

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

18 SEPTEMBER 18 2018

### REPORT OF THE CHIEF EXECUTIVE

#### NOMINATION TO VALLEYS TO COAST BOARD

##### 1. Purpose of report

- 1.1 The purpose of this report is to seek Cabinet's approval for the appointment of member representation on Valleys to Coast (V2C) Board.

##### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority/priorities:
- Helping people to be more self-reliant\* – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

##### 3. Background

- 3.1 Following a ballot of tenants, V2C was established through a housing stock transfer from BCBC in September 2003 with the aim of improving tenants homes in order to meet the Welsh Governments Welsh Housing Quality Standard (WHQS) and to support the wider community.
- 3.2 As part of the transfer document (the memorandum of association) for V2C, a Board of Management was established with a three way, equal share membership of Board Members from the Council (BCBC), tenant Board Members and independent Board Members
- 3.3 On the 29 September 2016 the Office for National Statistics (ONS) announced that Registered Social Landlords (RSLs) in Wales should be classified in the national accounts as Public Non-financial Corporations. The reason for this is RSLs are subject to what ONS term government control, mainly through regulatory powers, set out in the Housing Act 1996. Previously, RSLs were classified as Private Non-financial Corporations.
- 3.4 A significant proportion of the RSL development programme is funded through borrowing from the private sector which supplements Welsh Government Social Housing Grant and other funding programmes.
- 3.5 The classification of RSLs in Wales as Public Non-financial Corporations increased the Public Sector Net Debt and Public Sector Net Borrowing because any private sector market borrowings (currently, on average £200 million per year) taken out by the newly classified public sector RSLs scored as a charge against Welsh Government budgets. Funding for housing therefore competed with other Welsh Government priorities with the result that this would have meant fewer new

affordable homes and limited options for the Welsh Government to maximise the positive contributions RSLs make to the communities in which they work, including significant local employment and economic benefits.

- 3.6 The RSL sector (both locally and nationally) subsequently lobbied the Welsh Government to amend or remove those elements of central and local government control which had led to the ONS decision to classify RSLs as Public Non-financial Corporations to allow ONS to reclassify RSLs back to Private Non-financial Corporations. In order to do so, amendments to the regulation of RSLs were required.

#### **4. Current situation/proposal**

- 4.1 On 13<sup>th</sup> June 2018 the Welsh Assembly Government enacted in the Regulation of Registered Social Landlords (Wales) Act 2018 (“the Act”) which makes provision in respect of the constitutional arrangements for RSLs in Wales, limiting local authority influence on the RSL Boards with the intention of changing the classification and regulatory status of RSL’s in Wales. Following the enactment of the Act the ONS reclassified RSL’s in Wales and has changed their current classification from Public Non-Financial Corporations to Private Non-Financial Corporations.
- 4.2 The Act determines the local authority membership of RSL Boards and introduces a number of changes to the current role including the following:
- Local authority appointees are not allowed to exceed 24% of the total RSL Board membership
  - Any resolution of the RSL Board will not require more than 75% of the votes cast to be passed
  - It removes the requirement for any local authority appointee to be present to achieve a quorate meeting
- 4.3 In light of this legislative change, V2C have taken the opportunity to review its Board structure and make-up and are looking to move to a skills based Board by removing all constituent parts and appointing according to skills requirement. In addition, they are not seeking to increase the number of their Board and are proposing for there to be nine full Board members.
- 4.5 As part of their restructure of the Board V2C intend to reduce the current number of local authority members on their Board from 3 to 1 members, effective from the 13<sup>th</sup> October 2018. The final makeup of the Board has not yet been decided by V2C and these discussions are expected to take place shortly within V2C.
- 4.5 Despite the requirement to reduce direct Board membership by BCBC members, given V2C’s situation as the largest stock holding RSL, Cabinet should note that regular meetings and mechanisms are in place to ensure that V2C continue to assist BCBC in meeting the strategic housing needs of the citizens of the borough. These include, but are not limited to –
- Quarterly strategic meetings of the Leader, Cabinet Members, Chief Executive and Head of Service with V2C Chief Executive and Senior Management Team (SMT);

- Quarterly management meetings of Head of Service and Group Manager with V2C SMT;
- Weekly operational meetings of senior housing service officers of both organisations;
- Monthly meetings of senior development and strategy staff of both organisations.

4.6 It is therefore, proposed that a Member be appointed to the V2C Board to comply with the new legislation and meet the required deadlines.

## **5. Effect upon policy framework and procedure rules**

5.1 None

## **6. Equality Impact Assessment**

6.1 No equalities impact

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 No financial implications

## **9. Recommendation**

9.1 Cabinet is recommended to appoint a representative to the V2C Board.

Darren Mepham  
Chief Executive  
22<sup>nd</sup> August 2018

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**Background documents:** The Regulation of Registered Social Landlords (Wales) Act 2018