



East
Northamptonshire
Council

Policy and Resources Committee – 17 January 2011

Changes to the Memorandum and Articles of Spire Homes

Purpose of report

To report amendments to the Memorandum and Articles of Spire Homes for its future governance as a charitable trust which it proposed that the Council supports at Spire Homes' Extraordinary General Meeting (EGM) on 21 January 2011.

1.0 Background

1.1 In December 2010 the Policy and Resources Committee considered the performance of Spire Homes since its formation as a large scale voluntary stock transfer body in 2001 and considered proposals by Spire Homes to change its future governance arrangements to enable it to sustain this performance for the challenging years ahead. These proposals included:

- a change to Charitable Trust status in 2011
- a reduction in the overall number of its directors from 17 to 11
- directors to be recruited on the basis of skill rather than nomination by the traditional constituency groups which include the Council and tenants.

1.2 Members expressed some concerns that the proposals to recruit directors purely on a skills basis appeared to disregard people who had the knowledge and understanding of the aspirations of the local community and could also represent the tenants. They felt that some of the directors recruited should possess these abilities and that Spire Homes should be asked to define the role of non-executive directors and specify the number of such directors.

1.3 It was agreed that consideration of this matter be deferred to the next meeting of the Committee and that, in the meantime, Councillors Philip Hardcastle, Andy Mercer and John Richardson, together with officers, engage with Spire Homes to discuss the most appropriate way of addressing the Council's concerns expressed above

2.0 Key changes proposed

2.1 The nominated councillors met with representatives of Spire Homes, including John Farrar and Lynn Stubbs, on 13 December 2010. After a very constructive dialogue it was agreed that the proposed Memorandum and Articles should be revised to include provision for:

- a) Up to 4 executive directors and remainder of the 11 (majority) to be non-executive with full voting rights
- b) At least two of the non-executive director posts to be appointed for their local knowledge/community representation with the specific requirement that they be "active in the community of East Northamptonshire"
- c) Spire Homes to notify the Leader of Council when there is any change in the people occupying these two non-executive director roles.
- d) a requirement for a regular scheduled (six monthly) report/presentation to the Scrutiny Committee (or successor appointed by Council) – to follow annual report/presentation at Council when given in that year.

2.2 The key amendments to the Memorandum and Articles proposed as a result are:

Article 26. The remaining Directors shall be appointed to the Board in accordance with the procedures set out in Rules adopted by the Board from time to time of which two Directors must be active in the community of East Northamptonshire. Such Rules adopted by the Board for the appointment of all Directors shall, where practicable, take into account the need for Directors to contribute to the skills mix of the Board as a whole from time to time.

Article 27. ...The Board may also appoint up to ~~2~~⁴ Executive Directors on such terms as the Board may determine from time to time, including amending the restriction on the size of the Board set out in Article 23 if deemed necessary provided non Executive Members remained the majority.

Appendix 2 (Responsibilities of the Board), paragraph 13. to provide to the Council's Scrutiny committee, or successor, reports and presentations on the work and performance of the Company to include such information and to be provided at such times as determined by the Company and the Council from time to time;

2.3 A full copy of the proposed revised Memorandum and Articles is available on request and will be available at the committee meeting

3.0 Equality and Diversity Implications

3.1 There are no specific equality and diversity implications arising from these proposals.

4.0 Legal Implications

4.1 There are no legal implications for East Northamptonshire Council arising from the proposals, other than the loss of right of direct nomination to the Spire Homes Board.

4.2 Provisions of other legal contracts between East Northamptonshire Council and Spire Homes are unaffected by this proposal.

5.0 Risk Management

5.1 There are no material risks arising from this proposal for the Council.

6.0 Financial Implications

6.1 There are no financial implications arising from this proposal

7.0 Corporate Outcomes

7.1 These proposals will support the corporate outcomes of effective partnership working, by helping Spire Homes create the right governance arrangements for the challenging times ahead, and strong community leadership, which will be provided by and to the new board through the inclusion of directors active in the communities of East Northamptonshire.

8.0 Recommendation

8.1 The Committee is recommended to

- (1) Agree that the Council will support the proposed changes to the Memorandum and Articles as attached to the previous report and amended as per paragraph 2.2 (*Reason - to ensure appropriate ongoing levels of community understanding and involvement in the proposed Charitable Trust and adequate future liaison between the Council and Spire Homes*).
- (2) Inform Spire Homes of the person to act on behalf of East Northamptonshire Council at the EGM (*Reason - so that the Council's views can be represented at the EGM*)

Legal	Power: Housing Act 1996 ----- Other considerations:				
Background Papers: Policy and Resources Committee Report 6/12/10 - Changes to the Memorandum Articles of Spire Homes					
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