



Executive
19 September 2011

**Report from the Director of
Regeneration and Major Projects**

Wards Affected:
ALL

**Proposed changes to Articles of Association for Brent
Housing Partnership**

1.0 Summary

- 1.1 This report informs Members of changes required to the constitution of Brent Housing Partnership (BHP), the arms-length management organisation who manage the local authority's housing stock, and the reasons for those changes in respect of board membership. It seeks Members' approval to change the Articles of Association in light of those changes.

2.0 Recommendations

Members are asked to:

- 2.1 Agree that the following clause is inserted into BHP's Articles as paragraph 16(1)(d):

“PROVIDED THAT all Independent Board Members will retire from office on expiry or termination of the Management Agreement dated 1st October 2002 or such earlier date as the Council may determine by notice to the Company Secretary”

- 2.2 Agree that BHP will not advertise their Tenant Board Member vacancy until the governance review, due to commence in September 2011, has been concluded.

3.0 Detail

- 3.1 BHP is a wholly owned subsidiary of Brent Council and BHP's constitution, its Memorandum and Articles of Association, cannot be changed without the approval of the Council. The Executive agreed at their last meeting that three

pieces of detailed work need to be undertaken at BHP between July and October 2011 to inform the future arrangements;

- A full governance review;
- An efficiencies review;
- Heads of terms for a new management agreement

3.2 One of a number of considerations to be made during the governance review is whether there is a need to change the size and constituent groups of BHP's board. It is by no means certain that any changes will take place, but to cover all eventualities the Council must have the flexibility to make changes to the Board if required with the minimum of disruption to the current board arrangements and to ensure that board members are treated equitably should it be necessary to make any changes.

3.3 BHP's Articles of Association prescribe that two Independent Board Members will retire every three years at their AGM, those being the longest in office, the next retirement occurring in September 2011. In accordance with Article 16(3) of BHP's Articles of Association (which is set out in **Appendix A** to this report), if there are no other candidates to fill the post the retiring Board Member(s) shall, if willing to act, be deemed to have been re-appointed.

3.4 The existing four independent members have been on the Board for several years, three having served (through the process of reappointment as described in 3.3 above) since BHP's inception in 2002 and one was appointed in 2005. Although the Council have the power to remove Board Members at any time as stated in Article 14(3), it is considered to be beneficial to have an arrangement in place where all four Independent Members retire at the same time to avoid any conflict between them, to treat them all fairly and to ensure that Independent Members with the required skill sets for a new 'optimised ALMO' are those that will be appointed in the future.

3.5 The existing four Independent Members would of course be eligible to stand for re-election alongside any new candidates and those with the most appropriate skills set (determined by the governance review) would be appointed to the Board.

3.6 It is proposed that a new clause be inserted as Article 16(1)(d):

PROVIDED THAT all Independent Board Members will retire from office on expiry or termination of the Management Agreement dated 1st October 2002 or such earlier date as the Council may determine by notice to the Company Secretary

3.7 In the event that all four Independent Board Members are retired and a board meeting takes place before Independent Board Members have been appointed, there will be no difficulties with quorum arrangements since the current Article 27(1) is clear on the point that if the number of Board Members in one or more category of Board Member falls below one then the quorum requirement shall be reduced accordingly in respect of such category or categories. Therefore, in such an event the overall number of board members

would reduce to eleven and there would need to be a minimum of four board members present at the start of a board meeting with at least one council member and one tenant member present.

- 3.8 Following the retirement of one Tenant Board Member in July 2011, BHP have put on hold an advertisement for a replacement in light of the forthcoming governance review. The number of Tenant Members on the Board remains at seven with one vacancy.

4.0 Financial Implications

- 4.1 Following research into board member payments across the country in the social housing sector, BHP introduced Board Member payments in 2006 following their last governance review in order to attract and retain members of the highest calibre which largely follows the trend of Housing Association boards. Payments to individual board members is determined by a Board Remuneration Panel following set criteria and three of the four current Independent Members received payments in the last twelve months.

- 4.2 BHP would want to ensure the Council received value for money and to this end it will be reviewing board member payments as part of the governance review.

5.0 Legal Implications

- 5.1 Any changes to BHP's Articles needs to be registered at Companies House and should the proposed change be agreed by Members a revised version will be sealed by the Council as the sole member, initialled and sent to Companies House by BHP's Company Secretary.

- 5.2 The Council's approval is required to give effect to the proposed changes of BHP's Articles of Association. This is why the approval of the Council's Executive is sought regarding the proposed changes as set out in this report. The last time in which the Council approved changes to BHP's Articles of Association was at its meeting of November 2007 where changes were made regarding the BHP Board membership and quorum arrangements.

6.0 Diversity Implications

- 6.1 BHP and the Council is committed to ensuring that members of the BHP board is representative of the community in which it serves and will continue to recruit tenant and independent members who reflect this commitment.

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