



Committee and date

Cabinet  
21<sup>st</sup> Dec 2016

## ASSET ASSURANCE BOARD FOR STAR HOUSING REPORT

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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 (see Appx 1 to this report).

To date, the Governance Framework (GF) and the Terms of Reference (ToR) have not been formally agreed between the parties which has been highlighted as a potential significant weakness in the Governance arrangements. Following a thorough review of these arrangements and re focus of the role of the Governance Board, a number of changes have been made and agreed, which this report seeks to advise Council.

This report recommends that Cabinet agrees the Governance Framework (GF) and Terms of reference (ToR) agreed and recommended by the newly established Asset Assurance Board on 5th Oct 2016 and advises of those changes that inform and revise the Council's constitution on this matter.

### 2. Recommendations

- That the Housing Governance Board set up to deliver the appropriate governance has changed its name to that of the Asset Assurance Board is noted and that this change needs to be reflected in the Council's constitution;
- That the Housing Governance Board's overarching advisory role to inform Cabinet/Council on developing and discharging the Council's Housing Strategy, is transferred to the existing Social Housing Forum in recognition of

the Asset Assurance Board more business focussed approach, and that this change needs to be reflected in the Council's constitution.

- That the Governance Framework and the Terms of Reference recommended to them by the Asset Assurance Board on 5th Oct 2016 are agreed;
- That the Director of Adult Services (housing portfolio) in conjunction with the Monitoring Officer be asked to prepare a report to Council concerning amendments to the Constitution to reflect the changes identified in this report.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

An agreed, signed off and implemented Governance Framework and Terms of Reference is a requirement of effective Governance

### **4. Financial Implications**

None

### **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 5<sup>th</sup> Oct 2016 and recommended to Council.

## 6. Additional Information

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

## 7. Conclusions

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Cabinet Member (Portfolio Holder)</b>
Cllr Mal Price - Portfolio Holder for Planning, Housing, Regulatory Services and Environment
<b>Local Member</b>
<b>Appendices</b>
Appendix 1 – Governance Framework Arrangements Between Shropshire Council and Shropshire Town And Rural Housing Ltd.

