



## **Board Membership, Recruitment and Succession Policy**

### **Policy**



<b>Document Title</b>	Board Membership, Recruitment and Succession Policy
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<b>Author Title &amp; Issuing Department</b>	Head of Governance & Assurance The Governance Team
<b>Target Audience</b>	Board and Committee Members in all operating businesses across emh Group.

<b>Approved By</b>	Group Board
<b>Date Approved</b>	3 December 2021
<b>Review Date</b>	September 2024

<b>Links to Regulatory Standards – Economic/ Consumer Standards</b>	Governance & Financial Viability Standard Code of Governance 2020 – Principle 3 Board effectiveness
<b>Outcomes for Customers</b>	The aim of this procedure is to provide guidance to Board Members and Colleagues. The outcomes relate to high standards of governance and to ensure high levels of service delivery and customer satisfaction.
<b>How were tenants, residents and service users involved in the review/development of this document</b>	Tenants, residents and services users have not been involved in the review/development of this document. Involved residents will be consulted on the TPAS review of our Resident Involvement structures which will include a review of how emh ensures that People with direct lived experience of (or particular insight into) the communities we serve are meaningfully engaged.
<b>Training Provision</b>	All Board and Committee Members will be provided with a copy of this Policy
<b>Links to the Business Plan</b>	4.5 Business and Financial Resilience
<b>Links to Key Values</b>	This procedure links to all of our key values of <b>Integrity, Diversity, Openness, Accountability, Clarity</b> and <b>Excellence</b> .

## Version Control

Version	Revision Date	Author: Job Title	Change Description
V1	June 19	Exec Director of Corporate Services	
V2	Nov 21	Head of Governance & Assurance	Updated Policy to reflect 2020 Code of Governance and recommendations from DTP external review of board effectiveness in 2021.



## 1. Introduction

- 1.1 East Midlands Housing Group Limited (emh group) consists of a group parent and two main operating boards: emh Housing and Regeneration Limited (emh homes), and emh Care and Support Limited (emh care & support). The group also includes four other legal entities: emh Treasury Plc, Midlands Rural Housing, emh Sharpes Garden Services and emh Development Company Ltd. The Group has ultimate responsibility for the governance and performance of all organisations and their subsidiaries within the Group.
- 1.2 Emh group has adopted the National Housing Federation's (NHF) Code of Governance 2020 for its parent organisation, emh group, and emh homes, emh care & support, and Midlands Rural Housing. An annual statement of compliance with the Code shall be published in the Group's annual financial statements, along with a reasoned statement for any areas of non-compliance.

## 2. Definitions and Scope

- 2.1 This Policy relates to emh group, emh homes, emh care & support and Midlands Rural Housing. Sharpes Garden Services, emh Treasury Plc and emh Development Company Ltd fall outside the remit of this policy.

## 3. Specifics of the Procedure

### 3.1 Size, Skills, Competencies and Membership of the Parent Group Board

- 3.1.1 emh group has closed shareholding membership policy, whereby the rules of each organisation restrict its shareholders to its Board Members or the parent organisation.
- 3.1.2 emh Group Board has nine members. One place on the Group Board is set aside for the Group Chief Executive, in line with requirements of his Role Profile.
- 3.1.3 The skills required for the parent board relate directly to the functions dealt with at Group level, such as matters relating to governance and regulation of the Group, high-level strategic management and provision of central support services. Group Board Members need to bring current or recent experience and skills in one or more of the following areas:

<b>Strategic Business Goal</b>	<b>Skill</b>
<b>Growth and Business Development</b>	Public & Social Policy Commercial Management Development expertise
<b>People and Organisational Development</b>	Organisational Development/HR Health and wellbeing Equality, Diversity & Inclusion
<b>Care and support</b>	Strategic expertise in care and support Social Care Policy
<b>Business and Financial Resilience</b>	Treasury Management Audit/Risk Management Strategic Financial Management



	ICT/Digital experience Data Governance
<b>Housing &amp; Neighbourhood Services</b>	Strategic asset management Housing Experience Customer Service Diverse range of direct lived experience Tackling climate change / decarbonisation

3.1.4 Where there are gaps in skills and experience, expert third party assurance will be sought by the Board.

3.1.5 In addition to the skills and experience required above, the Group has identified a series of competencies that Members will be required to demonstrate as part of both the recruitment process and through appraisals. These are set out in more detail below:

<b>Competency</b>	<b>Definition</b>
<b>Willingness and ability to govern within the emh culture and operating environment</b>	A Member who understands the culture and operating environment of emh and demonstrates a fit with the ethos of the organisation
<b>Effective communication and engagement with colleagues</b>	Ability to communicate effectively and respectfully with Executive and Non-Executive colleagues
<b>Working as part of an effective team</b>	Board and committee decision making is usually done by consensus and influencing skills play an important part. The ability to challenge constructively is key to maintaining good working relationships while fulfilling the role.
<b>Leadership</b>	The extent to which a Board or Committee leads and motivates an organisation influences its success and is a key indicator from a regulatory perspective of effective governance. Within a Board and Committee, effective leadership from the Chair is equally important.
<b>Analysing and scrutinising</b>	A key role of the Board and Committees is to monitor performance, requiring effective analysis of information in various formats. Board and Committee members also need to seek out information, giving them the context within which to knowledgably and confidently assess performance.
<b>Directing strategy</b>	Effective performance in this area means that a Board and Committee member adds value to emh framework for setting future plans and action.
<b>Customer focused</b>	The Board and Committees need to align their approach with the requirements and priorities of customers.
<b>Self-management and development</b>	It is imperative that a Board and Committee member takes ownership of their own personal development and commits fully to the role they have been given.
<b>Partnerships and relationships</b>	Committed to partnerships and relationships which support the delivery of emh strategy.



### 3.2 **Recruitment to the emh Group Board**

- 3.2.1 The Group operates an open, fair and merit-based Board recruitment process. This will involve a wide range of methods such as the use of recruitment consultants, advertisements being placed in newspapers, trade journals, and/or on websites and via social media. Candidates known to existing Board Members or senior officers within the Group through a variety of networks, and having the appropriate skills and experience, may be contacted and invited to respond to the advertisement.
- 3.2.2 Applicants will need to complete application forms and/or submit CVs in order to demonstrate their suitability on the basis of a Board member role profile and person specification. Interviews will be led by the Remuneration and Governance Committee, with input from independent consultants where necessary.
- 3.2.3 All candidates must disclose whether any of their activities or membership of other organisations might lead to a conflict of interest with the Group, in accordance with the Board Members' Code of Conduct.
- 3.2.4 Members of the existing subsidiary Boards or Committees who wish to be considered for positions that arise from time to time on the Group Board can apply for positions as part of an open and transparent process. If successful they will be required to stand down as an independent Member of their subsidiary Board. The length of service on all Boards and Committees is considered in the length of service for individual Members.
- 3.2.5 Recruitment of the Group Chair will be open and transparent and based on a competitive process, details of which will be considered by the Remuneration and Governance Committee and recommended to the Group Board. Independent consultants will be used where necessary.
- 3.2.6 New Board Members will be appointed to the Board immediately after emh Group Board approval has been granted.
- 3.2.7 The Rooney Rule shall be applied to the recruitment for all Board and Committee Members. If no BAME applicant is shortlisted through the normal pointing system, we will return to the pool of non-shortlisted applicants to identify the highest scoring BAME applicant. Providing the person specification is met, they will be added to the pool of candidates called for interview. If there is no one that meets the person specification the original pool of candidates will proceed. We will however consider going back out to advertisement if considered appropriate.

### 3.3 **Size, Skills, Competencies and Membership of the Subsidiary Boards**

- 3.3.1 emh homes, emh care & support and Midlands Rural Housing Boards are responsible for the provision of high-quality services and providing assurance to the emh Group Board. Subsidiary Boards are responsible for the provision of high-quality service user, customer and neighbourhood services.
- 3.3.2 emh homes Board has 7 Board places. At least three members shall be appointed from the parent board, one of whom may be the Group Chief Executive. Members should have current or recent skills in one or more area:



- Development
- Social Housing
- Customer Voice
- Neighbourhoods and Communities
- Community and engagement
- Internal Maintenance Services/Repairs and Maintenance/asset management
- Financial experience

3.3.3 emh care & support Board has 7 Board places. At least three members of which shall be appointed by the parent Board (the Group Chief Executive cannot be appointed due to its charitable nature). Members should have current or recent skills in one or more area:

- Working with Health Authorities/ Adult Social Care
- Supported Housing
- Care & Support
- Safeguarding
- Charity/Voluntary Sector
- Operational budget management
- Practical experience in Care

3.3.4 The Board of Midlands Rural Housing (MRH) consists of 5 members: one nominee from each of the independent rural housing associations, and an appointee from the parent who may be a Board Member or Member of the Executive Management Team. New members will undergo a due selection and assessment process in order to establish their suitability. The MRH Board shall ensure that nominated MRH Board Members bring the skills and experience that meet the needs of the Board and that they are fully aware in advance of the responsibilities that they will undertake.

### 3.4 **Recruitment to the Subsidiary Boards**

3.4.1 The Group operates an open, fair and merit-based Board recruitment process involving a wide range of methods such as the use of recruitment consultants, advertisements being placed in newspapers, trade journals, and/or on websites and via social media. Candidates known to existing Board members or senior officers within the Group through a variety of networks and having the appropriate skills and experience may be contacted and invited to respond to the advertisement. We will encourage applications from our customer base.

3.4.2 Applicants will need to complete application forms and/or submit CVs in order to demonstrate their suitability on the basis of a Board member role profile and person specification. Interviews will be led by the Remuneration and Governance Committee, with input from independent consultants where necessary.

3.4.3 All candidates must disclose whether any of their activities or membership of other organisations might lead to a conflict of interest with the Group, in accordance with the Board Members' Code of Conduct

3.4.4 The interview panel would normally comprise of a Group Board Member, Subsidiary Chair and the Company Secretary, or a suitable alternative member of staff in his/her absence. Officers will act -in an advisory capacity and will not be part of the decision-making process. Appointments are subject to approval by the emh Group Board.



- 3.4.5 All subsidiary Chairs are appointed by the Group Board. Within MRH, the Chair is elected locally, subject to approval of the parent Board. Any posts of Chair or Vice Chair of a Board cannot be held by an employee of the Group.
- 3.4.6 New Board Members will be appointed to the relevant subsidiary Board at the next Board meeting subject to approval by the parent Board
- 3.4.7 The Rooney Rule shall be applied to the recruitment for all Board and Committee Members. If no BAME applicant is shortlisted through the normal pointing system, we will return to the pool of non-shortlisted applicants to identify the highest scoring BAME applicant. Providing the person specification is met, they will be added to the pool of candidates called for interview. If there is no one that meets the person specification the original pool of candidates will proceed. We will however consider going back out to advertisement if considered appropriate

### 3.5 Pipeline

- 3.5.1 To supplement the recruitment processes outlined above, emh group may take steps to identify a pipeline of potential candidates. Such steps may include:
- Allowing potential future candidates opportunities to observe Board or Committee meetings in order to gain greater insight into the role of a Board Member;
  - Holding CVs on file for people who have expressed an interest in joining our Boards, or of unsuccessful candidates who might match with future plans;
  - Recruiting strong candidates as independent members of Committees or Subsidiary Boards, with the intention of them taking on further roles when vacancies arise.
- 3.5.2 Care shall be taken to ensure that identifying any pipeline of potential candidates is not a barrier to open and transparent recruitment to vacancies on our Boards or Committees and that diversity and equality of opportunity remain paramount.

### 3.6 Committees

- 3.6.1 The Group Board has determined that three Committees will support it in exercising further scrutiny, control and oversight:
- The Group Audit Committee – Membership will comprise of up to 5 Members and include at least one person with recent and relevant financial experience. Additional independent members may be co-opted from time to time to bring specific skills or expertise to the Committee. The Chair of the Group Board and Chief Executive shall not be Members of this Committee but may be there in attendance. The Committee will have a rotating Chair every 3 years, unless exceptionally agreed by the Group Board.
  - The Group Treasury Committee – Membership will comprise of four Members, including the Chief Executive and will be appointed by the Group Board. Members should hold recent and relevant experience in the financial, treasury or banking industry.
  - The Remuneration and Governance Committee – Membership will comprise of the Group Chair, Vice Chair, Chair of emh Homes and Chair of emh care and support and another Member of the Group Board. The number of Members will



vary in the event of a Member holding more than one of these posts (ie. Vice Chair). The Chair of the Group shall not be the Chair of the Remuneration and Governance Committee. The Chief Executive shall be in attendance as necessary but will not be involved in any discussions about his own remuneration. Input from independent sources may be sought as necessary.

### **3.7 Terms of Office**

3.7.1 The membership of the Boards will be subject to the rules of limited tenure as permitted by the rules and in accordance with the adopted Code of Governance – i.e. three-year terms and a maximum of two terms in office. There will be no automatic re-election for the next 3-year term. Any re-election will be subject to consideration of the Member's appraised performance and skills and to the wider needs of the Board at the time, including any requirements associated with succession planning. This will be on the recommendation of the Remunerations and Governance Committee. The skills requirement for each Board shall be reviewed periodically as part of the annual assessment of Board performance. Terms of office only apply to non-executive Board Members.

3.7.2 A Board Member that is approaching six years of continuous service shall normally be required to stand down on the anniversary of their sixth year, or at the Board Meeting before their -sixth year in office. Members may be asked to stand down before the end of their term in office to assist with orderly succession planning as approved by the parent Board. These provisions concerning tenure apply to office held across all of the Group's Boards and Committees, and those of predecessor organisations, including service as co-optee. Where a Member has served six years, and the Board agrees it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years. Reasons for any non-compliance with this, or any other requirement of the NHF Code, shall be explained in the annual accounts.

3.7.3 Having stood down, former Board members shall not be entitled to reapply to any Board or Committee within the Group for a minimum period of three years.

3.7.4 Nominees to MRH Board shall not be approved by the parent Board if they have been on MRH's Board for more than 6 years. Terms of office only apply to non-executive Board Members.

### **3.8 Equality, Diversity and Inclusion**

3.8.1 In considering the composition and renewal of the Board, regard shall be given to the need for a Board which includes people from diverse backgrounds and with diverse attributes, to help ensure healthy debate and challenge, and a range of perspectives.

3.8.2 The Equality, Diversity and Inclusion Strategy-sets out the diversity targets relating to governance. The Board has set targets to ensure that Boards are reflective of the communities emh serves.

3.8.3 Emh has adopted the Race Code and will implement the agreed actions within the Action Plan agreed by the Group Board.

### **3.9 Co-optees and Board Observers**

3.9.1 Any Board or Committee within the Group may, from time to time invite additional members to be co-opted. This will usually be when specific skills are required, perhaps for a short





period of time, that are not currently available on the Board. Such co-optees are appointed on an annual basis.

3.9.2 From time to time the Board may choose to invite observers to attend and participate. Observers are not permitted to vote in meetings.

### 3.10 **Current and Former emh Employees**

3.10.1 A former member of staff will be able to apply to be on any of the Boards or Committees three years after leaving the organisation. This provision does not apply to Executive Team Members.

3.10.2 Current emh group staff, including all of its subsidiaries staff, shall not be eligible to join the emh group or its subsidiary Board or Committees whilst employed by the Group.

### 3.11 **Staff or Board Members of Other Housing or Care Providers**

3.11.1 Staff or Board members of other housing providers who apply for Group or subsidiary Board membership will be considered provided there is no conflict in operational areas. The number of such Board members will not normally exceed one per Board. The exception here would be Midlands Rural Housing, which is a subsidiary Board of emh homes. MRH Board consists of representatives from four Rural Housing Associations.

### 3.12 **Exclusion from Board and Committee Membership**

3.12.1 Each Group Member's Rules sets out a list of circumstances (which are applicable to that Group Member) in which persons cannot be appointed as Board members, or if already appointed must leave the Board.

3.12.2 For the purpose of this Policy the following people cannot be appointed or remain as Board members and this, together with any additional provisions set out in the relevant Group Member's Rules, should be considered when recruiting new Board members:

- persons who are disqualified from acting as a director of a company for any reason;
- persons who have been convicted of an indictable offence within the last five years;
- tenants and leaseholders who are in serious or material breach of their tenancy agreement or lease;
- persons who are suffering from Mental Disorder (as defined by Section 1 of the Mental Health Act 1983 (as amended)) and have been admitted to hospital under that Act or who in the opinion of a registered medical practitioner is suffering from a mental disorder by reason of which they are incapable of carrying out the duties of a Board Member;
- Board members who have breached the Members' Code of Conduct.

### 3.13 **Succession Planning**

3.13.1 Succession planning is the responsibility of the Group Board, on the recommendation of the Remunerations and Governance Committee

3.13.2 Stability in the Board can be considered a positive factor, leading to collegiality, trust, consistency and depth of knowledge about the organisation. However, if Boards fail to adopt a cycle of renewal, they can soon become collectively de-skilled. Organisations are operating in an environment of dynamic change and transformation, with market disruption, innovative technological changes, and competitive pressure.

3.13.3 Refreshing the board is therefore not “change for change’s sake” but should be a response to the question “What is our anticipated business context and how well suited is our Board for it?”.

3.13.4 A dynamic succession plan is a control to help manage the following risks:

- board stagnation, group think and cosy relationships with the Executive;
- fighting yesterday’s battles – helping ensure that membership reflects the business’ current and anticipated strategic priorities;
- lack of diversity and accountability to stakeholders – providing a mix of age, experience and backgrounds will lead to better debate, decision making and accountability.

3.13.5 The Group shall aim to recruit Members of an optimum mix of age, experience, backgrounds, and length of time on the board to gain the benefits of stability alongside avoiding the risks of stagnation.

3.13.6 In the interest of transparency, and to enable Board members to make future plans, succession planning shall be an open process forming part of regular Governance updates to Board. It shall also form part of Board Member induction so that the process and approach is made known to board members from the start of their first term of office.

### 3.14 **Succession Planning**

3.14.1 Emh group’s Board structures include the leadership roles of Chair, Vice Chair, Subsidiary Chairs, Committee Chairs and Board Champions. With the exception of the Group Chair and Group Vice Chair, these positions are appointed on an annual basis by the Group Board, on the recommendation of the Remunerations and Governance Committee.

3.14.2 Succession planning therefore needs to take into consideration their periodic (3 yearly) terms of office review date, and the maximum term of office for each of these posts (currently 3 terms of 3 years).

3.14.3 Consideration may also need to be given to the rotation of some of these key leadership positions, in order to optimise skills on the Subsidiary boards/Committees as their membership changes over time.

3.14.4 A succession grid of all Members shall be maintained. This shall be updated on an annual basis and set out Members start dates, terms of office for renewal, and their status. In order to optimise skills and ensure diversity this grid shall be mapped against the current and future skill and diversity requirements periodically.

3.14.5 Any Board or Committee member may be required to stand down ahead of the end of their term of office if it is felt advantageous to stagger Board members’ leaving dates in order to avoid peaks and troughs.

### 3.15 Learning and Development

3.15.1 The Board will ensure that new members receive induction training and that effective arrangements are made to maintain and enhance the skills and motivation of all Members of the Board. All Members are provided with access to a suite of key governance documents and recorded training sessions via Teams. An annual training plan for Board Members will be produced informed by the annual Board appraisals.

3.15.2 Training needs for members of Midlands Rural Housing shall primarily be met via their membership of their Independent Rural Housing Association. However, this shall be reviewed annually to ensure that there are no additional training needs arising from their role as MRH Board Members. Appraisals of MRH Board Members shall be undertaken at least every two years by the Chair of Midlands Rural Housing. The Chair shall undergo a 360-degree appraisal, involving MRH Board Members, the Managing Director of the Midlands Rural Housing and the Parent Representative on the Board.

### 3.16 Board Member Appraisals

3.16.1 All Board members will be appraised at least every two years by the Chair on an individual basis. The Group Chair will be appraised at least every three years by an external consultant.

3.16.2 As well as determining any learning and development needs, the Board member appraisal process shall give the Chair and individual Board Members an opportunity to formally discuss and record the individual's future plans in relation to on-going Board membership, attendance, conduct, contribution and effectiveness.

3.16.3 The annual appraisal shall be taken into consideration at the end of the Board Member's elected term of office, when deciding whether or not to recommend the Board Member for a further term. The skills fit of the Board Member with current and future skills requirements on the Board shall also be considered at this time.

### 3.17 Collective Board Effectiveness Review

3.17.1 The collective performance of the Board shall be reviewed in the following ways:

- An electronic survey conducted at the end of each Board and Committee meeting to assess its effectiveness, the outcome of which is shared with all Chairs of the Board and Committees.
- Peer reviews by Board members and officers from other associations (usually PlaceShapers members);
- A formal annual review of Board effectiveness at the Board Planning Day held annually in January – action plans arising from this review shall be reported to Boards and their delivery monitored;
- A formal review of Board effectiveness every three years conducted by an independent Consultant.

3.17.2 The collective review of board effectiveness shall be used to inform succession planning for the Board in relation to:

- Identifying future skills and mapping current skills against these;



- The relationship between Board and Executive;
- The balance between collegiality and depth of knowledge about the organisation, and fresh challenge and diversity of experience and perspective.

### 3.18 Experts on the Boards and Committees

3.18.1 In addition to recruiting individuals with appropriate skills, from time to time there may be a need to consider recruiting or co-opting a specific “expert” to the Board to fill an identified skills gap e.g. a treasury expert on the Treasury Committee; an ICT expert during a period of significant investment or transformational change; or someone with direct customer experience of emh group’s services. Where this is the case, transparent and targeted recruitment should take place, with adverts making it clear the precise skills or experiences the Group is looking for.

3.18.2 Where “experts” are appointed to the Board, Board Members must take care that they do not defer to their expertise, but continue to bring a diverse range of challenge to decisions and plans. This should form part of the collective review of Board effectiveness.

3.18.3 Consideration also ought to be given to whether or not it would be preferable to access this level of expertise in a different way e.g. by appointing consultants to report to the Board, rather than relying on “expert” Board members.

3.18.4 Board champions will be appointed as determined by the Board.

### 3.19 Links to Executive Leadership Transition

3.19.1 Alongside Board Member succession planning, from time to time the Board should consider any risks associated with transition within the Executive team coinciding with the loss of leaders on the Board. For example, there could be risks to the business if the end of the Chair of Treasury Committee’s term of office were to coincide with the anticipated departure of the Executive Director of Finance, etc.

### 3.20 Remuneration

3.20.1 The Governance and Remuneration Committee will be responsible for monitoring the remuneration of Board and Committee Members using independent advice and in accordance with the 2020 Code of Governance:

- Permitted by law and constitution
- Agreed by the Board as being in the best interests of the Group
- Aligned with the Group’s social purpose and wider reputation
- Proportionate to the Group’s size, complexity, level of risk and resources
- Linked to the role’s responsibilities, against which performance is reviewed
- Regularly reviewed, drawing on external advice as necessary
- Disclosed in the Group’s annual financial statement

3.20.2 Membership of the Audit Committee is a remunerated position which is reviewed periodically. Members will be paid for their position on the Audit Committee based on remuneration for other positions. If a position on a Board is paid higher this is the remuneration that they will receive. No additional remuneration will be received for being a member of the Audit Committee.



3.20.3 Board Members will be remunerated for their position on the Board, additional payments will not be made for being appointed to subsidiary Boards or Committees.

## **4. Associated Documents**

4.1 The following support the application of this Policy:

- ▶ Rules and articles (which take precedent)
- ▶ Board Members' Appraisal Form
- ▶ Board Members' Appraisal Policy
- ▶ The Group Chair's Appraisal Form
- ▶ Board Members' succession grid (annually updated)
- ▶ Board Members' Code of Conduct
- ▶ Members' Services Agreement
- ▶ Board Members' competencies
- ▶ Equality, Diversity and Inclusion Strategy