



**Craigdale**  
HOUSING ASSOCIATION

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## **Succession Planning (Senior Staff)**

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**Craigdale Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.**

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## 1. Introduction

This guidance forms part of SFHA's series of governance good practice publications and is intended to be relevant to both governing body members and senior staff. It is intended to complement SFHA's guidance on GBM Succession Planning and Recruitment and has been updated from the original version which was published in 2018/19. SFHA's guidance emphasises the importance of integrating succession planning for both the governing body and senior staff into the RSL's business planning processes. The focus of this guidance is senior staff, with particular emphasis on the senior officer, although much will also be relevant to the RSL's wider human resource planning. The same principles underpin succession planning for the senior staff team as are relevant to the governing body:

"...the successful delivery of the corporate objectives needs a senior staff team that is equipped with the necessary skills to implement the governing body's plans. This means that succession planning should be a key component of good business planning: ensuring that the organisation understands the range of skills, knowledge and experience required to lead and deliver the achievement of the organisation's objectives. Consequently, succession planning is important, in governance terms, not only for the governing body but also for the senior staff team."<sup>1</sup>

Essentially, succession planning is about supporting the development of an organisation's most valuable resource – its people – and preparing for change. Succession planning for staff is a critical component of risk management and is an essential aspect of business planning. Just as it is vital that consideration is given to the governance requirements of the business plan, equal consideration is required of the organisational priorities.

The focus of this guidance is on ensuring and demonstrating good and effective governance. It does not contain specialist Human Resources (HR) advice and members are strongly advised to always seek appropriate professional advice when dealing with HR matters. Obtaining, considering and acting on such advice is a key component of good governance.

The Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management are explicit in specifying that it is the responsibility of the governing body to ensure that the RSL can meet its objectives effectively and that a critical aspect of this is to ensure that adequate and appropriate staff resources are in place. This means ensuring that the organisational structure contains the necessary posts to support the delivery of the organisation's objectives, meet tenant and service user expectations and comply with all legal and regulatory requirements, whilst ensuring that rents remain affordable for tenants. This guidance is intended to support both GBMs and senior management teams in undertaking effective succession planning.

Regulatory Standards 1.1 and 6.7 are the most relevant in this regard:

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<sup>1</sup> SFHA (Feb 2021) [Governing Body Member Succession Planning and Recruitment Guidance](#)

1.1 *The governing body leads and directs the RSL to achieve good outcomes for tenants and other service users...*

6.7 *The governing body is satisfied that the senior officer has the necessary skills and knowledge to do his/her job. The governing body sets the senior officer's objectives, oversees performance, ensures annual performance appraisal and requires continuous professional development".<sup>2</sup>*

## 2. Planning Ahead

### **Sector Example 1 - West of Scotland Housing Association**

*We have a number of changes in relation to Senior Staff over the past year or so due to retirements. Our approach has been mixed as in some case the retirement was planned and we knew well in advance and could therefore have a succession plan in place. In other cases, it has not been planned and there has been a more reactive approach but in both types of scenarios there have been some core principles:*

- Consider the core requirements and skills of the role and what type of person we require for the role. This is based on both the skills and abilities required but also requirements in line with our values. It is important to us that members of our senior management are role models in respect of our values therefore this is a key aspect.*
- Is the current role/structure fit for purpose in respect of the future objectives of the Association based on our Corporate Business Plan and if not what changes need to be made*
- Are there any gaps in relation to skills and knowledge in respect of the person who is leaving that we need to ensure are captured by the recruitment of the new person for the post or by any current members of staff in respect of their own development.*

*A key example of the above approach was when, the previous CEO announced her retiral in March 2019. The Board held a meeting and followed the guidance in this document to ascertain whether an options appraisal was required or whether we should be recruiting for a new CEO. Through these discussions, the Board assessed whether the Corporate Business Plan was up to date and met regulatory requirements. Following these discussions, the Board agreed that it did and then considered whether the objectives outlined in the Corporate Plan 2019-2024 be successfully delivered within the current constitutional and organisational structure. After consideration the Board agreed that it could be and then proceeded to establish a Recruitment Panel of Board members which were supported by HR staff and a recruitment consultant. As part of this process, the Board asked both tenants and staff what qualities were important to them in a Chief Executive and the feedback from this was incorporated into the job description, person specification and recruitment process.*

*At this point, the Board also discussed wider Succession Planning in respect of the Corporate Management Team and a more planned approach was put in place. In*

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<sup>2</sup> Scottish Housing Regulator (2019) [Regulatory Standards of Governance and Financial Management](#)

*addition to this, we now have a section in all staff appraisals that discuss with staff where they see themselves in 3-5 years time so that we can be more proactive in respect of Succession planning for all staff not just senior staff.*

*Following on from this, we have developed our succession planning further and a succession planning approach in place. We have identified critical roles within WSHA and how we succession plan for these roles which include Senior Managements. The key focus being development of skills and knowledge across WSHA rather than a formal structured succession plan. Career progression is based on development rather than promotion within WSHA as we have a relatively low turnover particularly at management level. We are the early stages of implementing this approach but have identified processes in place to measure the success of our approach going forward.*

**Brian Gannon, Chief Executive, West of Scotland HA**

Succession planning for senior staff, is essentially about planning ahead, although it also involves an element of contingency planning, as the absence of a senior member of staff, especially the senior officer, can have significant implications. It must be remembered that, if the senior officer intimates their resignation or intention to retire, or is absent for an extended period, this constitutes a Notifiable Event which must be submitted to the SHR as soon as the resignation is submitted.<sup>3</sup> It is the Chair's responsibility to ensure the required Notification is made but it is, of course, probable that another senior member of staff will implement the necessary steps to achieve this.

Succession planning is also about professional development too – enabling people to grow and take on new/additional responsibilities. This might be within the RSL or beyond, but supporting professional development may contribute to effectively future-proofing the organisation e.g. by enabling staff to shadow each other and thus provide cover in the event of absence and to perhaps enable the GB to accede to requests for part-time/compressed working patterns by ensuring continuity. This may be helpful in the event of a senior member of staff approaching retirement and gradually reducing their working hours in preparation.

Succession planning is, therefore, connected to business continuity and risk management processes. As well as ensuring that the process by which decision-making is undertaken in the event of the departure of the senior officer is robust, it is critical that governing bodies are assured that their organisation is able to continue to function effectively during the interim period.

It is important to stress that succession planning is not about creating an internal career path for incumbent staff, although it should not be about obstructing internal progression either. Senior posts should always be externally advertised to demonstrate openness and transparency, promote equality and diversity, ensure that the 'market' is tested and demonstrate that the best candidate has been selected.

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<sup>3</sup> Scottish Housing Regulator (2019) [Notifiable Events Guidance](#)

It is also the responsibility of the governing body to undertake an annual appraisal of the senior officer's performance and to ensure that the senior officer is supported to fulfil their role. The 2019 Regulatory Standards are explicit in setting out the requirement that senior officers undertake ongoing professional development (Regulatory Standard 6.7) and the training and development undertaken during the course of a year should be reviewed as part of the annual appraisal. Similarly, the appraisal should include consideration of any development priorities for the coming year, in the context of the business planning objectives, organisational requirements and personal objectives. It is important to remember that the annual appraisal is an important component of the support that the governing body and office bearers provide to the senior officer; ensuring that it is completed should be treated as a priority by the Chair. The report of the appraisal to the governing body should form part of the Evidence Bank for the Annual Assurance Statement.

It is appropriate for the appraisal discussions (throughout the organisation) to include consideration of where the staff member sees themselves over the next 3-5 years – to inform training and development and also to support workforce and succession planning. This is especially important in the case of the senior management team and, critically, the senior officer because vacancies (or absences) at these levels are likely to be more difficult to fill or to cover. Although individual plans and personal circumstances change - and unexpected opportunities arise – governing bodies should aim to be aware of whether or not there is a foreseeable likelihood of the senior officer leaving within the period of the business plan.

Since succession planning at senior levels is about both future-proofing and contingency planning, it is important for the governing body to give advance consideration to how it will manage the departure or absence of the senior officer. The role of the governing body is primarily to lead and direct the organisation and, in the normal course of events, neither the governing body nor the office bearers should get involved in operational and/or organisational issues.

The absence of the senior officer is a significant exception to this 'norm' and such a situation will require the Chair and other office-bearers' close involvement. There are two aspects to this: ensuring that the organisation continues to function and maintain 'business as usual'; overseeing the tasks and processes associated with responding to the departure of the senior officer. The organisation's Business Continuity Plan and organisational structure should be sufficiently robust to support ongoing operational effectiveness, but the governing body must be assured that these plans will 'work'. An important element of effective succession planning is, therefore, ensuring that the senior officer and remaining colleagues have effective arrangements in place to support and assure the governing body that normal business will be maintained.

Whilst members of the governing body should not find themselves in the situation of 'having to do everything' in terms of their response to the senior officer's departure, it is essential that any risk of perceived conflicts of interest are recognised and managed effectively; in some situations, this may make it inappropriate for other members of the senior management team to be involved in supporting the governing body. An obvious example would be where there is a possibility that one or more of the

incumbent senior staff may apply for a vacancy: they cannot be involved in supporting recruitment and it is likely to be inappropriate for any of their immediate colleagues to be involved. In overseeing and managing the absence of the senior officer, GBMs should be especially mindful of the importance of obtaining appropriate specialist and / or professional advice.<sup>4</sup>

### **Sector Example 2 – Eildon Housing Association**

Nile Istephan, Chief Executive at Eildon Housing Association provided a paper submitted to their remuneration sub-committee, outlining their approach to Senior Staff Succession planning. It is available via the link below:

[Eildon HA Remuneration Sub Committee Report on Senior Staff Succession Planning](#)

### **Appraising the Senior Officer**

Although this guidance is not focussed on ‘how to’ carry out the senior officer’s appraisal, it is important to recognise that the annual appraisal is a key component of effective succession planning. It is the responsibility of the Chair to carry out the senior officer’s appraisal (including setting objectives, overseeing performance and requiring professional development). Confirmation that it has been should be an element of the association’s Evidence Bank. When considering the approach to the senior officer’s appraisal, consideration should be given to the following:

**How does the senior officer’s appraisal ‘fit’ with the organisation’s appraisal process?** Some organisations schedule the senior officer’s appraisal at the end of the staff programme so that any relevant points can be incorporated into the discussions. For this to be effective, there has to be a process which enables the GBMs involved in the appraisal to be provided with the relevant feedback by officers who are supporting the wider appraisal process. Other associations schedule the senior officer’s appraisal at the start of the appraisal cycle, whilst others adopt a ‘stand-alone’ approach where the senior officer’s performance is reviewed at a specific point in the year. This is likely to be especially important where, for example, there is an element of performance-related pay to be determined. In terms of the format of the appraisal, some organisations adopt a consistent approach for all staff and apply the same process to the senior officer’s appraisal; others have a separate format. The specific approach should be agreed by the governing body and recorded in a policy, with supporting procedures, which forms part of the association’s governance framework and is reviewed periodically. Governing Bodies should be mindful of the importance of ensuring that all HR-related policies are informed by relevant specialist advice.<sup>5</sup>

**Who is involved in the appraisal discussion?** The senior officer’s appraisal should be conducted in accordance with an agreed process which should specify which

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<sup>4</sup> Scottish Housing Regulator (2019) [Regulatory Standards of Governance and Financial Management](#)

<sup>5</sup> Regulatory Standard 4.1 “The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers...”

members of the governing body are responsible for its conduct. It is usual for the Chair to be involved and at least one other GBM: there should always be more than one GBM involved but care should be taken to ensure that the appraisal interview does not involve too many to ensure that the dynamics of the discussion are not imbalanced. It is important to ensure that those GBMs who are involved have received appropriate training to equip them for their role and that there is support provided on an ongoing basis. This is likely to be provided by officers who have HR responsibility within the organisation or, for example, by HR specialists who are engaged by the association for this purpose. It is important that there is a consistent approach to the conduct of the senior officer's appraisal. Regardless of who is conducting the interview / discussion.

**Involving the Governing Body** There should be an opportunity for the governing body to comment on the senior officer's performance: this might be in the context of the overall relationship between the governing body and senior staff which is likely to form an element of the GBM annual reviews or there may be a specific element of the appraisal process. It is essential that the governing body is assured that the appraisal is being conducted in accordance with the agreed policy and that a report is presented by the Chair once it has concluded. The format of this report is likely to vary; it is likely to be brief and should not compromise individual confidentiality but should include, for example, any implications for succession planning. There will be specific consultation and reporting requirements associated with performance-related remuneration – which must always be objective.

### **Sector Example 3 – Hillcrest Homes**

Appraisals are carried out by line managers across all the Hillcrest companies using the [Employee Performance and Development Review](#) (EPDR) process with standardised documentation. The process is essentially the same for all employees. The exception is the Chief Executive, whose appraisal is carried out by an Appraisal Panel appointed by the Committee of Management. However, the same documentation is still used.

The Appraisal Panel typically consists of the Chairman and the Convenors of the Audit & General Purposes Sub-committee and the Operations Sub-committee. Each year, a [Staff Analysis Questionnaire](#) is sent to the Chief Executive's direct reports (5, in the case of Hillcrest Homes). The anonymous returns are collated by the Board Services Officer and forwarded to the Appraisal Panel in advance of the meeting with the Chief Executive.

At the same time, the Chief Executive completes the relevant sections of the EPDR and forwards it to the panel.

The meeting of the Appraisal Panel with the Chief Executive allows the panel to question the senior officer on any issues raised in the form. It also allows for feedback from the staff questionnaires. The panel and the Chief Executive will then agree the development/training (see section 5 of the EPDR form) and performance objectives (see section 8 of the EPDR form) for the coming year.



The Chief Executive then leaves the meeting and the Panel deliberate and agree the level of performance and provide an overall summary (see section 9 of the EPDR form). The development/training objectives, staff feedback summary, performance objectives and overall summary are inserted into the EPDR form which is then signed off by the Chairman and the Chief Executive.

The performance objectives and overall summary are used as the basis of a report to the Committee of Management. The Chief Executive leaves the room during discussion of this report. On return, the Chairman summarises the discussion which then becomes part of the publicly-available minute of the meeting.

***(Alan Russell, Chairman, Hillcrest Homes)***

### **3. Key Points to Consider in Succession Planning for the Senior Officer**

Here are some key points that should be considered in order to ensure sound governance:

- How is the Chair supported in carrying out their responsibilities towards the senior officer?
- Is there a designated member of staff (or other resource) who supports the HR function?
- Is regular training provided to the GBMs who are responsible for conducting the senior officer's appraisal?
- Does the organisation have access to professional HR support, either internally or externally (e.g. from an employers' body or specialist external resource such as employment or legal advisers)?
- Does the Chair have the necessary contact details to access this support?
- Does the Scheme of Delegation cover situations where the Chair may need to instruct advice and/or action on behalf of the organisation (e.g. appointing recruitment agents; obtaining health information from an Occupational Therapist; instructing appointment and contract documentation; obtaining remuneration benchmarking data?)
- How well does the organisation's appraisal process enable the governing body and senior staff to consider the future in terms of senior officer succession planning?
- Is there an opportunity to discuss future intentions and aspirations?

- Does the appraisal process include discussion about personal and professional development?
- Is the senior officer's role description reviewed as part of the annual appraisal?
- How is the outcome of the appraisal reported to the governing body?
- Is there a senior staff succession plan? If so, how is it developed and maintained/updated? How is it used/monitored/reported on?
- Is there a nominated deputy who is expected to act in the absence of the senior officer?
- Do deputising arrangements cover both temporary absence of the senior officer as well as the interim between resignation and appointment?
- Is there a policy or protocol to support the temporary/interim appointment of the deputy to the senior role?
- Does the policy refer to the Notifiable Events Guidance?
- Who initiates/authorises the deputy 'stepping up'? (as set out in the Scheme of Delegation)?
- Is there additional remuneration for the period of stepping up?
- What are the arrangements for 'back-filling' in the event of another member of the management team taking on the responsibilities of the senior officer?

A sample Succession Plan is included as [Appendix 1](#). This provides some illustrative content as to what this might look like, but the content will vary from organisation to organisation. Succession Plans will form part of the Evidence Bank that supports assurance of regulatory compliance.

#### **Sector Example 4 – Kingdom HA**

Andrew Latto, Interim Director of HR at Kingdom HA provided a detailed overview of their approach to staff succession planning, which can be accessed through the link below:

[Kingdom Appraisal Process and Succession Planning](#)

#### **4. Considerations When Senior Officer is Leaving/will be Absent**

Although the situations created by the resignation or extended absence of the senior officer are very different, there are some common considerations and requirements:

- Both constitute Notifiable Events – the Chair is responsible for ensuring that the required notification is made and for reporting compliance to the GB. Consequently, they must have access to the necessary support and assistance from another senior staff member to fulfil their responsibilities effectively.
- There must be clarity about responsibility – the GB must have confidence that, in the absence of the senior officer, the key responsibilities of the role continue to be fulfilled. A protocol that sets out who is responsible in the various potential absence scenarios is likely to be helpful (i.e. whilst the senior officer is ‘routinely’ absent on holiday or because of e.g. short-term illness; during prolonged absence caused by illness or other exceptional circumstance; during the interim between the senior officer’s departure and the successor taking up their appointment). Although not all of these scenarios directly relate to succession planning, it would make sense to ensure the protocol is comprehensive; developing such a protocol is likely to be a useful exercise for the GB to be involved in undertaking. An example of what such a protocol could look like is included as Appendix 2.

#### **5. Understanding Senior Officers’ Future Intentions**

Where the appraisal process identifies that the senior officer is likely to be pursuing a career move or considering retirement over the next two/three years, there are some important actions that need to be planned. Clearly, it is not possible to be specific about timing: if a senior officer is intending to leave to pursue other career opportunities, much will depend on the opportunities that present and the outcome of the various recruitment processes. If the senior officer is contemplating retirement, there is no firm ‘rule’ about when someone might retire and the decision is entirely personal and individual. What is essential, however, is to avoid creating uncertainty which might be de-stabilising. Consequently, succession plans should be treated confidentially and should be regarded as being subject to change.

As a first step, however, it is important that the GB is aware of the notice period that applies to the senior officer. Most RSLs require the senior officer to give at least three months’ notice; some require six months. In many instances where the senior officer plans to retire, the officer will give considerable advance warning (in some cases, up to a year), before formally submitting their resignation. It is important to use this time effectively to ensure that everything is in place when it needs to be.

It is also important to recognise that it could take longer to recruit a new senior officer than the notice provided by the departing officer and so consideration has to be given at an early stage to any need for interim cover. Having an established deputising protocol will inform the GB’s consideration of what arrangements might be required.

The resignation of the senior officer is a Notifiable Event. The SHR's Notifiable Events guidance, and internal procedure note on how it deals with Notifiable Events are included below:

### [SHR Notifiable Events Guidance](#)

In response to a notifiable event relating to the senior officer departing, the SHR will ask the RSL what action it plans to take next. It will also seek assurance that the RSL has an up-to-date business plan that it can use to base a decision about its strategy on. If the RSL does not have an up-to-date business plan, the SHR will engage with the organisation about this and seek assurance that it will carry out a strategic options appraisal and about its strategy to handle the resignation or dismissal of the senior officer.

## **6. Link to Business Planning and Options Appraisal**

Where it is known that change is being contemplated by the senior officer, it is therefore important to review the business plan to ensure its compliance with the recommended practice.

Consequently, the preparation of the business plan has to have taken account of the SHR's guidance on the subject. This should ensure that the governing body has a framework within which to decide how to proceed in the event that the senior officer submits their resignation. Effective succession planning should support the GB in its review and monitoring of the business plan, as each is dependent on the other: the GB should be satisfied that the senior staff have the necessary skills and knowledge to deliver the objectives of the RSL as set out in the business plan and structured succession planning should form part of the approach to ensuring this.

The development of the business plan (and its periodic review) should consider whether the RSL's current 'model' (in terms of constitutional and organisational structure) is fit for purpose – known as an options appraisal. Knowing that change is ahead might lend a different perspective to this element of the process and so it is worthwhile ensuring that this section of the business plan is critically reviewed at the earliest opportunity. The SHR will wish to be satisfied that the business plan is robust and be assured that the GB's intended plan is in the best interests of tenants and other service users. As a consequence of the Covid-19 pandemic and associated social, economic and business disruption, all RSLs will have identified the need to review their business plans both for operational reasons and to take account of the SHR's [updated recommended practice](#). It is therefore more likely, that, in the period from 2020/ 2021, business plans will have been recently reviewed and updated, with the conclusions/implications factored into organisational and succession planning.

The focus of this guidance is on ensuring that sound governance is exercised in planning for the succession of the senior officer and overseeing the recruitment of a successor. It is explicitly not intended to provide guidance on the conduct of an options appraisal or in respect of business planning more generally. As the current SHR Business Planning Guidance says, an options appraisal should form part of each RSL's business planning. It is not something that necessarily takes place in the event of the senior officer's impending departure, nor is it triggered by it. However, when it

is undertaken, an options appraisal absolutely should be linked to succession planning and it will form part of the cyclical business planning process.

The options appraisal (whenever it is carried out) could reach a number of conclusions, including:

- The existing model is sound in the longer term: performance is strong when compared with peers, sector and national averages; governance is effective and compliant with regulatory requirements; the financial position is robust against a range of stress-tests; there is capacity to respond to emerging situations and/or to enhance/expand services and activities
- The existing model, whilst sound, limits the RSL's capacity to contribute to a wider agenda which could benefit tenants and service users
- The existing model is sound in the short/medium term but there could be pressures in the medium/long term
- There are pressures in the short/medium term which need to be addressed.

In the context of succession planning, however, these conclusions suggest different courses of action:

- Where the existing model is sound, it is likely that the GB will wish to proceed to recruit a successor in the event that the incumbent post-holder intends to move on. In that situation, it is the responsibility of the GB to review the role description and person specification to ensure that it meets the organisation's current needs. It is unlikely that the resignation of the senior officer will occasion a re-think of the strategy.
- Where the existing model is sound but there are constraints on the RSL's ability to contribute to the wider agenda, the GB may wish to consider whether some form of collaboration with another RSL might offer the potential to reduce costs and consequently broaden the services that can be provided to tenants, in order to meet business plan objectives. These options might have implications for the basis on which the senior officer post is filled, should it become vacant (e.g. if collaboration with another RSL is pursued, the senior officer may be accountable to another executive or the GB may wish to highlight a slightly different focus in terms of recruitment priorities). These opportunities/options can, of course, be explored at any time but, if it is known that there is likely to be a vacancy, this might present different opportunities – and challenges.
- If the business planning process concludes that there may be pressures in the medium/longer term, effective succession planning will enable the RSL to plan strategically for the future and take sufficient time to reach appropriate conclusions. This may result in the GB determining to pursue a course of action that does not involve 'like-for-like' replacement of the senior officer and will enable the necessary preparations to be put in place in advance.
- Of course, if the business planning process identifies immediate pressures, these must be addressed urgently.

This is summarised in Table 1 at [Appendix 3](#). The examples below provide some context as to how this might look in practice.

### ***Hypothetical Example 1 – Options Appraisal in Practice***

An RSL is aware that the CEO is likely to retire within the next five years. This has been discussed at the last few appraisals and there is no reason to believe that there will be any change of intention. Equally, there is no certainty about precisely when this might happen.

The GB decides to seek views from individual Board members about how the situation should be approached during the annual appraisals and it is agreed that there should be a review of the RSL's future strategy. Suggestions are made about future priorities as part of the appraisal process and these are reported back to the GB and form the basis of a discussion paper that is prepared by office-bearers working with senior staff.

A strategy event is held to consider the issues raised in the discussion paper: these include:

- the potential to improve and/or expand service delivery
- how effectively the RSL engages with tenants and how the RSL is regarded as a landlord
- what the RSL's contribution could/should be to increasing housing supply
- the level of 'wider role' activities that the RSL should be engaged in
- how the RSL contributes to meeting the needs of people who are homeless
- what the implications of demographic change are for the RSL
- how the RSL engages with other partners (RSLs, council, health and social care etc)
- the RSL's financial strength and capacity to borrow
- how the RSL should use its reserves
- what the RSL should have achieved ten years ahead.

The strategy event concludes that there are some options that the GB would like to explore further and sets up a working group to lead the consideration of specific options i.e. oversee the conduct of the options appraisal. The working group has a formal remit to report back to the GB within six months.

#### **Scenario A:**

The GB considers the working party's report and decides that, within the next decade, it wants the RSL to have increased its development of housing for younger and older people; to have developed its contribution to meeting the needs of homeless people and to have actively supported its tenants in reducing fuel poverty.

These objectives form the basis of consultation with tenants, who support the proposals and this results in the development of a revised business plan for the RSL.

The GB confirms that these revised objectives can be successfully delivered by the current organisational 'model'.

The GB uses the next round of appraisals to test the extent to which the current senior staff team are able to support the RSL's successful delivery of these objectives and supports any necessary training/development. The senior officer's role description is reviewed to ensure that the appropriate emphasis is placed on the skills needed to successfully lead the organisation to achieve the revised objectives.

**Scenario B:**

The GB considers the working party's report and decides, for example, that the RSL could be much more influential on the 'local stage' and could make a much wider contribution to a broader agenda, including wider role, by working in partnership with another RSL. Alternatively, it decides that services to tenants could be delivered more efficiently by buying in senior management/governance services from another RSL.

Staff are instructed to identify potential options/models and these are discussed at a further strategy event where it is agreed that the Chair and senior officer should initiate exploratory discussions with other identified RSLs. The GB agrees specific criteria which have to be fulfilled by any proposals and instructs the Chair and senior officer to report back within a specified time.

The outcome of these deliberations might result in various proposals which have varying degrees of significance for the organisation and its tenants. These could range from no change to a decision to pursue a constitutional partnership with a specific RSL (which would require consultation, funders' approval and would be a Notifiable Event); or to an agreement to collaborate in the delivery of specific services (or any other variation on this spectrum). Whatever the outcome, the GB will be well-informed about the priorities for the future in terms of senior staff resources and can plan ahead confidently so that there is clarity about the agreed course of action.

## 7. When the Unexpected Happens

It has to be remembered that succession planning is just that – a plan – and plans do not always work. Unexpected situations (and opportunities) can arise for individuals which cause them to rethink their intentions and make decisions which have implications for their employer. By ensuring that the organisation's business plan is up to date and that the RSL's strategy is regularly reviewed, the GB should be relatively well 'insured' in terms of its capacity to respond to the unexpected departure (or absence) of the senior officer. Provided the post-holder submits the expected notice (which typically will be a minimum of three months), there should be time for the GB to agree how to proceed, with reference to the Business Plan. If the Business Plan is not up-to-date, it will be important to update it by undertaking a suitably focussed revision exercise.



### ***Hypothetical Example 2 – Unexpected Resignation***

The senior officer unexpectedly submits their resignation (e.g. having accepted an offer elsewhere; because of changed personal circumstances). The current (5 year) business plan is in Year 3. The GB decides that the business plan should be reviewed against the SHR's updated recommended practice to ensure compliance; that the financial projections should be reviewed; and that performance information should be updated to ensure comparisons refer to the most recent ARC indicators.

The GB contributes to the review by participating in discussions about performance and financial projections and by reviewing and commenting on the assessment of the business plan's compliance with regulatory requirements. Taking account of the review and updated performance and financial information, the GB concludes that the business plan remains sound and confirms that recruitment to the vacant senior officer post should proceed.

## **8. Managing the Interim**

It is important to emphasise that the outgoing senior officer should not play any active part in the recruitment of their successor, although their views should be sought on e.g. any amendments that they might recommend to the role description and the internal capacity to cover the interim period.

Even with an up-to-date and compliant business plan in place, a three-month notice period is unlikely to provide sufficient time for the GB to agree and implement its recruitment strategy, make an appointment and for the new post-holder to take up their position.

It is, therefore, essential, that the GB agrees appropriate interim arrangements as soon as the resignation is intimated. These arrangements will require to be included in the Notifiable Event notice that is submitted to the SHR on the instruction of the Chair. A sample protocol for deputising in the absence of the senior officer is included at Appendix 2.

Where there is a designated Deputy, the GB will need to consider the period of their 'acting-up' responsibilities and the additional remuneration to be offered. If there is no designated Deputy, the GB must agree how the senior officer's key responsibilities will be maintained during the interim period, taking account of the RSL's recruitment policy. It is likely that, in this situation, the outgoing post-holder will be able to advise on the suitability of other senior members of staff for this role. The GB must be satisfied that the interim (or acting) senior officer is able to carry out the required responsibilities effectively. Advice (internal or external) should be sought about whether there will be a need for any 'back-filling' to cover some of the interim officer's responsibilities.

If there is not the internal capacity to cover the senior officer's absence, the GB will need to think about alternatives. The length of the interim period is significant when making this decision, as if the interim period (or absence) is expected to be relatively



short, i.e. for no more than a few weeks (4-6 weeks), it may be sufficient to rely on the 'normal' arrangements that apply when the senior officer is on leave. If this is the plan, it is important to check that the designated 'stand-in' or deputy is not going to be on leave during that period.

If the interim (or absence) is anticipated as being more prolonged, the GB must consider what arrangements are necessary to cover. This may involve formally appointing the deputy to be interim or acting senior officer (by issuing a temporary letter of appointment or equivalent) or it may mean that the GB considers making an external interim appointment. This might be via a recruitment agency or could involve reaching agreement with another organisation that their senior officer will temporarily be responsible.

Whatever option is pursued, it is essential that the terms of the appointment are clear (including responsibilities, timescale, reporting and accountability and remuneration) and that there is effective communication internally with staff and with key stakeholders (including SHR, lenders and key partners such as the local authority). If external options are to be pursued, the GB must ensure that it obtains appropriate professional advice from e.g. lawyers, HR advisers and/or specialist consultants.

It is likely that the Chair will be heavily involved in agreeing these arrangements and the supporting processes. Throughout, it is essential that the GB remains well-informed and up to date about the decisions and actions being taken, the exercise of delegated authority and advice received.

## **9. Decision Making**

The Chair is responsible for notifying the SHR of the senior officer's resignation (or absence) and for ensuring that the appropriate arrangements are made to cover the interim period. This is also the case in the event of the senior officer being absent for a prolonged period e.g. because of illness. Please note that it is not necessary for the Chair to be the one who physically enters the notification in the SHR's landlord portal, but it is expected that they authorise the notification and that if the task of entry is delegated to someone else (e.g. a member of staff) that the person is acting on the Chairs' instruction.

The Chair must also ensure that the GB is notified and that the staff are advised. It is for the GB to determine whether the senior officer's departure is 'announced' publicly in the sector journals.

The GB should meet at an early stage to consider and agree the arrangements to fill and cover the vacancy. It is likely to be helpful for the GB to establish a sub-committee to take forward the process (or delegate responsibility to an existing sub-group), whether that involves proceeding immediately to recruitment or whether there is work to be done in respect of the business plan. A critical consideration is ensuring that there are appropriate and effective arrangements in place to support and service the sub-committee and the office-bearers.

The sub-committee should have a clear remit that specifies its level of delegated authority. The sub-committee should not be restricted to those GB members who are members of the recruitment panel to ensure that there is an opportunity for wider participation in the process (alternatively, the remit for the recruitment panel can specify the level of authority delegated to it whilst reserving an appropriate level of involvement to the governing body). Similarly, it should not just be assumed that the office-bearers will make up the recruitment panel. Clearly the Chair has to be involved at all stages of the process but it could be very useful for someone who is not an office-bearer to also be involved in the recruitment panel. It is important, of course, to give consideration to the profile of the recruitment panel to demonstrate the association's commitment to equality of opportunity.

GBMs should always be adequately supported and equipped to fulfil the roles that they undertake: consideration should be given to any additional or specific training that those involved in recruitment may require. If responsibility is delegated to an existing sub-committee (such as staffing), it is likely that the members will already have received relevant training, but specific refresher-training may be helpful. If the sub-committee is being established specifically for this purpose, it is important to consider the experience of those who will make up its membership.

Responsibility for agreeing the role description, person specification (including essential criteria), remuneration package and terms of appointment must remain with the GB, but the sub-committee should have delegated authority to implement and oversee the implementation of the agreed strategy. An appropriate budget should be allocated to support the process.

Recruitment of a senior officer should always be undertaken externally. The governing body should ensure that internal policies are clear and consistently applied: specific consideration should be given to the position of internal candidates (e.g. whether or not there is a guarantee of an interview) and to how the recruitment process is communicated to all staff.

Some of the tasks that the sub-committee could / would be responsible for include:

- Overseeing the revision of the business plan
- Considering:
  - outcomes of the business plan review and making recommendations to the GB
  - the need for specialist advice and/or support and commissioning it
  - interim arrangements and making recommendations to the GB
- Agreeing:
  - the communication plan
  - the recruitment schedule
  - the brief for the appointment of recruitment advisers; their selection and appointment
  - the advert, recruitment pack and recruitment timetable
  - the selection and interview process

- the short-list
  - the composition of the interview panel (which should always include the Chair)
  - the interview format (e.g. one or two-stage process; use of assessment tests/analysis/profiling; interview questions; presentation requirements)
  - selection for second/final interviews
  - recommendation to the GB.
- Reporting to the GB on the completion of the remit and identifying any lessons learned.
  - The appointment of the successful candidate should be recommended to the GB by the interview panel.

## **10. Additional Support**

Although the GB is responsible for managing the situation created by the departure (or absence) of a senior officer, it is important that appropriate support is provided. This might be from internal and/or external sources. Specific consideration needs to be given to:

- how the sub-committee and interview panel will be supported
- responsibility for briefing/instructing/liasing with specialist advisers
- the role of the outgoing senior officer
- the role of other staff (e.g. HR/corporate services; senior officer deputy)

When considering how the sub-committee and recruitment/review processes are to be supported, it is essential that consideration is given to the management of potential (and perceived) conflicts of interest.

If there is a possibility that one or more internal candidates will apply for the vacancy, it is critical that the process maintains personal confidentiality in addition to the 'normal' confidentiality requirements. The sub-committee must think about whether it is appropriate for a member of staff to be closely involved in a process where one (or more) colleagues are being considered for the most senior position. It may be advisable to secure some external support to fulfil the role that would, in other circumstances, be performed by the senior officer or another senior staff member.

When recruiting for a senior officer, many RSLs use recruitment advisers. It is essential that the GB (via a sub-committee) remains in overall control of the process, as it is the Governing Body which is responsible for the appointment of the RSL's senior officer. The role of professional /specialist advisers is to advise and decisions must be made by the GB in accordance with delegated authority – and this includes agreeing the short-list. It is essential that, throughout the recruitment process, a clear audit trail is maintained. This is a role that either the recruitment adviser or whoever is supporting the GB should perform.

If external support is to be obtained, the GB should develop a brief and ensure that the organisation's procurement policy is followed. The outgoing senior officer should be able to support this aspect of the GB's work.

## **11. Some Specifics to Consider**

**Reviewing the Senior Officer Role Description:** as this guidance recommends, the business planning process should include consideration of the staffing implications of the business plan objectives. The appraisal process should, periodically, identify any changes that might be required in terms of responsibilities. When the senior officer post is about to become vacant, however, it is good practice to review the role description and the person specification against the business plan to ensure that it continues to reflect the organisation's priorities, particularly going forward.

If the role description has not been regularly reviewed, it is important to remember that it may have been the basis for the recruitment of the incumbent post-holder who, because of their experience, growth and development, is (in professional terms) unlikely to be the same person who was originally recruited. The GB needs to look critically at whether the role description accurately describes what the organisation needs to deliver future business plan priorities.

**Involving Tenants and Service Users:** although the decision to appoint rests with the GB, it is important to think about how a tenant perspective can inform the recruitment process. Tenants will, of course, be consulted as part of the business planning process in terms of the organisation's objectives and priorities. It may be that a tenant member of the GB is directly involved in the recruitment process, but it is worth considering, for example, whether there is a role for a tenant scrutiny panel to participate in some of the 'informal' elements of the recruitment process (e.g. asking for suggestions about key attributes; or being involved in welcoming those candidates selected for final interview - not to have a say but to offer impressions and to provide chance for inter-action to be observed).

**Internal or External Advertising:** this guidance advocates always advertising openly (i.e. externally) and the adoption of a consistent approach for all candidates to ensure equality and demonstrate openness. The organisation should have a recruitment policy that provides the framework for the process to recruit a senior officer and this should be explicit about the situations (if any) where internal advertising only is preferred (even in the first instance). The policy should also be explicit about how internal applications will be considered (e.g. in the same way as all others; with a guaranteed interview). The GB should ensure that the organisation's recruitment policy covers posts throughout the organisation and that it specifies the arrangements for senior officer recruitment.

It is the responsibility of the GB and, specifically, the Chair, to ensure that, in the event of recruiting a senior officer, the association's policy is complied with. Since the recruitment of the senior officer is the only situation where the GB is solely responsible, it is important that the recruitment policy identifies how the exercise is to be approached and how the GB will be supported (e.g. by a designated member of staff

or by external advisers). It is important to remember that, although internal candidates often have a perceived advantage, they can equally be disadvantaged by the fact that they are known to the recruitment panel. This makes it even more important that the process is transparent, consistent and robust. In considering the need for support, it is important to ensure that both specialist HR advice and governance support are accessible.

**Communication:** The departure of a senior officer is a significant event and it is important that there is clear communication to ensure that the organisation's reputation is maintained. A communications plan should be developed to ensure that staff, tenants, partners and stakeholders are kept informed at key stages of the process.

**Induction Training:** it is important for the GB to agree the key components of the senior officer's induction programme. This is something that the outgoing senior officer should be invited to contribute to as she/he will be well placed to identify the core elements of a successful induction programme and key people that the new senior officer should be introduced to. The GB should consider how the induction process should be delivered and their role in supporting it (e.g. will the Chair welcome the senior officer on their first day? Will the Chair introduce the senior officer to key partners?)

#### **Sector Example 5 – Barrhead Housing Association**

*I started in post as CEO in November 2020. Most of my induction has been via digital means.*

*During the period between my appointment and start date:*

- *I spent 2 days with the retiring CEO, who had prepared a comprehensive handover note with links to all key documents – which I found a very useful reference during my first few weeks!*
- *I attended a governing board meeting to observe. I had already met a number of board members during the recruitment process, however this gave me the opportunity to meet all of the board members and get a sense of how the board is working virtually during the pandemic*
- *I held 'meet the new CEO' sessions with the whole staff team and board, when I explained my overall vision for the organisation. This broke the ice and provided context for the next phase of the organisation*
- *The retiring CEO introduced me to all out key partners via email, which set the scene for me to easily follow up with them to arrange introductory meetings.*

*I met with all team members on a 121 basis during my first two months, in person outside in our communities when restrictions allowed, and via Teams. This gave me the opportunity to get to know the team members and our housing and communities.*

**(Lorna Wilson, CEO, Barrhead Housing Association)**

## Appendix 1 - Example Succession Plan for Senior Management Team (with illustrative content)

Post	Date of Appointment to Role and Appraisal Date	Aspirations / Intentions / Development Priorities (with relevant BP references)	Internal Succession Candidates (e.g. current deputy)	Organisational Impact
<b>Director/CEO</b>	<i>Appointed</i> August 2008; <i>Appraisal</i> March 2018 (Chair, Vice-Chair and Staffing Sub chair)	Intending to retire within next 5 years; continue to pursue sector leadership and development activities; begin to prepare for retirement by attending selective training	Finance Director is nominated Deputy for short-term absence	Recruitment likely to be required not later than 2022/23 Review and update Business Plan Review deputising arrangements
<b>Housing Director</b>	Appointed September 2012 Appraisal February 2018 (CEO)	Keen to pursue career development opportunities; interested in secondment potential and opportunity to undertake personal coaching/development programme	Senior Housing Officer regularly deputises operationally; strategic decisions referred to CEO	Source personal coach/mentor Identify secondment opportunities Promote management development
<b>Finance Director</b>	Appointed April 2015 Appraisal February 2018 (CEO)	Interested in developing knowledge in related areas, specifically ICT to equip for procurement of planned upgrade in 2019; ongoing development requirements to maintain membership of professional body	Existing deputies for key operational responsibilities – well equipped to cover short term absence but if FD required to cover for CEO, may be resource impact	Training and development budget Consider resource impact if FD acting up during prolonged absence of CEO – may require additional temporary expenditure
<b>Asset Management Director</b>	Appointed October 2000 Appraisal February 2018 (CEO)	CPD relating specifically to procurement, fire safety and EESSH2	Clear delegated authority within department for day to day services to tenants; strategic decisions referred to CEO	Training and development budget

## Appendix 2- Sample Protocol for Deputising in the Absence of the Senior Officer

*(Please note that this will also be covered in the Scheme of Delegation which, of course, will be much more extensive and cover all aspects of the organisation's activities)*

Reason for Absence	Anticipated Duration	Nominated Deputy	Authorisation Requirements	Budget Impact	Notifiable Event Requirements; Compliance Responsibility
Annual Leave	Up to 3 weeks				
	4 weeks or more				
Non-working day(s) (e.g. compressed hours; part-time hours)					
Illness; Compassionate; Bereavement					
Jury Service					
Secondment					
Resignation Interim Period					

### Appendix 3 – Possible Outcomes of Options Appraisal and Course of Action

Outcome	Course of Action
<p>The existing model is sound in the longer-term: performance is strong when compared with peers, sector and national averages; governance is effective and compliant with regulatory requirements; the financial position is robust against a range of stress-tests; there is capacity to respond to emerging situations and/or to enhance/expand services and activities</p>	<p>Where the existing model is sound, it is likely that the GB will wish to proceed to recruit a successor in the event that the incumbent post-holder intends to move on. In that situation, it is the responsibility of the GB to review the role description and person specification to ensure that it meets the organisation's current needs. It is unlikely that the resignation of the senior officer will occasion a re-think of the strategy.</p>
<p>The existing model, whilst sound, limits the RSL's capacity to contribute to a wider agenda which could benefit tenants and service users</p>	<p>The GB may wish to consider whether some form of collaboration with another RSL might offer the potential to reduce costs and consequently broaden the services that can be provided to tenants, in order to meet business plan objectives. These options might have implications for the basis on which the senior officer post is filled, should it become vacant (e.g. if collaboration with another RSL is pursued, the senior officer may be accountable to another executive or the GB may wish to highlight a slightly different focus in terms of recruitment priorities). These opportunities/options can, of course, be explored at any time but, if it is known that there is likely to be a vacancy, this might present different opportunities – and challenges.</p>
<p>The existing model is sound in the short/medium term but there could be pressures in the medium/long term</p>	<p>Effective succession planning will enable the RSL to plan strategically for the future and take sufficient time to reach appropriate conclusions. This may result in the GB determining to pursue a course of action that does not involve 'like-for-like' replacement of the senior officer and will enable the necessary preparations to be put in place in advance.</p>
<p>There are pressures in the short/medium term which need to be addressed</p>	<p>Must be addressed urgently.</p>