

North East Derbyshire District Council

Cabinet

14th May 2020

Rykneld Homes Limited Board arrangements

Report of Councillor Alan Powell, Portfolio Holder for Communications and Housing

This report is public

Purpose of the Report

- To update Members on changes to the Rykneld Homes Limited Board.

1 Report Details

1.1 As Members are aware, Rykneld Homes Limited (RHL) and officers have been working on a review of the company structure for the provision of housing services to the Council. As a preliminary to this, changes have been made to the RHL Board and the Articles of Association of the Company. These have been agreed with the Council. This was reported to Cabinet on 14th November 2019 where it was decided (at minute 372) that Cabinet:

1) Noted the changes made by the Rykneld Homes Board to its Structure, Recruitment Process and Governance arrangements, as specified in the report;

(2) Ratified the changes to the Company's Articles of Association, on the terms as specified in the report, on an interim basis;

(3) Agreed that Council appoint a new Council Chair of the Rykneld Homes Board and nominate a further parent Board Member;

(4) Agreed that delegated authority be given to the Chief Executive Officer, in consultation with the Leader of the Council and Portfolio Holder, to agree to any changes required as a result of the external legal advice received by the Council.

1.2 These arrangements are to be in place until the new company structure is established and are therefore temporary as the minute states. They will be reviewed as part of the main review and the introduction of a new company structure.

1.3 A remuneration package for Directors is in place and will be reviewed as part of the main review.

- 1.4 The changes to the Articles of Association provide for a Board of 7. Four of the Directors will be Council nominees. One of the Council Directors will be Chair of the Board.
- 1.5 The changes and appointments to these 4 Director posts were made in March/April by delegated decision and are:
- Cllr Alex Dale (Chair)
 - Cllr Charlotte Cupit
 - Cllr Diana Ruff
 - Cllr Steve Clough
- 1.6 The remaining 3 Directors on the Board are Independent Directors. Unfortunately, 2 of the 3 existing Independent Directors have recently resigned due to personal circumstances. Accordingly a recruitment exercise is underway with a view to appointments to the 2 Independent Director roles being made by the end of May. The essential criteria for recruitment are skills based and are in Appendix 2.
- 1.7 The other changes to the Articles of Association (a full copy of these is attached at Appendix 1) are to make changes associated with the new Board and the new Operational Board on which the tenant representatives sit. This Operational Board is currently working on its Objectives in order that they are owned by the Operational Board.
- 1.8 Essentially the role of RHL remains the same as previously – to manage the Council's Housing stock, undertake housing redevelopment schemes and to act as a Registered Proprietor in its own right as landlord and owner of properties. There is no change to the ownership of the company, as the Council remains the owner of the RHL which is a Company Limited by Guarantee. The purposes of the Board are:-

“FUNCTIONS OF THE BOARD

32 As Directors of a limited company, and in accordance with the Companies Act 2006, the Board must direct the Organisation's affairs in such a way as to promote the Objects. To achieve this, its functions include:

- (1) defining the values and objectives of the Organisation;
- (2) establishing policies and plans to achieve those objectives;
- (3) approving each year's budget and accounts before publication;
- (4) establishing and overseeing a framework of delegation of its powers to committees and employees under Article **Error! Reference source not found.** with proper systems of control;
- (5) taking decisions on all matters which will or might create significant financial or other risk to the Organisation or which affect material issues of principle;
- (6) monitoring the Organisation's overall performance in relation to its plans, budget controls and decisions;

(7) appointing (and if necessary, removing) the top executive responsible for the Organisation's overall operations and performance (whether titled Managing Director, Chief Executive or otherwise);

(8) satisfying itself that the Organisation's affairs are conducted in accordance with generally accepted standards of performance and propriety; and

(9) ensuring appropriate advice is taken on the items listed in Article 0 to 0 and in particular on matters of legal compliance and financial viability.”

1.8 The Council is and continues to be advised by Savills in terms of commercial advice and Bevan Brittan solicitors in terms of legal advice.

1.9 At the Council Meeting on Monday 18th May a report is being presented on the review and introduction of the new company structure. In addition the Managing Director of RHL will be giving a presentation on the new structure.

2 Conclusions and Reasons for Recommendation

2.1 That the relevant changes have been made following the Cabinet decision on 14th November 2019.

3 Consultation and Equality Impact

3.1 As this is an update on progress, there is no requirement for consultation or equality impact assessment.

4 Alternative Options and Reasons for Rejection

4.1 As this is an update report, there are no alternative options being considered.

5 Implications

5.1 Finance and Risk Implications

5.1.1 None directly from the contents of this report.

5.2 Legal Implications including Data Protection

5.2.1 None directly from the contents of this report.

5.3 Human Resources Implications

5.3.1 None directly from the contents of this report.

6 Recommendations

- 6.1 That Members consider and note the progress made in relation to changes to the Rykneld Homes Limited Board.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All indirectly
<p>Links to Corporate Plan priorities or Policy Framework</p>	All indirectly

8 Document Information

Appendix No	Title
1	Articles of Association of Rykneld Homes limited.
2	Skills based criteria for recruitment of Independent Directors.
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
None	
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