



(Company number: 06972673)

Minutes of meeting of the Board of Directors held at Gateshead Civic Centre, Regent Street, Gateshead on Thursday, 12 September 2019 at 9.30am

Present:

Ordinary Trustees

Brian Kelly (Chair)
Anne Connolly
Joanne Giles
Linda Hitman
Callum Willis
Jason Wylie

In attendance

Neil Bouch (TGHC Managing Director)
Anne-Marie Pearce (Development and Operations Manager)
Mark Banks (TGHC Finance Manager)
Stuart Gibson (TGHC Governance and Risk Lead)

Also present

Jennifer Elliott
Stuart Green
Joseph Gardiner

Apologies

John Adams
Joanne Carr

1 APPOINTMENT OF TRUSTEES

The Board agreed, at its last meeting on 18 July 2019, arrangements for the Charity's next Annual General Meeting on 14 November 2019 and the process for the retirement of one third of the ordinary trustees.

The Board was informed at its last meeting that the Keelman Homes was currently going through a recruitment process to increase the number of ordinary trustees to six.

The Board was also informed at its last meeting that the NHF Code of Governance suggested that the maximum term of office of a trustee should be nine years. It was reported that three trustees took up office more than nine

years ago and another trustee would have served nine years by the end of July 2019. The Board agreed that succession planning arrangements be put in place so that the ordinary trustees who had for served 9 years retire at subsequent AGMs.

Following an unsuccessful advertising campaign in June 2019, the vacancies on the board were re-advertised in July 2019. This resulted in a much more positive response with nine cvs being received.

Five applicants were shortlisted for interview. All five applicants impressed the interview panel who felt that they were all suitable ordinary trustees on Keelman board.

The interview panel proposed that Joanne Giles and Calum Willis be appointed as ordinary trustees with immediate effect.

The interview panel proposed that by Joseph Gardiner and Stuart Green be appointed as ordinary trustees at the AGM in November 2019. Linda Hitman and Anne Connolly have agreed to step down at the AGM and Joseph Gardiner and Stuart Green would replace them on the board.

The Articles of Association state that the Chair of the Board must be an ordinary trustee and cannot be an ALMO or Council nominee. It was proposed that the Chair undertakes appraisals with each of the ordinary trustees to assess their training and development needs. A report would be taken to the next available meeting proposing next steps for the appointment of a new Chair.

The interview panel proposed that Jennifer Elliot be appointed as a reserve ordinary trustee.

Should none of the existing ordinary trustees be appointed as Chair, a recruitment campaign would need be undertaken to appoint a Chair and Brian Kelly will remain on the Board until an appointment had been made.

In addition, Gateshead Council would commence a process to identify a replacement for Councillor Paul Foy who would step down from the Board at the AGM in November 2019.

- RESOLVED –
- (i) That Joanne Giles and Calum Willis be appointed as ordinary trustees of Keelman Homes with immediate effect.
 - (ii) That Linda Hitman and Anne Connolly step down at the Annual General Meeting on 14 November 2019.
 - (iii) That Joseph Gardiner and Stuart Green be appointed as ordinary trustees of Keelman Homes at the Annual General Meeting on 14 November 2019.
 - (iv) That the Chair undertake appraisals with each of the ordinary trustees to assess their training and development needs and a report then be taken to next available meeting on next steps for the appointment of a new chair.

- (v) That Jennifer Elliot be appointed as a reserve ordinary trustee of Keelman Homes.
- (vi) That a recruitment campaign be undertaken to appoint a Chair should none of the existing ordinary trustees be appointed as Chair.
- (vii) That it be noted that Gateshead Council would commence the process to replace Councillor Paul Foy as a Council nominee on Keelman Homes Board.
- (viii) That the Board place on record its thanks to Linda Hitman and Anne Connolly for the services they have given to Keelman Homes.

2 MINUTES

The minutes of the meeting of Keelman Homes held on 18 July 2019 were approved as a correct record.

3 REVIEW OF ARTICLES OF ASSOCIATION

The NHF Code of Governance suggested that the maximum term of office of a trustee should be nine years.

The Board received a report at its last meeting on 18 July 2019 informing it that three Board members took up office more than nine years ago and one other Board member would have served nine years by the end of July 2019.

The Board agreed to engage with a consultant to undertake a governance review. This would include an assessment against the Regulator's Code of Practice and the NHF Code of Governance and the development of an action plan to include a review of the existing constitution.

Trowers and Hamlins were commissioned to carry out a specific piece of work to review the existing articles of association against the NHF's most recent code of governance to ensure that the articles reflect the principles set out in that code.

Trowers were broadly satisfied that Keelman's articles of association were compliant with the most recent NHF code of governance.

However, there were some specific points identified by Trowers which needed to be considered further to determine whether Keelman was complying in practice or whether it was comfortable declaring a departure from the requirements of the code in this respect. There were also some changes to the articles of association which could be made as part of any broader update to those articles. In particular:

- (a) It is now more usual to include specific reference to the restrictions regarding the role of executive staff.
- (b) The Board may wish to amend provisions to reflect the fact that Keelman does not have a chief executive.
- (c) The articles could state that the minimum number of trustees will be five in line with the NHF code.

- (d) Consideration should be given to the maximum terms of office for all trustees, however appointed.
- (e) Consideration should be given to how the Council and ALMO trustees are appointed and how this process considers the needs of Keelman.

In addition, the NHF Guidance also suggested the following, which should be considered by the Board: -

- (f) The maximum term of office must be nine years or fewer in total, composed of two or more consecutive terms of office;
- (g) Where a member comes to the end of an individual term of office and is eligible for reappointment, this must be subject to consideration of the member's appraised performance and skills, and to the wider needs of the board at the time;

The NHF was currently considering whether it should review its code of governance since its last code was published in 2015. It was therefore possible that a new code of governance could be published in future and Keelman's articles would need to be reviewed again to ensure that they remained compliant with the new code.

- RESOLVED –
- (i) That the report from Trowers and Hamilins on its review of Keelman's articles of association be noted.
 - (ii) That the following amendments to the Articles of Association be approved: -
 - (a) The Articles state that the minimum number of trustees will be five.
 - (b) The Articles state that the maximum tenure of office is nine years or fewer, composed of three consecutive three year terms of office.
 - (c) The Articles state that where a member comes to the end of an individual term of office and is eligible for reappointment, this must be subject to consideration of the member's appraised performance and skills, and to the wider needs of the board at the time.
 - (d) The Articles state that any board member nominated or elected directly by another body still bring skills and experience that meet the needs of the board and be appointed following a skills assessment to establish their suitability.
 - (e) The Articles make a specific statement of the need to ensure the needs of the board are appropriately met through the appointment of ALMO and Council trustees.
 - (f) The Articles make specific reference to the restrictions regarding the role of executive staff.
 - (g) The Articles reflect that Keelman Homes does not have a chief executive.

- (iii) That Trowers and Hamlins be commissioned to make the amendments to the Articles with a view to them being presented for approval at the next meeting of the Board in November 2019.

4 REVIEW OF PROBITY POLICY

The Board approved a Probity Policy at its meeting on 13 July 2017.

It was good practice for Keelman Homes to periodically review its policies to ensure that they continued to be fit for purpose.

The TGHC Governance and Risk Lead had carried out some research and looked at Probity Policies in other organisations. It was considered that the current policy was too long and needed to be more concise.

An updated Probity Policy was submitted. It was proposed that the other procedures detailed in the Policy no longer be appended to the policy. Instead, these are summarised in the Probity Policy and would be available to view on Keelman Homes Website.

The Policy also made specific reference to any breaches by a trustee being investigated in accordance with the procedure for dealing with complaints against trustees. A proposed procedure was submitted.

RESOLVED – (i) That the updated Keelman Homes Probity Policy be approved, subject to the following amendments: -

- The Policy apply to ‘close friends’ as well as close relatives.
- The ‘Board’ (not the Executive Team) ensure that all trustees and employees are made aware of and meet their responsibilities under the policy.
- All Keelman Homes trustees and employees sign a declaration agreeing to abide by the policy.
- A table added to the Policy to clarify the different levels of responsibility.
- The policy be more explicit about what a ‘reasonable’ gift or hospitality is that can be accepted or should be politely declined.
- It be made clear a trustee or employee should notify the Governance and Risk Lead when accepting an offer.

(ii) That the other procedures detailed in the Probity Policy be available to view on Keelman Homes Website.

(iii) That the Keelman Homes Procedure for Dealing with Complaints Against Trustees be approved.

5 RIGHT TO ACQUIRE POLICY

RESOLVED – That consideration of the report and policy be deferred until the next meeting of Keelman Homes.

6 STRATEGIC RISK REGISTER AND RISK MANAGEMENT POLICY REVIEW

A review of Keelman Homes Risk Management Policy had been undertaken.

Prior to the review, Keelman Homes initiated some active market engagement with other small Registered Providers and studied published documents with a view to comprehensively reviewing its practices and policies. One of the focused areas for review was assessing company risk, which linked to the Risk Management Policy.

Investigation of the current method for assessing risk revealed that the current process was not clearly documented. It was therefore agreed that it would benefit Keelman Homes to adopt an improved methodological way of clearly assigning a risk to a risk category which would establish how the risk should be monitored, in terms of priority and timescale for review.

The review had led to changes to the Risk Management Policy and the methodology used to score the risks. The updated Risk Management Policy was submitted.

The Keelman Homes strategic risk register had been reviewed. Changes to the scoring system has been implemented in line with the proposed changes to the Risk Management Policy. The updated Strategic Risk Register was submitted.

In respect of the scoring definition, the Board felt that 'red' risks should be reported to the Board 2 monthly.

In respect of SR1 – Failure to manage the Company's finances, the Board noted that the likelihood had been identified as a 3-Possible pending the work underway on the financial plan and proposed approach to stress testing.

In respect of SR2 – Failure to deliver on new build and investment projects, the Board suggested an additional mitigation around the development of Section 106 schemes.

In respect of SR3 – Failure to deliver effective asset management, the Board was informed that the stock condition survey would be carried out to 100% of Keelman properties by Keelman's New Build Manager who would have access to Gateshead Council's asset management software.

In respect of SR4 – Failure to focus on the customer, the Board suggested adding the communications strategy and better use of Keelman Homes email address as mitigations.

In respect of SR6 – Failure to manage effective corporate governance, given the recent changes in membership, the Board felt that the likelihood should be reduced from a 3-Possible to a 2-Unlikely.

In respect of SR8, it was suggested that this be renamed 'Impact on *rental income* due to universal credit and welfare reform'.

In respect of SR13 – TGHC ALMO ceasing or management agreement expiring without new agreement in place. The TGHC Managing Director was tasked to ensure Keelman Homes Board were updated on management review discussions between the Council and the Housing Company.

The Board should determine the company's appetite for risk and this should be reviewed annually. The Board would receive a risk appetite statement at its next meeting in November 2019.

RESOLVED – (i) That the updated Risk Management Policy be approved, subject to the following amendment: -

- Any 'red' risk be reported to the Board 2 monthly.

(ii) That the updated Strategic Risk Register be approved, subject the following amendments: -

- SR6 – Failure to manage effective governance – likelihood be reduced to a 2-Unlikely
- SR8 be renamed 'Impact on *rental income* due to universal credit and welfare reform.
- SR11 – Failure to maintain an effective relationship with partners – total score to be amended to '9'

(ii) That the Board receive a risk appetite statement at its next meeting in November 2019.

7 REPORT OF THE BOARD AND FINANCIAL STATEMENTS

The Report of the Board and Financial Statements for the year ended 31 March 2019 was submitted.

The report had been produced following the format set out in the Statement of Recommended Practice: Accounting for Registered Social Housing Providers.

The financial result for the period 2018/19 was a deficit of £83,000 (2017/18: £18,000 deficit).

The Financial Statements showed that the total reserves on the balance sheet as at 31 March 2019 was £385,000 (2018: £468,000).

The accounts had been audited by KPMG, the external auditors. Following distribution of the papers to the Board, the turnover figure had been corrected and additional loan facilities agreed with the Council during the year had been updated to the accounts. They had now been signed off as a true and accurate record.

The Letter of Representation had also been prepared by KPMG. This confirmed the accuracy of the financial statements that the company had submitted to the auditors for their analysis.

- RESOLVED – (i) That the Report of the Board and Financial Statements for the year ended 31 March 2019 be approved.
- (ii) That the Chair of the Board sign the Report of the Board and Financial Statements as a correct record.
- (iii) That the Letter of Representation in relation to the audit of the financial statements for the year ended 31 March 2019 be approved and signed by the Chair of the Board.

8 DATE AND TIME OF NEXT MEETING

The next meeting would be held on Thursday, 14 November 2019 at 9.30am in Room S21, Gateshead Civic Centre, Regent Street, Gateshead NE8 1JN.

9 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Categories 5 & 6 of the company's Access to Information Rules.