

TMO BOARD – 4TH APRIL 2006

REPORT BY THE COMPANY SECRETARY

BOARD COMPOSITION

1	Purpose of Report
1.1	The purpose of this report is to open the debate on the size of the Board and other related matters.
	FOR DECISION
1.2	The Board is Recommended to approve the setting up of a Board Review Working Group to consult and consider its future composition, including any necessary changes to election processes, arrangements for Leaseholder representation and the Area Review Board structure.

2 Introduction

- 2.1 Current good practice in governance recommends smaller Board numbers than hitherto, the Office of the Deputy Prime Minister (ODPM's) guidance contained in the model template suggests 15 whilst other regulatory bodies even suggest a number as low as 12. In the Governance Health Check that Marion Turner conducted last year, reduction of the TMO Board number should be addressed although it was conceded that representation for tenants and leaseholders was a consideration.
- 2.2 The TMO Board has as maximum of 21 members, currently with one vacancy of a Council Nominee. This is made up of:
- 11 elected Tenant or Leaseholder members
 - 5 Council Nominee members
 - 5 members Appointed by the Board for their knowledge, skills or expertise.

This results in a composition of 11 – 5 – 5.

3 Reasons for a Review

- 3.1 Much has changed in social housing in recent years and it is timely to consider the position with regard to the TMO.
- 3.2 A review of the composition of the TMO Board is therefore appropriate for the reasons identified above and for the following reasons.
- 3.3 The demands on a Councillor's time are significant and to require 5 such nominees is perhaps unreasonable. Similarly, this applies to Board Appointed members.
- 3.4 In elections for Tenant or Leaseholder Area Board Member positions, often there is little interest or challenge, whilst Boroughwide Board Member positions are always popular and contested – but there are only 4 Boroughwide as opposed to 7 Area positions. Board Members are responsible for the whole organisation, not just the Area which may have voted them onto the Board.
- 3.5 The increase in leaseholders in the stock to some 26% and the fact that the Constitution does not specifically recognise these and make provision for representation of these as a body should be reviewed.

4 Considerations for Change

- 4.1 The Board is asked to consider whether a reduction in overall numbers is appropriate and desirable. And if so to what number should it be reduced, still allowing for a majority of elected Tenant and Leaseholder members.
- 4.2 Arguments for a reduction might be:
 - a more cohesive and effective Board
 - easier for a smaller Board to make decisions
 - easier to convene meetings, training etc.
 - reduction in costs, eg. Expenses, Business Planning weekends away.
- 4.3 Arguments against a reduction:
 - more work and meetings for a smaller Board
 - difficulty in filling all committee places
 - concentration of responsibilities amongst a few individuals
 - less opportunity for Tenants and Leaseholders to join the Board and work strategically in the management of the TMO.

5 The Options

- 5.1 If both the Council Nominated and Board Appointed Members were reduced by equal numbers, leaving the elected Tenant and Leasehold Members with a majority of one, the options would be as follows:-

9 – 4 – 4 Board total would = 17

7 – 3 – 3 Board total would = 13

5 – 2 – 2 Board total would = 12

- 5.2 Any such proposals would have to be agreed by Special Resolution of the Annual General Meeting, and in addition transitional arrangements would need to be built in to keep existing Board Members for the term of their appointment, allowing for the reduction by natural wastage over a period of time.

6 Structure of Elected Tenant and Leasehold Members

- 6.1 Arrangements for elected Board Members could be revised to pair up or amalgamate Areas or even dispense with Area representation and have all positions Boroughwide. After all, a Board Member is a Director of the company as a whole.
- 6.2 There may be concern if one estate or area had a predominance of elected Board Members. This could be overcome by introducing a North / South split, currently this would give 6 / 5 respectively or for a Board of 9 would be 5 / 4.
- 6.3 Whilst the Area Board Member positions might disappear, the Area Review Boards could also be reviewed in relation to their role, accountability and structure. Although they now come under the TMO structure and not the Council's, they currently do not have any relationship with the Board.

7 Leaseholder Representation

- 7.1 The Board may wish to consider giving representation to Leaseholders within this election arrangement, either by making a proportion, say one quarter, of the Board positions available only to Leaseholders or by some other means. This, however, would limit the number of leaseholders on the Board which is not currently the case. The number of properties sold on Right to Buy has fallen and is not expected to rise significantly.

- 7.2 Currently there are some 5070 TMO Members of which ****, **% are living in leasehold property. Categories of leasehold membership are: Leaseholders and Leasehold tenants. Precise figures of each are not known, as status of leasehold occupancy was not identified for Members until a few years ago.
- 7.3 Some 26% of all Leaseholders are Absentee Leaseholders and therefore not eligible to become TMO Members as the property is not their main residence. However, they are a group of the TMO's stakeholders and some would argue that as they own their leasehold and have a financial stake in the property, they have a greater claim to being involved in the TMO's management. Others would counter that they do not form part of the community and cannot therefore contribute to the Government's policy of building better communities. It has been suggested that this would not apply to those who live in the borough and we should change the constitution to permit them to join the TMO.

8 **Conclusion**

- 8.1 It is recommended that a Board Review Working Group be formed to receive comments from Board Members, consider these matters further and the links and arrangements with the Area Review Board (ARB) structure and make proposals in particular on the size and composition of the Board.
- 8.2 The Working Group could meet with the Resident Involvement Committee at its meeting on 7th June for further consultation
- 8.3 A paper will then be brought back to the Board for consideration before submission of proposals to the next Neighbourhood Conferences on 26th and 28th September.
- 8.4 The Working Group would need to report back to the Board on 5th October to finalise Special Resolutions to be submitted to the Annual General Meeting on 13th November 2006.

David Bird

Company Secretary



T/Co Sec/Co Secs Team/TMO Company/Reports/Board Composition