mitigating factors.
- 8.3 The reduction will be deducted from any subsequent fees owed. Further such failure will constitute a material breach of the Terms of Appointment.

- 8.4 Board members who are on an agreed leave of absence (annexe d leave of absence requests) will not be subject to the performance requirements set out in the Board pay and performance policy, nor will they be paid.

9 Removal of Board members

- 9.1 The Board is ultimately responsible for the Association, especially in regard to governance issues. Good governance can on occasion be undermined by an individual Board Member. Removal is unlikely to be a first response, unless an action by a Board member is deemed so serious as to undermine public confidence in the Board. Removal is an essential ultimate sanction for Board member misbehaviour.
- 9.2 The Board has the power under Rule D8.2 to remove a Board Member by a resolution of at least three quarters of all the other Board Members. Rule D7 identifies the circumstances in which a member cannot remain on the Board.
- 9.3 Any Board Member subject to any action by the Board will voluntarily absent themselves from any meetings of the Board until such time as the issue is finally resolved.
- 9.4 The Board accept that all matters being dealt with under this policy will be dealt with as expeditiously as possible taking into account both the need for such matters to be resolved quickly but also the Board Member's right to be treated fairly. Actual or potential breaches of the Code of Conduct, or any other complaints against Board members will be investigated in accordance with the procedure outlined in the Code of Conduct.

Associated policies:

Board member pay and performance policy (appendix C) – appraisals

Board member training and development policy (appendix I) – skills audits