

MAYOR'S EXECUTIVE DECISION MAKING

Tuesday, 12 January 2016

Mayor's Decision Log No. 122


1. **122 - TOWER HAMLETS HOMES BOARD GOVERNANCE (Pages 1 - 26)**

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: Matthew Mannion, Committee Manager, Democratic Services

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Agenda Item 1

Individual Mayoral Decision Proforma Decision Log No: <u>122</u>	 TOWER HAMLETS
Report of: Aman Dalvi (Corporate Director Development & Renewal)	Classification: [Unrestricted]
Tower Hamlets Homes Board Governance	

Is this a Key Decision?	No
Decision Notice Publication Date:	N/A
General Exception or Urgency Notice published?	Not required
Restrictions:	No Restrictions
Reason for seeking an Individual Mayoral Decision:	The Mayor has responsibility for appointing to the Tower Hamlets Homes (THH) Board and approving changes to the Tower Hamlets Homes Articles of Association.

1. EXECUTIVE SUMMARY

- 1.1 Following an Executive Decision in December 2011, the Mayor has responsibility for appointing to the Tower Hamlets Homes (THH) Board.
- 1.2 The Mayor also has responsibility for approving changes to the Tower Hamlets Homes Articles of Association under the same Executive Decision.

2. DECISIONS

- 2.1 The Mayor is recommended to:
 - i. Increase the number of Board members on the Tower Hamlets Homes Board from **ten** to **twelve** comprising **four** Board members from each of the three constituent groups – residents, independents and Council nominees.
 - ii. Agree that the composition of the **four** resident board members encompass **two** tenants and **two** leaseholders.
 - iii. Agree that the quorum for board members should consist of two Council members, one resident member, and one independent member.
 - iv. Agree the revised THH's Articles of Association appended at appendix 1.

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 23/12 2015

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 5/1 2016

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)


I confirm that this decision:-


- (a) has been published in advance on the Council's Forward Plan OR
- (b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed  Date 7/1/2016

4. Mayor

I agree the decision proposed in paragraph above for the reasons set out in paragraph 2.1 in the attached report – **appendix A.**

Signed  Date 11/1 ~~2015~~ 2016

Individual Mayoral Decision Proforma	 TOWER HAMLETS
Report of: Aman Dalvi (Corporate Director Development & Renewal)	Classification: [Unrestricted]
Tower Hamlets Homes Board Governance	

Lead Member	Cllr Sirajul Islam
Originating Officer(s)	Jackie Odunoye – Service Head Strategy, Regeneration, Sustainability & Housing Options (D/R)
Author/s	John Kiwanuka - Housing Partnerships Manager Strategic Housing (D/R) Ext:2616 John Coker – Acting Divisional Manager Regeneration & ALMO Client Management (D/R) Ext: 3782
Wards affected	All
Community Plan Theme	Great Place to Live
Key Decision?	No

1. EXECUTIVE SUMMARY

1.1 Following an Executive Decision in December 2011, the Mayor has responsibility for approving changes to the Tower Hamlets Homes Articles of Association

2. RECOMMENDATIONS

2.1 The Mayor is recommended to:

- i. Increase the number of Board members on the Tower Hamlets Homes Board from **ten** to **twelve** comprising **four** Board members from each of the three constituent groups – residents, independents and Council nominees.
- ii. Agree that the composition of the **four** resident board members encompass **two** tenants and **two** leaseholders.
- iii. Agree that the quorum for board members should consist of two Council members, one resident member, and one independent member.
- iv. Agree the revised THH's Articles of Association appended at appendix 1

3. REASONS FOR THE DECISIONS

- 3.1 The proposal will improve the capacity of the THH Board to manage its business.

4. ALTERNATIVE OPTIONS

- 4.1 The current board structure could be retained however; this would not achieve the capacity desired to effectively conduct THH's business and responsibilities.

5. DETAILS OF REPORT

5.1 Original Articles of Association at the inception of the ALMO

- 5.1.1 The original Articles of Association for Tower Hamlets Homes adopted at the formation of the organisation in 2008 allowed for fifteen Board Members comprising of 5 independents, residents and Council members respectively.

- 5.1.2 At that time the quorum for its Board was set at six, (two Residents, two Councillors and two Independents).

- 5.1.3 The size and composition of ALMO boards vary considerably. For example, the majority have twelve members (four Independents, four Cllrs and four Residents), whilst some have five of each, and others only three of each. ALMO board leadership also vary, for example, three are Resident led (i.e. a majority of resident Board members), two are Councillor led, one is Independent led, and a small minority have either a Councillor/Resident majority, or a Resident /Independent majority. Therefore, there is no one size fits all prescription for ALMO boards.

5.2 THH's Articles of Associations changes in 2012

- 5.2.1 In 2012 THH's Articles of Association were revised to reflect the 2011 Mayoral Executive Decision which vested power of appointment of Board Members in the Council Executive. The December 2011 Executive Decision sought to ensure that the governance structure of the ALMO was best equipped to face future challenges by:

- a. Strengthening the relationship between the ALMO Board and the Council
- b. Making improvements to the recruitment process to the ALMO Board
- c. Strengthening the focus of the ALMO Board by reducing the size.

- 5.2.2 To achieve these objectives the Board composition was changed from a 5/5/5 split to 4:3:3 with an independent member of the board as the Chair. The 4:3:3 board comprised of Council nominees; Residents; and Independent respectively as shown in table 1 below.

Table 1

	Articles of Association 2007	Articles of Association 2012 – current
Number of Board Members	15	10
Allocation by Constituency	5 Council nominees 5 Residents 5 Independents	4 Council nominees 3 Residents 3 Independent (Including an independently recruited Chair)

5.2.3 The quorum for the Board, appointment process for the independent and the resident board members were also changed. The quorum changed from six, (two Residents, two Councillors and two Independents) to three (one resident, and two Council Nominated). The changes entailed THH undertaking recruitment exercises including that of an independent chair, in accordance to the agreed procedures with Council, and making recommendations for appointment via an Executive Mayoral approval.

5.2.4 THH’s Board has been fully recruited following the appointment of two Independent Board members in August 2015, combined with the recent appointment of four Councillors, an Independent Chair and a Resident Member. The full recruitment has taken some time to be achieved but the quorum requirements were always met.

5.3 Proposal to vary the Board composition

5.3.1 Increasing the number of members will add capacity and enhance THH Committees. The changes are strongly advocated by the current Chair of the Board. The proposal to add an independent board member to the quorum will further improve accountability. The proposed board composition and quorum is shown in table 2.

Table 2

	Articles of Association – proposed	Board Meeting Quorum
Number of Board Members	12	4
Allocation by Constituency	4 Council nominees 4 Residents 4 Independent	2 Council Members 1 Independent 1 Resident

- 5.3.2 To implement the revised recommendations in this report will require changing THH's constitution – the Articles of Association are appended at appendix 1. As the Council is the sole shareholder for the ALMO, the Executive Mayor is empowered to make such changes to the Articles of the ALMO.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report seeks to vary the composition of the Tower Hamlets Homes Board, increasing the representation from the current ten members (four council nominees, three residents and three independent representatives) to twelve (four council nominees, four residents and four independents). It also amends the number of Board members that are required to attend a meeting in order for it to be quorate.
- 6.2 There are no direct financial implications arising from the recommendations in this report, however it should be noted that the THH board undertakes an essential role in relation to the management of the council's housing stock, including ensuring that the business operates effectively. It also provides a probity role. THH receives a management fee (£35.11 million in 2015-16) to fund the delivery of the services that it provides on behalf of the borough and also manages various significant revenue and capital budgets on the council's behalf, including the delivery of the Decent Homes programme.

7. LEGAL COMMENTS

- 7.1 THH (Tower Hamlets Homes Limited) is a not for profit Company limited by guarantee (that is there are no shares or shareholders) controlled by the London Borough of Tower Hamlets. The functions exercised by THH are identified in a management agreement pursuant to section 27 of the Housing Act 1985. As a Company, THH is required to have Articles of Association. The Articles is one of the constitutional documents of a company and which set out the basic management and administrative structure of that company.
- 7.2 Company Law provides that consent is required before the Articles can be changed. Usually, this is with agreement of the shareholders but as THH has no shareholders then the change is made by the controlling entity, in this case the Council. Housing Management is an Executive Function and therefore changes to the Tower Hamlets Homes Articles of Association is also an Executive Function. The Mayor can therefore agree the requested changes.
- 7.3 When considering appointments or the approach to be taken to appointments, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). It is important to be satisfied that any process followed is supportive of equal opportunity.

8. ONE TOWER HAMLETS CONSIDERATIONS

8.1 Appointing representatives to outside bodies increases the Councils engagement with local communities and improves its potential to offer guidance and leadership in relation to activities taking place in the borough.

9. **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

9.1 There are no specific implications arising from this report

10. **RISK MANAGEMENT IMPLICATIONS**

10.1 Where appropriate it is important that any training needs and / or support needs of new board members is identified quickly and adequate measures put in place.

11. **CRIME AND DISORDER REDUCTION IMPLICATIONS**

11.1 There are no specific implications arising from this report

12. **EFFICIENCY STATEMENT**

12.1 There are no specific implications arising from this report

Linked Reports Appendices And Background Papers

LINKED REPORTS

- None

APPENDICES

Appendix 1 – Revised Articles of Association, Tower Hamlets Homes

BACKGROUND PAPERS

- None

OFFICER CONTACT DETAILS FOR DOCUMENTS

- N/A

THE COMPANIES ACT 1985 AND THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

OF

TOWER HAMLETS HOMES LIMITED

1 Definitions And Interpretation

1.1 In the Articles unless the context otherwise requires:

"the Act"	Means the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force.
"the 1989 Act"	Means the Local Government and Housing Act 1989 as amended or re-enacted from time to time.
"the Articles"	Means these Articles of Association as originally adopted or as altered from time to time.
"Board"	Means the Board of Directors of the Organisation from time to time.
"Board Members"	Means the directors for the time being of the Organisation.
"Chair"	Means the Chair of the Organisation appointed pursuant to Article 30.1 or in his absence any vice or deputy Chair appointed pursuant to Article 30.3.
"clear days"	In relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
"Council Board Member"	Means a Board Member appointed by the Executive of the Council pursuant to Article 16.
"Council"	Means London Borough of Tower Hamlets (LBTH) Council or any successor body

	thereto which shall be the sole member of the Organisation.
"executed"	Means in relation to any contract, agreement or other document consent thereto and includes any mode of execution.
"Executive of the Council"	Means the Mayor of the Council, or any other person or body having the powers of the Executive of the Council from time to time.
"Family Member"	Means, in relation to a Board Member, their spouse or partner (as husband, wife or same sex partner), parent, parent-in-law. Full or half Blood or adopted son, daughter, child of a partner, brother, sister, grandparent, grandchild, uncle, aunt, nephew, niece, or the spouse or partner of any of the preceding persons.
"Housing Stock"	Means all facilities land and buildings as managed by the Organisation under the Management Agreement between the Council and the Organisation, and more particularly described under the definition "dwelling" contained therein.
"Independent Board Member"	Means a Board Member appointed pursuant to Article 18 or a person appointed on an interim basis as an Independent Board Member under Article 19.
"Introductory Tenant"	Means an individual who occupies a residential property belonging to the Council under an introductory tenancy as defined in Part V of the Housing Act 1996.
"Leaseholder"	Means an individual in occupation and ownership of a residential lease where the Landlord is the Council.
"Local Authority Person"	Means any person: <ul style="list-style-type: none"> (i) who is a member of the Council; or (ii) who is an officer of the Council (which for these purposes shall not include employees with non-managerial posts apart from housing employees).
"Office"	Means the registered office of the Organisation.
"Order"	Means the Local Authorities (Companies) Order 1995 as amended or re-enacted from

	time to time.
"Organisation"	Means the body of which these are the articles of association.
"the seal"	Means the common seal of the Organisation.
"Secretary"	Means the secretary of the Organisation or any other person appointed to perform the duties of the secretary of the Organisation, including a joint, assistant or deputy secretary.
"Tenant"	Means an individual who holds a secure tenancy of a residential property from and occupies a property belonging to the Council.
"Resident Board Member"	Means a Board Member appointed pursuant to Article 17 or a person appointed on an interim basis as a Resident Board Member under Article 19.
"the United Kingdom"	Means Great Britain and Northern Ireland.

2 Interpretation

- 2.1 Unless the context otherwise requires, words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the Organisation.
- 2.2 In these Articles words importing individuals shall, unless the context otherwise require, include corporations and words importing the singular number shall include the plural, and vice versa and words importing the masculine gender shall include the feminine gender.
- 2.3 References in these regulations to any statutory provision include any modification or re-enactment from time to time in force (whether enacted before or after the date when these regulations become binding on the Organisation) but subject to article 2.1.

3 Name

The name of the company is TOWER HAMLETS HOMES ("the Organisation").

4 Registered Office

The Organisation's registered office is to be located in England.

5 Objects

The objects of the Organisation shall be in the areas where London Borough of Tower Hamlet (LBTH) Council own or manage housing stock to:

- 5.1 manage, maintain, improve, redevelop or convert the housing stock owned or managed by LBTH Council from time to time together with any other amenities or facilities for the benefit of residents of such housing stock either exclusively or together with persons who are not residents of such housing stock;

- 5.2 provide amenities and services of any description for residents of housing stock owned or managed by LBTH Council from time to time either exclusively or together with persons who are not residents of such housing stock;
- 5.3 provide advice and assistance to all tenants, leaseholders, and licensees, of LBTH Council Housing Stock, and to applicants for housing advice in respect of LBTH Council housing stock;
- 5.4 carry out any activity which contributes to the regeneration or development in the area of LBTH (within the meaning of Section 126 of the Housing Grants Construction and Regeneration Act 1996) including but not limited to:-
 - 5.4.1 securing that land and buildings are brought into effective use;
 - 5.4.2 contributing to or encouraging economic development;
 - 5.4.3 creating an attractive and safe environment;
 - 5.4.4 preventing crime or reducing the fear of crime;
 - 5.4.5 providing or improving housing or social and recreational facilities for the purpose of encouraging people to live or work in the said area or for the purpose of benefiting people who live there;
 - 5.4.6 providing employment for local people;
 - 5.4.7 providing or improving training, educational facilities or health services for local people;
 - 5.4.8 assisting local people to make use of opportunities for education, training or employment;
 - 5.4.9 meeting the special needs of local people which arise because of disability or because of their sex or the racial group to which they belong.
 - 5.4.10 Improving or managing housing to be kept available for letting or hostels;
 - 5.4.11 providing, managing, maintaining or improving accommodation required from time to time for the benefit of persons who require temporary accommodation;
 - 5.4.12 providing services of any description for LBTH Council;
 - 5.4.13 assessing applicants for housing assistance;
 - 5.4.14 assessing applications by residents of housing stock owned or managed by LBTH Council to exercise the right to buy under Part V of the Housing Act 1985; and
 - 5.4.15 enabling or assisting any residents of the housing stock owned or managed by either LBTH Council to acquire, or to acquire and enter into occupation of, houses.

6 Powers

6.1 Subject to Article 7 the Organisation shall have power to do any thing that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless prohibited by these Articles.

6.2 Subject to Article 7 and without limiting the powers described in this Article 6.1 the Organisation shall have power to:

6.2.1 carry out works to land, buildings or other property;

6.2.2 contract with the Council in furtherance of its objects;

6.2.3 subject to the prior written consent of the Council and to such consents as may be required by law to borrow money, issue loan stock or raise money in such manner as the Organisation shall think fit and to secure the repayment of any money borrowed raised or owing by such security as the Organisation shall see fit (including by way of floating charge) upon the whole or any part of the Organisation's property or assets (whether present or future) and also by giving similar security to secure and guarantee the performance by the Organisation of any obligation or liability it may undertake or which may become binding on it;

6.2.4 insure and arrange insurance cover for the Organisation from and against all such risks as the Board may think fit and to pay any premium in respect of such insurance;

6.2.5 insure and arrange insurance cover for and to indemnify its employees and voluntary workers and the Council from and against all such risks incurred in the proper performance of their duties as it shall consider appropriate and to pay any premium in relation to indemnity insurance in respect of liabilities of its Board Members or any of them which would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in respect of the Organisation PROVIDED THAT such insurance shall not extend to any liability in respect of an act or omission which such Board Member or Board Members knew or ought reasonably to have known was a breach of duty or trust or which was committed by such Board Member or Board Members recklessly without due regard as to whether such act or omission might be a breach of duty or trust;

6.2.6 subject to the prior written consent of the Council invest any monies of the Organisation not immediately required for the furtherance of its objects as it determines and as permitted by law;

6.2.7 subject to such consents as may be required by law and compliance with all formal guidance issued by the Organisation's regulators (if any) to purchase or otherwise acquire or to encourage or promote and in any way support or aid the establishment and development of any subsidiary, or any other body established for the purposes of carrying on any trade or business either for the purpose of raising funds for the Organisation or for the furtherance of the objects of the Organisation;

6.2.8 subject to the prior written consent of the Council make grants or provide services or assistance to such persons and Organisations not being a political party and on such terms as the Organisation shall think fit to further the objects of the Organisation

6.2.9 Subject to the prior written consent of the Council to amalgamate or enter into partnership or into any consortium or arrangement for sharing of funding or profits, co-operation or joint venture with any person or company carrying on or engaged in or about to carry on or engage in any operation capable of being conducted so as directly or indirectly to benefit the Organisation.

PROVIDED THAT in case the Organisation shall take or hold any property which may be subject to any trusts, the Organisation shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts.

7 Limitations

The Organisation shall not, without the prior written consent of the Council, have the power to:

- 7.1 receive a sum which, if it were a local authority, would be a capital receipt;
- 7.2 receive consideration to which, if it were a local authority, Section 61 of the 1989 Act would apply;
- 7.3 receive a sum by way of grant from a European Union institution to which, if it were a local authority, Section 63(4) of the 1989 Act would apply;
- 7.4 enter into a credit transaction (as defined by Article 12(2) of the Order);
- 7.5 with respect to a credit transaction agree to a variation of terms which, if it were a local authority, would be a variation within the meaning of Section 51(1) of the 1989 Act;
- 7.6 incur additional liabilities within the meaning of Article 16 of the Order;
- 7.7 reduce its liabilities within the meaning of Article 16 of the Order; or
- 7.8 cause the same or similar effect under the provisions of the Local Government Act 2003 and Regulations thereunder to the extent that the said Act replaces the provisions rehearsed in sub-articles 7.1 to 7.7 above and in particular the Organisation shall not do any act or thing which does or might cause the Council to be in breach of CIPFA Prudential Code of Capital Finance in Local Authorities.

8 Application Of Income And Property

The income and property of the Organisation shall be applied solely towards the promotion of its objects as set forth in these Articles of Association and no portion thereof shall be paid or transferred, directly or indirectly, save as provided below, by way of dividend, bonus or otherwise howsoever by way of profit, to the Council and no Board Member shall be appointed to any office of the Organisation paid by salary or fees or receive any remuneration or other benefit or money or money's worth from the Organisation PROVIDED THAT nothing herein shall prevent any payment in good faith by the Organisation:

- 8.1 Of reasonable and proper remuneration (including pensions, contributory pension payments, payment of premiums to pension policies and terminal grants and gratuities) to any officer or employee of the Organisation (not being a Board Member) in return for any services rendered to the Organisation;
- 8.2 subject to the prior written consent of the Council of fees, remuneration or other benefit in money or money's worth to a company of which a Board Member may be a member holding not more than 2% of the share capital of the company;
- 8.3 to any Board Member of reasonable out-of pocket expenses and such other sums as may be determined by the Council PROVIDED THAT no sum shall be paid to a Board Member in excess of that which would be permitted to be paid to a board member of a social landlord registered under the Housing Act 1996 and PROVIDED FURTHER THAT no sum shall be paid to a Board Member who is an elected member of the Council in excess of that permitted by the Order;
- 8.4 of reasonable and proper remuneration to the Council or employees thereof (not being Board Members) in return for any services rendered to the Organisation;
- 8.5 of reasonable and proper rent for premises demised or let by the Council ;
- 8.6 of reasonable and proper interest on money lent by the Council

PROVIDED FURTHER THAT nothing shall prevent the Organisation from managing a property in accordance with its objects (including the full range of activities it may undertake) notwithstanding the fact that the tenant, lessee or licensee (or prospective tenant, lessee or licensee) of such property may be a Board Member SUBJECT TO the proviso that any Board Member who is a beneficiary of the Organisation shall not be entitled to speak in any debate or cast his/her vote in respect of any matter relating solely to the property of which he is lessee, tenant or licensee and shall absent himself/herself from such proceedings but such Board Member shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties managed by the Organisation.

9 Equal Opportunities

- 9.1 The Organisation shall at all times take into consideration the principles of equality of opportunity irrespective of age, gender, race, nationality, ethnic origin, religion, sexual orientation or disability.

10 Limited Liability

The liability of the Council is limited.

11 Members Guarantee

The Council undertakes to contribute to the assets of the Organisation, in the event of the same being wound up while they are a member of the Organisation, or within one year after they cease to be a member of the Organisation, for payment of the debts and liabilities of the Organisation contracted before they cease to be a member of the Organisation, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one pound.

12 Winding Up

If, upon the winding up or dissolution of the Organisation, there remains, after the satisfaction of all its debts and liabilities any property whatsoever, the same shall be paid or transferred to the Housing Revenue Account (as defined in the 1989 Act) of the Council

13 Admission Of Members

13.1 No person other than the Council shall be admitted to membership of the Organisation.

13.2 The Council shall nominate a person to act as its representative in the manner provided in Section 323 of the Act. Such representative shall have the right on behalf of the Council to attend meetings of the Organisation and vote thereat, and generally exercise all rights of membership on behalf of the Council. The Council may from time to time revoke the nomination of such representative, and nominate another representative in his place. All such nominations and revocations shall be in writing signed by or on behalf of the Executive of the Council, which will decide on each such nomination and revocation.

13.3 The rights of the Council shall be personal and shall not be transferable.

14 General Meetings And Resolutions

14.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

14.2 The Board Members may call general meetings and, on the requisition of the Executive of the Council pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Board Members to call a general meeting, any Board Member or the Executive of the Council may call a general meeting.

14.3 An Annual General Meeting and an Extraordinary General Meeting not called on the requisition of the Executive of the Council pursuant to Article 14.2 shall be called by:

14.3.1 at least twenty-one clear days' notice or by shorter notice if it is so agreed by the Executive of the Council in writing;

- 14.3.2 means of a notice which shall specify the time and place of the Meeting and, in the case of an Annual General Meeting, shall specify the Meeting as such; and
- 14.3.3 such notice shall be given to the Executive of the Council and to the Board Members and auditors.
- 14.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 14.5 No business shall be transacted at any general meeting unless a quorum is present. The presence of a duly authorised representative of the Executive of the Council shall be a quorum.
- 14.6 If the Executive of the Council makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Organisation in general meeting. Any decision taken by the Executive of the Council pursuant to this Article 14.6 shall be recorded in writing and delivered by the Executive of the Council to the Organisation for entry in the Organisation's minute book.
- 14.7 An entry stating that a resolution has been carried or lost in the minutes of any meeting shall be conclusive evidence of the fact.
- 15 Number Of Board Members**
- 15.1 The number of Board Members shall be twelve.
- 15.2 Four Board Members shall be Council Board Members.
- 15.3 Four Board Members shall be Resident Board Members of which two shall be Leaseholders and two shall be Tenants, from time to time. For the avoidance of doubt an Introductory Tenant cannot be a Resident Board Member.
- 15.4 Four Board Members shall be Independent Board Members.
- 15.5 No person shall be appointed as a Board Member if that person is a Family Member of a Board Member.
- 15.6 No person shall be a Board Member if that person is an officer or employee of the Organisation or the Council.
- 16 Appointment and Retirement of Council Board Members**
- 16.1 Subject to Article 15 and Article 19 the Executive of the Council shall from time to time appoint four persons as Council Board Members and shall have the power to remove from office any such Board Member.
- 16.2 Appointment or removal pursuant to Article 16.1 shall be effected by an instrument in writing signed by the Executive of the Council and shall take effect upon lodgement at the registered office of the Organisation or such date later than such lodgement as may be specified in the instrument.

16.3 Notwithstanding any other provisions in these Articles the Executive of the Council shall have power at any time by notice in writing to the Secretary to appoint and remove any Board Member.

16.4 All notices under this Article 16 will be signed in accordance with Article 39.

16.5 The Executive of the Council will determine the term for which each Council Board Member will hold office. Each Council Board Member shall retire from office at the end of such term (or when he or she ceases to hold office under any other provision of these Articles). The Executive of the Council shall appoint a new Council Board Member or can re-appoint a Council Board Member who retires from office in the manner provided in this Article 16.

17 Retirement and Appointment of Resident Board Members

17.1 Subject to Article 15, the Executive of the Council will determine a procedure under which Tenants and Leaseholders may apply to be appointed as Resident Board Members and may be so appointed. The Executive of the Council may from time to time appoint Resident Board Members in accordance with that procedure, to fill a vacancy arising either on retirement of Resident Board Members at an annual general meeting or at any other time. Where no such procedure is in place the Executive of the Council may appoint one or more Resident Board Members to hold office on an interim basis until such time as such procedure is put in place and until appointments of Resident Board Members are made in accordance with it.

17.2 Any procedure under Article 17.1 may include a statement of the term for which a Resident Board Member is to hold office. The Executive of the Council may remove any Resident Board Member whose term has expired.

17.3 Any appointment or removal under this Article 17 shall be effected by notice in writing signed by or on behalf of the Executive of the Council in accordance with Article 39 and served on the Organisation.

18 Retirement and Appointment of Independent Board Members

18.1 Subject to Article 15, the Executive of the Council will determine a procedure to appoint Independent Board Members and may from time to time appoint Independent Board Members in accordance with that procedure to fill a vacancy arising either on retirement of Independent Board Members or at any other time.

18.2 Any procedure under Article 18.1 may include a statement of the term for which an Independent Board Member is to hold office. The Executive of the Council may remove any Independent Board Member whose term has expired.

18.3 Any appointment or removal under this Article 18 shall be effected by notice in writing signed by or on behalf of the Executive of the Council in accordance with Article 39 and served on the Organisation.

19 Casual Vacancies

The Board has no power to appoint casual members to fill any vacancies occurring. The Executive of the Council may appoint a Board Member to fill any vacancy. Any Board

Member who is so appointed to fill a vacancy for a Resident Board Member or an Independent Board Member will be a Resident Board Member or an Independent Board Member (as applicable) and may be appointed on an interim basis, in which event he or she will hold office until such time as a replacement Board Member of the relevant category has been appointed in accordance with the relevant procedure under Article 17 or 18 (as the case may be). If the number and make up of Board Members falls below the requirements set out in Article 15, from time to time, the remaining Board Members may continue to act as the Board provided that a quorum can be formed.

20 Disqualification and Removal of Board Members

20.1 A person shall be ineligible for appointment to the Board and if already appointed shall immediately cease to be a Board Member if the relevant individual:-

20.1.1 ceases to be a Board Member by virtue of any provision of the Act or becomes prohibited by law from being a company director; or

20.1.2 is or becomes a person disqualified from elected membership of a local authority; or

20.1.3 becomes bankrupt or makes any arrangement or composition with his creditors generally; or

20.1.4 is, or may be, suffering from mental disorder and either: -

(a) is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his/her detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

20.1.5 resigns his office by notice to the Organisation; or

20.1.6 is removed from office by a resolution (or written notice signed by) at least three quarters of all the other Board Members from time to time; or

20.1.7 shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his office be vacated; or

20.1.8 in any period of 12 months, he shall have been absent (without the permission of the Board Members) from at least 40% of the meetings of Board Members held during that period and the Board Members resolve that his office be vacated; or

20.1.9 in the case of a Resident Board Member he ceases to be a Tenant or Leaseholder of the Council PROVIDED THAT this Article 20.1.9 shall not apply

in respect of a Resident Board Member temporarily ceasing to be a Tenant or Leaseholder as a result of the demolition of or works carried out to that Resident Board Member's home; or

- 20.1.10 is a Resident Board Member and is (in the reasonable opinion of a majority of Board Members) in serious breach of their obligations as a Tenant or Leaseholder; or
- 20.1.11 is an Independent Board Member and is or becomes a Tenant, Leaseholder or a Local Authority Person; or
- 20.1.12 is removed by notice in writing signed by or on behalf of the Executive of the Council and delivered to the Organisation; or
- 20.1.13 is convicted of any arrestable criminal offence (other than an offence under road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) or
- 20.1.14 is a Resident/Independent or a Council Board Member against whom an Anti-Social Behaviour Order (ASBO) under the Crime & Disorder Act 1998 or an Anti-Social Behaviour injunctions (ASBI) under the Anti- Social Behaviour Act 2003 or has conducted or brought himself or the Organisation into disrepute.

21 Powers of the Board

- 21.1 Subject to the provisions of the Act, directions of the Council (acting by its Executive) in general meeting and the Articles, the business of the Organisation shall be managed by the Board who may exercise all the powers of the Organisation. No alteration of the Articles or directions of the Council (acting by its Executive) shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Board by the Articles and a meeting of (the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 21.2 The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Organisation for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

22 Borrowing Powers

Subject to Article 7 of these Articles the Board may exercise all the powers of the Organisation to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or other security over its undertaking and property, or any part thereof, and to issue any debenture, whether outright or as security for any debt, liability or obligation of the Organisation or of any third party.

23 Delegation of Board Members' Powers

The Board may upon obtaining the prior written consent of the Executive of the Council delegate any of their powers to any committee consisting of two or more Board Members together with such other persons as the Board sees fit (but so that Board Members shall

constitute a majority). They may also delegate to the Chair/or any vice or deputy Chair or to any executive officer such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of the Board so far as they are capable of applying.

24 Alternate Board Members

No Board Member shall be entitled to appoint any person as an alternate Board Member.

25 Board Members' Expenses

The Board Members may be paid all travelling, hotel, and other expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board or general meetings or otherwise in connection with the discharge of their duties and such other sums as may be determined by the Executive of the Council PROVIDED THAT no sum shall be paid to a Board Member in excess of that which would be permitted to be paid to a board member of a provider of social housing registered under the Housing and Regeneration Act 2008 and PROVIDED FURTHER THAT no sum shall be paid to a Board Member who is an elected member of the Council in excess of that permitted by the Order.

26 Board Members' Appointments and Interests

26.1 A Board Member may not have any financial interest personally or as a member of a firm or as a director or senior employee (being an employee with managerial status) or in any contract or other transaction of the Organisation unless it is permitted by these Articles and is not prohibited by Article 7 of these Articles.

26.2 Each Board Member shall ensure that the Secretary has at all times an up to date list of:-

26.2.1 all bodies trading in which he or she has an interest as:

- (a) a director or senior employee,
- (b) a member of a firm,
- (c) the owner or controller of more than 2% of the issued share capital in a company,

26.2.2 all interests as an official or elected member of any statutory body;

26.2.3 all interests as the occupier of any property owned or managed by the Organisation;

26.2.4 any other significant or material interest.

27 Proceedings of Board Meetings

27.1 Subject to any regulations established from time to time by the Organisation in general meeting in compliance with section 10(1) of the Order the Board may regulate their

proceedings as they think fit and the quorum for the transaction of business shall be four comprising no fewer than one Resident Board Member, two Council Board Members and one Independent Board Member.

27.2 33 1/3 per cent of the total number of Board Members (or such whole number of Board Members nearest to 33 1/3 per cent) may call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Board Member who is absent from the United Kingdom.

27.3 If a quorum is not present within half an hour from the time appointed for a Board Meeting the Board Meeting shall, if requested by a majority of those Board Members present, be adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board Members present may determine.

28 Voting at Board Meetings

Questions arising at a Board Meeting shall be decided by a majority of votes and each Board Member present in person shall be entitled to one vote.

29 Disclosure of Board Members' Interests

29.1 Any Board Member having an interest in any arrangement between the Organisation and another person or body shall disclose that interest to the meeting before the matter is discussed by the Board or committee of the Board. Unless the interest is of the type specified in Articles 29.2 or 29.3 the Board Member concerned shall not remain present during the discussion of that item unless requested to do so by the remaining members of the Board or committee of the Board. Unless permitted by Articles 29.2 or 29.3 the Board Member concerned may not vote on the matter in question, but no decision of the Board or any committee of the Board shall be invalidated by the subsequent discovery of an interest which should have been declared.

29.2 Provided the interest has been properly disclosed pursuant to Article 29.1 a Board Member may remain present during the discussion and may vote on the matter under discussion where the interest arises because:

29.2.1 the Board Member is a Tenant or Leaseholder, so long as the matter in question affects all or a substantial group of Tenants or Leaseholders; or

29.2.2 the Board Member is a director or other officer of a company or body which is a parent, subsidiary or associate of the Organisation; or

29.2.3 the Board Member is an official or elected member of any statutory body.

29.3 A Board Member shall not be treated as having an interest:

29.3.1 of which the Board Member has no knowledge and of which it is unreasonable to expect him to have knowledge; and

29.3.2 in the establishment of a policy in respect of Board Member expenses payable pursuant to Article 25.

29.4 If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Board Member to vote, the question may, before the conclusion of the meeting, be

referred to the Chair of the meeting and his ruling in relation to any Board Member other than himself shall be final and conclusive.

30 Chair of the Board

30.1 The Executive of the Council shall nominate an Independent Board Member as the Chair of the Board to hold office until the next annual general meeting and may at any time remove him from that office. Only an Independent Board Member may act as Chair of the Board.

30.2 Unless he is unwilling to do so, the Board Member so appointed shall preside at every meeting of the Board at which he is present. But if there is no Board Member holding that office, or if the Board Member holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Board Members present may appoint one of their number to be Chair of the meeting.

30.3 The Board may appoint a vice or deputy Chair to act in the absence of the Chair on such terms as the Board shall think fit.

31 Validity Of Acts

All acts done by a meeting of the Board, or of a committee of the Board or by a person acting as a Board Member shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Board Member or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Board Member and had been entitled to vote.

32 Written resolution

32.1 A resolution in writing signed by:

32.1.1 three quarters of all the Board Members entitled to receive notice of a meeting of the Board or of a committee of the Board; and

32.1.2 the Chair of the Organisation or of the relevant committee; and

which satisfies the quorum requirements of Article 27.1 shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held and may consist of several documents in the like form each signed by one or more Board Members.

33 Secretary

Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them.

34 Minutes

34.1 The Board shall cause minutes to be made in books kept for the purpose: -

34.2 of all appointments of officers made by the Board Members; and

34.3 of all proceedings at meetings of the Organisation and of the Board, and of committees of the Board and of the Council (acting by its Executive) in its capacity as the sole member of the Organisation, including the names of the Board Members present at each such meeting.

35 **Records**

35.1 The Organisation shall comply with the provisions of Part 15 of the Act in respect of:

35.1.1 the keeping and auditing of accounting records;

35.1.2 the provision of accounts and annual reports of the directors; and

35.1.3 in making an annual return.

36 **The Seal**

36.1 If the Organisation has a seal it shall only be used with the specific or general authority of the Board or of a committee of the Board. The Board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Board Member and by the Secretary or a second Board Member.

36.2 The Organisation may exercise the powers conferred by Sections 49 and 50 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Board Members.

37 **Notices**

37.1 Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Board or of a committee of the Board need not be in writing.

37.2 The Organisation may give any notice to the Council either personally or by sending it by post in a prepaid envelope addressed to the Council at their registered address or by leaving it at that address.

37.3 The Council present by duly authorised representative at any meeting of the Organisation shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

37.4 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

38 **Indemnity**

38.1 Every Board Member or other officer of the Organisation shall be indemnified out of the assets of the Organisation against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 1157 of the Act in which relief is granted to him and no Board Member or other officer shall be liable for any loss, damage or misfortune which may

happen to or be incurred by the Organisation in the execution of the duties of his office or in relation thereto PROVIDED THAT this Article shall only have effect in so far as its provisions are not avoided by Section 232 of the Act.

38.2 The Board shall have power to purchase and maintain for any Board Member or officer of the Organisation insurance against any such liability as is referred to in Section 232 of the Act.

39 **Executive**

All actions which are to be taken by the Council under these Articles and/or by the Council as the Member of the Organisation will be taken by the Executive. Any notice or document which is to be signed by or on behalf of the Executive and/or the Council may be signed by the Mayor of the Council or by a person authorised by the Mayor.

