

**COMMITTEE ANNUAL REVIEW PROCEDURE**

*(final version 21/11/19)*

**Approved by Committee: 28th November 2019**

**Date Due for Review: October 2022**

**1. Background**

1.1 Standard 6 of the Standards of Governance and Financial Management for RSLs requires that: *“The governing body and senior officer have the skills and knowledge that they need to be effective”*.

1.2 Regulatory guidance at sections 6.1, 6.2 and 6.3 expands upon requirements relating to the election / recruitment of governing body members, succession planning, annual performance and other reviews, and an annual assessment of the skills, knowledge, diversity and objectivity needed to provide capable leadership and control by the governing body, in order to manage its affairs effectively, achieve its purpose, and deliver good outcomes for tenants.

1.3 These various processes need to be linked together and conducted in an appropriate sequence in order to maximise effectiveness. This procedure document aims to identify the key policies and documentation that need to be available for use in order to achieve the best outcome, and ensure that they are integrated with each other, up-to-date and fit for purpose.

**2. Policy alignment**

2.1 The process for conducting annual reviews will be supported by policy and documentation in the following areas:

* Committee recruitment policy, procedures and other documentation (including committee diversity monitoring)
* Committee annual review policy and documentation ( including a process for assessing the continued effectiveness of committee members with more than 9 years of continuous service)
* Succession planning policy and documentation
* Committee training and development policy and procedures

2.2 Each year RHA must submit an annual assurance statement to SHR confirming (or not) its compliance with the requirements of the Regulatory Framework. Whatever approach is taken by RHA from year to year to reach a judgement on compliance with these requirements, it should always include a review of the effectiveness of the various component parts of this process, including identifying any parts requiring review or upgrading. These improvements can then be included in the work programme for the following year, in time to be included in the next round of committee reviews.

**3. Timing**

3.1 The optimum timing for this annual committee review process to take place should be during late spring/early summer, completed in sufficient time for reports on the various outcomes to be presented to the August management committee meeting, and to be included in any paperwork circulated to shareholding members about the forthcoming AGM, particularly those relating to nominations for election to committee membership. The senior officer should bring a report to an appropriate committee meeting to seek agreement to the timing and arrangements for the year’s reviews.

3.2 Most committee member appointments will run from the date of the AGM, which takes place in September each year, whether of existing committee members required to retire by rotation and offer themselves for re-election; of committee members appointed to fill casual vacancies occurring during the year, or who have been co-opted during the year; or of shareholding members who have been nominated and elected for the first time.

3.3 By late spring/early summer, all committee members will have had the opportunity to participate in 6 or so committee meetings, and established a track record of attendance at governing body meetings and training events, and a pattern of contribution to committee discussions and decisions, and to meetings generally. Committee members will also have had time to consider whether and how they might wish to develop their contribution to the work of RHA.

**4. Collective review of committee effectiveness**

4.1 Whilst not always essential, RHA will normally conduct the collective and individual reviews separately. The collective review process will consider the effectiveness of the current management committee in its governance role, seeking to identify areas where improvements are required.

4.2 This collective review will normally require a half day discussion, and can usefully be undertaken as part of an “Away Day” event, if one is required at this time of year. It will normally be more effective if facilitated by an experienced external party, who can bring objectivity and awareness of issues and solutions identified by comparable associations.

4.3 It can usefully review all aspects of committee meeting effectiveness, including reporting, minuting, meeting and agenda planning, conduct and meeting management, challenge effectiveness, and so on. It can consider governing body and management / staff relationships (and should be attended by at least the senior officer, and potentially other staff who contribute to committee meetings) and undertake team-building exercises. It can include a review of the current governance framework, including the requirement for sub-committees.

4.4 It can also prepare for the forthcoming review process, by introducing or trialling any new or changed documentation; exploring any improvements that may be needed with regard to the previous year’s programme; considering what overall set of skills, etc are required for good governance at RHA; and what the priorities for committee development may need to be in the year ahead, to inform collective training needs assessment.

4.5 A report summarising the agreed outcomes and follow-up actions arising from the collective review process should be prepared by the external facilitator, if appointed, or by the senior officer if not, and submitted to the next following committee meeting for consideration.

**5. Individual reviews and assessments**

5.1 The collective review process will be followed promptly by the necessary series of individual reviews and assessments: skills audit update; individual reviews of contribution and effectiveness (or appraisal); any necessary reviews of continued effectiveness for committee members with 9 years’ or more continuous service.

5.2 The skills audit process will normally consist of a self-assessment exercise via completion of a written questionnaire, inviting committee members to rate their own proficiency and expertise across a range of areas judged to represent the key range of skills and competencies required for a strong governing body. The content of the written document will be reviewed from year to year to ensure continuing relevance and appropriateness. Consideration should be given to involving an external specialist in reviews and revisions to this questionnaire, and indeed to bringing some independent judgement and objectivity to the review process and reporting on its outcome.

5.3 The skills audit should be completed before any individual review meeting takes place and the written version should be available for discussion at that meeting.

5.4 Individual committee member contribution reviews will be conducted by the Chair. External support will be available to the Chair if required, including preparation for meetings, attendance at meetings, writing up of the outcome of meetings, and reporting on outcomes and key issues arising. The requirement for support must be established well before the whole programme commences, so that appropriate procurement can be completed in good time.

5.5 Documentation to be used in the process, and to record outcomes, will be reviewed as required for continuing effectiveness. Any documentation required to be completed in advance will be issued to committee members in good time (normally at least two weeks before it is required to be returned).

5.6 The one-to-one meetings will cover contribution effectiveness in the year to date. Opportunities for the contribution to be developed, to learn about new areas, to take on additional responsibilities, to improve knowledge and skills in key areas, etc. can be discussed. Training needs and opportunities should be identified; future intentions regarding continuing committee membership, aspiration to become an office-bearer, etc. discussed; and opportunities for improvement in governance generally considered.

5.7 Arrangements should also be made for an equivalent meeting to appraise the Chair’s contribution, which will normally be undertaken by the other office-bearers, with appropriate external support. Each member of the committee will be invited to provide written feedback on the contribution of the Chair over the previous 12 months and how that individual might develop their role in the coming year to support the overall performance of the committee

5.8 Where an assessment of the continued effectiveness of a committee member with more than 9 years’ continuous service is required and who is seeking re-election at the forthcoming AGM, the one-to-one appraisal meeting will incorporate a discussion on this issue, and the completion of an appropriate pro-forma to guide discussion. The outcome of this discussion, and the completed pro-forma will then be presented by the Chair for discussion with the rest of the committee at its next meeting, to agree appropriate action.

5.9 At the end of the programme of individual review meetings the Chair, or appointed external support consultant, will prepare a report on the outcome of the skills audit and individual review meetings, including appropriate recommendations about future priorities for committee recruitment and committee training.

**6. Diversity monitoring**

6.1 The annual assessment process should also consider diversity of committee membership. Data for this diversity review will need to be provided by an anonymised and up-to-date survey of current committee members. It is now an explicit requirement of the regulatory requirements set out in the updated Regulatory Framework that all housing associations must collect data relating to each protected characteristic for a number of parties, including governing body members and staff.

6.2 RHA will continue to collect diversity data from its committee members as part of the process of obtaining updated annual written declarations of interest, after each AGM. A substantial amount of information is collected about protected characteristics as part of this process, some of which is also required to complete the ARC (Annual Return on the Charter), submitted in May each year.

6.3 Should there be any changes in committee membership between September and May, then it may be appropriate to collect updated diversity data as part of the committee review process to ensure the ARC submission is up to date.

**7. Objectivity**

7.1 From April 2019, the Standards of Governance and Financial Management introduced an additional area for annual assessment: objectivity. RHA will include appropriate tests of objectivity into its annual review programme ( which may include independent observation of a committee meeting, consideration of how well any dual interests are managed or how new ideas and thinking are brought into discussion, etc) and subsequently adapt and review these as required in future years.

**8. Succession planning**

8.1 In order to actively plan for an orderly succession to management committee membership, the committee needs to understand the level of commitment of its existing members to remaining on the committee, and the likely need for new committee member recruitment in the year ahead.

8.2 Firstly, the committee needs to be clear how many committee members it needs to form the most effective governing body. This is specified in the Rules (currently a maximum of 15 members), but Rules can be amended, and there is research about the size of effective groups in relation to governance which might suggest that 15 members is too many, and a smaller number (perhaps 12) might produce better results. RHA should review its position on this from time to time, potentially using the collective review of committee effectiveness for this purpose.

8.3 The introduction of three-year appointments (subject to possible earlier re-election requirements due to the application of the rule regarding retirement by rotation) will emphasise that the commitment being sought by RHA at the time of appointment is for three years, not one. Nonetheless, circumstances can change, and every committee member should be asked every year as part of the individual review process about their commitment to completing their current three-year appointment term, and their likely interest in continuing for a further three-year term.

8.4 Committee members should also be asked about their interest / aspiration to become an office-bearer, or indeed Chair, in future years, and existing office bearers about their interest (subject to annual election) in continuing in their existing role or diversifying into new ones. Appropriate training and development for those who aspire to new office should also be discussed as part of the review process.

8.5 The report of the annual review should draw attention to any issues arising, e.g. an office-bearer who will be standing down at the forthcoming AGM, and should particularly highlight where the Chair is one year away from reaching their maximum term of office (5 years), or is known to wish to stand down. This will encourage awareness and internal discussion about succession to office-bearer roles, particularly in relation to the role of Chair, where agreement about whether internal succession or external recruitment will represent the best way forward for the association should be sought. If planned internal succession is agreed as the way forward, then appropriate preparation (mentoring and personal development / training) can be arranged.

8.6 Generally speaking, the outcome of the various reviews and skills audits should be taken into account by the committee when considering its succession requirements, including the targeting of appropriate skills and attributes, both in terms of the recruitment of new members and the filling of the required office-bearer roles.

**9. Annual report and AGM**

9.1 The outcome of all of the above processes should then be drawn together by the senior officer to form the annual assessment of skills, knowledge, diversity and objectivity. This major annual report should be submitted to the committee meeting before the AGM (normally in August), in sufficient time for any necessary elements or conclusions to be included in advance circulation of papers to the AGM.

9.2 The report should include proposals, where relevant, on:

* Any changes to RHA’s overall assessment of the necessary range of skills, knowledge, experience, etc. required for good governance;
* Any gaps in skills, knowledge, etc. that should be targeted in future recruitment and elections to committee membership;
* Any recommendations for improving diversity and objectivity;
* Any other succession planning issues that require to be addressed;
* Any outcomes of continued effectiveness reviews for members with 9-years + continuous service, where decisions about re-election are required;
* Any priorities for committee training arising out of the skills audit and individual review meetings;
* Any other key messages and proposals for improved governance.

 The outcome reports from the various elements of the process will normally form appendices to this report.

9.3 Any report on the forthcoming AGM (made to the same committee meeting) should include details of all potential elections for committee membership that are known to be required at the AGM at this stage, including:

* Which committee members will be retiring by rotation, and must seek re-election;
* Which co-opted members, or anyone filling a casual vacancy, must stand for election if they wish to continue as a committee member;
* Any members with 9 years + continuous service who are included in the above, subject to the outcome of committee discussion on demonstration of continuing effectiveness.

 9.4 The report should also include the proposed wording of any documentation proposed to be sent out to shareholding members seeking nomination for new committee members, identifying any key messages arising from the above annual review report, particularly relating to skills, knowledge, diversity, etc. gaps that the committee wishes to fill, for approval.

**10. Committee recruitment**

10.1 Once the AGM elections have been held, the committee should take stock of its current membership numbers (compared to the maximum permitted), and decide what further recruitment is required for the year ahead, based on the analysis in the annual review report.

10.2 Any necessary recruitment programme can then be undertaken in the autumn, targeting the skills gap areas, and using the approved committee recruitment procedures.

10.3 Any further recruitment at this stage will be for co-opted members, and care should be taken to ensure that the numbers recruited will not breach the maximum requirements for co-optees set out in the Rules.

**11. Committee training and development plans**

11.1 Following the committee annual reviews, a committee training and development plan will be drawn up for (at least) the year ahead based on known priorities arising from the annual review and from agreed business and operational plan priorities.

11.2 This programme will be reviewed and updated (where necessary) in October each year, to take of the AGM elections (in terms of induction requirements).