

Policy :	Remit of Lavern Property Services Board
-----------------	--

Compliant with Barrhead Housing Association's Business Objectives:	Through the intragroup agreement, service level agreement and business plan and budget.
Compliant with Tenant Participation Strategy :	n/a
Compliant with Equal Opportunities :	Group Policy
Compliant with Budget/Business Plan :	Approved annually

Approved at Management Committee Meeting on :	Updated Sept 2017
Date for review :	Sept 2020

Responsible Officer :	Chief Executive
------------------------------	------------------------

Remit & Standing Orders of the Subsidiary Board of Lavern Property Services

1. Introduction

The purpose of the Subsidiary Board is to ensure that the Governing Board through its independence agreement with the Subsidiary places particular emphasis upon its responsibilities for delivery of key commercial services within the management and property management functions. The Subsidiary Company is a company limited by Share and it is a wholly owned subsidiary of Barrhead Housing Association Ltd. It is the responsible for overseeing and reporting to Barrhead's Governing Board on the commercial activities and responsibilities having had full delegated powers to do so.

The relationship between the parent body, Barrhead Housing Association and the subsidiary is overseen by the following three documents:

- Memorandum and Articles of Association – lodged with Companies House at first registration in 2011
- Intragroup Agreement – revised September 2017
- Service Level Agreement – revised September 2017

The intragroup agreement forms the legal agreement between the parent and the subsidiary and covers the following:

- The parent, Barrhead Housing Association is the sole member and therefore is responsible for appointment and removal of Board members
- The subsidiary is a company limited by share – a limited liability company established under the Companies Acts. It is a traditional model for commercial trading organisations. Membership is flexible, with it only requiring one shareholding member, i.e. Barrhead Housing Association
- Barrhead Housing Association at the time of registering the subsidiary, did not require registration or approval with the Scottish Housing Regulator but the subsidiary is covered by Barrhead Housing Association's registration as a registered social landlord and therefore the regulatory framework and performance reporting arrangements.
- The parent will appoint the Board of the subsidiary including election of a chairperson. Independent Board members from Barrhead Housing Association will be required as far as possible and it will have a different structure for meetings and different letterheads.

2. Intragroup Arrangements

The intragroup agreement outlines the following undertakings:

- The parent, Barrhead Housing Association is responsible for approving the strategic objectives of the subsidiary and allowing day-to-day activities to be managed by the subsidiary Board;
- The parent, Barrhead Housing Association will be responsible for establishing group-wide policies on, for example Health & Safety and Equal Opportunities;
- The parent, Barrhead Housing Association will specify which services are to be purchased by the subsidiary through the Service Level Agreement on for example information technology;
- The subsidiary's business plan and budget will be developed by the Board members but will be approved by parent, Barrhead Housing Association;
- The parent, Barrhead Housing Association will provide advice to the subsidiary on areas including performance and good professional standards. This will include advice on internal and external audit services.

The Subsidiary will be responsible for agreed strategy that meets with the direction of Barrhead's overall strategy but the Subsidiary is free to conduct its own operations.

3. Provision of services

The parent, Barrhead Housing Association will provide the Subsidiary with a Service Level Agreement outlining the exchange of services between the parent, Barrhead Housing Association and the Subsidiary Board. This will include the parent, Barrhead Housing Association outlining the appropriate apportionment of costs/charges for such services. Separate tax advice will be sought for each of the services provided.

4. Viability of the Subsidiary

The parent, Barrhead Housing Association is unable to directly subsidise or underwrite the activities of the Subsidiary. It can however lend funds to the Subsidiary under the Association's investment powers contained within the Rules. Governing Board members are therefore responsible for the Subsidiary as trustees of a charity and therefore Parent Board members must ensure the investment is prudent and not speculative. It is reasonable to expect a return on the investment and the lending would be secured. The Parent's Governing Board can allow for interest holidays, if appropriate.

Staffing issues – the subsidiary may employ its own staff members under the intragroup agreement and the responsibility rests with the Chief Executive of the parent in accordance with relevant group policies. No staff will be transferred from the parent to the Subsidiary and cost apportionment will be made clear for shared services through the Service Level Agreement. The subsidiary may wish to have joint contracts; however TUPE transfer and employment rights would have to be protected. Staff pension issues are subject to separate advice from the parent through the SHAPs pension scheme but this may prohibit any transfer

of staff due to the on-going financial liability of the scheme and the Association's pension debt.

5. Membership & Election of Subsidiary Board

- The Subsidiary Board will elect a Chairperson subject to appointment and approval by the parent, Barrhead Housing Association annually.
- The Chairperson may be removed from office by the parent, Barrhead Housing Association's Governing Board.
- The Chairperson of the Subsidiary will not be the Chairperson of the parent.
- The Subsidiary Board will be re-appointed annually by the parent, Barrhead Housing Association's Governing Board. This will be completed in August of each year following the parent's AGM.
- The Subsidiary Board members will be assessed annually for skills and competencies and experience through the parent's appraisal of Board members procedures.
- Subsidiary Board members will be required to sign the code of conduct and annual declaration of interest form
- It is recommended that the parent's office bearers are not members of the Subsidiary Board.

6. Membership, Frequency and Quorum of Meetings

The Subsidiary Board will meet quarterly and no less than three times in each year. More frequent meetings can be arranged as workload dictates. Minimum membership will be 3, with a quorum of three. If the quorum is not reached within 30 minutes of the start of the meeting or falls below 3 during the meeting, the meeting will be adjourned and re-convened within one month of the original meeting taking place.

The Chairperson in conjunction with the Chief Executive or his or her nominee will call and attend all meetings of the Subsidiary Board. This will include a meeting in advance to discuss and agree agenda items, which will be issued at least seven days in advance with written reports.

Any Subsidiary Board member who is absent from four consecutive Board meetings without special leave of absence shall cease to be a member of the Subsidiary. Any member wishing to re-sign from the Subsidiary, will be asked to resign to the chairperson of Barrhead the Association's Governing Board.

7. Quarter Meetings

All LPS Board papers will be issued to the governing Board of Barrhead Housing Association at the next available monthly meeting. Quarterly management accounts will be approved by the subsidiary and presented to the governing Board of BHA within 30 days of completion. The parent will be responsible for completion of subsidiary financial statements and onward submission to Companies House annually.

8. Minutes

Minutes of every Subsidiary Board meeting will be approved by Barrhead Housing Association's Governing Board at the next available meeting. The Chairperson of the Subsidiary will be responsible for signing off the minutes as a true and accurate record of the Board meeting.

9. Subsidiary Board Decisions

All acts done in good faith as a result of a Subsidiary Board meeting will be valid. This is so even if it is discovered afterwards that a Board member was not entitled to be on the Governing Board. Reports and agendas for each meeting will normally be issued with seven days advanced written notification to the Subsidiary. Tabled written reports will be strongly discouraged and only allowed for discussion if the Chairperson agrees to this and in exceptional circumstances. Verbal reports with recommendations for approval will not be acceptable.

10. Purpose of Subsidiary Board

The purpose of the Subsidiary Board is to manage its day-to-day operations in accordance with a developed separate business plan and budget. This will be approved annually by the parent, normally by June each year. The business plan will include responsibility for the following:

- Providing a detailed and comprehensive factoring service to owners in accordance with the requirements of the Property Factors Act and registration
- Provision of shared services, advice and information from the parent
- Provision of agency services to other landlords, both registered and private for property management and maintenance services
- Provision of Health & Safety advice to the voluntary third sector
- Provision of property management and maintenance services to the voluntary and private sectors
- Tender and contract approvals relating to Subsidiary service delivery
- Operational and service delivery standards and activities
- Satisfaction surveys – preparation and approvals
- Information and advice
- Employment of direct staff to fulfill the requirements of the business plan and comply with the aims and objectives of the parent.

11. Remit of staff

All staff recruitment, management and remuneration by the Subsidiary shall be carried out in accordance with relevant Group policies, business plan and budget and with the approval of the Group Chief Executive.

The subsidiary agrees that the Group Chief Executive will act as senior officer for the Group and will be entitled at any time to investigate any acts, omissions or conduct on the part of any member of the Subsidiary's staff in accordance with its Group policies.

12. Changes

Any changes to the duties, responsibilities, constitution and composition of the Subsidiary Board must be approved by the Governing Board of the parent, Barrhead Housing Association.

13. Conduct of Governing Board Meetings

Conduct of meetings is covered by the parent, Barrhead Housing Association's Rules and these will apply to all Subsidiary Board members. All subsidiary Board members are required to abide by the parent's Code of Conduct and declaration of interest requirements. Meetings will normally close not more than the two hours from the scheduled start of the meeting.

14. Authorisation/signatories

LPS has no authorised Secretary as this is not required. The Director of Corporate Services will be responsible for signing off the annual return to Companies House. All transactions to date have been authorised by the parent, Barrhead HA under its Group financial regulations and procedures for authorised cheque signatories and approvals.

15. Policy Review

This document will be reviewed every three years or more frequently as a result of regulatory or statutory changes.