



Committee and date

Council

23rd February 2017

AMENDMENTS TO COUNCIL CONSTITUTION – GOVERNANCE OF STAR HOUSING THROUGH THE ASSET ASSURANCE BOARD.

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1. Summary

Shropshire Towns and Rural Housing (ST&RH) was established on 1st April 2013. ST&RH is responsible for the management of the Council's retained housing stock, the well-being of tenants and the strategic management of the Housing Revenue Account (HRA). ST&RH is an Arms Length Management Organisation (ALMO).

The governance of this arrangement was set out in Appendix 2 of the approved Cabinet report dated 13th March 2013 (Governance Framework Arrangements Between Shropshire Council and ST&RH Ltd), and is a framework that describes the way in which the Council as Commissioner will review and manage the business performance and relationship with ST&RH working through a Housing Governance Board.

Changes to the name and functions of that Board have been approved by Cabinet and therefore to avoid inconsistency in the Constitution, have resulted in the need to make a number of changes to the Council's Constitution which are detailed in this report.

2. Recommendations

- a) That the Council agrees the changes to Part 3 (Responsibility for function – p44) of the Constitution to reflect that the Housing Governance Board set up to deliver the appropriate governance has now changed its name to that of the Asset Assurance Board.
- b) That the Council agrees the changes to Part 3 (Responsibility for function – p44) of the Constitution to reflect that the Housing Governance Board's overarching advisory role to inform Cabinet/Council on developing and discharging the Council's Housing Strategy, will be transferred to the existing Social Housing Forum in recognition of the Asset Assurance Board more business focussed approach.

REPORT

3. Risk Assessment and Opportunities Appraisal

- The establishment of ST&RH Limited has been approved by full Council and the Homes and Communities Agency. The governance arrangements agreed by Cabinet were designed to reduce the financial and reputational risk to the Council. It is important that the Council works in accordance with the Constitution and therefore it is necessary to ensure the Constitution reflects the way it is intended the Council now works and also that decision making is carried out transparently with proper authority, and that anomalies are corrected so that the source of the authority for decisions is clearly understood.

4. Financial Implications

- The financial implications of the governance system for ST&RH were explored in the Cabinet report when they were approved. This report seeks authority to amend the Constitution to reflect those arrangements and to make other minor changes to the Constitution. If the Constitution is not kept up to date, any flaws in decision making could lead to the risk of costs arising from challenges to decisions or delays in decision making leading to unforeseen costs.

5. Background

Shropshire Towns and Rural Housing (ST&RH) was established on 1st April 2013. ST&RH is responsible for the management of the Council's retained housing stock, the well-being of tenants and the strategic management of the Housing Revenue Account (HRA). Shropshire Council is the sole shareholder of the Company run by a Board who oversee the strategic and operational arrangements for the Company.

ST&RH and Shropshire Council have agreed a contract termed the 'Management Agreement', which details the specific terms of the agreement between the parties and is in place for an initial period of 10 years to 31st March 2023.

ST&RH has its own management structure and Board which includes Council Member, Council Officer and tenant representatives; and Independent Board Members who provide specialist skills and knowledge.

The approved Cabinet report of 13th March 2013, and in particular Appx 2 (Governance Framework Arrangements between Shropshire Council and ST&RH Ltd), provide the governance arrangements that describe the way in which the Council as Commissioner will manage the relationship with ST&RH, working

through a Housing Governance Board, in reviewing business performance and managing the relationship. The Housing Governance Board also had an overarching advisory role to inform Cabinet/Council on developing and discharging the Council's Housing Strategy.

These Governance Arrangements and terms of reference had never been formally agreed and "signed off" which has been highlighted as a significant weakness in Governance by the Council's Internal Audit Service. This added to the ongoing thorough review of the Governance Framework and Terms of reference arrangement that were seeking to better reflect how the Council and ST&RH work together after 3 successful years.

As a result of this review, the Housing Governance Board was replaced by the Asset Assurance Board (AAB) that provides a high level framework for discussing future efficiencies, investment opportunities and key challenges and for ensuring that the broad strategic direction of ST&RH is complementary to wider Council priorities. A key function of the Board will be to review and endorse proposals from ST&RH.

This more business focussed approach means that the previously overarching advisory role to inform the Council's Housing Strategy is removed as it is a function that is best articulated through the existing Social Housing Forum.

The established Social Housing Forum (SHF) brings together the chief housing representatives of the Council and local registered housing providers to address strategic housing matters as part of a collaborative local approach.

The revised, updated and agreed Governance Framework and Terms of Reference were considered by the Asset Assurance Board on the 5th Oct 2016 and recommended to Council.

6. Additional Information

None

7. Conclusions

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Cllr Mal Price - Portfolio Holder for Planning, Housing, Regulatory Services and Environment

Local Member

Appendices

Appendix 1 – Governance Framework Arrangements Between Shropshire Council and Shropshire Town And Rural Housing Ltd.