

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **REPORT TO CABINET**

**23 JULY 2019**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **GOVERNANCE CHANGES OF VALLEYS TO COAST ASSOCIATION (V2C) BOARD**

##### **1. Purpose of report**

- 1.1 The purpose of this report is to review the Valleys to Coast Housing Association (V2C) proposed changes to the governance structure of their Board of Members (the Board).

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

- 2.1 This report links to the corporate priority:

- Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

##### **3. Background**

- 3.1 V2C was formed on 12<sup>th</sup> September 2003 through a transfer of Bridgend County Borough Council (BCBC) housing stock. As part of the transfer agreement for V2C a Board of Members was established with a three way, equal share membership of 12 Board Members with 4 members from the Council (BCBC), 4 tenant Board Members and 4 independent Board Members.

- 3.2 Since its establishment the membership of the Board reduced from 12 members and to 9 members. The purpose of the Board is to oversee the strategic, fiduciary and generative direction of the business, whilst mitigating risks and seeking assurance that V2C is effectively managed by the Executive Team. V2C has been governed by a Board of 9 members, drawn from different backgrounds, the Board was made up of three constituent groups:

- One third tenants;
- One third Councillors and
- One third Independents.

- 3.3 On 13<sup>th</sup> June 2018 the Welsh Assembly Government enacted the Regulation of Registered Social Landlords (Wales) Act 2018 (the Act). The Act determined that local authority appointees could not constitute more than 24% of the Board. V2C has applied this legislation to the Board and the impact of this was to reduce BCBC nominated positions on the Board from three to one.

3.4 The Stock Transfer Agreement dated 12<sup>th</sup> September 2003 between Bridgend Borough County Council and V2C contained a Deed of Covenant. The Stock Transfer Agreement and the Deed of Covenant were drafted on the basis of the original composition of the Board of Members set out in V2C's Memorandum and Articles of Association as being made up of 4 local authority Members, 4 tenant Members and 4 independent Members. At clause 2.4 of the Deed of Covenant V2C covenanted that it would not change its Memorandum and Articles of Association so far as they relate to their objects and powers and to local authority or tenant representation without the Council's prior consent in writing. The Council's consent cannot be unreasonably withheld or delayed in relation to all reasonable advice issued by the Welsh Assembly Government concerning the governance of all classes of Registered Social Landlords. At clause 2.9.2 of the Deed of Covenant V2C covenanted that they would ensure that four tenant Board Members would be appointed to their Board, that they would have policies and procedures for the election of tenant Board Members that are fair, reasonable and permit all of their tenants to participate, directly or indirectly, and that they would not seek to remove or reduce the right of the tenant Board Members.

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

4.1 The change in the composition of the Board has prompted V2C to consider further changes to its governance structure. Community Housing Cymru (CHC) is the trade body for V2C and represents more than 70 not-for-profit housing associations and community mutuals in Wales. CHC has worked with Welsh Government to provide a comprehensive set of model rules, which have been designed to reflect:

- the specific regulatory framework in Wales and associated legislation and guidance;
- the accompanying greater emphasis being placed on Boards' duties to uphold the best standards of governance and to effectively monitor the financial health of their Association;
- the move to a less prescribed framework and greater flexibility for housing associations to develop governance arrangements that support their individual cultures and circumstance;
- more modern accepted business practices for the sector and beyond.

Although not mandatory, they have provided a framework since 2013 which is continually reviewed and updated. V2C has indicated many Welsh Housing Associations have moved towards adopting CHC model rules already.

4.2 One of the key principles of the model rules is developing a skills-based Board, where members have equal footing and bring their collective skills and experiences to provide the best leadership and governance. These skills are critical to effective decision making and responsiveness to local and strategic issues. In a skills based Board there would not be a dedicated, automatic local authority designated position on the Board going forward, but if there are local councillors or residents who have the relevant skills and experience, then V2C would be keen to appoint them on that skills basis.

4.3 V2C hopes to move to a skills based Board. V2C have written to the Council seeking consent to the above proposed changes and have included a business case in

support of the proposed governance changes (**See attached Appendices 1 and 2, respectively**). The proposed Board will be constituted of nine independent people, who collectively hold the relevant skills and experiences to make the best contribution to V2C. A skills requirement matrix has been developed to include customer service skills, experience of living in a V2C home and local knowledge alongside a range of financial, governance and business skills.

- 4.4 As V2C is seeking to change its Memorandum and Articles of Association to move away from a local authority and tenant based Board and towards a skills based Board, in accordance with clause 2.4 of the Deed of Covenant, V2C require the prior written consent from BCBC to the proposal. V2C are looking to implement their new governance model and the move to a skills based board prior to the AGM on the 25<sup>th</sup> of September where a long serving tenant Board member is stepping down. The removal of the tenancy constituent from the Board will allow for the recruitment campaign and consultation event to be run in parallel ahead of the AGM.

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

- 5.1 There is no effect upon the Policy Framework and Procedure Rules.

## **6. Equality Impact Assessment**

- 6.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics and an EIA status of low priority is considered appropriate at this stage.

## **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 There are no financial implications.

## **9. Recommendation**

- 9.1 Cabinet are recommended to –

9.1.1 Consider and not object to the proposal from V2C to move to a skills based membership.

9.1.2 On the basis of 9.1.1 delegate authority to the Chief Executive to provide written consent and to enter into any other necessary agreements with V2C to support the adoption of a skills based Board.

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23/07/2019

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**Background documents:** None