



VIEWS

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Top ten tips for better boards

– Angela Lomax Director, DTP



Registered housing association boards have had much to contend with in recent years. And there's little sign of things getting quieter for them in the years ahead.

Planned changes to the regulatory system governing housing associations is likely to have a big impact on boards, and in ways which were perhaps are not predicted.

We work with lots of registered housing associations to improve the way their boards operate and perform – and to enhance the contribution they can make to organisational performance.

Get it right and your board really can make a difference – providing independent and objective oversight on your strategy. They can be the critical friend the executive team need when times get tough. Get it wrong and your board can act as drag on performance and effectiveness.

Hard and fast rules are hard to come by and there really is no 'one size fits all' solution. But there are some general principles I have picked up from my experience.

Here are my top ten tips for better boards...

1. Create a board that works best for you – for your organisation's specific culture, behaviours and standards. Off the shelf doesn't work – and creating a better board isn't always about "professional" members or having less of them. Spend some time thinking about how best your board can work together. Be clear about what your mission and values are – and make sure your board know what's expected. Take a step back sometimes and ask – what is the real purpose of the board and how can they really improve governance?
2. It's not about the money. There's been a big focus on paying boards in recent years and while I'm not saying payment is a bad thing, it isn't a panacea either. I've done recruitment exercises with boards that pay and boards that don't – and both have produced excellent outcomes. I remain to be convinced that pay is a key driver of performance. One recruitment exercise we worked on was offering people significant amounts of money to sit on the board. The result was candidates presenting who had literally no idea what kind of organisation they were walking into.
3. Terms of office. This is something we really have to look at in my view as boards need continual renewal to keep them on track. We need to move to annual contracts as standard with renewal on the basis of good performance. Nine year tenure should not be a given and the emerging norm of two terms of three years followed by exceptional one year membership up to a maximum of three further years seems better to me – to balance continuity, refreshment and the practicalities of succession planning.
4. Personal responsibility should be a top priority. Board members should not expect to be spoon fed information and to have everything done for them. For example declaration forms and standard returns are the responsibility of the board member to complete. It's up to board members to ask themselves: am I still fit to be a director? Do I have any conflict of interest I need to declare? I've come across cases where board members have said they didn't do it because they weren't sent the forms by the governance team. It's no excuse! This is an often neglected area and is not given the importance it should be.
5. Best behaviour – you must give absolute clarity on the behaviour you expect from your board members. How people treat one another is central to the success of a board – affecting how well people work together and how effective they are. It's also about how people listen to one another – and how people react when decisions go against them. If the board reaches a consensus and it wasn't the way you wanted things to go, sometimes you have to suck it up and come back to the next meeting with a positive attitude. Clearly, we want board members to be independent minded and challenging – but we also need people to be constructive and supportive.
6. Make an appraisal of the situation – my view is we need a much more rigorous approach to board member appraisal. More self-reflection is required and tough questions need to be asked. Am I still the right person for this role? Openness and honesty have to be the watchwords – for both the board member and the person carrying out the appraisal. It needs to be far more than a box ticking exercise and requires a proper dialogue between the member and the chair. Just saying you attended meetings isn't enough – board members must demonstrate how they have added value.
7. Get the right skills set. This requires a degree of bravery I think and it's something I've seen recently with at least two stock transfer associations I've worked with. The new National Housing Federation Code of Governance introduced last year is in part acting as a driver. In particular it said members nominated by other bodies have to go through the same selection process as other board members. Some boards are seeing this as an opportunity to shift the balance of their boards from the traditional 'representative' model to a greater focus on capability and competency. If it means boards are selected on the basis of their skills and experience that's a good thing surely? The two organisations we worked with have certainly ended up with boards which look to have excellent potential.
8. Don't tolerate poor performance. You don't have the luxury to carry members who are not contributing. If people consistently don't turn up, or do come and don't contribute, it's time to ask are they right for you? If people are consistently asked for comments and feedback and they don't provide them – that should also raise alarm bells.
9. In the chair – the chair's role is vital and a board can stand or fall on their performance. The chair is there to set an example, and lay out what's expected of the board. They must have an excellent grasp of what makes good governance standards. The chair's relationship with the chief executive is also important – but it's important the chair doesn't become a 'second CEO'. It should be close but not too close, and needs to rest on good communication and support. The chair is also an important symbol to the outside world of your organisation. They need to be out there and have a visible and a positive profile.
10. Don't underestimate your company secretary – there was a time when this role was just about the agenda, the minutes and administrative matters. But in my view this role should play a far bigger part in overall governance and proactive strategic planning. The company secretary has the potential to be that steady hand on the governance tiller. Compliance, risk management – these could all fall within the scope of the company secretary. And they should do in my view.