



EMH GROUP BOARD MEMBERSHIP, RECRUITMENT AND SUCCESSION POLICY

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 & Support Limited (emh care & support). The group also includes other legal entities emh Treasury, Midlands Rural Housing, and Sharpes Garden Services. 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) Excellence in Governance Code for Members for its parent organisation, emh group, and for its main subsidiaries including 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 about any areas of non compliance.
- 1.3 This policy relates to emh group, emh homes, emh care & support and Midlands Rural Housing, Sharpes Garden Services and EMH Treasury PLC fall outside the remit of this policy.

2. SKILLS AND MEMBERSHIP OF GROUP PARENT BOARD

- 2.1 emh group has closed shareholding membership policy, whereby the rules of each organisation restrict its shareholders to its Board Members or the parent organisation.
- 2.2 The Group parent 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.
- 2.3 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 whole 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:
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| <p>Growth and Business Development</p> <ul style="list-style-type: none">• Public & Social Policy• Commercial Management• Expertise of development; | <p>Care and Support</p> <ul style="list-style-type: none">• Strategic expertise in care and support |
| <p>People and Organisational Development</p> <ul style="list-style-type: none">• Organisation Development/HR• Health and wellbeing | <p>Business and Financial Resilience</p> <ul style="list-style-type: none">• Treasury Management• Audit/Risk Management• Strategic Financial Management• ICT/Digital experience |
| <p>Housing and Neighborhood Services</p> <ul style="list-style-type: none">• Housing Experience• Customer Service• Tenants' perspective | |
- 2.4 There is clearly an overlap between these skills and it is likely that successful applicants for board membership will have a combination of the skills above.

3. RECRUITMENT TO THE GROUP PARENT BOARD

- 3.1 Generally, the Group's approach to the recruitment and appointment of independent board members can 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. All candidates shall be evaluated in the same manner and must disclose whether any of their activities or membership of other organisations might lead to a conflict of interest within the Group's work. 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. There will be a fair and transparent selection process. Interviews will normally take place and these will be led by the Group Board, with input from independent consultants where necessary.
- 3.2 Members of existing subsidiary boards who are interested in being considered for independent member positions that arise from time to time on the Group Board can put themselves forward as candidates. If they are successful they will have to stand down from their subsidiary board. Their length of service will be taken into account if they are recruited to the Group Board in order that the maximum period of 9 years as a Board member is not exceeded.
- 3.3 Recruitment of a Group Chair will be open and transparent and based on a competitive process, details of which will be agreed by the Group Board. Independent consultants will be used where necessary.
- 3.4 New Board Members will be appointed to the Board immediately after the parent Board approval has been granted.

4. SKILLS, SIZE AND MEMBERSHIP OF SUBSIDIARY BOARDS

- 4.1 Subsidiary boards are responsible for the provision of high quality service user, customer and neighbourhood services and aiming for upper quartile performance in all key performance indicators. These boards are crucial in the front line of the Group's activities and will be managing significant business units as employers and service providers.
- 4.2 Skills required for the emh housing & regeneration Board are:
- Development
 - Social Housing
 - Customer & neighborhood services
 - Neighbourhoods and Communities
 - Community and engagement
 - Internal Maintenance Services/Repairs and Maintenance/asset management
 - Operational Budget Management
- 4.3 Skills required for the emh care & Support Board include:
- Working with Health Authorities/ Adult Social Care
 - Supported Housing
 - Care & Support
 - Safeguarding
 - Charity/Voluntary Sector
 - Operational budget management
- 4.3 Additional skills may be required depending on the nature of the subsidiary. For instance, emh care & support is likely to benefit from specific skills relating to the provision of care and support services to clients with a range of needs. emh homes is likely to benefit from specific skills in the provision and management of housing and direct labour force organisations.

- 4.4 emh homes consist of 6 places. At least three members shall be appointed from the parent board, one of whom may be the Group Chief Executive.
- 4.5 emh care & support has 6 Board places, at least three of which shall be appointed by the parent (the Group Chief Executive cannot be a formal member due to its charitable nature).
- 4.6 The Board of Midlands Rural Housing 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 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.
- 4.7 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 the Board cannot be held by an employee within the Group.

5. RECRUITMENT TO SUBSIDIARY BOARDS

- 5.1 The recruitment of independent board members to subsidiary boards can 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. All candidates shall be evaluated in the same manner and must disclose whether any of their activities or membership of other organisations might lead to a conflict of interest within the Group's work. Applicants will need to complete application forms and demonstrate their suitability on the basis of a board member role profile and person specification. There will be a fair and transparent selection process.
- 5.2 Interviews will normally take place and 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 be acting in an advisory capacity and will not be part of the decision-making process. Appointments are subject to approval by the parent board.
- 5.3 New Board Members will be appointed to the relevant subsidiary Board at the next Board meeting subject to approval by the parent board

6. DIVERSITY IMPLICATIONS

- 6.1 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.
- 6.2 The current EMH Kaleidoscope¹ policy sets out the diversity targets relating to governance and other areas and these will be reviewed for each of the boards within the Group.

7. TERMS OF OFFICE

- 7.1 The membership of the boards will be subject to the usual rule of limited tenure in office as permitted by the rules – i.e. three year terms and a maximum of three 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 annually as part of the annual assessment of Board

¹ Group Policy on Diversity

performance. Terms of office only apply to non-executive board members.

7.2 A Board Member that is approaching nine years of continuous service shall normally be required to stand down on the anniversary of their ninth year, or at the Board Meeting before their ninth year in office. Member's may be asked to stand down before their ninth term in office to assist with orderly succession planning as approved by the parent Board. This maximum tenure applies to all board member service with an organisation or its predecessors or its subsidiaries. Reasons for any non compliance with this, or any other requirement of the NHF Code, shall be explained in the annual accounts.

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

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 9 years.

8. TRAINING AND APPRAISAL

8.1 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. Skills requirement for each board will be reviewed annually as part of the annual assessment of Board performance. An annual training plan for Board members will be produced. 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 two years by an external consultant.

8.2 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 MRH. The Chair shall undergo a 360 degree appraisal, involving MRH Board Members, the MD of MRH, and the Parent Representative on the Board.

9. CO-OPTIONS & BOARD OBSERVERS

9.1 Any Board 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.

9.2 From time to time the Board may choose to invite observers to attend and participate but not vote in Board meetings.

10. CURRENT & FORMER EMH EMPLOYEES

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

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.

11. STAFF OR BOARD MEMBERS OF OTHER HOUSING PROVIDERS

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.

12. EXCLUSION FROM BOARD MEMBERSHIP

- 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.
- 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' 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 Code of Conduct.

13. REMUNERATION

- 13.1 Membership of the Audit Committee is a remunerated position which is reviewed on an annual basis.
- 13.2 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.
- 13.3 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.
- 13.4 The Governance and Remuneration Committee will be responsible for monitoring the remuneration of Board and Committee Members.

14. SUCCESSION PLANNING

14.1 Responsibility

- 14.1.1 Succession planning is the responsibility of the Group Board, on the recommendation of the Remunerations and Governance Committee.

14.2 Optimum Mix

- 14.2.1 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.

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

- 14.2.3 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.

14.2.4 Ideally, there should be an optimum mix of age, experience, backgrounds, and length of time on the board in order to gain the benefits of stability alongside avoiding the risks of stagnation.

14.3 Board Leadership Succession

14.3.1 emh group's board structures include the leadership roles of Chair, Vice Chair, Subsidiary Chairs, Committee Chairs and 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.

14.3.2 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 year).

14.3.3 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 board/committees as their membership changes over time.

14.3.4 A leadership succession grid shall be maintained to aid this planning. This shall be updated on an annual basis and considered by the Remunerations and Governance Committee.

14.4 Board & Committee Member Succession

14.4.1 For other Board Members and Committee members, not currently holding board or committee leadership roles, a board member succession plan grid will be maintained, setting out their start date, terms of office for renewal (every 3 years), status (i.e. full member or co-opted member), and maximum term of office. Both grids shall be periodically mapped against current and future skills requirements.

14.5 Evaluation of individual board member effectiveness

14.5.1 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 on the Board.

14.5.2 These annual evaluations shall be taken into consideration at the end of the board members' 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.

14.6 Collective Board Effectiveness Review

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

- Informal review at the end of each meeting to assess how effective the meeting was and any learning points for future meetings;
- 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 advisor – this will usually take place as part of a strategic planning two day event.

14.6.2 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.

14.7 Peaks and Troughs

14.7.1 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.

14.8 Pipeline

14.8.1 To supplement the recruitment processes outlined above, emh group may take steps to identify a pipeline of potential candidates. Such steps may include:

- Specific recruitment initiatives, such as emh group's Women on Boards initiative held in 2018 or the tenant board membership workshop for potential applicants;
- Allowing potential future candidates opportunities to observe board or committee meetings in order to gain greater insight into the role of 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.

14.8.2 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.

14.9 Experts on the Board

14.9.1 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.

14.9.2 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.

14.9.3 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.

14.10 Links to Executive Leadership Transition

14.10.1 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.

14.11 Open Discussion on Succession Planning

14.11.1 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.

APPROVED EMH GROUP BOARD 21ST JUNE 2019

Group Board Skills reviewed & update December 2019