

# **BOARD OF GENTOO HOMES LIMITED**

## **TERMS OF REFERENCE**

**Approved by Gentoo Group: 22 February 2017**

**Effective From: 1 April 2017**

**GENTOO HOMES LIMITED**  
**("the Company")**  
**TERMS OF REFERENCE**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In these Terms of Reference, unless the context otherwise requires:

"Risk & Audit Committee" means the Risk and Audit Committee of Gentoo Group Limited.

"Board" means the Board of Directors of the Company.

"Committee" means any other standing committee set up by the Group Board.

"Company Secretary" means the appointed Company Secretary of the Company.

"Constitution" means the Memorandum and Articles of Association of the Company.

"Executive Team" the senior executive team of the Company.

"Group" means Gentoo Group Limited, all its subsidiaries and all entities controlled by it. This includes Gentoo Homes Limited.

"Group Board" means the Board of Directors of Gentoo Group Limited.

"Members" means the Board members of the Company.

## **2. PURPOSE**

2.1 The Board is responsible for the overall control of the Company, including the monitoring of its performance and the deployment of its resources. The Board must ensure that it operates effectively within the terms of the Constitution and the Group's governing instruments, promotes the interests of the Group and upholds the Group's vision, mission and values.

2.2 The Board has authority to;

- Approve the Company's detailed residential development plans and individual schemes within its agreed working capital limits.
- Approve the principles governing the acquisition and disposal of assets including property owned by the Company in accordance with financial regulations and the Group's scheme of delegation.
- Recommend to Group Board the approval of bids for housing development grants/funding from a third party (and those described within the financial regulations) within working capital limits.
- Ensure compliance with funded working capital facility and all lending arrangements with the Group, and third parties.
- Ensure compliance with all legislative, regulatory, constitutional and financial requirements.
- Ensure the Company follows best practice standards and adopt appropriate procedures (including sub-contracting systems) for doing so.

2.3 Developing new residential property for sale and or rent.

- 2.4 To monitor key performance indicators and report them to the Group Board accordingly.

### **3. MEMBERSHIP**

- 3.1 Members shall be appointed by the Group Board through the Appointments and Remuneration Committee.
- 3.2 The Appointments and Remuneration Committee will make recommendations based on the knowledge, skills and experience of those assessed against the requirements of the Company's Skills Matrix.
- 3.3 The Board shall be made up of at least 3 Members and no more than 7 Members.
- 3.4 At least one Member of the Board shall be an Independent Member, with the majority of Members being non-executives.
- 3.5 Appointments to the Board shall be for a period of up to three years in the first instance, which may be extended for one further three year period. Appointments for a third term will be subject to rigorous scrutiny by Appointments and Remuneration Committee.
- 3.6 The Group Board shall appoint the Company's Chair, who shall be an Independent Member. The remaining Members present shall select one of their number to chair the meeting.

### **4. SECRETARY**

- 4.1 The appointed Company Secretary or their nominee shall act as the Secretary to the Board.

### **5. QUORUM**

- 5.1 The quorum necessary for the transaction of business shall be 3 Members, with executive members in the minority. A duly convened meeting of the Board at which a quorum is

present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.

- 5.2 The only business that may be transacted by an inquorate meeting is to arrange a time and date for the next meeting.

## **6. FREQUENCY OF MEETINGS**

- 6.1 The Board shall meet at least six times a year at appropriate times in the reporting cycle and otherwise as required. The year shall run from 1 April until 31 March in line with the financial year of the Group.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Board shall be called by the Company Secretary at the request of any of the Members or at the request of external or internal auditors if they consider it necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member, any other person required to attend, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Members and to other attendees as appropriate, at the same time.

## **8. MINUTES OF MEETINGS**

- 8.1 The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present, in attendance, and who have sent apologies.
- 8.2 The Company Secretary shall ascertain, at the beginning of each meeting the existence of any conflicts/declarations of interest and minute them accordingly.

8.3 Minutes of Board meetings shall be agreed by the Chair and circulated promptly to all Members of the Board unless a conflict of interest exists.

## **9. DUTIES OF THE COMPANY**

9.1 Working within the parameters set by the Group Board to set, monitor, periodically review and amend the overall aims and objectives of the Company's business plan.

9.2 To undertake property development schemes including sales/lettings on behalf of (and with the authority of) the Group.

9.3 Matters reserved for Group Board include external contracts or acquisitions which are material strategically or by reason of size, entered into by the Company in the ordinary course of business within the constraints of the current approved working capital and loan facilities, or in any event above £5 million non-land and buildings, £10 million land and buildings. Contracts not in the ordinary course of business, above £5 million.

9.4 To set the financial objectives of the Company, to approve and recommend to Group Board major proposals for new financial arrangements and any significant changes in current financial arrangements.

9.5 To raise finance for the Company using the Company's assets as security where approved by Group Board.

9.6 To transfer the Company's surpluses and profits as directed by the Group Board.

9.7 Recommend to Group Board to borrow within the parameters set by the Group Board and the Company's business plan in pursuance of the Company's objectives, and recommend to Group Board to agree any appropriate charge against the Company's assets.

9.10 To approve the statutory accounts.

- 9.11 To approve the principles governing the acquisition and disposal of assets including real property owned by the Company within the parameters set by the Group Board.
- 9.12 To recommend to the Group Board the disposal of fixed assets (including land and buildings). It is noted that  $\geq$ £250k market value must only take place in accordance with the Group Board approval or where less than £250k the disposal can be approved by the Executive Finance Director with a maximum impairment of £50k in line with the financial regulations.
- 9.13 To recommend for approval write-offs in accordance with financial regulations.
- 9.14 To approve, monitor, review and control the Company's:
  - 9.13.1 Annual, five and ten year business plans.
  - 9.13.2 Annual budgets within the overall parameters determined by Group Board
  - 9.13.3 Acceptance of tenders (where appropriate in accordance with the EU Procurement Regulations).
- 9.15 To monitor and review the Company's capital schemes and the use of public and private finance for development funding in line with the financial regulations.
- 9.16 To regularly review the means of preserving and protecting the Company's assets, including condition surveys, repairs and the maintenance of adequate insurance cover.
- 9.17 To recommend to Group Board the proposal of bids for housing development grants/funding to the Homes and Communities Agency, local authorities and other organisations.
- 9.18 To implement the Group's policies.
- 9.19 To report to Group Board the Company's detailed development plans and review development performance.

- 9.20 To review development assumptions and design and specification standards for new build and rehabilitation schemes.
- 9.21 To review the Company's risk register and arrangements for risk management at least quarterly.
- 9.22 To undertake works and services for and on behalf of the Group for which authority has been given by Gentoo Group Limited or another Group entity.
- 9.23 To enter into contracts required to fulfil the Company's duties and to follow Group authorisation procedures.
- 9.24 To implement Risk & Audit Committee's recommendations and requirements with regard to the Company's risk management, internal controls and audit programme and to report back to Risk & Audit Committee accordingly.

## **10. REPORTING RESPONSIBILITIES**

- 10.1 The Chair shall report formally to the Group Board and the Board of Gentoo Developments Limited on its proceedings at least annually on all matters within its duties and responsibilities.
- 10.2 The Board shall make whatever recommendations to the Group Board and the Board of Gentoo Developments Limited it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Executive Team shall report formally to the Board as required on all matters within their duties and responsibilities. The formal reporting stages will be as follows:
- 10.4 Reporting Stages
- Pre planning submission
  - Land/Property Offer Appraisal
  - Prior to Entering Land Contracts
  - Tender Appraisal
- 10.5 Reporting Frequency
- Identified Stages of the Development Process



- Quarterly Updates on Developments
- Monthly Sales & Marketing Reports
- Exceptions on Developments
- Monthly Financial Performance

#### 10.6 Scheme Information

- Location & Local Authority
- Size/Area
- Mix
- Financial Appraisal
- Programme
- Market Analysis
- Risk Analysis
- Development Team

#### 10.7 Key Performance Indicators

- Income & Expenditure
- Programme
- Health & Safety
- Sales
- Customers' & Clients' Satisfaction
- Benchmark Against Competitors

### **11. OTHER MATTERS**

The Board shall:

- 11.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat and Executive Team for assistance.
- 11.2 Be provided with appropriate and timely training, both in the form of an induction programme for new Members and on an ongoing basis for all Members.
- 11.3 At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Group Board for approval.

## **12. AUTHORITY**

The Board is authorised:

- 12.1 To seek any information it requires from any employee of the Group in order to perform its duties.
- 12.2 To obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference or Constitution.
- 12.3 To call any employee to be questioned at a meeting of the Board.